SOUTHERN HEALTH AND SOCIAL CARE TRUST ANNUAL REPORT & ACCOUNTS FOR YEAR ENDED 31 MARCH 2017

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Laid before the Northern Ireland Assembly under Article 90(5) of the Health and Personal Social Services (NI) Order 1972 (as amended by the Audit and Accountability Order 2003) by the Department of Health

on

SOUTHERN HEALTH AND SOCIAL CARE TRUST

ANNUAL REPORT & ACCOUNTS FOR YEAR ENDED 31 MARCH 2017

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SOUTHERN HSC TRUST

ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017

FOREWORD

These accounts for the year ended 31 March 2017 have been prepared in accordance with Article 90(2)(a) of the Health and Personal Social Services (Northern Ireland) Order 1972, as amended by Article 6 of the Audit and Accountability (Northern Ireland) Order 2003, in a form directed by the Department of Health.

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COMMENTS

If you have any comments about this report or would like extra copies please telephone 028 3756 0118.

DIFFERENT FORMATS

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SOUTHERN HSC TRUST

PERFORMANCE REPORT

OVERVIEW

Message from Chair and Interim Chief Executive

As we reach our tenth year since the Southern Health and Social Care Trust was formed in April 2007, we reflect on how much has been achieved and how much our services have developed and transformed in this time.

Of course all of us across health and social care are very much aware of the increasing demands on our services and the daily challenges we face in meeting the needs of local people.

There are 372,976 (As at mid-2015) people living in the Southern Trust area – and every one of these will at some point each year need the help of our staff, whether it is in a hospital or community setting or even in their own home.

We take this opportunity to pay tribute to our 14,000 staff, who – despite the demands and challenges, every day strive to deliver safe, high quality care with compassion.

Not only do our staff, both those at the frontline delivering direct care as well as those in support roles, demonstrate great resilience and dedication to their patients and clients, they also have shown a commitment to continually improving the services they provide and indeed many have been regionally and nationally recognised in doing so as you will read throughout this report. We look forward to paying very special tribute to all of our staff who have gone above and beyond in our Staff Excellence Awards this June.

Whilst we acknowledge the challenges we face, we are proud to report on the many achievements across the Trust in the past year and on how we have helped to improve the lives of thousands of people living in the Southern area.

For the fifth consecutive year, our acute hospital network – Daisy Hill and Craigavon Area hospitals have been recognised amongst the Top 40 performing hospitals in the UK. We were also placed in the Top 10 Trusts to work for across the UK by the General Medical Council (GMC).

Our staff have developed and implemented a range of innovative new services to help improve care, for example: the Northern Ireland New Entrants Service for migrant families; we are the first Trust in Northern Ireland to offer a Child and Adolescent Mental Health Service (CAMHS) for Children and Adolescents who have an Intellectual Disability; we have introduced the Recovery Colleges and Wellmind Hub Services to help people with mental health issues; and, we are the first Trust to implement a new First Contact Physiotherapy Service in an Emergency Department.

We also continue to invest in and modernise our facilities. Work is progressing well on our two new Paediatric Units at Daisy Hill and Craigavon Area hospitals which are part of an overall £14.5m plan to modernise hospital services for children and young people across the Southern Trust.

We would like to thank all the staff, patients and visitors across both sites for their co-operation while we move into the final stages of these exciting new developments and look forward to their completion in this next year.

Our close partnerships with other organisations across health and social care, our three local councils - Armagh, Banbridge and Craigavon; Mid-Ulster and Newry, Mourne and Down, elected representatives and of course the many community and voluntary sector organisations, are key in helping us to improve the health and wellbeing of our local population.

For the second year running, our staff have wholeheartedly shown their generosity by supporting our Charity of the Year, Marie Curie and so far have raised an amazing £190,000.

The range of fundraising events have really brought out the best in our staff and have provided an opportunity to unwind away from their busy workloads whilst supporting such a worthy cause.

The 'Southern Trust does Strictly Come Dancing' events alone raised £150,500 with thousands of pounds more coming from other activities such as 'The Blooming Great Tea Party', Sponsored Cycles, Coffee mornings, 'The Great Daffodil Appeal' and a Fashion Show.

We in the Trust have also greatly benefited from the generosity of the local community over the past year, having received almost £300,000 of voluntary donations and gifts.

Thanks to these donations we have been able to purchase additional equipment and comforts to enhance the quality of care and patient and client experience.

From day centres, hospital wards and departments to residential units, patients and clients are greatly benefitting from this generosity and we would like to acknowledge everyone who has provided gifts and donations, big or small.

As we embark on another challenging year with continued demands on services and increasing financial pressures, we remain committed to serving our local population.

We look forward to the opportunities ahead to develop and improve our services, enhancing the experience and outcomes for everyone.

Roberta Brownlee

Chair

Stephen McNally

Acting Interim Chief Executive

Trust Overview

The Southern Health and Social Care Trust was formed on 1 April 2007 following the review of Public Administration. It has an annual budget of £642m, employs 10,177 (whole time equivalent) staff and manages an estate worth £312m.

The Trust provides health and social care services to the council areas of Armagh, Banbridge and Craigavon; Mid-Ulster and Newry, Mourne and Down. The population (as at mid-2015) we serve is as follows:

Age	Population
0-15	79,975
16-64	240,125
65+	52,876
Total Population	372,976

The services we provide include a wide range of hospital, community and primary care services. Main in-patient hospital services are located at Craigavon Area Hospital and Daisy Hill Hospital. Working in collaboration with GPs and other agencies, staff deliver locally based services in Trust premises, in people's own homes and in the community. The Trust purchases some services including domiciliary, residential and nursing care from independent and community/voluntary agencies.

Our vision is to deliver safe high quality health and social care services, respecting the dignity and individuality of all who use them.

Our values state that we will:

- Treat people fairly and with respect;
- Be open and honest and act with dignity;
- Put patients, clients, carers and community at the heart of all we do;
- Value staff and support their development to improve our care;
- Embrace change for the better; and
- Listen and learn.

In 2016-17 the Trust was working to deliver 46 objectives and goals for improvement (OGIs) as per the commissioning directions. Of these, 40 were assessed as achievable or partially achievable in the Trust's Delivery Plan and 6 were identified as not achievable. At the year end, the Trust undertook an internal assessment of

performance and determined that 31 targets had been achieved or partially achieved, 14 had not been achieved and 1 could not be assessed.

The Trust achieved its statutory financial targets of:

- Break even on income and expenditure
- Maintaining capital expenditure within the agreed Capital Resource Limit.

The above achievements have been delivered through a combination of sound financial management, the concerted efforts of our staff and the continued implementation of the Trust's efficiency and reform programme.

A year across the Southern Health and Social Care Trust

April



Lyn Watt, Pharmacist played a key role in a regional steering group which developed the guidance and a new e-learning tool to help midwives understand their responsibilities in terms of medicines management. Midwives and Medicines (NI) aims to give midwives up to date information on the latest medicines and legislation and provides learning scenarios and self-assessments to help maternity staff to improve their understanding and confidence.

May

For the fifth year running Craigavon Area and Daisy Hill was officially named as one of the Top 40 performing hospitals in the UK. The CHKS Top Hospitals award is based on the evaluation of over 20 key performance indicators covering safety, clinical effectiveness, health outcomes, efficiency, patient experience and quality of care. The Southern Trust was also one of the top five in the UK for Patient Safety at the CHKS Awards as well as being the first in Northern Ireland to receive the National Data Quality Award (for Northern Ireland, Scotland and Wales).



June



We launched a new service for people who enter the area from other (non UK) countries. The Northern Ireland New Entrants Service (NINES) offers nurse-led health care advice and initial health assessments for adults and children not already registered with a GP.

July

A team of Specialist Dermatology Nurses is helping to reduce waiting times for surgical procedures in the Southern Trust. There are around 7,500 new patients each year in the Southern area with skin conditions ranging from chronic psoriasis and eczema to acne, hair loss and skin cancer, which is rapidly increasing.



August



Launch of free Wi-Fi across Southern Trust hospitals and facilities so that patients and visitors can stay in touch with family and friends during their stay in hospital. Before the launch of Wi-Fi people coming into Trust hospitals /facilities had to rely on a good mobile phone signal and also faced a potential cost for communicating via the internet.

September

The Day Clinical Centre at Daisy Hill relocated from the fourth floor to a newly designed unit on level five of the main hospital building. The Southern Trust's Day Clinical Centres at Daisy Hill and Craigavon Area hospitals offer a growing range of treatments which can now be offered to patients within a few hours.



October



Southern Trust is the first in Northern Ireland to offer a fully comprehensive Child and Adolescent Mental Health Service (CAMHS) that is fully inclusive of Children and Adolescents who have an Intellectual Disability. One in forty children and young people have an intellectual disability, which means they have difficulty understanding information and learning the skills needed for everyday life.

Also in October Health Minister, Michelle O'Neill MLA, welcomed two new services to help people with mental health issues through their recovery process. One in four people in the UK will experience a mental health problem each year.



November



The Southern Trust is offering Physiotherapy patients a new anti-gravity option as part of their rehabilitation.

Using technology developed by NASA to help astronauts exercise in space, the anti-gravity treadmills allow patients with weight bearing difficulty through injury or disease, to walk with reduced gravity.

December

We teamed up with stars from local comedy show 'Give my Head Peace' to launch a new hospital visiting campaign.

'Ma' 'Da' and 'Cal' from the series feature in a short video designed to increase public understanding of hospital visiting rules and promote important safety messages on hospital wards. The 'Respect our Rules' information campaign also uses eye-catching bright yellow signage in Trust hospitals as well as posters, information cards and stickers.



January



A new physiotherapy service is helping to speed up care for patients who come to Craigavon Area Hospital's Emergency Department with musculoskeletal problems.

The First Contact Physiotherapy Practitioners are the first of their kind in Northern Ireland to be based in an Emergency Department, seven days a week.

February

We launched a new Northern Ireland sign language version of the Driving Theory Test. The Southern Trust supports around 300 profoundly Deaf people who use sign language as their main form of communication.



March



The Southern Health and Social Care Trust developed a series of infomercials to help people self-treat a range of very common minor conditions. Produced with the help of the newly appointed Medical Manager, for the GP Out of Hours, Dr Sandra Elliott, the videos are part of a campaign to help reduce inappropriate use of the service.

PERFORMANCE ANALYSIS 2016/17

Achievement of Ministerial Priorities

In 2016/17, the Health and Social Care Board's Commissioning Plan set out a number of objectives and goals for improvement (OGIs) for all Trusts to work towards. The Trust's ability to deliver specific objectives and associated indicators are set within the context of the wider strategic direction for Health and Social Care services and the Draft Programme for Government which defines the outcomes expected for the population of Northern Ireland. The objectives and goals cover all aspects of planning and delivering health and social care and include 'targets' based on safety as well as service user experience.

The Trust has in place a performance management framework of senior clinical and management oversight to regularly monitor progress against objectives and goals for improvement and other standards that are set by our commissioner.

This year has been another challenging year for the Trust in terms of securing the level of resources needed to meet demand in the southern area for the delivery of objectives around planned (elective) and emergency (unscheduled) acute care and also in recruiting and retaining the required skilled and experienced workforce necessary to deliver this. The Trust has worked closely with local and regional commissioning teams and with other service providers throughout the year to address these pressures however significant challenges remain. In keeping with regional trends these pressures are overtly reflected in the increase in wait times for routine elective assessments and treatments and in wait times at Emergency Departments for assessment and admission to beds.

Despite these challenges, the Trust remains focused on the delivery of care that is safe, personal and effective and seeks to continually improve and modernise the services offered to make the best use of our resources and improve the quality and experience of our service users.

Objectives and goals for improvement are targeted across a broad range of desired outcomes:

- Health and Social Care Services contribute to: reducing inequalities; ensuring that people are able to look after and improve their own health and wellbeing; and live in good health for longer
- People using Health and Social Care Services are safe from avoidable harm
- People who use Health and Social Care Services have positive experiences of those services
- Health and Social Care Services are centred on helping to maintain or improve the quality of life of people who use those services

- People, including those with disabilities or long term conditions, or who are frail, are supported to recover from periods of ill health and are able to live independently at home or in a homely setting in the community.
- People who provide unpaid care are supported to look after their own health and wellbeing.
- Resources are used effectively and efficiently in the provision of health and social care services.
- People who work in health and social care services are supported to look after their own health and wellbeing and to continuously improve the information, support, care and treatment they provide.

Our monthly performance reports go to the public Trust Board meetings with the information published on our website at www.southerntrust.hscni.net.

This level of performance management helps us to ensure that what we do is safe, that we are making best use of our resources and meeting targets and that we can identify areas for improvement for the benefit of our patients and clients. Performance against a number of objectives and goals for improvement are demonstrated in the following examples:

- Hospital Acquired Infection rates In 2016/17 the Trust aimed to continue to improve its hospital infection rates and have no more than 5 cases of the Methicillin Resistant Staph Aureus (MRSA) infection and no more than 32 cases of the Clostridium Difficile (C Diff) infection. Whilst the level of MRSA cases reported (11 cases) did not meet our in year target, the Trust remains the 2nd best performing Trust in the Region for this bacteraemia. In respect of the C Diff bacteraemia the Trust demonstrated a reduction of 37% in the number of cases reported in 2016/17 (34 cases) in comparison to 2015/16 levels (54 cases). Again, whilst the level of cases reported (34 cases) is marginally above target, the Trust remains the best performing Trust in the Region for this bacteraemia.
- Palliative and End of Life Care The Trust continues to work in partnership
 through the Southern Locality Palliative Care Programme Board to develop
 systems and processes to support the implementation of Advanced Care
 Planning and the palliative care 'key worker'. During 2016/17, the Trust hosted a
 workshop to develop the Palliative Care Workplan for 2017/18.
- **GP Out of Hours Service** In 2016/17 the Trust aimed to triage 95% of urgent calls to the GP OOH service within 20-minutes. Performance demonstrated 87.71% of urgent calls were triaged within 20-minutes, equating to 17,095 urgent calls. Workforce challenges throughout the year impacted on the ability to improve and sustain this performance.

• Emergency Department – There are three Emergency Department (ED) objectives and goals for improvement, which the Trust aims to achieve. These include seeking to ensure 95% of patients attending ED should be treated, admitted or discharged within 4-hours; that no patient should wait longer than 12-hours in ED; and that at least 80% of patients should have treatment commenced within 2-hours, following triage.

The Trust works hard to ensure that patients do not wait unnecessarily long times in ED, and in all instances those with most urgent needs are prioritised. In some instances, people do wait longer than the target times but this happens when patients are waiting to be admitted to a hospital bed and/or where it is deemed that there might be a clinical risk in moving the patient from the ED. 2016/17 performance, in relation to the 4-hours, was 75.1% with 910 patients waiting in excess of 12-hours and 78% of patients commencing treatment within 2-hours of triage. This was in a year when the Trust's total ED attendances increased by 6% with circa 9,000 more people attending than the previous year. Whilst the 910 patients, who waited in excess of 12-hours, represent 0.5% of our total ED attendances the Trust feels strongly that this is not an acceptable time to wait and will continue to work to improve our processes and performance in this area to reduce excess waiting.

Cancer Care Services – There are three objectives and goals for improvement related to cancer care, which the Trust aims to achieve. These include seeking to ensure 100% of suspected breast cancer referrals are seen within 14-days; at least 98% of patients diagnosed with cancer receive their first treatment within 31-days of a decision to treat; and at least 95% of patients referred with a suspected cancer should begin their first treatment within 62-days.

2016/17 performance has been impacted by demand and workforce challenges in this area and the Trust has worked closely with the Health and Social Care Board and other service providers to identify demand and capacity issues and utilise regional solutions where available to improve performance. Performance for 2016/17 demonstrated 43.3% against the 14-days; 98.9% against the 31-days; and 84.4% against the 62-days. The Trust continues to work with the Commissioner to secure sustainable solutions to improve performance in the longer term for the benefit of the Trust's population.

Access Times for Mental Health Services, including Children and Adolescents; Older People/Dementia services; and Psychological Therapies – Within Mental Health services, the Trust aimed to have no patients waiting longer than 9-weeks for adult services; children and adolescent services; and for dementia services as well as no patients waiting longer than 13-weeks for access to psychological therapy services. 2016/17 performance demonstrated 2 children, 269 adults and 4 dementia patients waiting longer than 9-weeks, with 97

patients waiting longer than 13-weeks for psychological therapies. Whilst this is an improved position in respect of dementia patients, child and adult services have been impacted by increased demand and psychological therapy services have been impacted by workforce challenges. The Trust continues to work to improve this position.

- Access to Services from Allied Health Professional Within the Allied Health Professions (AHPs) the target is to have no patient waiting longer than 13-weeks for assessment and commencement of treatment. During 2016/17 agreement was reached with the Health and Social Care Board that acknowledges a shortfall in capacity across a number of the AHP professions. In response, the Trust identified funding to commence recruitment of 14.5 additional staff. However, due to lead times in getting people into post and natural turnover, the impact of this investment is not yet fully realised. At the 31st March 2017, performance demonstrated 5,277 patients waiting in excess of 13-weeks.
- Community Based Short Breaks for Adults The Trust seeks to offer service users and carers access to a greater range of flexible, innovative and age-appropriate (non-traditional) respite and short-break options in the community to promote social inclusion. During 2016/17 the Trust aimed to increase the number of community based short break hours it delivered to adults. 412,706 hours of community based short breaks were delivered, which whilst a decrease on the previous year facilitated over 4000 adults to avail of these services. In parallel a further 631,105 hours of breaks were delivered in more traditional residential settings
- Discharges from our Hospitals During 2016/17 the Trust aimed to have 95% of complex patient discharges within 48-hours, with no complex patient waiting more than 7-days for discharge; and 100% of simple patient discharges within 6-hours. Performance for 2016/17 demonstrated that 93% (1287) of complex patients were discharged within 48-hours with 24 patients waiting longer than 7-days for discharge. The 24 patients who waited longer than 7-days equated to 1.7% of complex discharges. In respect of simple discharges, performance for 2016/17 demonstrated that 92% (32,187) of simple discharges happened within 6-hours. Performance against the 6-hours remains challenging and is affected by a variety of factors including delays in pharmacy; availability of transport; and availability of community support.
- Quality Improvement In 2016/17, the Trust launched its in-house training programme that aligns to the Regional Quality 2020 Strategy including the Level 1 Quality Attributes Framework at the Quality Improvement Sharing Event on 16 October 2015. At 31 March 2017, 1981 staff have undertaken training, equating to 16% of the total workforce, exceeding the target of 10% of the Trust's workforce.

Southern Trust facts and figures 2016/17

The Trust spent £1.758m gross per day delivering services to local people.

During the past year:

- There were a total of 5,908 births in the Southern HSC Trust. There were 4,145 births in Craigavon Area Hospital and 1,763 in Daisy Hill Hospital;
- 86,242 people attended Craigavon Area Hospital Emergency Department and 54,928 attended Daisy Hill Hospital Emergency Department;
- A total of 32,137 people received treatment at the Minor Injuries Units at South Tyrone Hospital;
- Total Number of Outpatient Attendances 389,784;
 - New outpatient attendances 115,990
 - Review outpatient attendances 273,794
- Total number of inpatient admissions 57,401;
 - Elective 6,063
 - Non-elective 51,338
- The Trust received 12,328 child care referrals;
- The GP Out of Hours (OOH) service received 84,962 initial patient telephone calls into the GP OOHs service;
 - 48,463 patients were assessed by a GP, Nurse or Pharmacist via telephone and provided with healthcare advice;
 - 31,856 patient appointments were provided in the Out of Hours centres at Daisy Hill, South Tyrone, Armagh, Craigavon and Kilkeel;
 - 459 patients did not attend for a booked appointment;
 - 4,643 home visits to patients were undertaken by GPs across the Trust area; and
 - 143 patients chose to attend the Out of Hours centre in Castleblayney (via the CAWT cross border project).

• The Trust provides care and support through the following care packages:

Programme of Care	Residential Care	Nursing Home Care	Domiciliary Care	TOTAL
Elderly	241	790	3,122	4,153
Memory Service	126	586	624	1,336
Mental Health	45	89	427	561
Learning Disability	108	163	761	1,032
Physical and Sensory Disability	7	46	734	787
TOTAL	527	1,674	5,668	7,869

FINANCIAL PERFORMANCE 2016/17

Financial Position

There was no doubt that 2016/17 was exceptionally difficult for the entire Health & Social Care System in financial terms and the Trust was not immune to the twin pressures of increasing demand and rising costs. Extensive budget planning work to support the 2016/17 financial plan identified a £17.7m savings requirement to achieve break-even and this was after having received substantial non-recurrent funding.

The Trust, through a combination of staff dedication and strong corporate governance, has worked hard to balance high quality, safe patient care together with increasing demands for our services.

Despite the emergence of a number of cost pressures during the year, most particularly as a direct result of the increased activity during the winter months and workforce pressures, the Trust has been able to achieve financial balance in 2016/17.

Financial Environment

Such was the scale of the financial challenge facing Trusts in 2016/17 that it was incumbent on all organisations to commence planning for 2016/17 in October 2015.

The outcome was to ensure financial break-even with less income in real terms and at the same time securing delivery of modernisation and reform. Planned expenditure was considered on a programme of care basis and included considerations of both existing baselines and incremental changes applicable to 2016/17. As a direct result the Trust implemented a savings plan of £17.7m.

It is widely acknowledged that the Trust has consistently delivered efficiency savings over a number of financial years and that they are becoming more difficult to achieve recurrently.

The Trust also experienced a range of cost pressures during 2016/17, a significant proportion of which was directly linked to a growth in Emergency Department demand, unscheduled care demand and physical and disability care packages.

Notwithstanding the enormity of the challenge, the Trust achieved financial balance in 2016/17 in tandem with driving forward the reform agenda.

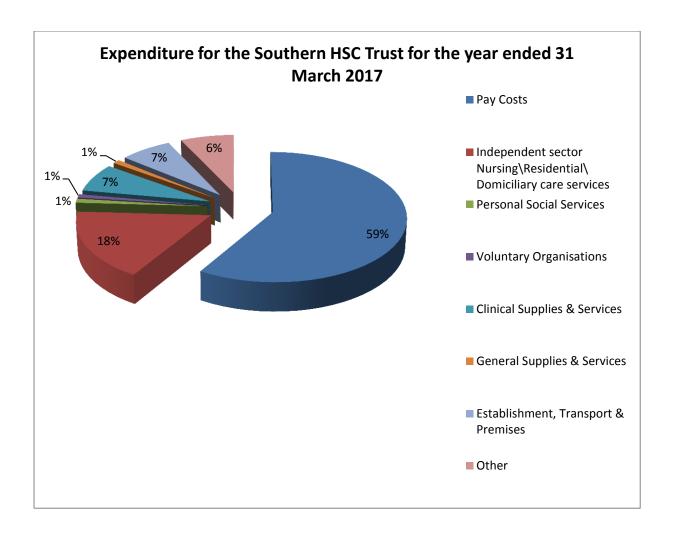
Financial Governance

At the beginning of each financial year the Trust prepares a detailed financial plan which is approved by Trust Board. This plan forms the basis of how our budgets are to be allocated across all Directorates. Financial performance is monitored and reviewed monthly with all Directors and detailed financial reports and year-end forecasts are produced monthly for both Trust Board and the Trust's Senior Management Team. Once again the Trust has been successful in achieving a substantive level of compliance for the core standard of Financial Management.

Income and Expenditure in 2016/17

The Trust receives the vast majority of its income, 93%, from the Department of Health, (DoH), through the HSCB. In addition the Trust is provided with an allocation for medical education. The largest single remaining funding stream is the income received from clients in residential and nursing homes.

The Trust's total expenditure in the year was £642m and, as in previous years, staff costs are the largest component of expenditure accounting for 59% of operating expenses. The chart below provides a summary of expenditure into its main elements:-



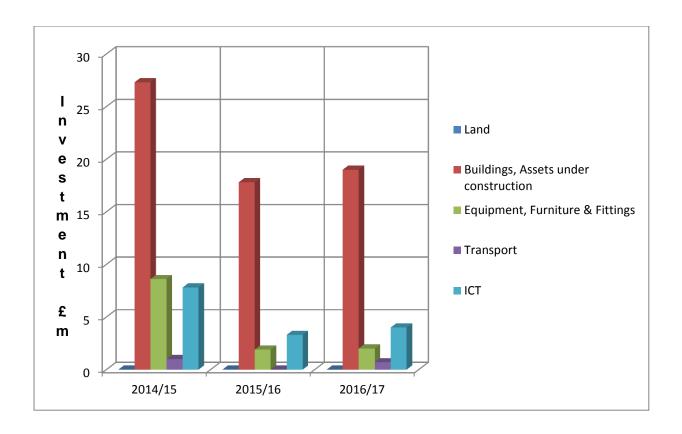
Expenditure remained within the Revenue Resource Limit (RRL) of £600m by £91k.

Capital Investment

The Trust receives an annual capital allocation to help support the expenditure needed to develop and maintain the infrastructure required to provide the facilities necessary for the provision of services to all our patients and clients.

The Trust had a capital allocation of £20.46m, for 2016/17, £10m of which related to major specific schemes, including £5.2m for a Paediatric Unit at Craigavon Area Hospital (CAH), £3.6m for Paediatric Unit at Daisy Hill Hospital (DHH) and £1.2m for electrical infrastructure.

The Trust is constrained by the Capital Resource Funding, (CRL), made available for capital investment, however, as the diagram below demonstrates significant investment has been made over the last 3 financial years:-



In 2016/17 the Trust kept within the Capital Resource Limit (CRL) of £20.46m by £51k.

Compliance with Prompt Payment Policy

The Department of Health requires that Trusts pay their Non HSC suppliers in accordance with applicable terms and appropriate Government Accounting guidance i.e. it requires Trusts to pay 95% of Non HSC suppliers within 30 days of receipt of goods or a valid invoice (whichever is later). The Trust's payment policy is consistent with applicable terms and appropriate Government Accounting guidance and its measure of compliance is as follows (for both the number and value of payments made).

	2017 Number	2017 Value £000s	2016 Number	2016 Value £000s
Total bills paid in year	216,066	306,074	206,478	273,264
Total bills paid within 30 days or under agreed payment terms	200,230	273,923	193,206	250,692
Percentage of bills paid within 30 days or under agreed payment terms	92.7%	89.5%	93.6%	91.7%
Total bills paid within 10 days	177,616	241,862	173,700	226,085
Percentage of bills paid within 10 days	82.2%	79.0%	84.1%	82.7%

Performance in 2016/17 showed a marginal decline in the 30 day and 10 day targets. The Trust continues to work with the BSO Accounts Payable Shared Service and Trust approvers to maintain and improve performance. The Trust did not incur interest or compensation charges in respect of late payment of commercial debt during 2016/17 however a small credit of £49 was realised relating to a prior year charge.

Going Concern

The Trust is beginning the 2017/18 financial year with a projected opening recurrent gap of £20.6m, however, at this stage there is no formally agreed budget for 2017/18.

Extensive budget planning work to support the 2017/18 financial plan is ongoing between the Trust, HSCB and DoH.

There is no doubt that 2017/18 will be another exceptionally difficult year for the entire Health and Social Care System but as with other financial years the Trust remains committed to achieving financial break-even.

This financial risk has been outlined in the Governance statement on pages 68 and 69.

Charitable Trust Funds

The Trust's Charitable Trust Fund account is, again, consolidated with the public funds account but this has no impact on the reported financial position. During 2016/17, charitable donations of £276k were received by the Trust, a fall of £21k

from prior year. These funds were used to support expenditure in the following areas:

- Patient / Client / Relative / Visitor Comfort and Amenity;
- Staff education and training / skills enhancement; and
- Academic Research and Development.

Examples of improvements the Trust has been able to make during 2016/17 as a result of donations and legacies received include:

- Patient seating for Ward 2 South, Craigavon Area Hospital;
- Two Anti-Gravity treadmills to assist with physiotherapy services;
- Projection equipment for the Medical Education Centre;
- Transonic flow machine for the Renal Unit;
- · Christmas gifts for patients; and
- Flights, accommodation and course fees for staff education over and above that which would normally be provided.

The Trust would like to take the opportunity to thank all those who have donated to the Charitable Trust Funds in the year.

PEOPLE

Our most valuable resource here at the Southern Trust is our staff and in 2016/17 it was great to see so many of them receive such well-deserved recognition:



Dr Nicola McKinley, a junior doctor working in Daisy Hill Hospital was awarded with Foundation Year 1 - F1 in recognition for her competence and diligence throughout the year.

Rosie Mulholland, one of our Community Children's Nurses, was one of the four shortlisted finalists for the UK wide RCNi awards in the Patients Choice Category.



Dr Aoife Currie, Consultant in Obstetrics and Gynaecology, collected the award for Innovations in Quality & Efficiency through Technology at the Northern Ireland Healthcare Awards. Dr Currie was part of the Northern Ireland wide team which received the award for developing the CTG component of the Experior E-Learning Platform.

At the Life After Stroke Awards Clinical Specialist Physiotherapist for the Newry and Mourne Community Stroke Team - Sean Curran received the Professional Excellence Award. Southern area Young Women's' Stroke Group received Fundraiser of the Year and one of our clients from Banbridge Rodney Hamilton received the Award for Creative Arts.





Radiographers, Janet Eagle and Helena Kincaid have won a number of awards both locally and UK wide for their redesign of the diagnoses and treatment service for fertility problems in women.

Foster carer, Pauline Hanratty, was awarded 'Foster Carer of Distinction' at the Foster Carer of the Year Awards in Belfast. The event is held annually by The Fostering Network in partnership with HSC Regional Adoption and Fostering Service, and it celebrates the central role foster carers play in providing stable, caring homes for vulnerable children and young people.





Kieran Donaghy, Southern Trust (former) Director of Human Resources

& Organisational Development was named 'Human Resources Director of the Year' at the prestigious Healthcare People Management Association (HPMA) Awards.

The HPMA promotes and rewards outstanding work in healthcare human resources management across the whole of the UK.

Two dietitians received UK wide

recognition from their professional body – the British Dietetic Association. Mandy Gilmore, Head of Head of Dietetics and Diabetes Services received the prestigious IBEX Award. Nominated by their peers, IBEX award winners are recognised for promoting the highest standards in the science and practice of dietetics and for their

outstanding service to the profession.

Community Dietitian Bronagh Kelly received the award for



Trade Union Representative of the Year. This award is given in recognition to Trade Union Representatives who make time to listen and solve problems for members and for demonstrating excellence and commitment to their service.



Dr Leanne Laverty, a Speciality Trainee anaesthetist at Craigavon Area Hospital received the prestigious Dundee Medal Award 2016 from the Northern Ireland Society of Anaesthetists which is given for the development of a quality improvement project in their chosen field.

The Southern Trust was placed in the top 10 UK Trusts to work for, out of NHS providers

across the UK. Over 53,000 Foundation Year 2 doctors around the UK take part in the annual General Medical Council (GMC) national trainee survey.

General Medical Council

The survey provides one of the richest sources of information about what doctors in training think and feel. It is intensely analysed each year by the organisations being reviewed, Royal Colleges and Faculties, local education providers and the GMC.



Dr Rosemary Black, a recently retired Associate Specialist in Dermatology received a Lifetime Achievement Award at the Northern Ireland Healthcare Awards.

We are delighted that a number of Southern Trust staff and teams were shortlisted for the Regional 2016 Social Work Awards. The awards recognise and reward the efforts of social workers and highlight the positive impact of the profession on individuals, families and communities:

- Consultant Geriatrician Dr Patricia McCaffrey won the Medical Leader of the Year
- Kay Carroll, Head of Service for Cardiology was awarded with Manager of the Year
- Head of Physiotherapy Teresa Ross, was shortlisted in the Allied Health Professional Manager of the Year
- The Rapid Access Respiratory Clinic was shortlisted for the Regional Excellence and Quality Award
- Speech and Language Therapy Manager, Vivienne Williamson and Information Communications Technology Training Manager, Anna-Marie McCreanor were both shortlisted in the Manager of the Year category

- Consultant Geriatrician, Dr Patricia McCaffrey was awarded for her dedication and inspirational leadership in improving services for older people
- Head of Service for Cardiology, Kay Carroll was recognised for leading the review and improvement of the Direct Current Conversion Service

We had a number of Southern Trust finalists shortlisted for the RCN NI Awards

- Jane Ferguson, Hearty Lives Craigavon Health Co-Ordinator won the Public Health Award.
- Judith Mulligan, Ward Manager, Craigavon Area Hospital Children's Ward won the Team Manager Award.
- Eimer McGeown, Breast Care Specialist, was runner up in the Cancer Nurse category.
- Geraldine Maguire, Assistant Director Specialist Child Health and Disability was runner up in the Brownlee Silverdale Leadership Award.
- Gaby Smyth won the Defence Nursing Reservist Award.

Dr Tracey Boyce, Director of Pharmacy was appointed a Fellow of the Pharmaceutical Society of Northern Ireland.

A Fellowship is one of the highest honours that can be given to a pharmacist, an honour which recognises those individuals who have attained distinction in a particular aspect or aspects of their pharmacy career.



Royal College

of Nursing

Northern Ireland



We were delighted to host the Social Work awards for the first time in November. A total of 93 individuals and teams from social work across Northern Ireland were nominated and we were extremely proud to have six teams and individuals from our own Trust recognised as finalists.

We had two over all winners from the Southern Trust: Geraldine Boyce won the Children's Services (Individual Award and Angela Wilson won the Adult Services (Individual Award).

SUSTAINABILITY REPORT - PROTECTING THE ENVIRONMENT

Environmental Benchmarking



The Southern Health & Social Care Trust achieved Platinum status (greater than 90%) in the 2016 Northern Ireland Environmental Benchmarking Survey, the highest level of

assurance in environmental performance. The Trust was the only Health and Social Care organisation to achieve this level.

The Trust's principal environmental objective is to promote the achievement of "Single Planet Living" in all Trust activities and across its wider sphere of influence. The concept of "Single Planet Living" is based on the principle of everyone living within their available environmental resources i.e. living a sustainable lifestyle.

Sustainability Strategy 2020

The Trust Sustainability Strategy 2020 incorporates the key environmental priorities for the Trust and DHSSPS Northern Ireland including the three key components of sustainability:

- Taking a holistic view of all activities and considering their environmental, social and economic implications.
- Thinking about whole life issues when planning, designing, building and maintaining the Estate.
- Making sure that everyone thinks about the way resources are used each and every day within the Trust and at home.

Through its Sustainability Strategy 2020, the Trust promotes a proactive approach to management of its environment and aims to maximise benefits and minimise risks to clients, staff, visitors, contractors and others.

Sustainability Policy

This policy articulates how the Trust will strategically meet its obligations in respect of sustainability issues both now and in the future.

ENERGY

Carbon Reduction Commitment (CRC)

The Trust has been able to minimise carbon emissions through a number of initiatives over the past few years and continues to look for further opportunities to improve efficiency and reduce environmental impact. The Trust continues to meet compliance under CRC legislation whereby there is a requirement to report on emissions for electricity and natural gas consumed.

Since 2010/11 the CRC emissions were reduced by 25% (2015/16) but this was mainly due to the requirement for reporting on carbon emissions from oil consumption being removed.

The overall carbon emissions for the Trust have been reduced by 7.22% comparing 2015/16 with 2010/11 with the energy demand at hospital sites having the most

impact due to the increased use of facilities and providing critical care to patients. This is a significant achievement as energy demand continues to increase across the Trust facilities.

Southern Trust performance comparing the last two years as below for the main utilities (2016-17 data not yet available):

Utility	2014/15	2015/16	Variation (%)
Natural Gas Consumption (kWh)	42,344,075	49,459,166	+ 16.8%
Natural Gas Cost (£)	1,637,591	1,691,916	+ 3.32%
Electricity Consumption (kWh)	25,121,985	26,160,150	+ 4.13%
Electricity Cost (£)	2,765,363	2,593,879	-6.20%
Oil Consumption (kWh)	27,304,866	26,753,842	-2.02%
Oil Cost (£)	1,264,087	774,073	-38.76%

Heating

The Trust have replaced a number of oil boilers with new highly efficient gas boilers. There has been significant investment in CAH and DHH to reduce the carbon footprint of the Trust including the installation of Combined Heat and Power at both sites.

Electricity

Installing energy efficient LED lighting in the main corridor and service areas assisted in reducing electricity demand at hospital sites across the Trust. 100 % of our electricity is procured and supplied from renewable sources.

Waste Management

The Southern Trust generates approximately 1,500 tonnes per annum of domestic waste and 800 tonnes of clinical waste. The general waste generated is treated and then used as a refuse derived fuel in factories in Sweden. The clinical waste is autoclaved by the contractor and where possible sent for refuse derived fuel otherwise sent to landfill. The hazardous clinical waste is sent to Leeds for high temperature incineration. The Trust continues to achieve recycling rate of 5.9% of cardboard and 7.75% of Mixed Dry Recyclables.

The Trust endeavours to increase recycling where possible and it will be developed with the new contract to be in place from 1st January 2018. Other waste types generated within the Trust include all skip waste, Waste Electronic and Electrical Equipment (WEEE) and other specialist waste types which are managed at the main hospital sites and are where possible recycled.

LONG TERM EXPENDITURE PLANS AND TRENDS

Revenue

The Trust is constrained by the level of funding available to it by the NI Assembly. The Northern Ireland Executive invests almost £4.6 billion annually, or 46% of its entire budget, in providing health and social care services for the people of Northern Ireland. It is understood that as a system a 6% budget increase is required annually simply to stand still. This is clearly not sustainable given the requirements of all public services.

In the Ministers "Health and Wellbeing 2016 – Delivering Together" it is recognised that significant work is needed to develop, design and deliver the building blocks that will enable a sustained improvement. Significant investment will be required in tandem with continual improvements to secure further efficiencies in service delivery.

Capital

The amount of capital investment afforded to the Trust is directly influenced by the overall economic environment. It is difficult to envisage a situation where the Trust will have access to the absolute full investment required and as such the Trust will be required to continue to ensure that funding is utilised in a manner that provides stability for its core services.

On behalf of the Southern HSC Trust, I approve the Performance Report encompassing the following sections:

Performance overview;

Performance analysis.

Signed:

Stephen McNally

Acting Interim Accounting Officer

Date: 8th June 2017

SOUTHERN HSC TRUST

ACCOUNTABILITY REPORT

GOVERNANCE REPORT

Directors' Report

Board of Directors

The Board of Directors during the year was as follows:



Mrs Roberta Brownlee

Chair

Tel: 028 3756 0142

Roberta.Brownlee@southerntrust.hscni.net

Executive Directors



Mr Francis Rice
Interim Chief Executive

Tel: 028 3756 0144

Francis.Rice@southerntrust.hscni.net



Mr Stephen McNally

Acting Interim Chief Executive (from January 2017)

Tel: 028 3756 0131

Stephen.McNally@southerntrust.hscni.net



Ms Helen O'Neill

Acting Director of Finance and Procurement (from January 2017)

T I 000 0004 0040

Tel: 028 3861 3049

Helen.ONeill@southerntrust.hscni.net



Mr Paul Morgan

Director of Children and Young People's Services/ Executive Director of Social Work

Tel: 028 3756 0952

Paul.Morgan@southerntrust.hscni.net





Dr Richard WrightMedical Director Tel: 028 3756 0136

Richard.Wright@southerntrust.hscni.net

Mrs Angela McVeigh

Director of Older People and Primary Care & Executive Director of Nursing and AHPs (from April 2016)

Tel: 028 3756 0147

Angela.McVeigh@southerntrust.hscni.net

Trust Directors



Mr Bryce McMurray

Acting Director of Mental Health and Disability Services (from May 2016)

Tel: 028 3883 3240

Bryce.McMurray@southerntrust.hscni.net



Mr Kieran Donaghy

Director of Human Resources and Organisational Development

(to 31 August 2016) Tel: 028 3861 3981

Kieran.Donaghy@southerntrust.hscni.net



Mrs Aldrina Magwood

Director of Performance and Reform

Tel: 028 3756 0123

Aldrina.Magwood@southerntrust.hscni.net

(from January 2017)





Mrs Vivienne Toal

Director of Human Resources and Organisational Development (from September 2016)

Tel: 028 3756 0125

Vivienne.Toal@southerntrust.hscni.net

Mrs Esther Gishkori

Director of Acute Services

Tel: 028 3861 2510

Esther.Gishkori@southerntrust.hscni.net

Non-Executive Directors





(Chair of the Patient & Client Experience Committee – to August 2016)

(to 31 December 2016)



Mrs Elizabeth Mahood

(Chair of Audit Committee – to August 2016)

(to 31 December 2016)



Dr Raymond Mullan

(Chair of Governance Committee - to August 2016)

(to 31 December 2016)



Mrs Siobhan Rooney

(Chair of Endowments and Gifts Committee)





Ms Eileen Mullan (Chair of Governance Committee – from September 2016)



Mr John Wilkinson OBE (Chair of Patient and Client Experience Committee from September 2016)



Ms Geraldine Donaghy (from January 2017)



Mr Martin McDonald, MBE (from January 2017)



Mrs Pauline Leeson, CBE (from January 2017)

A declaration of Board members' interests has been completed and is available on request from the Chief Executive's Office, Trust Headquarters, College of Nursing, Craigavon Area Hospital, 68 Lurgan Road, Portadown, BT63 5QQ. Telephone 028 3756 1014. Any relevant disclosures are recorded in the Trust's Register of Interests and details are included in the Annual Accounts Note 22 Related Party Transactions, where applicable.

Audit

The accounts and supporting notes relating to the Trust's activities for the year ended 31 March 2017 have been prepared in a form determined by the Department of Health based on guidance from the Department of Finance and Personnel's Financial Reporting Manual (FReM). They have been audited by the Northern Ireland Audit Office. The report of the Comptroller and Auditor General is included on pages 93-94.

The Acting Interim Chief Executive and each Director has taken all the steps that he/she ought to have taken as Chief Executive/Director to make himself / herself aware of any relevant audit information and to establish that the Trust's auditor is aware of that information.

So far as the Acting Interim Chief Executive and each Director is aware, there is no relevant audit information of which the Trust's auditor is unaware.

The notional cost of the audit of the accounts for the year ended 31 March 2017 which pertained solely to the audit of the Public Funds Accounts was £59,000. The notional cost of the audit of the Charitable Funds Accounts was £5,000. No other audit or non-audit services were provided to the Trust in 2016/17.

STATEMENT OF ACCOUNTING OFFICER RESPONSIBILITIES

Under the Health and Personal Social Services (Northern Ireland) Order 1972 (as amended by Article 6 of the Audit and Accountability (Northern Ireland) Order 2003), the Department of Health has directed the Southern Health and Social Care Trust ('the Southern HSC Trust') to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The financial statements are prepared on an accruals basis and must provide a true and fair view of the state of affairs of the Southern HSC Trust, of its income and expenditure, changes in taxpayers equity and cash flows for the financial year.

In preparing the financial statements the Accounting Officer is required to comply with the requirements of Government Financial Reporting Manual (FREM) and in particular to:

- observe the Accounts Direction issued by the Department of Health including relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis.
- make judgements and estimates on a reasonable basis.
- state whether applicable accounting standards as set out in FREM have been followed, and disclose and explain any material departures in the financial statements.
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Southern HSC Trust will continue in operation.
- keep proper accounting records which disclose with reasonable accuracy at any time the financial position of the Southern HSC Trust.
- pursue and demonstrate value for money in the services the Southern HSC Trust provides and in its use of public assets and the resources it controls.

The Permanent Secretary of the Department of Health as Principle Accounting Officer for Health and Social Care Resources in Northern Ireland has designated Mr Stephen McNally of Southern HSC Trust as the Acting Interim Accounting Officer for the Southern HSC Trust. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the Southern HSC Trust's assets, are set out in the Accountable Officer Memorandum, issued by the Department of Health.

Governance Statement for the year ended 31 March 2017

1. Introduction/Scope of Responsibility

The Board of the Southern HSC Trust (the Trust) is accountable for internal control. As Accounting Officer and Interim Chief Executive of the Trust, I have responsibility for maintaining a sound system of internal governance that supports the achievement of the organisations policies, aims and objectives, whilst safeguarding the public funds and assets for which I am responsible in accordance with the responsibilities assigned to me by the Department of Health (DoH).

In delivering these responsibilities, I am accountable for the Trust's performance to the Health and Social Care Board (HSCB) and DoH and report through agreed performance management arrangements and Service and Budget Agreements.

This has entailed regular performance management meetings at a senior level with the HSCB and both scheduled and ad hoc meetings between Trust officers and the Performance Management Service Improvement Directorate within the HSCB.

In order to improve the quality, safety, effectiveness and efficiency of services, the Trust works in partnership with the HSCB, Public Health Authority (PHA), other public sector partners and the independent sector. A range of processes are in place to facilitate and enable this partnership working, with examples including:

- meetings with Trust, HSCB, Local Commissioning Group (LCG) and PHA senior teams collectively and on issue specific basis;
- monthly meetings between Trust and HSCB Chief Executives;
- regional and local Transformation Programme Boards to work together to implement aims of Programme for Government and HSC Ministerial vision;
- engagement with local GPs through locality forums and senior Trust attendance at Local Medical Committee (LMC) services development committee;
- regular meetings with Independent Health and Care Providers (IHCP) and other independent sector providers about key interface issues;
- forums such as the regional children's service planning project board that include HSC partners, community/voluntary sector and other statutory agencies such as Education;
- promoting health and wellbeing processes involving a range of partners focussed on ensuring effective collaboration to address the specific and individual needs of local communities; and
- Senior Leadership and partnership working with councils in support of local Community Plans.

With respect to the Trust's inter-relationship with the DoH, the framework within which the Trust is required to operate is defined and agreed in the Management Statement (MS) and Financial Memorandum (FM). This model MS/FM for executive Non-Departmental Public Bodies (NDPBs) is intended to provide departments with a document that sets out a clear framework of strategic control for each of their executive NDPBs. The framework covers the operations, financing, accountability and control of the NDPB and the conditions under which any government funds are provided to the body. The specific requirements for the Trust as an Arm's Length Body ('ALB') are further defined and agreed annually in the Annual Business Plan.

2. Compliance with Corporate Governance Best Practice

The Trust applies the principles of good practice in Corporate Governance and throughout 2016/17 has continued to further strengthen its corporate governance arrangements. The Trust does this by undertaking continuous assessment of its compliance with Corporate Governance best practice by having in place various measures which include the following:

Standing Orders and Standing Financial Instructions which provide the regulatory framework for the business conduct of the Trust. These reflect the Management Statement/Financial Memorandum and the Code of Conduct and Code of Accountability (2012) and are reviewed by the Board on an annual basis.

Register of interests

A Register of Interests for Board members is reviewed and updated annually and where relevant, throughout the year.

Conflicts of Interest Policy and Gifts, Hospitality and Sponsorship Policy

During 2016/17, in order to provide greater clarity and rigour in relation to the declaration of interests' process, a separate Conflict of Interests Policy was developed.

This policy and the Gifts, Hospitality and Sponsorship Policy were strengthened to promote high standards in public life, ensuring that staff and Board members follow the key characteristics of propriety as defined in the Nolan Principles.

Code of Conduct for all Staff

A new Code of Conduct for HSC employees was formally issued in January 2017 together with a covering letter from the Interim Chief Executive.

Self-Assessment

In line with best practice, the Board completes the Department of Health Board Governance Self-Assessment Tool on an annual basis. The completed template in

respect of the 2016/17 financial year will be discussed at the Board Workshop in April 2017.

The Audit Committee completes the National Audit Office self-assessment checklist on an annual basis and one action identified in relation to training and development of new Audit Committee members has been progressed in 2016/17.

The effectiveness of the Trust's governance arrangements are regularly considered by the Governance Committee on behalf of the Trust Board.

3. Governance Framework

In my role as Accounting Officer, I am supported by the Trust Board.

The Board exercises strategic control over the organisation through a system of corporate governance which includes:

- Management Statement and Financial Memorandum;
- · A schedule of matters reserved for Board decisions;
- A scheme of delegation, which delegates decision making authority within set parameters to the Chief Executive and other officers;
- Standing orders and standing financial instructions (as referred to above);
- An Audit Committee;
- A Governance Committee;
- An Endowments and Gifts Committee;
- A Remuneration Committee; and
- A Patient and Client Experience Committee.

The Trust adopts an integrated approach to governance and risk management and an Integrated Governance Strategy is in place which covers all domains of governance associated with the delivery of health and social care services. This strategy was reviewed during the year and a revised version will be discussed at the next Governance Committee meeting in early 2017/18.

Committee structures are in place to reflect this integrated approach and to support the Trust Board. The following describes in more detail the role of the Trust Board, its Committee structure and attendance during the reporting period.

The Trust Board

The Trust Board comprises a Chair, seven Non-Executive Directors, the Chief Executive and four Executive members. Four members of the Senior Management Team also attend Trust Board meetings in a non-voting capacity.

During the reporting period, the following changes occurred with regard to Board membership:-

- Three Non-Executive Directors (Mr E Graham, Mrs E Mahood and Dr R Mullan) completed their tenure on 31st December 2016. Three new Non-Executive Directors (Ms G Donaghy, Mrs P Leeson and Mr M McDonald) were appointed with effect from 1st January 2017.
- Mr F Rice, Interim Chief Executive, was appointed on 13th April 2016. Mr B McMurray, Acting Director of Mental Health and Disability Services was appointed on 3rd May 2016 to provide cover for Mr Rice. Mrs A McVeigh assumed responsibility for Mr Rice's Executive Nursing role on 3rd April 2016.
- Mr S McNally, Acting Interim Chief Executive, was appointed on 23rd January 2017 to cover Mr Rice's sickness absence. Ms H O'Neill, Acting Director of Finance and Procurement, was appointed 23rd January 2017 to provide cover for Mr McNally.
- Mr K Donaghy, Director of Human Resources and Organisational Development, retired on 31st August 2016 and Mrs V Toal was appointed on 21st September 2016 as his replacement.
- Mrs A Magwood, Director of Performance and Reform was appointed on 19th January 2017.

In the 2016/17 year, the Trust Board held eight formal Board meetings in public and, in accordance with Standing Orders, were quorate for each meeting. The table below details members' attendance.

Name of Board member	No. of Meetings attended	No. of Possible Meetings	Comment
Mrs R Brownlee			
Chair	8	8	
Ms G Donaghy			
Non-Executive Director	2	2	Commenced 01/01/2017
Mr E Graham			
Non-Executive Director	5	6	Term expired 31/12/2016
Mrs P Leeson			
Non-Executive Director	2	2	Commenced 01/01/2017
Mrs E Mahood			
Non-Executive Director	6	6	Term expired 31/12/2016
Mrs H McCartan			
Non-Executive Director	8	8	
Mr McDonald			
Non-Executive Director	2	2	Commenced 01/01/2017
Ms E Mullan			
Non-Executive Director	7	8	
Dr R Mullan			
Non-Executive Director	4	6	Term expired 31/12/2016

Mrs S Rooney Non-Executive Director Non-Executive Non-Executiv	Name of Board member	No. of Meetings attended	No. of Possible Meetings	Comment
Mr J Wilkinson Non-Executive Director Mr F Rice Interim Chief Executive Mr K Donaghy Director of Human Resources and Organisational Development Mrs E Gishkori Director of Acute Services Mrs A Magwood Director of Performance and Reform Mr S McNally Director of Finance and Procurement / Acting Interim Chief Executive Director of Older People and Primary Care Services / Executive Director of Social Work Mr B McMurray Director of Social Work Mr B McMurray Director of Mental Health and Disability Services (Acting) Mrs V Toal Director of Human Resources and Organisational Development Dr R Wright Mr Wright Mr S Wright Sickness absence Retired 31/08/2016 8 Retired 31/08/2016 8 Appointed Acting Interim Chief Executive Chief Executive 23/01/2017 8 Appointed Acting Interim Chief Executive 23/01/2017 8 Appointed 03/05/2016 Acting Director from 01/09/2016 until appointed Director of Human Resources and Organisational Development on 21/09/2016	Mrs S Rooney			
Non-Executive Director Mr F Rice Interim Chief Executive Mr K Donaghy Director of Human Resources and Organisational Development Mrs E Gishkori Director of Acute Services Mrs A Magwood Director of Performance and Reform Mr S McNally Director of Finance and Procurement / Acting Interim Chief Executive Executive Director of Older People and Primary Care Services / Executive Director of Children and Young People's Services / Executive Director of Mental Health and Disability Services (Acting) Mrs V Toal Director of Human Resources and Organisational Development Dr R Wright Sickness absence Retired 31/08/2016 8 Sickness absence Retired 31/08/2016 Retired 31/08/2016 A Retired 31/08/2016 A Retired 31/08/2016 B Appointed Acting Interim Chief Executive 23/01/2017 8 Appointed Acting Interim Chief Executive 23/01/2017 8 Appointed 03/05/2016 Appointed 03/05/2016 Acting Director from 01/09/2016 until appointed Director of Human Resources and Organisational Development on 21/09/2016	Non-Executive Director	7	8	
Mr F Rice Interim Chief Executive Mr K Donaghy Director of Human Resources and Organisational Development Mrs E Gishkori Director of Acute Services Mrs A Magwood Director of Performance and Reform Mr S McNally Director of Finance and Procurement / Acting Interim Chief Executive Mrs A McVeigh Director of Older People and Primary Care Services / Executive Director of Children and Young People's Services / Executive Director of Social Work Mr B McMurray Director of Mental Health and Disability Services (Acting) Mrs V Toal Director of Human Resources and Organisational Development Dr R Wright Mr Wright Sickness absence Retired 31/08/2016 8 Retired 31/08/2016 8 Retired 31/08/2016 8 Appointed 31/08/2016 8 Appointed Acting Interim Chief Executive 23/01/2017 8 Appointed O3/05/2016 Acting Director from 01/09/2016 until appointed Director of Human Resources and Organisational Development on 21/09/2016	Mr J Wilkinson			
Interim Chief Executive Mr K Donaghy Director of Human Resources and Organisational Development Mrs E Gishkori Director of Acute Services Mrs A Magwood Director of Performance and Reform Mr S McNally Director of Finance and Procurement / Acting Interim Chief Executive Mrs A McVeigh Director of Older People and Primary Care Services / Executive Director of Children and Young People's Services / Executive Director of Mental Health and Disability Services (Acting) Mrs V Toal Director of Human Resources and Organisational Development on 21/09/2016 Dr R Wright Retired 31/08/2016 8 Retired 31/08/2016 8 Retired 31/08/2016 8 Aptired 31/08/2016 8 Appointed Acting Interim Chief Executive Chief Executive 23/01/2017 8 Appointed Acting Interim Chief Executive 23/01/2017 8 Appointed Acting Interim Chief Executive 23/01/2017 8 Appointed 03/05/2016 8 Appointed 03/05/2016 Acting Director from 01/09/2016 until appointed Director of Human Resources and Organisational Development on 21/09/2016	Non-Executive Director	8	8	
Mr K Donaghy Director of Human Resources and Organisational Development Mrs E Gishkori Director of Acute Services 6 8 Mrs A Magwood Director of Performance and Reform 8 8 Mr S McNally Director of Finance and Procurement / Acting Interim Chief Executive Director of Older People and Primary Care Services / Executive Director of Social Work Mr B McMurray Director of Social Work Mr B McMurray Director of Mental Health and Disability Services (Acting) Mrs V Toal Director of Human Resources and Organisational Development Dr R Wright Retired 31/08/2016 8 Appointed Acting Interim Chief Executive 23/01/2017 8 Retired 31/08/2016 8 Appointed Acting Interim Chief Executive 23/01/2017 8 Retired 31/08/2016 8 Appointed Acting Interim Chief Executive 23/01/2017 Acting Director from 01/09/2016 until appointed Director of Human Resources and Organisational Development on 21/09/2016	Mr F Rice			
Director of Human Resources and Organisational Development Mrs E Gishkori Director of Acute Services 6 8 Mrs A Magwood Director of Performance and Reform 8 8 Mr S McNally Director of Finance and Procurement / Acting Interim Chief Executive Director of Older People and Primary Care Services / Executive Director of Children and Young People's Services / Executive Director of Mental Health and Disability Services (Acting) Mrs H O'Neill Director of Finance and Organisational Development Dr R Wright Retired 31/08/2016 8 Retired 31/08/2016 8 Retired 31/08/2016 8 Retired 31/08/2016 8 Retired 31/08/2016 8 Retired 31/08/2016 8 Appointed 31/08/2016 8 Appointed Acting Interim Chief Executive 23/01/2017 8 Appointed O3/05/2016 Procurement (Acting) Acting Director from 01/09/2016 until appointed Director of Human Resources and Organisational Development on 21/09/2016	Interim Chief Executive	3	8	Sickness absence
Organisational Development Mrs E Gishkori Director of Acute Services 6 8 Mrs A Magwood Director of Performance and Reform 8 8 Mr S McNally Director of Finance and Procurement / Acting Interim Chief Executive Mrs A McVeigh Director of Older People and Primary Care Services / Executive Director of Nursing Mr P Morgan Director of Children and Young People's Services / Executive Director of Mental Health and Disability Services (Acting) Mrs V Toal Director of Human Resources and Organisational Development Dr R Wright Appointed Acting Interim Chief Executive Executive 23/01/2017 8 Appointed Acting Interim Chief Executive 23/01/2017 8 Appointed Acting Interim Chief Executive 23/01/2017 8 Appointed 03/05/2016 1 Acting Director for O1/09/2016 until appointed Director of Human Resources and Organisational Development on 21/09/2016				
Mrs E Gishkori Director of Acute Services Mrs A Magwood Director of Performance and Reform Mr S McNally Director of Finance and Procurement / Acting Interim Chief Executive Mrs A McVeigh Director of Older People and Primary Care Services / Executive Director of Nursing Mr P Morgan Director of Children and Young People's Services / Executive Director of Mental Health and Disability Services (Acting) Mr H O'Neill Director of Finance and Procurement (Acting) Mrs V Toal Director of Human Resources and Organisational Development Dr R Wright Appointed Acting Interim Chief Executive Cally Appointed Acting Interim Chief Executive 23/01/2017 8 Appointed Acting Interim Chief Executive 23/01/2017 8 Appointed 03/05/2016 B Appointed 03/05/2016 Acting Director from 01/09/2016 until appointed Director of Human Resources and Organisational Development on 21/09/2016		2	3	Retired 31/08/2016
Director of Acute Services Mrs A Magwood Director of Performance and Reform Mr S McNally Director of Finance and Procurement / Acting Interim Chief Executive Mrs A McVeigh Director of Older People and Primary Care Services / Executive Director of Nursing Mr P Morgan Director of Children and Young People's Services / Executive Director of Mental Health and Disability Services (Acting) Mrs V Toal Director of Finance and Organisational Development Dr R Wright Appointed Acting Interim Chief Executive Day Appointed Acting Interim Chief Executive Day Appointed Acting Interim Chief Executive Day Appointed Acting Interim Chief Executive 23/01/2017 8 Appointed Acting Interim Chief Executive 23/01/2017 8 Appointed 03/05/2016 B Acting Director from 01/09/2016 until appointed Director of Human Resources and Organisational Development on 21/09/2016				
Mrs A Magwood Director of Performance and Reform Mr S McNally Director of Finance and Procurement / Acting Interim Chief Executive Mrs A McVeigh Director of Older People and Primary Care Services / Executive Director of Children and Young People's Services / Executive Director of Social Work Mr B McMurray Director of Mental Health and Disability Services (Acting) Ms H O'Neill Director of Finance and Organisational Development Dr R Wright 8 Appointed Acting Interim Chief Executive 23/01/2017 8 Appointed Acting Interim Chief Executive 23/01/2017 8 Appointed Acting Interim Chief Executive 23/01/2017 8 Appointed O3/05/2016 B Appointed 03/05/2016 Acting Director from 01/09/2016 until appointed Director of Human Resources and Organisational Development on 21/09/2016	Mrs E Gishkori			
Director of Performance and Reform Mr S McNally Director of Finance and Procurement / Acting Interim Chief Executive Mrs A McVeigh Director of Older People and Primary Care Services / Executive Director of Nursing Mr P Morgan Director of Children and Young People's Services / Executive Director of Social Work Mr B McMurray Director of Mental Health and Disability Services (Acting) Ms H O'Neill Director of Finance and Organisational Development Dr R Wright Appointed Acting Interim Chief Executive 23/01/2017 8 Appointed Acting Interim Chief Executive 23/01/2017 8 Appointed Acting Interim Chief Executive 23/01/2017 8 Appointed 03/05/2016 Appointed 03/05/2016 Acting Director from 01/09/2016 until appointed Director of Human Resources and Organisational Development on 21/09/2016 Dr R Wright	Director of Acute Services	6	8	
Mr S McNally Director of Finance and Procurement / Acting Interim Chief Executive Mrs A McVeigh Director of Older People and Primary Care Services / Executive Director of Children and Young People's Services / Executive Director of Social Work Mr B McMurray Director of Mental Health and Disability Services (Acting) Ms H O'Neill Director of Finance and Organisational Development Dr R Wright Appointed Acting Interim Chief Executive 23/01/2017 8 Appointed Acting Interim Chief Executive 23/01/2017 8 Appointed O3/05/2016 Appointed 03/05/2016 Acting Director from 01/09/2016 until appointed Director of Human Resources and Organisational Development on 21/09/2016				
Director of Finance and Procurement / Acting Interim Chief Executive Mrs A McVeigh Director of Older People and Primary Care Services / Executive Director of Nursing Mr P Morgan Director of Children and Young People's Services / Executive Director of Mental Health and Disability Services (Acting) Ms H O'Neill Director of Finance and Organisational Development Director of Human Resources and Organisational Development on 21/09/2016 Dr R Wright		8	8	
Procurement / Acting Interim Chief Executive Mrs A McVeigh Director of Older People and Primary Care Services / Executive Director of Nursing Mr P Morgan Director of Children and Young People's Services / Executive Director of Social Work Mr B McMurray Director of Mental Health and Disability Services (Acting) Ms H O'Neill Director of Finance and Director of Human Resources and Organisational Development Dr R Wright Chief Executive 23/01/2017 8 Appointed 03/05/2016 Appointed 03/05/2016 Acting Director of o1/09/2016 until appointed Director of Human Resources and Organisational Development on 21/09/2016 Dr R Wright	1			
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Mrs A McVeigh Director of Older People and Primary Care Services / Executive Director of Nursing Mr P Morgan Director of Children and Young People's Services / Executive Director of Social Work Mr B McMurray Director of Mental Health and Disability Services (Acting) Ms H O'Neill Director of Finance and Procurement (Acting) Mrs V Toal Director of Human Resources and Organisational Development Mrs Wright Dr R Wright				
Director of Older People and Primary Care Services / Executive Director of Nursing Mr P Morgan Director of Children and Young People's Services / Executive Director of Social Work Mr B McMurray Director of Mental Health and Disability Services (Acting) Ms H O'Neill Director of Finance and Procurement (Acting) Mrs V Toal Director of Human Resources and Organisational Development Dr R Wright	Executive			23/01/2017
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Trust Board meetings were widely publicised through the press and the Trust website. Agendas, minutes and papers of all Trust Board meetings are publicly accessible on the Trust website.

The Trust Board has corporate responsibility for ensuring that the organisation fulfils the aims and objectives set by the Department/Minister and for promoting the efficient, economic and effective use of staff and other resources. It has a key role in overseeing sound financial management and corporate governance of the Trust.

Each Trust Board agenda comprises strategic, operational, quality and performance items. The Trust Board received management reports at each meeting on the financial position, workforce information and performance against targets to assist it in discharging its role. The agenda regularly includes presentations on service improvements as a result of feedback/learning from service users. The Board agenda is kept under regular review.

Three Board workshops were held during the year, at which members explored strategic and development issues. The Trust Board held a Development Day on 17 November 2016 entitled '10 Years On – Repositioning for the Future' which provided members with the opportunity to stock-take and reposition in a planned way. An action plan was developed with areas identified for development and/or improvement. One area agreed was review of the Trust's vision, values and corporate objectives which inform the functioning of Board processes.

A key priority for the Board during the year was better engagement with front line staff so that they better understand the role of the Trust Board and how it conducts its business. To that end, staff from each of the Directorates have been attending meetings throughout the year and providing feedback to their respective teams.

All Trust Board Committees are chaired by a Non-Executive Director and have clear terms of reference and lines of reporting and accountability agreed by the Trust Board. These Committees review, scrutinise and challenge the information they receive in order to assure the Board that Trust processes are delivering outcomes to the required standards. Minutes of the Sub Committees are presented at Trust Board public meetings in a timely manner with the Chair of each Committee highlighting any specific issues for the attention of the Board via completion of a Board Report Summary Sheet. In addition, the Committee Chairs meet with the Trust Chair and Chief Executive after each meeting to provide feedback on the work of their respective Committees and raise any issues of concern.

In accordance with good practice, the Trust Chair meets with the Committee Chairs on an annual basis to reflect on the work of the Committees and to share any learning.

Audit Committee

The Audit Committee supports the Trust Board and my role as Accounting Officer with regard to our responsibilities for issues of risk, control and governance and provides associated assurance through a process of constructive challenge.

The committee comprises five Non-Executive Directors who are independent of Trust management. The Director of Finance, Head of Internal Audit (Business Services Organisation (BSO)), external auditors (Northern Ireland Audit Office (NIAO)) and their sub-contracted auditors are in attendance. The Committee is also attended by other Finance and Internal Audit staff as required.

During 2016/17, the Committee held five meetings to provide the Trust Board with independent assurance on the adequacy and effectiveness of internal control systems and that all regulatory and statutory obligations are met. Attendance was as outlined below.

Name of Audit Committee member	No. of Meetings attended	No. of Possible Meetings	Comments
Mrs E Mahood Non-Executive Director (Committee Chair until August 2016)	4	4	Term expired 31/12/2016
Mrs H McCartan Non-Executive Director (Committee Chair from September 2016)	5	5	
Ms G Donaghy Non-Executive Director	1	1	Commenced 01/01/2017
Mrs P Leeson Non-Executive Director	1	1	Commenced 01/01/2017
Mr M McDonald Non-Executive Director	1	1	Commenced 01/01/2017
Ms E Mullan Non-Executive Director	3	5	
Dr R Mullan Non-Executive Director	4	4	Term expired 31/12/2016
Mr J Wilkinson Non-Executive Director	5	5	

To ensure linkages across the Audit and Governance Committees, the Chair of the Audit Committee is a member of the Governance Committee and likewise, the Chair of the Governance Committee is a member of the Audit Committee. Where additional assurance is sought that recommendations from Internal Audit reports relating to governance were being actioned, the Chair of the Audit Committee brings these to the Governance Committee's attention.

In carrying out its work, the Committee used the findings of Internal Audit, External Audit, assurance functions, financial reporting and Value for Money activities. It approved the Internal Audit programme of work and reviewed progress on implementing internal and external audit recommendations. It considered reports from Internal Audit at each meeting and overall accepted the findings and recommendations of Internal Audit in its reports for 2016/17. Fraud is a standing item on the Committee's agenda and there is on-going reporting to the Committee in respect of compliance with Departmental directions/circulars.

On an annual basis, the Committee reviews the findings of the External Auditor concerning the Trust's Annual Accounts, including the Governance Statement.

The Committee invites a Departmental official to attend its meetings and a representative attended the 13th October 2016 meeting.

The Chair of the Audit Committee undertook an evaluation of the performance of the Committee during the year using the National Audit Office checklist and presented the Committee's Annual Report to the Trust Board.

Governance Committee

The Governance Committee is the overarching strategic Committee responsible for providing assurance to the Board on all aspects of governance (except internal financial control) and during the year the Committee regularly considered the effectiveness of the Trust's governance arrangements.

The Committee comprises all Non-Executive Directors who are independent of Trust management. The Chief Executive, members of the Senior Management Team, the Director of Pharmacy and the Assistant Director of Clinical and Social Care Governance are in attendance at all meetings.

During 2016/17, the Governance Committee met on four occasions.

Name of Governance Committee member	No. of Meetings attended	No. of Possible Meetings	Comments
Dr R Mullan			
(Chair until August 2016)	3	3	_
Non-Executive Director	Ŭ		Term expired 31/12/2016
Ms E Mullan			
(Chair from September 2016)	3	4	
Non-Executive Director	3	7	
Ms G Donaghy			
Non-Executive Director	1	1	Commenced 01/01/2017
Mr E Graham			
Non-Executive Director	2	3	Term expired 31/12/2016
Mrs P Leeson			
Non-Executive Director	1	1	Commenced 01/01/2017
Mrs E Mahood			
Non-Executive Director	3	3	Term expired 31/12/2016

Name of Governance Committee member	No. of Meetings attended	No. of Possible Meetings	Comments
Mr M McDonald			
Non-Executive Director	1	1	Commenced 01/01/2017
Mrs H McCartan			
Non-Executive Director	3	4	
Mrs S Rooney			
Non-Executive Director	4	4	
Mr J Wilkinson			
Non-Executive Director	4	4	

In order to discharge its responsibilities, the Committee has a Schedule of Reporting in place and the key areas reported at meetings are in line with this.

In October 2016, the Trust commenced a project to review and further improve on how Serious Adverse Incidents, Adverse Incidents and Complaints are used to learn, improve patient safety and reduce risk.

The Trust have been asked by the Quality 2020 steering group to report the outcomes of the above project regionally to ensure regional learning is shared in respect of the Trust response to learning from incidents by September 2017.

The Trust continues to develop and test the reporting format to Governance Committee.

Reports and findings from external bodies/agencies were also presented to the Committee and discussed, particularly those that indicated practice below acceptable levels and areas of high risk. The Committee sought assurance that action plans were in place to address recommendations and were being effectively implemented through measurable outcomes. One example of this was the RQIA Review of Whistleblowing where the Committee was provided with assurance that a Trust Action Plan is in place to address Trust recommendations. Where the organisation has challenges in meeting recommendations, the Governance Committee ensures these are appropriately escalated to the Trust Board.

The Governance Committee reviewed the Corporate Risk Register at each meeting and ensured that risks that are outside the Trust's ability to solely manage were escalated to the Trust Board and beyond.

The Chair of the Governance Committee undertook an evaluation of the performance of the Committee during the year and presented the Committee's Annual Report to the Trust Board.

Endowments and Gifts Committee

The Endowments and Gifts Committee is the committee responsible for providing assurance to the Board on all aspects of the stewardship and management of funds donated or bequeathed to the Trust.

The membership of the Endowments and Gifts Committee comprises three Non-Executive Directors, the Director of Acute Services and the Director with responsibility for Estates Services. The Director of Finance is in attendance. Two members had full attendance at all meetings during the year, with the remaining members missing one or more meetings.

During 2016/17, the Committee held four meetings to oversee the administration of the Endowments and Gifts funds, their investment and disbursement. The Committee has been proactive during 2016/17 in seeking to promote Endowments and Gifts across the Southern Trust. This included a promotional video clip along with a press release thanking the local community for their generous donations over the last 18 months.

The Chair of the Endowments and Gifts Committee undertook an evaluation of the performance of the Committee during the year and there were no issues raised.

Remuneration Committee

The Remuneration Committee makes recommendations to the Trust Board on all aspects of remuneration and terms and conditions of employment of the Chief Executive and other senior executives.

The committee comprises the Trust Chair and two Non-Executive Directors, who are independent of Trust management. The Director of Human Resources and Organisational Development is in attendance.

The Committee held five meetings during 2016/17. There was full attendance by all members during the year. The Chair brings recommendations of the Remuneration Committee following each meeting to the Trust Board for approval.

Patient and Client Experience Committee

The Patient and Client Committee provides assurance to the Trust Board that the Trust's services, systems and processes provide effective measures of patient/client and community experience and involvement.

The membership of the Patient and Client Experience Committee comprises the Trust Chair, four Non-Executive Directors and four representatives from the Trust's Public and Personal Involvement (PPI) Panel. Trust Directors, the Assistant Director of Promoting Wellbeing, the Assistant Director of Clinical and Social Care Governance and a representative from the Patient and Client Council are in attendance.

During 2016/17, the Committee held four meetings. Attendance across the four meetings in 2016/17 ranged from 67% to 100%.

This Committee leads the co-ordination, development, implementation and monitoring of the Trust's PPI Action Plan, monitors the Patient Client Experience Standards Audit programme and complaints across the organisation.

The Chair of the Patient and Client Experience Committee held a workshop on 9 March 2017 to review the operation of the Committee. Potential areas for improvement were identified and will form part of the Committee's work programme going forward. The Chair also undertook an evaluation of the performance of the Committee during the year and presented the Committee's Annual Report to the Trust Board.

4. Business Planning and Risk Management

Business planning and risk management is at the heart of governance arrangements to ensure that statutory obligations and ministerial priorities are properly reflected in the management of business at all levels within the organisation.

The state of the economy continues to place severe restrictions on the funding available to the Trust at a time when the local population and the associated demand for service is growing at a faster rate than the rest of Northern Ireland. A requirement to review priorities and ways of working in order to generate internal savings is now a constant feature of service delivery and brings a new dimension to corporate governance and risk management.

This following section provides an overview of the Trust's Business planning process and considers how objectives are identified, managed and reviewed.

The Trusts' 4 Year Strategic Plan aims to ensure clarity about the strategic direction for services delivered by the Trust during 2017/18 – 2020/21. This plan builds on the Trusts 2015-2018 strategic plan "Improving Through Change" and is approved by the DoH.

It sets out the actions the Trust will take in support of each of the corporate objectives. This will ensure that our local communities know what to expect from us, that all of our staff are aware of their role in delivering on these priorities and that we can demonstrate improvements and progress by the end of the plan.

This Strategy sets out the Trust's vision 'to deliver safe, high quality health and social care services, respecting the dignity and individuality of all who use them'. This vision is underpinned by the Trust's values which shape what it does and how it does it.

The Strategic Plan is underpinned on an annual basis by the Trust's Delivery Plan.

The **Trust Delivery Plan (TDP)** represents the annual response of the Trust to Regional and Local Commissioning Plans and to the specific targets signalled in the Minister's Commissioning Plan Direction. Within this document the Trust identifies how it will seek to deliver on each of the key commissioning and ministerial priorities for the incoming year. The Plan also sets out how the Trust will utilise its resources in the year ahead, including its financial strategy, workforce strategy, capital investment plans, governance strategy and plans to promote wellbeing, personal and public involvement (PPI) and the patient experience.

The targets set out within the Commissioning Plan are allocated to Directorates. It is the responsibility of Heads of Service to make their team aware of the targets relevant to their area of work and to ensure that issues which may impact on achievement are flagged up through Divisional and Directorate Team meetings or staff supervision throughout the year.

The TDP is brought to SMT and Trust Board for approval prior to submission to HSCB. The HSCB approve the TDP annually.

The Trusts performance management framework defines arrangements for monitoring and review of performance at operational and corporate level. Formal reporting is in place on commissioning plan objectives and goals for improvement at executive and Board level monthly.

Directorate Management Action/Work Plans are developed annually on the basis of the Strategic Plan and TDP. These plans summarise the key deliverables falling under each objective in the Strategic Plan and TDP but will also detail the actions, action owner and timescales for achievements.

Progress updates are generally carried out on a quarterly basis at Directorate level review and with escalation as required at quarterly Directorate Accountability meeting with Chief Executive.

It is essential that linkages between plans at Corporate and Directorate level are clearly stated and there must be a clear understanding and connection at all levels between objectives and associated risks. This is evidenced through the business planning and risk management processes in the Trust.

Risk Management

Risk management is an organisation-wide responsibility.

The key components of the Trust's risk management strategy (2014) are underpinned by the HSC Controls Assurance Standard for Risk Management. The purpose of this strategy is to ensure that the Trust manages risks in all areas using a systematic and consistent approach. It provides the framework for a robust risk management process. All supporting procedures for the identification and management of risk also reflect this standard.

The Trust's Risk Assessment Tool ensures that a consistent approach is taken to the evaluation and monitoring of risk in terms of the assessment of likelihood and impact. Risks are monitored through a formal reporting process where the assessed level of risk and its strategic significance determines where it will be reviewed and monitored.

In the Trust, there are two key levels at which the risk management process is formally documented:

- The Trust's Corporate Risk Register, which focuses on the principal risks to the Trust's delivery of its statutory responsibilities and corporate objectives; and
- Directorate risk registers which focus primarily on the risks to the achievement of Directorate objectives.

The Corporate Risk Register is reviewed regularly by the Governance Committee at its meetings. The Corporate Risk Register is complementary to and works in conjunction with the Board Assurance Framework which is presented to the Trust Board on a six-monthly basis. During 2016/17, the format of the Corporate Risk Register was revised with each risk on the Register now linked to one of four domains contained on the Board Assurance Framework. Examples of indicators which may identify risks within the organisation include reports from external bodies e.g. RQIA, Accreditation bodies, independent reviews; various occurrences such as complaints, incidents, litigation, staff turnover; and internal assessments/reporting such as self-assessments, monitoring reports etc.

Directors are responsible for ensuring that Directorates under their control have fully functioning Directorate Risk Registers.

The Senior Management Team reviews the Corporate Risk Register at each SMT Governance meeting on a six weekly basis.

All staff are responsible for managing risks within the scope of their role and responsibilities as employees of the Trust. There are structured processes in place for incident reporting, analysis and the investigation of serious incidents. The Trust has reviewed the arrangements in place for communicating and involving patients and their families in incident investigations also.

The content of the Trust's risk management training and awareness is presently under review; it was identified through an internal audit of risk management in 2015 that the Trust should improve on the numbers of staff trained in this area across all Directorates. This work stream remains on-going.

The system of internal governance is designed to help manage risk rather than to eliminate it and controls must at all times be commensurate with the nature of the risk.

5. Information Risk

Safeguarding the Trust's information is a critical aspect of supporting the Trust in the delivery of its objectives. Effective management of information risk is a key aspect of this. Arrangements in place to manage this risk include:

- A Trust Information Governance Framework which includes policies and a suite of procedures and guidance.
- A Personal Data Guardian (Medical Director) to approve data sharing.
- A Senior Information Risk Owner (SIRO) (Director of Performance and Reform) appointed.
- Information Governance Framework Report on use of personal data forwarded to SIRO and Trust Board annually.
- Freedom of Information and Data Protection Requests summary of compliance reported to Trust Board on a quarterly basis.
- Information Asset Owners (IAOs) are in place to reduce the risk to personal information within the Trust and training and advice provided to ensure they are aware of their responsibilities;
- An information sharing register which records the details of all episodes of sharing of Trust data with other bodies; and
- Privacy Impact Assessment template disseminated to ensure privacy issues are considered prior to project implementation.

Information Governance incidents are reported in accordance with the HSC Risk Management strategy. One incident has been reported to the Information Commissioners Office (ICO) during 2016/17. This incident has been fully investigated and action plans have been implemented. Internally, information governance incidents are monitored and reviewed at the Records Management Committee; ensuring lessons learned are disseminated throughout the Trust. Obligations of new privacy legislation are communicated at quarterly Data Protection sub groups.

Data protection and records management training is mandatory for all Trust staff, providing them with up to date awareness of information governance issues and risks. At 31 March 2017, 78% of staff (excluding bank staff) had been trained in data protection and 72% in records management. Information Governance training on protection of client and staff data has been provided to Directors and Assistant Directors.

6. Public Stakeholder Involvement

In line with the Regional Strategy (DHSSPS, 2004), Departmental Guidelines for Personal and Public Involvement (PPI) (DHSSPS, 2007 and 2012), sections 19 and 20 of the Health and Social Care (Reform) Act (Northern Ireland) 2009 and Quality Standards for Health and Social Care (DHSSPS, 2006) the Trust continues to prioritise PPI within all aspects of its business agenda and operates a range of governance, management and reporting mechanisms that reflect this.

Arrangements in place include:

- PPI is a standing agenda item on the Trust Patient and Client Experience Committee, a sub-committee of the Trust Board;
- Each Trust Board agenda includes a patient/client centred service which incorporates feedback and learning from PPI activity;
- PPI arrangements were subject to verification by PHA in 2015/16 and the Trust completed a self-assessment PPI Performance Management Report for PHA;
- Corporate PPI Annual Action plan to ensure continuous improvement; and
- Implementation of PPI Checklist a tool to enable senior managers to determine compliance with the PPI Indicators across all programmes of care.

From April 2016, PPI e-learning has been available for all Trust staff on the Trust's elearning platform. A total of 355 staff completed the Engage and Involve PPI awareness e-learning module in 2016/17, with a further 277 completing a PPI learning module as part of their "Introduction to Quality Improvement" e-learning programme.

Further information on the Trust's involvement mechanisms, processes and resources to support staff and service users and carers is available at

http://www.southerntrust.hscni.net/about/1600.htm

7. Assurance

A systematic approach is taken to ensure that the systems upon which the Trust relies are challenged and tested. The Board Assurance Framework is a statutory requirement for the Trust and is an integral part of the Trust's governance arrangements. The Framework has been compiled in conjunction with all Directorates and provides the systematic assurances required by the Board on the effectiveness of the system of internal control by highlighting the reporting and monitoring mechanisms that are necessary to ensure the achievement of corporate objectives and the delivery of high quality health and social care. In its Board Assurance Framework, the Trust Board has determined the level of assurance it

requires to manage the principal risks facing the organisation and the Trust Board reviews this on a six-monthly basis. A standard template attached to the Board Assurance Framework ensures that Board members consider, based on sufficient evidence, whether the current controls and assurance systems are sufficient and are working effectively. Trust Board minutes attest to the challenge and scrutiny applied to the Board Assurance Framework.

The Framework illustrates the wide range of assurance from internal and external sources. The sources of external assurance and system validation as identified in the Board Assurance Framework include, for example, the Regulation and Quality Improvement Authority, Internal and External Auditors, Royal Colleges and Professional Councils. These are supplemented from non-independent sources such as performance management, self-assessments and proposed work streams on national audits.

The Board Assurance Framework sits alongside the Corporate Risk Register, the Controls Assurance Standards process and performance reporting to provide structured assurance about how risks are effectively managed to deliver agreed objectives. Where risks are outside the Trust's ability to solely manage, these are escalated to the Trust Board and beyond.

Compliance with the controls assurance standards and the annual self-assessments against the standards provide an important assurance to the Trust Board. Separately, the Audit and Governance Committees review compliance with Controls Assurance Standards to provide assurance to the Trust Board that action plans are in place for all 22 standards to maintain/further improve compliance against each standard going forward.

The Trust Board agenda is structured to ensure assurance is provided on key areas such as patient safety and quality and performance in terms of finance, human resources and operational performance.

The quality of information presented to the Trust Board is regularly reviewed by members. A standard template is attached to the front of all Board papers ensuring that the report is aligned to specific corporate objectives and key issues/risks and decisions required are drawn to Board members' immediate attention. Board members regularly discuss and challenge the quality of the information presented to them and collectively reflect on information received. A Non-Executive Director is a member of the Trust Information Governance forum which addresses assurance processes for data quality. In addition, Trust Board receives reports from external organisations which provide assurance in relation to some areas of data quality. No significant issues have been raised.

Members continue to consider further how to develop the searching questions and processes to ensure effective challenge by the Board. The Executive professional roles (Medical, Nursing and Social Work) ensure executive challenge as these posts are designed to give independent professional assurance to the Trust Board.

Controls Assurance Standards

Controls assurance standards are a central feature of the Trust's corporate governance system. The Trust assessed its compliance with the applicable Controls Assurance Standards which were defined by the Department and against which a degree of progress is expected in 2016/17. Each standard has an action plan in place to address any areas of non-compliance.

Substantive compliance is required across all 22 standards.

The table below provides a summary of the expected and achieved levels of compliance for 2016/17.

Standard	DoH Expected Level of Compliance	Trust Level of Compliance
Buildings, land, plant and non-medical equipment	75% - 99% (Substantive)	84% Substantive
Decontamination of medical devices	75% - 99% (Substantive)	92% Substantive
Emergency Planning	75% - 99% (Substantive)	83% Substantive*
Environmental Cleanliness	75% - 99% (Substantive)	89% Substantive
Environment Management	75% - 99% (Substantive)	84% Substantive
Financial Management (Core Standard)	75% - 99% (Substantive)	89% Substantive*
Fire safety	75% - 99% (Substantive)	88% Substantive
Fleet and Transport Management	75% - 99% (Substantive)	87% Substantive
Food Hygiene	75% - 99% (Substantive)	91% Substantive
Governance (Core Standard)	75% - 99% (Substantive)	89% Substantive*
Health & Safety	75% - 99% (Substantive)	88% Substantive
Human Resources	75% - 99% (Substantive)	88% Substantive*
Infection Control	75% - 99% (Substantive)	93% Substantive

Standard	DoH Expected Level of Compliance	Trust Level of Compliance
Information Communication Technology	75% - 99% (Substantive)	90% Substantive
Information Management	75% - 99% (Substantive)	84% Substantive
Management of Purchasing	75% - 99% (Substantive)	81% Substantive
Medical Devices and Equipment Management	75% - 99% (Substantive)	79% Substantive
Medicines Management	75% - 99% (Substantive)	85% Substantive
Research Governance	75% - 99% (Substantive)	94% Substantive
Risk Management (Core Standard)	75% - 99% (Substantive)	87% Substantive*
Security Management	75% - 99% (Substantive)	85% Substantive
Waste Management	75% - 99% (Substantive)	87% Substantive

^{*}De-notes subject to verification by HSC Internal Audit in 2016/17. All others were subject to the Trust's self-assessment.

The above table demonstrates that the required levels of compliance have been achieved in 2016/17.

8. Sources of Independent Assurance

The Trust obtains Independent Assurance from the following sources:

- Internal Audit;
- Regulation and Quality Improvement Authority(RQIA);
- · Benchmarking;
- Licensing bodies.

Internal Audit

The Trust has an internal audit function which operates to defined standards and whose work is informed by an analysis of risk to which the body is exposed and annual audit plans are based on this analysis.

In 2016/17 Internal Audit reviewed the following systems:

Finance Audits: Payments to staff (Trust controls) Non pay Expenditure (Trust controls) Cash Management in Cash offices Travel Expenses (Trust controls) Children and Young Peoples Directorate Finance audit Management of contracts with the Voluntary sector (including Sure Start scheme visits) Charitable Funds Satisfactory Patients Private Property (Mental Health & Learning Disability) Client Monies and Cash Valuables Handling in Social Services setting Client Monies in Independent Sector (Residential Homes and Adult Supported Living Facilities in Independent Sector) Cash Management of Cash Valuables Handling in Social Satisfactory Satisfactory	AUDIT ASSIGNMENT	LEVEL OF ASSURANCE
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contracts procurement, management of vehicle maintenance, repairs and fuel and management of	Sector)	Limited – 1 out of 10 facilities visited
vehicle maintenance, repairs and fuel and management of	Procurement & contract management – fleet and transport	Satisfactory – fleet and transport
fuel and management of	contracts	
patients'/clients' taxis		
		patients'/clients' taxis
Limited – management of non-		Limited – management of non-
emergency transport		emergency transport
Management of domiciliary care Limited	Management of domiciliary care	Limited
Review of Enablecare Limited	Review of Enablecare	Limited
Review of Homecare Independent Living (HCIL) Limited	Review of Homecare Independent Living (HCIL)	Limited

AUDIT ASSIGNMENT	LEVEL OF ASSURANCE
Corporate Risk Based Audits:	
Management of Patient flow – Emergency Departments	Limited
Management of Medical staff	Limited
Management of Acute Falls (Incident management)	Satisfactory
GP Out of hours	Limited
Case/Care Management	Limited
Nursing revalidation	Satisfactory
Governance Audits:	
Risk Management	Satisfactory
Absence management	Satisfactory
Fire safety	Satisfactory
ICT – Third Party Access to Trust Systems/Data	Satisfactory
Clinical Audit	Limited

Consultancy and Other Assignments

A number of other assignments were undertaken by Internal Audit during the year which included:

- Review of waiting list initiative (WLI) payments
- Pension investigation
- Review of calculated re-imbursement of service user monies by Praxis
- Verification of Trust's compliance with the ICT Controls assurance standard for CAWT requirements.

Follow up work

316 of 426 previous priority one and two Internal Audit recommendations which were due to have been implemented, were fully implemented at year end (74%), a further 20% were partially implemented and 6% have not yet been implemented. There were 9 priority one findings which have not been implemented.

One of these relates to monitoring of laboratory expenditure against contract, one relates to implementation of KSF gateways under Agenda for Change, three relate to

raising staff awareness and training around whistleblowing which is now the subject of a regional working group, one relates to the HRPTS system which requires BSO input to address; two relate to adherence to proper procurement guidance and one to the development of proper Trust procedures for the use of ambulance/taxis for non-emergency transport.

Where it is within the control of the Trust to do so, these recommendations will be progressed in 2017/18.

Shared Services Audits

As the Trust is a customer of BSO Shared Services, the following audit reports have been shared with the Trust for information.

Shared Service Audit	Assurance
Accounts Payable Shared Services	Satisfactory
Payroll Shared Service (as at March 2017)	Unacceptable: Payroll system and Function Stability
	Limited: Payroll Processing
Payroll Shared Service (as at August 2016)	Limited
Income Shared Services	Satisfactory
Recruitment Shared Services (as at February 2017)	Limited
Recruitment Shared Services (as at August 2016)	Limited
Business Services Team	Satisfactory
FPL Upgrade (ongoing work)	N/A

Internal Audit has provided Limited assurance over payroll processing in the Shared Service Centre and unacceptable assurance over the payroll system and function stability. Urgent action is required to stabilise the HSC Payroll Service and improve the control environment.

Significant concern is highlighted with regard to sustained system stability, the accuracy of employer superannuation contributions, Payroll SSC staffing and the continued lack of consistent management of overpayments. Fifteen out of eighteen previous audit recommendations are not fully implemented.

Limited assurance has also been provided in respect of the Recruitment Shared Service Centre. Whilst progress continues to be made, there remain a number of significant issues in relation to ERecruit and HSCRecruit functionality, quality and accuracy of performance information and management of customer queries.

Internal Audit also followed up on the implementation of priority one and priority two BSO shared service recommendations at the end of 2016/17. In total, 293 BSO shared service recommendations were followed up. 87% of these recommendations have been fully implemented, a further 12% partially implemented and 1% were not yet implemented at the time of review.

Overall Opinion for 2016/17

In her annual report, the Head of Internal Audit reported that the Trust has a satisfactory system of internal control designed to meet the organisation's objectives. However, it was also noted that Limited assurance has been provided in a number of areas, including the management of domiciliary care and several payroll related audits.

Details of the significant issues identified within the limited assurance reports provided to the Trust are noted below:

Payments to staff: priority one issues were raised in relation to insufficient controls in place to check self-payment by staff; BSO reporting and management of overpayments; Trust management of overtime claims, lack of checking of staff in post listings by Trust managers and pension processing.

Travel expenses: priority one issues related to insufficient validation of travel claims by Trust managers prior to authorisation; insufficient evidence of AccessNI checks having been performed for voluntary drivers and insufficient controls in place to check self-payment by staff where the substitution rule has been delegated downwards on HRPTS.

Management of Client Monies in Rathowen: Particular issues were found in relation to Rathowen Nursing Home which included inappropriate payment of client monies to next of kin; lack of appropriate signed residents' agreements and personal monies agreements; and inadequate procedures for the clients' comfort fund, including monies being incorrectly lodged to the business account.

Procurement and Contract Management (Fleet and transport management): Internal Audit noted several weaknesses within the current arrangements in the Trust including lack of Direct Award contracts for non-contracted taxi usage, lack of appropriate checking of fuel usage by Trust vehicles and inadequate checking of non-emergency transport invoices.

Management of Domiciliary Care: Internal Audit raised two priority one issues in relation to weaknesses in the checking processes for domiciliary care invoices and the limited means the Trust has to assure itself that it is receiving all time commissioned and paid for.

Domiciliary Care - Enable Care: Internal Audit visited this provider twice in 2016/17 following the unacceptable assurance report in 2015/16. At the last visit carried out in November 2016, 72% of the 32 priority one and two recommendations had been fully implemented, 19% had been partially implemented and 9% had not yet been implemented. Following a change in registered company, this provider was not properly registered with RQIA to provide domiciliary care services until late August 2016. This provider is planned for a re-audit in early 2017/18.

Domiciliary Care – Homecare Independent Living: Internal Audit identified three priority one issues for this provider and three priority one issues for the Trust. Trust findings related to inappropriate completion of the domiciliary care commissioning form by staff; weaknesses in Trust monitoring processes and weaknesses in invoice checking and verification. This provider is also planned for a re-audit in early 2017/18.

Management of Patient Flow – Emergency Departments: there were four priority one issues identified regarding absence of documented patient flow procedures; the continued increase in 4 hour and 12 hour breaches and gaps in the analysis of these breaches, and ineffective use of technology to manage and monitor patient flow.

Management of Medical staff: five priority one issues were identified relating to better utilisation of Trust job planning software, weakness in job planning Trust processes and management of additional programmed activities, weaknesses in waiting list initiative processes and the review of activities performed for other Trusts.

Case Management: three priority one findings were highlighted relating to a lack of person centred Service User Care Plans, annual review requirements not being met and lack of consent from service users to share relevant information.

GP Out of Hours: two priority one findings were noted in relation to the inability of the Trust to get GPs to cover the out of hours rota shifts and secondly the high % of enhanced rates the Trust had to pay GPs to cover shifts.

Clinical Audit: five priority one issues were raised in relation to the need to update the Trust's Integrated Governance Strategy, the lack of a Clinical Audit Strategy for the Trust, lack of structured, consolidated reporting of clinical audit outcomes through Trust management or Governance structures and a need for the Acute Clinical Audit Committee to be re-instated.

The recommendations of the Internal Auditor to address control weaknesses have been considered by the Audit Committee. They have been or are being taken forward by the management of the Trust and their implementation will continue to be monitored by the Audit Committee regularly during 2017/18.

Northern Ireland Audit Office (External auditor)

The external auditor undertakes an examination of the annual financial statements in accordance with auditing standards issued by the Auditing Practices Board. Based on the findings of this audit, the Comptroller and Auditor General (C&AG) will report his opinion to the NI Assembly as to the truth and fairness of the annual financial statements, that expenditure and income have been applied to the purposes intended by the Assembly and that the transactions conform to the authorities which govern them (regularity).

In addition, the external auditor will provide a Report to those charged with Governance which brings to the attention of the Accounting Officer findings during the course of the external audit. The external auditor reports all of these findings to the Audit Committee. In the course of the external audit for 2016/17, the external auditor has brought to the attention of management two priority one issues.

The Northern Ireland Audit Office also conducts a number of Value for Money studies across the health sector on an annual basis and these are presented to the Audit Committee.

A representative of the NIAO attends Audit Committee.

RQIA

The RQIA provides independent assurance by conducting a rolling programme of planned clinical and social care governance and thematic reviews across a range of subject areas in HSC organisations.

As part of the revisit of its Clinical and Social Care Governance arrangements, the Trust continues to establish a better system to track and monitor RQIA thematic reviews and inspections and the Trust responses. This will further improve governance arrangements and enhance assurance to be gained from this area.

Benchmarking

The Trust participates in a service which facilitates external benchmarking of hospital based data against a UK peer group of like hospitals. The service provider provides annual reporting on a range of key performance indicators including efficiency and safety measures providing independent assessment of performance against peers, supporting this function with analysis and support at Directorate level. In 2016/17 the Trust has expanded its external benchmarking outside hospital services via the NHS benchmarking Service, to see the provision of one off reporting against a range of service provisions including community services.

Licensing bodies

Trust services are subject to a range of standards and regulations from external licensing and regulatory authorities to ensure appropriate standards of care are delivered. The four main licensing authorities are the Human Tissue Authority (HTA), the Medicines and Healthcare Products Regulatory Agency (MHRA), the Human Fertilisation and Embryology Authority (HFEA) and the Administration of Radioactive Substances Advisory Committee (ARSAC). The Trust is developing an IT system for the corporate logging, monitoring and reporting on these licenses.

The laboratory was granted full UKAS accreditation following an inspection in April 2016.

9. Review of Effectiveness of the System of Internal Governance

As Accounting Officer, I have responsibility for the review of effectiveness of the system of internal governance. My review of the effectiveness of the Trust's system of internal governance is informed by the work of the internal auditors, the executive managers within the Trust who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports.

I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Senior Management Team, Trust Board, Head of Internal Audit, Audit Committee and Governance Committee. I have referred to the Annual Report from the Head of Internal Audit which details the assurance levels provided from reports in 2016/17 and also the Trust's implementation of accepted internal audit recommendations. A plan to address weaknesses and ensure continuous improvement to the system is in place.

10. Internal Governance Divergences

Prior Year Issues

A number of governance matters arising in previous years have now been addressed and no longer represent reportable governance issues for the Trust.

Inquiry into Hyponatraemia-related Deaths

The Trust will consider the learning points and recommendations from this Inquiry when available and take forward as appropriate.

Child Sexual Exploitation/Marshall Inquiry/Safeguarding Board for Northern Ireland (SBNI) Thematic Review

The Marshall Inquiry Report action plan has been achieved in collaboration with DoH, HSCB, and the five H&SC Trusts. The SBNI Thematic Review was received and recommendations accepted by the Minister for Health. The SBNI is taking forward the recommendations with the support of member agencies including the Southern HSC Trust. The Thematic Review re- audit specific to looked after children and child sexual exploitation was completed in November 2016.

Estate Risks

Electrical infrastructure, **Craigavon Area Hospital**: The action plan for this area focused around a three phased approach for low/high voltage works. The final aspect of this plan, Installation of new NIE High Voltage supply and upgrade of LV/HV infrastructure, was completed in 2016/17.

Sewage: The sewage system serving the wards at Craigavon Area Hospital had reached a critical point. An extensive sewage pipe replacement programme commenced in August 2015 and involved a carefully coordinated and phased programme of ward decants. Works continued during 2016/17 with minimal disruption and the highest risk elements have now been completed thus reducing the risk level.

Fire Safety: Fire safety procedures, revised in the light of a number of fire incidents in 2015/16 relating to hot works on 'built-up felt roofs' and a review of unwanted alarm signals were further refined and strengthened during 2016/17. Measures introduced include greater control over contractors, extended fire watch procedures and the use of Thermal Imaging post works, controlled under Permit.

A re-audit of this area in 2016/17 has achieved satisfactory assurance.

Estates Staffing: A number of Estates vacancies have been addressed in 2016/17, significantly reducing the risk in this area.

<u>Progress on Prior Year Issues which continue to be considered as control</u> issues

A number of governance matters arising in prior years are still considered to represent internal governance divergences for 2016/17. These are as follows:

Contract & Procurement Management

Estates

The appropriate procurement of Service and Maintenance contracts, which are within the scope of the Centre of Procurement Expertise (CoPE), has been an area of concern for a number of years.

The new HSC regional model, a collaboration between BSO Procurement and Logistics Service (PaLS) and Trust Estates teams is now established and the regional programme is being overseen by the Regional Estates Procurement Group.

It is envisaged that it will take a number of years to mature the model in full across both BSO PaLS and Trusts.

The Trust has recently appointed one of the three Band 6 Estates procurement officers required to support the regional programme and a recruitment process is underway for the remaining officers. The Trust continues to manage the associated risks by ensuring the provision of appropriate training to Estates staff, the use of robust procedures and direct award contracts as appropriate and regular monitoring and review.

Actions arising from previous internal audit of Estates Contracts have now been largely implemented by the Trust.

Social Care Procurement

Following, the introduction of the Public Contract Regulations 2015 and the inclusion of social and health care services within the Light Touch Regime, HSC bodies are working regionally to extend CoPE cover to minimise the risk of non-compliance. Progress has been made, with agreement on an approach for the management of procurement of social care and other specific contracts over the EU threshold value. This work is being taken forward via a formally constituted project, reporting to Regional Procurement Board. This includes a Social Care Procurement Implementation Board which has been appointed to oversee development of a regional procurement plan and establishment of supporting arrangements. Further regional guidance is awaited on the approach to management of funding awards to social care contracts, under the agreed threshold.

In 2015/16 the Trust agreed to temporarily increase procurement capacity for social care, and in 2016/17 this has been formalised. This resource, operating under the influence of the Social Care Procurement Unit, has undertaken a number of Trust specific procurements related in the main to operational need and strategic change and will align available support to the pre-procurement activities of the regional procurement plan in 2017/18. No specific resource is available for under threshold awards and the Trust will continue to adopt a pragmatic approach until regional guidance is agreed.

General Contract Management

The Trust continues to assess that it is not fully compliant with HSC (F) 10/2012: Procurement Guidance Note (01/12) Contract Management – Procedures and Principles. The position remains that no progress has been possible in 2016/17 on the implementation of a central contract database or improvement in contract

management arrangements/training. The Trust continues to periodically remind all contract managers and their Directors of their roles and responsibilities. The establishment of a central contract management team with supporting systems will be reviewed on a regular basis as opportunities for managerial/administrative changes arise and provide the potential for re-investment.

Estate Risks

Water Borne Risks (Legionella, Pseudomonas etc.)

The Trust continues to manage Water Borne Risks through implementation of the arrangements set out in its Water Safety Plan. Performance against this plan was validated in early 2016/17 and again in January 2017 by independent specialists. The plan will be updated for 2017/18.

Installation of a Copper Silver ionisation system for the treatment of water and control of pathogens such as Legionella and Pseudomonas in Craigavon Area Hospital has exhibited success in reducing the instances of positive legionella detections. The roll out of similar systems across other hospital sites and facilities was delayed due to technical difficulties and was not made operational until late 2016/17.

A Water Safety sampling contract was re-procured in 2016/17.

Trust Estate Risks

The age, condition and nature of the estate continue to pose potential risks and are exacerbated by limited capital investment in major renewal and replacement projects. With respect to the previously identified risk regarding business continuity, progress has been made. The new electricity supply arrangements for Craigavon Area Hospital are now complete and a Trust wide telecoms infrastructure upgrade is underway. These initiatives therefore include increased resilience in support of patient services.

Clinical and Social Care Risks

Elective Care

In 2016/17 the Trust continued to have a number of specialty areas with capacity gaps associated with increasing demand and the absence of significant recurrent investments in elective services over the last two years resulting in an inability to ensure that:

 for outpatients (including mental health) /inpatients and day cases the majority of patients should be waiting no longer than 9/13 weeks for assessment/treatment and no one should wait more than 52 weeks;

- for diagnostic appointment the majority of patients should wait no longer than 9 weeks and no one over, and;
- for allied health professions, and psychological therapies that no one should wait more than 13 weeks.

A level of non-recurrent funding was allocated by the HSCB in 2016/17 to provide additional elective activity to areas that would have the greatest impact on addressing patient safety issues and long waiting times. The Trust also diverted internal resource to the provision of additional activity where this could be secured. Additional capacity has in the first instance been directed to 'red flag' and 'urgent' assessments and key diagnostics. These measures have supported the delivery of the cancer pathways with the Trust continuing to perform above the regional average against the 31-day and 62-day standards but this has not addressed the increase in routine waits.

The Trust has been challenged in year in a number of areas by workforce issues with an inability to continue to flex up short term temporary staffing arrangements in key professional areas and an inability to recruit to a number of key professional posts despite a range of recruitment initiatives. The Trust expects that the position will deteriorate further in 2017/18 if no funding is made available for areas with agreed capacity gaps.

Unscheduled Care

The Trust continues to be challenged to manage demand for unscheduled care in periods of heightened pressures with a steady increase in Emergency Department attendances year on year on all sites. Objectives to improve the 4 and 12 hour Emergency Department targets and non-complex discharges from Acute hospitals where not met in 2016/17 and whilst the Trust continues to maintain good performance in relation to unscheduled length of stay and re-admission rates, performance has reduced from 2015/16.

The Trust has worked with regional and local networks to develop operational resilience in the management of unscheduled care with the creation of additional bed capacity in the acute setting and via Acute Care at Home and implementation of a range of measures to improve assessment and flow of patients via ED and throughout the wider hospital system. However, full effectiveness has been limited by workforce/ recruitment pressures and by time and the Trust will seek to embed new initiatives in 2017/18.

Focus on regional and local indicators of quality remain, which provide assurance on safety and quality of services and facilitate focus on areas of improvement linked to patient experience.

RQIA completed an unannounced hospital inspection in both Emergency Departments in 2016 which specifically focused on whether the care delivered was safe, effective and compassionate and whether the service was well led. The findings for both of the inspections were very positive and highlighted good governance systems in place, senior decision making, observed patients and relatives being treated courteously and with sensitivity. There was evidence of good multidisciplinary team working, junior doctors reported they were well supervised and there was evidence of supportive relationships with other disciplines.

The Donaldson Report

The Trust is participating in a number of work streams with the DoH, HSCB, RQIA and GAIN in respect to strengthening and modifying our existing incident reporting and investigation processes to maximise learning, highlight risk and improve patient safety both internally within the Trust and across the region. The Child death notification process has been embedded into the Trust's Morbidity and Mortality processes. The Trust has implemented the regional mortality and morbidity systems in line with the regional implementation plan. Progress will be monitored by the Trust's Governance Committee during 2017/18.

Food safety testing

Following the provision of inaccurate laboratory results from routine testing in the kitchen at Craigavon Area Hospital in June 2015, the Trust is still pursing the external laboratory for compensation. Costs of £79k were incurred by the Trust due to the introduction of precautionary measures. The Directorate of Legal Services is still in negotiations with their legal team. The Trust has implemented new microbiological testing arrangements with the Public Health Laboratories, Belfast City Hospital.

Recruitment

The Trust continued to experience difficulties in 2016/17 in meeting its demand for recruitment of medical, nursing and GP staff as well as a number of other workforce areas, including AHP and Social Care. Whilst the Trust has tried a number of innovative approaches and worked with the HSCB and DOH on a number of measures to address this, the situation has not been assisted by the existence of internal competition within the HSC for limited staff resources. The Trust continues to work collaboratively with other Trusts where possible, as well as with the HSCB and the DOH on how these competitive tensions can be minimised and managed going forward with some progress in relation to some medical specialties. International Recruitment campaigns for medical and nursing staff have taken place throughout 2016/17 as means to ease workforce pressures in these areas.

Emergency Department at Daisy Hill Hospital

The Trust remains committed to maintaining the Emergency Department, and thanks to the dedication and hard work of staff, the ED has been running 24 hours, 7 days a week, despite the challenges in maintaining a senior medical workforce.

Despite numerous recruitment efforts over the last two years, both nationally and internationally, there continues to be a shortage of permanent senior medical staff.

However, following a regional summit held in May 2017 involving the collective expertise of health professionals from across Northern Ireland, support from across the Health and Social Care sector was secured to develop a viable plan that will address the immediate pressures and look to stabilise the provision of emergency services at Daisy Hill Hospital.

Financial Risks

Performance of Finance Functions within BSO Shared Services Centres

The Head of Internal Audit has reviewed the shared services functions provided by BSO as noted on page 55 during 2016/17. The Payroll Shared Service has continued to receive a limited assurance throughout 2016/17, with unacceptable assurance being provided in respect of the payroll system and function stability. The payroll function has shown no improvement in assurance levels from 2015/16. The other finance functions have received a satisfactory assurance.

Internal Audit have highlighted that urgent action is needed by BSO to stabilise the HSC Payroll Service and improve the control environment as noted on page 55.

The Chief Executive of BSO has acknowledged in the BSO Governance statement that HRPTS system performance and underpayment of employers superannuation contributions are significant issues which the BSO has plans in place to address.

The Trust Board are disappointed that there remains no improvement in assurance levels in respect of the payroll shared service. Whilst BSO management have accepted the recommendations and provided assurance that action plans are in place, this situation continues to present reputational and other difficulties for the Trust.

The Trust will continue to monitor progress at Audit Committee.

BSO Recruitment Shared Services

Following the roll out of the E-Recruitment system and Recruitment & Selection Shared Service Centre (RSSSC) to a number of other large HSC organisations during 2015/16, issues emerged regarding the length of time taken to complete the overall recruitment process. During 2016/17, concerns continued to be expressed

by Trust managers about the speed with which posts are processed by the RSSSC, and the quality of work undertaken on some occasions.

The RSSSC was placed in 'recovery' during 2016/17, with the establishment of a regional 'Task & Finish' group to oversee the implementation of an improvement plan. A number of pieces of work have been completed to standardise and streamline processes regionally, along with other elements of improvement work. The Trust's Acting Head of Resourcing continues to be actively and fully engaged in this group, which met fortnightly throughout 2016/17.

A local action plan is also in place within the Trust, as part of the overall recovery process. The Trust's Acting Head of Resourcing leads on the implementation and ongoing management of this plan, which seeks to ensure that all unnecessary delays in the recruitment process which are caused by factors within the control of Trust managers and/or HR teams, are minimised or eliminated.

Since September 2016, the RSSSC have presented the Trust with monthly Customer Performance Reports against a set of published KPIs, including the important measure of 'time to fill' posts. Further work is required regionally to review these KPIs and ensure they are meaningful and fit for purpose for monitoring RSSSC performance. Reporting functionality in the E-Recruitment system continues to be developed, alongside improvements in data quality in the system. The Trust's Acting Head of Resourcing is leading on the development of internal reporting for the Trust.

The Trust has appointed a Recruitment Shared Services Liaison Officer whose role includes monitoring the progress of recruitment activity, particularly in priority 'hotspot' areas where there are known recruitment issues, in order to identify and remove blockages / delays in recruitment.

Internal Audit have carried out a further audit in 2016/17, following their previous 'unacceptable' level of assurance in 2015/16, which has resulted in a 'limited' assurance as referred to in Section 8 of this report.

The Trust will continue to monitor progress at Audit Committee.

New Control Issues in 2016/17

Clinical and Social Care Risks

Serious Adverse Incident

The Trust received a safeguarding alert on 14 April 2017 with regard to an elderly man who was resident in Lisnisky Nursing Home, a 62 bedded Independent Sector

Care Home in Portadown. A PSNI investigation is ongoing into an alleged incident. The Trust has a safeguarding care and protection plan in place which includes formal care reviews of residents. An SAI notification and Early Alert has been issued.

Breast Service

This service has experienced a reduction in senior medical staff. This had led to a reduction in capacity which has in turn led to a reduction in meeting the 14 day red flag access target. The situation has been escalated to the HSCB and is part of a regional capacity gap in the delivery of breast services. Control measures have been put in place in seeking the assistance of other Trusts to see Southern Trust patients in a timely manner. The Trust has also been successful in recruiting an additional Breast Surgeon and an additional Breast Radiologist both of whom commenced their posts in March 2017. It is anticipated that with the continuing assistance of other Trusts and the additional staff, that some improvement will be made in meeting the 14 day access target. It should be noted that it is reassuring that despite reductions in meeting the 14 day access target that the Trust still has managed to maintain the 31 and 62 day pathway for the majority of breast patients.

Finance Risks

Failures in supervisory and managerial controls

An increasing trend in the scale and number of large payroll overpayments has shown that failures in supervision and appropriate checking at a managerial level are a recurrent theme. Where payroll services are now provided by a shared services provider, and new systems rely on employee and manager self-service, the importance of robust controls being applied by managers is of even greater importance. To address this identified control weakness, the senior management team agreed a number of initiatives, including enhanced communications, training and disciplinary sanctions, a number of which have been put in place during 2016/17, however further work will continue in 2017/18.

Fraud cases

In 2016/17 there have been 18 reported cases of fraud. Five of these cases have been referred to the PSNI in conjunction with investigation by the Counter Fraud and Probity Services. The Trust is pursuing recovery of losses incurred.

Two cases reported as referred to the PSNI in 2015/16 remain under investigation by them.

The Trust has a zero tolerance approach to fraud.

All identified actual, suspected and potential frauds are reported to the Audit Committee as a standing agenda item.

Domiciliary Care Services

The Counter Fraud and Probity Services have conducted work regionally on behalf of the HSC regarding payments made to domiciliary care agencies over the period April 2013 – March 2015. This report compares the actual hours paid by a variety of independent sector providers (ISPs) to their workforce against the actual hours paid by Trusts to the agency. Variations have been identified.

The review has identified a range of issues for HSC and made six recommendations. The DoH has established a Regional Oversight Committee to take forward work required in this area and the Trust has prepared anaction plan to address the recommendations contained within the CFPS report Some of these actions require regional agreement but also include further validation work to be carried out by the Trust directly with its ISPs in June 2017.

Waiting List Initiative Payments

Trust management requested Internal Audit to review the top eight paid staff in relation to waiting list activity for the period April 2015 – December 2016. This review identified a number of significant issues, with eleven recommendations being made to strengthen controls.

One of the most significant issues identified was that staff were paid for working four hour WLI sessions, however on average the time taken to complete the allotted WLI activity was significantly less than four hours. However, there was lack of clarity on whether the WLI payment being made was for activity delivered or time taken. Differing HSC and professional guidance on the expected productivity of Radiologists contributed to this situation.

The Trust has estimated that staff have been paid for excess time amounting to £306k. Following legal advice, the Trust has sought approval from the Department of Health to forego recoupment of this alleged overpayment.

Financial Outlook

The Trust is beginning the 2017/18 financial year with a projected opening recurrent gap of £20.6m, however, at this stage there is no formally agreed budget for 2017/18.

The outlook for 2017-18 is increasingly constrained, particularly in respect of resource funding. In a statement to the House of Commons on 24 April 2017 the Secretary of State for Northern Ireland outlined an indicative Budget position for NI departments. This position was based on the advice of the Head of the NI Civil Service (NICS) in conjunction with the NICS Board. The purpose of this statement

was to provide clarity to departments as to the basis for departmental allocations in the absence of an Executive, so that Permanent Secretaries can plan and prepare to take more detailed decisions in that light. The departmental allocations set out by the Secretary of State provide the basis on which departments are now planning for 2017-18. However, the Secretary of State was clear that the indicative budget position did not constrain the ability of an incoming Executive to adjust its priorities during the year. He also advised that some £42 million Resource DEL and £7 million Capital DEL was left unallocated in order to maintain flexibility for a new Executive to allocate resources to meet further priorities as they deem appropriate. Therefore, while there is the potential for an incoming Executive to adjust these plans and also to allocate the unallocated resources, individual departments cannot anticipate any additional funding at this stage until such decisions are made.

Across the HSC sector it is expected that that the significant financial challenges faced will intensify and extensive budget planning work to support the 2017-18 financial plan is ongoing between the Trust, HSCB and Department of Health (DOH). However, as with other financial years the Trust remains committed to achieving financial break-even.

Trust Lease

The Trust has identified one existing lease that has now been determined as requiring Business Case approval under Departmental Circular PEL(14)04. This relates to a building primarily used for the storage and dispensing of incontinence products to clients and also has a transport office. The annual rental value is £20,000

The building was previously used for the storage and dispensing of aids and appliances and was vacated of appliances on 1st April 2013. However, a decision was taken at that time to retain the building and retain the incontinence service from this facility. The requirement for a business case was not recognised as service users attend the building to collect products and the Trust understood that the delivery of patient services from the facility meant that the lease was outside of the scope of the circular i.e. no business case was required. However, the requirement for a business case has now been clarified with the DoH.

Retrospective approval of the lease business case will not be awarded for the lease which was under consideration by the Department of Finance and where there was a failure by the DoH to renew the holding over and lease extension approval for the period September 2016 to March 2017. This means expenditure of £10,000 has been potentially irregular in 2016/17.

The Trust is currently following the DoH procedure which includes ensuring value for money and as soon as this exercise is completed a business case will be finalised and submitted as a matter of urgency.

In addition, the Trust will now commence a review and reinforce relevant procedures in order to prevent a further reoccurrence.

Conclusion

The Trust has a rigorous system of accountability which I can rely on as Accounting Officer to form an opinion on the probity and use of public funds, as detailed in Managing Public Money NI (MPMNI).

As outlined above, the internal audit review of control systems has resulted in a number of limited assurances in the Trust. A number of priority one issues have been raised with management and extensively examined by the Audit Committee. The findings of these reports and others such as those issued by RQIA will be incorporated into action plans aimed to address the weaknesses/gaps in control.

Further to considering the accountability framework within the Trust and in conjunction with assurances given to me by the Head of Internal Audit, I am content that the Trust has operated a sound system of internal governance during the period 2016/17.

REMUNERATION REPORT FOR THE YEAR ENDED 31 MARCH 2017

Remuneration Report

Scope of the report

The Remuneration Report summarises the remuneration policy of the Southern HSC Trust and particularly its application to senior executives.

Remuneration Committee

The remuneration and other terms and conditions of Executive Directors are overseen by the Remuneration and Terms of Service Committee. Its membership includes the Chair and 2 Non-Executive Directors. The terms of reference of the Committee are based on Circular HSS (PDD) 8/94 Section B.

Remuneration Policy

For the purposes of this report the pay policy refers to Senior Executives, defined as Chief Executive, Executive Director and Functional Director and is based on the guidance issued by the Department of Health on job evaluation, grades, rate for the job, pay progression, pay ranges and contracts.

Pay progression is determined by an annual assessment of performance. It is the responsibility of the Remuneration and Terms of Service Committee to monitor and evaluate the performance of the Chief Executive ensuring that any discretionary awards in terms of performance related pay are justifiable in light of the Trust's overall performance against the annual Trust Delivery Plan. During 2016/17, emphasis continued to be on patient safety and quality improvement, ministerial targets and financial balance. The Chief Executive in turn is responsible for the assessment of performance of the Senior Executives based on the attainment of individual objectives established at the outset of the year, and for the submission of recommendations to the Remuneration and Terms of Service Committee for its annual review of salaries which are conducted in accordance with the relevant circulars issued by the Department of Health.

The levels of performance pay permitted, applied by the Remuneration and Terms of Service Committee, are prescribed by Department of Health. Pay progression as at 1st April 2016 based on performance for Senior Executives in the period 1 April 2015 to 31 March 2016 has been set at 3% (draft) for fully acceptable performance for those employed on contracts before 23rd December 2008 and 1% (non-consolidated) (draft) for those employed on contracts after 23rd December 2008. There is no 'Superior Performance Award'. No award is made for unsatisfactory performance. Senior Executive pay ranges have not been increased with effect from 1st April 2016.

Service Contracts & Notice period

During 2016/17, all contracts were permanent and provide for three months' notice for both parties, with the exception of:

- Mr Francis Rice, who commenced the role of Interim Chief Executive from 13th April 2016 following the resignation of Mrs Paula Clarke.
- Mrs Aldrina Magwood, who continued to undertake the Director of Performance and Reform on an acting basis to provide cover for the vacant position until appointed permanent with effect from 19th January 2017.
- Mr Bryce McMurray, who commenced the role of Director of Mental Health and Disability on an acting basis with effect from 2nd May 2016 to provide cover for Mr Rice.
- Mrs Angela McVeigh, who assumed responsibility for the Executive Director of Nursing on 13th April 2016 to provide cover for Mr Rice's executive role.
- Mr Stephen McNally, who commenced the role of Acting Chief Executive from 23rd January 2017 to cover a period of planned sick leave of the Interim Chief Executive – Mr Rice.
- Ms Helen O'Neill, who commenced the role of Director of Finance and Procurement on an acting basis with effect from 23rd January 2017 to provide cover for Mr McNally.

As far as all Senior Executives are concerned, the provisions for compensation for early termination of contract are in accordance with the appropriate Departmental guidance.

Senior Employees' Remuneration (Audited)

The salary and the value of any taxable benefits in kind of the most senior members of the Southern HSC Trust were as follows:

			2016/2017		2015/2016					
Name	Salary £000s	Bonus / Performance pay £000s	Benefits in Kind (rounded to nearest £100)	Pension Benefits £000s	Total £000s	Salary £000s	Bonus/ Performance pay £000s	Benefits in Kind (rounded to nearest £100)	Pension Benefits £000s	Total £000s
Non Executive Members										
Mrs R Brownlee (Chair)	25-30	0	0	0	25-30	25-30	0	0	0	25-30
Mrs E Mahood (to 31 December 2016)	5-10 (5-10 full year equivalent)	0	0	0	5-10 (5-10 full year equivalent)	5-10	0	0	0	5-10
Mrs D Blakely (to 31 December 2015)	0	0	0	0	0	5-10	0	0	0	5-10
Mr E Graham (to 31 December 2016)	5-10 (5-10 full year equivalent)	0	0	0	5-10 (5-10 full year equivalent)	5-10	0	0	0	5-10
Mrs H Kelly (to 31 December 2015)	0	0	0	0	0	5-10	0	0	0	5-10

			2016/2017			2015/2016					
Name	Salary £000s	Bonus / Performance pay £000s	Benefits in Kind (rounded to nearest £100)	Pension Benefits £000s	Total £000s	Salary £000s	Bonus/ Performanc e pay £000s	Benefits in Kind (rounded to nearest £100)	Pension Benefits £000s	Total £000s	
Dr R Mullan (to 31 December 2016)	5-10 (5-10 full year equivalent)	0	0	0	5-10 (5-10 full year equivalent)	5-10	0	0	0	5-10	
Mrs S Rooney	5-10	0	0	0	5-10	5-10	0	0	0	5-10	
Mrs H McCartan	5-10	0	0	0	5-10	0-5 (5-10 full year equivalent)	0	0	0	0-5 (5-10 full year equivalent)	
Ms E Mullan	5-10	0	0	0	5-10	0-5 (5-10 full year equivalent)	0	0	0	0-5 (5-10 full year equivalent)	
Mr J Wilkinson	5-10	0	0	0	5-10	0-5 (5-10 full year equivalent)	0	0	0	0-5 (5-10 full year equivalent)	
Ms G Donaghy (from 1 January 2017)	0-5 (5-10 full year equivalent)	0	0	0	0-5 (5-10 full year equivalent)	0	0	0	0	0	
Mr M McDonald MBE (from 1 January 2017)	0-5 (5-10 full year equivalent)	0	0	0	0-5 (5-10 full year equivalent)	0	0	0	0	0	

		:	2016/17			2015/16				
Name	Salary £000s	Bonus / Performance pay £000s	Benefits in Kind (rounded to nearest £100)	Pension Benefits £000s	Total £000s	Salary £000s	Bonus/ Performance pay £000s	Benefits in Kind (rounded to nearest £100)	Pension Benefits £000s	Total £000s
Mrs P Leeson CBE (from 1 January 2017)	0-5 (5-10 full year equivalent)	0	0	0	0-5 (5-10 full year equivalent)	0	0	0	0	0
Executive Members										
Mr S McNally – Acting Interim Chief Executive (from 23 January 2017). Director of Finance and Procurement (to 22 January 2017)	90-95	0	0	N/A	90-95	90-95	0	0	N/A	90-95
Mr F Rice – Interim Chief Executive (from 13 April 2016). Director of Mental Health & Disability Services (to 12 April 2016)	105-110	0	0	138	200-250	100-105	0	0	38	135-140
Mrs P Clarke – Interim Chief Executive (resigned 31 March 2016)	0	0	0	0	0	95-10	0	0	110	205-210
Dr J Simpson – Medical Director	0	0	0	0	0	30-35 (100- 105 full year equivalent)	0	0	N/A	30-35 (100- 105 full year equivalent)
Dr R Wright – Medical Director	150-155	0	0	339	450-500	75-80 (100-105 full year equivalent)	0	0	125 (166 full year equivalent)	200-205 (265-270 full year equivalent)

		2	016/17			2015/16					
Name	Salary £000s	Bonus / Performance pay £000s	Benefits in Kind (rounded to nearest £100)	Pension Benefits £000s	Total £000s	Salary £000s	Bonus/ Performance pay £000s	Benefits in Kind (rounded to nearest £100)	Pension Benefits £000s	Total £000s	
Mr P Morgan – Director of Children and Young People's Services	75-80	0	0	N/A	75-80	75-80	0	0	8	80-85	
Mrs A McVeigh - Director of Older People & Primary Care	85-90	0	0	56	140-145	80-85	0	0	9	90-95	
Ms Helen O'Neill – Acting Director of Finance and Procurement (from 23 January 2017)	10-15 (75- 80 full year equivalent)	0	0	4 (27 full year equivalent)	15-20 (100- 105 full year equivalent)	0	0	0	0	0	
Other Members											
Mr K Donaghy – Director of Human Resources and Organisational (to 31 August 2016) (Deputy Chief Executive 1 February 2016 – 31 March 2016)	30-35 (80- 85 full year equivalent)	0	0	N/A	30-35 (80- 85 full year equivalent)	85-90	0	0	99	185-190	

		2	016/17			2015/16				
Name	Salary £000s	Bonus / Performance pay £000s	Benefits in Kind (rounded to nearest £100)	Pension Benefits £000s	Total £000s	Salary £000s	Bonus/ Performance pay £000s	Benefits in Kind (rounded to nearest £100)	Pension Benefits £000s	Total £000s
Mr M Crilly – Acting Director of Mental Health and Disability Services (to 30 April 2015)	0	0	0	0	0	5-10 (70-75 full year equivalent)	0	0	1 (9 full year equivalent)	5-10 (80-85 full year equivalent)
Mrs D Burns – Interim Director of Acute Services (resigned 31 August 2015)	0	0	0	0	0	30-35 (65- 70 full year equivalent)	0	0	(2) ((5) full year equivalent)	25-30 (60- 65 full year equivalent)
Mrs E Gishkori – Director of Acute Services	75-80	0	0	131	205-210	45-50 (65-70 full year equivalent)	0	0	32 (47 full year equivalent)	75-80 (120-125 full year equivalent)
Mrs A Magwood – Director of Performance & Reform	70-75	0	0	16	85-90	75-80	0	0	16	90-95
Mrs V Toal – Director of Human Resources and Organisational Development (from 21 September 2016)	30-35 (60- 65 full year equivalent)	0	0	(122) ((209) full year equivalent)	(90)-(85) ((150)-(145) full year equivalent)	0	0	0	0	0
Mr Bryce McMurray – Acting Director of Mental Health and Disability Services (from 2 May 2016)	65-70 (70- 75 full year equivalent)	0	0	67 (73 full year equivalent)	130-135 (140-145 full year equivalent)	0	0	0	0	0

The value of pension benefits accrued during the year is calculated as: (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation or any increase or decreases due to a transfer of pension rights.

Senior Executive remuneration stated above does not include a pay award for 2016/17 pending finalisation of the DoH circular and consideration by the Trust's Remuneration Committee.

Three Non-Executive Directors came to the end of their term of office on 31 December 2016 and three new Non-Executive Directors were appointed from 1 January 2017.

Pensions of Senior Management (Audited)

The pension entitlements of the most senior members of the Southern HSC Trust were as follows:

	2016	5/2017			
Name	Real Increase in pension and related lump sum at age 60 £000s	Total Accrued pension at age 60 and related lump sum £000s	CETV at 31/03/16 £000s	CETV at 31/03/17 £000s	Real Increase in CETV £000s
Executive Members					
Mr S McNally – Acting Interim Chief Executive (from 23 January 2017). Director of Finance and Procurement (to 22 January 2017) Note 1	0	0	0	0	0
Mr F Rice – Interim Chief Executive (from 13 April 2016). Director of Mental Health & Disability Services (to 12 April 2016)	5-7.5 plus 17.5-20 lump sum	45-40 plus 150-155 lump sum	807	960	128
Dr R Wright – Medical Director	15-17.5 plus 45-47.5 lump sum	55-60 plus 170-175 lump sum	831	1,183	326
Mr P Morgan – Director of Children & Young People's Services Note 1	0	0	0	0	0
Ms Helen O'Neill – Acting Director of Finance and Procurement (from 23 January 2017	0-2.5 plus 2.5-5 lump sum	25-30 plus 85-90 lump sum	515	561	30
Mrs A McVeigh – Director of Older People & Primary Care	2.5-5 plus 7.5-10 lump sum	35-40 plus 110-115 lump sum	767	859	67

	201	6/17			
Name	Real Increase in pension and related lump sum at age 60 £000s	Total Accrued pension at age 60 and related lump sum £000s	CETV at 31/03/16 £000s	CETV at 31/03/17 £000s	Real Increase In CETV £000s
Other Members					
Mr K Donaghy – Director of Human Resources and Organisational Development (to 31 August 2016) (Deputy Chief Executive 1 February 2016 – 31 March 2016) Note 1	0	0	0	0	0
Mrs E Gishkori – Director of Acute Services	5-7.5 plus 17.5-20 lump sum	10-15 plus 40-45 lump sum	168	295	122
Mrs A Magwood – Director of Performance & Reform	0-2.5 plus (2.5)-0 lump sum	15-20 plus 50-55 lump sum	294	316	13
Mrs V Toal – Director of Human Resources and Organisational Development (from 21 September 2016)	(10)-(7.5) plus (30)-(27.5) lump sum	10-15 plus 35-40 lump sum	323	202	(130)
Mr Bryce McMurray – Acting Director of Mental Health and Disability Services (from 2 May 2016)	2.5-5 plus 10-12.5 lump sum	35-40 plus 110-115 lump sum	780	889	83

Note 1: Mr S McNally, Mr P Morgan and Mr K Donaghy are beyond the threshold for calculation of CETV, so this is not applicable in 2016/17.

Mr Francis Rice commenced the role of Interim Chief Executive from 13th April 2016 following the resignation of Mrs Paula Clarke.

Mr Stephen McNally commenced the role of Acting Interim Chief Executive from 23rd January 2017 to cover a period of planned sick leave of the Interim Chief Executive – Mr Rice.

Ms Helen O'Neill commenced the role of Director of Finance and Procurement on an acting basis with effect from 23rd January 2017 to provide cover for Mr McNally.

Mrs Aldrina Magwood continued to undertake the Director of Performance and Reform on an acting basis to provide cover for the vacant position until appointed permanent with effect from 19th January 2017.

Mr Bryce McMurray commenced the role of Director of Mental Health and Disability on an acting basis with effect from 2nd May 2016 to provide cover for Mr Rice.

Mrs Angela McVeigh, was assigned responsibility for Executive Director of Nursing on 13th April 2016 to provide cover for Mr Rice's executive role.

Mr Kieran Donaghy, Director of Human Resources and Organisational Development, retired on 31st August 2016 and Mrs V Toal was appointed on 21st September 2016 as his replacement.

As Non-Executive members do not receive pensionable remuneration, there will be no entries in respect of Pensions for Non-Executive members.

Cash Equivalent Transfer Values

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 the other pension details, include the value of any pension benefits in another scheme or arrangement which the individual has transferred to the HSC 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 prescribed by the Institute and Faculty of Actuaries.

Real Increase in CETV

This reflects the increase in CETV effectively funded by the employer. It does not include 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. However, the real increase calculation uses common actuarial factors at the

start and end of the period so that it disregards the effect of any changes in factors and focuses only on the increase that is funded by the employer.

Staff Report (Audited)

The Trust employs 10,177 staff (whole time equivalent) with 82% of staff providing direct hands on care to patients and clients. This figure includes staff with more than one job position.

Staff Composition by Gender

The following table provides an analysis of the number of employed staff as at 31 March 2017 by gender:

	Directors		Non- Executive Directors		Senior staff		Other Staff		Trust Total	
	Number	%	Number	%	Number	%	Number	%	Number	%
Female	5	50	5	71	24	59	10,834	86	10,868	86
Male	5	50	2	29	17	41	1,780	14	1,804	14
Total	10		7		41		12,614		12,672	

 Senior staff is defined as Assistant Director and above but excluding senior management

Staff sickness and absenteeism

The cumulative sickness and absenteeism rate for the Trust as at 31 March 2017 was 4.91%.

Employee Policies

The Trust's Joint Consultative & Negotiating Forum is committed to the involvement of staff at all levels in shaping service delivery and being part of the decision making which affects their working lives and the delivery of health and social care. The Trust continues to work in partnership with Trade Union colleagues and has developed

across all directorates resulting in staff and management working together to deliver a number of very significant change initiatives and service reforms over the past number of years. A Staff Involvement Framework governs how the Trust involves staff in decisions that affect them through a range of processes, procedures and initiatives to develop a consistent approach to involving staff.

Significant work is on-going across the Trust to continually improve services for patients and clients, and a key focus with many of these improvement initiatives is the involvement of staff who work day by day within the services. Many of these improvement initiatives are reported and showcased throughout the year by the Trust's Continuous Improvement Team within the Directorate of Performance & Reform.

The Trust has in place an Equal Opportunity Policy which emphasises its continuing commitment to the provision of equality of opportunity. The scope of the current policy covers age, marital or civil partnership status, sex, sexual orientation, gender reassignment, religious belief, political opinion, race (including colour, nationality, ethnic or national origins, or being an Irish Traveller), disability, pregnancy or maternity leave and with/without dependants. Key achievements during the year included mainstreaming equality, disability and human rights considerations within policy development and decision making processes; development of a range of Discovering Diversity E-Learning modules and a range of resources to inform mindsets, attitudes and behaviours aimed at promoting a good and harmonious working environment and respect for all who work or come into contact with our services. Work throughout the year with regional colleagues has also resulted in an Equality, God Relations and Human Rights Training Manual for Staff.

The Trust also recognises that attention needs to be given to the position of people with disabilities in the service and it is for this reason that the Trust also has a Policy on the Employment of People with Disabilities in place. This Policy takes account of the Disability Discrimination Act 1995 (the DDA), as amended. In developing this policy, the Trust has taken account of its duty under Section 49A of the DDA (as amended), which requires the Trust, when carrying out its functions, to have due regard to the need to promote positive attitudes towards people with disabilities and the need to encourage their participation in public life.

Costs and Numbers

Staff costs comprise:

		2017		2016
Staff costs comprise:	Permanently employed staff £000s	Others £000s	Total £000s	Total £000s
Wages and salaries Social security costs Other pension costs Sub-Total Capitalised staff costs Total staff costs reported in Statement of Comprehensive Expenditure Less recoveries in respect of outward secondments Total net costs	291,315 24,614 41,030 356,959 (383) 356,576	25,164 (300) 25 24.889 0 24,889	316,479 24,314 41,055 381,848 (383) 381,465 (325) 381,140 £000s	303,588 20,234 37,879 361,701 (339) 361,362 (252) 361,110
Southern HSC Trust Total		- -	381,140 381,140	361,110 361,110

Staff Costs exclude £383k charged to capital projects during the year (2016: £339k). Staff Costs include £599k associated with Research & Development Projects (2016: £445k)

Pension Liabilities

The Trust participates in the HSC Superannuation Scheme. Under this multi-employer defined benefit scheme both the Trust and employees pay specified percentages of pay into the scheme and the liability to pay benefit falls to the Department of Health. The Trust is unable to identify its share of the underlying assets and liabilities in the scheme on a consistent and reliable basis.

As per the requirements of IAS 19, full actuarial valuations by a professionally qualified actuary are required at intervals not exceeding four years. The actuary reviews the most recent actuarial valuation at the Statement of Financial Position date and updates it to reflect current conditions. A full valuation for Resource Accounts purposes as at 31 March 2012 was certified in February 2015 and is used in the 2016/17 accounts.

The accounting treatment of pension liabilities is explained in Note 1.19 of the annual accounts on page 111.

Off Payroll Engagements

The Trust is required to disclose the details of off-payroll engagements to meet requirements promulgated by HM Treasury in PES guidance, those at a total cost of over £58,200 per annum that were in place during the year. This information has been restated from last year to reflect HMRC guidance around the disclosure.

	2016/17 Number of staff		2015/16 Number of staff
Off Payroll Staff as 1st April 2016 (restated)	1	Off Payroll Staff as 1st April 2015	10
New engagements during the year	0	New engagements during the year	9
Number of engagements transferred to payroll	0	Number of engagements transferred to payroll	0
Number of engagements that have come to an end during the year	0	Number of engagements that have come to an end during the year	(7)
Off payroll staff as at 31 March 2017	1	Off payroll staff as at 31 March 2016	12

The current contract for medical agency staffing is in place following a procurement exercise carried out before 1 October 2014.

The Trust did not incur expenditure on external consultancy during 2016/17.

Median Remuneration

	2016/17	2015/16
Band of Highest Paid Director's Total Remuneration (£000s)	150-155	155-160
Median Total Remuneration (based on paid salary)	£28,805	£29,300
Ratio	5.3	5.4

The median reflects the aggregation of earnings where staff have multiple contracts.

Reporting entities 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, excluding the highest paid director.

In 2016/17, 20 (2015/16 (Restated): 23) employees received remuneration in excess of the highest paid director. Remuneration ranged from £155k to £230k (2015/16 (Restated): £155k to £265k). All of these employees were clinicians.

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

In 2016/17 and 2015/16 the most highly paid Director was the Medical Director.

Average Number of Persons Employed

The average number of paid whole time equivalent persons employed during the year was as follows:

			2016	
	Permanently employed staff	Others	Total	Total
	No.	No.	No.	No.
Medical and dental	627	104	731	709
Nursing and midwifery	3,470	33	3,503	3,418
Professions allied to medicine	1,112	11	1,123	1,079
Ancillaries	669	165	834	854
Administrative & clerical	1,638	43	1,681	1,662
Estates & Maintenance	103	0	103	104
Social services	1,276	9	1,285	1,203
Domiciliary/Homecare Workers	929	0	929	875
Total average number of persons employed Less average staff number relating to capitalised staff	9,824	365	10,189	9,904
costs Less average staff number in respect of outward	(8)	0	(8)	(7)
secondments	(4)	0	(4)	(4)
Total net average number of persons employed	9,812	365	10,177	9,893

Of which:

 Southern HSC Trust
 10,177

 Charitable Trust Fund
 0

 10,177
 10,177

Retirements due to ill-health

During 2016/17 there were 31 early retirements from the Trust (2015/16: 19), agreed on the grounds of ill-health. The estimated additional pension liabilities of these ill-health retirements will be £42k (2015/16: £10k). These costs are borne by the HSC Pension Scheme.

Reporting of Early Retirement and Other Compensation Scheme – exit packages (Audited)

Exit Package Cost Band	Number of Compulsory Redundancies		Number Departure	of other es Agreed	Total Number of Exit Packages by Cost Band		
	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	
<£10,000	0	0	0	6	0	6	
£10,001- £25,000	0	0	0	4	0	4	
£25,001- £50,000	0	0	0	1	0	1	
£50,001- £100,000	0	0	0	3	0	3	
Total number of exit packages	0	0	0	14	0	14	

	£000s	£000s	£000s	£000s	£000s	£000s
Total Resource Cost	0	0	(18)	289	(18)	289

Redundancy and other departure costs have been paid in accordance with the provisions of the HSC Pension Scheme Regulations and the Compensation for Premature Retirement Regulations, statutory provisions made under the

Superannuation Act 1972. Exit costs are accounted for in full in the year in which the exit package is approved and agreed and are included as operating expenses at note 3. Where early retirements have been agreed, the additional costs are met by the employing authority and not by the HSC pension scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table.

The exit packages in 2015/16 which impacted net expenditure represent voluntary leavers as a consequence of the HSC Voluntary Exit Scheme.

The total resource refund of (£18k) (2015/16: £289k) relates to the withdrawal of a previously reported exit package and differences in prior year estimates for 3 employees.

Staff Benefits

There were no staff benefits in 2016/17 or 2015/16.

Trust Management Costs

	2017	2016
	£000s	£000s
Trust management costs	21,441	21,066
Income:		
RRL	600,031	576,154
Income	41,910	39,224
Non cash RRL for movement in clinical negligence provision	(10,515)	(16,120)
Less interest receivable	0	(1)
Total Income	631,426	599,257
% of total income	3.4%	3.5%

The above information is based on the Audit Commission's definition "M2" Trust Management costs as detailed in HSS (THR) 2/99. A review of the trend of Trust Management costs shows that whilst the Trust's total income base has increased by 13.6% since 2014, management costs have remained largely static as a % income.

	2017 £'000s	2016 £'000s	2015 £'000s	2014 £'000s	
Trust Management Costs	21,441	21,066	20,905	20,213	Represents an increase of 6% since 2014
Total Income	631,426	599,257	597,708	555,922	Represents an increase of 13.6% since 2014
% of Total Income	3.4%	3.5%	3.5%	3.6%	

ACCOUNTABILITY AND AUDIT REPORT

Compliance with regularity of expenditure guidance

The Trust Management Statement (MS) and the Financial Memorandum (FM) which exists between the DHSSPS and the Trust, outlines the framework in which the Trust will operate and details certain aspects of financial provisions which the Trust will observe.

The discharge of the responsibilities within the MS/FM is supported by the Standing Financial Instructions (SFIs) of the Trust. The SFIs are then further supported by finance policies and detailed financial procedures which must be kept up to date with Department of Health circulars as appropriate.

This overall framework is designed to ensure that the Trust has assurance that the income and expenditure recorded in its financial statements have been applied to the purposes as intended by the NI Assembly and the financial transactions recorded in the financial statements of the Trust conform to the authorities which govern them.

Both Internal Audit and External Audit provide an independent assessment of the Trust's adherence to this framework of financial governance and control, with the External Auditor providing an annual opinion on regularity within the certified financial statements of the Trust. The External Auditor's opinion on regularity for 2016/17 is unqualified (draft).

Formal Complaints Management

To help us identify areas in which we need to improve we welcome all comments and complaints regarding our services. Information about how you can make a complaint is explained in our "We Value Your Views" leaflet on the Southern Trust website. We recognise that at times, patients, families and carers may have concerns about their care or treatment. We are committed to engage with patients and their families to ensure that we learn from their experiences.

The Trust uses issues raised through the complaints process as an important source of information for safety and quality improvement. This information informs learning and development and is fed back to staff involved. Within the Trust it is the responsibility of all Trust Directors, Assistant Directors, Heads of Service and Senior Managers to utilise the information and trends from their complaints to ensure learning and development and to monitor learning. Complaint reports are shared at Senior Management Governance meetings, Governance Committee meetings and Directorate meetings to highlight complaint themes across the Trust to ensure improvement and learning takes place.

Statement of Losses and Special Payments recognised in the year

Losses and special payments are items of expenditure that the NI Assembly would not have contemplated when it agreed funding to the Trust. They are subject to special controls and procedures and require specific approval in accordance with limits set by the Department of Health. The limit delegated to the Trust, for approval of losses, differs depending on the type of loss but all losses and special payments, irrespective of value, require approval by the Trust Board. Losses over a particular threshold require approval by the Department of Health.

Losses and special payments are reported to the Audit Committee for review and to Trust Board for approval annually. They are audited as part of the audit of the Annual Accounts.

Statement of Losses and Special Payments recognised in the year (continued)

Type of Loss and Special Payment	2016	6/17	2015/16		
. ,	CASES	£	CASES	£	
Cash Losses					
Cash Losses – Overpayments of					
salaries, wages and allowances	36	306,581	0	0 5 400	
Cash Losses – Other causes	2 38	204 306,785	6 6	5,168 5,168	
	36	300,763	0	5,100	
Claims abandoned					
Waived or abandoned claims	1	74	0	0	
Administrative write-offs					
Bad debts	863	310,153	821	346,354	
Fruitless payments	_	(15)	_		
Late Payment of Commercial Debt	1	(48)	5	553	
Other Fruitless payments and constructive losses	1	(64,383)	2	65,183	
constructive losses	2	(64,431)	7	65,736	
Stores Losses		(0.1, 10.1)	-	30,130	
Losses of accountable stores					
through any deliberate act	0	0	0	0	
Other stores losses	1,533	70,398	919	31,830	
	1,533	70,398	919	31,830	
Special Payments					
Compensation payments					
- Clinical Negligence	86	2,123,491	85	2,015,585	
- Public Liability	7	73,078	11	106,984	
- Employers Liability	39	208,374	28	198,048	
- Other	7	5,030	1	1,300	
	139	2,409,973	125	2,321,917	
Ex-gratia payments	11	667	4	3,999	
TOTAL (Note 1)	2,587	3,033,619	1,882	2,775,004	

• **Note 1:** Eight of the above losses, 2 debts relating to deceased clients totalling £39,720 and 6 payments to medical staff in respect of the waiting list initiative totalling £305,504, require Department of Health approval. The (£64k) in fruitless payments mostly comprises the write back of expenditure previously disclosed as fruitless in the losses statement in 2015/16. This related to expenditure incurred by the Trust of £64,383 (labour costs, food, disposables and Estates costs) incurred in activating the Trust's catering contingency plan on receipt of independent microbiological food testing information which caused the temporary closure of Craigavon Area Hospital dining room and coffee bar. Under DoH advice in 2016/17, this should be treated as normal operating expenditure, not a loss.

Losses and Special Payments over £250,000

	2016	5/17	2015/16		
Losses and Special Payments over £250,000	Number of Cases	£	Number of Cases	£	
Special Payments Clinical Negligence Cases	1	397,945	2	614,835	
TOTAL	1	397,945	2	614,835	

There was 1 clinical negligence case on which payments recognised in the year exceeded £250,000.

Special Payments

There were no other special payments or gifts made during the year.

Other Payments and Estimates

There were no other payments or gifts made during the year

Remote Contingent Liabilities

In addition to Contingent Liabilities reported within the meaning of IAS37, (included in the Annual Accounts Note 21), the Southern HSC Trust also reports liabilities for which the likelihood of a transfer of economic benefit in settlement is too remote to meet the definition of Contingent Liability. There are no remote contingent liabilities of which the Trust is aware.

On behalf of the Southern HSC Trust, I approve the Accountability Report encompassing the following sections:

- Governance Report
- Remuneration and Staff Report
- Accountability and Audit Report

Signed:

Stephen McNally

Acting Interim Accounting Officer

Date: 8th June 2017

SOUTHERN HEALTH AND SOCIAL CARE TRUST

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE NORTHERN IRELAND ASSEMBLY

I certify that I have audited the financial statements of the Southern Health and Social Care Trust and its group for the year ended 31 March 2017 under the Health and Personal Social Services (Northern Ireland) Order 1972, as amended. The financial statements comprise the Consolidated Statements of Comprehensive Net Expenditure, Financial Position, Changes in Taxpayers' Equity, Cash Flows, and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration and Staff Report and the Assembly Accountability disclosures that are described in those reports as having been audited.

Respective responsibilities of the Board, Accounting Officer and auditor

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Health and Personal Social Services (Northern Ireland) Order 1972, as amended. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff 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 group's and Southern Health and Social Care Trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Southern Health and Social Care Trust; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual 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 me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on regularity

In my opinion, in all material respects the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the group's and of Southern Health and Social Care Trust's affairs as at 31 March 2017 and of the net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Health and Personal Social Services (Northern Ireland) Order 1972, as amended and Department of Health directions issued thereunder.

Opinion on other matters

In my opinion:

- the part of the Remuneration and Staff Report and the Assembly Accountability disclosures to be audited have been properly prepared in accordance with Department of Health directions made under the Health and Personal Social Services (Northern Ireland) Order 1972, as amended; and
- the information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the parts of the Remuneration and Staff Report and Assembly Accountability Disclosures to be audited are not in agreement with the accounting records; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with Department of Finance's guidance.

Report

I have no observations to make on these financial statements.

KJ Donnelly

K & Donnelly

Comptroller and Auditor General Northern Ireland Audit Office 106 University Street Belfast BT7 1EU

22 June 2017

SOUTHERN HEALTH AND SOCIAL CARE TRUST Annual Accounts for the Year Ended 31 March 2017

FOREWORD

These accounts for the year ended 31 March 2017 have been prepared in accordance with Article 90(2)(a) of the Health and Personal Social Services (Northern Ireland) Order 1972, as amended by Article 6 of the Audit and Accountability (Northern Ireland) Order 2003, in a form directed by the Department of Health.

SOUTHERN HSC TRUST

CONSOLIDATED STATEMENT OF COMPREHENSIVE NET EXPENDITURE for the year ended 31 March 2017

			2017			2016 Rest	tated
	NOTE	Trust £000s	CTF £000s	Consolidated £000s	Trust £000s	CTF £000s	Consolidated £000s
Income							
Income from activities	4.1	32,259	0	32,259	29,483	0	29,483
Other Operating Income	4.2	9,645	276	9,921	9,741	298	10,039
Deferred Income	4.3	6	0	6	0	0	C
Total Operating Income		41,910	276	42,186	39,224	298	39,522
Expenditure		,		,	,		
Staff costs	3	(381,465)	0	(381,465)	(361,362)	0	(361,362
Purchase of Goods and Services	3	(172,315)	(29)	(172,344)	(160,861)	(29)	(160,890
Depreciation, amortisation and							
impairment charges	3	(17,392)	0	(17,392)	(15,213)	0	(15,213)
Provision Expense	3	(9,727)	0	(9,727)	(16,789)	0	(16,789)
Other Expenditures	3	(60,951)	(267)	(61,218)	(61,016)	(404)	(61,420
Total Operating Expenditure		(641,850)	(296)	(642,146)	(615,241)	(433)	(615,674)
Net Operating Expenditure		(599,940)	(20)	(599,960)	(576,017)	(135)	(576,152)
Finance Income	4.2	0	120	120	1	125	126
Finance Expense	3	0	0	0	(1)	0	(1)
Net Expenditure for the year		(599,940)	100	(599,840)	(576,017)	(10)	(576,027)
Revenue Resource Limit (RRL)							
and capital grants Add back charitable trust fund net	24.1	600,031	0	600,031	576,154	0	576,154
expenditure		0	(100)	(100)	0	10	10
Surplus against RRL		91	0	91	137	0	137
OTHER COMPREHENSIVE EXPE	NDITURE						
Items that will not be reclassified	d to net op	erating costs	:				
Net gain on revaluation of	5.1/8/						
property, plant and equipment	5.2/ 8	3,794	0	3,794	11,830	0	11,830
Net gain on revaluation of	6.1/8/						
intangibles	6.2/8	0	0	0	0	0	(
Net gain/(loss) on revaluation of							
charitable assets	7	0	399	399	0	(174)	(174
Items that may be reclassified to	net opera	ting costs:					
Net gain/(loss) on revaluation of av	ailable for						
sale financial assets		0	0	0	0	0	(
TOTAL COMPREHENSIVE			·				
EXPENDITURE for the year ende March 2017	ed 31	(596,146)	499	(595,647)	(564,187)	(184)	(564,371
IVIAI CII ZU I I							

CONSOLIDATED STATEMENT OF FINANCIAL POSITION as at 31 March 2017

		20	17	2	2016
Non Current Assets	NOTE	Trust £000s	Consolidated £000s	Trust £000s	Consolidated £000s
Property, plant and equipment	5.1/5.2	311,177	311,177	304,076	304,076
Intangible assets	6.1/6.2	0	0	001,010	0
Financial assets	7.0	0	3,070	0	2,671
Trade and other receivables	12.0	1,578	1,578	694	694
Total Non Current Assets		312,755	315,825	304,770	307,441
Current Assets					
Assets classified as held for sale	9.0	1,182	1,182	1,381	1,381
Inventories	10.0	3,241	3,241	2,987	2,987
Trade and other receivables	12.0	14,932	14,983	13,532	13,600
Other current assets	12.0	2,642	2,642	3,035	3,035
Financial assets	7.0	0	0	0	0
Cash and cash equivalents	11.0	1,290	1,517	1,184	1,416
Total Current Assets		23,287	23,565	22,119	22,419
Total Assets		336,042	339,390	326,889	329,860
Current Liabilities					
Trade and other payables	13.0	(63,449)	(63,443)	(68,267)	(68,383)
Provisions	15.0	(7,664)	(7,664)	(7,439)	(7,439)
Total Current Liabilities	_	(71,113)	(71,107)	(75,706)	(75,822)
Total Assets Less Current Liabilities	_	264,929	268,283	251,183	254,038
Non Current Liabilities					
Provisions	15.0	(42,456)	(42,456)	(35,673)	(35,673)
Total Non Current Liabilities		(42,456)	(42,456)	(35,673)	(35,673)
Total Assets less Total Liabilities	_	222,473	225,827	215,510	218,365
Taxpayers' Equity and Other Reserves					
Revaluation reserve		50,784	50,784	47,080	47,080
SoCNE reserve		171,689	171,689	168,430	168,430
Other reserves – charitable fund		0	3,354	0	2,855
Total Equity	_	222,473	225,827	215,510	218,365

The notes on pages 100 to 151 form part of these accounts.

The financial statements on pages 95 to 156 were approved by the board on 8th June 2017 and were signed on its behalf by

CONSOLIDATED STATEMENT OF CHANGES IN TAXPAYERS' EQUITY FOR THE YEAR ENDED 31 MARCH 2017

	NOTE	SoCNE Revaluation Reserve Reserve		Charitable Fund	Total
		£000s	£000s	£000s	£000s
Balance at 1 April 2015	-	181,703	34,585	3,039	219,327
Changes in Taxpayers Equity 2015-16					
Grant from DoH		563,350	0	0	563,350
Transfers between reserves		(665)	665	0	0
(Comprehensive expenditure for the year)		(576,017)	11,830	(184)	(564,371)
Transfer of asset ownership		0	0	0	0
Non cash charges - auditors remuneration	3	59	0	0	59
Balance at 31 March 2016		168,430	47,080	2,855	218,365
Changes in Taxpayers Equity 2016-17					
Grant from DoH		603,050	0	0	603,050
Transfers between reserves		90	(90)	0	0
(Comprehensive expenditure for the year)		(599,940)	3,794	499	(595,647)
Non cash charges - auditors remuneration	3	59	0	0	59
Balance at 31 March 2017	_	171,689	50,784	3,354	225,827

The notes on pages 100 to 151 form part of these accounts.

CONSOLIDATED STATEMENT OF CASHFLOW FOR THE YEAR ENDED 31 MARCH 2017

	NOTE	2017 £000s	2016 £000s
Cash flows from operating activities			
Net expenditure after interest		(599,840)	(576,027)
Adjustments for non cash costs		27,164	32,057
(Increase)/decrease in trade and other receivables		(1,874)	3,937
(Increase) in inventories		(254)	(107)
(Decrease)/increase in trade payables		(4,940)	2,583
Less movements in payables relating to items not passing through the NEA			
Movements in payables relating to the purchase of property, plant and			
equipment		(25)	(1,314)
Use of provisions	15	(2,719)	(2,796)
Net cash outflow from operating activities		(582,488)	(541,667)
Cash flows from investing activities			
Purchase of property, plant & equipment	5	(20,553)	(22,126)
Proceeds of disposal of property, plant & equipment		8	109
Proceeds on disposal of assets held for resale		84	0
Drawdown from investment fund		0	0
Share of income reinvested		(399)	174
Net cash outflow from investing activities		(20,860)	(21,843)
Cash flows from financing activities			
Grant in aid		603,050	563,350
Movement in Charitable Trust Funds		399	(174)
Net financing		603,449	563,176
Net increase/(decrease) in cash & cash equivalents in the period		101	(334)
Cash & cash equivalents at the beginning of the period	11	1,416	1,750
Cash & cash equivalents at the end of the period	11	1,517	1,416

The notes on pages 100 to 151 form part of these accounts.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017

STATEMENT OF ACCOUNTING POLICIES

1. Authority

These accounts have been prepared in a form determined by the Department of Health based on guidance from the Department of Finance's Financial Reporting Manual (FReM) and in accordance with the requirements of Article 90(2) (a) of the Health and Personal Social Services (Northern Ireland) Order 1972 No 1265 (NI 14) as amended by Article 6 of the Audit and Accountability (Northern Ireland) Order 2003.

The accounting policies follow IFRS to the extent that it is meaningful and appropriate to HSC Trusts. Where a choice of accounting policy is permitted, the accounting policy which has been 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 Trust's accounting policies have been applied consistently in dealing with items considered material in relation to the accounts, unless otherwise stated.

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.

1.2 Currency and Rounding

These accounts are presented in UK Pounds Sterling. The figures in the accounts are shown to the nearest £1,000.

1.3 Property, Plant and Equipment

Property, plant and equipment assets comprise Land, Buildings, Dwellings, Transport Equipment, Plant and Machinery, Information Technology, Furniture and Fittings, and Assets under Construction.

Recognition

Property, plant and equipment must be 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

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017

- collectively, a number of items have a cost of at least £5,000, 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.

On initial recognition property, plant and equipment are measured at cost including any expenditure such as installation, directly attributable to bringing them into working condition. Items classified as "under construction" are recognised in the Statement of Financial Position to the extent that money has been paid or a liability has been incurred.

Valuation of Land and Buildings

Land and buildings are carried at the last professional valuation, in accordance with the Royal Institute of Chartered Surveyors (Statement of Asset Valuation Practice) Appraisal and Valuation Standards in so far as these are consistent with the specific needs of the HSC.

The last valuation was carried out on 31 January 2015 by Land and Property Services (LPS) which is an independent executive body within the Department of Finance. The valuers are qualified to meet the 'Member of Royal Institution of Chartered Surveyors' (MRICS) standard.

Professional revaluations of land and buildings are undertaken at least once in every five year period and are revalued annually, between professional valuations, using indices provided by LPS.

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 subsequent accumulated depreciation and impairment losses.

Fair values are determined as follows:

- Land and non-specialised buildings open market value for existing use;
- Specialised buildings depreciated replacement cost; and
- Properties surplus to requirements the lower of open market value less any
 material directly attributable selling costs, or book value at date of moving to
 non-current assets.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017

Modern Equivalent Asset

Department of Finance (DoF) 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. Land and Property Services (LPS) have included this requirement within the latest valuation.

Assets under Construction (AuC)

Properties in the course of construction for service or administration purposes are carried at cost, less any impairment loss. Assets are revalued and depreciation commences when they are brought into use.

Short Life Assets

Short life is defined as a useful life up to and including 5 years. From 1 April 2008 HSC entities had the option to elect to cease indexing all short life assets (other than IT which is not indexed). The Trust did not elect to cease indexing all short life assets, (other than IT), as these assets are not held separately on its fixed asset register. Therefore, fixtures and equipment, whether they are short life or have an estimated life in excess of 5 years, are indexed each year and depreciation will be based on the indexed amount. All other short life assets are not indexed but carried at depreciated historic cost as this is not considered to be materially different from fair value and are depreciated over their useful life.

Revaluation Reserve

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 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.

1.4 Depreciation

No depreciation is provided on freehold land since land has unlimited or a very long established useful life. Items under construction are not depreciated until they are commissioned. Properties that are surplus to requirements and which meet the definition of "non-current assets held for sale " are also not depreciated.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017

Otherwise, depreciation is charged to write off the costs or valuation of property, plant and equipment and similarly, amortisation is applied to 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. Assets held under finance leases are also depreciated over the lower of their estimated useful lives and the terms of the lease. The estimated useful life of an asset is the period over which the Trust expects to obtain economic benefits or service potential from the asset. Estimated useful lives and residual values are reviewed each year end, with the effect of any changes recognised on a prospective basis. The following asset lives have been used:

Asset Type	Asset Life
Freehold Buildings	Up to 88 years
Leasehold property	Remaining period of lease
IT Assets	3 – 10 years
Intangible assets	3 – 10 years
Other Equipment	3 – 15 years

1.5 Impairment Loss

If there has been an impairment loss due to a general change in prices, the asset is written down to its recoverable amount, with the loss charged to the revaluation reserve to the extent that there is a balance on the reserve for the asset and, thereafter, to expenditure within the Statement of Comprehensive Net Expenditure. If the impairment is due to the consumption of economic benefits the full amount of the impairment is charged to the Statement of Comprehensive Net Expenditure and an amount up to the value of the impairment in the revaluation reserve is transferred to the Statement of Comprehensive Net Expenditure Reserve. 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 firstly to the Statement of Comprehensive Net Expenditure to the extent of the decrease previously charged there and thereafter to the revaluation reserve.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017

1.6 Subsequent Expenditure

Where subsequent expenditure enhances an asset beyond its original specification, the directly attributable cost is capitalised. Where subsequent expenditure which meets the definition of capital 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.

The overall useful life of the Trust's buildings takes account of the fact that different components of those buildings have different useful lives. This ensures that depreciation is charged on those assets at the same rate as if separate components had been identified and depreciated at different rates.

1.7 Intangible Assets

Intangible assets comprise software and licences. 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. 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; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

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. Intangible assets are considered to have a finite life. 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. All single items over £5,000 in value must be capitalised while intangible assets which fall within the grouped asset

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017

definition must be capitalised if their individual value is at least £1,000 each and the group is at least £5,000 in value.

The amount recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date of commencement of the intangible asset, until it is complete and ready for use.

Intangible assets acquired separately are initially recognised at fair value. Following initial recognition, intangible assets are carried at fair value by reference to an active market, and as no active market currently exists depreciated replacement cost has been used as fair value.

1.8 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. In order to meet this definition IFRS 5 requires that the asset must be immediately available for sale in its current condition and that the sale is highly probable. A sale is regarded as highly probable where an active plan is in place to find a buyer for the asset and the sale is considered likely to be concluded within one year. Non-current assets held for sale are measured at the lower of their previous carrying amount and fair value, less any material directly attributable selling costs. Fair value is open market value, where one is available, including alternative uses.

Assets classified as held for sale are not depreciated.

The profit or loss arising on disposal of an asset is the difference between the sale proceeds and the carrying amount. The profit from sale of land, which is a non-depreciating asset, is recognised within income. The profit from sale of a depreciating asset is shown as a reduced expense. The loss from sale of land or from any depreciating assets is shown within operating expenses. On disposal, the balance for the asset on the Revaluation Reserve is transferred to the Statement of Comprehensive Net Expenditure Reserve.

Property, plant or 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.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017

1.9 Inventories

Inventories are valued at the lower of cost and net realisable value. This is considered to be a reasonable approximation to fair value due to the high turnover of stocks.

1.10 Income

Operating income relates directly to the operating activities of the Trust and is recognised when, and to the extent that, performance occurs, and is measured at the fair value of the consideration receivable.

Grant in Aid

Funding received from other entities, including the Department of Health and the Health and Social Care Board is accounted for as grant in aid and is reflected through the Statement of Comprehensive Net Expenditure Reserve.

1.11 Investments

Investments are held in the Charitable Trust Funds and are stated at market value as at the Balance Sheet date. The Statement of Comprehensive Net Expenditure includes the net gains and losses arising on revaluations throughout the year. Details of movements in investments during the year are shown in Note 7.

1.12 Other Expenses

Other operating expenses for goods or services are recognised when, and to the extent that, they have been received. They are measured at the fair value of the consideration payable.

1.13 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.

1.14 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.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017

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. Leased land may be either an operating lease or a finance lease depending on the conditions in the lease agreement and following the general guidance set out in IAS 17. Leased buildings are assessed as to whether they are operating or finance leases.

The Trust as lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the 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.

1.15 Private Finance Initiative (PFI) Transactions

The Trust has had no PFI transactions during the current or prior year.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017

1.16 Financial Instruments

Financial assets

Financial assets are recognised on the Statement of Financial Position when the 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 de-recognised when the contractual rights have expired or the asset has been transferred.

Financial assets are initially recognised at fair value.

Financial liabilities

Financial liabilities are recognised on the Statement of Financial Position when the 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.

Financial liabilities are initially recognised at fair value.

Financial risk management

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 relationships with HSC Commissioners, and the manner in which they are funded, financial instruments play a more limited role within Trusts in creating risk than would apply to a non public sector body of a similar size, therefore Trusts are not exposed to the degree of financial risk faced by business entities.

Trusts have 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 Trusts in undertaking activities. Therefore the HSC is exposed to little credit, liquidity or market risk.

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.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017

Interest rate risk

The Trust has limited powers to borrow or invest and therefore has low exposure to interest rate fluctuations.

Credit risk

Because the majority of the Trust's income comes from contracts with other public sector bodies, the Trust has low exposure to credit risk.

Liquidity risk

Since the Trust receives the majority of its funding through its principal Commissioner which is voted through the Assembly, it is not exposed to significant liquidity risks.

1.17 Provisions

In accordance with IAS 37, provisions are recognised when the Trust has a present legal or constructive obligation as a result of a past event, it is probable that the 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 DoF-issued discount rates of:

Rate	Time period	Real rate		
Short-term	0-5 years	-2.70%		
Medium-term	5-10 years	-1.95%		
Long-term	10+ years	-0.80%		

as at 31 March 2017. The discount rate to be applied for employee early departure obligations is +0.24% with effect from 31 March 2017.

The Trust has also disclosed the carrying amount at the beginning and end of the period, additional provisions made, amounts used during the period, unused amounts reversed during the period and increases in the discounted amount arising from the passage of time and the effect of any change in the discount rate.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017

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.

Present obligations arising under onerous contracts are recognised and measured as a provision. An onerous contract is considered to exist where the Trust has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

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 on-going activities of the entity.

1.18 Contingencies

Where the time value of money is material, contingent liabilities which are required to be disclosed under IAS 37 are stated at discounted amounts and the amount reported to the Assembly separately noted. Contingent liabilities that are not required to be disclosed by IAS 37 are stated at the amounts reported to the Assembly. Under IAS 37, the Trust discloses contingent liabilities where there 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 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 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.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017

In addition to contingent liabilities disclosed in accordance with IAS 37, HSC Trusts should disclose for Assembly reporting and accountability purposes certain statutory and non-statutory contingent liabilities where the likelihood of a transfer of economic benefit is remote, but which have been reported to the Assembly in accordance with the requirements of Managing Public Money Northern Ireland.

1.19 Employee Benefits

Short-term Employee Benefits

Under the requirements of IAS 19: Employee Benefits, staff costs must be recorded as an expense as soon as the organisation is obligated to pay them. This includes the cost of any untaken leave that has been earned at the year end. This cost has been estimated using average staff numbers and costs applied to the average untaken leave balance determined from the results of a survey to ascertain leave balances as at 31 March 2017. It is not anticipated that the level of untaken leave will vary significantly from year to year. Untaken flexi leave is estimated to be immaterial to the Trust and has not been included.

Retirement Benefit Costs

Past and present employees are covered by the provisions of the HSC Pension Scheme.

The Trust participates in the HSC Pension Scheme. Under this multi-employer defined benefit scheme both the Trust and employees pay specified percentages of pay into the scheme and the liability to pay benefit falls to the DoH. The Trust is unable to identify its share of the underlying assets and liabilities in the scheme on a consistent and reliable basis.

The costs of early retirements are met by the Trust and charged to the Statement of Comprehensive Net Expenditure at the time the Trust commits itself to the retirement.

As per the requirements of IAS 19, full actuarial valuations by a professionally qualified actuary are required at intervals not exceeding four years. The actuary reviews the most recent actuarial valuation at the Statement of Financial Position date and updates it to reflect current conditions. The 2012 valuation for the HSC Pension Scheme will be used in the 2016-17 accounts.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017

1.20 Reserves

Statement of Comprehensive Net Expenditure Reserve

Accumulated surpluses are accounted for in the Statement of Comprehensive Net Expenditure Reserve.

Revaluation Reserve

The Revaluation Reserve reflects the unrealised balance of cumulative indexation and revaluation adjustments to assets other than donated assets.

1.21 Value Added Tax

Where output VAT is charged or input VAT is recoverable, the amounts are stated net of VAT. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets.

1.22 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 23 to the accounts.

1.23 Government Grants

The note to the financial statements distinguishes between grants from UK government entities and grants from European Union.

1.24 Losses and Special Payments

Losses and special payments are items that the Assembly 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 HSC Trusts not been bearing their own risks (with insurance premiums then being included as normal revenue expenditure). However, the note on losses and special payments is compiled directly from the

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017

losses and compensations register which reports amounts on an accruals basis with the exception of provisions for future losses.

1.25 Charitable Trust Account Consolidation

HSC Trusts are required to consolidate the accounts of controlled charitable organisations and funds held on trust into their financial statements. As a result the financial performance and funds have been consolidated. HSC Trusts have accounted for these transfers using merger accounting as required by the FReM.

It is important to note, however, the distinction between public funding and the other monies donated by private individuals still exists.

As far as possible, donated funds have been used by the Trust as intended by the benefactor. It is for the Endowments and Gifts Committee within the Trust to manage the internal disbursements. The committee ensures that the charitable donations received by the Trust are appropriately managed, invested, expended and controlled in a manner that is, as far as possible, consistent with the purposes for which they were given and with the Trust's Standing Financial Instructions, Departmental guidance and legislation.

1.26 Accounting Standards that have been issued but have not yet been adopted

The IASB have issued new and amended standards (IFRS 10, IFRS 11 & IFRS 12) that affect the consolidation and reporting of subsidiaries, associates and joint ventures. These standards are effective with EU adoption from 1 January 2014.

Accounting boundary IFRS' are currently adapted in the FReM so that the Westminster departmental accounting boundary is based on ONS control criteria, as designated by Treasury. A similar review in NI, which will bring NI departments under the same adaptation, has been carried out, and the resulting recommendations were agreed by the Executive in December 2016. With effect from 2020-21, the accounting boundary for departments will change and there will also be an impact on departments around the disclosure requirements under IFRS 12 'Disclosure of Interests in other Entities'. Arm's Length Bodies (ALBs), which includes HSC Trusts, apply IFRS in full and their consolidation boundary may change as a result of the new Standards.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017

Management consider that any other new accounting policies issued but not yet adopted are unlikely to have a significant impact on the accounts in the period of the initial application.

1.27 Impact of implementation of ESA 2010 on Research and Development expenditure

Following the introduction of the 2010 European System of Accounts (ESA10), there has been a change in the budgeting treatment (a change from the revenue budget to the capital budget) of research and development (R&D) expenditure. In order to reflect this new treatment which was implemented from 2016-17, additional disclosures have been included in the notes to the accounts and prior year figures have been restated for comparative purposes in the Statement of Comprehensive Net Expenditure, Note 2, Note 3 and Note 4.

SOUTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017

NOTE 2 ANALYSIS OF NET EXPENDITURE BY SEGMENT

		2017		2016 Restated					
<u>Directorate</u>	Staff Costs £000s	Other Expenditure £000s	Total Expenditure £000s	Staff Costs £000s	Other Expenditure £000s	Total Expenditure £000s			
Children's Services	57,368	21,063	78,431	53,592	20,129	73,721			
Acute Hospital Services	174,415	68,314	242,729	164,335	64,220	228,555			
Older People's Services	72,249	88,438	160,687	70,101	83,209	153,310			
Mental Health and Disability Services	56,720	43,363	100,083	55,269	42,175	97,444			
Planning, Performance Management and Support Services	20,713	12,043	32,756	18,065	12,089	30,154			
Expenditure for Reportable Segments net of Non Cash Expenditure	381,465	233,221	614,686	361,362	221,822	583,184			
Non Cash Expenditure			27,164			32,057			
Total Expenditure per Net Expenditure Account			641,850			615,241			
Income Per Net Expenditure Account			41,910			39,224			
Net Expenditure			599,940			576,017			
Revenue Resource Limit			600,031			576,154			
Surplus against RRL		_	91			137			

The Trust is managed by way of a directorate structure, each led by a Director, providing an integrated healthcare service for the resident population. The Directors along with Non-Executive Directors, Chair and Chief Executive form the Trust Board which coordinates the activities of the Trust and is considered to be the Chief Operating Decision Maker. The information disclosed in this statement does not reflect budgetary performance and is based solely on expenditure information provided from the accounting system used to prepare the accounts.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017

NOTE 2 (continued) ANALYSIS OF NET EXPENDITURE BY SEGMENT

Acute Directorate

- Cancer and clinical services (includes Laboratory & Radiology Services)
- Surgery and Elective Care
- Medicines and Unscheduled Care
- Integrated Maternity and Women's Health
- Functional Support Services (includes all hotel services, health records, laundry and CSSD)
- Pharmacy

These services are delivered at the Acute Hospital Sites at Craigavon Area Hospital and Daisy Hill Hospital. Services including outreach clinics, day procedure services and diagnostic services are also delivered on South Tyrone Hospital Site, Lurgan Hospital Site and at Banbridge Health and Care Centre, Kilkeel and Crossmaglen Health Centres and Armagh Community Hospital.

Directorate of Mental Health and Disability Services

- Provides a range of hospital and community services, including social services, community nursing, home treatment, crisis response, Allied Health Professionals and specialist teams.
- Acute Mental Health Services are provided at the Bluestone Unit, Craigavon and at St Lukes Hospital, Armagh.
- Longstone Hospital for Learning Disability patients
- Nursing & residential home, domiciliary, respite and day care services as well as support to tenants who reside in supporting people accommodation
- Trust Transport services

Older People and Primary Care Services

- Domiciliary care, residential and nursing care and dementia support
- District nursing and allied health professionals supporting the elderly population
- Specialist services such as family planning, continence and GP out of hours and minor injuries units and all aspects of supporting people in the community
- Partnership working with Voluntary and community organisations incorporating grant aid payments and community support.

Children and Young People Services

- Includes all health services provided for children and adolescents
- Paediatric wards and special care baby units located in Acute facilities
- Disability services including respite, CAMHS, Children Community nursing of complex needs, Dental services and Allied Health Services
- Corporate Parenting
- Family support, Early Years, Health visiting and school nursing are included together with all Sure Start Projects.
- Social Services Training Unit

Planning, Performance Management and Support Services

- Office of the Chief Executive, including Trustwide Communication Team
- Finance and Procurement Directorate
- Human Resource Directorate, (including Health & Safety, Occupational Health and Estates)
- Performance & Reform (IT, Corporate Planning and Performance Improvement)
- Medical Directorate (Governance Patient/Client Safety, Medical Management, Clinical Audit and Emergency Planning.
- Research & Development expenditure

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017

NOTE 3 Operating Expenses

Miscellaneous expenditure

2017 2016 Restated **CTF** Consolidated CTF Consolidated Trust Trust £000s £000s £000s £000s £000s £000s Operating Expenses are as follows:-0 0 Wages and Salaries 316,096 316,096 303,249 303,249 0 0 Social Security Costs 24,314 20,234 24,314 20,234 0 0 41,055 41,055 37,879 37,879 Other Pension Costs 0 0 Purchase of care from non-HPSS bodies 113,367 113,367 105,546 105,546 0 0 Revenue grants to voluntary organisations 4,579 4,579 5,498 5,498 0 0 Personal social services 6,608 6,608 6,445 6,445 0 0 Recharges from other HSC organisations 1,897 1,897 1,645 1,645 0 0 Supplies and services - Clinical 46,808 46,808 43,757 43,757 0 0 Supplies and services - General 6,054 6,054 6,078 6,078 0 0 Establishment 12,012 11,684 11,684 12,012 0 0 Transport 2,888 2,888 2,600 2,600 0 0 28,966 28,966 Premises 28,417 28,417 0 0 (292)(292)48 48 Bad debts 0 0 Rentals under operating leases 1,008 1,008 960 960 0 0 0 0 Interest charges 1 0 0 Research and Development expenditure 24 24 15 15 0 0 **BSO** services 3,886 3,886 3,606 3,606 0 0 Training 1,265 1,265 1,186 1,186 Professional fees 303 29 332 229 29 258 Patients travelling expenses 379 0 379 378 0 378 0 289 Costs of exit packages not provided for (18)(18)289 0 0 404 404 Other charitable expenditure 267 267 3,487 0 3,487 3,441 0 3,441

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017

NOTE 3 Operating Expenses (continued)

		2017		2016 Restated			
	Trust £000s	CTF £000s	Consolidated £000s	Trust £000s	CTF £000s	Consolidated £000s	
Non cash items							
Depreciation	19,432	0	19,432	17,753	0	17,753	
Amortisation	0	0	0	69	0	69	
Impairments	(2,040)	0	(2,040)	(2,609)	0	(2,609)	
(Profit) on disposal of property, plant & equipment (excluding profit on land)	(16)	0	(16)	(106)	0	(106)	
Loss on disposal of property, plant & equipment (including land)	2	0	2	102	0	102	
Provisions provided for in year	9,815	0	9,815	16,832	0	16,832	
Cost of borrowing of provisions (unwinding of discount on provisions)	(88)	0	(88)	(43)	0	(43)	
Auditors remuneration	59	5	64	59	5	64	
Add back of notional charitable expenditure	0	(5)	(5)	0	(5)	(5)	
Total	641,850	296	642,146	615,242	433	615,675	

During the year the Trust purchased no non audit services from its external auditor.

Further detailed analysis of staff costs is located in the Staff Report on page 84 within the Accountability Report

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017

NOTE 4 INCOME

		2017		2016 Restated				
4.1 Income from Activities	Trust £000s	CTF £000s	Consolidated £000s	Trust £000s	CTF £000s	Consolidated £000s		
GB/Republic of Ireland Health Authorities	405	0	405	367	0	367		
HSC Trusts	333	0	333	265	0	265		
Non-HSC:- Private patients	423	0	423	436	0	436		
Non-HSC:- Other	2,495	0	2,495	1,504	0	1,504		
Clients contributions	28,603	0	28,603	26,911	0	26,911		
Total	32,259	0	32,259	29,483	0	29,483		
4.2 Other Operating Income								
Other income from non-patient services	8,331	0	8,331	8,138	0	8,138		
Seconded staff	325	0	325	252	0	252		
Charitable and other contributions to expenditure by core trust	298	0	298	701	0	701		
Donations / Government grant / Lottery funding for non current assets	110	0	110	395	0	395		
Charitable Income received by charitable trust fund	0	276	276	0	298	298		
Investment Income	0	120	120	0	125	125		
Research & Development	164	0	164	61	0	61		
Other Income	417	0	417	194	0	194		
Interest Receivable	0	0	0	1	0	11_		
Total	9,645	396	10,041	9,742	423	10,165		
4.3 Deferred Income								
Research & Development	6	0	6	0	0	0		
Income released from conditional grants	0	0	0	0	0	0		
Total	6	0	6	0	0	0		
TOTAL INCOME	41,910	396	42,306	39,225	423	39,648		

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017

NOTE 5.1 Consolidated Property, Plant & Equipment Year Ended 31 March 2017

COST OF Valuation
At 1 April 2016
Indexation
Additions
Donations / Government grant / Lottery funding
Reclassifications
Transfers
Revaluations
Impairment charged to the SoCNE

Impairment charged to the revaluation reserve

Reversal of impairments (indexn)

At 31 March 2017

(Disposals)

Cost or Valuation

Land	Buildings (excluding dwellings)	Dwellings	Assets under Construction	Plant and Machinery (Equipment)	Transport Equipment	Information Technology (IT)	Furniture and Fittings	Total
£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
28,599	231,013	12,872	1,526	53,995	5,743	28,080	967	362,795
259	3,588	258	0	1,131	113	0	0	5,349
0	3,619	0	8,950	1,551	606	5,751	0	20,477
0	0	0	0	110	0	0	0	110
0	0	0	0	0	0	0	0	0
(225)	(810)	0	0	0	0	0	0	(1,035)
0	0	0	0	0	0	0	0	0
0	(18)	0	0	(633)	0	0	0	(651)
0	(5)	0	0	(490)	0	0	0	(495)
1,146	1,772	40	0	19	0	0	0	2,977
0	0	0	0	(747)	(139)	0	0	(886)
29,779	239,159	13,170	10,476	54,936	6,323	33,831	967	388,641

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017

NOTE 5.1 (continued) Consolidated Property, Plant & Equipment Year Ended 31 March 2017

Depreciation						
At 1 April 2016						

Indexation Reclassifications

- .

Transfers

Revaluation
Impairment charged to the SoCNE

Impairment charged to the revaluation reserve

Reversal of Impairments (indexn)

(Disposals)

Provided during the year

At 31 March 2017

Carrying Amount

At 31 March 2017

At 31 March 2016

Land	Buildings (excluding dwellings)	Dwellings	Assets under Construction	Plant and Machinery (Equipment)	Transport Equipment	Information Technology (IT)	Furniture and Fittings	Total
£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
0	9,989	465	0	32,510	3,274	11,637	844	58,719
0	263	15	0	720	70	0	0	1,068
0	0	0	0	0	0	0	0	0
0	(48)	0	0	0	0	0	0	(48)
0	0	0	0	0	0	0	0	0
0	(1)	0	0	(550)	0	0	0	(551)
0	0	0	0	(426)	0	0	0	(426)
0	130	2	0	12	0	0	0	144
0	0	0	0	(747)	(136)	0	0	(883)
0	9,408	401	0	3,421	689	5,491	31	19,441
0	19,741	883	0	34,940	3,897	17,128	875	77,464
29,779	219,418	12,287	10,476	19,996	2,426	16,703	92	311,177
28,599	221,024	12,407	1,526	21,485	2,469	16,443	123	304,076

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017

NOTE 5.1 (continued) Consolidated Property, Plant & Equipment Year Ended 31 March 2017

	Land	Buildings (excluding dwellings)	Dwellings	Assets under Construction	Plant and Machinery (Equipment)	Transport Equipment	Information Technology (IT)	Furniture and Fittings	Total
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Asset Financing									
Owned	29,779	219,418	12,287	10,476	19,996	2,426	16,703	92	311,177
Carrying Amount									
At 31 March 2017	29,779	219,418	12,287	10,476	19,996	2,426	16,703	92	311,177
Of which:									
Southern HSC Trust at 31 March 2017	29,779	219,418	12,287	10,476	19,996	2,426	16,703	92	311,177
Charitable Trust Fund at 31 March 2017	0	0	0	0	0	0	0	0	0
	29,779	219,418	12,287	10,476	19,996	2,426	16,703	92	311,177
Southern HSC Trust at 31 March 2016	28,599	221,024	12,407	1,526	21,485	2,469	16,443	123	304,076
Charitable Trust Fund at 31 March 2016	0	0	0	0	0	0	0	0	0
	28,599	221,024	12,407	1,526	21,485	2,469	16,443	123	304,076

Of which:

Trust 311,177

Charitable Trust Funds

Any fall in value through negative indexation or revaluation is shown as an impairment.

The total amount of depreciation charged in the Statement of Comprehensive Net Expenditure Account in respect of assets held under finance leases and hire purchase contracts is £Nil (2015/16: £Nil).

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017

NOTE 5.1 (continued) Consolidated Property, Plant & Equipment Year Ended 31 March 2017

The fair value of assets funded from the following sources during the year was:

	2017	2016
	£000s	£000s
Donations	110	395
Government grant	0	0
Lottery funding	0	0

Professional revaluations of land and buildings are undertaken by Land and Property Services (LPS) at least once in every five year period and are revalued annually, between professional valuations, using indices provided by LPS. The last valuation was carried out on 31 January 2015. See Accounting policy note 1.3 for more details of valuation of Property, Plant & Equipment.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017

NOTE 5.2 Property, Plant & Equipment Year Ended 31 March 2016

		Buildings (excluding	5	Assets under	Plant and Machinery	Transport	Information Technology	Furniture and	T. (.)
	Land	dwellings)	Dwellings	Construction	(Equipment)	Equipment	(IT)	Fittings	Total
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Cost or Valuation									
At 1 April 2015	26,839	190,498	11,828	12,217	53,320	6,438	26,433	950	328,523
Indexation	200	12,264	802	0	638	37	0	5	13,946
Additions	15	11,646	0	6,158	1,889	24	3,302	11	23,045
Donations / Government grant / Lottery	0	450	0		000		45	•	205
funding	0	152	0	0	228	0	15	0	395
Reclassifications	0	16,807	0	(16,849)	42	0	(4)	4	0
Transfers	0	(287)	0	0	0	0	0	0	(287)
Revaluations	114	0	0	0	0	0	0	0	114
Impairment charged to the SoCNE Impairment charged to the Revaluation	0	(4,988)	0	0	(655)	0	(1)	(3)	(5,647)
Reserve	0	(1,097)	0	0	(98)	0	0	0	(1,195)
Reversal of Impairments (indexn)	1,431	6,023	242	0	5	0	0	0	7,701
(Disposals)	0	(5)	0	0	(1,374)	(756)	(1,665)	0	(3,800)
At 31 March 2016	28,599	231,013	12,872	1,526	53,995	5,743	28,080	967	362,795

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017

NOTE 5.2 (continued) Property, Plant & Equipment Year Ended 31 March 2016

	Land	Buildings (excluding dwellings)	Dwellings	Assets under Construction	Plant and Machinery (Equipment)	Transport Equipment	Information Technology (IT)	Furniture and Fittings	Total
								•	
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Depreciation									
At 1 April 2015	0	1,277	61	0	30,707	3,318	8,040	792	44,195
Indexation	0	631	30	0	383	21	0	4	1,069
Reclassifications	0	0	0	0	1	0	(1)	0	0
Transfers	0	(14)	0	0	0	0	0	0	(14)
Revaluation	0	0	0	0	0	0	0	0	0
Impairment charged to the SoCNE	0	(4)	0	0	(551)	0	0	0	(555)
Impairment charged to the Revaluation		(4)			(22)				(0.1)
Reserve	0	(1)	0	0	(33)	0	0	0	(34)
Reversal of Impairments (indexn)	0	0	0	0	0	0	0	0	0
(Disposals)	0	0	0	0	(1,278)	(753)	(1,664)	0	(3,695)
Provided during the year	0	8,100	374	0	3,281	688	5,262	48	17,753
At 31 March 2016	0	9,989	465	0	32,510	3,274	11,637	844	58,719
At 31 March 2010	0	3,303	703	•	32,310	3,214	11,037	044	30,7 13
Carrying Amount									
At 31 March 2016	28,599	221,024	12,407	1,526	21,485	2,469	16,443	123	304,076
					-				
At 1 April 2015	26,839	189,221	11,767	12,217	22,613	3,120	18,393	158	284,328

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017

NOTE 5.2 (continued) Property, Plant & Equipment Year Ended 31 March 2016

	Land	Buildings (excluding dwellings)	Dwellings	Assets under Construction	Plant and Machinery (Equipment)	Transport Equipment	Information Technology (IT)	Furniture and Fittings	Total
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Asset Financing Owned	28,599	221,024	12,407	1,526	21,485	2,469	16,443	123	304,076
Carrying Amount At 31 March 2016	28,599	221,024	12,407	1,526	21,485	2,469	16,443	123	304,076

Asset financing

Owned	

Carrying Amount

At 1 April 2015

26,839	189,221	11,767	12,217	22,613	3,120	18,393	158	284,328
26,839	189,221	11,767	12,217	22,613	3,120	18,393	158	284,328

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017

NOTE 5.2 (continued) Property, Plant & Equipment Year Ended 31 March 2016

Carrying Amount	Land £000s	Buildings (excluding dwellings) £000s	Dwellings £000s	Assets under Construction £000s	Plant and Machinery (Equipment) £000s	Transport Equipment £000s	Information Technology (IT) £000s	Furniture and Fittings £000s	Total £000s
Southern HSC Trust at 31 March 2016 Southern HSC Trust charitable trust fund at 31 March 2016	28,599	221,024	12,407 0	1,526 0	21,485	2,469	16,443 0	123 0	304,076
at 31 March 2010	U	U	0	0	U	U	U	U	0
Southern HSC Trust at 31 March 2016	28,599	221,024	12,407	1,526	21,485	2,469	16,443	123	304,076
Southern HSC Trust at 31 March 2015 Southern HSC Trust charitable trust fund	26,839	189,221	11,767	12,217	22,613	3,120	18,393	158	284,328
at 31 March 2015	0	0	0	0	0	0	0	0	0
Southern HSC Trust at 31 March 2015	26.839	189,221	11.767	12.217	22.613	3,120	18.393	158	284.328

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017

NOTE 6.1 Consolidated Intangible Assets Year Ended 31 March 2017

	Software Licenses	Software	Total
	£000s	£000s	£000s
Cost or Valuation			
At 1 April 2016	1,399	0	1,399
Indexation	0	0	0
Additions	0	0	0
Donations / Government grant / Lottery funding	0	0	0
Disposals	0	0	0
At 31 March 2017	1,399	0	1,399
Amortisation			
At 1 April 2016	1,399	0	1,399
Reclassifications	0	0	0
Disposals	0	0	0
Provided during the year	0	0	0
At 31 March 2017	1,399	0	1,399
Carrying Amount			
At 31 March 2017	0	0	0
At 31 March 2016	0	0	0
Asset financing			
Owned	0	0	0
Carrying Amount			
At 31 March 2017	0	0	0

There were no assets funded by Donations/Government Grant or Lottery Funding during the year. (2015/16: £Nil)

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017

NOTE 6.2 Consolidated Intangible Assets Year Ended 31 March 2016

	Software Licenses	Software	Total
	£000s	£000s	£000s
Cost or Valuation			
At 1 April 2015	1,399	0	1,399
Indexation	0	0	0
Additions	0	0	0
Donations / Government grant / Lottery funding	0	0	0
Disposals	0	0	0
At 31 March 2016	1,399	0	1,399
Amortisation			
At 1 April 2015	1,330	0	1,330
Reclassifications	0	0	0
Disposals	0	0	0
Provided during the year	69	0	69
At 31 March 2016	1,399	0	1,399
Carrying Amount			
At 31 March 2016	0	0	0
At 31 March 2015	69	0	69
Asset financing			
Owned	0	0	0
Carrying Amount			
At 31 March 2016	0	0	0

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017

NOTE 6.2 Consolidated Intangible Assets Year Ended 31 March 2016

Carrying amount comprises:

	Software Licenses £000s	Software £000s	Total £000s
Southern HSC Trust at 31 March 2016	0	0	0
Southern HSC Trust charitable trust fund at 31 March 2016	0	0	0
_	0	0	0
Southern HSC Trust at 31 March 2015	69	0	69
Southern HSC Trust charitable trust fund at 31 March 2015	0	0	0
<u>-</u>	69	0	69

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017

NOTE 7 FINANCIAL INSTRUMENTS

NOTE 7 Financial Instruments

	2017			2016			
	Investments	Assets	Liabilities	Investments	Assets	Liabilities	
	£000s	£000s	£000s	£000s	£000s	£000s	
Balance at 1 April	2,671	0	0	2,845	0	0	
Additions	0	0	0	0	0	0	
Disposals	0	0	0	0	0	0	
Revaluations	399	0	0	(174)	0	0	
Balance at 31 March	3,070	0	0	2,671	0	0	
Trust	0	0	0	0	0	0	
Charitable trust fund	3,070	0	0	2,671	0	0	
	3,070	0	0	2,671	0	0	

NOTE 7.1 Market value of investments as at 31 March 2017

NOTE 7.1 Market value of investments as at 51 March 2017				
	Held in	Held outside	2017	2016
	UK	UK	Total	Total
	£000s	£000s	£000s	£000s
Investments in a Common Deposit Fund or Investment Fund	3,070	0	3,070	2,671
Total market value of fixed asset investments	3,070	0	3,070	2,671

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017

NOTE 8 IMPAIRMENTS

2017

	Property, Plant & Equipment £000s	Assets classified as held for sale £000s	Total £000s
Total value of impairments for the period	(2,664)	1,111	(1,553)
Impairments which revaluation reserve covers (shown in Other Comprehensive Expenditure Statement)	(69)	(418)	(487)
Impairments credited to Statement of Comprehensive Net Expenditure	(2,733)	693	(2,040)

2016 - Restated

	Property, Plant & Equipment	Assets classified as held for sale	Total
Total value of impairments for the period	(1,448)	0	(1,448)
Impairments which revaluation reserve covers (shown in Other Comprehensive Expenditure Statement)	(1,161)	0	(1,161)
Impairments credited to Statement of Comprehensive Net Expenditure	(2,609)	0	(2,609)

SOUTHERN HSC TRUST NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017

NOTE 9 ASSETS CLASSIFIED AS HELD FOR SALE

	Lan	nd Buildings		ings	Tota	al
	2017	2016	2017	2016	2017	2016
	£000s	£000s	£000s	£000s	£000s	£000s
Cost						
At 1 April	0	0	1,395	1,193	1,395	1,193
Transfers in	225	0	810	287	1,035	287
(Disposals)	0	0	(75)	(85)	(75)	(85)
Impairment Charged to SoCNE Impairment Charged to	(189)	0	(538)	0	(727)	0
Revaluation Reserve	0	0	(446)	0	(446)	0
At 31 March	36	0_	1,146	1,395	1,182	1,395
Depreciation						
At 1 April	0	0	14	85	14	85
Transfers in	0	0	48	14	48	14
(Disposals)	0	0	0	(85)	0	(85)
Impairment Charged to SoCNE Impairment Charged to	0	0	(34)	0	(34)	0
Revaluation Reserve	0	0	(28)	0	(28)	0
At 31 March	0	0_	0	14_	0	14_
Carrying amount at 31 March	36	0	1,146	1,381	1,182	1,381

Non current assets held for sale comprise non current assets that are held for resale rather than for continuing use within the business.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017

NOTE 10 INVENTORIES

		2017		2016 Restated			
Classification	Trust £000s	CTF £000s	Consolidated £000s	Trust £000s	CTF £000s	Consolidated £000s	
Pharmacy supplies	2,073	0	2,073	2,034	0	2,034	
Building & engineering supplies	80	0	80	75	0	75	
Fuel	177	0	177	155	0	155	
Community care appliances	390	0	390	324	0	324	
Laboratory materials	157	0	157	158	0	158	
Laundry	84	0	84	57	0	57	
Other	280	0	280	184	0	184	
Total	3,241	0	3,241	2,987	0	2,987	

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017

NOTE 11 CASH AND CASH EQUIVALENTS

		2017		2016			
	Core Trust	CTF	Consolidated	Core Trust CTF		Consolidated	
	£000s	£000s	£000s	£000s	£000s	£000s	
Balance at 1st April	1,184	232	1,416	1,575	175	1,750	
Net change in cash and cash equivalents	106	(5)	101	(391)	57	(334)	
Balance at 31st March	1,290	227	1,517	1,184	232	1,416	
The following balances at 31 March were held at							
		2017			2016		
	Core Trust	CTF	Consolidated	Core Trust	CTF	Consolidated	
	£000s	£000s	£000s	£000s	£000s	£000s	
Commercial banks and cash in hand	1,290	227	1,517	1,184	232	1,416	
Balance at 31st March	1,290	227	1,517	1,184	232	1,416	

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017

NOTE 12 TRADE RECEIVABLES AND OTHER CURRENT ASSETS

			2017 2016					2016		
	Trust	CTF	Consolidation Adjustments	Consolidated	Trust	CTF	Consolidation Adjustments	Consolidated		
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s		
Amounts falling due within one year										
Trade receivables	9,441	0	0	9,441	8,534	0	0	8,534		
VAT receivable	5,095	0	0	5,095	4,600	0	0	4,600		
Other receivables - not relating to fixed assets	396	87	(36)	447	398	68	0	466		
Trade and other receivables	14,932	87	(36)	14,983	13,532	68	0	13,600		
Prepayments and accrued income	2,642	0	0	2,642	3,035	0	0	3,035		
Other current assets	2,642	0	0	2,642	3,035	0	0	3,035		

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017

NOTE 12 (continued) TRADE RECEIVABLES AND OTHER CURRENT ASSETS

	Trust	CTF	2017 Consolidation Adjustments	Consolidated	Trust	CTF	2016 Consolidation Adjustments	Consolidated
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Amounts falling due after more than one year								
Trade receivables	1,578	0	0	1,578	694	0	0	694
Trade and other receivables	1,578	0	0	1,578	694	0	0	694
TOTAL TRADE AND OTHER RECEIVABLES	16,510	87	(36)	16,561	14,226	68	0	14,294
TOTAL OTHER CURRENT ASSETS	2,642	0	0	2,642	3,035	0	0	3,035
TOTAL RECEIVABLES AND OTHER CURRENT ASSETS	19,152	87	(36)	19,203	17,261	68	0	17,329

The balances are net of a provision for bad debts of £5,195k (2016: £5,796k).

The Southern HSC Trust did not have any intangible current assets at 31 March 2017 or at 31 March 2016.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017

NOTE 13 TRADE PAYABLES AND OTHER CURRENT LIABILITIES

13.1 Trade Payables and Other Current Liabilities

	2017				2016			
	Trust	CTF	Consolidation Adjustments	Consolidated	Trust	CTF	Consolidation Adjustments	Consolidated
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Amounts falling due within one year								
Other taxation and social security	12,251	0	0	12,251	11,963	0	0	11,963
Trade capital payables - property, plant and equipment	8,554	0	0	8,554	8,529	0	0	8,529
Trade revenue payables	16,472	0	0	16,472	17,579	0	0	17,579
Payroll payables	17,579	0	0	17,579	21,556	0	0	21,556
Clinical negligence payables	680	0	0	680	554	0	0	554
VER payables	0	0	0	0	146	0	0	146
BSO payables	1,515	0	0	1,515	3,342	0	0	3,342
Other payables	1,337	30	(36)	1,331	279	116	0	395
Accruals and deferred income	5,061	0	0	5,061	4,319	0	0	4,319
Trade and other payables	63,449	30	(36)	63,443	68,267	116	0	68,383

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017

NOTE 13.2 Loans

Total

The Southern HSC Trust did not have any loans payable at 31 March 2017 or at 31 March 2016.

NOTE 14 PROMPT PAYMENT POLICY

NOTE 14.1 Public Sector Payment Policy – Measure of Compliance

The Department requires that Trusts pay their non HSC trade suppliers in accordance with applicable terms and appropriate Government Accounting guidance. The Trust's payment policy is consistent with applicable terms and appropriate Government Accounting guidance and its measure of compliance is:

2017

(49)

2016

2046

	2017 Number	Value £000s	2016 Number	Value £000s
Total bills paid	216,066	306,074	206,478	273,264
Total bills paid within 30 days of receipt of an undisputed invoice or under agreed payment terms	200,230	273,923	193,206	250,692
% of bills paid within 30 days of receipt of an undisputed invoice or under agreed payment terms	92.7%	89.5%	93.6%	91.7%
Total bills paid within 10 day target	177,616	241,862	173,700	226,085
% of bills paid within 10 day target	82.2%	79.0%	84.1%	82.7%
14.2 The Late Payment of Commercial Debts Rec	gulations 2002	£		
Amount of compensation paid for payment(s) being	late	0		
Amount of interest paid for payment(s) being late	_	(49)		

This is reflected as a reduction in fruitless payments in the Statement of Losses and Special Payments in the Assembly Accountability Disclosures Notes.

The late payment legislation (Late Payment of Commercial Debts Regulations 2013) came into force on 16 March 2013. The effect of the new legislation is that a payment is normally regarded as late unless it is made within 30 days after receipt of an undisputed invoice.

From 1 April 2015 the scope of the prompt payment compliance measurement increased to take account of all categories of supplier payments made by Trusts, with the only exception being payments made to other organisations within the broader HSCNI.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017

NOTE 15 PROVISIONS FOR LIABILITIES AND CHARGES – 2017

	Pensions relating to former directors	Pensions relating to other staff	Clinical negligence	CSR restructuring	Other	2017
	£000s	£000s	£000s	£000s	£000s	£000s
Balance at 1 April 2016	261	3,624	34,785	0	4,442	43,112
Provided in year	36	41	11,525	0	933	12,535
(Provisions not required written back)	0	0	(850)	0	(1,870)	(2,720)
(Provisions utilised in the year)	(14)	(190)	(2,124)	0	(391)	(2,719)
Cost of borrowing (unwinding of discount)	4	49	(160)	0	19	(88)
At 31 March 2017		3,524	43,176	0	3,133	50,120

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017

NOTE 15 (continued) PROVISIONS FOR LIABILITIES AND CHARGES - 2017

Comprehensive Net Expenditure A	Account charges	2017 £000s	2016 £'000	
	Arising during the year	12,535	19,629	
	Reversed unused	(2,720)	(2,797)	
	Cost of borrowing (unwinding of discount)	(88)	(43)	
	Total charge within Operating expenses	9,727	16,789	

Analysis of expected timing of discounted flows

	Pensions relating to former directors	Pensions relating to other staff	Clinical negligence	CSR restructuring	Other	2017
	£000s	£000s	£000s	£000s	£000s	£000s
Not later than one year	15	190	6,780	0	679	7,664
Later than one year and not later than five years	60	763	10,915	0	557	12,295
Later than five years	212	2,571	25,481	0	1,897	30,161
At 31 March 2017	287	3,524	43,176	0	3,133	50,120

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017

NOTE 15 (continued) PROVISIONS FOR LIABILITIES AND CHARGES - 2016

	Pensions relating to former directors	Pensions relating to other staff	Clinical negligence	CSR restructuring	Other	2016
	£000s	£000s	£000s	£000s	£000s	£000s
Balance at 1 April 2015	277	3,964	20,681	0	4,197	29,119
Provided in year	0	0	18,627	0	1,002	19,629
(Provisions not required written back)	(5)	(201)	(2,399)	0	(192)	(2,797)
(Provisions utilised in the year)	(15)	(191)	(2,016)	0	(574)	(2,796)
Cost of borrowing (unwinding of discount)	4	52	(108)	0	9	(43)
At 31 March 2016	261	3,624	34,785	0	4,442	43,112

Provisions have been made for 7 types of potential liability: Clinical Negligence, Employer's and Occupier's Liability, Early Retirement, Injury Benefit, Employment Law, Agenda for Change and Restructuring in connection with Transforming Your Care (TYC). The provision for Early Retirement and Injury Benefit relates to the future liabilities for the Trust based on information provided by the HSC Pension Branch. For Clinical Negligence, Employer's and Occupier's claims and Employment Law the Trust has estimated an appropriate level of provision based on professional legal advice.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017

NOTE 15 (continued) PROVISIONS FOR LIABILITIES AND CHARGES - 2016

Analysis of expected timing of discounted flows

	Pensions relating to former directors	Pensions relating to other staff	Clinical negligence	CSR restructuring	Other	2016
	£000s	£000s	£000s	£000s	£000s	£000s
Not later than one year	15	194	6,035	0	1,195	7,439
Later than one year and not later than five years	62	803	10,023	0	1,999	12,887
Later than five years	184	2,627	18,727	0	1,248	22,786
At 31 March 2016	261	3,624	34,785	0	4,442	43,112

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017

NOTE 16 CAPITAL COMMITMENTS

	2017	2016
Contracted capital commitments at 31 March not otherwise included in these financial statements	£000s	£000s
Property, Plant & Equipment	10,614	16,757
	10,614	16,757

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017

NOTE 17 COMMITMENTS UNDER LEASES

Note 17.1 Operating Leases

Total future minimum lease payments under non-cancellable operating leases are given in the table below for each of the following periods.

Obligations under operating leases comprise	2017 £000s	2016 £000s
Land & Buildings		
Not later than 1 year	270	316
Later than 1 year and not later than 5 years	72	203
Later than 5 years		-
	342	519
Other		
Not later than 1 year	759	746
Later than 1 year and not later than 5 years	323	940
Later than 5 years		-
	1,082	1,686

Note 17.2 Finance Leases

The Southern HSC Trust did not have any finance leases at 31 March 2017 or at 31 March 2016.

Note 17.3 Operating Leases

Total future minimum lease income under operating leases are given in the table below for each of the following periods.

Obligations under operating leases issued by the Trust comprise:

	2017	2016
	£000s	£000s
Land and Buildings		
Not later than 1 year	121	117
Later than 1 year and not later than 5 years	90	84
Later than 5 years	113	125
	324	326

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017

NOTE 18 COMMITMENTS UNDER PFI AND OTHER SERVICE CONCESSION ARRANGEMENT CONTRACTS

18.1 Off balance sheet PFI and other service concession arrangements schemes

The Trust has no off balance sheet (SoFP) PFI and other service concession arrangement schemes.

18.2 On balance sheet (SoFP) PFI Schemes

The Trust has no on balance sheet (SoFP) PFI and other service concession arrangements schemes.

18.3 Charge to the Statement of Comprehensive Net Expenditure account and future commitments

As the Trust has no commitments there is no charge to the Statement of Comprehensive Net Expenditure account .

NOTE 19 OTHER FINANCIAL COMMITMENTS

The Southern HSC Trust did not have any other financial commitments at either 31 March 2017 or 31 March 2016.

NOTE 20 FINANCIAL GUARANTEES, INDEMNITIES AND LETTERS OF COMFORT

Because of the relationships with HSC Commissioners, and the manner in which they are funded, financial instruments play a more limited role within Trusts in creating risk than would apply to a non-public sector body of a similar size, therefore Trusts are not exposed to the degree of financial risk faced by business entities. Trusts have 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 Trusts in undertaking activities. Therefore the HSC is exposed to little credit, liquidity or market risk.

The Southern HSC Trust has not entered into any quantifiable guarantees, indemnities or provided letters of comfort, at either 31 March 2017 or 31 March 2016.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017

NOTE 21 CONTINGENT LIABILITIES

Material contingent liabilities are noted in the table below, where there is a 50% or less probability that a payment will be required to settle any possible obligations. The amounts or timing of any outflow will depend on the merits of each case.

Contingent Liabilities

	2017 £000s	2016 £000s
Clinical negligence Public Liability	2,172 180	2,308 58
Total	2,352	2,366

There are a number of active employment claims against the Trust. The expenditure which may arise from such claims cannot be determined as yet.

A new discount rate which courts must consider when awarding compensation for future financial losses in the form of a lump sum in personal injury cases came into effect in England and Wales on 20 March 2017. The Department of Justice has power to prescribe the discount rate for Northern Ireland (in consultation with the Government Actuary and Department of Finance). The discount rate is under active consideration by the Department but will require Ministerial consideration once a Minister is in post and any change would require secondary legislation. As such, it has not been possible at this time to quantify the potential impact on the Southern HSC Trust of any change in the discount rate.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017

NOTE 22 RELATED PARTY TRANSACTIONS

The Southern HSC Trust is an Arm's length body of the Department of Health and as such the Department is a related party with which the Southern HSC Trust has had various material transactions during the year.

 Funding – Revenue Resource Limit of £600,031k (2016: £576,154k) of which the Non Cash Revenue Resource Limit is £27,164k (2016: £32,057k)

During the year, none of the board members, members of key management or other related parties has undertaken any material transactions with the Southern HSC Trust, apart from the transactions with the Department noted.

Interests in the following organisations were declared by non-executive, executive and other Directors and recorded on the Trust's Register of Interests. Where an interest is disclosed, the related party is not involved directly in the award of a contract with the related organisation.

The interests declared and the value of the related party transactions was as follows:

Ms Eileen Mullan held two positions:

Chair and Trustee of Age NI. The value of transactions between related parties was £152,306 (55 transactions) in respect of grant payments for Day Care Services. Balance outstanding at year end was £Nil.

NI Committee Member of Big Lottery Fund. The value of transactions between related parties was £298,009 (4 transactions) in respect of funding to employ Trust staff and pay for Independent Sector groups for services. Balance outstanding at year end was £Nil.

Mr Edwin Graham, Committee Member of Enable NI. The value of transactions between related parties was £254,201 (48 transactions) in respect of grant payments for Respite Services and Day Care and provision of training to voluntary organisations. Balance outstanding at year end was £Nil.

Mrs Pauline Leeson, Chief Executive of Children in Northern Ireland. The value of transactions between related parties was £43,593 (6 transactions) in respect of a development officer post which supports the locality planning groups linked to the Southern outcome. Balance outstanding at year end was £Nil.

Mrs Angela McVeigh, has a personal friend who is the owner of Ann's Homecare Domiciliary Care Agency. The value of transactions between related parties was £5,616,185 (167 transactions) in respect of Domiciliary Care Provision. The balance outstanding at year end: £660,214.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017

NOTE 23 THIRD PARTY ASSETS

The Southern HSC Trust held £8,500k cash at bank and in hand at 31 March 2017 (31 March 2016: £7,816k) which relates to monies held by the Trust on behalf of patients. This has been excluded from cash at bank and in hand figure reported in the accounts. A separate audited account of these monies is maintained by the Trust.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017

NOTE 24 FINANCIAL PERFORMANCE TARGETS

NOTE 24.1 Revenue Resource Limit

The Southern HSC Trust is given a Revenue Resource Limit which it is not permitted to overspend

The Revenue Resource Limit (RRL) for Southern HSC Trust is calculated as follows:

	2017	2016
	Total	Total
	£000s	£000s
HSCB	559,491	531,668
PHA	5,871	5,848
SUMDE & NIMDTA	7,162	6,976
Non cash RRL (from DoH)	27,164	32,057
Total agreed RRL	599,688	576,549
Adjustment for income received re Donations / Government grant / Lottery funding		
for non current assets	(110)	(395)
Adjustment for Research and Development under ESA10	453	-
Total Revenue Resource Limit to Statement Comprehensive Net Expenditure	600,031	576,154

24.2 Capital Resource Limit

The Trust is given a Capital Resource Limit (CRL) which it is not permitted to overspend.

	2017 Total £000s	2016 Total £000s
Gross capital expenditure	20,477	23,045
Prepayment for Capital Scheme	0	0
Release of Prior Year Prepayment for Capital Scheme	(439)	(1,848)
(Receipts from sales of fixed assets)	(78)	(109)
Net capital expenditure	19,960	21,088
Capital Resource Limit	20,464	21,398
Adjustment for Research and Development under ESA10	(453)	
Underspend against CRL	(51)	(310)

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017

NOTE 24 FINANCIAL PERFORMANCE TARGETS

24.3 Financial Performance Targets

The Southern HSC Trust is required to ensure that it breaks even on an annual basis by containing its net expenditure to within 0.25 % of the Revenue Resource Limit.

	2016/17 £000s	2015/16 £000s
Net Expenditure	(599,940)	(576,017)
RRL	600,031	576,154
Surplus against RRL	91	137
Break Even cumulative position(opening)	(1,960)	(2,097)
Break Even cumulative position (closing)	(1,869)	(1,960)
Materiality Test:		
	2016/17 %	2015/16 %
Break Even in year position as % of RRL	0.02%	0.02%
Break Even cumulative position as % of RRL	(0.31)%	(0.34)%

The Southern HSC Trust reduced its cumulative overspend by achieving a small surplus in 2016/17. However, as the Trust continues to face a challenging financial position, it is unclear when the cumulative reported overspend will be recovered.

NOTE 25 POST BALANCE SHEET EVENTS

There are no post balance sheet events having a material effect on the accounts.

NOTE 26 DATE AUTHORISED FOR ISSUE

The Acting Interim Accounting Officer authorised these financial statements for issue on 26th June 2017.

ACCOUNT OF MONIES HELD ON BEHALF OF PATIENTS/RESIDENTS

YEAR ENDED 31 MARCH 2017

ACCOUNT OF MONIES HELD ON BEHALF OF PATIENTS/RESIDENTS

YEAR ENDED 31 MARCH 2017

STATEMENT OF TRUST'S RESPONSIBILITIES IN RELATION TO PATIENTS/RESIDENTS MONIES

Under the Health and Personal Social Services (Northern Ireland) Order 1972 (as amended by Article 6 of the Audit and Accountability (Northern Ireland) Order 2003, the Trust is required to prepare and submit accounts in such form as the Department may direct.

The Trust is also required to maintain proper and distinct accounting records and is responsible for safeguarding the monies held on behalf of patients/residents and for taking reasonable steps to prevent and detect fraud and other irregularities.

SOUTHERN HEALTH AND SOCIAL CARE TRUST - PATIENTS' AND RESIDENTS' MONIES

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE NORTHERN IRELAND ASSEMBLY

I certify that I have audited Southern Health and Social Care Trust's account of Monies held on behalf of Patients and Residents for the year ended 31 March 2017 under the Health and Personal Social Services (Northern Ireland) Order 1972, as amended.

Respective responsibilities of the Trust and auditor

As explained more fully in the Statement of Trust Responsibilities in relation to Patients' and Residents' Monies, the Trust is responsible for the preparation of the account in accordance with the Health and Personal Social Services (Northern Ireland) Order 1972, as amended and Department of Health directions made thereunder. My responsibility is to audit, certify and report on the account in accordance with the Health and Personal Social Services (Northern Ireland) Order 1972, as amended. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the account

An audit involves obtaining evidence about the amounts and disclosures in the account sufficient to give reasonable assurance that the account is free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Southern Health and Social Care Trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Southern Health and Social Care Trust; and the overall presentation of the account. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited Patients' and Residents' Monies account and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

I am required to obtain evidence sufficient to give reasonable assurance that the financial transactions recorded in the account conform to the authorities which govern them.

Opinion on Regularity

In my opinion, in all material respects the financial transactions recorded in the account conform to the authorities which govern them.

Opinion on account

In my opinion:

- the account properly presents the receipts and payments of the monies held on behalf of the patients and residents of Southern Health and Social Care Trust for the year ended 31 March 2017 and balances held at that date; and
- the account has been properly prepared in accordance with the Health and Personal Social Services (Northern Ireland) Order 1972, as amended and Department of Health directions issued thereunder.

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- · adequate accounting records have not been kept; or
- the account is not in agreement with the accounting records; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with Department of Finance's guidance.

Report

I have no observations to make on this account.

KJ Donnelly

Comptroller and Auditor General Northern Ireland Audit Office 106 University Street Belfast

K S Donelly

BT7 1EU

22 June 2017

ACCOUNT OF MONIES HELD ON BEHALF OF PATIENTS/RESIDENTS

YEAR ENDED 31 MARCH 2017

Previous Year	RE	CEIPTS			
£	Balance at 1 A	April 2016	£		£
6,249,213	1. Invest	tments (at cost)	6,291,092		
930,592		at Bank	1,520,173		
4,171	3. Cash	in Hand	5,147		7,816,41
7,183,976					
2,639,882		eived in the Year	2,442,353		
41,879	Interest Recei	ved	47,151		2,489,50
9,865,737	TOTAL				10,305,91
	<u>PA'</u>	YMENTS			
2,049,325	Amounts paid of Patients/Re	to or on Behalf			1,805,80
, ,	Balance at 31				, ,
0.004.000	4 1	(a) (a) (a) (a) (b)	0.700.040		
6,291,092		tments (at Cost) in Bank	6,738,243		
1,520,173 5,147		in Hand	1,757,762 4,103		8,500,10
7,816,412	J. Casii	III I Iailu	4,103		0,500,10
9,865,737	TOTAL				10,305,91
Cost Price	Schedule of in	nvestments held at 31 N	larch 2017	Nominal Value	Cost Price
£				£	£
6,291,092	Bank of Irelan	d		6,738,243	6,738,24

I certify that the above account has been compiled from and is in accordance with the accounts and financial records maintained by the Trust.

Acting Director of Finance:

Date: 8th June 2017

I certify that the above account has been submitted to and duly approved by the Board.

lelerwoul'

Acting Interim Chief Executive:

Date: 8th June 2017

		ISBN Number