

# Annual report and accounts



April 2014  
to March 2015

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# Foreword

Welcome to our annual report for 2014/15.

Every year, this report gives us the opportunity to look at our performance over the last 12 months; what has gone well, the challenges we have faced and how we can continue to improve services for our patients. We believe it is really important to reflect in this way to continue to assure ourselves and those who use our services that we are constantly striving to deliver the very best in patient care.

This year has been one of incredible achievement for our services and our staff of which we are very proud. However, we have also seen many significant challenges, particularly in terms of the impact of the national staffing shortages, and the continuing financial challenges faced nationally by the NHS.

As an organisation we have a number of operational and financial measures and targets throughout the year against which we measure our progress. Once again this year we delivered high quality and compassionate care within our financial envelope. This includes making the required 4% efficiency savings. This is a testament to our staff who work so tirelessly to deliver excellent patient care.

We are incredibly proud of the achievements of our services which have been recognised at a local and national level through a number of award ceremonies and nominations and reflected throughout this report. In addition, through the annual national NHS Staff Survey, our staff rated us as the fourth best Trust in the country. These are outstanding results and show a significant improvement on last year.

In January we asked our staff to contribute to developing the new vision for the Trust. Our staff requested a statement that 'did what it said on the tin' and we all agreed on "Delivering high-quality and sustainable services that support your health and wellbeing"

After two years of hard campaigning by our fundraising team and incredible support and generosity from our local community, we were pleased to open our new chemotherapy unit, The Seamoor Unit at North Devon District Hospital in March. The hospital charity is now turning its attentions this year to raising money towards equipment for the special care baby unit.

Work has continued on our Smartcare programme which aims to implement electronic health records across all our services over the next two years. The

health record will significantly improve the experience of our patients as well as supporting our staff in their roles.

This year saw a full inspection of our services by the Care Quality Commission (CQC) for the first time since the inspections have been led by a Chief Inspector of Hospitals. The results were fed back to us at a Quality Summit where we were told there was much to be proud of our services and staff. The vast majority of our services (eight out of 10 areas inspected) were rated as good with several being rated as outstanding including our acute medical services – the first Trust in the country to be rated as outstanding in this area. There were three key issues which meant we had to be rated as 'requiring improvement' and we immediately took the steps to address these areas within 12 months. We welcomed the CQC again in August 2015 and await the inspection report.

Although we have faced significant challenges around staffing, recruitment and implementing the NICE guidance around safer staffing, we have worked closely with our communities in Eastern and Northern Devon to continue to provide safe patient care. We have been working towards the national and NEW Devon Clinical Commissioning Group's strategy of delivering more care out of hospital, and making the community care that people receive in their own homes more integrated with social care. This has seen some very positive results for patients in terms of retaining their independence and wellbeing.

As we go into 2015/16 and play our part in Devon's Success Regime to help it address a £430million projected overspend in its budget, we will continue to work closely with our communities and partner organisations in Devon to ensure we design sustainable care services for the future. We are confident that this can be done if we work together.



Roger French  
Chairman



Alison Diamond  
Chief Executive

*Our vision: Delivering high-quality and sustainable services that support your health and wellbeing*

# Section 1: What we do

We provide health and social care services that make a real difference to peoples' lives.

Across Devon, our teams of care professionals work with patients and their families to support their independence, health and wellbeing. We provide support which avoids hospital admissions, or if an admission is necessary, makes your stay in hospital as short and effective as possible before working with you on a safe discharge home.

Our values guide everything we do: you will receive excellent and safe care from staff who operate with integrity and compassion and who understand that your needs are unique, that your care plan will be personal to you.

The Care Quality Commission (CQC) inspected our services in 2014 and found our community services to be 'close to outstanding' with inspectors wishing they lived in Devon. Our medical inpatient services at North Devon District Hospital (NDDH) were the first to be judged as 'outstanding' by the CQC.

We offer a wide range of hospital, outpatient, home-facing and specialist services across most of Devon. We have a huge range of clinical expertise that we share across professional spheres to ensure you get world-class care when you need it.

From its headquarters in Barnstaple and Exeter, the Trust is responsible for the management of, and services provided from a number of bases.

## North Devon District Hospital, Barnstaple

In 2014/15, staff at Northern Devon Healthcare NHS Trust treated 96,636 inpatients, 431,689 outpatients and delivered 1,472 babies.

The populations of Torridge and North Devon account for 94% of patients to NDDH, with the remaining 6% coming from residents from the Cornish and Somerset borders or tourists to the area.

NDDH provides a 24/7 accident and emergency service. In 2012 it was designated as a trauma unit within a trauma network serving the whole of Devon and Cornwall. This ensures residents of Northern Devon have access to trauma services.

The Trust offers a range of general medical services including cardio-respiratory, stroke care and gastro-enterology. General surgical services include orthopaedics, vascular and colorectal specialties. NDDH is recognised by the Royal College of Surgeons as having one of the highest rates of surgery performed as a day case in England.

The Trust also runs very successful ophthalmology services, which use the latest procedures and techniques to treat glaucoma and macular degeneration.

The Trust has a strategy to repatriate appropriate services to Northern Devon to meet the needs of the local community, so fewer people have to travel out of the area for treatment.



Wet age-related macular degeneration is one real success story as we brought the service to NDDH from South Devon. The team at NDDH now secures some of the best outcomes for eye patients in the South West.

The Trust offers patients a choice of local, specialist services and invites consultants from other neighbouring Trusts to hold clinics in the area. The Trust works with Musgrove Park in Taunton on a vascular network, Derriford on a neonatal network and Royal Devon & Exeter (RD&E) on a cancer network.

Highlights in 2014/5:

- ▶ We opened England's first purpose-built dementia ward in an acute hospital.
- ▶ The new chemotherapy and day treatment centre, the Seamoor Unit, opened at NDDH. The unit opened following a momentous four-year fundraising campaign inspired by the local community.

As well as acute and community services, the Trust has a range of intermediary services which aim to control and facilitate the flow of patients to and from the acute hospital.

Our Pathfinder team at NDDH and our onward care team at RD&E liaise with the wards in both acute hospitals to organise timely and safe discharges for patients who require ongoing care or support after leaving hospital. As members of the local health and social care teams, the Pathfinder and onward care teams develop and arrange any care packages that are required to ensure the patient can leave hospital, with the right support to live independently at home.

## Community hospitals and resource centres

The Trust's 17 community hospitals across Exeter, East, North and Mid Devon provide local hubs of healthcare for their communities and a range of services that are easily accessible to the local population, including around 300 inpatient beds and rehabilitation and outpatient clinics.

Some hospitals also offer specialist services such as minor injury units and/or stroke rehabilitation and renal care. The resource centres in Barnstaple and Lynton provide local residents with a range of local outpatient and self-referring services, such as family planning clinics.



There is more information about specific developments in these community hospitals later on in the report.

## Integrated health and social care community teams

The Trust runs teams of integrated health and social care community professionals working across Devon to rehabilitate patients in their own homes, avoid admissions and promote health, wellbeing and independence. The teams deliver care to close to 7,000 patients, providing support and treatment to enable people to live independently in their own homes.

These multi-disciplinary teams cover the populations of Exeter, East, Mid and Northern Devon. They deliver care and support to those patients who need intensive (six-week), regular interventions from skilled professionals, including community nurses, social workers, physiotherapists, occupational therapists, community matrons and the voluntary sector.

These teams have developed significantly over the last few years and are now supporting people with very complex healthcare needs safely in their own homes.

In each of these areas, the services have been slightly tailored to meet the specific needs of the local population.

### Rapid response

These teams also provide a rapid response service. GPs worried about a patient whose health is deteriorating call the community rapid response team who arrive at the person's home within two hours.

A full health and social care needs assessment is taken and if an admission can be avoided the patient is provided with immediate support in their own home.

### Ambulatory care

Last year we started to develop the community services on offer to patients. As well as delivering care to patients in their own homes, in Exeter we also established a community nursing centre for those people who are mobile enough to access treatment locally at a time of their convenience. This helps to encourage mobility and reducing social isolation.



## Specialist community services

The Trust is the main provider of specialist community healthcare services across North, East, Mid and South Devon, including audiology, podiatry and sexual health.

It also provides stop smoking and bladder and bowel care services in these areas.

The Trust runs two walk-in centres in Exeter, based in Sidwell Street and at RD&E. These services are led by specialist nurses who can provide treatment for minor injuries or illnesses such as sprains, cuts and minor infections.

**More information on the Trust's services is available by visiting:**  
[www.northdevonhealth.nhs.uk](http://www.northdevonhealth.nhs.uk) or  
[www.nhs.uk](http://www.nhs.uk).

The following narrative section of this Annual Report and Accounts has been arranged according to geographic area.

Healthy Teeth Devon

[www.healthyteethdevon.nhs.uk](http://www.healthyteethdevon.nhs.uk)

the centre

[www.thecentresexualhealth.org](http://www.thecentresexualhealth.org)

health promotion  
 De♥on

[www.healthpromotiondevon.nhs.uk](http://www.healthpromotiondevon.nhs.uk)

## Section 2: Trust-wide news

**Section 2 contains the corporate, Trust-wide achievements over the last year, from rewarding and recognising staff to the way we have consistently, across all teams, improved the safety and quality of the services we provide to patients.**

### Trust launches £1.8million move to enhance staffing levels on NDDH wards

In March 2014, the Trust launched a £1.8million recruitment drive at NDDH to increase staffing levels on wards to ensure they meet the highest standards of patient care and safety.

The additional investment, agreed by the Trust board, achieved an enhanced ratio of registered nurses to patients.

The Trust is known to compare favourably to Trusts across the country in terms of staffing levels and has decided to take action to improve even further.

During the daytime, each ward now has a standard ratio of one registered nurse for every six patients.

At night, the standard ratio was enhanced to one registered nurse for every 10 patients.

The Trust has also reconfigured beds at NDDH as part of the project.

The move followed an analysis of the mix of patients at the hospital, who are becoming increasingly older and have more complex health needs.

The Trust also followed guidance from the National Quality Board and recommendations from the Francis report into failings at Mid Staffordshire NHS Foundation Trust, which highlighted the importance of adequate nursing cover.

The Trust board agreed to invest just under £1.8million in recruiting more than 30 full-time equivalent registered nurses and over 25 full-time equivalent healthcare assistants at NDDH.

### Chief Inspector of Hospitals finds that Trust 'requires improvement'

England's Chief Inspector of Hospitals, Professor Sir Mike Richards, published his first report on the quality of services provided by the Trust in September 2014.

Overall Northern Devon Healthcare NHS Trust has been judged as requiring improvement. The Care Quality Commission has found that the Trust provided services that were effective and caring. Improvements were needed in the safety, responsiveness and leadership of some services.

Full reports are available at [www.cqc.org.uk/provider/RBZ](http://www.cqc.org.uk/provider/RBZ).

Dr Alison Diamond, chief executive, said: "There were so many areas in the report that our staff can feel proud of, as the inspectors recognised the caring and excellent services our patients receive. To receive the first ever outstanding for medical care in an acute hospital was a real achievement."

"And for our integrated community health and social care services to be rated good – but close to outstanding – was absolutely fantastic. We were disappointed that the overall rating had to be that we required improvement, and these are areas we are taking seriously.

"We have worked hard to correct the issues the inspectors found and are confident that if they came back today they would find these had been addressed."

**A summary from the reports on each of our services follows:**



## North Devon District Hospital

NDDH was rated as good or outstanding in six of the eight services inspected – medical care, surgery, critical care, maternity and family planning, children and young people and outpatients.

Acute medical services at North Devon District Hospital were rated outstanding for the care delivered to patients – the first time an NHS hospital had achieved such a high rating in this area.

The Trust immediately put in place the necessary actions to make improvements in the areas of A&E and end of life care.

## Community health and social care

The Trust's integrated community health and social care services across Northern and Eastern Devon received a good rating and were described by the inspection team as "some of the best they had seen".

The Trust was also commended for its "excellent" financial management and forward-looking plans, which the CQC linked to the organisation's drive for safety and quality of service.

The Trust was inspected by the CQC in July 2014 under its new inspection regime. The inspection team of 52 people, which included doctors, nurses, hospital managers, trained members of the public, a variety of specialists, CQC inspectors and analysts, spent three days at the Trust. Inspectors also returned unannounced on three occasions.

Inspectors found that patients, carers, families and visitors were overwhelmingly positive about the care, kindness and dedication shown by the staff working at NDDH, the 10 community hospitals that were inspected, and in the community services.

Inspectors identified a number of areas of outstanding practice, including:

- ▶ The multi-disciplinary approach in community services, including ways of working with adult social care services, was delivering a good service to patients, in a way that promoted independence and delivered services as close to home as possible. The teams were successful in preventing or delaying hospital admissions and supporting people leaving hospital.

- ▶ The nursing leadership of the NDDH stroke service was highly regarded by doctors, therapists and nurses. Staff felt valued and the service itself was patient-focused.
- ▶ The care of patients with a diagnosis of dementia on Alex Ward at NDDH was outstanding. A robust dementia policy ensured the highest standards of personalised care.
- ▶ The Trust's successful involvement with Project SEARCH, a scheme that supports young people with learning difficulties to find permanent work, was modelling outstanding practice to local employers. The Trust had provided 12-month internships to seven young people, who had successfully completed the programme and had found permanent jobs, six of them with the Trust.

There were also areas of practice where the Trust needed to make improvements:

- ▶ Improve arrangements for the prevention, detection and control of the spread of healthcare-associated infection.
- ▶ The effectiveness of the current patient flow and escalation policies must improve. Action must be taken to improve the flow of patients from the A&E department and across the Trust.
- ▶ The Trust must ensure that an accurate record is put in place for each patient receiving end of life care.
- ▶ There must be a system in place for the completion of records relating to grounds for carrying out an abortion as required.

CQC's Chief Inspector of Hospitals, Professor Sir Mike Richards, said: "Northern Devon Healthcare NHS Trust has a lot to be proud of. In particular I am very pleased to recognise the outstanding care on the medical wards, where we found high levels of patient satisfaction with the service. We've seen some outstanding examples of care. On one ward for instance, staff had thrown a 1940s street party for patients living with dementia. We found excellent specialist care for patients with a stroke or dementia.

"Generally the Trust impressed us with its forward-looking vision and services clearly focused on quality and safety. We found that the Trust has a healthy, patient-focused culture with staff who feel well supported and valued.

“But we’ve also seen some examples of care which clearly require improvement. In A&E there were significant infection control issues, and on the wards at Barnstaple we had concerns about the practice of moving patients overnight.

“On a wider note, I understand that that the financial challenges in the Devon healthcare economy and the uncertainties about the future provision of community services in East Devon have been taking up significant time.

“But I am optimistic. Staff in both the acute and community services have described the culture of the Trust as being open and positive, and my inspectors report that the Trust has considerable potential to improve services further.”

## Trust ranked fourth best in England in latest survey of NHS staff

In March the results of the national annual NHS Staff Survey were published. This year Trust staff ranked us the fourth best Trust in the country.

The annual look at what NHS staff think of life at work, covering 2014, also highlights significant improvements since 2013.

According to its staff, Northern Devon ranks fourth out of 138 Trusts in England and first in the South West across the NHS Staff Survey as a whole. It scored particularly well in the following areas:

- ▶ Enjoying their job
- ▶ Job satisfaction
- ▶ Team working
- ▶ Support from their immediate line manager, where the Trust was ranked the best in the country
- ▶ Having received recent and relevant training
- ▶ Health and wellbeing at work

Dr Alison Diamond, chief executive, said: “These are absolutely stunning results and we are delighted that staff feel so positively about working for us that they put us as the top NHS organisation in the South West.

“Staff experience correlates very strongly with patient experience and we have put a lot of effort into ensuring our staff are aware of the direction of travel of the Trust, feel part of its future and feel supported through the ongoing uncertainty of commissioning, particularly in relation to our community services.

“We know that when staff enjoy their job, it means our patients get better and more compassionate care.”

When compared to other Trusts in England, Northern Devon was:

- ▶ The highest scorer in five of the 89 questions
- ▶ In the top 10 for a further 27 questions
- ▶ In the top 20% of Trusts for three-quarters of all questions

In total, the Trust finished above the median response score in 82 of the 89 questions.

Dr Diamond said: “Of course there is always work to be done and we are grateful to staff for pointing out the new areas we will be working on next year to continue improving their working lives.”

The three areas where the Trust emerged below average for a proportion of staff were:

- ▶ Whether patient/service user experience was collected within your directorate/service – 11% said no, compared with a national average of 8%
- ▶ Staff reporting that they had put themselves under pressure to come to work in the last three months – 93% answered yes, compared with a national average of 91%
- ▶ Whether staff knew what their work responsibilities were – 85% agreed or strongly agreed, compared with a national average of just under 87%

The full NHS Staff Survey results for 2014 can be viewed at [www.nhsstaffsurveys.com](http://www.nhsstaffsurveys.com).

## Former Trust chief executive Jac Kelly awarded MBE in Queen's New Year Honours

Jac Kelly, the former chief executive of the Trust, has been awarded an MBE for services to healthcare in The Queen's New Year Honours.

Jac joined the Trust as turnaround director in 2006 and served as interim chief executive before taking on the role permanently in 2012. She stepped down in April 2014.

## New safeguarding nurses service pilot in Devon hailed a success for patient safety

The Trust trialled a specialist adult safeguarding nursing service to investigate and support care homes in North, East and Mid Devon from October 2013 to March 2014. This team of dedicated safeguarding nurses aimed to investigate safeguarding alerts or issues and support care homes with education and guidance to improve care standards and reduce the risk of safeguarding alerts in the future.

The nurses conducted clinically robust investigations and any recommendations they made to improve care were followed up and monitored to ensure best practice was maintained.

From an evaluation of the trial, it had a clear benefit to the immediate and long-term patient safety and the Trust is making plans to extend this service across a wider area.



## Improving patient safety across Trust services

### CAFÉ culture

Last year the Trust launched a project to reduce the number of cardiac arrests on wards at NDDH. Entitled "Creating a CAFÉ culture – moving towards a Cardiac Arrest Free Environment", the project builds on the successful and ongoing impact of the Obs? No Probs campaign.

The CAFÉ campaign led to a significant reduction in the number of cardiac arrests across the Trust, while the knowledge and awareness of staff has increased substantially.

In February 2011, 14 patients suffered cardiac arrests. In February 2015, the number was zero. The Trust continues to review every cardiac arrest to identify any learning to continue reducing cardiac arrests.

### Patient safety workshops

The Trust also introduced mandatory patient safety workshops for frontline nursing, therapy and support staff.

The training workshops, led by the Trust's patient safety and workforce development teams, are known as the Essential Patient Safety Review (EPSR).

The training has helped to dramatically reduce the number of cardiac arrests, pressure ulcers and other conditions among patients, while staff feedback has been overwhelmingly positive. The events use real case studies and staff are encouraged to identify good practice, where care could have been delivered differently and what actions they might put into place to continue to improve patient safety.



## Improving handover

Teams across the Trust have worked hard over the last year or so to improve the way in which they hand over care from one shift or team to another. In community nursing, improved handovers have led to a significant reduction in pressure ulcers. Staff feedback has been very positive and the Trust is now looking at how to improve handover across other care settings.

## Award-winning services and staff

### Trust scoops national award for outstanding efficiency and improvement in developing community services

The Trust's stroke therapy team added to its growing trophy collection with victory at the HSJ Value in Healthcare Awards in September.

The team beat seven other finalists in the Value and Improvement in 'community health service redesign' category.

The nomination related to the ongoing success of the team's early supported discharge (ESD) and VISTA projects.

The team has introduced home visits and additional care support from stroke therapy staff to allow an earlier discharge from hospital for patients.



It has also set up the innovative patient and carer support group called VISTA, which meets weekly and gives people the chance to join others in a similar situation as well as improve their fitness and speed up their recovery.

Feedback from patients and staff involved has been very positive and its impact has also been evident in clinical statistics.

Trust patients have reported a 94% improvement in self-perceived health and wellbeing following ESD.

The victory follows the team's double success in the Advancing Healthcare Awards in 2013 and its win in the Care Integration Awards.

### Trust staff receive Excellence in Leadership Award

Over the year 10 members of Trust staff received an Excellence in Leadership Award.

The staff completed a year-long course accredited by Coventry University, which involved a range of learning activities and assignments focusing on leadership in action in the workplace.

They collected their awards from non-executive director Pauline Geen at a ceremony in Exeter.

### Trust gains national recognition for use of high-tech eRoster system to ensure safe staffing levels



The Trust was a finalist in the 'project team of the year' category at the annual Allocate Awards in Birmingham for its use of a high-tech electronic system to ensure safe staffing levels.

The Trust has used the HealthRoster staff management system since 2008 and it has since become one of the first Trusts in the country to roll out additional software called SafeCare and CAM.

The eRoster system enables the Trust to plan and manage the entire workforce to ensure staff are aligned with the clinical needs of patients.

The system covers all staff groups and types, whether permanent, bank or agency, and has helped the Trust to maintain and improve safety, quality, efficiency and compliance.

Caroline Raby, eRoster operational lead, said: "We were delighted to be highly commended at the awards, particularly at a time when safe staffing is at the top of the national agenda.

“We were one of the first Trusts in the country to implement an add-on to our eRostering system which enables us to compare our staffing levels with the actual care needs of our patients on a shift by shift basis.

“We get real-time information which allows us to deploy staff to where there is the greatest need.

### **Trust ‘runner-up’ in national award for commitment to resolving complaints at earliest possible stage**

The Trust finished runner-up at a national awards ceremony for its work to resolve complaints at the earliest possible stage.

The Trust was a finalist in the Patient Experience Network National Awards (PENNA), which took place at the Birmingham Repertory Theatre.

Over the past two years the Trust has systematically changed the way it manages formal complaints.



The customer relations team now tries to verbally acknowledge every complaint at the outset, enabling an open discussion about the issues raised and a choice by the individual as to how they will be resolved.

Depending on the complainant's preference, the specific issues will be addressed individually by letter or will inform the agenda for a local resolution meeting with relevant clinical and non-clinical staff.



Dr Alison Diamond, chief executive, said:

“Resolving complaints swiftly and to the individual's satisfaction is an important part of our commitment to delivering excellent patient experience.

“The new process we follow offers a more personalised, responsive and supportive service to complainants and has significantly improved the number of complaints that are resolved first time.”

See page 36 for more details on the way the Trust handled the complaints of patients, carers and families over the last year.

## **Trust and CCG link up to provide new pathology requesting system for GPs in Northern Devon**

In July we launched a new electronic ordering system for pathology tests at NDDH, which will enhance and speed up the process for GP practices making requests.

The system, hosted by the Trust, provides a direct link between GP practice computers and the pathology service at NDDH.

It means staff in GP practices can electronically order a wide range of agreed pathology tests from their computer screens, removing the need to handwrite request forms and labels.

The request is linked up to the specimens when they arrive in the laboratory with the use of unique barcoded labels.

The project, known as Order Comms, was launched jointly by the Trust and the Northern, Eastern and Western Devon Clinical Commissioning Group (CCG).

## Using technology to improve patient care

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For some time the NHS has held the ambition to implement a single health record.

This is one record which details all of your health information, allowing any health or care provider to access the relevant information in order to give you the care you need. This includes your local GP, nurses in the community, paramedics and ambulance staff, and those working in our acute and community hospitals.

As demand on NHS services continues to increase and we are dealing with the increasingly complex health needs of our population, it is vitally important that we look at the ways we work to future-proof our services, making them as safe, efficient and effective as possible for our patients.

It sounds simple, but this is a major change to the way the NHS works. Our Trust intends to be at the forefront of these changes, with the recent approval of £8million from central Government to implement a new electronic health record which will give us the ability to feed into the development of a Devon-wide health record over the coming years.

Explaining the vision for the new technology, consultant respiratory physician Dr Alison Moody said: "The single health record will enable us to make quicker, better informed decisions about a patient's care as we will have ready access to their healthcare history. Once established, it will also enable us to involve patients more in decisions about their care, and ultimately we hope patients will be able to access and view their own records.

"For many of our patients we gather vast amounts of information on paper, from which it can be difficult to retrieve the relevant and important facts we need. This often results in patients having to repeat the same information to different healthcare professionals. The electronic system will save time and avoid duplication of tasks, leaving more time to care for our patients."

Over the coming months the Smartcare programme will oversee the changes needed within the Trust to support the new system, including upgrading our IT systems and looking at the most appropriate technical devices to enable staff to input data to the system as quickly and easily as possible.

The system is being developed with healthcare professionals across our services to ensure it supports the needs of our staff and patients. In the first phase all hospital-based services will switch over to the new system. In the second phase will be our community health and social care services that are delivered in patients' homes across North and East Devon.

We are expecting the first phase of services to start using the system towards the end of this year, with more services switching over in 2016.

Both developments means the Trust will be operating a full electronic health record across all inpatient, outpatient, acute, community and home-based services, an ambition articulated in NEW Devon CCG's information management and technology (IM&T) strategy to achieve digital integrated care records by 2018 and in line with the Government vision for a paperless NHS.

You can find out more about the programme by visiting [www.smartcaredevon.co.uk](http://www.smartcaredevon.co.uk).



**Smartcare**  
The foundation of excellent patient care

# Section 3: North Devon District Hospital

## North Devon District Hospital news over the last year

### Adult patients rate their hospital experience highly in national survey

Adult inpatients at NDDH rated the quality of their care, treatment and experience highly, according to results published by the Care Quality Commission (CQC).

Patient satisfaction with the quality of services provided by the Trust was very positive – 32.82% of survey participants gave top marks with a score of 10 for having ‘a very good experience,’ 23.13% scored nine and 24.45% an eight.

There wasn’t a single low score given for any aspect of the care, treatment or experience by any of the 490 people who took part in the 2013 Adult Inpatient Survey.

NDDH was consistently on a par with other well-performing Trusts and was rated better than other hospitals nationally for:

- ▶ Specific aspects of nursing regarding communication, confidence and trust and whether there were enough nurses on duty

- ▶ Patient involvement as much as they wished in making decisions about their care and treatment
- ▶ Informing the patient whether further health and social care support would be available when they left hospital

Overall, 97.69% felt they were treated with respect and dignity during their hospital stay.

### Chemotherapy Appeal through the year

#### *Trust thanks North Devon for “incredible” support as £2.2million chemotherapy unit opens to patients*

North Devon’s £2.2million new chemotherapy and day treatment unit opened to patients on Monday 30 March.

The Seamoor Unit, a state-of-the-art centre at NDDH opened its doors following a momentous four-year fundraising campaign inspired by the local community.

Nearly a third of the funds came from the North Devon Cancer Care Centre Trust (NDCCT), which contributed £700,000 in total and presented a cheque for the final £300,000 to the hospital ahead of the opening.

Dr Alison Diamond, chief executive of the Trust, said: “This is a landmark moment for the Trust and for cancer care in North Devon.

“The Seamoor Unit is a wonderful, purpose-built facility that will benefit thousands of patients and their families every year for generations to come.”

The Seamoor Unit was designed by architects from David Wilson Partnership, while UK construction company Morgan Sindall completed the build in 13 months with the help of local sub-contractors.

The unit contains a main treatment area named in memory of Jennifer Bonetta, founder of NDCCT, which contains 14 treatment chairs in an open-plan design as suggested by patients.



Janet James, the first patient in the new Seamoor Unit, receives a bouquet of flowers from lead nurse Charlotte Overney.

There are also separate en-suite treatment rooms, seven consulting rooms for oncology and haematology outpatients, a resource room, a quiet room and a staff meeting room.

When patients arrive, they are met with a hotel-style reception and a large waiting area with a skylight which will be available for support groups to use in the evenings.

Outside, the unit has its own drop-off point as well as a courtyard and surrounding areas for use by patients.

Solar panels, under-floor heating and a sedum roof contribute to the eco-friendly design and the unit's nomination to become the first building in North Devon to achieve a BREEAM excellence award for sustainability.

The public and staff were given an opportunity to tour the unit and saw the draw for the Grand Car Raffle, one of the Chemotherapy Appeal's final fundraising projects.

The year-long raffle raised more than £22,500 as entrants battled it out to win a brand new Kia Picanto courtesy of Parkside Kia in Newport, Barnstaple.

The Trust continues to raise vital funds to support its services through its charity Over and Above.

### *Seamoor Unit chosen as name of new chemotherapy unit*

The public were given the opportunity to suggest the name of the new chemotherapy and day treatment unit ahead of its opening at NDDH.

The Trust received many suggestions following an appeal with the North Devon Gazette for a name that reflects the North Devon landscape. Bideford resident Pam Hicks' winning suggestion was picked as the hospital sits between the sea and Exmoor and it positively reflects the image of the new unit.

A tribute has also been made to Jennifer Bonetta, founder of the North Devon Cancer Care Centre Trust. The charity has been an incredible support and has donated hundreds of thousands of pounds to the Chemotherapy Appeal. The unit's main treatment area is named the Jennifer Bonetta Treatment Room in her memory.

Suggestions were considered by a judging panel featuring senior clinicians and staff from the Trust, as well as a non-executive director and cancer user group members.

## Hip patients to benefit from Trust's enhanced orthopaedic therapy service

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Patients recovering from hip surgery started to return home sooner from hospital with the help of an enhanced therapy service that was launched in 2014.

The Trust invested in additional physiotherapists and occupational therapists in the orthopaedic team to provide seven-day therapy and support services for patients recovering from a fractured neck of femur.

Patients now receive more intensive physiotherapy during their hospital stay to boost their fitness and enable them to go home sooner. The therapy team then follows the patient home through the early supported discharge (ESD) service, providing daily therapy for up to four weeks to assist with their rehabilitation.

The specialist ESD service follows a similar model to that of the Trust's multi award-winning stroke therapy team and is in line with guidance from the National Institute for Health and Clinical Excellence (NICE) and the British Orthopaedic Association Standards for Trauma (BOAST).

## North Devon's microbiology team scoops national award for improving patient care and environmental sustainability

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In April, the Trust's microbiology department and the Northern, Eastern and Western Devon Clinical Commissioning Group (NEW Devon CCG) collected the top prize in the 'clinical award' category for their joint work.

The awards honoured those healthcare organisations who had demonstrated great effort in implementing sustainable practices in their workplace.

The winning award submission from North Devon centred on how some patients, who did not have a urine infection, were being treated with antibiotics or had invasive investigations when it was not completely necessary. This could result in delays in treatment for patients who did have an infection.

By treating patients earlier and avoiding unnecessary tests, the work has improved care and outcomes for patients.

The work also showed a reduction in the carbon footprint associated with testing, and is estimated to have saved North Devon's NHS around £200,000 a year, which could be reinvested in patient care.

Dr Tom Lewis, consultant microbiologist for the Trust said: "We are very proud to have won this award. Environmental problems are likely to be the biggest contributor to poor health in the next century, so as doctors we need to consider how what we do has an impact on this.

"This award shows that we can take care of the environment and improve care at the same time."

Dr Darunee Whiting, a GP from Northam and board member of the Northern locality of NEW Devon CCG, said: "This work shows that when GPs and hospital clinicians work together, keeping a focus on what is best for the patient, we can really improve care for patients.

"We are proud that we have all worked together as a healthcare community to make improvements for patients that are also environmentally and economically sustainable.

## NDDH event gives public chance to find out more about clinical research

The research and development team from the Trust held an event in May to explain more about the clinical research that goes on at NDDH.

Last year hundreds of North Devon patients were recruited to these studies.

Areas of study included diabetes, stroke, cardiology, reproductive health, anaesthetics, surgery, rheumatology, dermatology, neurology, haematology, oncology, gastroenterology, respiratory, emergency care, orthopaedics, ophthalmology and paediatrics.

The majority of these studies are academic, but there has been an increase in the number of commercial studies undertaken at NDDH in the last year.

## Trust visits Barnstaple High Street to encourage local people to join Organ Donor Register

Staff from the Trust took to Barnstaple town centre in July to encourage more local people to join the Organ Donor Register.

Sarah Fuller, specialist nurse for organ donation, was on hand with other Trust staff to answer questions and assist the public to sign up to the register.

## Trust health specialist meets Princess Anne during North Devon visit

In May Judi Thomas, a North Devon health improvement specialist, was invited to meet Princess Anne on her visit to the Forches Estate in recognition of the impact she and her team have made to enhance the lives of disadvantaged young people in Barnstaple and aid their transition into work.

Judi and her team have worked with and delivered training to the youth group at the Forches Estate over the past five years, resulting in members achieving Level 1 and Level 2 qualifications in health awareness and health improvement.

## Healthcare staff from Sweden visit North Devon

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Staff from a health centre in Sweden visited North Devon to learn more about the success of the local NHS in integrating care, treating people in their own homes and preventing unnecessary admissions to hospital.

Like North Devon, Sweden has an ageing population with increasingly complex health needs, and the visitors from the Oxie Vårdcentral health centre near Malmö were keen to see how these challenges were being met in England.

The group exchanged experiences with staff during a two-day study tour.

The party of 24 visited NDDH and Boutport Medical Centre in Barnstaple and took in presentations about the local Pathfinder project and the trial of home-based care in Torrington.

## Thank you to our community

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### *Female patients benefit from £18,000 new screen*

Female patients at NDDH are now able to better understand their condition by watching an £18,000 new screen donated by the Barnstaple League of Friends.

Outpatients undergoing a colposcopy in the Petter Day Treatment Unit, where a consultant checks the surface of the cervix for abnormalities, can now see the procedure on an advanced screen. This enables the consultant to clearly talk through any findings on the screen.

### *New waiting area for relatives of critically ill patients is opened*

Relatives of critically ill patients at NDDH can now wait in greater comfort and privacy following the opening of a new facility next to the intensive care unit (ICU).

Previously relatives, partners and close friends of patients on ICU or the high dependency unit (HDU) had the use of a small room with basic facilities.

Following a £50,000-plus refurbishment, the room now contains three separate areas offering a greater range of facilities.

The experience of relatives will be enhanced by a larger sitting area, an overnight sleeping area and a room to speak privately to doctors.

A large proportion of the funds came from the Northam bingo group, which has supported the ICU and renal services over a number of years.

The League of Friends paid for the soft furnishings while other money came from the Fremington bingo group, relatives and friends of former patients on ICU and the Trust.

### *Cardiac rehabilitation group buys new gym equipment for patients*

Patients at NDDH are being assisted in their recovery and rehabilitation thanks to the introduction of four new exercise bikes in the physiotherapy gym.

The North Devon cardiac rehabilitation group funded two of the top-of-the-range bikes, which cost around £1,250 each.

The other two were funded by the Trust's physiotherapy team.

The cardiac group, for people who are keen to improve their health and wellbeing after recovering from a heart condition, runs five classes each week in the gym and holds various fundraising activities to benefit the wider patient community.

The classes are designed to help cardiac patients keep fit in a fun, relaxed environment and ultimately avoid readmission to hospital.

## Patients and staff commemorate 70th anniversary of D-Day landings

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Staff and patients on Alex Ward at NDDH held a 'street party' in June to commemorate the 70th anniversary of the D-Day landings.

Patients sat together to enjoy food, look through D-Day photographs and reminisce about World War Two amid Union Flag decorations.

Some sang songs and danced, while staff nurse Sophie Clements dressed as Phoebe Sparrow from BBC sitcom *Goodnight Sweetheart*.

Karen Webb, ward clerk, said: "Patients and staff talked about the events while looking through the photos, and the soldiers who gave their lives on that day were remembered with respect.

"The patients thoroughly enjoyed telling us their stories and memories, and ward manager Paula Mascall is planning more celebrations and parties."

## Refurbishing and modernising our buildings

This year the Trust invested a total of £4.862million in refurbishing and modernising the buildings in which we deliver care.

This investment was essential to ensure we could continue to deliver modern healthcare and keep pace with developments in the use of technology to support safer services.

## New recovery area for endoscopy patients

In September we opened a new recovery area for patients undergoing an endoscopy at NDDH. The Gemini Suite, which houses endoscopy services, has been extended to include separate male and female recovery areas meaning we can offer patients more privacy.

The unit also has larger lounge facilities where patients can relax with a cup of tea or coffee after their procedure.

The £320,000 revamp means patients can be cared for in separate areas both before and after their procedure, in line with guidance on privacy from the Department of Health and the Joint Advisory Group (JAG), the external auditor for endoscopy units.

Pauline Isaacson, former operating department manager, and Sharon Bates, previously the divisional general manager for clinical support services, cut the ribbon in front of an audience of staff, patients and guests.



## Male patients benefit from opening of new ward

Male patients recovering from surgery at NDDH can enjoy enhanced facilities and a better all-round environment following the opening of a new ward.

Lundy Ward was officially opened by Kevin Marsh, director of nursing for the Trust, following a £450,000 refurbishment.

The ward contains 13 side rooms, nine of which have en-suite facilities to offer patients privacy and quiet space.

There are a further 12 beds in more spacious and modern bays, making a total of 25.

The ward benefits from improved lighting and paintwork as well as a new security system.

## Purpose-built dementia ward opens at NDDH

One of the first purpose-built dementia wards at an acute hospital in the UK opened at NDDH following an £800,000 building project.

Fortescue has been designed especially for people with dementia or similar illnesses to help make their inpatient stay as positive as possible.

The 29-bedded ward has been built from scratch and contains a whole host of features to help patients feel at home, remain independent and reduce confusion.

These include different coloured bays, visual aids on floors and walls to help patients find their way, minimal signage and adjustable LED lighting to positively influence mood and behaviour.

The ward also contains sitting areas, a lounge, kitchen and dining room for patients, families and carers, bespoke furniture and artwork featuring North Devon scenery.

It was designed by architects from David Wilson Partnership, based in Barnstaple, while the work was carried out by UK construction company Morgan Sindall.

## Care Academy partnership selected as a beacon of best practice – and given £52,000 to build on success

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An innovative partnership which enables students at Petroc to undertake a six-month work placement at NDDH has been selected as a beacon of best practice for others to follow – and awarded more than £50,000 to build on its early success.

The Care Academy has been chosen to pass on knowledge and expertise to NHS Trusts and further and higher education providers, both locally and nationally.

Health Education South West (HESW), which made the announcement, has also agreed to award £52,000 in funding to fully embed the Care Academy partnership and model.

The Care Academy, a link-up between Petroc and the Trust, was initially launched as a pilot project in January 2015.

The initial scheme consists of rotational placements where A-Level and BTEC health and social care students get to work alongside NHS staff in a variety of clinical areas at NDDH – including theatres, outpatients, physiotherapy, radiology, audiology and podiatry – and learn about the diverse nature of the services provided in an acute hospital.

The aim is to provide possible future employment opportunities for local young people who are studying at Petroc and wish to develop a career in health and social care, and retain much-needed talent in the area.



# Section 4: Our community health and social care services

## More Devon patients treated in their own homes – not hospital

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Devon is one of the top counties in the country for successfully keeping older people safe and well at home.

Axminster, Seaton and Sidmouth stands out from over 40 Devon towns as a population area with the lowest recorded emergency hospital admission rate.

Instead of hospital admission, the majority of the patients where appropriate were looked after in their own homes for common medical conditions associated with ageing including diabetes, angina, asthma, dehydration and pneumonia.

What is striking about Axminster, Seaton and Sidmouth is that the average age of the patients treated for health conditions is 87 and the average age of recipients of social care services is 88. And yet there was the lowest number of emergency hospital admissions within this area during the reported period.

A significant contributing change to more patients receiving their care in the comfort of their own homes in Axminster Seaton and Sidmouth, rather than hospital, is the collaborative working and proactive intervention by a range of professionals working in the community they serve.

Integrated health and social care services are provided in Exeter, East and Mid Devon by our health and social care teams, with the NHS, independent care providers, Devon County Council and the voluntary sector working together to deliver high-quality care. Doctors, nurses, therapists and social workers share their knowledge and experience and they are flexible and innovative in the way they respond to the individual needs of their patients. There is a wealth of expertise for the professionals in the county to draw upon, particularly in dementia and respiratory care.

The overriding positive outcome for our patients is that they are being supported to live safely in their homes for longer. We hope this gives reassurance to those who worry their safety

or the quality of care they receive would be compromised if they were treated in their own bed rather than a hospital bed.

## Transforming Community Services – NEW Devon CCG consultation

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We have been fully engaged throughout the NEW Devon CCG's consultation, 'Transforming Community Services' and have shared our thoughts and opinions with the CCG at every stage.

We fully support the move towards more care being delivered out of hospital and will continue to work with our commissioners and our community to progress towards this model of care, ensuring safety and quality of services for our patients.

## Safer staffing

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In 2014 we invested close to £2.5 million in increasing the number of nurses on the wards caring for our patients. This board decision was in direct response to the growing national evidence from bodies such as the National Institute for Clinical Excellence (NICE) as well as the Francis and Keogh reports on NHS failings in care and following the outcomes of our CQC inspection this year which highlighted staffing issues at some of our community hospitals.

We also considered there to be a considerable risks associated with nurses working entire shifts as the only registered professional on the ward. These lone-working nurses would be caring for eight to 10 patients and as the only registered nursing professional they found it difficult to take breaks as well as maintain their professional competencies.

At the same time as the Trust invested additional funds to increase nurse staffing levels on our acute and community wards, we also took the tough decision to temporarily close inpatient services at three of our smaller community hospitals due to lone-working staffing and hospital resilience concerns.

The closures have enabled us to resolve significant risks posed by having unsupported and unsupervised registered nurses working on their own looking after up to 10 patients.

Inpatient services were closed at Crediton and the Tyrrell Hospital in Ilfracombe while beds at Axminster were transferred to Seaton to create one larger unit.

Following on from this decision, the Trust started working closely with the local communities in Ilfracombe, Axminster and Crediton to ensure people understood the safety concerns that led to the hospitals temporarily losing their beds and to start engaging people in thinking about what services we could bring to the towns that would benefit the health and wellbeing of the local community.

### *Working with our community to deliver safe care in Ilfracombe*

The Trust held a public meeting at the Landmark Theatre in Ilfracombe on Saturday 27 September, which was attended by around 125 people.

Dr Alison Diamond, chief executive, said: "Tyrrell Hospital is a much-cherished local facility and we were very pleased to see such a good turnout on Saturday, when many people contributed to a considered and constructive debate.

"This meant we were able to explain to a great many people the risks of having only one registered nurse on shift at any one time as well as the lack of staffing resilience as we head into winter.

In March 2015 we undertook more engagement in Ilfracombe holding three public meetings to discuss our safety and staffing problems in Ilfracombe and if there were ways in which to resolve these. This was also an opportunity for the public to tell us what other services the community could benefit from having at the hospital.

The engagement report outlining the outcome of these meetings can be found on the Trust website under consultations [www.northdevonhealth.nhs.uk/consultations](http://www.northdevonhealth.nhs.uk/consultations)

### *Safer staffing in Axminster and Seaton: Ensuring we deliver safe, high-quality care to our patients*

The Trust announced in October that it was to temporarily transfer inpatient services at Axminster to Seaton over winter. Both community hospitals currently provide 10 inpatient beds and a range of other services and the plans were for Seaton to host one 18-bedded inpatient unit to serve both communities.

The Trust had also identified a further risk that because of the national shortage of registered nurses, it is overly reliant on agency nurses and is often on the cusp of not being able to sustain the nursing rota at Axminster and Seaton. Consolidating the service appeared the best way to ensure a safe and resilient service.

However in December the Trust halted its decision to temporarily move inpatient services at Axminster to Seaton and launched a four-week public consultation over whether the transfer should take place. The four-week consultation started on 2 December and ran until 6 January 2015.

Dr Alison Diamond, chief executive, said: "We acted in good faith when making our initial decision in October to temporarily merge the inpatient services in Seaton in the new year.

"However, since then it has become apparent from the correspondence and conversations at the weekly Monday drop-ins with the community that there is a great deal of confusion about the proposals and that we needed to do more to involve people in the decision we were making."



Axminster Community Hospital

The consultation was designed to help local people fully understand the patient safety risks and give them a proper opportunity to have their say and make suggestions on how the issues could be addressed. The Trust also commissioned an independent review of the safety of staffing in Axminster Community Hospital.

### *Trust to work with Axminster League of Friends over £300,000 offer to help recruit extra nurses to resolve staffing and patient safety issue*

At the end of the consultation, the Trust Board met on 7 January 2015 to consider the consultation outcome report. The Board reviewed all of the responses to the consultation options and agreed the consolidation of inpatient beds at Seaton community hospital.

This decision was made because of the immediate issues around staffing and safety at Axminster and Seaton hospitals and the time required to recruit extra nurses. The board felt it had no option but to temporarily merge inpatient services into one 18-bedded unit at Seaton in order to resolve the risks.

However, in response to the Axminster League of Friends' response to the consultation, the Board agreed to work with the League on its financial offer to help recruit extra nurses to resolve significant staffing and patient safety concerns. The Trust and League of Friends agreed to immediately take the next steps to use the £300,000 to reinstate inpatient beds safely at Axminster Community Hospital and both parties set up the Axminster Hospital Action Group to take this work forward.

### *Axminster Hospital Action Group*

In January we started working with the League of Friends on a campaign to recruit more nurses to staff both hospitals.

We ran recruitment days, made films, created a website ([www.eastdevoncommunityhealth.co.uk](http://www.eastdevoncommunityhealth.co.uk)) and put up banners, all to try to achieve the group's objective.

This was an exceptionally exciting piece of partnership working and we are very proud to have worked so closely and innovatively with the local community.

Unfortunately, the Trust was called to judicial review because of questions relating to the process by which we carried out our consultation. A court hearing in February was adjourned in recognition of the positive partnership work between the Trust and the community. This court hearing remains stayed.

## Health and wellbeing hubs, working with our communities

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The Trust has undertaken significant levels of engagement over the last year, primarily focused around our community services.

Lots of changes have been taking place across our community hospitals and we have been working closely with our local communities to ensure that they:

- ▶ Understand the changes that are happening and why
- ▶ Are involved in the how we shape the future of their local hospital.

Hub engagement has also formed part of our engagement activity where community hospitals inpatient units have been permanently closed.

Every community is different and therefore each has its own engagement and involvement story.

## A year in the life of...

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### *Budleigh Salterton*

The decision to permanently close the inpatient beds in Budleigh was made in September 2014. A steering group has been developed with members of the local community to look at how Budleigh hospital can be developed into a health and social care hub.

The League of Friends has been on board with the development of the Hub as well as the local GP's and they have played a key role in supporting the community through the change and developing ideas for new services to offer from the Hub.

In March 2015, the community leaders attended the Trust board meeting to celebrate the Trust board approving the business case which saw the Hub get the go ahead. We expect builders to be on site over the 2015 summer.

## Moretonhampstead

Inpatient services at Moretonhampstead hospital closed due to safety concerns in January 2013. The town established a positive and effective steering group.

The steering group is very positive about the development of a Hub in their town and share and communicate this message to the local community to ensure all are involved in its development.

A series of Tour and Talk sessions were run during the summer / autumn of 2014. Members of the community were invited to the hospital for a tour of the building and a talk through how the different areas could be used for services other than inpatient beds.

Tour and Talk sessions ran through September and October, allowing people to:

- ▶ Meet clinicians who are working at the hospital and the community
- ▶ Meet members of the senior clinical and management team overseeing the project
- ▶ Have a tour of the hospital
- ▶ Discuss opportunities for the hospital
- ▶ Discuss any comments they have about healthcare in the Moretonhampstead area.

This was a useful tool to help people to understand what a hospital could look like without beds. It also provided an opportunity for people to feedback about the services they would like to see at the hospital.

The Northern, Eastern and Western Devon Clinical Commissioning Group then invited local people and organisations to express

an interest in providing services in the new Moretonhampstead Hospital Health and Social Care Hub.

The invitation asked for interest in running services out of the newly developing hub, including audiology, podiatry, counselling and voluntary sector support for the frail and elderly. Several local organisations responded and a panel, which included a local GP and people from the Moretonhampstead area, met in October to review the applications.

Clinics and services currently available from the hub include dermatology, rheumatology, chiropody, leg ulcer clinic and physiotherapy. Additionally, Moretonhampstead Health Centre is providing minor surgery and family planning clinics in the hospital for patients of their practice.

### **New strength and balance classes prove a hit with patients in Moretonhampstead**

Strength and balance classes were launched at Moretonhampstead Hospital and proved an instant hit with patients. The weekly classes are designed to boost the health, wellbeing and confidence of people who suffer from falls or are afraid of falling. The sessions run for 12 weeks and include a range of exercises aimed at improving balance and preventing falls, with advice from therapists on how best to manage them when they do happen.

Falls account for over half of hospital admissions for accidental injury and about a third of people aged over 65 will suffer at least one fall each year. Most patients are referred by their GP or the local NHS community nursing and therapy team, although people are able to refer themselves.

The classes are among the first new services to be introduced as part of the hospital's transformation into a health and social care hub and have been made possible thanks to the donation of £1,200 worth of gym and exercise equipment from Moretonhampstead Hospital League of Friends.



## Torrington

A significant amount of engagement activity has taken place in Torrington as part of the Torrington Cares test of change. Inpatient services in Torrington were temporarily closed in 2013 as part of a test of change following significant enhancement of the community health and social care teams.

In the autumn and winter of 2013/14, 12 weekly drop-in sessions were held to help the local community understand the project and explain how people would be looked after at home. These were also an opportunity for people to ask questions and feedback their concerns about the temporary closure of the beds.

Amongst conversations about the beds and the project, people also gave feedback about possible Hub services.

In spring 2014 a series of focused workshops were held for more in-depth conversations about key areas of interest (drawn from the drop in sessions). The topics were: home based care, end of life care, other uses for the hospital, and the inpatient beds.

A series of Tour and Talk sessions were also held as described above which were well received and attended and helped people to start thinking further about the services which could be delivered from a Hub.

Local MP Geoffrey Cox has been very involved in the test of change. It was following a meeting with him that the Boards of the CCG and NDHT agreed to extend the engagement period to allow for further feedback and one final public meeting. The final public meeting took place in November 2014 following which the CCG and NDHT Boards made the decision to close the inpatient beds permanently.

Although the project is still on the Health and Wellbeing Scrutiny Agenda, the committee has requested that the Trust and CCG work with the local community to develop a Hub in Torrington. This work has begun with the local town council to establish a steering group.



## Ultrasound clinics launched at Torrington Community Hospital

A new ultrasound service at Torrington Community Hospital was launched on 15 July 2014 as part of the continued work to look at how the hospital can be used differently in order to make health services more accessible for people in and around Torrington. Ultrasound is a diagnostic tool that was previously only available at NDDH. The new service will save up to 20 patients a week from having to make this journey to NDDH. Ultrasound was identified as a very beneficial service to have at the hospital based on analysis of those residents from Great Torrington attending NDDH clinics.

## Ottery St Mary

In November the Trust announced plans to centralise the community stroke services in Ottery St Mary Hospital. The operational decision to locate stroke services in Ottery on an interim basis was in response to two key factors.

The first was the ongoing staffing shortages and risks of lone working at Crediton.

The second was Northern, Eastern and Western Devon Clinical Commissioning Group's stated long-term strategy to consolidate Devon's community stroke rehabilitation service and align it to the Royal Devon and Exeter NHS Foundation Trust's acute stroke service.

Tim Ayers, consultant nurse in stroke for NDHT, said: "Stroke is a devastating disease and stroke unit care is the treatment most likely to improve the outcome for the highest number of patients.

"We fully support NEW Devon CCG's strategy to co-locate specialist stroke professionals. It is really important that clinicians are able to share resource and expertise to care for patients and help them recover as fully as possible."

## Cullompton

### **Nursing time well invested in patient safety and skin health**

The Cullompton community nursing team achieved a dramatic reduction in the number of patients developing severe pressure sores.

The team introduced a new way of working with a dedicated daily 'handover' briefing session at a set time of the day to share information or concerns about a patient and discuss treatment options.

By investing up to 20 minutes a day in an uninterrupted handover session, the nurses were able to agree action points and provide safe proactive patient care.

Community nurse team manager Sara Holway said: "Pressure ulcers can be extremely painful and in severe cases – Grade 3 or 4 – they can cause permanent damage and severe pain to patients.

"The most notable difference we have seen since introducing the handover session has been the dramatic drop in the number of our patients developing severe Grade 3 and 4 pressure ulcers.

## Tiverton

### **Physiotherapists help to raise awareness of falls and how to prevent them**

NHS physiotherapists have been raising awareness of falls and how to prevent them among older people in Tiverton. A display was held in the atrium at Tiverton and District Hospital throughout Falls Awareness Week to highlight the range of factors which can contribute to falls, including vision, footwear, obstacles, medication, poor strength and balance.

There was information on what to eat to help bone strength and stay healthy, and how people could seek advice on reducing the risk of falls and maintaining independence. Ward and community physiotherapists also visited The Haven, the Age UK day centre in Tiverton, for three days to run falls awareness sessions and exercises.

## Working in our communities to deliver excellent patient care

### *Devon community nurses Sarah and Jane earn title of Queen's Nurse*

Two senior community nurses in Devon were awarded the title of Queen's Nurse.

Sarah Garnsworthy and Jane Watson are both senior nurses for community nursing for the Northern Devon Healthcare NHS Trust and were given their new title by The Queen's Nursing Institute (QNI) at its autumn awards ceremony at the Royal Garden Hotel in Kensington, London.

The title reflects a commitment to high standards of patient care, learning and leadership in community nursing.

Sarah and Jane are the professional leads for the community nurses who care for patients in their own homes and other community settings across Exeter, North, Mid and East Devon. *Dani rerione sum doloriberum quis aut audae inim nus ad que non rendam et volut maximus.*



# Section 5: Our specialist community pan-Devon services

**The Trust is the main provider of specialist community healthcare services across Devon, including audiology, podiatry and sexual health, stop-smoking and bladder and bowel care services.**

**The Trust runs the two walk-in centres in Exeter at Sidwell Street and at the RD&E. These services are led by specialist nurses who can provide treatment for minor injuries or illnesses such as sprains, cuts and minor infections.**

## Service offered by Health Promotion Devon

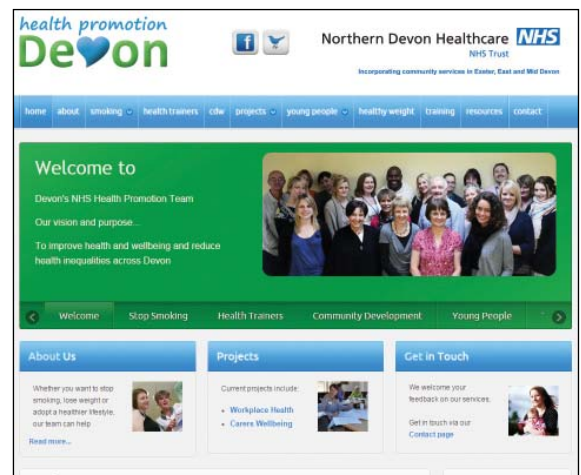
- ▶ Devon Stop Smoking Service, which runs free weekly clinics with specialist advisers in a number of locations
- ▶ Health trainers, who support people to lose weight, become more active and make other positive lifestyle changes
- ▶ Community development team, who work with targeted populations such as Black and Minority Ethnic (BME) communities, Gypsies and Travellers and those with mental health difficulties
- ▶ Assistance for teenagers and young people, including through smoking prevention and sexual health programmes
- ▶ Community health and wellbeing projects, including programmes to support children, carers and employers
- ▶ Training specialists, who offer programmes for people who are keen to actively promote good health

## Health Promotion Devon (HPD) website goes live

Health Promotion Devon, which works with people in the community to improve their health and wellbeing, has launched its first ever website. HPD, a specialist service run by the Trust, offers advice and support to people who want to make health-related behaviour changes.

Its trained staff help people to stop smoking, increase physical activity, eat healthily and develop sensible drinking habits. HPD also does targeted work with individuals and communities suffering the poorest health, mostly due to wider social issues such as poverty or lack of access to amenities and services.

Its wide range of services is now showcased online at [www.healthpromotiondevon.nhs.uk](http://www.healthpromotiondevon.nhs.uk).



Lynne Palmer, head of Health Promotion Devon, said: “We work with people and communities to help them gain more control over their lives and improve their overall health. The healthier we are, the more resilient we are in coping with life’s ups and downs. There are a number of ways people can take action and make positive changes, and our new website gives us the perfect platform to show how our specialists can help.”

## Sexual health website launch

Our sexual health services launched their new website this year which aims to make services more accessible whilst offering a discreet and confidential service. The new website can be found at [www.thecentresexualhealth.org](http://www.thecentresexualhealth.org) and offers information on all our sexual health centres in Exeter, Exmouth, Tiverton, Okehampton, Barnstaple, Ilfracombe, Bideford, Holsworthy and Torrington.

## Trust targets over-40s during Sexual Health Week

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Men and women aged over 40 were the target of a sexual health campaign launched by our sexual health clinic in Exeter.

The Centre aimed to raise awareness among over-40s of the sexual health and contraceptive services it provides ahead of Sexual Health Week 2014.

Data from the Health Protection Agency (HPA) shows that the number of sexually transmitted infections (STIs) continues to rise among those aged 45 to 64, while HIV diagnoses have doubled in the over-50s over the past decade.

April Brooks, senior nurse at The Centre, said some of these trends were evident locally and could be attributed to higher levels of unprotected sex and changes in lifestyle and attitudes.

She said: "The average age for men and women to get divorced in England and Wales is in their early 40s. Therefore many individuals in their 40s are now dating again.

"The Royal Pharmaceutical Society found that almost 20 per cent of people aged 45 to 54 had unprotected sex in the last year with someone other than a long-term partner.

"Whatever their circumstances, people in this age group may not have had to think about contraception or sexual health for many years.

"Safer sex messages aimed at young people may make them feel that these warnings are not relevant to them, so we take a different approach with our campaign."

## Trust and Devon County Council urge smokers to try to quit for Stoptober

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The Northern Devon Healthcare NHS Trust and Devon County Council once again this year urged smokers to try to give up the habit by taking on the national Stoptober challenge.

Stoptober, run by Public Health England, aims to encourage as many smokers as possible to attempt to give up the habit for 28 days through October.

The Trust supported people to quit through its weekly stop smoking clinics across the county, led by specialist advisers in its Health Promotion Devon team.

The advisers form part of the Devon Stop Smoking Service, which is based at the Culm Valley Integrated Centre for Health in Cullompton and is supported by chemists, GPs and dental practices.



# Section 6: Corporate declarations

## Sustainability statement

The Northern Devon Healthcare NHS Trust (Trust) views the efficient use of its resources as a key indicator of its ability to reduce costs and environmental impact. The Trust's key aim is to reduce the impact of its business on local carbon production. The production of Carbon Dioxide (CO<sub>2</sub>) through delivery of healthcare activity is seen as a major environmental challenge by the government and has led to targets being levied on all NHS Trusts.

As one of the largest employers in Devon the Trust is aware that through its business of providing healthcare to an area of 1,400 square miles its operating protocols can have a large environmental impact on local resources. The NHS Good Corporate Citizen guide identifies six areas that Trusts should focus on. These include:

### 1. Energy

One of the Trust's main aims is to reduce energy usage within its estate. Such efficiencies in energy will ensure a reduction in costs thereby freeing monies to support healthcare delivery and a reduction in carbon production.

The production of CO<sub>2</sub> through energy usage is seen as having a major local environmental impact. Reducing the Trust's annual energy usage remains a priority and has resulted in the pursuit of new technologies and resources partnering with specialist companies.

At present the Trust is in the final stages of securing an Energy Performance Contract (EPC) which once in place will assist the Trust in achieving a reduction in excess of 20% of its annual energy usage, reduce CO<sub>2</sub> production to below government targets and place the Trust in line with the best performers in the UK.

During 2015/16 the Trust will be developing the EPC to achieve and deliver long-term reductions in energy consumption and create a more resilient energy supply infrastructure which will assist the wider healthcare economy and locality.

### 2. Waste

The Trust entered into a new clinical, domestic and recycling contract during 2014/15.

The commencement of the award of the contract ensured the Trust continues to be proactive in all areas of waste management. The main focus continues to be on best practice which is framed within waste management hierarchy ensuring that the economic and environmental benefits of each option are maximised.

The Trust continues to fulfil duty of care in-line with current waste legislation as well as ensuring correct information to allow us to make the right decisions when segregating and disposing of all our waste.

The Trust's top priority is to look at reducing the waste that is created by preparing it for re-use, recycling, recovery and last of all disposal via incineration, alternative treatment and landfill.

The Trust monitors all the waste that is produced to ensure it is segregated correctly at the point of generation. This is critical to the safe management of healthcare waste, which not only aids in the cost of processing but also ensures all waste is stored, transported and ultimately disposed of correctly in line with current regulations and standards.

### 3. Healthy Travel

The Trust continues to promote healthy travel within its workforce by advertising public transport access, encouraging more people to use public transport and lift sharing.

The Trust offers access to the cycle to work scheme and provides on-site changing facilities at all sites for those staff wishing to participate.

Due to the size of the estate innovative technologies are being explored to reduce the need for travel. One such process now used regularly is teleconferencing which has been a major success and used regularly for meetings with a large Trust-wide membership.

The Trust has continued its partnership with Enterprise car rentals in order to gain access to and utilise a newer, more efficient car fleet for business mileage.

#### **4. Procurement**

The professional procurement team drives the Trust's strategy to ensure our suppliers take steps to operate sustainable business practices, i.e. reduced packaging, using local resources and giving due consideration to the environmental impact of goods in their purchase, use and final disposal.

The Trust utilises NHS Supply Chain for the majority of its consumable purchases. This has the benefit of meaning a single daily vehicle delivery to North Devon District Hospital, and one delivery a week to our community hospitals. We also deliver reduced packaging via this procurement process.

Due consideration is always given to sustainability aspects when any change to the supply chain or product is reviewed.

The Trust has also introduced and encouraged the use of hire vehicles for business trips over 70 miles. This generates significant CO<sub>2</sub> savings in comparison to the normal 'grey' fleet used. On average in 2014-15 we achieved a 28% reduction in CO<sub>2</sub> omissions for all journeys where a hire vehicle was used. (Figures based on average age of grey fleet car being 6 years).

#### **5. Estate development**

Every estate development is specified to use sustainable products and energy efficiencies that meet Department of Health benchmarks. This ensures that the properties within the estate are fit for purpose and support the delivery of a modern healthcare service.

In 2014/15 the Trust's new Chemotherapy Unit was our first estates development to achieve the national standard of Excellence through the Building Research Establishment Environmental Assessment Methodology (BREEAM). This is a recognised national standard and the Trust is now looking to the new EPC contract to improve the quality of its existing use of its buildings stock to achieve a BREEAM standard of 'good'.

#### **6. Workforce**

The Trust is actively involved in the continual improvement of the working environment and facilities for its work force. From a sustainability perspective the Trust ensures there is a continual monitoring of the work environment and facilities through the use of staff surveys, engagement and feedback.

## Our performance over the last 12 months

All NHS organisations are required to deliver certain levels of performance to ensure we can monitor the quality of care that is provided to patients.

Often referred to as targets, it is really important that our patients have confidence in the quality of care provided by their local NHS.

The full 12 months of 2014/15 performance information can be found on our website, under the May 2015 board report:

[www.northdevonhealth.nhs.uk/new/wp-content/uploads/2015/05/Annex-2.3-Board-26.05.15-Integrated-Performance-Report-March-2015-Part-2.pdf](http://www.northdevonhealth.nhs.uk/new/wp-content/uploads/2015/05/Annex-2.3-Board-26.05.15-Integrated-Performance-Report-March-2015-Part-2.pdf)

A summary of our key performance indicators is included in the table below.

	Target	2013-14	Quarterly Totals				Year to Date
		Value	Q1 2014 Value	Q2 2014 Value	Q3 2014 Value	Q4 2014 Value	2014/15 Value
RTT admitted % < 18wks total	90.0%	95.4%	93.8%	92.5%	93.7%	91.0%	92.9%
RTT non-admitted % < 18wks total	95.0%	99.3%	98.3%	97.1%	98.2%	97.4%	97.8%
RTT incomplete % < 18wks total	92.0%	97.2%	92.7%	94.9%	97.5%	96.2%	95.1%
A&E, MIU & WIC attendances and 4-hour breaches	95%	98%	97.5%	97.3%	96.4%	94.7%	96.6%
Cancer 62-day waits (aggregate measure) - total treated < 62-days from urgent GP referral	85%	89.94%	84.87%	79.69%	81.16%	75.8%	80.6%
Cancer 62-day waits (open Exeter) overall total treated < 62-days from urgent GP referral	85%	87.15%	79.4%	75.52%	78.45%	72.27%	77.77%
Cancer 62-day waits (aggregate measure) - total treated < 62-days screening service	90%	75%	71.43%	75%	80%	75%	75%
Cancer 62-day waits (aggregate measure) consultant upgrade	90%	97.44%	93.75%	90.91%	94.44%	93.33%	92.96%
Cancer 31-day waits - total treated < 31-days from diagnosis - (decision to treat)	96%	99.67%	99.19%	97.01%	98.84%	93.5%	97.34%
Cancer 31-day waits - total treated < 31-days subsequent surgical treatment	94%	99.04%	96.3%	95.24%	93.75%	77.55%	89%
Cancer 31-day waits - total treated < 31-days	98%	99.81%	100%	100%	99.09%	97.5%	99.1%
Subsequent drug treatment							
Cancer 2-week waits (aggregate measure) - total seen within 14 days of urgent GP referral	93%	94.28%	76.68%	79.06%	92.14%	87.07%	83.56%
Cancer 2-week waits (aggregate measure) breast symp	93%	88.73%	26.53%	49.02%	93.62%	76.79%	61.58%
C. difficile over 3 days: NDDH	16	10	2	4	2	1	9
Certification against compliance with requirements regarding access to healthcare for people with a learning disability	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Data completeness: community services - referral to treatment	50%	99.75%	99.9%	99.8%	99.67%	96.47%	98.96%
Data completeness: community services - referral information	50%	100%	100%	100%	100%	100%	100%
Data completeness: community services - referral information	50%	99.76%	99.8%	99.77%	99.43%	96.87%	98.97%

## Our workforce

In 2014/15, the Trust employed 4489 staff, 68% of budget.

The tables of data below show the following information:

- ▶ Table 1: workforce data by gender and age

Age band	Female	Male	Total
16 - 19	17	9	26
20 - 24	189	29	218
25 - 29	353	81	434
30 - 34	373	56	429
35 - 39	337	79	416
40 - 44	467	103	570
45 - 49	567	100	667
50 - 54	630	96	726
55 - 59	533	98	631
60 - 64	248	50	298
65 - 69	53	13	66
70 +	7	1	8
<b>Grand total</b>	<b>3774</b>	<b>715</b>	<b>4489</b>

- ▶ Table 2: workforce data by pay band

Pay Band	Total
Band 1	186
Band 2	769
Band 3	698
Band 4	303
Band 5	981
Band 6	738
Band 7	371
Band 8+	159
Medical & Dental	284
<b>Grand Total</b>	<b>4489</b>

The Trust sickness absence figure for 2014/15 is 3.3%.

### Employee consultations

Effective communication and consultation with our staff are key to our success in providing the highest quality services.

In 2014/15 we further enhanced our consultation approach, introducing executive team road shows which have enabled senior managers and staff to explore and understand the challenges we face and start identifying common solutions.

These road shows have become a regular and valued approach to our staff engagement activities and were further supported by the Trust becoming a Listening into Action Pioneer Trust.

Listening into Action is a toolkit which establishes a new way in which we listen to staff and develop new ways of working or improve existing practices.

The introduction of mini-surveys reviewed centrally and improvements delivered locally have further supported ways in which we have listened to and developed the way we support staff.

The 2014 staff survey suggests engagement and communication have significantly improved with the Trust composite score ranking us fourth in England and top in the South West.

Partnership working with staff-side and Trade unions remains paramount and regular opportunities and formal meetings have been increased to support timely consultation with staff.

### Specific consultations in 2014/15 included:

#### TUPE Transfers

- ▶ Child Health Information Service transfer to Virgin Healthcare Ltd
- ▶ Transfer of Tiverton MIU to South Western Ambulance Service NHS Foundation Trust
- ▶ Community Palliative Care Team Transfer to North Devon Hospice
- ▶ Transfer Seaton Home Nursing Service to Hospiscare
- ▶ Transfer of the South Hams & West Devon Cardiac Rehabilitation & Heart Failure Service to Plymouth Community Service (CIC)

#### Organisational Change

- ▶ Community Hospital shift pattern harmonisation
- ▶ Safer Staffing - Temporary Closure/ Consolidation of Community Hospital inpatient beds
- ▶ Health & Social Care Team Relocation
- ▶ Transforming Community Services
- ▶ Exeter Cluster Pharmacy Service

**Terms & Conditions of Service**

- ▶ Pay Progression Framework
- ▶ Development and review of policies
- ▶ On-call remuneration

**Additional consultations specifically in the northern region include**

- ▶ Information Management and Technology Division restructure
- ▶ Chemotherapy Management structure
- ▶ Band 6 Nursing restructure
- ▶ Endoscopy Out of Hours service
- ▶ Clinical Support Workers Night Cover
- ▶ Pharmacy Rotational Posts
- ▶ Implementation of e-job planning for all Consultant and SAS doctors
- ▶ Development and implementation of e-appraisal system incorporating Trust organisational values
- ▶ South West Collaborative Medical and Dental Locums Master Vendor Project (Collaborative of 9 Trusts in the South West)
- ▶ Development and review of Medical and Dental policies
- ▶ Telephony and switchboard teams

**Staff engagement survey score**

The National Staff Survey 2014, which sampled 850 randomly-selected staff, was run between September and December 2014. Our response rate was 45%, which whilst a decline on last year's 57%, remains within the average range for an acute Trust.

The Trust's score on the overall indicator of staff engagement was 3.88. This represents a statistically significant change on 2013's score of 3.81, and places the Trust in the top 10 of all acute trusts for engagement.

**Understanding & learning from views of staff**

Staff feedback and developing strategies that support staff feedback are incredibly important to the Trust.

**Listening into Action**

In 2014 the Trust became a Listening into Action Pioneer Trust which required us to conduct PulseCheck and Leadership Scorecard surveys along with CEO hosted Listening Events, where staff were asked to identify barriers to effective working; what we could change quickly; and what we needed to work on together across the Trust.

Staff comments were published in full, with the key themes identified developing into 'enabler' projects that ran over an initial 20 week cycle. Clear emphasis throughout Listening into Action is to put staff at the centre of designing how we work. The executive director team acted as sponsors to these projects and made resource available as and when required.

Listening into Action projects have supported actions and plans that have ensured we continue to develop and improve our staff experience and patient outcomes based on what matters to our staff.

**Workforce diversity**

The Trust is committed to providing high quality services which are accessible and appropriate to meet the needs of the diverse communities it serves.

The Trust works collaboratively with internal and external key stakeholders and partners to ensure its services and policies do not discriminate or disadvantage anyone.

Equality and Diversity (E&D) are also at the heart of Trust strategy in terms of our staff as supporting and developing in the NHS workforce enables us to deliver a better service and improve patient care.

The Workforce Development team continues to work collaboratively to support a large number of departments offering training on deaf/deaf-blind communication awareness, disability equality, equality impact assessment, human rights and learning disabilities awareness.

A full equality and diversity report is available on the Trust website [www.northdevonhealth.nhs.net](http://www.northdevonhealth.nhs.net).

## *Chairman and Non-Executive Director appraisals*

The performance of the Board and its committees is further supported through the appraisal process for the Chairman and the Non-Executive Directors, which includes 360° appraisals, to ensure feedback from the Non-Executives and wider management teams is received.

The Chairman was appraised during this period

## *Chief Executive appraisal*

All Executive Directors are appraised annually by the Chief Executive (and the Chief Executive by the Chairman), as part of the Trust's evaluation process and appraisal policy. The appraisal of the Chief executive was also supported by 360° feedback from the Non-Executive Directors.

## **Patient experience of our services**

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In 2014/15 we expanded our patient experience programme to the majority of services provided by the Trust. This means that whether patients are in an inpatient care setting, clinic or their own home they have the opportunity to tell us about their experience of that service.

At Board-level, the Trust's Director of Nursing has responsibility for patient experience which includes delivery of our patient experience strategy and annual programme, compliance with the national Friends and Family Test reporting and demonstrating that we have used patient experience feedback to improve the experience of care. Patient experience also features as the third element of the Trust's quality strategy, therefore placing it firmly at the heart of the Trust's continuous drive to improve the quality of services we provide.

We have developed a patient experience programme that covers the majority of services provided by the Trust: in hospital, clinic or in the patient's home. Patients can provide their feedback in real-time through the inpatient surveys at North Devon District Hospital, social media, Mystery Shopping, Patient Opinion, postal surveys, focus groups, face-to-face engagement, PALS / complaints and, of course, now routinely throughout the Trust via the Friends and Family Test.

At the start of each Board meeting, a patient story is presented which articulates the experience of a patient in our care. Patient stories are obtained from patients we meet either through complaints, service transformation projects, letters to the Chief Executive or patients who have approached the Trust. It allows the Board to see the impact of decisions they are making. For example, the patient story from March 2015 was a video of a member of staff commenting on patient experiences following the temporary closure of inpatient beds in Ilfracombe Community Hospital.

The Trust publishes the Friends and Family Test performance reports and detailed feedback reports on its website under the Board Reports. We are currently collecting on average 2,000 pieces of patient experience feedback every month. Our patient experience data is shared and welcomed by clinical and operational teams. The patient experience team provides a report to the NDDH acute / maternity ward within 2-3 hours of the feedback being given and a report to other services on a monthly or bi-monthly basis. In addition, it is shared with the patient safety and quality team in recognition of the importance of patient experience in assessing the quality of NHS services alongside effectiveness and safety.

Via the Learning from Patient Experience Group, the patient experience feedback is routinely compared alongside staff experience and operational data in recognition of the close links between staff experience, operational pressures and patient experience.

The expanded Friends and Family Test programme includes the following services:

### **NDDH**

- Acute inpatient wards
- A&E department
- Maternity
- Outpatients
- Daycases

### **Community**

- Community hospital inpatient wards
- Community hospital outpatients
- Community hospital daycases
- Community children's nursing
- Minor injury units
- Walk-in centres

### **Home-facing services**

- Community therapy
- Community nursing

**Specialist community services**

Sexual health  
Podiatry  
Bladder and bowel  
Dental  
Chronic fatigue syndrome / ME

The patient experience strategy can be accessed here: [www.northdevonhealth.nhs.uk/2013/04/patient-experience-strategy](http://www.northdevonhealth.nhs.uk/2013/04/patient-experience-strategy)

**The patient experience strategy uses the following structure to articulate achievements:**

**Capture** the experience using all available and appropriate tools to capture the experience of patients, carers and staff.

**Understand** the experience by identifying the 'touch-points' of a service and gaining knowledge on **what** people feel when experiencing our services and **when** they feel it.

**Improve** the experience by ensuring the feedback is heard and understood by the relevant clinical and managerial teams.

Receiving, analysing and presenting feedback and then involving users and staff in developing the solution completes the 'you said, we did' governance cycle.

**Disseminate and measure the improvement** by 'You said, we did'. Below are just some examples of how we have used patient feedback to make real changes:

**You said**

Shower hooks and shelving should be provided in the washrooms on our acute wards at North Devon District Hospital (NDDH).

**You said**

Improved overnight accommodation should be provided for parents in the Ladywell Unit at NDDH.

**We did**

Shower hooks and shelving are now included as standard in all new wards as they are refurbished.

**We did**

An investment of £1.2million is planned for the Ladywell Unit, to include enhanced overnight accommodation for parents of the most poorly children.

**You said**

The cost of inpatient TV and/or car parking is too expensive at North Devon District Hospital.

**You said**

The partitioning curtains at the Bideford Physiotherapy Department did not provide sufficient privacy.

**We did**

A 'Money Saving Tips' leaflet is now available to all inpatients explaining how to use the TV and access the car parking more cost-effectively, together with the location of free wifi availability in the hospital.

**We did**

The curtains have been replaced with seven individual solid partition cubicles.

More information on our patient experience can be found in the Patient Experience 2014/15 annual report or on the Trust's patient experience web-pages [www.northdevonhealth.nhs.uk](http://www.northdevonhealth.nhs.uk)

## Complaints about our services

Patients, carers and relatives are also able to offer more formal feedback about our services via the customer relations service.

Complaints continue to be a vital source of feedback from our service users, carers and relatives and in line with Trust policy; a complaint becomes formal in accordance with the complainant’s wishes. A complaint may originate from a concern (written or verbal) which was impossible to resolve through the Patient Advice and Liaison Service (PALS).

During the year period, 325 complaints were received, which is a static level of activity on 2013/2014) and 2504 PALS enquiries were received (which is a decrease of 273 on 2013/2014). This decrease was unfortunately seen due to the PALS desk and Health Information Centre being closed for a period of time during the financial year due to staff absence. This situation has now been resolved and an increase in the number of PALS enquires is anticipated in this forthcoming financial year.

The combined complaints and PALS activity demonstrates a positive reflection on how patients and service users feel able to provide feedback on their experience, which the Trust welcomes and encourages. During the period, no complaints were received by the Care Quality Commission (CQC).

The top five complaint themes were clinical care and treatment (41%), communication (18%), access to clinical services (15%), attitude of staff (11%), and discharge arrangements (6%).

The division with the highest number of complaints for the financial year was the Acute Service Delivery Unit (ASDU) consisting of surgical specialties (69), multi-directorate complaints (62), and Acute (SDU) medical specialties (49).

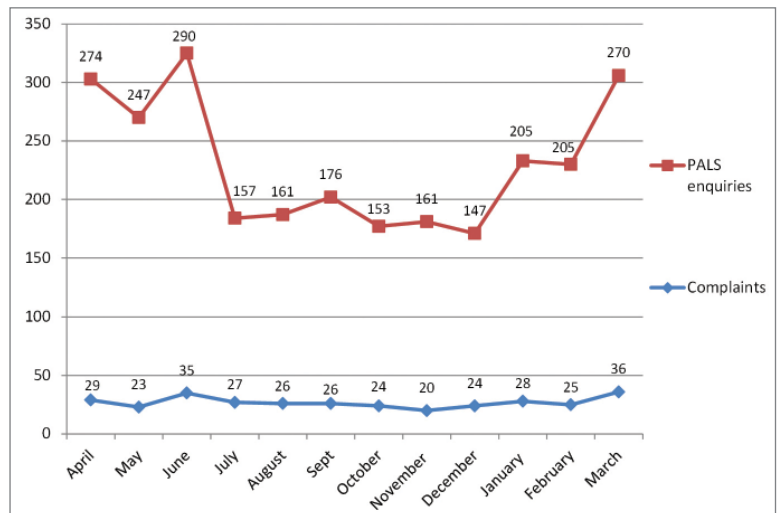
The graph 2 below shows the breakdown of complaints received by Service Delivery Unit.

Out of the 26 complaints received for the community hospitals, Exmouth hospital received the highest with six, followed by Okehampton and Sidmouth hospitals (three each). Bideford, South Molton, Exeter, Seaton and the Tyrell all received two each, and Axminster, Cridton, Tarringotn and Tiverton received one each respectively.

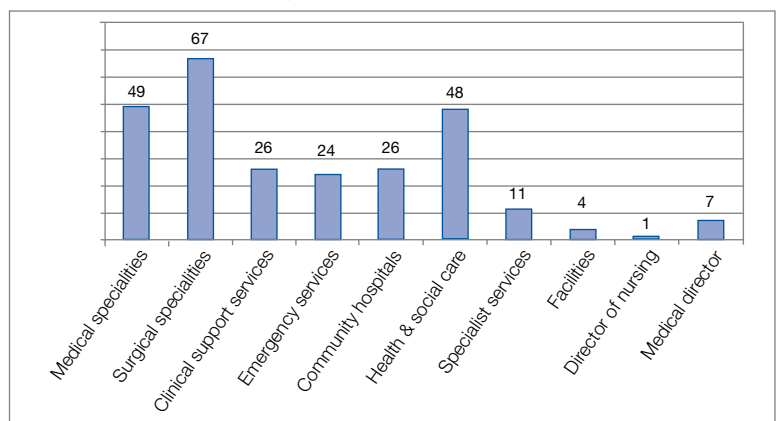
All complaints are required to be acknowledged within three working days, in line with Trust policy. During the period, 92% of complaints were acknowledged within this timeframe.

The Trust continues to improve the process of acknowledging complaints and the Customer Relations Manager(s) routinely telephone complainants on receipt of their complaint (where contact details are available) to discuss

Graph 1: Number of complaints and PALS enquiries received  
1 April 2014 – 31 March 2015



Graph 2: Multiple complaints by directorate  
1 April 2014 - 31 March 2015



and agree a way forward for managing their complaint and a meeting with relevant senior staff/clinicians involved in their complaint is offered at the outset. Issues for investigation and resolution are also agreed with the complainant during the conversation.

### Complaint response performance

During the period, 91% of complaints were responded to within the agreed timeframe, or an agreed extension to the timeframe, which is an increase of 27% on the last reporting period (2013/2014). Historically the Trust benchmarked its complaints performance compliance against whether it met the initial agreed timescale, irrespective of whether an extension to the timescale was negotiated and agreed with the complainant. However this financial year this process was changed and the Trust now reports its response compliance performance to include those complaints responded to within an agreed timeframe extension, in line with best practice undertaken by other trusts.

However in order to monitor and prevent late responses to complainants the Trust reviews the key performance indicator (KPI's) relating to timeliness of investigations as part of the monthly performance review with the service directorates.

### Outcomes and remedial actions from closed complaints

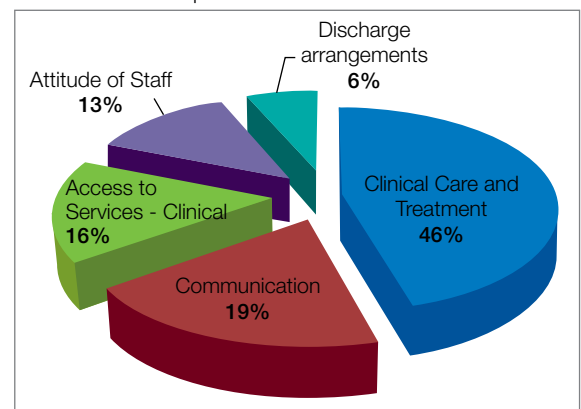
During the period, 320 complaints were closed following investigation. Of these closed complaints, 115 required action to be taken as a result of the concern raised. Of these 115:

- ▶ 62 related to clinical care and treatment
- ▶ 14 related to communication
- ▶ 13 related to accessing clinical services
- ▶ 9 related to attitude of staff
- ▶ 7 related to discharge planning
- ▶ 2 related to equality, privacy and dignity issues
- ▶ 2 related to quality of facilities
- ▶ 2 related to patient property
- ▶ 2 related to confidentiality and consent matters
- ▶ 1 related to admission arrangements; and
- ▶ 1 related to bereavement matters

### Breakdown of complaints by the top five subject matters

The following two charts identify the top five subject matters for the complaints received during the financial year.

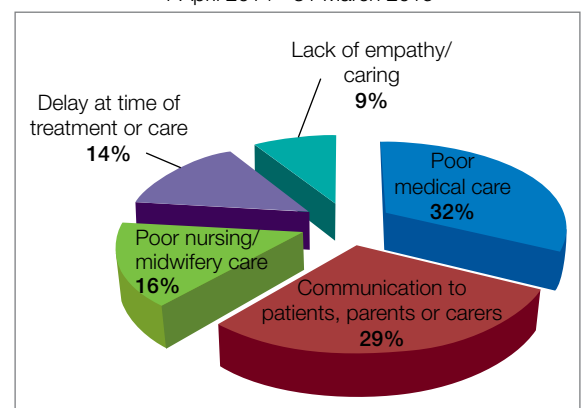
Graph 3: Top five complaint subjects  
1 April 2014 - 31 March 2015



The directorates mainly involved in the top five areas of care above were:

- ▶ Clinical care and treatment – Multiple directorate complaint (37)
- ▶ Attitude of staff – CSLSDU Emergency Services (7)
- ▶ Access to clinical services – ASDU Surgical Specialities (5)
- ▶ Communication – CSDU Health and Social Care services (6)
- ▶ Discharge arrangements – Multiple directorate complaint (4)

Graph 4: Top five issues of concern  
1 April 2014 - 31 March 2015



The directorates mainly involved in the top five subjects above were:

- ▶ Poor medical care – Multiple directorate complaint (30)
- ▶ Communication – Health and social care services (18)
- ▶ Poor nursing/midwifery care – Multiple directorate complaint (11)
- ▶ Delay at the time of treatment – Surgical Speciality (12)
- ▶ Lack of empathy – ASDU Surgical Specialities and Medical Specialties (6)

### Parliamentary and Health Service Ombudsman complaints

Table 1:

Complaints referred by Outcome	Apr	May	June	July	August	Sept	Oct	Nov	Dec	Jan	Feb	March	Total
Request received from Ombudsman	0	0	0	0	0	0	0	0	1	4	0	1	6
Issue not upheld with no further action	1	0	0	0	0	1	0	0	0	0	0	0	2
Issue upheld and recommendations made	1	0	0	0	0	0	0	0	0	0	0	0	1
Issue partially upheld	0	0	0	0	0	0	0	0	0	0	0	1	1

### Service Improvements

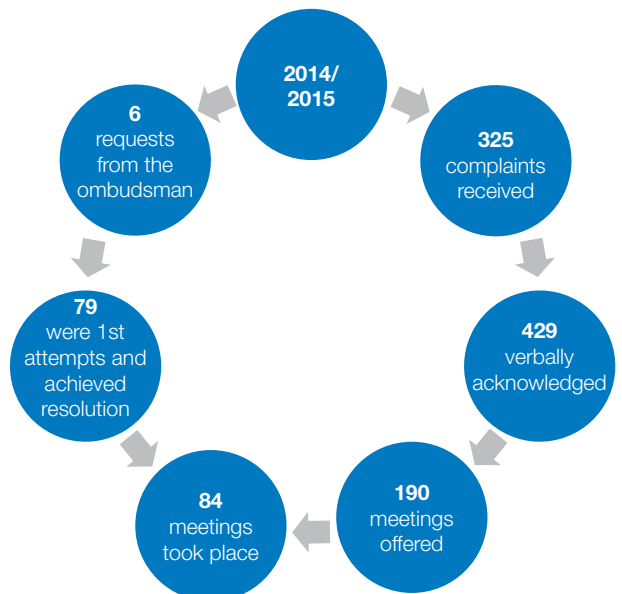
#### Runner up for a National Patient Experience (PENNA) Award for the early resolution of complaints

The Trust recognised it was not always possible through the medium of a written response to resolve a complaint to an individual's satisfaction and there were occasions when several complaint responses would be issued to try and address issues raised. This was not considered good customer service and where resolution meetings were held for re-opened complaints these proved useful to resolve stagnated issues through the opportunity to discuss matters face to face with the relevant clinical and non-clinical staff.

To provide a more responsive and supportive service to complainants, during a time which could be very stressful, and to resolve issues in a timely way, the Trust has systematically changed the way it manages complaints by introducing verbal acknowledgement and discussion of issues raised, alongside routinely offering a meeting with relevant staff, at the outset of a complaint.

The verbal acknowledgement process allows issues to be discussed openly and an agreement to be gained with the complainant and the customer relations team on the matters to be investigated. Where a written response is requested the summarised issues are then individually addressed within the response letter and where a meeting was agreed and held, these would inform the meeting agenda. Verbal acknowledgment has provided the opportunity for our complaints process to be more personalised and allow issues to be investigated and responded to both in a way that is proportionate to the issues raised and in line with the complainant's wishes. Resolution meetings facilitate an open dialogue between the patient and clinician/practitioner, and have enabled broken down relationships to be resolved.

We are really proud of this person-centred approach and this was recently recognised by the National Patient Experience Network where the trust was awarded as runner up at their recent national award ceremony in Birmingham. The award was given under the Strengthening the Foundation category which recognises and celebrates work that has systematically improved patient experience across the organisation.



In addition to strengthening our ability to effectively meet the requirements of the statutory complaints regulations, the Parliamentary and Health Service Ombudsman Principles for Good Complaint Handling and Remedy, alongside meeting some of the recommendations from the recent Francis, Keogh and Clywd reports into complaint handling within the NHS, the impact from this project has been two fold;

- ▶ improved patient experience through patients and their families deciding at an early stage how they wish for their complaint to be managed via a choice of options in how we respond and therefore being satisfied with the outcome;
- ▶ improved staff experience and engagement of the complaints process and resolution of issues. The latter has required a change in practice to how our clinical staff used to respond to complaints.

### Qualitative and Quantitative evaluation of our complaints process

During the financial year the Trust commissioned the Patient Association to provide some assistance in understanding the views and perceptions from those who have previously complained through focus groups and one to one interviews with individuals who recently raised a complaint. The aim of the project was to gain a better understanding of individuals' attitudes and perceptions of the existing complaints process to enable the Trust to identify further changes and improvements to make the process better from a complainant perspective.



The Patients Association have also recently published their Good Practice Standards for NHS Complaints handling as a benchmark for assessing how well complaints are investigated and responded to. As part of the project the Trust also used these standards to evaluate the effectiveness of the complaints and investigation process within the organisation.

A summary report is anticipated in the early part of the next financial year and we will report on any service improvements that may arise in next year's annual report.

### Summary of main themes of PALS issues/matters

The division with the highest amount of PALS feedback was the Acute Service Delivery Unit (ASDU) for Surgical Specialities (652), followed by Clinical Support and Logistics Service Delivery Unit (CSLSDU), Clinical Support Services (586), and Acute Service Delivery Unit (ASDU) for Medical Specialities (527). The Trust-wide figure was 2504. The high number of enquiries received for clinical support services has been as a result of difficulties in contacting the Central Management Centre, who manage referral bookings within the Trust.

The top five PALS themes were: access to clinical services (40%), information provision (16%), communication (10%), clinical care and treatment (10%), and attitude (4%). Historically the information provision category has represented the highest number of PALS enquires and the change within this financial year has been attributed to the PALS desk and Health Information Centre being closed for a period of time due to staff absence, affecting accessibility.

The table below show the number of PALS issues by subject matter/directorate for the year.

Talbe 2: PALS issue by Service Delivery Unit

Directorate	2014/15	2013/14
ASDU - Medical Specialities	527	740
ASDU - Surgical Specialities	652	755
CSLSDU - Clinical Support Services	586	395
CSLSDU - Emergency Services	168	194
CSDU - Community Hospital	47	32
CSDU - Health & Social Care	112	158
CSDU - Specialist Service	88	94
Director of Nursing	78	81
Director of Facilities	77	132
Director of Finance	13	36
Medical Director	0	11
Trust wide	156	149
<b>Totals:</b>	<b>2504</b>	<b>2777</b>

Table 3: PALS issue by subject matter

Feedback issue	2014/15	2013/14
Access to Services – Clinical	1001	629
Access to Services - Physical	18	24
Admission arrangements	7	11
Attitude of staff	106	115
Benefits	5	11
Bereavement	7	9
Clinical Care and Treatment	246	213
Communication	260	218
Confidentiality issues	14	6
Compliments	160	154
Discharge arrangements	81	49
Equality and Diversity	7	2
Quality of Facilities	23	40
Hotel Services	20	22
Information Provision	395	1108
Medical Records	45	32
Patients Property	31	17
Privacy and Dignity	8	6
Security	8	8
Transport	62	103
<b>Totals</b>	<b>2504</b>	<b>2777</b>

### *You said, we did*

You said

'It didn't seem I got much time with my physiotherapist after waiting such a long time to be seen'

We did

The musculoskeletal (MSK) service has reviewed its appointment system and increased the length of time allocated to an appointment, ensuring referrals are prioritised. Monthly supervision across the professional teams will be undertaken to share knowledge and best practice.

You said

'The CHC and care assessment for my relative took far too long and we didn't receive much information in relation to it either. We understood our relative fitted the criteria for the funding but this was not the case'

We did

The Continuing Healthcare (CHC) team have completed a number of remedial actions to improve the service. This has included reviewing both the process of allocating assessments on receipt of a referral and the information provided to patients and their family; alongside providing training to community nursing staff on the completion of the decision support tool (DST) assessment form.

You said

'I found it really hard and emotional not being able to see my baby after he/she was born when we were separated as my baby wasn't very well'

We did

The maternity service has reviewed arrangements for mother and babies to help them be reunited in a timely way when they have been separated at birth for medical reasons. This helps facilitate early contact and the team will also include reflective learning from complaints in their annual training programme.

You said

'I am not happy with the discharge of my relative after their hospital stay. As a family we weren't involved or adequately informed of the discharge plans'

We did

The discharge of patients into the community has been improved via the appointment of a discharge co-ordinator and a review of the hand over process for patients being transferred into either a residential or nursing home.

You Said

'It was very difficult to get an ophthalmology appointment and I waited a very long time'

We Did

The outpatient scheduling timetable for glaucoma patients has been modified to help with capacity issues and the ophthalmology team is in the process of recruiting additional staff to support glaucoma patients.

You said

'I had a very bad experience when I was admitted to hospital following complications from my dental procedure. I was not seen very quickly by the relevant team and had to wait a couple of days to see the Consultant'

We did

A process was introduced to ensure all patients under the care of the community dental team who may require an inpatient stay are admitted to into the immediate care of a consultant on admission.

The emergency department (ED) are reviewing the care pathways for elderly patients presenting to ED and MAU with the aim of elderly patients having a pathway to be admitted straight onto a ward.

Additional support has been given to the Learning Disability Liaison nurse team and a review of the referral process was undertaken resulting in a new process.

## Disclosure of personal data related incidents

The NHS monitors how well it manages the security and confidentiality of the personal data of patients and staff.

In 2012, the Trust made it a mandatory requirement for all staff to report Information Governance and in 2015 Cyber Security incidents.

In accordance with the Health and Social Care Information Centre (HSCIC) (supported by Department of Health (DH), Information Commissioners Office (ICO), NHS England and IG Alliance) the Trust is required to publicly report all Information Governance and Cyber Security Serious Incidents Requiring Investigation (SIRI) which are assessed as meeting level two.

For the 2014/15 financial year, the Trust reported:

Two Information Governance SIRIs

Zero Cyber Security SIRIs

These are reported by the Trust to the HSCIC as soon as incidents are reported.

## Health and Safety performance

Twice a year, the Trust Board receives a report from the internal Health and Safety Committee in order to highlight the key issues, decisions taken and risks discussed over the previous six months.

Members of the Committee include union appointed safety representatives, management representatives, specialist advisors and a Non-Executive Director.

The Board oversees this work to ensure that health and safety matters are being appropriately identified and managed in accordance with Health & Safety Executive (HSE) Legislation.

The Trust has duties under law including:

- ▶ Health and Safety at Work etc Act 1974.
- ▶ Management of Health and Safety at Work Regulations 1999.
- ▶ Regulatory Reform Fire Safety Order 2005.

Over the last financial year, we had the following focus.

### *Receiving and responding to staff incident reporting*

We encourage all our staff to report any incidents or near misses that occur at work. We consider this an essential part of providing safe, effective and high quality services.

All health and safety related incidents are reviewed by the Health and Safety Manager and other specialists e.g. Back Care Advisor to ensure managers have taken appropriate actions.

Incidents categorised under health and safety are reviewed by the Health and Safety Manager to ensure any incidents are identified for the purposes of statutory external reporting e.g. RIDDOR (see next section).

In this financial year, we received the following incidents relating to health and safety (see table 1 for the number and percentage per quarter of incidents).

Table 1:

Incident category	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Patient Accidents (including falls)	415 (69%)	425 (63.5%)	486 (64.5%)	547 (71.5%)
Staff accidents	103 (17%)	101 (15%)	130 (17%)	96 (13%)
Violence and Aggression	69 (12%)	102 (15.25%)	99 (13%)	91 (12%)
Fire	8 (1.5%)	35 (5%)	36 (5%)	19 (2.5%)
Visitor / Contractor Accidents	4 (0.5%)	8 (1.25%)	4 (0.5%)	9 (1%)
Total	599	671	755	762

It should be noted that patient accidents, including falls are also reviewed by the Head of Physiotherapy and Occupational Therapy and are presented at the Patient Safety Operational Group to provide a Trust wide approach for the management of patient accidents.

### RIDDOR Regulations

Under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR), certain categories of incident are reported externally to the Health and Safety Executive (HSE). As an example, a member of staff having a sickness absence for more than seven days following a work related accident is a RIDDOR reportable event.

Quarter 1, 2014-15, five incidents were reported under RIDDOR

Quarter 2, 2014-15, eight incidents were reported under RIDDOR

Quarter 3, 2014-15, five incidents were reported under RIDDOR

Quarter 4, 2014-15, eleven incidents were reported under RIDDOR

The incidents reported to the HSE fell under the following RIDDOR categories:

- ▶ Specified Injuries (Bone Fracture) – 3
- ▶ More than 7 days absence from Work – 17
- ▶ Light Duties for more than 7 days – 2
- ▶ Patient suffering specified Injury (Bone Fracture) – 1

- ▶ Member of the Public taken directly to hospital for treatment – 1
- ▶ Dangerous Occurrence (Exposure to Hepatitis C) – 5

More information on the Trust's approach to health and safety can be found in the bi-annual reports to the Northern Devon Healthcare Trust Board on [www.northdevonhealth.nhs.uk](http://www.northdevonhealth.nhs.uk)

## Emergency preparedness, resilience and response

The Trust's Director of Operations has strategic responsibility for emergency preparedness, resilience and response (EPRR) across the Trust and for providing assurance to Trust Board that the organisation meets its statutory and legal requirements.

The Director is supported by an operational lead responsibility for emergency preparedness, resilience and response.

### NHS Core Standards

NHS England's Core Standards for EPRR are the minimum standards which NHS organisations and providers of NHS funded care must meet to comply with the requirements of the NHS England's planning framework, NHS Contract and the Civil Contingencies Act 2004.

The Trust undertook a self-assessment against the named Core Standards in August 2014 and of the 60 applicable standards, the Trust identified as being:

- ▶ fully compliant with 35 of the standards (green); and
- ▶ partially compliant with 25 of the standard (amber).

Where the Trust was not fully compliant in a standard, work was undertaken to assess the gaps and identify what work would be required for the Trust to become fully compliant.

In each of these cases, this work has been included on the Trust's current 18 month Work Programme to support emergency preparedness, resilience and response which will take the Trust up to April 2016.

## Incident Response Plan

The Trust regularly reviews and updates its Incident Response Plan and publishes it on its Intranet. The plan fully complies with national guidance for emergency preparedness, resilience and response. This ensures that should a major incident occur that requires a response from healthcare organisations, the Trust has the necessary systems and processes in place for staff to take appropriate action.

The Civil Contingencies Act (2004) ensures that the United Kingdom is prepared to deal with major disruptive challenges however they might occur. Under the Act, the Trust is classed as a Category 1 responder with responsibilities including:

- ▶ Assessment of the risks of an emergency occurring and using this to inform contingency planning
- ▶ Put emergency plans in place
- ▶ Have business continuity arrangements in place
- ▶ Put in place arrangements to make information available to the public and maintain arrangements to warn, inform and advise the public in the event of an emergency
- ▶ Share information with other local responders to enhance co-ordination
- ▶ Co-operate with other local responders to enhance co-ordination and efficiency

Working closely with our partners and other stakeholders is fundamental to the Trust's ability to respond to a major incident and maintain business continuity of core services and critical functions. The Trust is a member of the Devon, Cornwall and Isles of Scilly Local Resilience Forum.

The forum, which is hosted by Devon and Cornwall Police, enables Category 1 and 2 emergency responders and specific supporting agencies to consult, collaborate and disclose information with each other to facilitate planning and response to emergencies, and produce a Community Risk Register.

## Business Continuity

NHS organisations and providers of NHS funded care must have suitable, up to date, plans which set out how they will:

- ▶ Maintain continuous service when faced with disruption from identified local risks
- ▶ Resume key services which have been disrupted by, for example, severe weather, IT failure, an infectious disease, a fuel shortage or industrial action

Business Continuity planning is supported by the Trust's capacity and escalation plan which is reviewed on an annual basis.

## Fraud policies and procedures

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The Trust has a clear strategy for tackling fraud, corruption and bribery which is documented in the Counter Fraud Policy which details responsibilities and how to report suspicions of fraud or bribery.

The Trust has support from an independent Local Counter Fraud Specialist (LCFS) to ensure risks are mitigated and systems are resilient to fraud and corruption. An annual Anti-Fraud Work Plan is approved by the Audit Committee.

The Director of Finance and the Audit Committee oversee the work of the LCFS and reports on progress with delivery together with details of referrals received and investigations are provided to the Audit Committee. The LCFS also highlights to the Committee any issues that have arisen so that appropriate action can be taken.

The risk based programme of anti- fraud work was delivered in 2014/15 addressing all strategic areas of the national counter fraud strategy. The LCFS has developed key relationships across the Trust and this, coupled with the work undertaken by the LCFS, has resulted in the development of an anti-fraud culture within the Trust.

## Executive team changes

### *Dr Alison Diamond appointed as Chief Executive*

Following the departure of Jac Kelly as chief executive in April 2014, Alison Diamond, previously the Trust's medical director, succeeded her as chief executive in May 2014.



Dr Diamond, a GP in Bideford and formerly the Trust's Medical Director, said: "I am absolutely thrilled at the opportunity to lead the organisation. The Trust is made up of a great team of people who I know have a commitment to develop services to make a real difference for patients."

Roger French, Chair of the Northern Devon Healthcare NHS Trust said, "The Board is delighted to welcome Alison to the role of Chief Executive. There was a really strong field of candidates but Alison was outstanding. She won this appointment deservedly.

### *Robert Sainsbury appointed as new director of operations*

In this financial year, we also said goodbye to Kate Lyons, director of operations. Kate left the Trust in June 2014 to take up a similar role in New South Wales, Australia. Since joining the Trust in 2010, Kate had been a fantastic ambassador for the Trust and an extremely effective director of operations, overseeing one of the most successful years in the Trust.

Janet Phipps was promoted internally to the position of interim director of operations from July 2014. Janet stepped up from her role as assistant director of operations.

Rob Sainsbury joined the Trust as director of operations in November 2014. Rob joined the Trust from Hammersmith and Fulham Clinical Commissioning Group where he was deputy managing director and lead for its Out of Hospital Programme with responsibility for commissioning health and social care services from a range of NHS providers and developing new integrated care models.



He began his career as a general nurse in Gwent, before becoming a ward manager, senior nurse manager and then moving into directorate general management for acute and emergency medicine. He had previously been head of nursing at Milton Keynes Hospital NHS Foundation Trust.

Robert said: "I am delighted to be joining Northern Devon Healthcare NHS Trust as Director of Operations in November. I have recently gained valuable experience working in a commissioning role in North West London, and I am very excited to have the opportunity to bring this back to an operational provider based position at an organisation that has achieved so much through integrated working. I am very much looking forward to working with the Trust in meeting the challenges ahead, supporting our workforce and providing exceptional care and services to our patients"

After two unexpected episodes of sickness during the year, Kevin Marsh, director of nursing, decided to take early voluntary retirement to allow him to be closer to home and his family. Over the last twelve months, he has ensured that the professional voice of nursing has systematically improved the quality and safety of the services that the Trust provides. He has ensured that the Trust no longer has lone working registered general nurses in community hospitals and the Trust is consistently meeting the standards as set out in safer staffing guidelines. His input has also contributed to improving the standards of infection prevention and control and understanding of the use of treatment escalation plans. He will leave the Trust on 7 June 2015.

Debbie Bennion was promoted internally to the position of interim director of nursing from March 2015. Debbie stepped up from her role as assistant director of nursing.

### *Dr George Thomson appointed as new medical director*

George Thomson joined the Trust as medical director in November 2014. George is an experienced medical director, who had previously been chief medical officer at Rotherham NHS Foundation Trust since 2012. He held the position of honorary



professor of diabetes at Sheffield Hallam University and is also a specialist member of the governing body of NHS Erewash Clinical Commissioning Group.

He will continue to practise as a physician and endocrinologist in Devon in addition to working as medical director.

George said: "I am thrilled to have been successful as the Northern Devon Healthcare NHS Trust has a national reputation for innovation and excellence, as illustrated by its recent success in the HSJ Value in Healthcare Awards. I am really looking forward to working with medical and clinical staff across the area in continuing the excellent work they do."

### *Trust appoints director of workforce and organisational development*

Following his promotion to interim director of workforce and development and a subsequent rigorous recruitment process, Darryn Allcorn was appointed as director of workforce and organisational development in February 2015.



In 2010 he was appointed assistant director of workforce and during this time he led a number of service developments and changes in processes that have enhanced staff experience and access to development, while supporting a portfolio of organisational development and implementing a process that enabled detailed workforce planning, and enhanced the cohesion of workforce systems.

Darryn expanded his role in January 2014 to become interim director of workforce and organisational development which includes a wide portfolio of Human Resources, Equality and Diversity, Occupational Health including health and wellbeing, staff development, workforce systems and planning. He has established models that support staff engagement and enhanced key workforce systems and infrastructure.

## Board changes

Two non-executive directors left the Board during the year. Jane Reynolds resigned in May 2014 having served on the Board for seven years. Chris Snow resigned in December 2014 having served on the Board for three years.

The Trust welcomed two new non-executive directors to the Board. Lesley Crawford joined the Trust in July 2014. Lesley has a background in social care and housing and served for five years as a consultant with the Audit Commission, inspecting local housing authorities and assessing the rigour of their own best value reviews. She spent three year with the Big Lottery Fund and was a committee member for the Reaching Communities programme which allocated £100 million each year to good causes.

She also took on the challenging role of securing funding for Alzheimer's Support a charity which provides practical assistance for people living with dementia and their family and carers.

Robert Down joined the Trust in February 2015. Robert has a background in the oil and gas industry, managing and leading the technical and financial activities of a large, complex multinational company. He is a Chartered Engineer and a fellow of the Chartered Association of Certified Accountants. He has been a board member of North Devon Homes for the last five years and is currently their deputy chairman.

More detail on the Board changes over the financial accounting period can be found on page 65.

# Section 7: Annual governance statement 2014/15

## 1. Scope of responsibility

The Board is accountable for internal control. As Accountable Officer, and Chief Executive of this Board, I have responsibility for maintaining a sound system of internal control that supports the achievement of the organisation's policies, aims and objectives. I also have responsibility for safeguarding quality and corporate standards, as well as the public funds and the organisation's assets for which I am personally responsible as set out in the Accountable Officer Memorandum.

With regard to the accountability arrangements for the Trust, the following routine meetings are attended by the Chief Executive and/or Executive Directors:

### Internal Reporting –

- ▶ Weekly Executive Directors Group meetings
- ▶ Monthly performance meetings with the Director of Finance and Performance and the Director of Operations with Divisional General Managers
- ▶ Monthly Finance Committee meetings
- ▶ Monthly Clinical Services Executive Committee meetings
- ▶ Monthly Heads of Department meetings
- ▶ Monthly Risk Management Committee meetings
- ▶ Bi-monthly Audit & Assurance Committee meetings
- ▶ Monthly Quality Assurance Committee meetings
- ▶ Bi-monthly Workforce and Organisational Development Committee meetings
- ▶ Board meetings, at least six times a year

### Stakeholder Reporting -

- ▶ Attendance at the Northern and Eastern Devon Clinical Commissioning Group meetings when required
- ▶ Attendance at the Overview and Scrutiny Committee when required

- ▶ Additionally, the Trust Executive Team have attended Devon Health Community meetings when they have been convened.
- ▶ One Ilfracombe where various engagement and consultations were held as well as a roadshow
- ▶ Liaised with District and Town Councils at Barnstaple, Torrington, Ilfracombe and Axminster

### Networking Meetings -

- ▶ Chief Executive Director and Chairman
- ▶ Director of Finance
- ▶ Medical Director
- ▶ Director of Nursing
- ▶ Director of Workforce and Development
- ▶ League of Friends

### Agency Meetings -

- ▶ South West Peninsula Academic Health Science Network

## 2. The governance framework of the organisation

### 2.1 Board Composition

During 2014/15, the membership of the Trust Board changed.

In May 2014, Jane Reynolds, Non-Executive Director, left the Trust. Lesley Crawford joined the Trust as a Non-Executive Director in July 2014.

In December 2014, Chris Snow, Non-Executive Director, left the Trust. Robert Down joined the Trust as a Non-Executive Director in February 2015.

Jac Kelly retired as Chief Executive in April 2014. Alison Diamond was appointed to the post of Chief Executive from May 2014 and subsequently resigned from her role as Medical Director in May 2014.

George Thomson was appointed as Medical Director in November 2014.

Kate Lyons resigned as Director of Operations in June 2014. Janet Phipps was appointed as Interim Director of Operations from July – November 2014. Robert Sainsbury was appointed as Director of Operations in November 2014.

Kevin Marsh, Director of Nursing, went on long-term sick leave in March 2015. Debbie Bennion was appointed as Interim Director of Nursing from March 2015.

The Board membership at 31 March 2015 is shown in Table 1.

Table 1 – Board membership at 31 March 2015

Name	Role
<b>NON-EXECUTIVE DIRECTORS</b>	
Roger French	Chairman
Lesley Crawford	Non-Executive Director
Tim Douglas-Riley	Non-Executive Director
Robert Down	Non-Executive Director
Pauline Geen	Non-Executive Director
Nick Lewis	Non-Executive Director
<b>EXECUTIVE DIRECTORS</b>	
Alison Diamond	Chief Executive
Debbie Bennion	Interim Director of Nursing
Andy Robinson	Director of Finance & Performance
Robert Sainsbury	Director of Operations
George Thomson	Medical Director

Board meetings are attended by the Director of Workforce & Organisational Development, Director of Facilities, Commercial Director and the Trust Secretary. The Associate Director of Health & Social Care also attends formal Board meetings to reflect the Trust's provision of adult community services.

## 2.2 Board Committee Structure

In 2014/15, the sub-committees of the Trust Board comprised:

- ▶ Audit & Assurance Committee
- ▶ Charitable Funds Committee
- ▶ Finance Committee
- ▶ Quality Assurance Committee
- ▶ Remuneration and Terms of Service Committee
- ▶ Workforce and Organisational Development Committee

Membership of each sub-committee includes Non-Executive and Executive Directors, as well as other staff who may be full members or joint members, act as specialist advisers or be in attendance. Each sub-committee is chaired by a Non-Executive Director. The Terms of Reference and membership of the sub-committees are reviewed on an annual basis and, following approval by the relevant sub-committee, are presented to the Board for ratification.

In March 2015, the Chairman led a review of the Non-Executive Director's membership of the Board sub-committees and other Trust committees. As a result, there were a number of changes to the membership and chairmanship of the Board sub-committees.

## 2.3 Trust Board Meetings

In 2014/15, the Trust Board met seven times in public. Each meeting was quorate and attendance of the members of the Trust Board is shown in Table 2 below.

An extraordinary Board meeting was arranged for 7 January 2015 in order to consider the responses to a public consultation on a proposed temporary service change and agree the preferred option. The temporary service change was developed to mitigate the risks relating to patient safety, safer staffing and lone working of the inpatient services at both Seaton and Axminster Community Hospitals.

Table 2 – Board attendance 2014/15

Name	27 May	22 Jul	23 Sep	25 Nov	7 Jan	27 Jan	24 Mar	Attendance	
<b>NON-EXECUTIVE DIRECTORS</b>									
Tim Douglas-Riley	X	X	X	X	--	X	--	5/7	71%
Roger French	X	X	X	X	X	X	X	7/7	100%
Pauline Geen	X	X	X	X	X	X	X	7/7	100%
Nick Lewis	X	X	X	X	X	X	X	7/7	100%
Jane Reynolds <sup>1</sup>	X	n/a	n/a	n/a	n/a	n/a	n/a	7/7	100%
Lesley Crawford <sup>2</sup>	n/a	X	X	X	X	X	X		
Chris Snow <sup>3</sup>	X	X	X	X	n/a	n/a	n/a	5/5	100%
Robert Down <sup>4</sup>	n/a	n/a	n/a	n/a	n/a	n/a	X		
<b>EXECUTIVE DIRECTORS</b>									
Alison Diamond <sup>5</sup>	n/a	n/a	n/a	n/a	n/a	n/a	n/a	4/4	100%
George Thomson <sup>6</sup>	n/a	n/a	n/a	X	X	X	X		
Jac Kelly <sup>7</sup> Alison Diamond <sup>8</sup>	X	X	X	X	X	X	X	7/7	100%
Kate Lyons <sup>9</sup>	X	n/a	n/a	n/a	n/a	n/a	n/a	7/7	100%
Janet Phipps <sup>10</sup>	n/a	X	X	n/a	n/a	n/a	n/a		
Robert Sainsbury <sup>11</sup>	n/a	n/a	n/a	X	X	X	X		
Kevin Marsh <sup>12</sup>	X	--	X	X	X	X	n/a	6/7	86%
Debbie Bennion <sup>13</sup>	n/a	n/a	n/a	n/a	n/a	n/a	X		
Andy Robinson	X	--	X	X	X	X	X	6/7	86%

**Notes:**

- Jane Reynolds, Non-Executive Director, left the Trust in May 2014.
- Lesley Crawford, Non-Executive Director, joined the Trust in July 2014.
- Chris Snow, Non-Executive Director, left the Trust in December 2014.
- Robert Down, Non-Executive Director, joined the Trust in February 2014.
- Alison Diamond resigned as Medical Director in April 2014. Between April 2014 and the appointment of the new Medical Director in November 2014, the duties of the Medical Director were covered by Associate Medical Directors.
- George Thomson joined the Trust as Medical Director in November 2014.
- Jac Kelly, Chief Executive, left the Trust in April 2014.
- Alison Diamond became Chief Executive in May 2014.
- Kate Lyons, Director of Operations, left the Trust in June 2014.
- Janet Phipps became Interim Director of Operations in July 2014.
- Rob Sainsbury joined the Trust as Director of Operations in November 2014.
- Kevin Marsh, Director of Nursing, was on sick leave in March 2015
- Debbie Bennion became Interim Director of Nursing in March 2015.

Throughout the year, the agenda for the Board meetings was reviewed to ensure that the Board considered:

- ▶ Quality issues at the top of the agenda;
- ▶ Patient stories to provide the Board with direct feedback on patients' experience;
- ▶ Emerging issues as potential risks or opportunities to the organisation;
- ▶ The balance between strategic issues and operational detail;
- ▶ Reports that required the whole Board's input and/or decision rather than reports that had already been discussed and/or agreed at the sub-committee level; and
- ▶ Questions from the public at the end of the Open Board meeting.

The Board agenda continues to be kept under review.

The function of the Board Briefing Programme has been reviewed to ensure the Board has sufficient opportunity to discuss and consider the business details to support the informed decision-making process of the Board. The Programme includes four Board Strategy and Development Days a year. In addition, a process for disseminating Flash Reports to Board members between Board meetings ensures information is shared between Board members in a timely way.

## 2.4 Highlights of Board Reports 2014-15

This section sets out the highlights of the work covered by the Trust Board. Other examples of the Board's work are described in other sections, in particular sections 2.9 and 5.2.

### Significant Issues Raised

#### Patient stories

The Board received a patient story at six of the seven meetings held to highlight patient and carer's voices which together with patient satisfaction surveys and other patient feedback routes support the momentum for change.

#### National Inpatient Survey 2013

The Board received the findings of the National Inpatient Survey which is an annual survey mandated by the Care Quality Commission. It is structured in ten parts covering emergency admissions, waiting lists and planned admission, waiting to get a bed on a ward, the hospital and ward, doctors, nurses, care and treatment, operations and procedures, leaving hospital and overall view. The findings had shown significant improvements in six areas of response.

#### National Staff Survey 2014

The Board received the findings of the National Staff Survey, undertaken annually and based on four staff pledges in the NHS Constitution with additional questions based on staff satisfaction and equality and diversity. Based on composite scores, the Trust had moved in ranking from 28th in 2013 to 4th in 2014.

#### Listening into Action

The Board was advised that the Trust had signed up to be a National Pioneer on staff engagement and empowerment through the widespread adoption of the Listening into Action programme. A Listening into Action Lead with a clinical background was appointed. Five listening into action staff conversation events were held in September at which staff were asked to talk about the barriers that prevent them from doing their jobs, what changes were required to improve this and help to improve patient care. Ten Pioneer projects and five People projects were selected to take the Listening into Action programme forward.

### Medical appraisal Annual Organisational Audit Report 2014

It is a requirement for senior doctors to complete an appraisal on an annual basis as part of the revalidation process. The Trust is required to submit a response on an annual basis which included a self-assessment and narrative. The Board received the report and was assured that the Trust had robust processes in place.

### Five Year Forward View 2015-2020

The document sets out NHS England's strategy for the next five years. Key messages included the need to avoid nationally imposed reorganisation and the need for faster adoption of innovations that add value. Work is to be undertaken with a number of ambitious local areas on a limited number of models of joint commissioning of services between the NHS and local government.

### Customer Relations Performance Report (PALs and Complaints)

The Board received a detailed report on the PALs and complaints activity and performance, noting that a significant number of local resolution meetings had been held with complainants. The Board agreed that the report should be presented on a quarterly basis.

### Health and Safety Committee Report

The Board received a detailed report of the key health & safety issues that have been identified in the Trust. The Board agreed that the report should be presented on a six-monthly basis.

### Annual Reports

The Board received a number of annual reports throughout the year, including:

- ▶ Safeguarding Adults Annual report 2013/14
- ▶ Safeguarding Children Annual Report 2013/14
- ▶ Security Management Annual Report 2013/14
- ▶ Organ Donation Annual Report 2013-14

## **Key Risks Identified**

### **NHS Investigation into Savile**

The Board received the independent report that had been commissioned as a result of allegations of abuse on NHS Premises by Jimmy Savile. The report was reviewed by the Director of Workforce & Organisational Development. An action plan was developed to consider whether existing controls and assurances already in place could be strengthened.

### **Review of Independent Report on Cancer Referral Management**

The Board received a report on the independent report related to cancer referral management at West Hertfordshire Hospitals NHS Trust and was reviewed by the Trust's Cancer Care Team. An action plan was developed to address the issues identified.

### **National Review of Complaints**

The independent report related to a review of NHS hospital complaints and it was reviewed by the Director of Nursing and the Head of Quality and Safety. An action plan was developed to address the identified gaps which was approved by the Learning from Patient Experience Group and ratified by the Board.

### **Electronic Healthcare Record project**

The Board have received regular updates on the progress of the Project and assurance that robust project governance arrangements were in place. This is a significant business investment and the Board recognised that a significant amount of work will be required to support the cultural change required from the Trust's staff to make full use of the system.

### **Contract negotiations 2014/15**

The Board was kept fully informed on the progress of the contract negotiations and arbitration with the Northern, Eastern & Western Clinical Commissioning Group.

### **Financial reports**

The Board received regular reports on the Trust's financial position and the progress of the internal Continuous Improvement Plans and the joint Continuous Improvement Plans with the Northern, Eastern & Western Devon Clinical Commissioning Group.

The Board discussed a range of options in light of the Northern, Eastern & Western Devon Clinical Commissioning Group re-procurement options, including financial analysis on mitigating irreducible overheads in the event of losing a significant proportion of business.

## **Key Decisions Taken**

### **Vision and strategic objectives**

The Board reviewed the organisation's Vision and agreed to survey staff, the public and stakeholders for their comments. The Board approved the SWOT and PESTLE analyses and the strategic objectives.

### **► Board Committees**

As part of the annual review of the activity of the Board committees and their terms of reference, the Board received the annual committee compliance reports and ratified the revised terms of reference for each committee.

### **Serious incident investigation reports**

The Board ratified a total of 63 serious incident investigation reports and three internal serious incident investigation reports, all of which had previously been approved by the Quality Assurance Committee..

### **Board Assurance Report**

The Board approved the quarterly Board Assurance Reports, either at a Board Briefing or at a Board meeting. This report provides an assessment of the key risk(s) of non-achievement of the organisation's strategic risks and a progress report on the delivery of the annual corporate objectives.

### **Trust Incident Response Plan**

The Trust is required to produce an Incident Response Plan to comply with the requirements of the NHS England Emergency Preparedness, Resilience and Response Core Standards. An Emergency Department Incident Response Plan was also developed to reflect that fact that not all significant or major incidents would require a response from the Emergency Department. The Board approved both plans.

### **Emergency Preparedness, Resilience and Response Core Standards**

The Trust completed a self-assessment against the 60 core standards and declared full compliance against 35 standards and partial compliance against 25. An action plan was developed to address the partially compliant standards in the form of an 18 month programme of work. The Board approved the statement of compliance and work programme.

### **Medical Director – Accountable Officer Responsibilities**

The Board approved the appointment of the Medical Director to the roles of Responsible Officer for Medical Revalidation, Accountable Officer for Controlled Drugs and Caldicott Guardian.

### **Quality Account 2013/14**

The Board approved the Quality Account 2013/14 which is published on an annual basis and forms part of the Trust's quality improvement strategy. The Board noted that four areas had been identified for improvement in 2014/15.

### **Capacity Plan 2014-15**

The Board approved the capacity Plan 2014/15. This is a year-round plan that sets out the measure the Trust will take to manage sudden increases in demand, including seasonal pressures.

### **Annual Governance Statement 2013/14**

The Board approved the Statement following discussion and a number of amendments requested by the Board.

### **Annual Accounts 2013/14**

The Board noted that the audited Annual Accounts had been approved by the Audit & Assurance Committee on behalf of the Board. No significant changes had been made.

### **Going Concern Opinion on the 2013/14 Statutory Accounts**

The Board approved the Going Concern Opinion that stated there were no material uncertainties that may cast significant doubt about the Trust's ability to continue as a going concern.

### **Charitable Funds Working name**

The Board approved the working name of 'Over and Above' which had been chosen following a consultation with staff, volunteers and patients.

### **Charitable Funds Annual Report and Accounts 2012/13**

The Board, as trustees of the organisation's charitable funds, approved the Annual Report and Accounts.

### **Tariff 2015/16**

The Board ratified the decision made by the Chairman, Chair of the Finance Committee and the Director of Finance to accept the Enhanced Tariff Option for 2015/16.

### **One Ilfracombe**

The Board supported and fully endorsed the Living well workstream of one Ilfracombe. The objective of the programme is to develop and implement a joint strategy for the creation of a local health and well-being service to support people to live as independently as possible and to reduce the health inequalities that currently exist between Ilfracombe and the rest of Devon.

### **Supporting strategies**

The Board approved or ratified a number of strategies throughout the year, including:

- ▶ Engagement and Involvement Strategy 2014-17
- ▶ People Matters – Workforce & Organisational Development Strategy 2014-19
- ▶ Governors' Strategy 2015-18

### **Business Cases**

- ▶ The Board approved the outline business case and then the full business case for the Health and Wellbeing Hub at Budleigh Salterton Community Hospital, which had been developed with very strong stakeholder support.
- ▶ The Board approved the full business case for the implementation of the Electronic Healthcare Record for acute services following a collaborative procurement exercise with Yeovil District Hospital NHS Foundation Trust and Gloucestershire Hospitals NHS Trust.
- ▶ The Board approved a number of minor amendments to the previously approved business case for the Energy Performance Contract.

### **CQC Action Plan**

- ▶ The Board approved the Care Quality Commission Action Plan

## 2.5 Highlights of Board Sub-Committee Reports 2014-15

An annual committee compliance report for each sub-committee is published which details the sub-committee's activity, routine business and main issues covered, areas of development and members' attendance. The annual committee compliance report is presented to the relevant sub-committee for approval before ratification by the Board.

A summary of the highlights and main areas of development undertaken by each of the sub-committees to improve the sub-committee's effectiveness and to enhance the assurance process is set out below.

### AUDIT & ASSURANCE COMMITTEE

The purpose of the Audit & Assurance Committee is to review the establishment and maintenance of an effective system of internal control and risk management and to provide independent assurance for the Board.

#### Significant Issues Raised

- ▶ Head of Internal Audit Opinion 2013/14 – Opinion of Significant Assurance received.
- ▶ External Audit Plan 2014/15
- ▶ ISA 260 External Audit Report on the financial statements
- ▶ Going Concern Opinion 2013/14 on the Statutory Accounts
- ▶ Annual Reports received by the committee:
  - Counter Fraud Annual Report 2013/14
  - Internal Audit Annual report 2013/14
  - Annual Audit Letter 2014 from the external auditors
  - Annual Governance Statement 2013/14
  - Risk Management Committee Compliance Report 2013/14
  - Risk Management Committee Terms of Reference – Annual Review 2014.
- ▶ External Audit – Internal Audit Protocol

#### Key Risks Discussed

- ▶ Assurance Framework – The Committee receives the minute of the Risk Management Committee and Principal Risk and Assurance Report.
- ▶ Quality Account 2013/14 – The Committee noted that the external auditors had provided a limited assurance opinion which indicated no issues of significant concern.
- ▶ Review of Glaucoma Services following lack of progress of an Internal Report on the service.
- ▶ Post-project Evaluation of the CompAS tablets.
- ▶ Performance Management – Stroke Indicators
- ▶ Information Governance Toolkit

#### Key Decisions Taken

- ▶ Approval of Counter Fraud Work-Plan 2015/16
- ▶ Approval of Internal Audit three year Strategic Plan 2014/15 – 2016/17
- ▶ Approval of Annual Accounts 2013/14 after delegation authority from the Trust Board.
- ▶ Approval of the Losses & Compensations Register
- ▶ Approval of Audit and Assurance Committee Terms of Reference
- ▶ Approval of Audit and Assurance Committee – Compliance Report 2013-14
- ▶ Approval of the Risk Management committees Recommendations to accept Residual Risks originating from the are Quality Commission Inspections.

#### Areas of Development

An assessment for the External Auditors on the Management Processes and Arrangements

Review of Internal Audit Reports

Referral of issues to other Committees

To include:

- ▶ Referral of an internal audit report on drugs management (ward level) (NDHCT03/13) to the Quality Assurance Committee.
- ▶ Referral of the glaucoma services review to the Quality Assurance Committee.

Legal Claims Quarterly Reports For information and note.

## **CHARITABLE FUNDS COMMITTEE**

The purpose of the Charitable Funds Committee is to manage and monitor all aspects of the management of the charitable funds within the Trust. The Committee is accountable to the Charitable Funds Trustees who comprise the voting Non-Executive and Executive Directors of the Trust Board.

### **Significant Issues Raised**

- ▶ Fundraising Activity by the Fundraising Team.
- ▶ Satellite Unit charitable fund Transfer.

### **Key Risks Identified**

- ▶ Charitable Funds Risk Report

### **Key Decisions Taken**

- ▶ Recommendation not to convert to Independent Status – Outline Guidance from the Department of Health
- ▶ Charitable Funds Financial Statements 2013/14

### **Areas of Development**

Charitable Funds Policy to be developed for governance processes.

## **FINANCE COMMITTEE**

The Finance Committee was established to maintain robust financial management by monitoring financial performance and making recommendations to the Executive Team or to the Trust Board as appropriate.

### **Significant Issues Raised**

- ▶ Annual Accounts 2013/14 key summaries
- ▶ Budget 2014/15

### **Key Risks Identified**

- ▶ Progress of the Contract negotiations 2014/15 and updates of arbitration

### **Key Decisions Taken**

- ▶ Approving business cases up to a value of £1m and making recommendations to the Trust Board on business cases above this value.
- ▶ CIP Monitoring

## **QUALITY ASSURANCE COMMITTEE**

The role of the Quality Assurance Committee is to provide leadership and assurance that the Trust's clinical governance systems and processes are in place and are effective in providing safe, high quality care.

### **Significant Issues Raised**

- ▶ Patient stories to provide momentum for change that would not come from patient satisfaction surveys or other feedback routes.
- ▶ Review of Independent Report on Cancer Referral Management (West Hertfordshire Hospitals)
- ▶ Care Quality Commission Intelligent Monitoring Report
- ▶ Update of the new statutory Duty of Candour
- ▶ Annual Reports received by the committee:
  - Safeguarding Adults Annual report 2013-14
  - Safeguarding Children Annual Report 2013-14
  - Organ Donation Annual Report 2013-14
  - Infection Prevention and Control Annual Report 2013-14
  - Medical Revalidation – Annual Organisational Audit Report 2014
  - Patient Experience Annual Report 2013-14
  - Quality Account 2013-14
- ▶ Quality Governance Framework Self Assessment.
- ▶ Review of Serious Incidents reported between 1 April and 30 November 2014

### **Key Risks Discussed**

- ▶ Drugs Management at Ward Level Review
- ▶ Mortality Review of Post-Operative Deaths for Fractured Neck of Femur
- ▶ Performance Management – Pressure Ulcers January 2014 systems and processes
- ▶ Complaint upheld by the Ombudsman
- ▶ In-Depth Review KGV Ward

- ▶ Willow Unit Deep Dive – Pressure Ulcers after 4 Serious Incidents had taken place
- ▶ Intrauterine Devices – Review of Service after 4 Serious Incidents had taken place
- ▶ Sidmouth Deep Dive after 3 serious Incidents had taken place
- ▶ High Caesarean Section Rate Report and action plan.
- ▶ Internal Audit Report – Glaucoma Patients Follow-Up
- ▶ Deep Dive – Trio of Serious Incident Investigations at Exmouth Community Hospital

#### Key Decisions Taken

- ▶ Interventional Procedures approved by the Committee:
  - Ultrasound in Anaesthesia and Intensive Care
  - Ultrasound in Obstetrics
  - Ultrasound in Orthopaedics
  - Ultrasound in Surgery
  - Use of Qutenza Patch 8% for treatment of Neuropathic Pain
  - Fetal Echocardiography
- ▶ Clinical Audit and Effectiveness Programme 2014-15
- ▶ Care Quality Commission Intelligent Monitoring Report Received for Information
- ▶ Approval of New Interventional Procedures Policy
- ▶ Approval of Incident Management Policy
- ▶ Approval of Duty of Candour Policy
- ▶ Approval of Management of Legal Claims Policy
- ▶ Discussion and Approval of 69 Serious incidents requiring investigation preceding presentation to the Trust Board for ratification.
- ▶ Non-Approval of 5 Serious Incidents reports until strengthened and re-presented for approval.
- ▶ Approval of NICE Guidance process and Terms of Reference for NICE Meetings.

#### Areas of Development

Specialist Advisory Groups Terms of Reference, Annual committee Compliance Reports and Annual report.

Change in Frequency of Committee Meetings to bi-monthly.

### **WORKFORCE & ORGANISATIONAL DEVELOPMENT COMMITTEE**

The purpose of the Workforce & Organisational Committee is to provide advice and assurance to the Board on all matters relating to the workforce, including workforce strategy and planning and Pay & Reward. It also has responsibility for organisational development, including Health & Well-being and Equality & Diversity.

#### Significant Issues Raised

- ▶ Progress on development of the Performance Framework
- ▶ Receipt of the Health and Well-Being Action Plan
- ▶ Provision of Feedback on the People Matters, Workforce Development and Planning Strategy 2014-19
- ▶ Summary of Benefits into the Human Factors Training
- ▶ Listening into Action Programme for Information
- ▶ NHS National Staff Survey Results 2013
- ▶ Staff Mini Survey Results and improvement action plan.
- ▶ Outcome of the Staff Physiotherapy pilot for approval.
- ▶ Workforce Planning - Management of Change process to address the Workforce Planner Vacancy.
- ▶ Appraisal Compliance, increase in budgeted posts and agency usage.
- ▶ Updates on Industrial Action Re Pay Dispute
- ▶ Personnel and Development Annual Report 2013-14
- ▶ e-Job Planning Introduction
- ▶ Proposal of Probationary Periods

- ▶ Notice Periods review
- ▶ Restraint Business Case for Security and Safety - The Committee were advised that a business case regarding security and safety for staff was being developed.
- ▶ e-Appraisal Demonstration
- ▶ Private Practice Committee Terms of Reference and minutes received
- ▶ Saville Action Plan
- ▶ Recruitment and Retention Strategy received for comment
- ▶ Eastern Community Services Updates
- ▶ Agency Spend

#### **Key Risks Discussed**

- ▶ Training Compliance – Specialist Services Division
- ▶ Training Compliance – Safeguarding Adults and Infection Control
- ▶ Pay Performance Framework Risk of delayed implementation
- ▶ Staff Mini Survey Results
- ▶ Concerns regarding Newly Qualifying Staff
- ▶ Workforce Race Equality Standard (WRES) from April 2015.
- ▶ Restraint Task and Finish Group Outputs

#### **Key Decisions Taken**

- ▶ Approval of Organisational Development Committee Terms of Reference
- ▶ Approval of Operational Workforce Development Committee Terms of Reference
- ▶ Proposal Pay and Reward Committee to report to the Partnership Forum
- ▶ Proceeding with the Pay Performance Framework
- ▶ Advising Board of Whistle-Blowing
- ▶ Removal of Health and Well-Being from Agenda
- ▶ Approval of Equality and Diversity Workforce Annual Report 2013-14
- ▶ Policies & Procedures ratified by the Committee
- ▶ Pay Performance Framework Policy, Phase 1.

- ▶ Capability Policy
- ▶ Disciplinary Policy
- ▶ Challenging Behaviour Strategy
- ▶ Restraint Policy

#### **Areas of Development**

Committee Arrangements to ensure they meet the needs of the organisation.

## **2.6 Board performance and effectiveness**

### **Trust Board**

In March 2012, the Board completed the Board Governance Assurance Framework for Aspirant Foundation Trusts, which is part of the Foundation Trust application process. The Board Governance Assurance Framework enabled the Board to make a self-assessment of its current capacity and capability supported by appropriate evidence that was externally validated by an independent supplier in April 2012. A number of areas of development were identified as part of this process which have been implemented led by the Chairman. The Board Governance Assurance Framework was refreshed in 2014/15 and formally closed down by the Board, as it had been superseded by the Well-led Framework for governance reviews (Monitor, 2014).

The Board will complete the Well-led Framework in 2015/16. This will comprise a Board assessment of the leadership, management and governance of the organisation that assures the delivery of high quality care for patients, support learning and innovation and promote an open and fair culture

### **Audit & Assurance Committee**

The Audit and Assurance Committee has reviewed its own effectiveness against the self-assessment checklist for committee processes and administration from the Audit Committee Handbook (2014) to ensure it continues to provide assurance to the Board in line with best practice.

## 2.7 Compliance with the Corporate Governance Code

Throughout 2014-15, the Board has continued to build on the principles of good corporate governance. Corporate governance is the way in which organisations are directed, controlled and led. It defines relationships and the delegation of roles and responsibilities of those who work within the organisation, determines the rules and procedures through which the organisation's strategic objectives are set, and provides the means of attaining those strategic objectives and monitoring performance.

The Board complies with the Corporate Governance Code. All Board members follow the Nolan Principles on conduct in public life. In addition, where relevant, Board members also work within the requirements of their professional regulatory bodies.

In 2014/15, the Board approved the appointment of a Non-Executive Director as Vice-Chairman for a period of two years. The Director of Finance & Performance was formally re-confirmed as the Deputy Chief Executive. One of the Non-Executive Directors was re-appointed as Senior Independent Director for a period of two years.

## 2.8 Compliance with the Statutory Requirements

Arrangements are in place for the discharge of the Trust's statutory functions and compliance is checked through a variety of external independent assessments including:

- ▶ The Trust commissions a comprehensive annual Internal Audit programme;
- ▶ The Trust commissions a comprehensive Counter-Fraud programme of work;
- ▶ Violence and Aggression and security issues are supported by the Trust's Local Security Management Specialist;
- ▶ The Trust is registered with the Care Quality Commission with no conditions;
- ▶ The Trust reports RIDDORs to the Health & Safety Executive; and
- ▶ The Trust is subjected to external assessments and inspections, e.g. Information Commission and Care Quality Commission.

Where partial or non-compliance is identified, supporting action plans are developed and performance monitored via the Trust's risk management arrangements.

The Trust also has a range of internal processes that require staff to ensure that they carry-out their duties in line with legislative and regulatory requirements, including:

- ▶ Register of Interests;
- ▶ Standing Orders;
- ▶ Standing Financial Instructions;
- ▶ Scheme of Delegation; and
- ▶ Code of Conduct.

## 2.9 Quality Governance Assurance

In April 2012, the Board completed the Quality Governance Framework, which is part of the Foundation Trust application process. The Quality Governance Framework enabled the Board to make a self-assessment of its current arrangements for quality governance assurance supported by appropriate evidence that was externally validated by an independent supplier in August 2012. A number of areas of development were identified as part of this process which have been implemented led by the Chairman. The Board Quality Governance Framework was refreshed in 2014/15 and formally closed down by the Board, as it had been superseded by the Well-led Framework for governance reviews (Monitor, 2014), this has also been replaced by the Well-Led Framework.

### Serious incidents requiring investigations

The Trust continues to be a high reporter of patient safety incidents reported to the National Reporting and Learning System compared with similar small acute trusts. The organisation has robust incident reporting processes embedded throughout the organisation as indicated by the high incident reporting culture. A robust process has been developed for escalating reported incidents for a decision on whether they should be designated as a serious incident requiring investigation and formally investigated.

On completion of the comprehensive formal investigation of serious incidents, the reports are reviewed by the Executive Lead for the investigation and presented to the Quality Assurance Committee for approval.

Summary reports of the individual serious incident investigations are then presented to the Trust Board for ratification. Actions highlighted in both the Significant Event Audit reports and the Serious Incident Investigation reports are recorded on the Corporate Risk Register and performance monitored and reported via the Trust's risk management systems.

### Never Events

Potential Never Events are escalated to the Executive Directors Team for information and are reported to our commissioners who confirm whether the incident meets the Never Event Criteria. Once identified, the incident is investigated, reported, approved and monitored in the same way as a serious incident requiring investigation. Three Never Events were reported in 2014/15.

### Clinical Audit & Effectiveness Programme

The Clinical Audit & Effectiveness Programme 2014/15 was approved by the Quality Assurance Committee. The Quality Assurance Committee continues to gain assurance by receiving routine bi-monthly exception reports.

### Quality Account 2013/14

The Quality Assurance Committee received the draft Quality Account for comment and noted that monthly updates were to be provided to the Trust Board via the Safer Care delivery Committee on progress of the 2014/15 priorities. The Quality Account was approved by the Trust Board and published on the Trust's public website.

## 3. Risk Assessment

### 3.1 System of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control has been in place in Northern Devon Healthcare NHS Trust for the year ended 31 March 2015 and up to the date of approval of the annual report and accounts.

In making this statement, reference must also be made to the Head of Internal Audit Opinion which provided an overall opinion of "Significant Assurance" on the effectiveness of the organisation's internal control systems and financial governance.

### 3.2 Capacity to handle risk

The Board and senior management are committed to risk management, as this is an integral part of achieving the Trust's objectives and of being accountable to the public.

The Chief Executive has overall responsibility for risk management within the Trust. The Commercial Director is the lead Director for risk management. Each Director has responsibility for leading and reporting on the risk management plans for risks identified within their directorates. The Directors are accountable to the Chief Executive in this role.

The line management and professional structures within the Trust ensure that responsibility for the implementation of risk management procedures and control of risks are in line with the scheme of delegation for their areas of responsibility.

Statutory Health and Safety training is provided to all staff. Generic risk assessment training is provided to the relevant staff. Further risk management training, such as managing the Corporate Risk Register and the Principal Risk Map, is targeted to the appropriate staff.

### 3.3 Risk profile

As at 31 March 2015, there were 297 open risks recorded on the Corporate Risk Register (Table 3). During 2014/15, 643 new risks were recorded and 491 risks were accepted as the mitigating actions had been completed and the risk re-scored.

Table 3 – Risk profile of open risks as at 31 March 2015

Category	Risk score	Number	% of Total
Low	1 - 6	42	14
Medium	8 - 12	210	71
High	15 - 25	45	15

## 4. The Risk and Control Framework

### 4.1 Risk Management Strategy

The Risk Management Strategy was approved by the Trust Board in February 2012. The Risk Management Strategy is due to be reviewed in 2015/16 in order to reflect the developments in risk management and changes in organisational structure throughout the year.

It includes a description of the whole risk management process and requires all risk to be recorded, when identified, in a standard format risk register and prioritised using a standard scoring methodology. The Corporate Risk Register includes all recorded risk, both clinical and non-clinical, for the organisation.

The Audit and Assurance Committee has a role to monitor the management of high-scoring risks and to approve the management of the Principal Risk Map. High-level clinical risks are monitored by the Quality Assurance Committee. The Terms of Reference of the two Board sub-committees reflect these functions.

### 4.2 Board Assurance Framework

The Board Assurance Framework is monitored by the Trust Board. Key elements of the Board Assurance Framework are:

- ▶ Principal objectives
- ▶ Principal risks
- ▶ Key Controls
- ▶ Assurances on Controls
- ▶ Gaps in Assurance
- ▶ Gaps in Control

In formulating the Board Assurance Framework, the Board has reviewed its strategic objectives. The Trust's vision and strategic objectives were reviewed and approved by the Board in April 2014. The strategic objectives are used to confirm the Board agenda. The purpose of the Board Assurance Framework is to document the above and is used to examine the level of assurance on the effective operation of controls.

During 2014/15, the Board Assurance Framework was implemented for the management of the Principal Risks facing the organisation – those risks that, if they

materialised, would have a detrimental impact on the achievement of the Strategic Objectives and could lead to organisational failure or significant lost opportunities. The Board recognises that an effective risk management system process must be in place to ensure efficient and timely delivery of the Trust's strategy.

The action identified to mitigate the gaps in the controls and assurance systems between them make up the annual corporate objectives for the Trust which translate into personal performance objectives for the Board Directors and the annual work programmes for the Trust Board sub-committees. This ensures that the Trust Board is focussed on risks at a strategic rather than an operational level.

The Principal Risks are managed in accordance with the Trust's risk management arrangements. In addition, the Board will review the Principal Risks on a routine basis through a quarterly Board Assurance Report to gain assurance that the agreed actions are being implemented and are effective.

### 4.3 Management of key risks

#### Data security risks

With regard to risks to information, the Trust recognises the need for an appropriate balance between openness and confidentiality in the management and use of information. Control measures have been put in place to ensure information is appropriately managed, and policies, clear procedures and accountability provide a robust governance framework for information management. These include controls to ensure confidentiality and appropriate security arrangements to safeguard personal information about patients, staff and commercially sensitive information. Other control measures ensure adherence to the requirements of the Freedom of Information Act and NHS Information Governance toolkit and controlled sharing of information with other agencies and health organisations through appropriate information-sharing protocols.

#### Performance risks

The Trust handled high levels of demand for emergency services in 2015/15 with noticeable peaks of activity throughout the year. On a number of occasions, it has also been necessary to close beds to support infection control measures. Additional beds were opened as

contingency, in accordance with Winter Pressure Plans, and some non-urgent elective surgery had to be cancelled during periods of peak demand. Consequent pressure on bed availability over extended periods has adversely impacted on the Trust's ability to achieve some Key Performance Indicators including the A&E 4 hour standard and some stroke standards.

Analysis of the Trust's Hospital Standardised Mortality Ratio (HSMR) has continued, during the year with further clinical review and detailed investigation. This work has contributed to a significant improvement in the rolling 12 month HSMR which is now within the normal expected range for all localities.

The Trust continues to undertake robust internal performance monitoring in accordance with the organisation's Performance Management Framework, including a detailed audit of RTT management and monitoring processes in January-February 2015 confirming the robustness of the Trust's internal RTT management systems and procedures. The implementation of the Electronic Healthcare Record will further reduce risks of administrative error as identified in the audit report and improve visibility of end to end clinical pathways

## 5. Review of Effectiveness of Risk Management and Internal Control

### 5.1 Effectiveness of risk management and internal control

The Head of Internal Audit provides the Accountable Officer with an opinion on the overall arrangements for gaining assurance through the Board Assurance Framework and on the controls reviewed as part of the Internal Audit's work. The overall level of the Head of Internal Audit Opinion is 'Significant Assurance'. Executive managers within the organisation who have responsibility for the development and maintenance of the system of internal control provide the Accountable Officer with assurance.

The review has also been informed by:

- ▶ External Audit reports
- ▶ Internal Audit reports

- ▶ Assessments by external agencies
- ▶ Care Quality Commission planned and responsive inspections
- ▶ Internal management reports
- ▶ The Board receives the following reports that provide it with assurance on how the controls within the organisation are working:
  - Reports from other committees of the organisation
  - Reports from Executive Directors and key managers
  - Reports from external reviewers, when received
- ▶ The Audit and Assurance Committee receives reports from Internal and External Audit on the work conducted by them during the year.
- ▶ Minutes from the Board sub-committees are presented to the Board to note.
- ▶ Executive Directors and key managers may present reports to the Board to note or to approve.
- ▶ The Director of Internal Audit has provided a Head of Internal Audit Opinion commenting on the current status of the Board Assurance Framework and the effectiveness of the Systems of Internal Control reviewed by Internal Audit. This has been used to aid in the preparation of this Statement.
- ▶ The reporting structure described in the Board Assurance Framework is used to monitor the systems of internal control and make reports to the Board.
- ▶ The Board Assurance Framework is independently reviewed by Internal Audit on an annual basis.
- ▶ The Trust registered its locations, service types, regulated activities and a named manager for each location with the Care Quality Commission. The Trust received confirmation that the Trust had been successfully registered without any location or service specific conditions.

### 5.2 Significant Issues

#### Care Quality Commission Chief Inspector of Hospitals inspection

The Trust underwent a Chief Inspector of Hospitals Inspection by a team from the Care

Quality Commission that took place between 1 - 4 July 2015. It was undertaken by a team of healthcare professionals and Care Quality Commission inspectors who visited almost all parts of North Devon District Hospital, together with nine community hospitals and community teams. The Inspection Team visited the Trust at various times and re-visited some areas out-of-hours and at the weekend.

The report identified that the Medical Care, Surgery, Critical Care, Maternity & Family Planning, Services for Children and Young People and Outpatients services were compliant with the care Quality Commission's standards and they received a 'Good' rating. However, Accident and Emergency and End of life Care services were rated as 'Requires Improvement'. The Trust was given an overall rating of 'Requires Improvement'.

#### **Care Quality Commission Compliance Actions**

In September 2014, the final report of the Chief Inspector of Hospitals inspection was received by the Trust. The final report highlighted a number of areas which required improvement.

In addition, the Care Quality Commission issued Compliance Actions where the Trust has to take action to ensure the activities are fully compliant with the set standards. These were in areas such as:

- ▶ The Termination of Pregnancies where the documentation of the discussions were not consistently recorded.
- ▶ The Treatment Escalation Plans were not consistently completed when documenting the do not attempt cardio-pulmonary resuscitation decisions.
- ▶ Some of the rooms within the hospital premises did not meet the regulations such as the antenatal sonographers room was not of sufficient size to carry out their work.
- ▶ Some of the areas of the Accident and Emergency department did not meet modern day regulations.

The Trust was required to develop an action plan to ensure the compliance actions were responded to and to ensure the Trust achieved compliance. This has been submitted to the care Quality Commission. Individual actions in the action plan have been allocated to Senior Managers, Lead Clinicians and Executive

Directors. Progress of the delivery of the action plan is being monitored through to completion by the Executive Directors Group on a fortnightly basis. The action plan progress is also being monitored by the Trust Board on a bi-monthly basis.

#### **Torrington Community Cares Project**

In July 2013, a joint six-month project was undertaken with the Northern, Eastern & Western Devon Clinical Commissioning Group (NEW Devon CCG) to investigate the opportunity to re-design the hospital and community healthcare services in the Torrington area in order to support people to live safely and independently in their own homes. The vision was for people who may have been an inpatient at Torrington Community Hospital to be treated instead in the comfort of their own home by the Trust's expanded community rehabilitation and nursing teams.

In July 2014, the Board and the Governing Body of NEW Devon CCG were due to make a long-term decision on the model of care. However, following discussions with community representatives, a number of additional actions were agreed, including giving additional time for people to submit feedback and commissioning an independent evaluation of the Test of Change. The Board agreed to postpone their decision until the actions had been completed.

In November 2014, the Board considered the outcomes of the additional actions. The Board agreed to provide community services to the people of Torrington using the enhanced model of care, in place of the inpatient beds at Torrington Community Hospital. The Board also agreed to support the change in use of the Torrington Community Hospital Building.

Update reports have been provided to the Board by the Director of Operations and the Commercial Director.

#### **Temporary Closure of Axminster Community Hospital**

In October 2014, the Board decided to consolidate the inpatient beds from Axminster to Seaton Community Hospital on a temporary basis. The decision was based on patient safety and lone working concerns and was linked to the wider strategic issues for the Trust around the difficulties for staff in small, isolated community hospitals being able to maintain their skills and competences.

Due to the strong public opinion and the possibility of a judicial review, the Board took the decision to run a formal consultation from 2 December 2014 to 5 January 2015 to consider the patient safety issues and to consult on a number of options. An independent review and assessment of staffing levels and safe patient care was also commissioned by the Trust. The review concluded that the Trust was attempting to address significant and escalating professional concerns about the safe staffing of the two community hospitals.

An extraordinary Board meeting was called on 7 January 2015 to discuss and agree the way forward. The Board considered the various reports in detail and approved the temporary transfer of patients to Seaton from Axminster Community Hospital by a majority of seven votes to two against. Following confirmation that £300k was available to consider alternatives from the Axminster League of Friends, the Board agreed that the Trust should work with Axminster and Seaton Leagues of Friends to support the re-instatement of inpatient beds at Axminster Community Hospital.

Update reports have been provided to the Board by the Director of Operations and the Director of Workforce & Organisational Development.

### **NHS Futures**

In February 2014, it was announced that eleven financially-challenged health economies in England were to receive expert help with strategic planning in order to secure sustainable quality services for their local patients.

Monitor, NHS England and the NHS Trust Development Authority agreed to fund a series of projects to help groups of commissioners and providers work together to develop integrated five-year plans that effectively address the particular local challenges they face.

Update reports have been provided to the Board by the Chief Executive and the Director of Finance & Performance.

### **Transforming Community Services**

In 2011, the Trust took on a range of community services, including community hospitals and Health and Social Care Teams, from the Eastern Devon area, as a result of the national Transforming Community Services initiative. The Trust has delivered significant transformation of these services and the Board is proud of the organisation's pioneering work to integrate and

transform health and social care across Eastern and Northern Devon.

In November 2014, the Governing Body of the Northern, Eastern & Western Devon Clinical Commissioning Group (NEW Devon CCG), the commissioners of healthcare services in Devon, decided to take a non-competitive approach to procurement, with Eastern community services transferring to the Royal Devon & Exeter NHS Foundation Trust, with a view to new contracts to be awarded during 2015/16.

The Board considered a risk benefit analysis of the services remaining with the Trust, or being transferred to the Royal Devon and Exeter NHS Foundation Trust and of challenging NEW Devon CCG's decision. The Board discussed the analysis based on focussing on the patient first and foremost, followed by the impact on staff, the impact on the wider health and social care system and finally the impact on the Trust. The Board agreed that there were concerns about the process and procurement undertaken. A referral was made to Monitor in January 2015. As the regulator for health services in England, Monitor is responsible for making sure that procurement, choice and competition operate in the best interests of patients.

Monitor continues its investigation into the way the contract for eastern community services was awarded by NEW Devon CCG. All submissions can be accessed on the Monitor site.

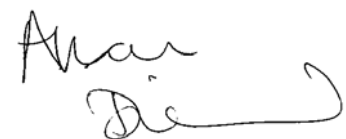
### **Accountable Officer:**

Dr Alison Diamond, Chief Executive

### **Organisation:**

Northern Devon Healthcare NHS Trust

### **Signature:**



**Date:** 5 June 2015

## APPENDIX 1

### Board members' attendance at Board sub-committees

Key: X = Attended -- = Absent Dep = Deputy attended  
n/a = Not applicable, e.g. not in post or not a member of the Committee.

#### 1. Audit & Assurance Committee

Name	8 Apr	5 Jun	12 Aug	14 Oct	9 Dec	10 Feb	Attendance
FULL MEMBERS							
Pauline Geen	X	X	--	X	X	X	5/6 83%
Nick Lewis	X	X	X	X	X	X	6/6 100%
Jane Reynolds <sup>1</sup>	X	n/a	n/a	n/a	n/a	n/a	4/6 67%
Lesley Crawford <sup>2</sup>	n/a	n/a	X	X	--	x	

**Notes:**

1. Jayne Reynolds, Non-Executive Director, left the Trust in May 2014.
2. Lesley Crawford, Non-Executive Director, joined the Trust in July 2014.

#### 2. Charitable Funds Committee

Name	23 Oct	16 Mar	Attendance
FULL MEMBERS			
Roger French	X	X	2/2 100%
Lesley Crawford <sup>1</sup>	--	X	1/1 100%
Chris Snow <sup>2</sup>	X	--	1/1 100%
Kevin Marsh <sup>3</sup>	Dep	n/a	1/2
Debbie Bennion <sup>4</sup>	n/a	--	1/2
Andy Robinson	X	X	2/2 100%

**Notes:**

1. Lesley Crawford became a member of the Committee in July 2014.
2. Chris Snow left the Trust in December 2014.
3. Kevin Marsh went on long-term sickness absence in March 2015.
4. Debbie Bennion became Interim Director of Nursing in March 2015.

#### 3. Finance Committee

Name	22 Apr	24 May	24 Jun	22 Jul	23 Sep	21 Oct	25 Nov	27 Jan	24 Feb	24 Mar	Attendance
FULL MEMBERS											
Roger French	X	X	X	X	X	X	X	--	--	X	8/10 80%
Nick Lewis	X	X	X	X	X	--	X	X	X	X	9/10 90%
Jane Reynolds	X	--	X	--	X	X	X	X	X	--	7/10 70%
Jac Kelly	X	--	--	X	X	X	X	X	X	X	8/10 80%
Kate Lyons	X	X	X	--	X	X	X	--	X	X	8/10 80%
Andy Robinson	X	Dep	X	X	Dep	X	X	X	Dep	X	10/10 100%
JOINT MEMBERS											
Alison Diamond	--	X	X	--	--	X	X	X	--	X	8/10 80%
Kevin Marsh <sup>2</sup>	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	--	
Carolyn Mills <sup>1</sup>	--	--	--	X	X	X	--	n/a	n/a	n/a	

#### 4. Quality Assurance Committee

Name	13 May	8 July	9 Sept	11 Nov	13 Jan	10 Feb	10 Mar	Attendance	
FULL MEMBERS									
Alison Diamond <sup>1</sup>	X	n/a	n/a	n/a	n/a	n/a	n/a	3/4	75%
George Thomson <sup>2</sup>	n/a	n/a	n/a	n/a	--	X	X		
Tim Douglas-Riley	X	X	X	X	X	X	X	7/7	100%
Kevin Marsh <sup>3</sup>	--	X	X	X	X	Dep	n/a	7/7	100%
Debbie Bennion <sup>4</sup>	n/a	n/a	n/a	n/a	n/a	n/a	X		
Chris Snow <sup>5</sup>	X	X	X	X	n/a	n/a	n/a	4/6	67%

**Notes:**

1. Alison Diamond left the Committee after May 2014
2. George Thomson joined the Committee in January 2015
3. Kevin Marsh left the Committee in March 2015
4. Debbie Bennion joined the Committee as Interim Director of Nursing from March 2015
5. Chris Snow left the organisation in December 2014

#### 5. Workforce & Organisational Development Committee

Name	2 May	19 Aug	21 Oct	16 Dec	17 Feb	Attendance	
FULL MEMBERS							
Pauline Geen	X	X	X	X	X	5/5	100%
Alison Diamond	X	-	X	X	-	3/5	60%
JOINT MEMBERS							
Kevin Marsh <sup>1</sup>	n/a	n/a	n/a	-	-	2/5	40%
George Thomson <sup>2</sup>	X	-	-	X	-		
Debbie Bennion <sup>3</sup>	n/a	n/a	n/a	n/a	n/a	3/5	60%
Rob Sainsbury <sup>4</sup>	n/a	n/a	n/a	-	X		
Janet Phipps	-	X	X	-	n/a	2/5	40%
Andy Robinson	X	-	-	-	-		
Colin Dart	-	X	-	-	-		

**Notes:**

1. Kevin Marsh, Director of Nursing, left the Committee in March 2015.
2. George Thomson joined the Trust in November 2014 as Medical Director.
3. Debbie Bennion joined the Committee as Interim Director of Nursing from March 2015.
4. Rob Sainsbury joined the Trust in November 2014 as Director of Operations.

# Section 8: Remuneration report

## Introduction

Section 234B and Schedule 7A of the Companies Act, as interpreted for the public sector, requires NHS bodies to prepare a remuneration report containing information about directors' remuneration. In the NHS, the report will be in respect of the senior managers of the NHS body. The definition of a senior manager is:

"Those persons in senior positions having authority or responsibility for directing or controlling the major activities of the NHS body. This means those who influence the decisions of the entity as a whole rather than the decisions of individual directorates or departments."

For the purposes of this report, this covers the Trust's non-executive directors, executive directors and associate directors.

## Remuneration report

Details of Board directors' remuneration and pensions follow.

### A) Remuneration

2014-15

Name and title	(a)	(b)	(c)	(d)	(e)	(f)
	Salary (bands of £5,000)	Expense payments (taxable) total to nearest £100	Performance pay and bonuses (bands of £5,000)	Long term performance pay and bonuses (bands of £5,000)	All pension-related benefits (bands of £2,500)	TOTAL (a to e)
J Kelly - Chief Executive (1)	15-20					15-20
A Diamond - Chief Executive (2)	160-165				120-122.5	280-285
K Marsh - Director of Nursing (3)	95-100				160-162.5	255-260
A Robinson - Director of Finance and IMT	130-135				17.5-20	150-155
K Lyons - Director of Operations (4)	30-35				(5-7.5)	15-20
R Sainsbury - Director of Operations (5)	45-50				90-92.5	135-40
G Thomson - Medical Director (6)	80-85				65-67.5	145-150
I Roy - Director of Facilities	85-90				10-12.5	100-105
D Allcorn - Acting Associate Director of Organisational Development	85-90				97.5-100	180-185
A Ibbots - Commercial Director	100-105				12.5-15	110-115
R French - Chairperson	15-20					15-20
J Reynolds - Non-executive Director (7)	0-5					0-5
P Geen - Non-executive Director	5-10					5-10
C Snow - Non-executive Director	0-5					0-5
N Lewis - Non-executive Director	5-10					5-10
T Douglas-Riley - Non Executive Director	5-10					5-10
L Crawford - Non-Executive Director (8)	0-5					0-5
R Down (Non-Executive Director (9))	0-5					0-5

- (1) The chief executive left on 30 April 2014
- (2) The chief executive transferred from the post of medical director on 1st April 2014
- (3) The director of nursing transferred from an interim position on 8 April 2014
- (4) The director of operations left on 30 June 2014
- (5) The director of operations commenced on 3 November 2014
- (6) The medical director commenced on 3 November 2014
- (7) The non-executive director left on 31 May 2014
- (8) The non-executive director commenced on 1 July 2014
- (9) The non-executive director commenced on February 2015

2013-14

Name and title	(a)	(b)	(c)	(d)	(e)	(f)
	Salary (bands of £5,000)	Expense payments (taxable) total to nearest £100	Performance pay and bonuses (bands of £5,000)	Long term performance pay and bonuses (bands of £5,000)	All pension- related benefits (bands of £2,500)	TOTAL (a to e)
J Kelly - Chief Executive	140-145				0	140-45
C Mills - Director of Nursing (1)	70-75				32.5-35	105-110
K Marsh - Interim Director of Nursing (4)					0	
A Robinson - Director of Finance and IMT	130-135				27.5-30	160-165
K Lyons - Director of Operations	105-110				22.5-25	130-135
A Diamond - Medical Director	105-110				7.5-10	110-115
I Roy - Director of Facilities	85-90				20-22.5	110-115
M Bignell - Associate Director of Organisational Development (2)	75-80				37.5-40	115-20
D Allcorn - Acting Associate Director of Organisational Development (3)	20-25				0	20-25
A Ibbs - Commercial Director	100-105				(30-32.5)	70-75
R French - Chariperson	15-20				0	15-20
J Reynolds - Non-executive Director	5-10				0	5-10
P Geen - Non-executive Director	5-10				0	5-10
C Snow - Non-executive Director	5-10				0	5-10
N Lewis - Non-executive Director	5-10				0	5-10
T Douglas-Riley - Non Executive Director	5-10				0	5-10
S Davidson-Grant - Non-Executive Director (5)	0-5				0	0-5

(1) The director of nursing left on 31 December 2013

(2) The associate director of organisational development left on 17 January 2014

(3) The acting associate director of organisational development commenced on 20 January 2014

(4) The interim director of nursing commenced on 3 March 2014

(5) The non-executive director commenced on 01 August 2013

## B) Pension Benefits

Name and title	2014-15							2013-14															
	Real increase in pension at age 60	(bands of £2500) £000	Real increase in pension lump sum at age 60	(bands of £5000) £000	Total accrued pension at age 60 at 31 March 2014	(bands of £5000) £000	Lump sum at age 60 related to accrued pension at 31 March 2014	Cash Equivalent Transfer Value at 31 March 2014	Cash Equivalent Transfer Value at 31 March 2013	Real Increase in Cash Equivalent Transfer Value	Employers Contribution to Stakeholder Pension	Real increase in pension at age 60	(bands of £2500) £000	Real increase in pension lump sum at age 60	(bands of £2500) £000	Total accrued pension at age 60 at 31 March 2014	(bands of £5000) £000	Lump sum at age 60 related to accrued pension at 31 March 2014	Cash Equivalent Transfer Value at 31 March 2014	Cash Equivalent Transfer Value at 31 March 2013	Real Increase in Cash Equivalent Transfer Value	Employers Contribution to Stakeholder Pension	
A Diamond - Chief Executive		5-10	15-20	25-30	75-80	481	362	0	0-2.5	0-2.5	50-55	160-165	998	943	8								
K Marsh - Director of Nursing		5-10	20-25	35-40	115-120	731	573	0	0-2.5	0-2.5	35-40	110-115	743	683	12								
A Robinson - Director of Finance and IMT		0-2.5	2.5-5	35-40	115-120	799	743	0	0-2.5	2.5-5	30-35	90-95	465	429	7								
K Lyons - Director of Operations		(0-2.5)	(2.5-5)	30-35	90-95	484	465	1	0-2.5	2.5-5													
R Sainsbury - Director of Operations		0-2.5	2.5-5	15-20	55-60	271	205	18															
Dr G Thomson - Medical Director		0-2.5	2.5-5	55-60	175-180	1,038	938	21	0														
I Roy - Director of Facilities		0-2.5	2.5-5	35-40	110-115	760	713	7	0	0-2.5	2.5-5	35-40	105-110	713	661	10							
D Allcorn - Acting Associate Director of Organisational Development		2.5-5	10-15	15-20	55-60	273	203	19	0	0.00	15-20	40-45	201	0	0								
A Ibbs - Commercial Director		(0-2.5)	(2.5-5)	25-30	85-90	525	489	0	(0-2.5)	(2.5-5)	25-30	85-90	489	488	0								

**Notes:**

- (1) The chief executive does not receive pensionable remuneration.
- (2) As non-executive members do not receive pensionable remuneration, there will be no entries in respect of pensions for non-executive members.
- (3) For directors employed during the year, there is no corresponding data for the previous year to reflect movements.
- (4) A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capital value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme, or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which the disclosure applies. The CETV figures, and from 2004-05 the other pension details, include the value of any pension benefits in another scheme or arrangement which the individual has transferred to the NHS pension scheme. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.
- (5) Real Increase in CETV - This reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.
- (6) The Trust pension values are recorded using Consumer Price Index (CPI) rather than Retail Price Index (RPI) in previous years.
- (7) Prior year figures not available.

Reporting bodies are required to disclose the relationship between the remuneration of the highest paid director in their organisation and the median remuneration of the organisation's workforce.

The banded remuneration of the highest paid director in Northern Devon Healthcare Trust in the financial year 2014-15 was £165,000-£170,000 (2013-14 £140,000-£145,000). This was 6.9 (2013-14 5.8) times the median remuneration of the workforce which was £23,825 (2013-14, £25,000).

Total remuneration includes salary, non-consolidated performance related pay, benefits in kind as well as severance payments. It does not include employer pension contributions and the cash equivalent transfer values of pensions.

The multiple has changed this year due to an increase in pay of the highest paid director.

### *Non-executive directors*

The dates of contracts and unexpired terms of office for the non-executive directors (NEDs) are as follows:

Name	Appointment start date	Appointment end date
Roger French (Chairman)	01.02.11	31.01.17
Jane Reynolds* (NED)	01.06.07	31.05.14
Pauline Geen* (NED)	03.03.11	02.03.17
Chris Snow (NED)	01.08.11	31.02.14
Nick Lewis* (NED)	01.08.11	31.07.17
Tim Douglas-Riley (NED)	01.07.12	27.05.17
Lesley Crawford* (NED)	01.07.14	30.06.17
Robert Down (NED)	09.02.15	08.02.17

† Audit committee chair until May 2014

\* Audit committee member

Non-executive directors are paid an allowance for their work on the Board and do not hold a contract of employment with the Trust. There is no period of notice required for non-executive directors and their appointment is organised by the NHS Trust Development Authority.

Executive directors and associate directors

Name	Position	Contract type	Start date	Employment status
Jac Kelly	Chief Executive	Permanent	16.10.06	resigned on 30 April 2014
Alison Diamond	Chief Executive	Permanent	01.05.14	
Alison Diamond	Medical Director	Permanent	01.10.06	resigned on 30 April 2014
Andy Robinson	Director of Finance and Performance	Permanent	15.11.06	
Kate Lyons	Director of Operations	Permanent	01.06.10	resigned on 30 June 2014
Kevin Marsh	Director of Nursing	Permanent	03.03.14	
George Thomson	Medical Director	Permanent	03.11.14	
Robert Sainsbury	Director of Operations	Permanent	03.11.14	
Ian Roy	Director of Facilities	Permanent	19.04.99	
Darryn Allcorn	Director of Workforce and Development	Permanent	11.02.15	
Andy Ibbs	Commercial Director	Permanent	01.10.12	

# Section 9: Head of internal audit opinion

## Head of internal audit opinion on the effectiveness of the system of internal control at Northern Devon Healthcare NHS Trust for the year ended 31 March 2015

### Roles and responsibilities

The whole Board is collectively accountable for maintaining a sound system of internal control and is responsible for putting in place arrangements for gaining assurance about the effectiveness of that overall system.

The Annual Governance Statement is an annual statement by the Accountable Officer, on behalf of the Board, setting out:

- ▶ how the individual responsibilities of the Accountable Officer are discharged with regard to maintaining a sound system of internal control that supports the achievement of policies, aims and objectives;
- ▶ the governance framework of the organisation including the board's committee structure, the structure and use of the Board Assurance Framework, as assessment of the board's effectiveness and its compliance with the Corporate Governance Code;
- ▶ how risk is assessed and managed including a description of the risk management and review processes;
- ▶ the conduct and results of the review of the effectiveness of the system of internal control including any disclosures of significant control deficiencies together with assurances that actions are or will be taken where appropriate to address issues arising.

The organisation's Assurance Framework should bring together all of the evidence required to support the Annual Governance Statement requirements.

In accordance with Public Sector Internal Audit Standards, the Head of Internal Audit (HoIA) is required to provide an annual opinion, based upon and limited to the work performed, on the overall adequacy and effectiveness of the organisation's risk management, control and governance processes (i.e. the organisation's system of internal control). This is achieved

through a risk-based plan of work, agreed with management and approved by the Audit and Assurance Committee, which should provide a reasonable level of assurance, subject to the inherent limitations described below.

The opinion does not imply that Internal Audit have reviewed all risks and assurances relating to the organisation. The opinion is substantially derived from the conduct of risk-based plans generated from a robust and organisation-led Assurance Framework. As such, it is one component that the Board takes into account in making its Annual Governance Statement.

### The head of internal audit opinion

The purpose of my annual HoIA Opinion is to contribute to the assurances available to the Accountable Officer and the Board which underpin the Board's own assessment of the effectiveness of the organisation's system of internal control. This Opinion will in turn assist the Board in the completion of its Annual Governance Statement, and may also be taken into account by the Care Quality Commission in relation to compliance with Outcomes.

My opinion is set out as follows:

1. Overall opinion;
2. Basis for the opinion;
3. Commentary.

My **overall opinion** is that

**Significant assurance** can be given that there is a generally sound system of internal control, designed to meet the organisation's objectives, and that controls are generally being applied consistently. However, some weakness in the design and/or inconsistent application of controls put the achievement of particular objectives at risk.

The **basis** for forming my opinion is as follows:

1. An assessment of the design and operation of the underpinning Assurance Framework and supporting processes;
2. An assessment of the range of individual opinions arising from risk-based audit assignments contained within internal audit risk-based plans that have been reported throughout the year. This assessment has taken account of the relative materiality of these areas and management's progress in respect of addressing control weaknesses;
3. Any reliance that is being placed upon third party assurances.

The **commentary** below provides the context for my opinion and together with the opinion should be read in its entirety.

An unannounced follow-up CQC inspection was carried out at Tiverton Hospital in April 2014 to follow-up the December 2013 inspection. The Trust was found to be non-compliant in the area "Consent to Care and Treatment" in the December 2013 inspection, however, met the standard in the April 2014 follow-up visit.

In July 2014, the CQC carried out an announced inspection, which included 11 hospitals. In addition, two unannounced visits took place in Community Hospitals, and an unannounced visit to NDDH later in the month of July 2014.

Following the two CQC visits between December 2013 and July 2014, there are currently 121 recommendations on the CQC action plan. These are due to be completed by June 2015, however, the Trust is aiming to complete them by April 2015. The action plan is reviewed at the Quality and Assurance Committee and at the Executive meeting every two weeks, and reported monthly to the Trust Board. The recommendations have also been placed on the Trust's Risk Register.

Our audits this year have confirmed that core corporate and financial systems continue to operate effectively, and have adapted to the changing environment within the Trust.

Internal Audit's work has been taken forward in three broad categories (Assurance Framework, Financial Assurance and Corporate Assurance). The following descriptions summarise the opinions and assurances from the reviews undertaken in these areas.

## Assurance framework - corporate governance and risk management

Internal Audit completed reviews on the following Assurance Framework areas of the Trust:

Audit	Assurance Rating	Impact Assessment
Principal Risk and Assurance Register/ Risk Management	Green	Low
Performance Management (Stroke Indicators)	Amber	Medium
Care Quality Commission	Green	Low
Board Assurance Report/ Risk Management	Green	Low

In relation to the reviews noted above, the following comments are made:

### *Performance Management – Medium-January 2015*

From our review of a sample of stroke patient records, we found that indicators are being recorded, however, we have concerns around the validity and accuracy of the data reported to the Board and to stakeholders as we found variances in times and dates recorded on Patient Administration System (PAS) and in patients' notes.

The Audit Committee was provided with assurance from the Trust that the findings from the review reflected the need to address record keeping.

### *Care Quality Commission Compliance – Low-December 2014*

Our review found that the reporting to the Trust Board is robust and ensures that senior management and the general public are kept fully aware of the progress made by the Trust in complying with the CQC's inspection regime and any actions that have been put in place following reviews.

Although the Trust has a large number of recommendations arising from recent CQC inspections, we found that the Trust has a well-managed action plan in place to ensure their completion. Additionally, the Trust has a documented and approved plan in place, which outlines the methodology going forward to ensure preparedness for future CQC inspections.

### **Board Assurance Report (BAR)/ Risk Management – Low-March 2015**

We found that the Trust’s risk management arrangements meet the requirements of national risk management standards, in respect of risk management strategy, process, management and overview of committees and risk registers.

We also found that the BAR clearly links to the Trust’s Strategic Objectives. Although, in the period of the review, there was a delay in presenting the Board with assurances that these objectives would be met, or that there are actions in place to address any risks of non-achievement.

### **Financial assurance**

Internal Audit completed reviews on the following financial areas of the Trust:

<b>Audit</b>	<b>Assurance Rating</b>	<b>Impact Assessment</b>
High Level Financial Controls	<b>Green</b>	<b>Low</b>
Payroll	<b>Green</b>	<b>Low</b>
Debtors	<b>Green</b>	<b>Low</b>
Creditors	<b>Green</b>	<b>Low</b>

### **ISAE3402 Third Party Assurance report in respect of IT General Controls in respect of the Electronic Staff Record (ESR)**

In common with all NHS bodies, the Trust utilises the Electronic Staff Record (ESR) for its HR functions. An established routine is in place whereby third party assurance is provided annually within an Independent Service Auditor’s ISAE 3402 third party assurance report, which helps to inform the Trust’s Annual Governance Statement on Internal Control. This covers the IT

general controls operated by McKesson UK in relation to the ESR.

We are satisfied that the 2014-15 Independent Service Auditor’s report provided by PricewaterhouseCoopers, dated 8th May 2015, provides reasonable assurance in respect of the IT general controls operated by McKesson UK in relation to the national Electronic Staff Record. This supports the organisation’s Annual Governance Statement.

The audit work conducted by PricewaterhouseCoopers covered the following six areas:

- ▶ Change Management;
- ▶ Logical Security;
- ▶ Problem Management and Performance and Capacity Planning;
- ▶ Physical Security and Environmental Controls;
- ▶ Computer Operations; and
- ▶ Payslip Distribution.

The key messages in the overall audit opinion of the Report of Independent Service Auditor are as follows:

- ▶ the accompanying process description fairly presents the IT general controls for the Electronic Staff Record (ESR) service that were designed and implemented throughout the period 1 April 2014 to 31 March 2015;
- ▶ the controls related to the control objectives stated in the description were suitably designed to provide reasonable assurance that the specified control objectives would be achieved if the described controls operated effectively throughout the period from 1 April 2014 to 31 March 2015 and customers applied the complementary customer controls contemplated in the design of NHS ESR Programme;
- ▶ the controls tested, which together with the complementary customer controls referred to in the scope paragraph of this report, if operating effectively, were those necessary to provide reasonable assurance that the control objectives stated in the description were achieved, operated effectively throughout the period from 1 April 2014 to 31 March 2015.

The overall conclusion from their audit opinion was that for the period 1 April 2014 to 31 March 2015, the control environment and IT general

controls for the ESR service were suitably designed and effective in helping to achieve objectives in relation to the areas above, providing that complementary customer controls contemplated in the design of NHS ESR Programme's controls are suitably designed and operating effectively, along with related controls at the NHS ESR Programme.

Detailed testing identified one area where controls were either not designed or operating efficiently, however this did not adversely impact upon the overall control environment.

## Corporate assurance

Internal audit has completed reviews on the following corporate areas of the Trust:

Audit	Assurance Rating	Impact Assessment
Medical Records: Miscellaneous Filing	Red	Medium
Information Governance Toolkit	Red	Medium
IG Requirement 604	Amber	Medium
NICE Guidance: Divisional Compliance	Amber	Medium
Training Records	Amber	Medium
Safeguarding Children	Amber	Medium
Medical/ Dental Additional Claims	Amber	Medium
Supervision	Amber	Medium
Community Hospitals: Admission Criteria	Amber	Low
Junior Doctor Compliance with Working Time Directive	Amber	Low
Qualifications/ Registrations	Amber	Low
Workforce Planning	Amber	Low
Community Services (Bideford Community Hospital)	Amber	Low
Doctor Revalidation	Green	Low
Controlled Drugs	Green	Low
NHS Professionals - Sickness	Green	Low
Emergency Planning	Green	Low
Sickness Absence	Green	Low
Equality & Diversity	Green	Low
Waiting List Policy	Green	Low
Safeguarding Adults	Green	Low

### Medical Records – Miscellaneous Filing – Medium – June 2014

We estimated that the backlog of filing, at the time of our review, consisted of over 50,000 separate pieces of patient documentation that are held loose within Healthcare Records. The majority of the backlog, nearly 70%, is accounted for by paper diagnostic test results. The precise level of patient risk was unclear, as some senior doctors (but not all) felt that one part of the backlog, unfiled paper test results, did not present a risk.

Workload in Healthcare Records has increased disproportionately to staffing levels. Over the last five years, hospital appointments have increased by 41%, but staffing has increased by 1.62 whole time equivalents in this period, which has contributed to the current backlog. Another contributing factor appears to be in obtaining signed-off manual documentation from doctors before the patient's manual record has been returned to Clinical Records. Many doctors, however, only use the electronic systems to review diagnostic results.

This issue has been recorded on the Trust's Risk Register at various times since 2008. Two risks were accepted due to "filing is being done promptly" (2008) and "no issue with staffing levels" (2013). Two risks remain open. There was no clear indication of action being taken to address the risk and actions culminated in the commissioning of this review. There may be implications with regards to the Trust's compliance with the Information Governance Toolkit specifically records management.

The Trust is in the process of implementing a new Electronic Health Record system which will alleviate this issue in the longer term.

### Medical/ Dental Additional Claims – Medium- July 2014

#### Additional Claims

We confirmed that the system for the remuneration of additional claims activities needs improvement. The Trust policy is drafted, but not formally approved, and is in need of review and expansion to clarify a number of areas of concern. These include such issues as whether it is appropriate for specialist grade doctors to be paid at the consultant rate when covering for a consultant and the appropriateness of charging for telephone calls at home when on-call.

In addition, there are inconsistencies in the treatment of claims, including the rates of reimbursement, which vary significantly across the Trust, with one department (A&E) being underpaid for a number of years.

69% of claims tested, were paid incorrectly although 1/3 of these were for minor amounts. 32% were paid outside of Trust policy (or other agreement). Claims for doctors tested represented an average 73% of their basic pay and Clinical Excellence Awards (CEA).

**Fee Paying Services**

A formal system of accounting for “time shifting” for family planning fees should be introduced. This would account for the work involved and that should take place in doctors’ own time. We identified a potential over-claim arising from fee paying services, due to single procedures which appear to be claimed as part of other procedures.

**Job Plans**

Job Plans are necessary to ensure that doctors are aware of duties and responsibilities. They are also essential in identifying what work would attract additional claims and charges, with opportunities to incorporate activity into the regular work plan. Of the 50 claimants checked in our sample, 28 did not have a current job plan or one was not provided to us.

**Information Governance Toolkit – Medium – March 2015**

Nine of the 12 requirements reviewed still needed to have the evidence supplied improved, either refreshed or new evidence supplied, in order for compliance with Level 2 of the IG Toolkit to be achieved.

The Audit Committee asked for assurance from the Trust that actions were in place to address the findings from the audit.

**IG Requirement 604 – Medium – March 2015**

We performed a review of the IGT Requirement 604, using the standard auditing template provided within the Toolkit to review a sample of manual and electronic records within the following four corporate departments:

- ▶ HR – Organisational Development.
- ▶ Facilities – Operations & Maintenance.

- ▶ Facilities – Sterile Services.
- ▶ Commercial Directorate – Commercial & Business Development.

Our review has indicated that the records management processes require improvements in order for the Trust to achieve Level 2 compliance with Information Governance Requirement 604.

**NICE Guidance: Divisional Compliance – Medium – April 2015**

We contacted each of the Divisions to ascertain the process they follow and found that none adhere to the Trust’s NICE Guidance Implementation Policy.

We found that the Divisional General Managers do not always have a clear overview of NICE activity within their Division. Although there may be deputies/service managers who do manage aspects of the process, there is no overarching view. The Divisional General Managers need to review the policy to understand their responsibilities and ensure the process is disseminated and embedded within their Divisions.

**Training Records – Medium – December 2014**

Overall, our review confirmed that the processes to record training were in place and reported monthly compliance demonstrated significant improvement with 11 of the 17 training elements reviewed exceeding or achieving target, with the remaining six elements achieving a compliance rate of 75% of target.

Conflict Resolution	Safeguarding Children L1	Information Governance	
Customer Care	Safeguarding Children L2	Safeguarding Adults	
Resuscitation	Safeguarding Children L3	Dementia	
Equality & Diversity	Infection Control	Deprivation of Liberties	
Fire	Moving & Handling	Mental Capacity Act	
Health & Safety	Slips, Trips & Falls		

There is still further improvement required, however to bring these areas into compliance.

## *Safeguarding Children – Medium – March 2015*

From our review of 20 children admitted in the last 12 months with a Child Protection (or Looked after Child) flag, we found that:

- ▶ The information held on files/patient records of current care plans was not up to date (although this is out of the Trust's control as plans are sent from Devon County Council). However, it results in incomplete information being held on patients' files by the Trust and could result in errors of care.
- ▶ It was not clear if and when relevant parties (Social worker, Health Visitor, School Nurse) had been informed of an admission and/or discharge of a child with a Child Protection or Looked After Child flag.
- ▶ We found three cases where there were time gaps in receiving care plans or sending information. This could result in staff not being aware of children being on plans or incomplete information being discussed at review meetings.

## *Supervision – Medium – May 2015*

In general, we found a lack of evidence of supervision taking place across all areas. Our testing identified inconsistencies across the Trust with the quality, evidence, completion and filing of supervision taking place including:

- ▶ Supervision was not evidenced as taking place at a minimum six-weekly interval (as required by the Trust).
- ▶ Little summary information available of supervision within departments.
- ▶ Evidence of limited types of review being utilised.
- ▶ Poor or no documentation of supervision. The format of documentation varied across the Trust. Some were clearly documented and filed and others were not.
- ▶ Incomplete central monitoring taking place to provide a full picture with regard to supervision across the Trust, which should be reported periodically to the Trust Board.

Whilst the evidence of supervision taking place is poor, we acknowledge that team meetings, ward handovers, one-to-one meetings and working together do take place. However, this information is not being captured by the majority of managers we visited within this review, which could lead to poor working practices.

## Other work

In respect of the reviews above and other audits undertaken during the year, recommendations have been agreed with management to address gaps in control and assurance. Internal Audit reports directly to the Audit Committee on those recommendations which are outstanding. The Audit Committee actively monitors these reports. No fundamental matters have been brought to the Trust's attention in respect of these areas.

**Jenny McCall**  
Director of Audit

# Section 10: Accounts 2014-15

Trust name	Northern Devon Healthcare NHS Trust
This year	2014-15
Last year	2013-14
This year ended	31 March 2015
Last year ended	31 March 2014
This year commencing:	1 April 2014
Last year commencing:	1 April 2013

## Foreword to the accounts

These accounts for the year ended 31 March 2015 have been prepared by the Northern Devon Healthcare NHS Trust under section 232 (Schedule 15, 3(1)) of the National Health Service Act 2006 in the form which the Secretary of State has, with the approval of the Treasury, directed.

## Independent auditor's report to the directors of Northern Devon Healthcare NHS Trust

We have audited the financial statements of Northern Devon Healthcare NHS Trust for the year ended 31 March 2015 under the Audit Commission Act 1998. The financial statements comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Taxpayers' Equity, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the accounting policies directed by the Secretary of State with the consent of the Treasury as relevant to the National Health Service in England.

We have also audited the information in the Remuneration Report that is subject to audit, being:

- ▶ the table of salaries and allowances of senior managers and related narrative notes
- ▶ the table of pension benefits of senior managers and related narrative notes
- ▶ the table of pay multiples and related narrative notes.

This report is made solely to the Board of Directors of Northern Devon Healthcare NHS Trust in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 44 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2014. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trust's directors and the Trust as a body, for our audit work, for this report, or for the opinions we have formed.

## Respective responsibilities of Directors and auditor

As explained more fully in the Statement of Directors' Responsibilities in respect of the accounts, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards also require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

## Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report which comprises the Strategic Report, Annual Governance Statement and Remuneration Report, to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

## Opinion on financial statements

In our opinion the financial statements:

- ▶ give a true and fair view of the financial position of Northern Devon Healthcare NHS Trust as at 31 March 2015 and of its expenditure and income for the year then ended; and
- ▶ have been prepared properly in accordance with the accounting policies directed by the Secretary of State with the consent of the Treasury as relevant to the National Health Service in England.

## Opinion on other matters

In our opinion:

- ▶ the part of the Remuneration Report subject to audit has been prepared properly in accordance with the requirements directed by the Secretary of State with the consent of the Treasury as relevant to the National Health Service in England; and
- ▶ the information given in the annual report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## Matters on which we report by exception

We report to you if:

- ▶ in our opinion the governance statement does not reflect compliance with the NHS Trust Development Authority's Guidance
- ▶ we refer the matter to the Secretary of State under section 19 of the Audit Commission Act 1998 because we have reason to believe that the Trust, or an officer of the Trust, is about to make, or has made, a decision involving unlawful expenditure, or is about to take, or has taken, unlawful action likely to cause a loss or deficiency; or
- ▶ we issue a report in the public interest under section 8 of the Audit Commission Act 1998.

We have nothing to report in these respects.

## Conclusion on the Trust's arrangements for securing economy, efficiency and effectiveness in the use of resources

### Respective responsibilities of the Trust and auditor

The Trust is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

We are required under Section 5 of the Audit Commission Act 1998 to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires us to report to you our conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission in October 2014.

We report if significant matters have come to our attention which prevent us from concluding that the Trust has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

### Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in October 2014, as to whether the Trust has proper arrangements for:

- ▶ securing financial resilience
- ▶ challenging how it secures economy, efficiency and effectiveness.

The Audit Commission has determined these two criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Trust put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2015.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Trust had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

### Conclusion

On the basis of our work, having regard to the guidance on the specified criteria published by the Audit Commission in October 2014, we are satisfied that in all significant respects Northern Devon Healthcare NHS Trust put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2015.

### Certificate

We certify that we have completed the audit of the accounts of Northern Devon Healthcare NHS Trust in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Elizabeth Cave  
for and on behalf of Grant Thornton UK LLP, Appointed Auditor  
Grant Thornton  
Hartwell House, 55-61 Victoria Street, Bristol, BS1 6FT

## Statement of Comprehensive Income for year ended 31 March 2015

	NOTE	2014-15 £000s	2013-14 £000s
Gross employee benefits	10.1	(155,372)	(150,605)
Other operating costs	8	(73,748)	(71,097)
Revenue from patient care activities	5	218,647	213,237
Other operating revenue	6	16,038	12,550
<b>Operating surplus/(deficit)</b>		<b>5,565</b>	<b>4,085</b>
Investment revenue	12	23	17
Other gains and (losses)	13		(2)
Finance costs	14	(1,055)	(1,047)
<b>Surplus/(deficit) for the financial year</b>		<b>4,532</b>	<b>3,053</b>
Public dividend capital dividends payable		(3,818)	(1,912)
Transfers by absorption - gains		0	0
Transfers by absorption - (losses)		0	0
<b>Net Gain/(loss) on transfers by absorption</b>		<b>0</b>	<b>0</b>
<b>Retained surplus/(deficit) for the year</b>		<b>714</b>	<b>1,141</b>
<b>Other Comprehensive Income</b>			
		£000s	£000s
Impairments and reversals taken to the revaluation reserve		(3,837)	1,138
Net gain/(loss) on revaluation of property, plant & equipment		6,057	7,639
Net gain/(loss) on revaluation of intangibles		0	0
Net gain/(loss) on revaluation of financial assets		0	0
Other gain /(loss) (explain in footnote below)		0	0
Net gain/(loss) on revaluation of available for sale financial assets		0	0
Net actuarial gain/(loss) on pension schemes		0	0
Other pension remeasurements		0	0
<b>Reclassification adjustments</b>			
On disposal of available for sale financial assets		0	0
<b>Total comprehensive income for the year*</b>		<b>2,934</b>	<b>9,918</b>
<b>Financial performance for the year</b>			
Retained surplus/(deficit) for the year		714	1,141
Prior period adjustment to correct errors and other performance adjustments		0	0
IFRIC 12 adjustment (including IFRIC 12 impairments)		298	167
Impairments (excluding IFRIC 12 impairments)		3,297	1,340
Adjustments in respect of donated asset reserve elimination		(1,972)	(408)
Adjustment re absorption accounting		0	0
<b>Adjusted retained surplus/(deficit)</b>		<b>2,337</b>	<b>2,240</b>

Impairments relate to devaluations of property in accordance with the full valuation of the estate undertaken by the District Valuer on 31.03.15

Income received in respect of the purchase of Property, Plant and Equipment and Intangibles is netted off against associated donated depreciation in the adjustment in respect of donated asset reserve elimination.

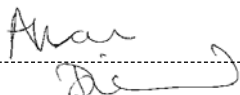
The notes on pages 78 to 116 form part of this account.

## Statement of Financial Position as at 31 March 2015

	NOTE	31 March 2015 £000s	31 March 2014 £000s
<b>Non-current assets:</b>			
Property, plant and equipment	15	133,754	131,235
Intangible assets	16	3,686	2,429
Investment property	18	0	0
Other financial assets		0	0
Trade and other receivables	22.1	983	982
<b>Total non-current assets</b>		<b>138,423</b>	<b>134,646</b>
<b>Current assets:</b>			
Inventories	21	3,132	2,627
Trade and other receivables	22.1	12,240	10,197
Other financial assets	24	0	0
Other current assets	25	0	0
Cash and cash equivalents	26	2,450	3,602
<b>Sub-total current assets</b>		<b>17,822</b>	<b>16,426</b>
Non-current assets held for sale	27	845	0
<b>Total current assets</b>		<b>18,667</b>	<b>16,426</b>
<b>Total assets</b>		<b>157,090</b>	<b>151,072</b>
<b>Current liabilities</b>			
Trade and other payables	28	(20,803)	(17,419)
Other liabilities	29	0	0
Provisions	35	(50)	(521)
Borrowings	30	(292)	(286)
Other financial liabilities	31	0	0
DH revenue support loan	30	0	0
DH capital loan	30	0	0
<b>Total current liabilities</b>		<b>(21,145)</b>	<b>(18,226)</b>
<b>Net current assets/(liabilities)</b>		<b>(2,478)</b>	<b>(1,800)</b>
<b>Total assets less current liabilities</b>		<b>135,945</b>	<b>132,846</b>
<b>Non-current liabilities</b>			
Trade and other payables	28	0	0
Other liabilities	31	0	0
Provisions	35	(39)	(30)
Borrowings	30	(8,320)	(8,613)
Other financial liabilities	31	0	0
DH revenue support loan	30	0	0
DH capital loan	30	0	0
<b>Total non-current liabilities</b>		<b>(8,359)</b>	<b>(8,643)</b>
<b>Total assets employed:</b>		<b>127,586</b>	<b>124,203</b>
<b>FINANCED BY:</b>			
Public Dividend Capital		55,040	54,591
Retained earnings		40,356	39,672
Revaluation reserve		32,190	29,940
Other reserves		0	0
<b>Total Taxpayers' Equity:</b>		<b>127,586</b>	<b>124,203</b>

The notes on pages 80 to 118 form part of this account.

The financial statements on pages 78 to 116 were approved by the Board on 2 June 2015 and signed on its behalf by

Chief Executive:  Date: 2 June 2015

## Statement of Changes in Taxpayers' Equity for the year ending 31 March 2015

	Public Dividend capital £000s	Retained earnings £000s	Revaluation reserve £000s	Other reserves £000s	Total reserves £000s
<b>Balance at 1 April 2014</b>	<b>54,591</b>	<b>39,672</b>	<b>29,940</b>	<b>0</b>	<b>124,203</b>
<b>Changes in taxpayers' equity for 2014-15</b>					
Retained surplus/(deficit) for the year		714			714
Net gain / (loss) on revaluation of property, plant, equipment			6,057		6,057
Net gain / (loss) on revaluation of intangible assets			0		0
Net gain / (loss) on revaluation of financial assets			0		0
Net gain / (loss) on revaluation of available for sale financial assets			0		0
Impairments and reversals			(3,837)		(3,837)
Other gains/(loss) (provide details below)				0	0
Transfers between reserves		(30)	30	0	0
<b>Reclassification Adjustments</b>					
Transfers to/(from) other bodies within the resource account boundary		0	0	0	0
Transfers between revaluation reserve & retained earnings in respect of assets transferred under absorption		0	0		0
On disposal of available for sale financial assets			0		0
Reserves eliminated on dissolution		0	0	0	0
Originating capital for Trust established in year	0				0
New temporary and permanent PDC received - cash	449				449
New temporary and permanent PDC repaid in year	0				0
PDC written off	0				0
Transferred to NHS Foundation Trust	0	0	0	0	0
Other movements	0	0	0	0	0
Net actuarial gain/(loss) on pension				0	0
Other pensions remeasurement				0	0
<b>Net recognised revenue/(expense) for the year</b>	<b>449</b>	<b>684</b>	<b>2,250</b>	<b>0</b>	<b>3,383</b>
<b>Balance at 31 March 2015</b>	<b>55,040</b>	<b>40,356</b>	<b>32,190</b>	<b>0</b>	<b>127,586</b>
<b>Balance at 1 April 2013</b>	<b>57,717</b>	<b>(5,298)</b>	<b>3,683</b>	<b>0</b>	<b>56,102</b>
<b>Changes in taxpayers' equity for the year ended 31 March 2014</b>					
Retained surplus/(deficit) for the year		1,141			1,141
Net gain / (loss) on revaluation of property, plant, equipment			7,639		7,639
Net gain / (loss) on revaluation of intangible assets			0		0
Net gain / (loss) on revaluation of financial assets			0		0
Net gain / (loss) on revaluation of assets held for sale			0		0
Impairments and reversals			1,138		1,138
Other gains / (loss)				0	0
Transfers between reserves		1,177	(1,177)	0	0
Transfers under Modified Absorption Accounting - PCTs & SHAs		61,303			61,303
Transfers under Modified Absorption Accounting - Other Bodies		0			0
<b>Reclassification Adjustments</b>					
Transfers to/(from) Other Bodies within the Resource Account Boundary	0	0	0	0	0
Transfers between revaluation reserve & retained earnings reserve in respect of assets transferred under absorption		0	0		0
On disposal of available for sale financial assets			0		0
Reserves eliminated on dissolution		0	0	0	0
Originating capital for Trust established in year	0				0
New temporary and permanent PDC received - cash	389				389
New PDC received/(repaid) - PCTs and SHAs legacy items paid for by DH	(3,515)				(3,515)
New temporary and permanent PDC repaid in year	0				0
PDC written off	0				0
Transferred to NHS Foundation Trust	0	0	0	0	0
Other movements	0	6	0	0	6
Net actuarial gain/(loss) on pension				0	0
Other pension remeasurement				0	0
<b>Net recognised revenue/(expense) for the year</b>	<b>(3,126)</b>	<b>63,627</b>	<b>7,600</b>	<b>0</b>	<b>68,101</b>
Transfers between reserves in respect of modified absorption - PCTs & SHAs		(18,657)	18,657	0	0
Transfers between reserves in respect of modified absorption - Other Bodies		0	0	0	0
<b>Balance at 31 March 2014</b>	<b>54,591</b>	<b>39,672</b>	<b>29,940</b>	<b>0</b>	<b>124,203</b>

## Statement of Cash Flows for the Year ended 31 March 2015

	NOTE	2014-15 £000s	2013-14 £000s
<b>Cash Flows from Operating Activities</b>			
Operating surplus/(deficit)		5,565	4,085
Depreciation and amortisation		8,741	8,392
Impairments and reversals		3,297	1,340
Other gains/(losses) on foreign exchange		0	0
Donated Assets received credited to revenue but non-cash		0	0
Government Granted Assets received credited to revenue but non-cash		0	0
Interest paid		(1,055)	(1,047)
Dividend (paid)/refunded		(4,042)	(1,628)
Release of PFI/deferred credit		0	0
(Increase)/Decrease in Inventories		(505)	49
(Increase)/Decrease in Trade and Other Receivables		(1,828)	7,193
(Increase)/Decrease in Other Current Assets		0	0
Increase/(Decrease) in Trade and Other Payables		3,197	(4,256)
(Increase)/Decrease in Other Current Liabilities		0	0
Provisions utilised		(27)	(282)
Increase/(Decrease) in movement in non cash provisions		(435)	502
<b>Net Cash Inflow/(Outflow) from Operating Activities</b>		<b>12,908</b>	<b>14,348</b>
<b>Cash Flows from Investing Activities</b>			
Interest Received		23	17
(Payments) for Property, Plant and Equipment		(12,169)	(9,340)
(Payments) for Intangible Assets		(2,087)	(1,299)
(Payments) for Investments with DH		0	0
(Payments) for Other Financial Assets		0	0
(Payments) for Financial Assets (LIFT)		0	0
Proceeds of disposal of assets held for sale (PPE)		10	10
Proceeds of disposal of assets held for sale (Intangible)		0	0
Proceeds from Disposal of Investment with DH		0	0
Proceeds from Disposal of Other Financial Assets		0	0
Proceeds from the disposal of Financial Assets (LIFT)		0	0
Loans Made in Respect of LIFT		0	0
Loans Repaid in Respect of LIFT		0	0
Rental Revenue		0	0
<b>Net Cash Inflow/(Outflow) from Investing Activities</b>		<b>(14,223)</b>	<b>(10,612)</b>
<b>Net Cash Inform / (outflow) before Financing</b>		<b>(1,315)</b>	<b>3,736</b>
<b>Cash Flows from Financing Activities</b>			
Gross Temporary and Permanent PDC Received		449	389
Gross Temporary and Permanent PDC Repaid		0	(3,515)
Loans received from DH - New Capital Investment Loans		0	0
Loans received from DH - New Revenue Support Loans (previously known as Working Capital Loans)		0	0
Other Loans Received		0	0
Loans repaid to DH - Capital Investment Loans Repayment of Principal		0	(500)
Loans repaid to DH - Working Capital Loans/Revenue Support Loans		0	0
Other Loans Repaid		0	0
Cash transferred to NHS Foundation Trusts or on dissolution		0	0
Capital Element of Payments in Respect of Finance Leases and On-SoFP PFI and LIFT		(286)	(294)
Capital grants and other capital receipts (excluding donated / government granted cash receipts)		0	0
<b>Net Cash Inflow/(Outflow) from Financing Activities</b>		<b>163</b>	<b>(3,920)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>(1,152)</b>	<b>(184)</b>
<b>Cash and Cash Equivalents (and Bank Overdraft) at Beginning of the Period</b>		<b>3,602</b>	<b>3,786</b>
Effect of exchange rate changes in the balance of cash held in foreign currencies		0	0
<b>Cash and Cash Equivalents (and Bank Overdraft) at year end</b>		<b>2,450</b>	<b>3,602</b>

## Notes to the accounts

### 1. Accounting Policies

The Secretary of State for Health has directed that the financial statements of NHS trusts shall meet the accounting requirements of the Department of Health Group Manual for Accounts, which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the DH Group Manual for Accounts 2014-15 issued by the Department of Health. The accounting policies contained in that manual follow International Financial Reporting Standards to the extent that they are meaningful and appropriate to the NHS, as determined by HM Treasury, which is advised by the Financial Reporting Advisory Board. Where the Manual for Accounts permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the trust for the purpose of giving a true and fair view has been selected. The particular policies adopted by the trust are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

#### 1.1 Accounting convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment, intangible assets, inventories and certain financial assets and financial liabilities.

#### 1.2 Acquisitions and discontinued operations

Activities are considered to be 'acquired' only if they are taken on from outside the public sector. Activities are considered to be 'discontinued' only if they cease entirely. They are not considered to be 'discontinued' if they transfer from one public sector body to another.

#### 1.3 Movement of assets within the DH Group

Transfers as part of reorganisation fall to be accounted for by use of absorption accounting in line with the Treasury FReM. The FReM does not require retrospective adoption, so prior year transactions (which have been accounted for under merger accounting) have not been restated. Absorption accounting requires that entities account for their transactions in the period in which they took place, with no restatement of performance required when functions transfer within the public sector. Where assets and liabilities transfer, the gain or loss resulting is recognised in the SOCNE/SOCNI, and is disclosed separately from operating costs.

Other transfers of assets and liabilities within the Group are accounted for in line with IAS20 and similarly give rise to income and expenditure entries.

For transfers of assets and liabilities from those NHS bodies that closed on 1 April 2013, Treasury agreed that a modified absorption approach should be applied. For these transactions and only in the prior-period, gains and losses are recognised in reserves rather than the SOCNE/SOCNI.

#### 1.4 Charitable Funds

Under the provisions of IFRS 10 Consolidated Financial Statements outlines the requirements for the preparation and presentation of consolidated financial statements, requiring entities to consolidate entities it controls. Control requires exposure or rights to variable returns and the ability to affect those returns through power over an investee. In accordance with IAS 1 Presentation of Financial Statements, restated prior period accounts are presented where the adoption of the new policy has a material impact.

In accordance with IAS1 Presentation of Financial Statements the Trust has reviewed the accounts of its NHS Charitable Fund and deemed it not material to be consolidated within the Trust's own accounts. Details of the charity and its transactions are shown at Note 45.

#### 1.5 Pooled Budgets

The Trust does not have any pooled budget arrangements.

#### 1.6 Critical accounting judgements and key sources of estimation uncertainty

In the application of the NHS trust's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from those estimates and the estimates and underlying assumptions are continually reviewed. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

##### 1.6.1 Critical judgements in applying accounting policies

The Trust has not made any specific critical judgements, apart from those involving estimations based on historical factors and other relevant information.

##### 1.6.2 Key sources of estimation uncertainty

The Trust does not have any areas of estimations uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

## 1.7 Revenue

Revenue in respect of services provided is recognised when, and to the extent that, performance occurs, and is measured at the fair value of the consideration receivable. The main source of revenue for the trust is from commissioners for healthcare services. Revenue relating to patient care spells that are part-completed at the year end are apportioned across the financial years on the basis of length of stay at the end of the reporting period compared to expected total length of stay to date compared to total expected costs.

Where income is received for a specific activity that is to be delivered in the following year, that income is deferred.

The NHS trust receives income under the NHS Injury Cost Recovery Scheme, designed to reclaim the cost of treating injured individuals to whom personal injury compensation has subsequently been paid e.g. by an insurer. The NHS trust recognises the income when it receives notification from the Department of Work and Pension's Compensation Recovery Unit that the individual has lodged a compensation claim. The income is measured at the agreed tariff for the treatments provided to the injured individual, less a provision for unsuccessful compensation claims and doubtful debts.

## 1.8 Employee Benefits

### Short-term employee benefits

Salaries, wages and employment-related payments are recognised in the period in which the service is received from employees. The cost of leave earned but not taken by employees at the end of the period is recognised in the financial statements to the extent that employees are permitted to carry forward leave into the following period.

### Retirement benefit costs

Past and present employees are covered by the provisions of the NHS Pensions Scheme. The scheme is an unfunded, defined benefit scheme that covers NHS employers, General Practices and other bodies, allowed under the direction of the Secretary of State, in England and Wales. The scheme is not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in the scheme is taken as equal to the contributions payable to the scheme for the accounting period.

For early retirements other than those due to ill health the additional pension liabilities are not funded by the scheme. The full amount of the liability for the additional costs is charged to expenditure at the time the Trust commits itself to the retirement, regardless of the method of payment.

## 1.9 Other expenses

Other operating expenses are recognised when, and to the extent that, the goods or services have been received.

They are measured at the fair value of the consideration payable.

## 1.10 Property, plant and equipment

### Recognition

Property, plant and equipment is capitalised if:

- ▶ it is held for use in delivering services or for administrative purposes;
- ▶ it is probable that future economic benefits will flow to, or service potential will be supplied to the Trust;
- ▶ it is expected to be used for more than one financial year;
- ▶ the cost of the item can be measured reliably; and
- ▶ the item has cost of at least £5,000; or
- ▶ Collectively, a number of items have a cost of at least £5,000 and individually have a cost of more than £250, where the assets are functionally interdependent, they had broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control; or
- ▶ Items form part of the initial equipping and setting-up cost of a new building, ward or unit, irrespective of their individual or collective cost.

Where a large asset, for example a building, includes a number of components with significantly different asset lives, the components are treated as separate assets and depreciated over their own useful economic lives.

### Valuation

All property, plant and equipment are measured initially at cost, representing the cost directly attributable to acquiring or constructing the asset and bringing it to the location and condition necessary for it to be capable of operating in the manner intended by management. All assets are measured subsequently at fair value.

Land and buildings used for the Trust's services or for administrative purposes are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation less any impairment.

Revaluations are performed with sufficient regularity to ensure that carrying amounts are not materially different from those that would be determined at the end of the reporting period. Fair values are determined as follows:

- ▶ Land and non-specialised buildings – market value for existing use
- ▶ Specialised buildings – depreciated replacement cost

HM Treasury has adopted a standard approach to depreciated replacement cost valuations based on modern equivalent assets and, where it would meet the location requirements of the service being provided, an alternative site can be valued.

Properties in the course of construction for service or administration purposes are carried at cost, less any impairment loss. Cost includes professional fees but not borrowing costs, which are recognised as expenses immediately, as allowed by IAS 23 for assets held at fair value. Assets are revalued and depreciation commences when they are brought into use.

Fixtures and equipment are carried at depreciated historic cost as this is not considered to be materially different from fair value.

An increase arising on revaluation is taken to the revaluation reserve except when it reverses an impairment for the same asset previously recognised in expenditure, in which case it is credited to expenditure to the extent of the decrease previously charged there. A revaluation decrease that does not result from a loss of economic value or service potential is recognised as an impairment charged to the revaluation reserve to the extent that there is a balance on the reserve for the asset and, thereafter, to expenditure. Impairment losses that arise from a clear consumption of economic benefit should be taken to expenditure. Gains and losses recognised in the revaluation reserve are reported as other comprehensive income in the Statement of Comprehensive Income.

#### Subsequent expenditure

Where subsequent expenditure enhances an asset beyond its original specification, the directly attributable cost is capitalised. Where subsequent expenditure restores the asset to its original specification, the expenditure is capitalised and any existing carrying value of the item replaced is written-out and charged to operating expenses.

### 1.11 Intangible assets

#### Recognition

Intangible assets are non-monetary assets without physical substance, which are capable of sale separately from the rest of the trust's business or which arise from contractual or other legal rights. They are recognised only when it is probable that future economic benefits will flow to, or service potential be provided to, the trust; where the cost of the asset can be measured reliably, and where the cost is at least £5000.

Intangible assets acquired separately are initially recognised at fair value. Software that is integral to the operating of hardware, for example an operating system, is capitalised as part of the relevant item of property, plant and equipment. Software that is not integral to the operation of hardware, for example application software, is capitalised as an intangible asset. Expenditure on research is not capitalised: it is recognised as an operating expense in the period in which it is incurred. Internally-generated assets are recognised if, and only if, all of the following have been demonstrated:

- ▶ the technical feasibility of completing the intangible asset so that it will be available for use

- ▶ the intention to complete the intangible asset and use it
- ▶ the ability to sell or use the intangible asset
- ▶ how the intangible asset will generate probable future economic benefits or service potential
- ▶ the availability of adequate technical, financial and other resources to complete the intangible asset and sell or use it
- ▶ the ability to measure reliably the expenditure attributable to the intangible asset during its development

#### Measurement

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the criteria above are initially met. Where no internally-generated intangible asset can be recognised, the expenditure is recognised in the period in which it is incurred.

Following initial recognition, intangible assets are carried at fair value by reference to an active market, or, where no active market exists, at amortised replacement cost (modern equivalent assets basis), indexed for relevant price increases, as a proxy for fair value. Internally-developed software is held at historic cost to reflect the opposing effects of increases in development costs and technological advances.

### 1.12 Depreciation, amortisation and impairments

Freehold land, properties under construction, and assets held for sale are not depreciated.

Otherwise, depreciation and amortisation are charged to write off the costs or valuation of property, plant and equipment and intangible non-current assets, less any residual value, over their estimated useful lives, in a manner that reflects the consumption of economic benefits or service potential of the assets. The estimated useful life of an asset is the period over which the NHS trust expects to obtain economic benefits or service potential from the asset. This is specific to the NHS trust and may be shorter than the physical life of the asset itself. Estimated useful lives and residual values are reviewed each year end, with the effect of any changes recognised on a prospective basis. Assets held under finance leases are depreciated over their estimated useful lives

At each reporting period end, the NHS trust checks whether there is any indication that any of its tangible or intangible non-current assets have suffered an impairment loss. If there is indication of an impairment loss, the recoverable amount of the asset is estimated to determine whether there has been a loss and, if so, its amount. Intangible assets not yet available for use are tested for impairment annually.

A revaluation decrease that does not result from a loss of economic value or service potential is recognised as an impairment charged to the revaluation reserve to the extent that there is a balance on the reserve for the asset and, thereafter, to expenditure. Impairment losses that arise from a clear consumption of economic benefit should be taken to expenditure. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of the recoverable amount but capped at the amount that would have been determined had there been no initial impairment loss. The reversal of the impairment loss is credited to expenditure to the extent of the decrease previously charged there and thereafter to the revaluation reserve.

Impairments are analysed between Departmental Expenditure Limits (DEL) and Annually Managed Expenditure (AME). This is necessary to comply with Treasury's budgeting guidance. DEL limits are set in the Spending Review and Departments may not exceed the limits that they have been set.

AME budgets are set by the Treasury and may be reviewed with departments in the run-up to the Budget. Departments need to monitor AME closely and inform Treasury if they expect AME spending to rise above forecast. Whilst Treasury accepts that in some areas of AME inherent volatility may mean departments do not have the ability to manage the spending within budgets in that financial year, any expected increases in AME require Treasury approval.

### 1.13 Donated assets

Donated non-current assets are capitalised at their fair value on receipt, with a matching credit to Income. They are valued, depreciated and impaired as described above for purchased assets. Gains and losses on revaluations, impairments and sales are as described above for purchased assets. Deferred income is recognised only where conditions attached to the donation preclude immediate recognition of the gain.

### 1.14 Government grants

The value of assets received by means of a government grant are credited directly to income. Deferred income is recognised only where conditions attached to the grant preclude immediate recognition of the gain.

### 1.15 Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met when the sale is highly probable, the asset is available for immediate sale in its present condition and management is committed to the sale, which is expected to qualify for recognition as a completed sale within one year from the date of classification. Non-current assets held for sale are measured at the lower of their previous carrying amount

and fair value less costs to sell. Fair value is open market value including alternative uses.

The profit or loss arising on disposal of an asset is the difference between the sale proceeds and the carrying amount and is recognised in the Statement of Comprehensive Income. On disposal, the balance for the asset on the revaluation reserve is transferred to retained earnings.

Property, plant and equipment that is to be scrapped or demolished does not qualify for recognition as held for sale. Instead, it is retained as an operational asset and its economic life is adjusted. The asset is de-recognised when it is scrapped or demolished.

## 1.16 Leases

Leases are classified as finance leases when substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases.

### The trust as lessee

Property, plant and equipment held under finance leases are initially recognised, at the inception of the lease, at fair value or, if lower, at the present value of the minimum lease payments, with a matching liability for the lease obligation to the lessor. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate on interest on the remaining balance of the liability. Finance charges are recognised in calculating the trust's surplus/deficit.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Lease incentives are recognised initially as a liability and subsequently as a reduction of rentals on a straight-line basis over the lease term.

Contingent rentals are recognised as an expense in the period in which they are incurred.

Where a lease is for land and buildings, the land and building components are separated and individually assessed as to whether they are operating or finance leases.

### The NHS trust as lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the NHS trust's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the trust's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

## 1.17 Private Finance Initiative (PFI) transactions

HM Treasury has determined that government bodies shall account for infrastructure PFI schemes where the government body controls the use of the infrastructure and the residual interest in the infrastructure at the end of the arrangement as service concession arrangements, following the principles of the requirements of IFRIC 12. The Trust therefore recognises the PFI asset as an item of property, plant and equipment together with a liability to pay for it. The services received under the contract are recorded as operating expenses.

The annual unitary payment is separated into the following component parts, using appropriate estimation techniques where necessary:

- a) Payment for the fair value of services received;
- b) Payment for the PFI asset, including finance costs; and
- c) Payment for the replacement of components of the asset during the contract 'lifecycle replacement'.

### Services received

The fair value of services received in the year is recorded under the relevant expenditure headings within 'operating expenses'.

### PFI Asset

The PFI assets are recognised as property, plant and equipment, when they come into use. The assets are measured initially at fair value in accordance with the principles of IAS 17. Subsequently, the assets are measured at fair value, which is kept up to date in accordance with the Trust's approach for each relevant class of asset in accordance with the principles of IAS 16.

### PFI liability

A PFI liability is recognised at the same time as the PFI assets are recognised. It is measured initially at the same amount as the fair value of the PFI assets and is subsequently measured as a finance lease liability in accordance with IAS 17.

An annual finance cost is calculated by applying the implicit interest rate in the lease to the opening lease liability for the period, and is charged to 'Finance Costs' within the Statement of Comprehensive Income.

The element of the annual unitary payment that is allocated as a finance lease rental is applied to meet the annual finance cost and to repay the lease liability over the contract term.

An element of the annual unitary payment increase due to cumulative indexation is allocated to the finance lease. In accordance with IAS 17, this amount is not included in the minimum lease payments, but is instead treated as contingent rent and is expensed as incurred.

In substance, this amount is a finance cost in respect of the liability and the expense is presented as a contingent finance cost in the Statement of Comprehensive Income.

### Lifecycle replacement

Components of the asset replaced by the operator during the contract ('lifecycle replacement') are capitalised where they meet the Trust's criteria for capital expenditure. They are capitalised at the time they are provided by the operator and are measured initially at their fair value.

The element of the annual unitary payment allocated to lifecycle replacement is pre-determined for each year of the contract from the operator's planned programme of lifecycle replacement. Where the lifecycle component is provided earlier or later than expected, a short-term finance lease liability or prepayment is recognised respectively.

Where the fair value of the lifecycle component is less than the amount determined in the contract, the difference is recognised as an expense when the replacement is provided. If the fair value is greater than the amount determined in the contract, the difference is treated as a 'free' asset and a deferred income balance is recognised. The deferred income is released to the operating income over the shorter of the remaining contract period or the useful economic life of the replacement component.

### Assets contributed by the NHS trust to the operator for use in the scheme

Assets contributed for use in the scheme continue to be recognised as items of property, plant and equipment in the NHS trust's Statement of Financial Position.

Other assets contributed by the NHS trust to the operator

Assets contributed (e.g. cash payments, surplus property) by the NHS trust to the operator before the asset is brought into use, which are intended to defray the operator's capital costs, are recognised initially as prepayments during the construction phase of the contract. Subsequently, when the asset is made available to the NHS trust, the prepayment is treated as an initial payment towards the finance lease liability and is set against the carrying value of the liability.

## 1.18 Inventories

Inventories are valued at the lower of cost and net realisable value using the first-in first-out cost formula. This is considered to be a reasonable approximation to fair value due to the high turnover of stocks.

## 1.19 Cash and cash equivalents

Cash is cash in hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in 3 months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and that form an integral part of the NHS trust's cash management.

## 1.20 Provisions

Provisions are recognised when the NHS trust has a present legal or constructive obligation as a result of a past event, it is probable that the NHS trust will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the expenditure required to settle the obligation at the end of the reporting period, taking into account the risks and uncertainties. Where a provision is measured using the cash flows estimated to settle the obligation, its carrying amount is the present value of those cash flows using HM Treasury's discount rate of 0.4% in real terms 2.35% for employee early departure obligations).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursements will be received and the amount of the receivable can be measured reliably.

A restructuring provision is recognised when the Trust has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with ongoing activities of the entity.

## 1.21 Clinical negligence costs

The NHS Litigation Authority (NHSLA) operates a risk pooling scheme under which the trust pays an annual contribution to the NHSLA which in return settles all clinical negligence claims. The contribution is charged to expenditure. Although the NHSLA is administratively responsible for all clinical negligence cases the legal liability remains with the NHS trust'. The total value of clinical negligence provisions carried by the NHSLA on behalf of the trust is disclosed at note 35.

## 1.22 Non-clinical risk pooling

The NHS trust participates in the Property Expenses Scheme and the Liabilities to Third Parties Scheme. Both are risk pooling schemes under which the NHS trust pays an annual contribution to the NHS Litigation Authority and, in return, receives assistance with the costs of claims arising. The annual membership contributions, and any excesses payable in respect of particular claims are charged to operating expenses as and when they become due.

## 1.23 Carbon Reduction Commitment Scheme (CRC)

CRC and similar allowances are accounted for as government grant funded intangible assets if they are not expected to be realised within twelve months, and otherwise as other current assets. They are valued at open market value. As the NHS body makes emissions, a provision is recognised with an offsetting transfer from deferred income. The provision is settled on surrender of the allowances. The asset, provision and deferred income amounts are valued at fair value at the end of the reporting period.

## 1.24 Contingencies

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the NHS trust, or a present obligation that is not recognised because it is not probable that a payment will be required to settle the obligation or the amount of the obligation cannot be measured sufficiently reliably. A contingent liability is disclosed unless the possibility of a payment is remote.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the NHS trust. A contingent asset is disclosed where an inflow of economic benefits is probable.

Where the time value of money is material, contingencies are disclosed at their present value.

## 1.25 Financial assets

Financial assets are recognised when the NHS trust becomes party to the financial instrument contract or, in the case of trade receivables, when the goods or services have been delivered. Financial assets are derecognised when the contractual rights have expired or the asset has been transferred.

Financial assets are classified into the following categories: financial assets at fair value through profit and loss; held to maturity investments; available for sale financial assets, and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

### Financial assets at fair value through profit and loss

The Trust has no material contracts that contain embedded derivatives.

### Held to maturity investments

The Trust has no held to maturity investments

### Available for sale financial assets

The Trust has no available for sale financial assets

## Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments which are not quoted in an active market. After initial recognition, they are measured at amortised cost using the effective interest method, less any impairment. Interest is recognised using the effective interest method.

Fair value is determined by reference to quoted market prices where possible.

The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, to the initial fair value of the financial asset.

At the end of the reporting period, the NHS trust assesses whether any financial assets, other than those held at 'fair value through profit and loss' are impaired. Financial assets are impaired and impairment losses recognised if there is objective evidence of impairment as a result of one or more events which occurred after the initial recognition of the asset and which has an impact on the estimated future cash flows of the asset.

For financial assets carried at amortised cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. The loss is recognised in expenditure and the carrying amount of the asset is reduced directly.

## 1.26 Financial liabilities

Financial liabilities are recognised on the statement of financial position when the NHS trust becomes party to the contractual provisions of the financial instrument or, in the case of trade payables, when the goods or services have been received. Financial liabilities are de-recognised when the liability has been discharged, that is, the liability has been paid or has expired.

Loans from the Department of Health are recognised at historical cost. Otherwise, financial liabilities are initially recognised at fair value.

### Financial guarantee contract liabilities

The trust has no financial guarantee liabilities

### Financial liabilities at fair value through profit and loss

The Trust has no material contract liabilities that contain embedded derivatives

### Other financial liabilities

After initial recognition, all other financial liabilities are measured at amortised cost using the effective interest method, except for loans from Department of Health, which are carried at historic cost. The effective interest rate is the rate that exactly discounts estimated future cash payments through the life of the asset, to the net carrying amount of the financial liability. Interest is recognised using the effective interest method.

## 1.27 Value Added Tax

Most of the activities of the trust are outside the scope of VAT and, in general, output tax does not apply and input tax on purchases is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

## 1.28 Foreign currencies

The Trust's functional currency and presentational currency is sterling. Transactions denominated in a foreign currency are translated into sterling at the exchange rate ruling on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the spot exchange rate on 31 March. Resulting exchange gains and losses for either of these are recognised in the trust's surplus/deficit in the period in which they arise.

## 1.29 Third party assets

Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the accounts since the trust has no beneficial interest in them. Details of third party assets are given in Note 44 to the accounts.

## 1.30 Public Dividend Capital (PDC) and PDC dividend

Public dividend capital represents taxpayers' equity in the NHS trust. At any time the Secretary of State can issue new PDC to, and require repayments of PDC from, the trust. PDC is recorded at the value received. As PDC is issued under legislation rather than under contract, it is not treated as an equity financial instrument.

An annual charge, reflecting the cost of capital utilised by the trust, is payable to the Department of Health as public dividend capital dividend. The charge is calculated at the real rate set by HM Treasury (currently 3.5%) on the average carrying amount of all assets less liabilities (except for donated assets and cash balances with the Government Banking Service). The average carrying amount of assets is calculated as a simple average of opening and closing relevant net assets.

## 1.31 Losses and Special Payments

Losses and special payments are items that Parliament would not have contemplated when it agreed funds for the health service or passed legislation. By their nature they are items that ideally should not arise. They are therefore subject to special control procedures compared with the generality of payments. They are divided into different categories, which govern the way that individual cases are handled.

Losses and special payments are charged to the relevant functional headings in expenditure on an accruals basis, including losses which would have been made good through insurance cover had NHS Trust not been bearing

their own risks (with insurance premiums then being included as normal revenue expenditure).

### 1.32 Subsidiaries

The Trust has no subsidiaries

### 1.33 Associates

The Trust has no associates

### 1.34 Joint arrangements

The Trust has no joint ventures

### 1.35 Research and Development

Research and development expenditure is charged against income in the year in which it is incurred, except insofar as development expenditure relates to a clearly defined project and the benefits of it can reasonably be regarded as assured. Expenditure so deferred is limited to the value of future benefits expected and is amortised through the SOCNE/SOCI on a systematic basis over the period expected to benefit from the project. It should be revalued on the basis of current cost. The amortisation is calculated on the same basis as depreciation, on a quarterly basis.

### 1.36 Accounting Standards that have been issued but have not yet been adopted

The Treasury FReM does not require the following Standards and Interpretations to be applied in 2014-15. The application of the Standards as revised would not have a material impact on the accounts for 2014-15, were they applied in that year:

IFRS 9 Financial Instruments – subject to consultation – subject to consultation

IFRS 13 Fair Value Measurement – subject to consultation

IFRS 15 Revenue from Contracts with Customers

### 1.37 Changes in account detail

Grey boxes in the accounts relate to additional disclosure in the current year which were not required by the Department of Health previously.

## 2. Pooled budget

The Trust has no pooled budgets arrangements.

## 3. Operating segments

The Trust has considered the requirements in IFRS8 for segmental analysis. Having reviewed the operating segments reported internally to the Board, the Trust is satisfied that it is appropriate to aggregate these as, in accordance with IFRS8: Operating Segments, they are similar in each of the following aspects:

- ▶ The nature of the products and services;
- ▶ The nature of the production processes;
- ▶ The type of customer for their products and services;
- ▶ The methods used to distribute their products or provide their services; and
- ▶ The nature of the regulatory environment.

The trust therefore has just one segment, "healthcare".

	Healthcare		Total	
	2014-15 £000s	2013-14 £000s	2014-15 £000s	2013-14 £000s
Income	<b>234,685</b>	225,787	<b>234,685</b>	225,787
Surplus/(Deficit)				
Segment surplus/(deficit)	<b>0</b>	0	<b>0</b>	0
Common costs	<b>(230,153)</b>	(222,734)	<b>(230,153)</b>	(222,734)
Surplus/(deficit) before interest	<b>4,532</b>	3,053	<b>4,532</b>	3,053
Net Assets:				
Segment net assets	<b>127,586</b>	124,203	<b>127,586</b>	124,203

## 4. Income generation activities

The Trust undertakes income generation activities with an aim of achieving profit, which is then used in patient care.

The Trust does not undertake any activities where the full costs exceed £1m.

## 5. Revenue from patient care activities

	2014-15 £000s	2013-14 £000s
NHS Trusts	55	43
NHS England	15,680	15,128
Clinical Commissioning Groups	192,406	187,969
Foundation Trusts	395	496
Department of Health	0	0
NHS Other (including Public Health England and Prop Co)	0	0
Additional income for delivery of healthcare services	0	
Non-NHS:		
Local Authorities	9,348	8,746
Private patients	327	315
Overseas patients (non-reciprocal)	15	10
Injury costs recovery	359	461
Other	62	69
<b>Total Revenue from patient care activities</b>	<b>218,647</b>	<b>213,237</b>

## 6. Other operating revenue

	2014-15 £000s	2013-14 £000s
Recoveries in respect of employee benefits	953	931
Patient transport services	0	0
Education, training and research	4,303	3,588
Charitable and other contributions to revenue expenditure - NHS	0	0
Charitable and other contributions to revenue expenditure -non- NHS	242	153
Receipt of donations for capital acquisitions - Charity	2,532	975
Support from DH for mergers	0	
Receipt of Government grants for capital acquisitions	0	0
Non-patient care services to other bodies	4,468	4,346
Income generation	862	884
Rental revenue from finance leases	0	0
Rental revenue from operating leases	0	0
<b>Other revenue</b>	<b>2,678</b>	<b>1,673</b>
<b>Total Other Operating Revenue</b>	<b>16,038</b>	<b>12,550</b>
<b>Total operating revenue</b>	<b>234,685</b>	<b>225,787</b>

## 7. Overseas Visitors Disclosure

	2014-15 £000s	2013-14 £000s
Income recognised during 2014-15 (invoiced amounts and accruals)	15	10
Cash payments received in-year (re receivables at 31 March 2014)	0	1
Cash payments received in-year (iro invoices issued 2014-15)	3	0
Amounts added to provision for impairment of receivables (re receivables at 31 March 2014)	0	0
Amounts added to provision for impairment of receivables (iro invoices issued 2014-15)	0	0
Amounts written off in-year (irrespective of year of recognition)	0	1

## 8. Operating expenses

	2014-15 £000s	2013-14 £000s
Services from other NHS Trusts	800	779
Services from CCGs/NHS England	73	0
Services from other NHS bodies	0	0
Services from NHS Foundation Trusts	3,576	4,608
<b>Total Services from NHS bodies*</b>	<b>4,449</b>	<b>5,387</b>
Purchase of healthcare from non-NHS bodies	0	0
Trust Chair and Non-executive Directors	50	54
Supplies and services - clinical	29,778	29,126
Supplies and services - general	6,740	6,929
Consultancy services	361	338
Establishment	5,038	4,920
Transport	1,331	1,125
Service charges - ON-SOFP PFIs and other service concession arrangements	371	
Service charges - On-SOFP LIFT contracts	0	
Total charges - Off-SOFP PFIs and other service concession arrangements	0	
Total charges - Off-SOFP LIFT contracts	0	
Business rates paid to local authorities	1,280	
Premises	7,602	8,825
Hospitality	61	51
Insurance	9	10
Legal Fees	329	378
Impairments and Reversals of Receivables	50	47
Inventories write down	0	0
Depreciation	7,911	7,577
Amortisation	830	815
Impairments and reversals of property, plant and equipment	3,295	1,340
Impairments and reversals of intangible assets	0	0
Impairments and reversals of financial assets	0	0
Impairments and reversals of non current assets held for sale	2	0
Audit fees	76	88
Other auditor's remuneration	12	0
Clinical negligence	2,589	2,602
Research and development (excluding staff costs)	0	0
Education and Training	879	659
Change in Discount Rate	0	0
Other	705	826
<b>Total Operating expenses (excluding employee benefits)</b>	<b>73,748</b>	<b>71,097</b>
<b>Employee Benefits</b>		
Employee benefits excluding Board members	154,390	149,560
Board members	982	1,045
<b>Total Employee Benefits</b>	<b>155,372</b>	<b>150,605</b>
<b>Total Operating Expenses</b>	<b>229,120</b>	<b>221,702</b>

## 8.1 Analysis of Depreciation and Amortisation

	2014-15 £000s	2013-14 £000s
8.1 Analysis of Depreciation and Amortisation	7353	7,012
Depreciation on donated assets	558	565
	<u>7,911</u>	<u>7,577</u>
Amortisation on owned assets	828	813
Amortisation on donated assets	2	2
	<u>830</u>	<u>815</u>
Total of depreciation and amortisation on owned assets	8,181	7,825
Total of depreciation and amortisation on donated assets	560	567
	<u>8,741</u>	<u>8,392</u>

## 9. Operating Leases

### 9.1 Trust as lessee

	Land £000s	Buildings £000s	Other £000s	2014-15 Total £000s	£000s
<b>Payments recognised as an expense</b>					
Minimum lease payments				455	307
Contingent rents				0	0
Sub-lease payments				0	0
<b>Total</b>				<u>455</u>	<u>307</u>
<b>Payable:</b>					
No later than one year	0	0	340	340	328
Between one and five years	0	0	251	251	326
After five years	0	0	0	0	0
<b>Total</b>	<u>0</u>	<u>0</u>	<u>591</u>	<u>591</u>	<u>654</u>
Total future sublease payments expected to be received:				<u>0</u>	<u>0</u>

### 9.2 Trust as lessor

The trust has no lessor agreements.

## 10. Employee benefits and staff numbers

### 10.1 Employee benefits

#### Employee Benefits - Gross Expenditure 2014-15

	Total £000s	Permanently employed £000s	Other £000s
<b>Employee Benefits - Gross Expenditure</b>			
Salaries and wages	134,172	118,182	15,990
Social security costs	9,766	9,766	0
Employer Contributions to NHS BSA - Pensions Division	14,300	14,300	0
Other pension costs	30	30	0
Termination benefits	0	0	0
<b>Total employee benefits</b>	<b>158,268</b>	<b>142,278</b>	<b>15,990</b>
<b>Employee costs capitalised</b>	<b>2,896</b>	<b>2,516</b>	<b>380</b>
<b>Gross Employee Benefits excluding capitalised costs</b>	<b>155,372</b>	<b>139,762</b>	<b>15,610</b>

#### Employee Benefits - Gross Expenditure 2013-14

	Total £000s	Permanently employed £000s	Other £000s
Salaries and wages	128,687	116,563	12,124
Social security costs	9,562	9,276	286
Employer Contributions to NHS BSA - Pensions Division	14,122	13,699	423
Other pension costs	34	34	0
Termination benefits	0	0	0
TOTAL - including capitalised costs	152,405	139,572	12,833
Employee costs capitalised	1,800	1,692	108
<b>Gross Employee Benefits excluding capitalised costs</b>	<b>150,605</b>	<b>137,880</b>	<b>12,725</b>

### 10.2 Staff Numbers

	2014-15		2013-14	
	Total Number	Permanently employed Number	Other Number	Total Number
<b>Average Staff Numbers</b>				
Medical and dental	281	250	31	291
Ambulance staff	2	2	0	2
Administration and estates	660	643	17	646
Healthcare assistants and other support staff	1,177	1,088	89	1,203
Nursing, midwifery and health visiting staff	1,208	1,108	100	1,221
Nursing, midwifery and health visiting learners	0	0	0	0
Scientific, therapeutic and technical staff	554	534	20	540
Social Care Staff	0	0	0	0
Other	0	0	0	0
<b>TOTAL</b>	<b>3,882</b>	<b>3,625</b>	<b>257</b>	<b>3,902</b>
Of the above - staff engaged on capital projects	52	40	12	44

### 10.3 Staff Sickness absence and ill health retirements

	2014-15 Number	2013-14 Number
Total Days Lost	27,343	31,153
Total Staff Years	3,593	3,540
<b>Average working Days Lost</b>	<b>7.61</b>	<b>8.80</b>
	<b>2014-15 Number</b>	<b>2013-14 Number</b>
Number of persons retired early on ill health grounds	3	11
	<b>£000s</b>	<b>£000s</b>
Total additional pensions liabilities accrued in the year	251	712

**10.4 Exit Packages agreed in 2014-15**

Exit package cost band (including any special payment element) 2014-15

	*Number of compulsory redundancies WHOLE NUMBERS ONLY	*Cost of compulsory redundancies £s	Number of other departures agreed WHOLE NUMBERS ONLY	Cost of other departures agreed £s	Total number of exit packages WHOLE NUMBERS ONLY	Total cost of exit packages £s	Number of departures where special payments have been made WHOLE NUMBERS ONLY	Cost of special payment element included in exit packages £s
Less than £10,000	3	19,864	5	24,805	8	44,669	0	0
£10,000-£25,000	0	0	0	0	0	0	0	0
£25,001-£50,000	0	0	0	0	0	0	0	0
£50,001-£100,000	0	0	0	0	0	0	0	0
£100,001 - £150,000	0	0	0	0	0	0	0	0
£150,001 - £200,000	0	0	0	0	0	0	0	0
>£200,000	0	0	0	0	0	0	0	0
<b>Total number of exit packages by type (total cost)</b>	<b>3</b>	<b>19,864</b>	<b>5</b>	<b>24,805</b>	<b>8</b>	<b>44,669</b>	<b>0</b>	<b>0</b>

Exit package cost band (including any special payment element) 2013-14

	*Number of compulsory redundancies WHOLE NUMBERS ONLY	*Cost of compulsory redundancies £s	Number of other departures agreed WHOLE NUMBERS ONLY	Cost of other departures agreed £s	Total number of exit packages WHOLE NUMBERS ONLY	Total cost of exit packages £s	Number of departures where special payments have been made WHOLE NUMBERS ONLY	Cost of special payment element included in exit packages £s
Less than £10,000	4	17,191	4	25,976	8	43,167	0	0
£10,000-£25,000	4	65,729	1	17,079	5	82,808	0	0
£25,001-£50,000	5	179,750	2	68,825	7	248,575	0	0
£50,001-£100,000	1	59,480	0	0	1	59,480	0	0
£100,001 - £150,000	0	0	0	0	0	0	0	0
£150,001 - £200,000	0	0	0	0	0	0	0	0
>£200,000	0	0	0	0	0	0	0	0
<b>Total number of exit packages by type (total cost)</b>	<b>14</b>	<b>322,150</b>	<b>7</b>	<b>111,880</b>	<b>21</b>	<b>434,030</b>	<b>0</b>	<b>0</b>

Redundancy and other departure costs have been paid in accordance with the provisions of the NHS Scheme. Exit costs in this note are accounted for in full in the year of departure. Where the trust has agreed early retirements, the additional costs are met by Northern Devon Healthcare NHS Trust and not by the NHS pensions scheme. Ill-health retirement costs are met by the NHS pensions scheme and are not included in the table.

This disclosure reports the number and value of exit packages agreed in the year. Note: The expense associated with these departures may have been recognised in part or in full in a previous period.

## 10.5 Exit packages - Other Departures analysis

	2014-15		2013-14	
	Agreements Number	Total value of agreements £000s	Agreements Number	Total value of agreements £000s
Voluntary redundancies including early retirement contractual costs	5	25	0	0
Mutually agreed resignations (MARS) contractual costs	0	0	7	112
Early retirements in the efficiency of the service contractual costs	0	0	0	0
Contractual payments in lieu of notice	0	0	0	0
Exit payments following Employment Tribunals or court orders	0	0	0	0
Non-contractual payments requiring HMT approval*	0	0	0	0
<b>Total</b>	<b>5</b>	<b>25</b>	<b>7</b>	<b>112</b>

### Non-contractual payments made to individuals where the payment value was more than 12 months of their annual salary

	0	0	0	0
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This disclosure reports the number and value of exit packages agreed in the year. Note: the expense associated with these departures may have been recognised in part or in full in a previous period.

As a single exit packages can be made up of several components each of which will be counted separately in this Note, the total number above will not necessarily match the total numbers in Note 10.4 which will be the number of individuals.

There were no non-contractual payments made to individuals where the payment value was more than 12 months' of their annual salary.

The Remuneration Report includes disclosure of exit payments payable to individuals named in that Report.

## 10.6 Pension costs

Past and present employees are covered by the provisions of the NHS Pensions Scheme. Details of the benefits payable under these provisions can be found on the NHS Pensions website at [www.nhsbsa.nhs.uk/pensions](http://www.nhsbsa.nhs.uk/pensions). The scheme is an unfunded, defined benefit scheme that covers NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State, in England and Wales. The scheme is not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS Body of participating in the scheme is taken as equal to the contributions payable to the scheme for the accounting period.

In order that the defined benefit obligations recognised in the financial statements do not differ materially from those that would be determined at the reporting date by a formal actuarial valuation, the FReM requires that “the period between formal valuations shall be four years, with approximate assessments in intervening years”. An outline of these follows:

### a) Full actuarial (funding) valuation

The purpose of this valuation is to assess the level of liability in respect of the benefits due under the scheme (taking into account its recent demographic experience), and to recommend the contribution rates.

The last published actuarial valuation undertaken for the NHS Pension Scheme was completed for the year ending 31 March 2012.

The Scheme Regulations allow contribution rates to be set by the Secretary of State for Health, with the consent of HM Treasury, and consideration of the advice of the Scheme Actuary and appropriate employee and employer representatives as deemed appropriate.

### b) Accounting valuation

A valuation of the scheme liability is carried out annually by the scheme actuary as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and are accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2015, is based on valuation data as 31 March 2014, updated to 31 March 2015 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

The latest assessment of the liabilities of the scheme is contained in the scheme actuary report, which forms part of the annual NHS Pension Scheme (England and Wales) Pension Accounts, published annually. These accounts can be viewed on the NHS Pensions website. Copies can also be obtained from The Stationery Office.

### c) Scheme provisions

The NHS Pension Scheme provided defined benefits, which are summarised below. This list is an illustrative guide only, and is not intended to detail all the benefits provided by the Scheme or the specific conditions that must be met before these benefits can be obtained:

The Scheme is a “final salary” scheme. Annual pensions are normally based on 1/80th for the 1995 section and of the best of the last three years pensionable pay for each year of service, and 1/60th for the 2008 section of reckonable pay per year of membership. Members who are practitioners as defined by the Scheme Regulations have their annual pensions based upon total pensionable earnings over the relevant pensionable service.

With effect from 1 April 2008 members can choose to give up some of their annual pension for an additional tax free lump sum, up to a maximum amount permitted under HMRC rules. This new provision is known as “pension commutation”.

Annual increases are applied to pension payments at rates defined by the Pensions (Increase) Act 1971, and are based on changes in retail prices in the twelve months ending 30 September in the previous calendar year. From 2011-12 the Consumer Price Index (CPI) has been used and replaced the Retail Prices Index (RPI).

Early payment of a pension, with enhancement, is available to members of the scheme who are permanently incapable of fulfilling their duties effectively through illness or infirmity. A death gratuity of twice final year's pensionable pay for death in service, and five times their annual pension for death after retirement is payable.

For early retirements other than those due to ill health the additional pension liabilities are not funded by the scheme. The full amount of the liability for the additional costs is charged to the employer.

Members can purchase additional service in the NHS Scheme and contribute to money purchase AVC's run by the Scheme's approved providers or by other Free Standing Additional Voluntary Contributions (FSAVC) providers.

## 11. Better Payment Practice Code

### 11.1 Measure of compliance

	2014-15 Number	2014-15 £000s	2013-14 Number	2013-14 £000s
<b>Non-NHS Payables</b>				
Total Non-NHS Trade Invoices Paid in the Year	63,172	70,480	62,597	66,980
Total Non-NHS Trade Invoices Paid Within Target	60,114	67,435	60,078	64,725
Percentage of NHS Trade Invoices Paid Within Target	<u>95.16%</u>	<u>95.68%</u>	<u>95.98%</u>	<u>96.63%</u>
<b>NHS Payables</b>				
Total NHS Trade Invoices Paid in the Year	2,166	77,394	2,533	87,634
Total NHS Trade Invoices Paid Within Target	2,110	76,567	2,386	85,507
Percentage of NHS Trade Invoices Paid Within Target	<u>97.41%</u>	<u>98.93%</u>	<u>94.20%</u>	<u>97.57%</u>

The Better Payment Practice Code requires the NHS body to aim to pay all valid invoices by the due date or within 30 days of receipt of a valid invoice, whichever is later.

### 11.2 The Late Payment of Commercial Debts (Interest) Act 1998

	2014-15 £000s	2013-14 £000s
Amounts included in finance costs from claims made under this legislation	0	0
Compensation paid to cover debt recovery costs under this legislation	0	0
<b>Total</b>	<u>0</u>	<u>0</u>

## 12. Investment Revenue

	2014-15 £000s	2013-14 £000s
<b>Rental revenue</b>		
PFI finance lease revenue (planned)	0	0
PFI finance lease revenue (contingent)	0	0
Other finance lease revenue	0	0
<b>Subtotal</b>	<u>0</u>	<u>0</u>
<b>Interest revenue</b>		
LIFT: equity dividends receivable	0	0
LIFT: loan interest receivable	0	0
Bank interest	23	17
Other loans and receivables	0	0
Impaired financial assets	0	0
Other financial assets	0	0
<b>Subtotal</b>	<u>23</u>	<u>17</u>
<b>Total investment revenue</b>	<u>23</u>	<u>17</u>

### 13. Other Gains and Losses

	2014-15 £000s	2013-14 £000s
Gain/(Loss) on disposal of assets other than by sale (PPE)	(1)	(2)
Gain/(Loss) on disposal of assets other than by sale (intangibles)	0	0
Gain/(Loss) on disposal of Financial Assets other than held for sale	0	0
Gain (Loss) on disposal of assets held for sale	0	0
Gain/(loss) on foreign exchange	0	0
Change in fair value of financial assets carried at fair value through the SoCI	0	0
Change in fair value of financial liabilities carried at fair value through the SoCI	0	0
Change in fair value of investment property	0	0
Recycling of gain/(loss) from equity on disposal of financial assets held for sale	0	0
<b>Total</b>	<b>(1)</b>	<b>(2)</b>

### 14. Finance Costs

	2014-15 £000s	2013-14 £000s
<b>Interest</b>		
Interest on loans and overdrafts	0	6
Interest on obligations under finance leases	0	1
Interest on obligations under PFI contracts:		
- main finance cost	671	693
- contingent finance cost	384	347
Interest on obligations under LIFT contracts:		
- main finance cost	0	0
- contingent finance cost	0	0
Interest on late payment of commercial debt	0	0
<b>Total interest expense</b>	<b>1,055</b>	<b>1,047</b>
Other finance costs	0	0
Provisions - unwinding of discount	0	0
<b>Total</b>	<b>1,055</b>	<b>1,047</b>

15.

**15.1 Property, plant and equipment**

2014-15

	Land £000's	Buildings excluding dwellings £000's	Dwellings £000's	Assets under construction & payments on account £000's	Plant & machinery £000's	Transport equipment £000's	Information technology £000's	Furniture & fittings £000's	Total £000's
<b>Cost or valuation:</b>									
<b>At 1 April 2014</b>	21,998	95,909	570	1,152	23,148	32	4,927	691	148,427
Additions of Assets Under Construction				2,292					2,292
Additions Purchased	0	3,908	100		2,663	0	842	26	7,539
Additions - Non Cash Donations (i.e. physical assets)	0	0	0	0	0	0	0	0	0
Additions - Purchases from Cash Donations & Government Grants	0	357	0	1,975	148	0	0	52	2,532
Additions Leased	0	0	0		0	0	0	0	0
Reclassifications	0	5,369	0	(5,391)	15	0	0	7	0
Reclassifications as Held for Sale and reversals	(293)	(602)	0	0	0	0	0	0	(895)
Disposals other than for sale	0	0	0	0	(2,782)	0	(164)	(77)	(3,023)
Upward revaluation/positive indexation	661	5,396	0	0	0	0	0	0	6,057
Impairments/negative indexation	(1,850)	(2,515)	(105)	0	0	0	0	0	(4,470)
Reversal of Impairments	0	603	30	0	0	0	0	0	633
Transfers to NHS Foundation Trust	0	0	0	0	0	0	0	0	0
Transfers (to)/from Other Public Sector Bodies under Absorption	0	0	0	0	0	0	0	0	0
Accounting	0	0	0	0	0	0	0	0	0
Accumulated Depreciation netted off following revaluation	(1,540)	(5,916)	(25)						(7,481)
<b>At 31 March 2015</b>	<b>18,976</b>	<b>102,509</b>	<b>570</b>	<b>28</b>	<b>23,192</b>	<b>32</b>	<b>5,605</b>	<b>699</b>	<b>151,611</b>
<b>Depreciation</b>									
<b>At 1 April 2014</b>	0	0	0	0	15,072	18	1,862	240	17,192
Reclassifications	0	0	0		0	0	0	0	0
Reclassifications as Held for Sale and reversals	0	(48)	0		0	0	0	0	(48)
Disposals other than for sale	0	0	0		(2,772)	0	(163)	(77)	(3,012)
Upward revaluation/positive indexation	0	0	0		0	0	0	0	0
Impairments	1,615	5,214	0	0	0	0	0	0	6,829
Reversal of Impairments	(75)	(3,459)	0	0	0	0	0	0	(3,534)
Charged During the Year	0	4,209	25		2,708	7	891	71	7,911
Transfers to NHS Foundation Trust	0	0	0	0	0	0	0	0	0
Transfers (to)/from Other Public Sector Bodies under Absorption	0	0	0	0	0	0	0	0	0
Accounting	0	0	0	0	0	0	0	0	0
Accumulated Depreciation netted off following revaluation	(1,540)	(5,916)	(25)						(7,481)
<b>At 31 March 2015</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>15,008</b>	<b>25</b>	<b>2,590</b>	<b>234</b>	<b>17,857</b>
<b>Net Book Value at 31 March 2015</b>	<b>18,976</b>	<b>102,509</b>	<b>570</b>	<b>28</b>	<b>8,184</b>	<b>7</b>	<b>3,015</b>	<b>465</b>	<b>133,754</b>
<b>Asset financing:</b>									
Owned - Purchased	18,376	79,351	570	27	7,562	7	3,010	390	109,293
Owned - Donated	600	8,712	0	1	622	0	5	75	10,015
Owned - Government Granted	0	0	0	0	0	0	0	0	0
Held on finance lease	0	0	0	0	0	0	0	0	0
On-SOFP PFI contracts	0	14,446	0	0	0	0	0	0	14,446
PFI residual: interests	0	0	0	0	0	0	0	0	0
<b>Total at 31 March 2015</b>	<b>18,976</b>	<b>102,509</b>	<b>570</b>	<b>28</b>	<b>8,184</b>	<b>7</b>	<b>3,015</b>	<b>465</b>	<b>133,754</b>

## 15.1 Property, plant and equipment

Revaluation Reserve Balance for Property, Plant & Equipment

2014-15

	Land £000's	Buildings £000's	Dwellings £000's	Assets under construction & payments on account £000's	Plant & machinery £000's	Transport equipment £000's	Information technology £000's	Furniture & fittings £000's	Total £000's
At 1 April 2014	6,874	22,738	201	0	123	0	0	4	29,940
Annual District Valuer Revaluation	(1,189)	3,514	(75)	0	0	0	0	0	2,250
<b>At 31 March 2015</b>	<b>5,685</b>	<b>26,252</b>	<b>126</b>	<b>0</b>	<b>123</b>	<b>0</b>	<b>0</b>	<b>4</b>	<b>32,190</b>

Additions to Assets Under Construction in 2014-15

	£000's
Land	0
Buildings excl Dwellings	2,292
Dwellings	0
Plant & Machinery	0
<b>Balance as at YTD</b>	<b>2,292</b>

## 15.2 Property, plant and equipment prior-year

2013-14

### Cost or valuation:

At 1 April 2013	6,570	40,041	570	18,775	12	3,625	377	70,035
Transfers under Modified Absorption Accounting - PCTs & SHAs	14,513	48,315	0	3,104	20	566	80	66,746
Transfers under Modified Absorption Accounting - Other Bodies	0	0	0	0	0	0	0	0
Additions of Assets Under Construction	0	3,263	52	1,448	0	1,565	220	1,871
Additions Purchased	0	0	0	0	0	0	0	0
Additions - Non Cash Donations (i.e. Physical Assets)	0	0	0	0	0	0	0	0
Additions - Purchases from Cash Donations & Government Grants	0	0	0	204	0	7	7	971
Additions Leased	0	0	0	0	0	0	0	(116)
Reclassifications	0	1,595	0	66	0	(51)	7	(52)
Reclassifications as Held for Sale and Reversals	0	0	0	(52)	0	0	0	(1,182)
Disposals other than for sale	0	0	(105)	(397)	0	(785)	0	7,639
Revaluation	940	6,699	30	0	0	0	0	(84)
Impairments/negative indexation charged to reserves	(25)	(20)	(39)	0	0	0	0	1,222
Reversal of Impairments charged to reserves	0	1,164	10	48	0	0	0	0
Transfers to Foundation Trust	0	0	0	0	0	0	0	0
Transfers (to)/from Other Public Sector Bodies under Absorption Accounting	0	0	0	0	0	0	0	0
Absorption Accounting	0	0	0	0	0	0	0	0
Accumulated Depreciation netted off following revaluation	0	(5,148)	(23)	0	0	0	0	(5,171)
At 31 March 2014	<b>21,998</b>	<b>95,909</b>	<b>570</b>	<b>23,148</b>	<b>32</b>	<b>4,927</b>	<b>691</b>	<b>148,427</b>

### Depreciation

At 1 April 2013	0	0	0	12,610	10	1,897	151	14,668
Reclassifications	0	0	0	0	0	0	0	0
Reclassifications as Held for Sale and Reversals	0	0	0	(44)	0	0	0	(44)
Disposals other than for sale	0	0	0	(393)	0	(785)	0	(1,178)
Revaluation	0	0	0	0	0	0	0	0
Impairments/negative indexation charged to operating expenses	0	1,694	0	0	0	0	0	1,694
Reversal of Impairments charged to operating expenses	0	(354)	0	0	0	0	0	(354)
Charged During the Year	0	3,808	23	2,899	8	750	89	7,577
Transfers to Foundation Trust	0	0	0	0	0	0	0	0
Transfers (to)/from Other Public Sector Bodies under Absorption Accounting	0	0	0	0	0	0	0	0
Absorption Accounting	0	0	0	0	0	0	0	0
Accumulated Depreciation netted off following revaluation	0	(5,148)	(23)	0	0	0	0	(5,171)
At 31 March 2014	<b>0</b>	<b>0</b>	<b>0</b>	<b>15,072</b>	<b>18</b>	<b>1,862</b>	<b>240</b>	<b>17,192</b>
<b>Net Book Value at 31 March 2014</b>	21,998	95,909	570	8,076	14	3,065	451	131,235

### Asset financing:

Owned - Purchased	20,598	75,233	570	7,318	14	3,059	417	107,529
Owned - Donated	1,400	6,911	0	758	0	6	34	9,941
Owned - Government Granted	0	0	0	0	0	0	0	0
Held on finance lease	0	0	0	0	0	0	0	0
On-SOFP PFI contracts	0	13,765	0	0	0	0	0	13,765
PFI residual: interests	0	0	0	0	0	0	0	0
Total at 31 March 2014	<b>21,998</b>	<b>95,909</b>	<b>570</b>	<b>8,076</b>	<b>14</b>	<b>3,065</b>	<b>451</b>	<b>131,235</b>

### 15.3 Property, plant and equipment

Various donors have funded assets during the year, including League of Friends of all hospitals and the Northern Devon Healthcare Trust Charitable Fund.

All land and buildings are restated to current modern equivalent asset value using professional valuations in accordance with IAS16 every five years and in the intervening years by annual desk top exercise undertaken by the District Valuer, an arm of the Valuation Office, which is an executive agency of HM Revenue and Customs. A professional valuation from the District Valuer has been undertaken at the end of the year and the revaluation has been applied to all land and buildings. In 2014/15, the District Valuer undertook a full revaluation on 31st March 2015 of all land and buildings and this has resulted in a downward valuation of approximately £52,000. The next full valuation will be due in five years time.

Of the land value £300,000 relates to land associated with dwellings.

Economic lives of fixed assets

	<b>Min life Years</b>	<b>Max life Years</b>
Software Licences	5	5
Licences and trademarks	5	5
Development Expenditure	5	5
IT - in house & 3rd Party Software	5	5
Buildings exc dwellings	2	75
Dwellings	8	38
Plant & Machinery	5	15
Transport Equipment	7	7
Information Technology	3	5
Furniture and Fittings	10	10

## 16.

## 16.1 Intangible non-current assets

2014-15	IT - in-house & 3rd party software	Computer Licenses	Licenses and Trademarks	Patents	Development Expenditure - Internally Generated	Total
	£000's	£000's	£000's	£000's	£000's	£000's
<b>At 1 April 2014</b>	<b>0</b>	<b>2,525</b>	<b>1,225</b>	<b>0</b>	<b>421</b>	<b>4,171</b>
Additions Purchased	0	244	302	0	1,541	2,087
Additions Internally Generated	0	0	0	0	0	0
Additions - Non Cash Donations (i.e. physical assets)	0	0	0	0	0	0
Additions - Purchases from Cash Donations and Government Grants	0	0	0	0	0	0
Additions Leased	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0
Reclassified as Held for Sale and Reversals	0	0	0	0	0	0
Disposals other than by sale	0	(35)	(3)	0	0	(38)
Revaluation & indexation gains	0	0	0	0	0	0
Impairments charged to reserves	0	0	0	0	0	0
Reversal of impairments charged to reserves	0	0	0	0	0	0
Transfer to NHS Foundation Trust	0	0	0	0	0	0
Transfer (to)/from Other Public Sector bodies under Absorption Accounting	0	0	0	0	0	0
<b>At 31 March 2015</b>	<b>0</b>	<b>2,734</b>	<b>1,524</b>	<b>0</b>	<b>1,962</b>	<b>6,220</b>
<b>Amortisation</b>						
<b>At 1 April 2014</b>	<b>0</b>	<b>1,191</b>	<b>492</b>	<b>0</b>	<b>59</b>	<b>1,742</b>
Reclassifications	0	0	0	0	0	0
Reclassified as Held for Sale and Reversals	0	0	0	0	0	0
Disposals other than by sale	0	(35)	(3)	0	0	(38)
Revaluation or indexation gains	0	0	0	0	0	0
Impairments charged to operating expenses	0	0	0	0	0	0
Reversal of impairments charged to operating expenses	0	0	0	0	0	0
Charged during the year	0	424	406	0	0	830
Transfer to NHS Foundation Trust	0	0	0	0	0	0
Transfer (to)/from Other Public Sector bodies under Absorption Accounting	0	0	0	0	0	0
<b>At 31 March 2015</b>	<b>0</b>	<b>1,580</b>	<b>895</b>	<b>0</b>	<b>59</b>	<b>2,534</b>
<b>Net Book Value at 31 March 2015</b>	<b>0</b>	<b>1,154</b>	<b>629</b>	<b>0</b>	<b>1,903</b>	<b>3,686</b>
<b>Asset Financing: Net book value at 31 March 2015 comprises:</b>						
Purchased	0	1,154	625	0	1,903	3,682
Donated	0	0	4	0	0	4
Government Granted	0	0	0	0	0	0
Finance Leased	0	0	0	0	0	0
On-balance Sheet PFIs	0	0	0	0	0	0
<b>Total at 31 March 2015</b>	<b>0</b>	<b>1,154</b>	<b>629</b>	<b>0</b>	<b>1,903</b>	<b>3,686</b>
<b>Revaluation reserve balance for intangible non-current assets</b>						
	£000's	£000's	£000's	£000's	£000's	£000's
<b>At 1 April 2014</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Movements (specify)	0	0	0	0	0	0
<b>At 31 March 2015</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**16.2 Intangible non-current assets prior year**

2013-14	IT - in-house & 3rd party software £000s	Computer Licenses £000s	Licenses and Trademarks £000s	Patents £000s	Development Expenditure - Internally Generated £000s	Total £000s
Cost or valuation:						
At 1 April 2013	0	1,706	809	0	92	2,607
Transfers under Modified Absorption Accounting - PCTs & SHAs	0	0	149	0	0	149
Transfers under Modified Absorption Accounting - Other Bodies	0	0	0	0	0	0
Additions - purchased	0	703	264	0	329	1,296
Additions - internally generated	0	0	0	0	0	0
Additions - donated	0	0	3	0	0	3
Additions - government granted	0	0	0	0	0	0
Additions Leased	0	0	0	0	0	0
Reclassifications	0	116	0	0	0	116
Reclassified as held for sale	0	0	0	0	0	0
Disposals other than by sale	0	0	0	0	0	0
Revaluation & indexation gains	0	0	0	0	0	0
Impairments	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0
Transfer to NHS Foundation Trust	0	0	0	0	0	0
Transfer (to)/from Other Public Sector bodies under Absorption Accounting	0	0	0	0	0	0
At 31 March 2014	0	2,525	1,225	0	421	4,171
Amortisation						
At 1 April 2013	0	751	172	0	4	927
Reclassifications	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0
Disposals other than by sale	0	0	0	0	0	0
Revaluation or indexation gains	0	0	0	0	0	0
Impairments charged to operating expenses	0	0	0	0	0	0
Reversal of impairments charged to operating expenses	0	0	0	0	0	0
Charged during the year	0	440	320	0	55	815
Transfer to NHS Foundation Trust	0	0	0	0	0	0
Transfer (to)/from Other Public Sector bodies under Absorption Accounting	0	0	0	0	0	0
At 31 March 2014	0	1,191	492	0	59	1,742
Net book value at 31 March 2014	0	1,334	733	0	362	2,429
Net book value at 31 March 2014 comprises:						
Purchased	0	1,334	727	0	362	2,423
Donated			6			6
Government Granted						0
Total at 31 March 2014	0	1,334	733	0	362	2,429

## 17. Analysis of impairments and reversals recognised in 2014-15

	Total	Property Plant and Equipment	Intangible Assets	Financial Assets	Non- Current Assets Held for Sale
	£000s	£000s	£000s	£000s	£000s
<b>Impairments and reversals taken to SoCI</b>					
Loss or damage resulting from normal operations	0	0	0	0	0
Over-specification of assets	0	0	0		
Abandonment of assets in the course of construction	0	0	0		0
<b>Total charged to Departmental Expenditure Limit</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Unforeseen obsolescence	0	0	0		0
Loss as a result of catastrophe	0	0	0	0	0
Other	3,297	3,295	0	0	2
Changes in market price	0	0	0		0
<b>Total charged to Annually Managed Expenditure</b>	<b>3,297</b>	<b>3,295</b>	<b>0</b>	<b>0</b>	<b>2</b>
<b>Total Impairments of Property, Plant and Equipment changed to SoCI</b>	<b>3,297</b>	<b>3,295</b>	<b>0</b>	<b>0</b>	<b>2</b>

### Donated and Gov Granted Assets, included above

PPE - Donated and Government Granted Asset Impairments:  
amount charged to SOCI - DEL

Intangibles - Donated and Government Granted Asset  
Impairments: amount charged to SOCI - DEL

£000s

415

0

## 18. Investment property

The Trust has no investment property.

## 19. Commitments

### 19.1 Capital commitments

Contracted capital commitments at 31 March not otherwise included in these financial statements:

	31 March 2015 £000s	31 March 2014 £000s
Property, plant and equipment	0	2,649
Intangible assets	0	0
<b>Total</b>	<b>0</b>	<b>2,649</b>

At the end of the last year two large build projects were in progress which were completed in year. There were no build projects running over the year end at 31 March 2015.

### 19.2 Other financial commitments

The trust has not entered into non-cancellable contracts (which are not leases or PFI contracts or other service concession arrangements).

## 20. Intra-Government and other balances

	Current receivables £000s	Non-current receivables £000s	Current payables £000s	Non-current payables £000s
Balances with Other Central Government Bodies	9	0	4,696	0
Balances with Local Authorities	1,324	0	40	0
Balances with NHS bodies outside the Departmental Group	0	0	0	0
Balances with NHS bodies inside the Departmental Group	6,850	0	3,031	0
Balances with Public Corporations and Trading Funds	0	0	1,969	0
Balances with Bodies External to Government	4,057	983	11,359	8,320
<b>At 31 March 2015</b>	<b>12,240</b>	<b>983</b>	<b>21,095</b>	<b>8,320</b>
<b>prior period:</b>				
Balances with Other Central Government Bodies	5,045	0	5,562	0
Balances with Local Authorities	925	0	2	0
Balances with NHS bodies outside the Departmental Group	0	0	5	0
Balances with NHS Trusts and FTs	893	0	577	0
Balances with Public Corporations and Trading Funds	0	0	115	0
Balances with Bodies External to Government	3,334	982	11,444	8,613
<b>At 31 March 2014</b>	<b>10,197</b>	<b>982</b>	<b>17,705</b>	<b>8,613</b>

## 21. Inventories

	Drugs £000s	Consumables £000s	Work in Progress £000s	Energy £000s	Loan Equipment £000s	Other £000s	Total £000s
<b>Balance at 1 April 2014</b>	<b>920</b>	<b>1,579</b>	<b>0</b>	<b>128</b>	<b>0</b>	<b>0</b>	<b>2,627</b>
Additions	13,526	18,157	0	40	0	0	31,723
Inventories recognised as an expense in the period	(13,178)	(17,983)	0	(57)	0	0	(31,218)
Write-down of inventories (including losses)	0	0	0	0	0	0	0
Reversal of write-down previously taken to SOCI	0	0	0	0	0	0	0
Transfers (to) Foundation Trusts	0	0	0	0	0	0	0
Transfers (to)/from Other Public Sector Bodies under Absorption Accounting	0	0	0	0	0	0	0
<b>Balance at 1 April 2015</b>	<b>1,268</b>	<b>1,753</b>	<b>0</b>	<b>111</b>	<b>0</b>	<b>0</b>	<b>3,132</b>

## 22.

**22.1 Trade and other receivables**

	Current		Non-current	
	31 March 2015 £000s	31 March 2014 £000s	31 March 2015 £000s	31 March 2014 £000s
NHS receivables - revenue	6,820	5,647	0	0
NHS receivables - capital	0	0	0	0
NHS prepayments and accrued income	0	0	0	0
Non-NHS receivables - revenue	2,600	1,786	1,222	1,166
Non-NHS receivables - capital	347	131	0	0
Non-NHS prepayments and accrued income	1,624	1,686	0	0
PDC Dividend prepaid to DH	30			
Provision for the impairment of receivables	(3)	(8)	(239)	(184)
VAT	685	866	0	0
Current/non-current part of PFI and other PPP arrangements prepayments and accrued income	0	0	0	0
Interest receivables	0	0	0	0
Finance lease receivables	0	0	0	0
Operating lease receivables	0	0	0	0
Other receivables	137	89	0	0
<b>Total</b>	<b>12,240</b>	<b>10,197</b>	<b>983</b>	<b>982</b>
<b>Total current and non current</b>	<b>13,223</b>	<b>11,179</b>		
Included in NHS receivables are prepaid pension contributions:	0			

The great majority of trade is with NHS Clinical Commissioning Groups (CCGs). As CCG's are funded by Government to buy NHS patient care services, no credit scoring of them is considered necessary.

**22.2 Receivables past their due date but not impaired**

	31 March 2015 £000s	31 March 2014 £000s
By up to three months	546	213
By three to six months	50	206
By more than six months	263	678
<b>Total</b>	<b>859</b>	<b>1,097</b>

**22.3 Provision for impairment of receivables**

	31 March 2015 £000s	31 March 2014 £000s
<b>Balance at 1 April 2014</b>	<b>(192)</b>	<b>(145)</b>
Transfers under Modified Absorption Accounting - PCTs & SHAs		0
Transfers under Modified Absorption Accounting - Other Bodies		0
Amount written off during the year	0	0
Amount recovered during the year	0	0
(Increase)/decrease in receivables impaired	(50)	(47)
Transfer to NHS Foundation Trust	0	
Transfers (to)/from Other Public Sector Bodies under Absorption Accounting	0	0
<b>Balance at 31 March 2015</b>	<b>(242)</b>	<b>(192)</b>

## 23. NHS LIFT investments

The Trust has no LIFT investments.

## 24.

### 24.1 Other Financial Assets - Current

The Trust has no other financial assets to report.

### 24.2 Other Financial Assets - Non Current

The Trust has no other financial non current assets to report.

## 25. Other current assets

The Trust has no other current assets to report.

## 26. Cash and Cash Equivalents

	31 March 2015 £000s	31 March 2014 £000s
<b>Opening balance</b>	3,602	3,786
Net change in year	(1,152)	(184)
<b>Closing balance</b>	<u>2,450</u>	<u>3,602</u>
<b>Made up of</b>		
Cash with Government Banking Service	2,438	3,590
Commercial banks	0	0
Cash in hand	12	12
Liquid deposits with NLF	0	0
Current investments	0	0
<b>Cash and cash equivalents as in statement of financial position</b>	<u>2,450</u>	<u>3,602</u>
Bank overdraft - Government Banking Service	0	0
Bank overdraft - Commercial banks	0	0
<b>Cash and cash equivalents as in statement of cash flows</b>	<u>2,450</u>	<u>3,602</u>
Patients' money held by the Trust, not included above	<u>4</u>	<u>2</u>

## 27. Non-current assets held for sale

	Land	Buildings, excl. dwellings	Dwellings	Asset Under Construction and Payments on Account	Plant and Machinery	Transport and Equipment	Information Technology	Furniture and Fittings	Intangible Assets	Financial Assets	Total
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
<b>Balance at 1 April 2014</b>	0	0	0	0	0	0	0	0	0	0	0
Plus assets classified as held for sale in the year	293	554	0	0	0	0	0	0	0	0	847
Less assets sold in the year	0	0	0	0	0	0	0	0	0	0	0
Less impairment of assets held for sale	0	(2)	0	0	0	0	0	0	0	0	(2)
Plus reversal of impairment of assets held for sale	0	0	0	0	0	0	0	0	0	0	0
Less assets no longer classified as held for sale, for reasons other than disposal by sale	0	0	0	0	0	0	0	0	0	0	0
Transfers to Foundation Trust	0	0	0	0	0	0	0	0	0	0	0
Transfers (to)/from Other Public Sector Bodies under Absorption Accounting	0	0	0	0	0	0	0	0	0	0	0
<b>Balance at 31 March 2015</b>	293	552	0	0	0	0	0	0	0	0	845
<b>Liabilities associated with assets held for sale at 31 March 2015</b>	0	0	0	0	0	0	0	0	0	0	0
<b>Balance at 1 April 2013</b>	0	0	0	0	0	0	0	0	0	0	0
Transfers under Modified Absorption Accounting - PCITs & SHAs	0	0	0	0	0	0	0	0	0	0	0
Transfers under Modified Absorption Accounting - Other Bodies	0	0	0	0	0	0	0	0	0	0	0
Plus assets classified as held for sale in the year	0	0	0	0	0	8	0	0	0	0	8
Less assets sold in the year	0	0	0	0	0	(8)	0	0	0	0	(8)
Less impairment of assets held for sale	0	0	0	0	0	0	0	0	0	0	0
Plus reversal of impairment of assets held for sale	0	0	0	0	0	0	0	0	0	0	0
Less assets no longer classified as held for sale, for reasons other than disposal by sale	0	0	0	0	0	0	0	0	0	0	0
Transfers to Foundation Trust	0	0	0	0	0	0	0	0	0	0	0
Transfers (to)/from other public sector bodies	0	0	0	0	0	0	0	0	0	0	0
<b>Balance at 31 March 2014</b>	0	0	0	0	0	0	0	0	0	0	0
<b>Liabilities associated with assets held for sale at 31 March 2014</b>	0	0	0	0	0	0	0	0	0	0	0

A small number of equipment items were sold in the year.

During 2014-15, three sites have been identified as surplus to requirements and have been made available for sale.

The sites are Woodcotes at Crediton Hospital, the Gardener's Cottage at East Budleigh Road and property at Whipton Barton Road, Exeter.

## 28. Trade and other payables

	Current		Non-current	
	31 March 2015 £000s	31 March 2014 £000s	31 March 2015 £000s	31 March 2014 £000s
NHS payables - revenue	2,749	1,541	0	0
NHS payables - capital	0	0	0	0
NHS accruals and deferred income	282	0	0	0
Non-NHS payables - revenue	9,577	6,506	0	0
Non-NHS payables - capital	1,047	860	0	0
Non-NHS accruals and deferred income	3,167	2,281	0	0
Social security costs	1,314	1,268		
PDC Dividend payable to DH	0	0		
VAT	0	0	0	0
Tax	1,372	1,286		
Payments received on account	0	0	0	0
Other	1,295	3,677	0	0
<b>Total</b>	<b>20,803</b>	<b>17,419</b>	<b>0</b>	<b>0</b>
<b>Total payables (current and non-current)</b>	<b>20,803</b>	<b>17,419</b>		

### Included above:

to Buy Out the Liability for Early Retirements Over 5 Years	0	0
number of Cases Involved (number)	0	0
outstanding Pension Contributions at the year end	2,008	1,904

## 29. Other liabilities

The Trust has no other liabilities to report.

## 30. Borrowings

	Current		Non-current	
	31 March 2015 £000s	31 March 2014 £000s	31 March 2015 £000s	31 March 2014 £000s
Bank overdraft - Government Banking Service	0	0		
Bank overdraft - commercial banks	0	0		
Loans from Department of Health	0	0	0	0
Loans from other entities	0	0	0	0
<b>PFI liabilities:</b>				
Main liability	292	286	8,320	8,613
Lifecycle replacement received in advance	0	0	0	0
<b>LIFT liabilities:</b>				
Main liability	0	0	0	0
Lifecycle replacement received in advance	0	0	0	0
Finance lease liabilities	0	0	0	0
Other (describe)	0	0	0	0
<b>Total</b>	<b>292</b>	<b>286</b>	<b>8,320</b>	<b>8,613</b>
<b>Total other liabilities (current and non-current)</b>	<b>8,612</b>	<b>8,899</b>		

### Borrowings / Loans - repayment of principal falling due in:

	31 March 2015 DH £000s	Other £000s	Total £000s
0-1 Years	0	292	292
1 - 2 Years	0	682	682
2 - 5 Years	0	617	617
Over 5 Years	0	7,022	7,022
<b>TOTAL</b>	<b>0</b>	<b>8,613</b>	<b>8,613</b>

### 31. Other financial liabilities

The Trust has no other financial liabilities to report.

### 32. Deferred revenue

	Current		Non-current	
	31 March 2015 £000s	31 March 2014 £000s	31 March 2015 £000s	31 March 2014 £000s
Opening balance at 1 April 2014	944	348	0	0
Deferred revenue addition	716	1,057	0	0
Transfer of deferred revenue	(828)	(461)	0	0
Current deferred Income at 31 March 2015	<u>832</u>	<u>944</u>	<u>0</u>	<u>0</u>
Total deferred income (current and non-current)	<u>832</u>	<u>944</u>		

Deferred Income includes contributions towards Maternity Pathways and AQP Audiology Pathways received in advance.

### 33. Finance lease obligations as lessee

The Trust has no current lease obligations as a lessee.

### 34. Finance lease receivables as lessor

The Trust has no current lease obligations as a lessor.

## 35. Provisions

	Total £000s	Comprising: Early Departure Costs £000s	Legal Claims £000s	Restructuring £000s	Continuing Care £000s	Equal Pay (incl. Agenda for Change £000s	Other £000s	Redundancy £000s
<b>Balance at 1 April 2014</b>	<b>551</b>	0	85	0	0	0	466	0
Arising during the year	48	0	48	0	0	0	0	0
Utilised during the year	(27)	0	(27)	0	0	0	0	0
Reversed unused	(483)	0	(17)	0	0	0	(466)	0
Unwinding of discount	0	0	0	0	0	0	0	0
Change in discount rate	0	0	0	0	0	0	0	0
Transfers to NHS Foundation Trusts (for Trusts becoming FTs only)	0	0	0	0	0	0	0	0
Transfers (to)/from other public sector bodies under absorption accounting	0	0	0	0	0	0	0	0
<b>Balance at 31 March 2015</b>	<b>89</b>	<b>0</b>	<b>89</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Expected Timing of Cash Flows:</b>								
No Later than One Year	50	0	50	0	0	0	0	0
Later than One Year and not later than Five Years	39	0	39	0	0	0	0	0
Later than Five Years	0	0	0	0	0	0	0	0
Amount Included in the Provisions of the NHS Litigation Authority in Respect of Clinical Negligence Liabilities:								
As at 31 March 2015	33,370							
As at 31 March 2014	24,392							

Legal Claims - relates to provisions for the member's excess due in Employer Liability cases as notified by the NHS Litigation Authority. The provision reflects the excess due by the Trust since the NHS Litigation Authority make the majority of payments and recharge the Trust in due course. An associated contingent liability of £48,000 is shown in note 36 (2013/14 £39,000).

## 36. Contingencies

	31 March 2015 £000s	31 March 2014 £000s
<b>Contingent liabilities</b>		
NHS Litigation Authority legal claims	0	
Employment Tribunal and other employee related litigation	0	0
Redundancy	0	
Other	(48)	(39)
Amounts recoverable against contingent liabilities	0	0
<b>Net value of contingent liabilities</b>	<b>(48)</b>	<b>(39)</b>
<b>Contingent assets</b>		
Contingent assets	0	0
<b>Net value of contingent assets</b>	<b>0</b>	<b>0</b>

The contingency reflects the potential liability relating to Employer's liability cases as notified by the NHS Litigation Authority. An associated provision in the Balance Sheet of £89,000 (2013/14 £85,000) is shown in note 35.

### 37. PFI and LIFT - additional information

Northern Devon Healthcare Trust has one on-SOFP PFI scheme as described below. The Trust has no off-SOFP PFI or NHS LIFT schemes.

#### Tiverton Hospital

On 4 July 2002 Mid Devon Primary Care Trust (a predecessor organisation to NHS Devon) entered into an agreement under the Private Finance Initiative (PFI) arrangements for the construction of a new community hospital in Tiverton.

With the cessation of Devon PCT on 31 March 2013, this asset transferred to Northern Devon Healthcare Trust as part of the Transforming Community Service asset transfer at 1 April 2013.

The capital value of the scheme was £9,800,000

The construction of the hospital was completed on 18 March 2004. From that date the Primary Care Trust (and now the Trust) is committed to a unitary payment of £1,207,300 per annum (subject to annual RPI indexation movement on 1 April each year) for a period of 30 years.

For 2014/15 the unitary payment including variation orders was £1,722,989 (2013/14 £1,703,118)

Tiverton Hospital has a net book value of £14,446,946 at the Statement of Financial Position date (31/03/14 £13,765,277).

#### Arrangement:

The contract is for the provision of services for maintenance, domestics and catering for the hospital. The ownership of the equipment between the Trust and the provider is specified in the Agreement. The arrangement works on the basis of 'no hospital, no fee'.

The provision of services is managed through service level agreements which have measurable targets and are subject to regular monitoring.

#### Terms of Arrangement:

The unitary payment is subject to indexation based on movement in the Retail Prices Index (RPI) All Items (excluding mortgage interest payments).

On the expiry of the term of the contract the Trust can terminate the Agreement without compensation.

In the event of re-financing of the PFI the Trust is entitled to 50% of the refinancing cashflow benefits.

Under IFRIC 12, these PFI assets are treated as assets of the Trust the substance of the contract is that the Trust has a finance lease and payments comprise two elements – imputed finance lease charges and service charges. Details of the imputed finance lease charges are shown in the tables that follow.

The information below is required by the Department of Health for inclusion in national statutory accounts

<b>Charges to operating expenditure and future commitments in respect of ON and OFF SOFP PFI</b>	<b>2014-15 £000s</b>	<b>2013-14 £000s</b>
Total charge to operating expenses in year - Off SoFP PFI	0	0
Service element of on SOFP PFI charged to operating expenses in year	371	321
<b>Total</b>	<b>371</b>	<b>321</b>
<b>Payments committed to in respect of off SOFP PFI and the service element of on SOFP PFI</b>	<b>2014-15 £000s</b>	<b>2013-14 £000s</b>
No Later than One Year	337	329
Later than One Year, No Later than Five Years	1,434	1,399
Later than Five Years	6,022	6,395
<b>Total</b>	<b>7,793</b>	<b>8,123</b>

The estimated annual payments in future years are expected to be materially different from those which the Trust is committed to make materially different from those which the Trust is committed to make during the next year. The likely financial effect of this is:

Estimated Capital Value of Project - off SOFP PFI	0	0
Value of Deferred Assets - off SOFP PFI	0	0
Value of Reversionary Interest - off SOFP PFI	0	0

<b>Imputed "finance lease" obligations for on SOFP PFI contracts due</b>	<b>2014-15 £000s</b>	<b>2013-14 £000s</b>
No Later than One Year	942	957
Later than One Year, No Later than Five Years	3,416	3,624
Later than Five Years	12,375	13,110
<b>Subtotal</b>	<b>16,733</b>	<b>17,691</b>
Less: Interest Element	(8,120)	(8,792)
<b>Total</b>	<b>8,613</b>	<b>8,899</b>

<b>Present Value Imputed "finance lease" obligations for on SOFP PFI contracts due</b>	<b>2014-15 £000s</b>	<b>2013-14 £000s</b>
<b>Analysed by when PFI payments are due</b>		
No Later than One Year	292	934
Later than One Year, No Later than Five Years	1,047	3,331
Later than Five Years	7,274	9,457
<b>Total</b>	<b>8,613</b>	<b>13,722</b>

#### **Number of on SOFP PFI Contracts**

Total Number of on PFI contracts	1
Number of on PFI contracts which individually have a total commitments value in excess of £500m	0

**Present Value Imputed "finance lease" obligations for off SOFP PFI contracts due** n/a

### **38. Impact of IFRS treatment - current year**

The information below is required by the Department of Health for budget reconciliation purposes

	<b>2014-15 £000s</b>	<b>2013-14 £000s</b>
<b>Revenue costs of IFRS: Arrangements reported on SoFP under IFRIC12 (e.g PFI / LIFT)</b>		
Depreciation charges	337	287
Interest Expense	1,055	1,040
Impairment charge - AME	0	0
Impairment charge - DEL	0	0
Other Expenditure	382	385
Revenue Receivable from subleasing	(633)	(629)
Impact on PDC dividend payable	153	0
<b>Total IFRS Expenditure (IFRIC12)</b>	<b>1,294</b>	<b>1,083</b>
Revenue consequences of PFI / LIFT schemes under UK GAAP / ESA95 (net of any sublease revenue)	(996)	(916)
<b>Net IFRS change (IFRIC12)</b>	<b>298</b>	<b>167</b>
<b>Capital Consequences of IFRS : LIFT/PFI and other items under IFRIC12</b>		
Capital expenditure 2014-15	0	0
UK GAAP capital expenditure 2014-15 (Reversionary Interest)	164	158

## 39. Financial Instruments

### 39.1 Financial risk management

Financial reporting standard IFRS 7 requires disclosure of the role that financial instruments have had during the period in creating or changing the risks a body faces in undertaking its activities. Because of the continuing service provider relationship that the NHS Trust has with commissioners and the way those commissioners are financed, the NHS Trust is not exposed to the degree of financial risk faced by business entities. Also financial instruments play a much more limited role in creating or changing risk than would be typical of listed companies, to which the financial reporting standards mainly apply. The NHS Trust has limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the NHS Trust in undertaking its activities.

The Trust's treasury management operations are carried out by the finance department, within parameters defined formally within the Trust's standing financial instructions and policies agreed by the board of directors. The Trust's treasury activity is subject to review by the Trust's internal auditors.

#### Currency risk

The Trust is principally a domestic organisation with the great majority of transactions, assets and liabilities being in the UK and sterling based. The Trust has no overseas operations. The Trust therefore has low exposure to currency rate fluctuations.

#### Interest rate risk

The Trust borrows from government for capital expenditure, subject to affordability as confirmed by the NHS Trust Development Authority. The borrowings are for 1 – 25 years, in line with the life of the associated assets, and interest is charged at the National Loans Fund rate, fixed for the life of the loan. The Trust therefore has low exposure to interest rate fluctuations.

#### Credit risk

Because the majority of the Trust's revenue comes from contracts with other public sector bodies, the Trust has low exposure to credit risk. The maximum exposures as at 31 March 2015 are in receivables from customers, as disclosed in the trade and other receivables note 22.1.

#### Liquidity risk

The Trust's operating costs are incurred under contracts with Clinical Commissioning Groups (CCGs), which are financed from resources voted annually by Parliament. The Trust funds its capital expenditure from funds obtained within its prudential borrowing limit. The Trust is not, therefore, exposed to significant liquidity risks.

### 39.2 Financial Assets

	At 'fair value through profit and loss' £000s	Loans and receivables £000s	Available for sale £000s	Total £000s
Embedded derivatives	0			0
Receivables - NHS		6,789		6,789
Receivables - non-NHS		2,594		2,594
Cash at bank and in hand		2,450		2,450
Other financial assets	0	2,575	0	2,575
<b>Total at 31 March 2015</b>	<b>0</b>	<b>14,408</b>	<b>0</b>	<b>14,408</b>
Embedded derivatives	0			0
Receivables - NHS		5,412		5,412
Receivables - non-NHS		2,022		2,022
Cash at bank and in hand		3,602		3,602
Other financial assets	0	1,341	0	1,341
<b>Total at 31 March 2014</b>	<b>0</b>	<b>12,377</b>	<b>0</b>	<b>12,377</b>

### 39.3 Financial Liabilities

	At 'fair value through profit and loss' £000s	Other £000s	Total £000s
Embedded derivatives	0		0
NHS payables		2,732	2,732
Non-NHS payables		6,600	6,600
Other borrowings		0	0
PFI & finance lease obligations		8,612	8,612
Other financial liabilities	0	9,603	9,603
<b>Total at 31 March 2015</b>	<b>0</b>	<b>27,547</b>	<b>27,547</b>
Embedded derivatives	0		0
NHS payables		1,546	1,546
Non-NHS payables		7,361	7,361
Other borrowings		0	0
PFI & finance lease obligations		8,899	8,899
Other financial liabilities	0	1,664	1,664
<b>Total at 31 March 2014</b>	<b>0</b>	<b>19,470</b>	<b>19,470</b>

The financial liabilities consist of the financial element of trade and other payables (Note 28), plus current and non-current borrowings (Note 30).

### 40. Events after the end of the reporting period

There are no events after the end of the reporting period which need reporting in the accounts.

## 41. Related party transactions

During the year none of the Department of Health Ministers, Trust board members or members of the key management staff, or parties related to any of them, has undertaken any material transactions with Northern Devon Healthcare NHS Trust.

The Department of Health is regarded as a related party. During the year Northern Devon Healthcare NHS Trust has had a significant number of material transactions with the Department, and with other entities for which the Department is regarded as the parent Department. For example :

NEW Devon CCG	Royal Devon & Exeter NHS Foundation Trust
NHS England and Local Area Teams	South Devon Healthcare Foundation Trust
Kernow CCG	South West Ambulance Service NHS Foundation Trust
NHS South Devon and Torbay CCG	North Bristol NHS Trust NHS Litigation Authority
Devon Partnership Trust NHS Supplies Authority	NHS Professionals
NHS Pensions Agency	National Blood Authority
Northern Devon Healthcare Trust Charitable Fund	

In addition, the Trust has had a number of material transactions with other government departments and other central and local government bodies. Most of these transactions have been with:

- ▶ Devon County Council in respect of Public Health Services;
- ▶ North Devon Council in respect of business rates;
- ▶ Inland Revenue in respect of tax and national insurance;
- ▶ Customs and Excise in respect of VAT payable/recoverable.

## 42. Losses and special payments

The total number of losses cases in 2014-15 and their total value was as follows:

	Total Value of Cases £s	Total Number of Cases
Losses	14,053	23
Special payments	34,512	27
<b>Total losses and special payments</b>	<u>48,565</u>	<u>50</u>

The total number of losses cases in 2013-14 and their total value was as follows:

	Total Value of Cases £s	Total Number of Cases
Losses	62,821	19
Special payments	52,545	31
<b>Total losses and special payments</b>	<u>115,366</u>	<u>50</u>

## 43. Financial performance targets

The figures given for periods prior to 2009-10 are on a UK GAAP basis as that is the basis on which the targets were set for those years.

### 43.1 Breakeven performance

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Turnover	77,056	89,547	118,418	128,855	128,509	134,710	211,041	220,680	225,787	234,685
Retained surplus/(deficit) for the year	(7,961)	(6,924)	7,602	7,902	(5,086)	(93)	(5,724)	(1,052)	1,141	714
Adjustment for:										
Timing/non-cash impacting distortions:										
Pre FDL(97)24 agreements	0	0	0	0	0	0	0	0	0	0
2006/07 PPA (relating to 1997/98 to 2005/06)	0									
2007/08 PPA (relating to 1997/98 to 2006/07)	0	0								
2008/09 PPA (relating to 1997/98 to 2007/08)	0	0	0	0	5,086	345	7,328	3,288	1,340	3,297
Adjustments for impairments										
Adjustments for impact of policy change re donated/government grants assets							92	(53)	(408)	(1,972)
Consolidated Budgetary Guidance - adjustment for dual accounting under IFRIC12*					0	0	23	22	167	298
Absorption accounting adjustment								0	0	0
Other agreed adjustments	0	0	0	0	0	0	0	0	0	0
Break-even in-year position	<b>(7,961)</b>	<b>(6,924)</b>	<b>7,602</b>	<b>7,902</b>	<b>0</b>	<b>252</b>	<b>1,719</b>	<b>2,205</b>	<b>2,240</b>	<b>2,337</b>
Break-even cumulative position	<b>(8,329)</b>	<b>(15,253)</b>	<b>(7,651)</b>	<b>251</b>	<b>251</b>	<b>503</b>	<b>2,222</b>	<b>4,427</b>	<b>6,667</b>	<b>9,004</b>

\* Due to the introduction of International Financial Reporting Standards (IFRS) accounting in 2009-10, NHS Trust's financial performance measurement needs to be aligned with the guidance issued by HM Treasury measuring Departmental expenditure. Therefore, the incremental revenue expenditure resulting from the application of IFRS to IFRIC 12 schemes (which would include PFI schemes), which has no cash impact and is not chargeable for overall budgeting purposes, is excluded when measuring Breakeven performance. Other adjustments are made in respect of accounting policy changes (impairments and the removal of the donated asset and government grant reserves) to maintain comparability year to year.

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
	%	%	%	%	%	%	%	%	%	%
Materiality test (i.e. is it equal to or less than 0.5%):										
Break-even in-year position as a percentage of turnover	-10.33	-7.73	6.42	6.13	0.00	0.19	0.81	1.00	0.99	1.00
Break-even cumulative position as a percentage of turnover	-10.81	-17.03	-6.46	0.19	0.20	0.37	1.05	2.01	2.95	3.84

The amounts in the above tables in respect of financial years 2005/06 to 2008/09 inclusive have **not** been restated to IFRS and remain on a UK GAAP basis.

### 43.2 Capital cost absorption rate

The dividend payable on public dividend capital is based on the actual (rather than forecast) average relevant net assets and therefore the actual capital cost absorption rate is automatically 3.5%.

### 43.3 External financing

The Trust is given an external financing limit which it is permitted to undershoot.

	2014-15 £000s	2013-14 £000s
External financing limit (EFL)	1,825	1,136
Cash flow financing	1,315	(3,736)
Unwinding of Discount Adjustment	0	0
Finance leases taken out in the year	0	0
Other capital receipts	0	0
External financing requirement	1,315	(3,736)
<b>Under/(over) spend against EFL</b>	<b>510</b>	<b>4,872</b>

The Trust is permitted to underspend against its EFL.

### 43.4 Capital resource limit

The Trust is given a capital resource limit which it is not permitted to exceed.

	2014-15 £000s	2013-14 £000s
Gross capital expenditure	14,452	10,689
Less: book value of assets disposed of	0	0
Less: capital grants	0	0
Less: donations towards the acquisition of non-current assets	(2,531)	(975)
<b>Charge against the capital resource limit</b>	<b>11,921</b>	<b>9,714</b>
Capital resource limit	11,923	9,748
<b>(Over)/underspend against the capital resource limit</b>	<b>2</b>	<b>34</b>

## 44. Third party assets

The Trust held cash and cash equivalents which relate to monies held by the NHS Trust on behalf of patients or other parties. This has been excluded from the cash and cash equivalents figure reported in the accounts.

	31 March 2015	31 March 2014
Third party assets held by the Trust	4	2

## 45. NHS Charitable Fund

The Trust is corporate trustee for the Northern Devon Healthcare Trust Charitable Fund registered charity 1051463.

The trust has also received revenue and capital payments from a number of charitable funds, certain of the trustees for which are also members of the NHS Trust board.

In accordance with IAS1 Presentation of Financial Statements the Trust has reviewed the accounts of its NHS Charitable Fund and deemed it not material to be consolidated within the Trust's own accounts,

The unaudited Statement of Financial Activities for the charity for the year ended 31 March 2015 is shown below:

	31 March 2015 £000s	31 March 2014 £000s
<b>Statement of Financial Activities</b>		
Total Incoming Resources	583	870
Total Resources Expended with host NHS Body		
Resources Expended with other NHS Bodies - Trusts	(1,527)	(441)
Resources Expended with other NHS Bodies -FTs		
Resources Expended with other NHS Bodies - NHS England		
Total Resources Expended with other NHS Bodies		
Resources Expended with Bodies outside the NHS		
Total Resources Expended	(1,527)	(441)
Net (outgoing)/incoming resources	(944)	429
(losses)/gains on revaluation	58	21
Other fund movements		
<b>Net movement in Funds for year</b>	<b>(886)</b>	<b>450</b>
Transferred from NHS Devon as below		
<b>Overall net movement in funds year on year</b>	<b>(886)</b>	<b>450</b>

The unaudited Balance Sheet of the charity as at 31 March 2015 is shown below:

	31 March 2015 £000s	31 March 2014 £000s
<b>From Charity's Balance Sheet</b>		
Investments	1,717	1,661
Other fixed assets	0	0
Total fixed assets	1,717	1,661
Cash	793	1,302
Other Current Assets	199	130
Current Liabilities	(560)	(58)
Creditors due after one year	0	0
Net assets/liabilities	2,149	3,035
Restricted/Endowment Funds		
Brought forward	624	
Net movement in funds for year	(15)	
	609	624
Non-Restricted Funds		
Brought forward	2,411	
Net movement in funds for year	(871)	
	1,540	2,411
Total Charitable Funds	2,149	3,035

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