Towards Outstanding
Our journey of improvement

NHS
North Staffordshire
Combined Healthcare
NHS Trust

Annual Report and Accounts 2016/17

Towards Outstanding

North Staffordshire Combined Healthcare NHS Trust is a leading provider of mental health, social care, learning disability and substance misuse services in the West Midlands.

We are on an ambitious journey to deliver our vision **to be outstanding - in all we do and how we do it.**

We were delighted to receive this year an improved rating from the Care Quality Commission as a 'Good' organisation, with 10 out of 11 of our services rated as 'Good' or 'Outstanding'.

This Annual Report explains what we do and how we work, the major improvements we've made this year, the people who've delivered them, and our ambitions and partnerships for the future.

What's in this Report?

WHAT WE DO, HOW WE DO IT - OUR PERFORMANCE REPORT

HOW WE ARE LED AND GOVERNED - OUR ACCOUNTABILITY REPORT

FINANCIAL STATEMENTS AND ACCOUNTS

WHAT WE DO, HOW WE DO IT
OUR PERFORMANCE REPORT

Towards Outstanding - at a glance

We're on an ambitious journey to be outstanding - in all we do and how we do it. Here are some of the highlights of how we're doing.

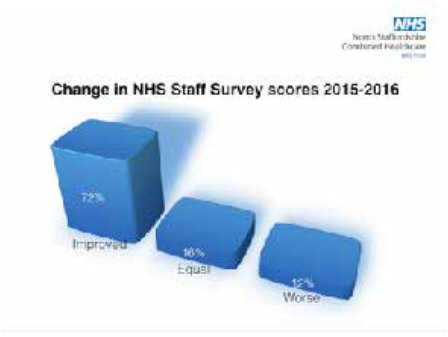
Officially rated as 'Good' by the Care Quality Commission, with 10 out of 11 services rated as 'Good' or 'Outstanding'.

18th consecutive year of achieving financial surplus - making us one of the top financial performers in the region.

Award-winning role in the NHS Leading with Compassion scheme.

Successful delivery of our new Electronic Patient Record - first step in our Raising our Service Excellence (ROSE) vision to become an exemplar in digital healthcare.

Praised by our service users for our commitment to partnership in involving them in deciding our priorities and making our appointments.



NHS Staff Survey shows improvement in three-quarters of scores, with none in significant decline.

100% achievement of our Commissioning for Quality and Innovation (CQUIN) quality objectives.

Helping drive a new alliance of health and care providers to lead and transform NHS and council-led care services.

The highest performing mental health trust in the country for the flu vaccination of frontline staff.

Our dementia diagnosis rate for people aged over 65 living in Stoke-on-Trent is the highest in the West Midlands and one of the highest in the country.

Integration of consultant-level clinical psychology support within our Adult Mental Health Inpatient ward teams has led to us treating 78% of people experiencing a first episode of psychosis with a NICE approved care package within two weeks against a national target of 50%.

The Learning Disability directorate reduced inpatient bed numbers from 11 to six. The average length of stay for new admissions reduced from 248 days in 2014 to just over 100 days

The Healthy Minds team received over 5,000 referrals in year and 100% were treated within 18 weeks. The team has also won two West Midlands Regional Leadership Recognition Awards.

Extra investment from commissioners in our Children and Young People's directorate has resulted in no child waiting for than 18 weeks for a CAMHS assessment.

Chair and Chief Executive's statement

We are delighted to introduce this year's Annual Report; to look back with pride on a year of significant success and achievement; to look forward with excitement to the developments we are leading in our own services and our own people, and to celebrate our developing partnerships with health and care colleagues across Staffordshire and Stoke-on-Trent.

Following a full inspection, we were delighted that the Care Quality Commission rated Combined Healthcare as a 'Good' organisation - with 10 out of 11 of our services rated as 'Good' or 'Outstanding'.

We were also honoured to be told that they consider us to be the fastest improving mental health trust in the country.

This is a remarkable achievement and is a testament to our excellent staff, described by the CQC as "throughout the inspection, caring, empathetic and considerate towards patients".

It is also, we believe, a fair and powerful endorsement of the improvements in outcomes, effectiveness, safety and leadership that Combined Healthcare has achieved as a result of our determined and thorough improvement journey that we commenced over three years ago.

We are not complacent and we recognise that our Community CAMHS services are continuing to improve. We are working hard to ensure this.

But being 'Good' is not the limit of our ambitions for Combined Healthcare.

During the year we refined our overall vision, to make it even more focussed on what we want to achieve for ourselves and our service users.

This refined vision is very clear, simple and determined - "**To be outstanding - in all we do and how we do it."**

Towards Outstanding

Our Towards Outstanding improvement programme is centred on making this happen and to take us on our journey.

This encompasses and brings together everything that we do – our services, our people, our leadership, our listening and engagement, our involvement of service users and carers and our staff development and training.

By bringing everything together in one unified programme of improvement, we are confident we will reach our aim.

Our vision is underpinned by our SPAR quality priorities. These are to deliver services that are:

- Safe
- Personalised
- Accessible
- Recovery-focused.

Our values make clear how we want to go about our business. These are to be "Proud to CARE" - being:

- Compassionate
- Approachable
- Responsible
- Excellent.

We have launched our Behaviours Framework, co-designed with our staff and service users to ensure we live our values in all we do. The Behaviours Framework takes each of the four CARE values and provides examples of behaviours that demonstrate we are adhering to those values in our day-to-day working lives.

Strengthening the voice of service users

We continue to strengthen the voice and true partnership with people who use our services. We believe that if we are going to continue our journey of transformation we need to encourage real challenge from service users and enable them to work with us in our journey of improvement.

This has informed the development of a service user engagement strategy. We are delighted that service users are participating in our recruitment and staff induction processes. Our Service User and Carer Council and our Children and Young People's IAPT Youth Council are going from strength to strength.

As part of our development of this strategy, we held a hugely successful Open Space Event, bringing together over 50 of our service users and carers to give us their views on:

- How we prioritise the specific approaches we take under our SPAR quality prorities; and
- How we can expand the ways in which service users and carers can get involved with the Trust.

Developing our people

Our own people are our core strength and we are proud of them. We have launched our Leadership Academy to develop our staff to deliver high quality services, focussing on personal development with masterclasses as well as organisational development - with key priorities being areas we need to strengthen to achieve our vision of 'To be outstanding'.

Whilst the new academy is focussing on those in a more senior leadership role, we are also prioritising development for all of our staff with a range of personal development offers. The importance we attach to compassion is reinforced by the leading role we are playing in a dedicated Leading with Compassion scheme which is now spanning across the West Midlands and has been shortlisted in the Academi Wales Award for Excellence in Organisational Development at the Healthcare People Management Association (HPMA) Awards 2017.

This is a simple scheme whereby there is a central point in each organisation (electronic and paper version) where staff, patients and carers can nominate someone who they feel and believe has demonstrated leading with compassion.

Delivering leaderership and excellence for safe and high quality services

Delivering services that are safe and high quality is essential. This Annual Report sets out the steps we have taken and the results obtained to continue to improve our services. It also sets out the numerous awards we have won or for which we have been shortlisted throughout the year. We are proud that our Medical Director chairs the West Midlands Medical Directors' Group.

Pursuing a digital future

Our ambitious digital strategy - Raising our Service Excellence (ROSE) - is designed to put us at the forefront of the digital revolution in the NHS. We were proud to successfully launch the first element of this strategy - our new Electronic Patient Record (EPR), the result of one of the largest change management programmes we have ever undertaken with a c. £15 million investment.

Our new EPR brings all of the information we need together so that our staff involved in patient care have access to it in one place when they need it. It helps clinicians to take advantage of the knowledge and advice of colleagues, it offers a continuous record of all care and it also tells us things like what medicines have been prescribed, and any allergies. It also includes the results of any tests.

Promoting partnerships and new models of care

We continue to promote new partnerships and new models of care. We are proud to play a leading role in a new alliance of health and care providers to design, deliver and transform NHS and council-led care services in North Staffordshire and Stoke-on-Trent. The new body is known as the 'North Staffordshire and Stoke-on-Trent MCP Alliance'. It is a bold initiative - drawing together leaders of hospital services, community services, GP practices and local government - to bring about radical improvements and new partnerships that deliver the best possible services to patients and their families. Patients, service users and the voluntary sector will have a powerful voice and influence over the decisions taken by the new body.

We continue to develop our strong and deepening partnership with the North Staffordshire GP Federation. This has included creating joint appointments between our own Executive Team and the Federation – including our new joint Director of Strategy and Development, Andrew Hughes, and plans for further joint posts.

Delivering the bottom line

Continuing to deliver services that are safe, personalised, accessible and recovery focused in a time of unprecedented financial challenge is a remarkable achievement. We are proud to have been able to achieve a financial surplus for the 18th consecutive year, something that puts us amongst the top financial performers in our region, delivering for taxpayers and the wider NHS economy as well as for our patients.

Hello to new faces

We have also been delighted to welcome onto our Board two new Non-Executive Directors, Joan Walley and Lorien Barber, who bring a wealth of experience from the political and parliamentary arenas and the voluntary sector. We also welcomed Andrew as our new Joint Director of Strategy and Development, following the departure of Tom Thornber, who leaves with our very best wishes.

Caroline Donovan, Chief Executive

David Rogers, Chair

We're on a journey

We're delighted to have received an improved rating from the Care Quality Commission of 'Good' with 10 out of 11 of our services rated as 'Good' or 'Outstanding'.

But we're not stopping there.

Our vision is t**o be outstanding - in all we do and how we do it**.

Providing services that are **Safe**, **Personalised**, **Accessible** and **Recovery-focused**.

Ensuring our staff are **Compassionate**, **Approachable**, **Responsible** and **Excellent**.

People like Andy and Rob in teams like Care Home Liaison are helping to get us there.

"The Care Home Liaison team held multi-disciplinary patients' meetings at five care homes that included GPs and families where appropriate. GPs and families reported that this worked well. The input of physiotherapy into care homes with patients at risks of falls had reduced hospital admissions." - CQC

About us

North Staffordshire Combined Healthcare NHS Trust was established in 1994 and provides mental health and learning disability care to people predominantly living in the city of Stoke-on-Trent and in North Staffordshire.

The Trust is one of the main providers of mental health, social care and learning disability services in the West Midlands.

We currently work from both hospital and community based premises, operating from approximately 30 sites to around 470,000 people of all ages in Stoke-on-Trent and across North Staffordshire. Our main site is Harplands Hospital, which opened in 2001 and provides the setting for most of our inpatient units.

We provide services to people with a wide range of mental health and learning disability needs. Sometimes our service users need to spend time in hospital, but much more often we are able to provide care in community settings and in people's own homes.

We also provide specialist mental health services such as child and adolescent mental health services (CAMHS), substance misuse services and psychological therapies, plus a range of clinical and non-clinical services to support University Hospitals of North Midlands NHS Trust (UHNM).

As well as being a key partner with other NHS organisations, we work closely with the voluntary sector to support people with mental health problems. For 2016/17, our main NHS partners have been the two clinical commissioning groups (CCGs) – North Staffs CCG and Stoke-on-Trent CCG. We also work very closely with the local authorities in these areas.

We work with local doctors and other health and care professionals, including the North Staffordshire GP Federation to help develop and support exciting new initiatives like the North Staffordshire MCP Alliance, as part of an overall strategy to transform the quality and delivery of local care.

We help drive improvements across the wider health and care economy, through our leadership roles in the Staffordshire and Stoke-on-Trent Sustainability and Transformation Plan.

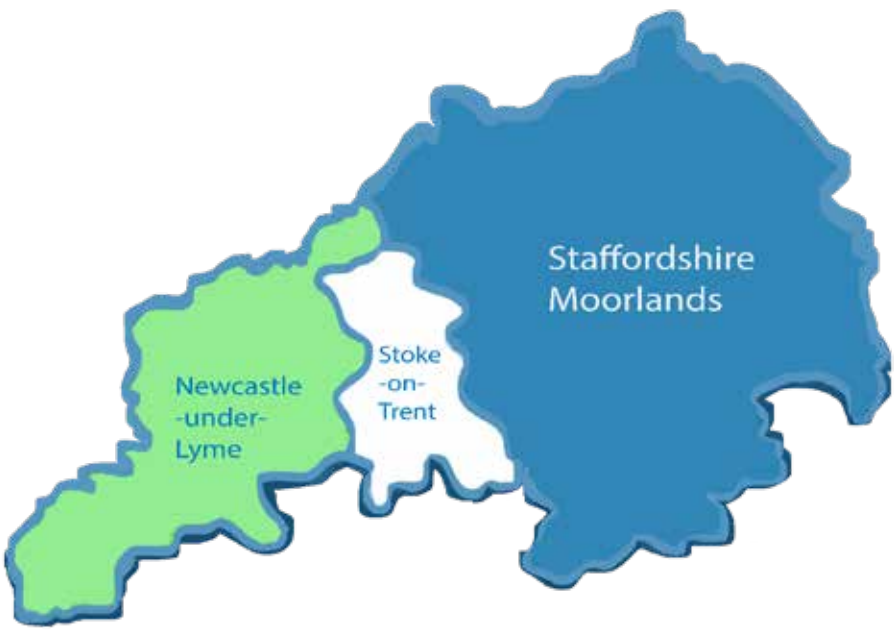
We work closely with agencies that support people with mental health problems, such as North Staffs Voice for Mental Health, ADS, Approach, ASIST, Brighter Futures, Changes, EngAGE, North Staffordshire Huntington's Disease Association, North Staffs Mind, North Staffs Carers Association, Reach and the Beth Johnson Association.

The Trust has a team of around 1,285 whole time equivalents (WTE) staff and a turnover of £81.4m (2016/17).

In 2016/17, for the 18th consecutive year, we achieved a financial surplus - of £2.051m against an income of £81.9m.

In February 2017, we were delighed to receive an improved rating from the Care Quality Commission as a 'Good' organisation with 10 out of 11 of our services rated as 'Good' or 'Outstanding'.

We look to involve our service users in everything we do, from providing feedback about the services we provide, to helping shape our priorities, to helping us find the right people to work for and with us. This work is co-ordinated by our Service User and Carer Council.



Our vision, values, strategy and objectives

The Trust's core purpose is to improve the mental health and wellbeing of our local population, some 470,000 people living across North Staffordshire and Stoke-on-Trent. Our strategic aim, as one of the main providers of care, is to develop enhanced and coordinated health and social care - as well as provide leadership and inspiration to others.

We strive to be recognised as a centre of excellence in both integrated and specialist care, bringing innovative solutions to the services we deliver and the strategies we develop, embedding a culture of continuous learning across our organisation, and supporting and inspiring others.

This is reflected in our vision, values and objectives. These guide not only how we deliver our services on a day-to-day basis, but also how we support and develop our people and our own organisation, how we manage and develop our partnerships and relationships with our service users, carers and families, as well as our external stakeholders across the local health and care economy.

Our vision and values

During 2016/17 we produced a refined statement of our vision which is **"To be Outstanding" - in all we do and how we do it.** We are on a journey towards that vision that we call "Towards Outstanding".

Our vision is underpinned by our SPAR quality priorities - to provide services that are safe, personalised, accessible and recovery-focused. These guide all we do and are the benchmark against which we judge how we perform.

In delivering those services - as well as in all of our working relationships with service users, carers, families, stakeholders and each other, we are guided by our Proud to CARE values - to be compassionate, approachable, responsible and excellent.

Our strategy

We plan for the next five years (longer-term direction of travel), two years (medium term priorities) and one year (key activities within any given financial year).

Our Integrated Business Plan is our five-year strategy that informs and is informed by the pan-Staffordshire Sustainability and Transformation Plan (STP).

We support the STP's objectives of:

- Focussed prevention
- Enhanced primary and community care
- Effective and efficient planned care
- Simplified urgent and emergency care
- Reduced cost of services.

Our seven key objectives

We look to deliver our strategic aims and realise our vision by achieving seven key objectives:

1. Provide the highest quality services
2. Create a learning culture to continually improve
3. Encourage, inspire and implement research and innovation at all levels
4. Maximise and use our resources intelligently and efficiently
5. Attract and inspire the best people to work here
6. Continually improve our partnership working
7. Enhance service user and carer involvement.

Key challenges and risks

As of 31 March 2017, the Trust's strategic risks as described in the Board Assurance Framework are:

- The Trust fails to listen and act upon service user and carer involvement resulting in an inability to deliver responsive services
- The Trust fails to improve patient safety, eliminate avoidable harm and deliver high quality services, resulting in less than optimal care, reputational harm, increased scrutiny and regulatory restrictions
- The Trust fails to exploit its potential in research and innovation, losing credibility and reputation and under achieving in delivering evidence based care
- The Trust fails to support its workforce to continually learn and develop, resulting in poor staff experience
- The Trust fails to attract and retain talented people resulting in reduced quality and increased cost of services
- The Trust fails to optimise its resources resulting in an inability to be a sustainable service
- The Trust fails to engage its partners resulting in fragmented care pathways.

We're on a journey

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Ensuring our staff are **Compassionate**, **Approachable**, **Responsible** and **Excellent**.

People like Liz, Dave and Lisa in teams like Mental Health & Vascular Wellbeing are helping to take us there.

"The Vascular Wellbeing team manager had published a paper on the use of a camera for people with short-term memory problems. They have since worked with the local clinical commissioning group to incorporate the use of text messaging service with the camera and were working on an 'app' for patients' with early onset dementia and mild cognitive impairment." - CQC

How we provide care

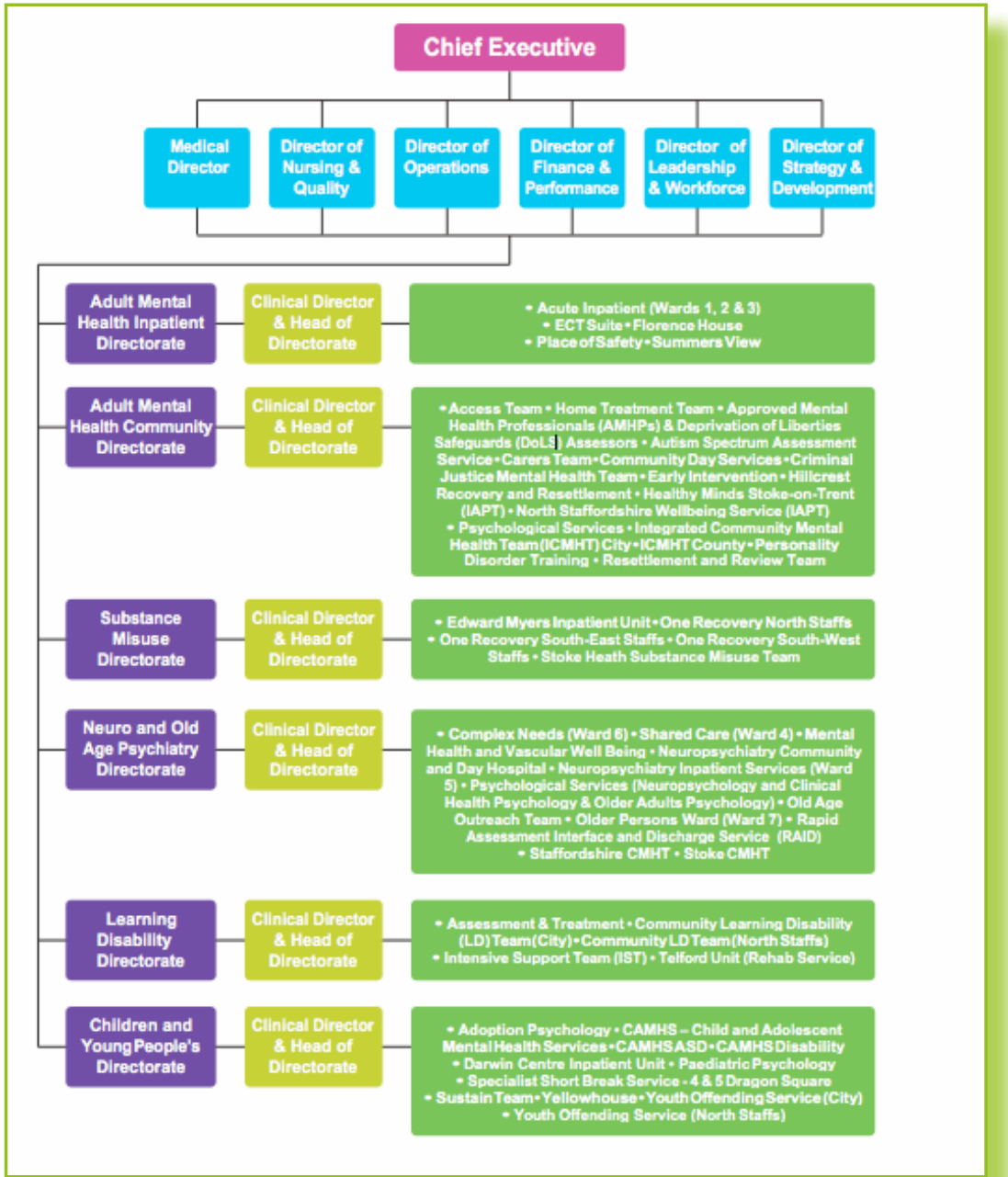
We have six clinical directorates to ensure the effective running of our services.

Each directorate is led by a Clinical Director who provides clinical leadership and a Head of Directorate responsible for its management.

Our six directorates are:

- Adult Mental Health Inpatient
- Adult Mental Health Community
- Substance Misuse
- Neuro and Old Age Psychiatry
- Learning Disabilities
- Children and Young People

Over the next few pages, we set out details of each of our directorates, its leadership, the services it provides and where and who is eligible for each service.



Adult Mental Health Inpatient
Clinical Director - Dr Nasreen Fazal-Short
Head of Directorate - Natalie Larvin

The service provides care for adults aged between 18 and 65 who have had an assessment which determines they need inpatient psychiatric care. Patients are admitted on a voluntary basis or on a Section of the Mental Health Act (1983) where this is deemed necessary.

The directorate covers Wards 1, 2 and 3 at Harplands Hospital and two rehabilitation wards – Summers View and Florence House.

Ward 1 is a mixed sex ward that has 14 beds, Ward 2 is a male ward with 22 beds and Ward 3 is a female ward with 22 beds. We have begun work on a local Psychiatric Intensive Care Unit (PICU). The wards link into community-based services in the Integrated Community Mental Health Resource Centres based across Stoke-on-Trent and North Staffordshire.

Our philosophy is to provide compassionate recovery-focussed care. We work closely with the Adult Mental Health Community Directorate to ensure that patients are treated in the least restrictive environment possible.

Our staff work closely with the Access Team and the Acute Home Treatment Team, as well as with other therapy teams based within the hospital to support people in their recovery.

The Acute Home Treatment Team and staff from the community-based teams visit the wards on a regular basis to assist people in their discharge from hospital.

Home treatment is considered prior to inpatient care. With our community teams, we ensure that patients who are admitted to Harplands Hospital are returned home as soon as possible, supporting the Trust's recovery-focussed approach.

The wards are also supported by bed-based rehabilitation services at Florence House, Longton and Summers View in Tunstall. We also provide electroconvulsive therapy (ECT) treatment from our ECT Clinic.

Florence House is an eight-bed mixed gender rehabilitation unit for those needing support to self-manage. Similarly to Summers View, we measure progress but support is focussed more on accessing community resources. Florence House works in close partnership with a number of supported housing projects enabling people to leave within 12 months and has close links with our employment service, helping people return to work.

Summers View is a 10-bed mixed gender unit offering intense rehabilitation for people who have complex needs. The service offers help for up to two years and is generally designed for people who have needed low secure accommodation or specialised services in the past and are seeking a less supported environment.

The team offers a multi-disciplinary approach, monitoring progress, identifying change and setting goals. Service users have access to occupational therapy and a psychologist who are integrated members of the team. Both services enable people to move to less supportive care, where appropriate, or increased support if their mental health deteriorates.

Adult Mental Health Community
Clinical Director - Dr Dennis Okolo
Head of Directorate - Sam Mortimer

Our integrated health and social care Access and Home Treatment Team operates 24/7 and provides advice, assessment and short-term support to anyone needing mental health services within Stoke-on-Trent and North Staffordshire. It provides crisis support including an out-of-hours service to our child and adolescent mental health services (CAMHS), Community Mental Health Teams, Learning Disability service and Older Peoples services. It is also responsible for the gatekeeping of adult acute inpatient beds. The Access Team is the Trust's first point of contact and offers an open referral system.

We have four integrated Community Mental Health Teams, two in Stoke-on-Trent and two in North Staffordshire (Newcastle and the Moorlands) that provide interventions for people with complex health and social care needs and their carers to promote recovery and social inclusion in collaboration with the requirements of the Care Act.

Our Criminal Justice Mental Health Team works daily with frontline police officers in Stoke-on-Trent and North Staffordshire to provide support to calls involving people with a mental health issue. It also promotes service user engagement with health, social care and third sector services, assisting in the reduction of offending.

The Growthpoint and Kniveden Partnership service offers training in horticulture and other practical skills, supporting people back into employment by building confidence and self-esteem, and provides opportunities for people through pottery and other craft work, promoting a recovery-focussed approach.

Our community day services in Stoke-on-Trent operate from three venues, providing a range of social support groups, including women-only and men-only groups, with some activities delivered in partnership with Brighter Futures.

The Mental Health Carers Team delivers specialist assessments to carers with complex needs, and support packages in partnership with Making Space, or at our weekly carers' support group and via the Carers' Hub.

The Resettlement and Review Team monitors and reviews people in funded-care placements in residential and nursing homes. It provides supported accommodation on site in collaboration with Brighter Futures in community settings.

We are the lead within a network of partners for improving access to psychological therapies (IAPT) in Stoke-on-Trent and North Staffordshire. Healthy Minds provides evidenced-based treatments for people over 18 in Stoke-on-Trent with mild to moderate common mental health difficulties including anxiety and depression. The service is provided in partnership with North Staffs Mind and Changes. The North Staffordshire Wellbeing Service provides psychological therapies for common mental health problems for people living in North Staffs aged 16 and over.

The Parent and Baby Day Service operates seven days a week across North Staffordshire, specialising in the early detection, assessment and treatment of mental health issues associated with pregnancy and up to the first year of childbirth. It also assists in the management of pre-existing mental health difficulties through the antenatal and postnatal period. It is open to mothers aged 16 and over from 20 weeks before birth and up to 12 months after birth.

The Early Intervention service offers assessment and support for people who have been identified as developing a first episode of psychosis. We aim to improve the life chances of those affected.

The Approved Mental Health Professionals (AMHP) and Best Interest Assessor (BIA) team carry out assessments under the Mental Health Act (1983) and the Deprivation of Liberty Safeguards (2009) on behalf of Stoke-on-Trent City Council.

Substance Misuse
Clinical Director - Dr Derrett Watts
Head of Directorate - Darren Bowyer

The directorate provides services in the local community and in hospital for people wishing to recover from the misuse of alcohol and drugs.

The 14-bed Edward Myers inpatient unit provides specialist Tier 4 inpatient services for clients across the whole of Staffordshire and Stoke-on-Trent, but also extends beyond our traditional boundaries and includes work for other areas including the Wirral, Wolverhampton and Telford. It offers 24-hour residential detoxification and stabilisation facilities for clients who are too complex for treatment within the community setting. The service provided is consultant-led with qualified medical and nursing staff specialising in substance misuse.

The inpatient service over the past 12 months has developed the Furlong Court provision in partnership with Brighter Futures. The service now provides direct admission into Furlong Court for those service users who meet with the complexity. The service is supported by the Edward Myers medical and nursing team and has 24/7 support from the Brighter Futures Furlong team.

The unit also provides two further beds on the Edward Myers Unit which provide the Intoxicated Observation Unit (IOU) facility. The IOU was set up initially to accept intoxicated patients from A&E who are not in need of their services but are too intoxicated to go home – 60% of patients are now brought to IOU directly by the ambulance without the need for patients to go to A&E. The service is offered 24/7.

The directorate, with partner organisations Addiction Dependency Solutions (ADS), Changes, Brighter Futures and Arch, started the Staffordshire-wide integrated community substance misuse service known as One Recovery Staffordshire in 2015.

Unfortunately, the service has had to go through a significant management of change process as a result of Better Care funding cuts which has reduced the service in 2017/18 by 58%.

The Trust continues to provide clinical services with our partners, providing psychosocial and other integrated wrap around provision.

Substance misuse services operate out of four access hubs in Burton, Stafford, Leek and Newcastle-under-Lyme. In addition there are outreach clinics in Lichfield, Tamworth, Cannock, Biddulph and Cheadle.

The clinical services offered are medically-assisted recovery, substitute prescribing and stabilisation liaison clinics (e.g. for pregnant drug use and liver disease), a hospital alcohol liaison team, detoxification and relapse prevention, low-dose detoxification clinics and medication to support recovery and abstinence.

The Stoke Heath Prison Substance Misuse Team was formed when we took over the clinical element of substance misuse services in April 2014. We work in partnership with the Rehabilitation for Addicted Prisoners Trust (RAPt), a leading provider of intensive, abstinence-based drug and alcohol rehabilitation programmes in UK prisons. Our team of five nurses, supported by the medical team, provides the clinical element of the integrated service and treats around 100 service users. The service has recently moved into the 'F Wing' of the prison which provides a dedicated substance misuse treatment and recovery service.

Learning Disability
Clinical Director - Matthew Johnson
Head of Directorate - Alastair Forrester

The directorate provides a range of services to adults and children with a learning disability and complex needs. People with learning disabilities have the same rights as all members of society and should have the same hopes and expectations of a fulfilled, happy and integrated life.

We create personalised care programmes for over-18s with a learning disability or challenging needs which require specialist help. The term 'learning disability' can be applied to a diverse range of mental disabilities, some of which are accompanied by physical problems. Typically, a person with learning disabilities finds it harder to understand information and learn new skills, and may find it difficult to cope independently.

We provide care and support to help each person live in their own home, to be in control of their lives and engaged in their community. Where this is not possible we offer excellent assessment and 24-hour treatment support in the six-bedded Assessment and Treatment Unit, where we design individual packages of care leading to discharge and successful placements close to their homes.

Our community teams bring together community learning disability nurses, psychiatrists, occupational therapists, physiotherapists, speech and language therapists, clinical psychologists and other applied psychological therapists. These teams work in partnership with local authorities and other organisations to provide a range of care services and therapies.

Our inpatient settings offer services for people whose behaviour may be too challenging for other residential and community services. Our specialist teams deliver exceptional care and we aim to discharge people as early as possible, following thorough assessments which give us all the information we need to create individual care packages.

Our Community Learning Disability Health Team is a multi-professional community-based team supporting people with complex learning disabilities, physical and mental health needs in their local community, reducing the need for specialist placements or hospital admissions. The Intensive Support Team provides service users, families and carers with access to rapid response, intensive assessment, treatment and support at times of crisis to reduce the need for admission to hospital. The team also supports timely discharge from inpatient services.

The Assessment & Treatment Unit, located on the Harplands Hospital site, provides short-term assessment and treatment of adults with a learning disability and additional acute health needs such as a mental health need, autism and epilepsy. All our services work collaboratively with patients, family members, carers and other agencies to deliver person-centred, recovery-focussed care.

The Specialist Children's Short Break Service at Dragon Square offers residential short breaks, including day care, to children and young people with a severe learning disability. The service will be registered with Ofsted as a children's home that can support children with learning disabilities, physical disabilities and sensory impairments. We are also registered with the Care Quality Commission (CQC) to provide accommodation for people requiring nursing or personal care.

Covering North Staffordshire including Newcastle-under-Lyme, Staffordshire Moorlands and Stoke-on-Trent, the multidisciplinary Children's Community Learning Disability Health Team provides specialist assessment and treatment interventions to children with a diagnosed learning disability with associated complex health needs.

Neuro and Old Age Psychiatry (NOAP)
Clinical Director - Dr Darren Carr
Head of Directorate - Jane Munton-Davies

The services provided by the directorate are broad and varied, from inpatient to community services, psychology to physiotherapy and a Rapid Assessment Interface and Discharge (RAID) team that is located at Royal Stoke University Hospital.

We provide inpatient services at Harplands Hospital on Ward 4 (shared care), Ward 5 (Neuropsychiatry), Ward 6 (complex assessment) and Ward 7 (functional assessment).

Our community services include Older Peoples' Community Mental Health Teams (City and County), Memory Clinics, the Dementia Primary Care Liaison Team, Mental Health and Vascular Wellbeing Team, Neuropsychiatry Community and Day Service, Neuropsychology and Clinical Health Psychology Services, and Physiotherapy and Care Home Physiotherapy.

The directorate continues to move through a period of significant change and works closely with partner agencies across the local health economy to support system wide transformation. Our recent Care Quality Commission (CQC) inspection was a testament to the hard work and dedication of our staff, with the inpatient and RAID services achieving overall ratings of 'Good' and our Community Older Peoples' Services excelling to achieve the only 'Outstanding' rating in the Trust.

The inpatient and RAID services have strong ambitions "Towards Outstanding" with clear plans in place to achieve this within the next 12 months. For Community Older Peoples' Services our ambitions are "beyond outstanding" as we continue to develop innovative and ground-breaking options for our service users.

Across our inpatient wards we are proud to be the first mental health trust to implement the SAFER patient flow bundle through the national 'red to green' programme. This puts the patient at the centre of the discharge planning process and aims to ensure every day on the ward is a day of value to the patient. We report our red to green status on a daily basis and have a strong escalation plan to support the programme delivery.

Over winter 2016/17, Ward 4 was commissioned as a nursing assessment service to support winter pressures and was opened at very short notice. This is being recommissioned as a shared care service utilising a unique mix of physical and mental health staff to enable holistic assessments of older patients from the Royal Stoke.

Our successful pilot of the Dementia Primary Care Liaison role paved the way for this to be rolled out across Northern Staffordshire. Being cognisant of the embryonic Care Hub development, our Dementia Primary Care staff are being aligned to localities and, where possible are looking to locate themselves within GP surgeries. This will support the development of multispecialty community providers (MCPs) as we embark on a transformational development of our services, offering ageless and response support on a geographical footprint. This work will require cross-directorate collaboration, which is well under way.

Our Care Home Physiotherapy pilot has also proved a success and has been rolled out across North Staffordshire and Stoke-on-Trent. This initiative supports the falls reduction and admission avoidance agenda whilst also enabling early discharges to local care homes.

Digital delivery is already well embedded within our Mental Health and Vascular Wellbeing service, with NHS telehealth initiative Florence ('Flo') being well evaluated and utilised across the Trust as a whole. Innovation through Combined's new Raising our Service Excellence (ROSE) electronic patient record system will support the delivery of our cost improvement programme (CIP) target and lead to more efficient and patient focussed clinic management.

Children and Young People (CYP)
Clinical Director - Dr Jo Barton
Head of Directorate - Helen MacMahon

The child and adolescent mental health service (CAMHS) vision is for all children and young people in North Staffordshire and Stoke-on-Trent to enjoy good mental health and emotional wellbeing and be able to achieve their ambitions and goals through being resilient and confident.

We achieve this through partnership working with families, professionals and services to promote good mental health through a model of care based on prevention of poor mental health, early detection, help when issues first arise and by having a range of interventions for children and young people with established or complex problems. We want our service users and families to be able to access the right intervention, in the right place at the right time and with the right outcome based on the best available practice.

The directorate's Community CAMHS teams operate from three bases, comprising of a North Stoke, South Stoke and North Staffordshire multi-disciplinary team. The directorate also provides specialist services including a Looked after Children team, Paediatric Psychology, Autistic Spectrum Disorder assessment, Youth Offending, Central Referral Hub and Priority service. A newly commissioned eating disorder specialist service is also under development.

The community services provide person-centred clinical assessment, formulation, consultation and a range of therapeutic interventions in collaboration with children and young people up to the age of 18 to help them with a range of mental health problems, varying in severity and complexity. The range of therapies include talking therapies, play and art-based therapies, family therapy and medication. Interventions are guided by evidence-based practice and the recommendations of the National Institute for Health and Care Excellence (NICE). There is also a robust evidence-based group therapy programme across the service, improving access to evidence-based group therapies.

The service offers support to parents and carers as part of the collaborative care planning with children and young people and through regular consultation and positive parenting groups. Staff work with other agencies such as education and social care to ensure the care offered is tailored to the individual needs of children, young people and their families.

The service has an inpatient unit, the Darwin Centre, for children and young people presenting with acute mental health problems that cannot be managed within the community setting and require inpatient specialist mental health services. The inpatient service offers a comprehensive assessment and a range of person-centred psychological therapies and approaches in line with NICE guidance.

Our staff are skilled multi-professional practitioners from many different disciplines – psychiatrists, nurses, psychologists, occupational therapists, mental health practitioners, play and parenting practitioners, art therapists, social workers and trainees. These staff are supported by a dedicated group of administrators.

How we measure performance

Our approach

The Trust's performance management arrangements are underpinned by comprehensive Trust Performance & Quality Monitoring Framework (PQMF) which is a key driver towards providing outstanding services. It provides the means to report, monitor, review and improve organisational performance and quality outcomes from 'board to floor'.

The PQMF includes national metrics set out in NHS Improvement's Single Oversight Framework, contractual reporting requirements for commissioners and internal Trust measures that align with Trust goals and objectives. The PQMF enables granular reporting of weekly and monthly dashboard reports to clinical teams and Trust committees, with an overview maintained by the Trust's Board. Each target is overseen by a nominated Executive Director.

Where performance or quality metrics are not on target, clinical directorates and corporate areas provide rectification plans, including trajectories for improvement and action planning, for performance review by our Board Sub-Committees.

Assurance

The PQMF is reported on a monthly basis to the Trust Board with each of our three sub-committees taking a lead on different aspects of our performance; Finance and Performance Committee, Quality Committee, People and Culture Development. These arrangements provide robust assurance across the Trust and to commissioners and regulators.

Clinical dashboards

Monthly clinical dashboards have been enhanced to provide better visualisation of the most important performance measures and quality indicators, thereby enabling trends to be more easily identified. Key priorities are reviewed to ensure the most pressing indicators of performance and quality are in focus.

The review of individual clinical teams' compliance with CQC and Mental Health Act standards also continued during the year, with results being used to drive improvements in the quality of the services provided to patients.

Benchmarking

The Trust uses local and national benchmarking information to add intelligence and insight to its performance management processes. Benchmarking enables the performance of the directorates and the Trust corporately to be analysed, and they are supported in identifying how improvement in quality, productivity and efficiency can be achieved. The Trust remains a key member of the national NHS Mental Health Benchmarking Reference Group.

Looking ahead

There are a number of opportunities to support the development of the Trust's performance strategy and performance management framework in 2017/18:

- Implement a full electronic patient record through our Raising our Service Excellence (ROSE) programme in May 2017 using Lorenzo, a stable and supported national system
- Further enhance processes to improve data quality and data completeness
- Develop a Business Intelligence Strategy, including the enhancement of technologies to develop automated reports that will enable clinicians to have access to data to support urgent clinical decision making and quality improvement
- Agree a set of outcome measures with primary care to support the development and implementation of New Models of Care
- Develop a value dashboard to help us understand and describe to service users and carers what good value services really look like.

How we performed

The Trust has performed well in many areas during 2016/17, improving the quality of services and operational delivery whilst ensuring financial sustainability.

Financial

It was another positive year for the Trust financially, in spite of a challenging climate for the NHS, both regionally and nationally.

In 2016/17, the Trust achieved a surplus of £2.051m against income of £81.9m, which includes £1.1m Sustainability and Transformation Funding (STF), earned by any trust that operates within agreed financial limits. 2016/17 is the 18th consecutive year the Trust has achieved financial surplus.

The strong financial performance is a testament to the hard work of all of our employees, who worked hard to deliver outstanding quality of care to patients, whilst driving Trust Cost Improvement Plans, reducing reliance on temporary staffing and successfully operating within budgetary responsibilities.

Full details are contained in the Financial Review Section of the Annual Report (Page 84).

The Finance Team not only supports the Trust to deliver on its statutory duties, but continues to innovate and engage with the wider organisation in a way that supports the Trust as a whole to achieve its objectives. The Finance Team have a strong clinical focus and are keen to engage with the Trust's services. In additional to the traditional training, team members are encouraged to spend a day walking in the shoes of our clinical professionals.

Experiences include spending a day caring for patients on the older people ward and gardening for the day at Growthpoint (who support service users past and present back to paid employment). This has developed a Finance Team with a rounded experience, allowing them to build effective relationships with clinicians and consider service user experience and service quality at the heart of every financial decision.

The Trust is one of only a handful of mental health trusts to develop and implement a full Patient Level Information Costing System (PLICS) ahead of it being rolled out nationally in 2019/20.

Clinicians and managers now explore, challenge and validate the data and use it to make informed decisions regarding productivity, profitability and sustainability.

We recognise the importance of using data to inform innovation and demonstrate 'what good looks like' from a productivity and efficiency perspective.

In 2016/17, the Trust developed its own Model Hospital, ahead of the Mental Health Pilot launched in 2018/19. This takes Carter metrics from nationally published data and benchmarks the Trust using time as the main currency for comparing with our peers to understand how we compare in terms of quality sustainability and efficiency.

The Finance Team has developed a new way to engage with the side organisation through Valuemakers, a programme and system in which any member of staff from across the Trust can put forward ideas to improve the efficiency of services. Staff can submit their ideas to the Valuemakers portal which are then assessed and developed by members of the Finance Skills Development team before being put into practice.

Quality

We are committed to providing the highest quality services. Our aim is for a continuous learning and improvement culture to ensure the highest standards are at the heart of everything we do.

Full details of how we deliver our quality objectives are contained in our Quality Account which is a report to the public we produce each year about the quality of services we provide and demonstrates we have processes in place to regularly scrutinise all of our services. Our Quality Account for 2016/17 is available for download at www.combined.nhs.uk.

The Trust remains committed to working collaboratively with a range of partners and, as such included three key steps in the development of our quality priorities and publication of our Quality Account.

Step 1: Development stage

We developed a survey to seek the views of key partners, service user representative groups, local authorities and staff about what they liked and disliked about our previous Quality Account and what should be retained and what should be changed. We sent copies of the survey to all of these groups and included references to the survey in a public Trust Board meeting. All feedback received was responded to and reviewed as part of the engagement and design process for the Quality Account.

Step 2: Agreeing priorities

The survey referred to above included a section about the priorities that key partners, service user representative groups, local authorities and staff would expect to see reported in our 2016/17 Quality Account.

In addition, we held a number of engagement meetings including dedicated drop-in sessions, attended events and communications from our partners to agree our key quality priorities as follows:

- Commissioners – North Staffordshire Clinical Commissioning Group (CCG) and Stoke-on-Trent CCG
- Staffordshire Health Scrutiny Committee
- Stoke-on-Trent Overview and Scrutiny Committee
- Healthwatch Stoke-on-Trent
- Healthwatch Staffordshire

Step 3: Sharing the draft Quality Account

In line with the Department of Health Guidance, we also produced a draft Quality Account and shared this with key partners as follows:

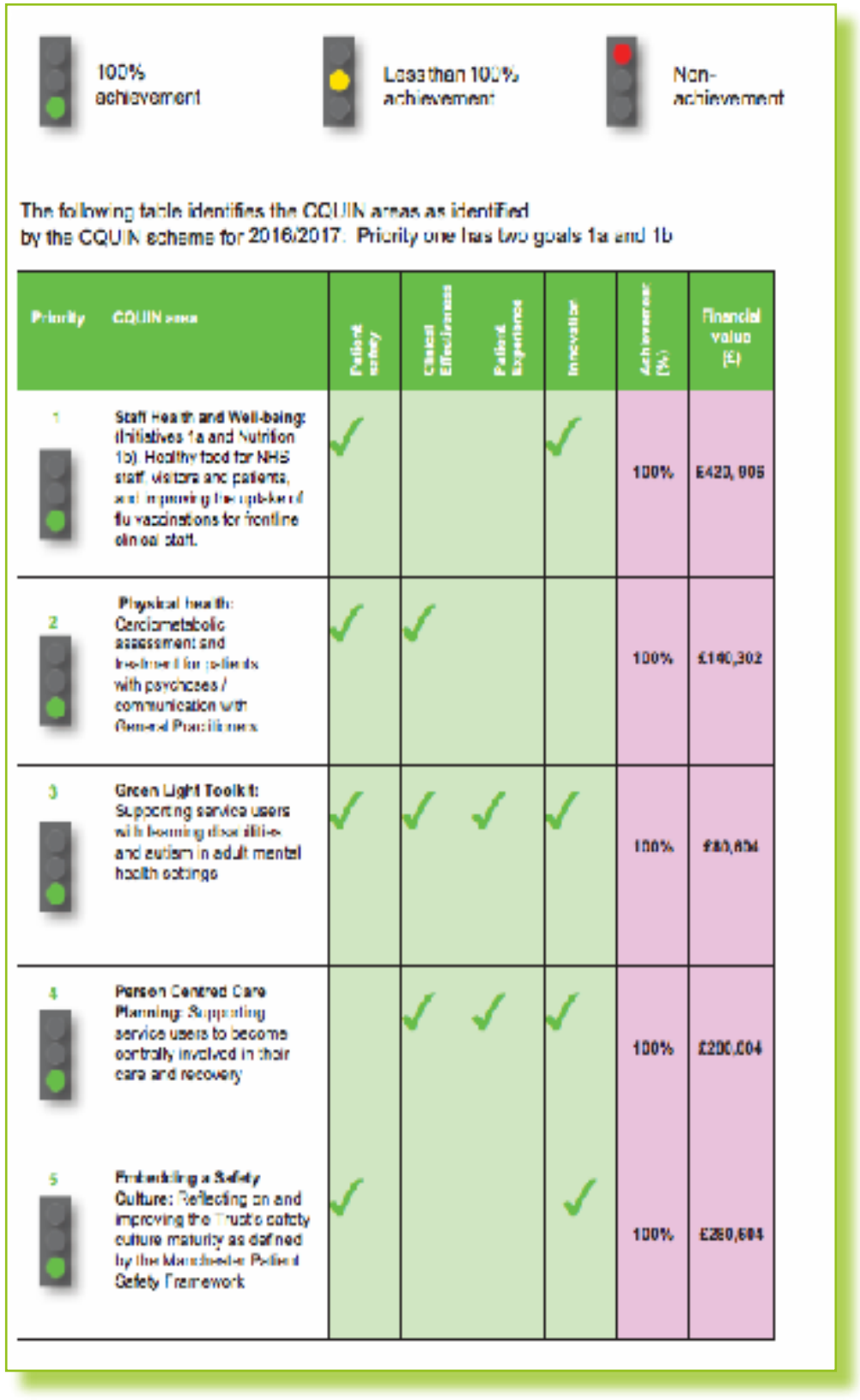
- Local commissioners
- Local Healthwatch organisations
- Local Authority Overview and Scrutiny Committees

CQUIN performance

Last year we aligned our plans for improving the quality of services under our SPAR quality priorities with the Commissioning for Quality and Innovation (CQUIN) scheme for 2016/17, a national framework for agreeing local quality improvement schemes that makes up a proportion of our total potential income from CCGs (2.5%). This is conditional on the achievement of ambitious quality improvement goals and innovations agreed between commissioner and provider with active clinical engagement.

We identified six priority areas that contribute to improved quality of care. Against the CQUIN financial and performance framework, in total we achieved 100% of the schemes.

All schemes were achieved in full resulting in quality improvements for those using our services.



Care Quality Commission 'Good' rating

On 21 February 2017, the Care Quality Commission (CQC) rated North Staffordshire Combined Healthcare NHS Trust as a 'Good' organisation, following its inspection in September 2016.

We were delighted to be told by the CQC that they believed us to be the fastest improving mental health trust in the country.

The full CQC Inspection Report is available for download at www.cqc.org.uk/provider/RLY

The CQC praised the Trust for "significant improvements" and said we could be "proud" of services that are effective, caring, responsive and well-led.

The CQC said: "Staff throughout the Trust displayed a caring attitude towards people who used services. Feedback from patients, carers and families was also very positive and staff ensured that delivery of care was carried out in a co-productive manner."

It added that it was confident the executive team, with the support of staff, will deliver improvements on behalf of all of their patients in these minority of areas where it found them to be necessary. The Trust already has taken action to address these issues since the inspection.

	Overall	Safe	Effective	Caring	Responsive	Well-led
Adult Inpatient	Good	Good	Good	Good	Requires Improvement	Good
CAMHS Community	Requires Improvement	Requires Improvement	Good	Requires Improvement	Requires Improvement	Good
CAMHS Wards	Good	Good	Good	Good	Good	Good
Adult Community	Good	Requires Improvement	Good	Good	Good	Good
Crisis	Good	Good	Good	Good	Good	Good
Community LD	Good	Good	Good	Good	Good	Good
LD Inpatient	Good	Good	Good	Good	Good	Good
Rehab	Good	Good	Good	Good	Good	Good
OP Community	Outstanding	Good	Good	Outstanding	Outstanding	Good
OP Inpatient	Good	Requires Improvement	Good	Good	Good	Good
Substance Misuse	Good	Good	Good	Good	Good	Good
Overall	Good	Requires Improvement	Good	Good	Good	Good

The Care Quality Commission (CQC) found:

- ✓ Significant improvements had been made to the quality of care plans and risk assessments.
- ✓ The Trust showed a consistently collaborative approach to care that involved staff, patients, carers and families.
- ✓ Staff throughout the Trust displayed a caring attitude towards people who used services, showing kindness, empathy and putting peoples' needs first.
- ✓ Feedback from patients, carers and families was also very positive and staff ensured that delivery of care was carried out in a co-productive manner.
- ✓ The Trust Board has become more settled and effective which helped to ensure governance systems were embedded.
- ✓ Nursing staff spoke very highly of the new substantive Director of Nursing & Quality. Staff told us they now felt they had strong nursing leadership at a senior level in the organisation who was committed to clinical and leadership development.

The CQC inspection reports highlighted several areas of good practice, including:

- ✓ The Trust had done impressive work around deaf and hard of hearing patient groups; particularly the deaf café, British sign language (BSL) training for staff and effectively addressing communication needs.
- ✓ The Mental Health and Vascular Wellbeing Team manager had published a paper on the use of a camera for people with short-term memory problems. They have since worked with the local clinical commissioning group (CCG) to incorporate the use of text messaging service and were working on an 'app' for patients with early onset dementia and mild cognitive impairment.
- ✓ The Care Home Liaison Team held multi-disciplinary meetings at five care homes. GPs and families reported this worked well. The input of physiotherapy into care homes with patients at risk of falls had reduced hospital admissions.
- ✓ The community child and adolescent mental health services (CAMHS) had run a 'CAMHS in schools' project with special schools for the past 11 years. They had developed a pilot to introduce the model into mainstream schools.

CQC Organisational Rating - Good

"Throughout the inspection, staff were found to be caring, empathetic and considerate towards patients. Feedback from patients, carers and families was consistently positive regarding the quality of care and how staff treated them... Care plans were comprehensive, holistic and recovery-focused in all the teams that we visited" CQC Inspection Report 2017

Performance against our key performance indicators (KPIs)

Details of performance against the Single Oversight Quality of Care and Operational Performance metrics are outlined below.

Key Performance Indicator (KPI)	Target	2016/17	Rating
Admissions to adult facilities of patients who are under 16 years old	0	0	Green
CPA - proportion of discharges from hospital followed up within 7 days	95%	96.2%	Green
% clients in settled accommodation	No Target	90.3%	Green
% of clients in employment	10%	11.6%	Green
Patients requiring acute care who received a gatekeeping assessment by a crisis resolution and home treatment team	95%	98.8%	Green
Improving Access to Psychological therapies • Proportion of people completing treatment who move to recovery	50%	62.3%	Green

Infection control

There have been no Methicillin resistant Staphylococcus aureus (MRSA) blood stream infections and no Meticillin sensitive Staphylococcus aureus (MSSA) blood stream infections reported. MRSA screening compliance remains at 100% for all those admissions who fulfil the criteria for screening. The Trust's target of zero avoidable healthcare-related infections was therefore maintained.

Details of performance against other KPIs are outlined below.

Key Performance Indicator (KPI)	Target	2016/17	Rating
Cases of MRSA	0	0	Green
CPA - HONOS assessment within the last 12 months	90%	94.4%	Green
CPA - Care plan compliance	95%	97.1%	Green
Access to healthcare for people with a learning disability	100%	100%	Green
Data completeness of Mental Health Minimum Data Set (MHMDS): NHS Number field in Mental Health and Acute commissioners data sets	99%	100%	Green
Number of People seen for crisis assessments within 4 hours of referral	95%	100%	Green

Improving access to services and waiting times

The Trust performed well in many areas in 2016/17, improving both access to, and the quality of, services while ensuring they were financially sustainable.

Performance against mental health national access and waiting time standards

As of October 2016, the national waiting time standards are as follows:

Early Intervention in psychosis

More than 50% of people experiencing a first episode of psychosis will be treated with a NICE approved care package within two weeks of referral. This is applicable to patients of all ages.

In 2016/17 we treated 78% of people experiencing a first episode of psychosis with a NICE approved care package within two weeks (target: 50%).

- 75% of people referred to the improvibng access to psychological therapies (IAPT) programme will be treated within six weeks of referral, and;
- 95% of people referred to the IAPT programme will be treated within 18 weeks of referral. This standard applies to adults.

In 2016/17 99.4% of patients referred to our IAPT service commenced treatment within six weeks (target: 75%).

Children and young people with an eating disorder

The standard is for treatment to be received within a maximum of four weeks from first contact with a designated healthcare professional for routine cases and within one week for urgent cases. In cases of emergency, the eating disorder service should be contacted to provide support within 24 hours.

This standard has been monitored in shadow in 2016/17 and the Trust has provided a national submission to enable a baseline for planning in 2017/18.

In 2016/17, 88.9% of patients received treatment within a maximum of four weeks from first contact with a designated healthcare professional for routine cases and 78.6% within one week for urgent cases. There were no urgent referrals in the second quarter of the year.

We have plans to improve further in 2017/18.

Areas for our improvement journey

Emergency readmissions within 30 days of discharge

Emergency readmissions occur when a readmission was not part of the originally planned treatment. Performance was 8.8% against a 7.5% target across the Trust in 2016/17. A deep dive of all readmissions has been undertaken and an improvement programme will be put in place to ensure that all discharges are appropriate and that follow up care in the community is effective.

Delayed transfers of care

These relate to delays for patients who are ready to be discharged to more appropriate accommodation when they no longer require acute inpatient care. The reasons for the delays are associated with accessing health and social care funding, nursing, residential placements or accommodation, and patient choice. Over the last 12 months performance has been variable which can have an impact on bed availability in the Trust and on flow across the local health economy.

The standard requires that no less than 7.5% of the Trust's bed utilisation should be due to delayed transfers of care. During the year, delays amounted to 12.8%. The Trust is strengthening our internal processes so they are clear, understood, and efficient. In addition we are engaged in discussions with commissioners, social care and other health partners to resolve delays for our patients which are often due to challenges across the whole of the health and social care system.

Our major developments

Psychiatric Intensive Care Unit (PICU)

We have completed the design development for and agreed a contract to build a new six-bed PICU linked to Ward 1 at Harplands Hospital.

The £2.4m facility will open in early 2018 and will allow us to provide care for our most dependent and acutely ill service users. It will also mean that local residents are not sent out of the area for their care.

Place of Safety

Our existing Place of Safety (the facility that receives and assesses service users detained by police under Section 136 of the Mental Health Act) is on Ward 1 at Harplands and needs to move to allow the PICU to be developed. We have designed a replacement facility, which will open in early 2018 and will double our capacity to receive clients.

This additional space will allow us to receive children and young people under the age of 18 and will mean our clinicians will not have to travel to Stafford to access the Place of Safety at St George's Hospital.

Darwin Centre

We have completed the refurbishment and new build extension works at the Darwin Centre (pictured below), our specialist inpatient unit for children and young people.

The £750,000 scheme has dramatically improved the quality of the environment in the centre and provides specific accommodation such as a female only lounge, a visitor's room, a de-escalation room and additional day and outside play space.

North Staffordshire & Stoke-on-Trent Multi-specialty Community Provider (MCP)

Enhanced primary and community care is one of the key themes of the Staffordshire Sustainability and Transformation Plan (STP) and the MCP is our response in the north of the county.

We have worked with the North Staffordshire GP Federation and other partners to establish an MCP Alliance Provider Board that brings together all out-of-hospital providers in our catchment and the voluntary sector: Staffordshire and Stoke-on-Trent Partnership NHS Trust (SSOTP), Stoke-on-Trent City Council, Staffordshire County Council, VAST, Healthwatch, University Hospitals of North Midlands NHS Trust (UHNM) and lay members from our local clinical commissioning groups.

We are committed to working together to break down traditional boundaries between primary and secondary care and to build partnerships between GPs, hospitals, community services, mental health services and social care to meet the health and care needs of populations of 30,000 to 70,000. We have already demonstrated how small changes can improve access and services for people with ongoing health needs.

We will be developing the model for the MCP, which will explain what we are aiming to achieve and how we will go about doing it. Then will come the value proposition, which will describe how the new model of care will bring not just improved outcomes but also greater efficiencies and savings.

Our awards

We enjoyed considerable success throughout 2016/17, winning a number of top awards and being shortlisted for others.

2017 Healthcare Finance Management Association Awards

Our Finance team received the Costing Award at this prestigious national awards ceremony in recognition of their being one of only a handful of mental health trusts in the country to pioneer the development and implementation of the new patient-level information and costing system (PLICS). PLICS gives NHS trusts a better understanding of their finances by providing them with individual costings for each patient.

2017 Health Education West Midlands Regional Leadership Recognition Awards

The tremendous progress made by the Healthy Minds Improving Access to Psychological Therapies (IAPT) Stoke-on-Trent Team in supporting service users towards recovery was recognised with the Team Outstanding Achievement Award: Clinical Award.

The Trust enjoyed further success on the day when Stephanie Woodall, Team Manager for Healthy Minds also won the Leading for Service Improvement and Innovation Award for her leadership of the team.

We were also shortlisted in the following categories:

- Team Outstanding Achievement Award: Non-Clinical – Growthpoint
- Leading for Service Improvement and Innovation – Learning Disabilities
- Excellence in Patient Experience – Maureen Mayanga, Rapid Assessment Interface and Discharge (RAID) Practitioner
- Inclusive Leader – Jaymee Smith, Chair of the North Staffordshire Children and Young People's IAPT Youth Council
- Emerging Leader – Josey Povey, Modern Matron with NOAP
- Inspirational Leader – Caroline Donovan, Chief Executive

2017 Flu Fighter Awards (finalist)

Our dedicated and innovative flu team were shortlisted in the Team of the Year category for supporting Combined to become the best performing mental health trust in the country for flu vaccination of frontline staff.

2017 Royal College of Midwifery Annual Midwifery Awards (finalist)

The multi-agency one-stop specialist service for pregnant women with substance and alcohol misuse was selected as a finalist in the Lansinoh Award for Team of the Year award.

2016 HSJ Awards (finalist)

We were shortlisted in the Staff Engagement category for our work to improve the culture of staff engagement within Combined. The progress we have made in this area throughout the year was reflected with staff telling us they feel more engaged.

2016 Royal College of Psychiatrists Awards (finalist)

Our learning disabilities Intensive Support Team was chosen as a finalist in the Psychiatric Team of the Year: Learning Disabilities category in recognition of the pivotal role they have played in improving and innovating services.

Key achievements by directorate

Adult Mental Health Inpatient

Improvements to Florence House and Summers View rehabilitation services

Based out of Florence House and Summers View in Stoke-on-Trent, our rehabilitation services provide extended support to people who are experiencing long-term complex mental health problems. We worked hard over the year to improve access to the service by responding to new requests quicker.

Weekly community meetings were chaired by those who use our services supporting their feedback to be integrated into service changes to improve their experience whilst in rehabilitation.

We introduced a number of new service user-led activities, including a fishing syndicate, acupuncture, walking and swimming groups and an eating group based on the principles of mindfulness. Greater focus was placed on the physical health needs of those who use our services following the appointment of a physical health specialist nurse.

Through our excellent partnership links with housing providers, we worked with a number of service users to reintegrate them successfully into the community.

Improvements in care within our acute inpatient wards

The integration of clinical psychology support within our ward teams meant we were able to provide a far more effective multi-disciplinary service to our patients. This included recovery-focussed care plans, reduced observation levels, more complex and holistic risk assessment and more joined-up planning for discharging patients.

We have also strengthened the pathway with community services by increasing the access to community Dialectical Behaviour Therapy so those with life threatening self-harming behaviours can get quicker access to this treatment alongside a holistic community approach.

Ward 1 at Harplands Hospital developed a seclusion area offering a safe space to support individuals in crisis for limited periods of time. Any use of seclusion is subject to robust monitoring and review through clear recording.

A family room independent of the ward areas was refurbished to enable families with children who may feel uncomfortable being in a clinical area to visit their loved ones. Feedback from visitors continued to be positive.

Our team of activity workers continued to make a big impact on the lives of the patients they support through a programme of organised activities, including arts and crafts, relaxation, baking and walking groups. They received a number of compliments about their work and the sessions offered at weekends.

A pilot project was introduced to support more effectively staff who have been subject to challenging behaviour such as violence or aggression in the workplace. This proved valuable to staff and was backed by the Staff Counselling and Support Service.

We supported ongoing continued professional development for staff in a number of areas including working with personality disorder, working with learning disability and what adjustments would be needed, understanding of autism and working with addictive behaviours, to name a few. This is now an embedded practice with sessions organised each week rotating all wards and open to all staff.

Adult Mental Health Community

Community Triage Team

The team works closely with frontline Staffordshire Police officers to provide support in response to calls involving people with a mental health issue. It has worked hard to improve the skills of police officers allocated to the team and has increased awareness among other officers of the services available to people in mental distress. This has led to a significant reduction in the number of people detained under Section 136 of the Mental Health Act who have been taken into police custody and an 85% decrease in the overall number of Section 136 detentions taken to our Place of Safety in 2015, compared to the previous year.

The service continued to receive year-on-year funding from commissioners following intense scrutiny and evaluation. By working closely with the police, it was able to make changes to the team to ensure it continually met demand. The team also works in partnership with West Midlands Ambulance Service and University Hospitals of North Midlands NHS Trust (UHNM), as well as our Rapid Assessment Interface and Discharge (RAID), Home Treatment and Access teams.

Psychological services

The integration of the Trust's psychological services into our clinical teams was a very positive development. This ensured people using our services were assessed by the right person at the right time and only needed to tell their story once.

Improving access to psychological therapies (IAPT) – Healthy Minds

The team have exceeded their key performance indicator (KPI) targets for the last year and have also won two West Midlands Regional Leadership Recognition Awards as well as being shortlisted in the HSJ Value in Healthcare Awards.

Meir Care Hub

The Access Team have and continue to work collaboratively with Stoke-on-Trent City Council in the provision of a local care hub, redirecting referrals at an early stage to prevent admission into mental health services.

High Volume User pilot

The High Volume User pilot was set up to reduce the impact upon attendances at A&E for a defined cohort of people by 30% and during the last year has contributed to the following outcomes:

- 636 A&E attendances avoided
- 339 admissions avoided
- Around £460,000 saved in non-elective activity as a result.

Substance Misuse

Following a successful tender, the Edward Myers Unit is now a part of the Manchester Inpatient framework – this will result in admissions from the Manchester area and surrounding boroughs. The unit went fully digital in March 2017 when it switched to the HALO electronic patient record (EPR) system. Substance Misuse use this system for the inpatient ward at Edward Myers because it is also used by community services in Stoke who provide support for people with addiction dependence and therefore offers good links between services. Staff will also be using the Trust's new EPR – Raising our Service Excellence (ROSE).

In December 2016, Edward Myers received its first private patient for inpatient detoxification which was followed by further private admissions. This is another first for the Trust and relates strongly to the directorate's future business planning.

In addition to private work, the business planning strategy has resulted in the directorate being successful in delivering out-of-area business from East Cheshire, Wolverhampton, the Wirral and Shropshire.

The team in HM Prison Stoke Heath have successfully moved the service to the 'F wing' within the prison. This provides a recovery wing for around 150 prisoners that has a substance misuse treatment and recovery focus.

One Recovery Staffordshire was impacted by the cuts to the Better Care Fund for 2017/18. The directorate has remodelled the clinical element of the service and implemented the delivery model alongside our lead partners ADS, working against the backdrop of a 58% reduction in budget.

Neuro and Old Age Psychiatry (NOAP)

We are proud to have achieved a rating of 'Outstanding' for our community older peoples' service following the Care Quality Commission's (CQC) most recent inspection.

We have been at the forefront of the development of multispeciality community providers (MCPs), paving the way for transformational, locality-based practice.

We are strengthening the interface between mental and physical health as we have been commissioned to provide 15 beds on a 'shared care' basis on Ward 4 at Harplands Hospital. This will be an inclusive service that will be responsive to the holistic needs of our older population, working in harmony with partner agencies.

Our great strength in NOAP is a skilled, valued and resilient workforce. We prided ourselves on achieving a overall engagement score of four (out of five) in the 2016 NHS Staff Survey which reflects the value that we place on our staff and their contribution.

Dementia diagnosis rates within Stoke-on-Trent finished 2016/17 the highest in the Midlands and one of the highest in the country. As of March 2017, the rate for people aged over 65 living in Stoke-on-Trent was 90.7%, while in North Staffordshire it was 72.4%. Much of this was achieved because of the excellent team working within our memory services. These services provide assessment, diagnosis and treatment for people with a number of conditions, including dementia. We also have a team that works closely with GPs to treat people living with dementia closer to home and another team that supports people at high risk of developing the condition.

Learning Disabilities

During the past year, the directorate has continued to support the delivery of the Staffordshire and Stoke-on-Trent Transforming Care Partnership Plan in line with 'Building the Right Support' (NHS England, 2015) – the national plan for the development of community provision and the reduction of inpatient services for people with a learning disability.

Our core adult services – Community Learning Disability Health Team, Intensive Support Team (IST) and Assessment and Treatment Unit – have been instrumental in achieving a service model redesign by providing a seamless pathway for those who are referred through our services.

The creation of this whole-system approach has enabled us to successfully reduce our inpatient bed numbers from 11 to six. The average length of stay for new admissions has also reduced from 248 days in 2014 to just over 100 days (based on all new admissions from January 2015). In its first 12 months of operation, the IST accepted 77 new referrals for individuals in crisis, enabling service users to remain in their homes where previously they may have experienced a breakdown in their placement and/ or an unnecessary admission to hospital. This represents a significant improvement in the quality of care.

The progress we have made was recognised by the Care Quality Commission (CQC), who rated each of our services and key lines on enquiry as 'good' – an improvement on the already strong performance we achieved 12 months earlier. Our focus for the next 12 months will be to build upon these achievements as we work towards attaining an 'outstanding' rating.

We also embarked upon a year of integration with Stoke-on-Trent City Council. Through consultation with local communities and people who use our services we have been able to identify and progress a number of key projects to provide integrated solutions to shared challenges across our two organisations – all with the aim of improving the responsiveness of our service delivery and the quality of our user experience.

Towards the end of 2016, the Children's Learning Disability Community Service and Specialist Children's Short Break Service joined our directorate. This has provided the opportunity for us to deliver a model of specialist health support for all ages across North Staffordshire. As a result of the work undertaken during the past 12 months we are extremely proud that our services were shortlisted for a number of national and regional awards, including Team of the Year at the Royal College of Psychiatry Awards; Leading for Service Improvement and Innovation at the West Midlands Regional Leadership Recognition Awards; and for Community Health Service Redesign in the HSJ Value in Healthcare Awards.

Children and Young People

Care Quality Commission inspection

Following the Care Quality Commission (CQC) inspection in September 2016, the child and adolescent mental health services (CAMHS) inpatient Darwin Centre achieved an overall 'Good' rating. The community service has also progressed, receiving an overall 'Requires Improvement' rating. The concerns identified at the time of the inspection related to the waiting times for the Community service. However, commissioning investment has enabled significant reductions in children waiting for a CAMHS assessment with all children now being assessed within 18 weeks. In addition the waiting time for children with autism spectrum disorder (ASD) has significantly reduced, with a planned trajectory that all assessments by the specialist team will be achieved within 18 weeks by May 2017.

The improvements across the service have been achieved through a clear vision of providing the right service for the right person at the right time, first time and commitment to providing a high quality service supported by significant commissioning investment in to the community services. The service continues to build strong foundations of safe, responsive and well led services, which are quality driven, financially sustainable and underpinned by an engaged workforce.

Reducing waiting times and improving access to evidence based interventions

The development of a multiagency single point of access Hub service supports the CAMHS vision of providing the right service for the right person at the right time, first time. All referrals are screened on a daily basis by the CAMHS Multi-Agency Referral Hub and the service offers specialist advice and guidance to young people, their parents or carers and professionals. Children and young people identified at risk are prioritised for an urgent assessment including crisis support.

The service continues to transform and develop innovative treatment models improving access to evidence based treatment. A rolling programme of group therapy to meet the needs of children and young people with a range of emotional and behavioural difficulties is now embedded within services. Workshop approaches have been initiated for presentation of ASD, ADHD and Encopresis. These initiatives continue to reduce the waiting times and improve access to evidence based interventions for our young people.

Service user participation

The service user youth council has been positively commended by the CQC. The Council continue to impact on service development promoting a collaborative approach and co design to all service developments.

New service development

With commissioning investment, the service is developing a specialist community eating disorder team. As a result of this development, 100% of children and young people are receiving evidence based treatment within four weeks of referral for routine cases and one week for urgent cases with the aim of young people accessing effective treatment closer to home and reducing admission to tier 4 services.

Environment

Our inpatient Darwin Centre and Dragon Square community service have undergone significant refurbishment as part of our commitment to continuously improving service therapeutic environments.

Towards Outstanding

To evidence our on-going journey of improvement towards outstanding we are registering with the Royal College of Psychiatrists quality networks for inpatient, community and eating disorder services. The quality networks aim to demonstrate and improve the quality of child and adolescent mental health services through a system of review against the service standards. The standards are mapped against CQC and You're Welcome standards. The accreditation process follows a clinical audit cycle with self-review and peer-review. The Darwin Centre is currently working towards the full achievement of accreditation in 2018 and our community services are embarking on the accreditation journey.

Financial review

2016/17 was another strong year for the Trust financially, achieving a control total surplus of £2.051m against income of £81.9m. This was the 18th year the Trust has consecutively achieved a surplus position and exceeding the legal requirements to breakeven by delivering a surplus of 2.5%.

This reflects the hard work and dedication from all of our staff to ensure we deliver quality services in an efficient and effective way. Good financial management is vital for the success of the organisation and to deliver high quality care for our patients and service users.

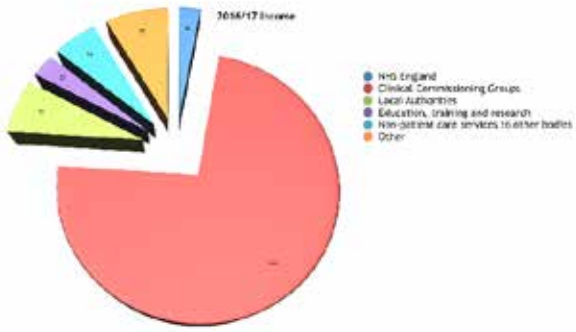
	2016-17	2015-16
Income	81,883	78,588
Expenditure	(79,398)	(75,878)
Operating surplus	**2,485**	**2,710**
Net Finance Costs	(1,734)	(1,920)
Retained surplus for the year	**751**	**790**
IFRIC 12 & Impairments	1,300	507
Adjusted retained surplus	**2,051**	**1,297**

We are pleased to report that our financial results for 2016/17 were better than our plan by £0.651m (including £0.604 Sustainability & Transformation Funding (STF) not included in the plan). This is against the backdrop of a tightening of the public purse and a recurrent achievement of our Cost Improvement Programme (CIP) of 93%.

We have received investment during 2016/17 from NHS Digital for the implementation of a new electronic patient recordssystem. In addition to this investment, the Trust has also invested more than £0.45m to upgrade IT systems through the Trust's capital programme in preparation for the implementation of this system.

We have continued to invest in our estate through our capital programme for 2016/17.

This includes the purchase of the inpatient property occupied by the learning disability service and the refurbishment of the Darwin Centre, the children's inpatient ward.



We ended the year with a cash balance of £6.96m. This is a reduction on the previous year and reflects the in-year investment on the capital programme and the preparation for the implementation of a new electronic patient record.

The Trust acknowledges that the coming years will be financially challenging with further efficiency demands required. This is driven by the need to improve quality and accessibility of our services whilst maintaining financial balance. New efficiency programmes are being developed to support this challenge.

Based on current performance and assessment of the external NHS environment, the Directors have a reasonable expectation the Trust has adequate resources to continue in operation for the foreseeable future. For this reason, we continue to adopt the going concern basis in preparing the accounts.

The financial statements and accounts can be found in Part Three.

Our digital strategy - Digital by Choice

We have continued the excellent work on our Digital by Choice strategy. Our ambition is to become a Digital by Choice organisation with a national reputation as a leader in the use of digital technology to improve services for the people who use them.

We believe being at the forefront of digital transformation within the NHS will support us to deliver our vision to be an outstanding organisation providing safe, personalised, accessible and recovery-focussed support and services every time.

It will enable us to deliver excellent care services, support people to recover, aid colleagues across the organisation to work effectively and lead to innovation in our healthcare services. Fundamentally, it will change the way we design and deliver our services.

The programme started with putting the key infrastructure in place including the replacement of all hardware over five years of age and the installation of Wi-Fi across all our sites.

During the year we've progressed the strategy further, bringing in expertise to support the delivery of our digital ambitions.

The Digital by Choice strategy is led by David Hewitt as our Chief Information Officer and Dr Hardeep Uppal as Chief Clinical Information Officer.

Raising our Service Excellence (ROSE)

We have successfully moved to a new single clinical information system for our services enabling clinicians to view patients' medical records when and wherever they need them.

The new more comprehensive electronic patient record (EPR) was named our ROSE programme – Raising our Service Excellence - and has replaced old technology, revolutionising care with accurate up-to-date information that can be quickly and easily accessed at all locations, eliminating any need for paper records and improving both safety and operational efficiency.

Providing one electronic record, the system gives shared access to clinicians across the organisation – enabling our professionals to be completely informed, leading to better decisions and consistent higher quality care as well as a better experience for patients with no need to repeat information.

The multi-million-pound system is being phased in across the organisation. Our aim is to go much further than replicating paper records in an electronic system.

We want to use digital technology to transform the way our organisation delivers services.

It will give us additional technical expertise to improve care and the way we provide services; for example, in care planning and discharge.

Key to the delivery of our ambition of integrating mental health services with physical health and social care is to ensure the digital systems across providers are able to support this. Alongside the upgrade to our internal EPR, we took a lead role in developing a digital road map for Staffordshire.

This is a key step towards achieving a comprehensive care record for our staff, patients and service users to ensure they receive the best care every time across the county.

Our people

The workforce team has embraced the renewed vision of Combined Healthcare "to be outstanding" - in all we do and in how we do it.

In response we have launched a Towards Outstanding organisational development programme which will encompass and bring together everything that we do:

- Our services
- Our people
- Our leadership
- Our listening and engagement
- Our involvement of service users and carers
- Our staff development.

By bringing everything together in one unified programme of improvement, we are confident we will reach our aim.

We proudly launched our People Strategy this year, which details the aims we are striving towards in pursuit of 'Outstanding'.

Delivering this strategy will mean we have a workforce best able to meet the needs of our communities. The vision is to be outstanding in relation to:

- The inclusion and diversity of our workforce
- An employee of choice for attracting and retaining staff
- Having confident leaders at every level of our services, offering fantastic support for staff
- Ensuring our employees embrace the opportunities afforded through digital technology.

There are five core elements to our strategy as shown below. These five elements will now be discussed highlighting the core progress made during 2016/17:

Attract, retain and develop

Like many NHS trusts, recruitment of frontline medical, nursing and wider healthcare staff is becoming increasingly challenging. Over the last 12 months the Trust has undertaken a number of wider recruitment events to reduce the number of vacancies at the Trust.

An innovative recruitment campaigns was developed to attract talented candidates. This has included:

- Wider advertising of our roles (national press, Nursing Standard, The Guardian, local newspapers, radio advertising)
- A revamp of our branding and wording
- Use of social media
- The development of a microsite to include our unique employer value proposition
- An introduce a friend reward scheme
- The delivery of one stop shop recruitment events.

These events have been developed for candidates to turn up on the day, complete an application, have an interview, complete all the necessary paperwork, undergo occupational health and, where successful leave with an offer of employment. This has led to a significant reduction in our time to recruit timescales and candidates attending who may not have applied for a job through the traditional method.

It is recognised nationally that the supply of professionally registered nurses will continue to be a challenge and, whilst the Trust is attracting new individuals we are also working hard to retain our talented and hardworking workforce. Current work streams include:

- Nursing Return to Practise scheme – supporting nurses who may not have worked clinically for some time to return to practise with support and the required training
- The offering of more flexible retirement/ wind down options for our existing staff to support them to work beyond the age of 55
- Consideration of current ward rosters supported by the new e-rostering system
- Development of clearer career pathway for registered nurses across clinical and managerial roles with talent management programmes to support professional development
- Health and wellbeing programmes; e.g. mindfulness, health checks, etc.
- Early offer of employment to current cohort of student nurses (16 third year students out of 22 have accepted offers of employment).

As well as recruitment we have also been busy to promote Widening Participation. Great progress has been made in 2016/17 to our approach to apprenticeships, work experience/ careers fairs and supporting service users to become employees of the Trust.

This year the focus has been on preparing for the implementation of the apprentice levy and we have a record number of apprentices currently on programme within the Trust (17).

We have raised the profile of apprenticeships through our apprenticeship group and directorates have plans for the numbers of apprenticeships to be developed in 2017/18.

Part of the work has been about raising the profile of the Trust with local schools and colleges through attending specialist apprentice and careers fairs. A highlight of this work was a specialist NHS careers fair, organised in partnership with NHS trusts across Staffordshire which saw staff from a wide range of professions working together to inspire and inform over 600 school children from years 8 & 9 about NHS careers.

Through our Listening into Action group 'Defining the route for service users to become employees of the Trust', we have supported six service users into seven short term paid work placements with the Trust, with one service user being successful in obtaining a substantive position to date.

The success of this has been down to facilitating close working between our Step On and HR teams. A range of promotional materials and a dedicated area of the Trust's website are being developed to further promote this issue.

2016/17 has seen the successful delivery of many education and training initiatives. We have concluded the pilot of the new delivery style of mandatory and core skills training for inpatient areas – developed by Marie Barley and Josey Povey; and block weeks are held monthly that include all mandatory and core training requirements plus development areas for the specialities which we envisage will change each year determined by need. In 2017/18, the block weeks will include physical health skills, clinical skills and CPD for inpatient staff.

Our clinical supervisor training developed and led by Dr Claire Halsey and Lisa Sharrock completed five cohorts this year. This training supports registered staff from all disciplines in the delivery of high quality clinical supervision. As Claire has now retired she has handed over the delivery of this highly valued and greatly enjoyed course and we have new cohorts set up and ready to go.

We run a number of dementia courses, dementia awareness that is mandated from the NHS Dementia Strategy for all health and social care staff, and dementia training developed by our clinical specialist for our NOAP services.

In the last year through the hard work of our dementia team's face-to-face training and e-learning we have achieved some outstanding results:

- Tier 1 - 974 staff completed (April 2016 – 231 staff)
- Tier 2 - 101 staff completed (April 2016 – zero staff)
- In 2016/17 our Safeguarding Team developed and delivered face-to-face courses and were supported with e-learning packages as we agreed to further our Safeguarding education right across the Trust to include all staff for Level 1, all clinical staff to complete Level 2 and all professionally registered staff to complete Level 3
- Safeguarding Level 1 (for children and vulnerable adults) – 1,114 completed this training
- Safeguarding Level 2 (children and young people - CYP) – 886 staff completed this face-to-face training
- Safeguarding Level 3 (CYP) – 513 professionally registered staff completed this.

Our Safeguarding Lead Vicki Baxendale has also developed a new e-learning package which will be launched in 2017.

Wellbeing, inclusion and diversity

We are committed to being a values-based inclusive and diverse organisation. An inclusive employer is one which recognises people's different needs, situations and goals and removes the barriers that limit what people can do and be. More information on this can be found on page 43.

Leadership, engagement and culture

In 2016 our NHS Staff Survey continued to build on improvements made in 2015:

- Over 20% of the survey's 27 indicators demonstrate significant improvement, with non in significant decline (table one)
- Comparing like for like figures with 2015, over 70% of indicators have an improved score in 2016 (table two)
- Above average scores posted against comparator NHS organisations in approximately a third of areas (table three)
- Our strongest areas of performance are in reporting of errors and near misses, plus the percentage of staff experiencing harassment, bullying, discrimination or abuse at work.

Table One. Statistically significant findings

2016 v 2015 (27 Key Findings)			2015 v 2014 (32 Key Findings)		
Improved	6	22%	Improved	5	15%
Deteriorated	0	0%	Deteriorated	1	3%

Table Two. Overall position compared to 2015

Improved	23	72%
Equal	5	16%
Worse	4	12%

Table Three. Benchmarked Data

2016 (27 Key Findings)			2015 (32 Key Findings)		
Above average	9	33%	Above average	4	12%
Average	10	44%	Average	22	69%
Below average	8	29%	Below average	6	19%

In response to our Staff Survey results we wish to further bolster our engagement. To this end we are progressing the 'Go Engage' model internally. Go Engage is an award-winning, evidence-based measurable toolkit for improving staff engagement and culture. It will enable each and every team within the Trust to better understand their current internal culture and be able to improve things for the better. Go Engage does this by equipping teams with practical methods and data, to ensure they can continuously improve team relations and improve individual wellbeing. This model will help us in our aspiration to become outstanding in relation to all aspects of staff engagement.

The Leadership Academy replaced the monthly Plenary session following consultation as part of the journey Towards Outstanding. The Academy is aimed at team and senior leaders, both clinical and managerial. It seeks to ensure our strategy and operational priorities align, there is individual and organisational development and ongoing support is provided for our leaders.

This year also saw us launch our new Trust values,'Proud to CARE'. Our values were created through extensive engagement work with hundreds of staff, service users and carers to ensure they are reflective of their views and what they see as being important to how we behave, work and provide care and support.

To help embed our new values, further widespread engagement work took place to develop a supporting Behaviour Framework which provides more detailed examples of how staff should behave. This is being used to establish expectations for how our staff should behave, reinforce and encourage positive behaviours, whilst also being used to challenge behaviours that do not align to our values. We have incorporated our new values and behaviours into our induction, appraisal and staff recognition processes and are reviewing our HR policies to ensure values and behaviours are referenced and aligned.

Development of a line manager/ team toolkit is taking place to provide a structure for teams to hold discussions about how they can improve the way they work and services they provide at team level. This work is crucial to encouraging further positive change in the way we provide services, care and support.

Sustainability and partnership

The healthcare community across Shropshire and Staffordshire, supported by Health Education England in the West Midlands has a shared vision and collective purpose to embed and recognise compassionate leadership across the region.

We started our work together through a regional Leading with Compassion event in September 2015 to share good practice and innovation across Staffordshire and Shropshire.

Shared discussions led to the creation of a Shropshire and Staffordshire Community of Practice to share compassionate leadership innovations and help co-create a resource for sharing best practice.

This also led to the creation of a dedicated Leading with Compassion scheme across the local health economy. This is a simple scheme whereby there is a central point in each organisation (electronic and paper version) where staff, patients and carers can nominate someone who they feel and believe has demonstrated leading with compassion.

Anyone who would like to participate completes a nomination form to send a person a special "thank you" for their efforts. They are sent a card, which includes their name and message, with all other details treated confidentially. They also receive a Leading with Compassion badge.

We held our Compassion Celebration Event in February where we shared our journey to date and also shared our emerging definition and typology of compassion which has arisen from over 1,600 nominations having been received as of the event date. Find out more at www.nhscompassion.org

Digital workforce

We currently have e-earning available via ESR/ OLM. This system has enabled us over the past year to increase our education for a swathe of new commitments in order to improve service provision to our communities; for example Dementia Awareness and Safeguarding Level 1 & 3.

The courses available through OLM are validated and signed off as meeting the standards necessary at a national level. However, the system can be difficult to access and run the programmes and the reporting structure within ESR doesn't support our day-by-day need for accurate and relevant data to support our service improvements. We have therefore invested in a new Learning Management System (LMS) called 'Moodal'.

We have utilised the LMS initially to run the educational aspect (both e-learning and classroom bookings) of our new Electronic Patient Record (EPR) system; Lorenzo/ROSE and through this we trained through e-learning and face-to-face in excess of 95% of our frontline staff within a four-month period.

Once the EPR system goes live we are due to transfer our face-to-face education and e-learning onto Moodal with a view to achieving the same fantastic results.

We will be transferring some of the OLM e-learning packages directly into Moodal, utilising other national packages, for example SCRIPT Medicines Management programme. Excitingly, our subject specialists have also been developing their knowledge into e-learning packages. This system has proved to be easy to access for staff and gives us real-time reporting, essential in today's healthcare economy.

Our training for our ROSE EPR was hugely successful, with 99.7% of staff trained in time for 'go live', with a 97% approval rating for the quality and relevance of training delivered.

Workforce, diversity and inclusion

We are committed to being a values-based inclusive and diverse organisation. An inclusive employer is one which recognises people's different needs, situations and goals and removes the barriers that limit what people can do and be.

Combined Healthcare recognises that people are not alike; everyone is different. This diversity consists of visible and non-visible factors, including characteristics that are protected under discrimination legislation (i.e. age, disability, gender, gender reassignment and gender identity, marriage and civil partnership, pregnancy and maternity, race, religion or belief, or sexual orientation) and a range of personal characteristics, both visible and non-visible (e.g. background, culture, personality and work-style).

It is increasingly recognised that for people to flourish they need to be able to be authentically true to themselves. This applies in all aspects of our lives, whether at home, with friends and family, using services or when at work. This requires that we create an environment within the Trust where people are safe to be themselves, whilst respecting and supporting the right of others to be different. It also means noticing and challenging unfair and intolerant behaviour.

We continuously strive to create greater equality and inclusion throughout the Trust and beyond, both in relation to the care we provide and our role as a major employment; role modelling positive behaviours and helping to create more diverse, respectful and accepting organisations and communities.

During 2016/17, we again made good progress on our diversity and inclusion agenda, championed by our diversity and inclusion directorate representatives as well as senior managers throughout the organisation.

In May, we spotlighted diversity and inclusion at our Listening into Action Pass it On event to a large audience of Trust staff and other stakeholders and featured the work we have been doing to improve experience for black and minority ethnic (BME) service users, carers and staff. We also completed our first Workforce Race Equality Standard (WRES) assessment and developed an action plan to enable us to progress further and faster in this area. We also celebrated national Equality, Diversity and Human Rights Week.

Our refreshed Trust values Proud to CARE - Compassionate, Approachable, Responsible and Excellent – supported by our SPAR quality priorities (Safe, Personalised, Accessible and Recovery-focussed), have enabled us to put diversity and inclusion at the heart of everything we do.

In July, we became a Stonewall Diversity Champion to help us on our journey to develop our approach to providing better experiences for our lesbian, gay, bisexual and trans (LGBT) service users and staff. We also took place in Stoke Pride for the first time and we plan to be part of this event again in 2017. In October we launched new training for clinical and non-clinical staff around lesbian, gay and bi (LGB) and trans awareness in partnership with the Macmillan Cancer Support and Disability Solutions LGBT and cancer work programme. Staff are encouraged to display the rainbow symbol in their work areas or on their person to show their commitment to LGBT equality.

Since November 2016, we have raised the profile of diversity and inclusion through regular participation in the Trust's monthly Feel Good Friday events held at Harplands Hospital (in addition to holding our first Wellbeing Wednesday event at Lawton House), marking occasions like International Women's Day and Zero Discrimination Day. Staff have had the opportunity to find out more about our diversity and inclusion work and have the opportunity to shape the way forward in this important area.

A key development in 2016/17 has been the continuing progress of our Deaf Awareness project group in their ambition to greatly improve the service and experience we offer to deaf and hearing impaired service users and carers. The group has arranged for and supported a number of Trust staff to undertake British Sign Language (BSL) training, ranging from introductory level through to BSL level 3. All staff attending the Trust induction are trained to say 'Hello my name is (name)' using BSL and learn the finger spelling alphabet. In January 2017 we celebrated the signing of the British Deaf Association's Deaf Charter, backed by local organisations supporting the deaf community. In signing the charter, we have committed to five pledges to better support people in the local deaf community.

We are delighted to have also been nominated for an award by the charity DEAFVibe for our work in this area. Additionally, we signed up to the Pledge Stage of Disability Confident and will be developing our performance in this area through 2017/18.

We have progressed our plans to recruit more apprentices, both new to the Trust and from within our established workforce and will substantially build on these foundations during 2017/18. Our Service Users into Employment Group has also supported a number of service users into employment.

We have significantly developed the role of service user and carer representatives throughout 2016/17 since introducing our Service User and Carer Council. We committed to having a service user representative in our recruitment processes and interviews as standard practice and have also developed the number and diversity of service users and carers on the council.

In 2017/18, we will take our work on diversity and inclusion to the next level to:

- Deliver on our pledge to be a Disability Confident employer and improve our standards of practice in employing and supporting people with disabilities
- Deliver on our commitment to improve access and experience for deaf service users, through the Deaf Charter
- Hold a focus group for service users, carers and staff on LGBT experience
- Hold a focus group for service users, carers and staff on black, Asian and minority ethnic (BAME) experience
- Deliver training on a monthly basis to staff on LGB and trans awareness
- Hold our first Inclusion Conference raising awareness addressing issues from across the diversity and inclusion spectrum
- Work with other trusts on the NHS Employers Diversity and Inclusion Partners Programme to push the boundaries of our work in the Trust and to help shape national developments.

We're on a journey

We're delighted to have received an improved rating from the Care Quality Commission of 'Good' with 10 out of 11 of our services rated as 'Good'or 'Outstanding'.

But we're not stopping there.

Our vision is t**o be outstanding - in all we do and how we do it**.

Providing services that are **Safe**, **Personalised**, **Accessible** and **Recovery-focused**.

Ensuring our staff are **Compassionate**, **Approachable**, **Responsible** and **Excellent**.

Teams like Deaf Awareness are helping to take us there

"The Trust had done impressive work around deaf and hard of hearing patient groups; particularly the deaf café, British sign language (BSL) training for staff and effectively addressing communication needs." - CQC

Our partnerships

We could not achieve what we do without the active contribution and support of a wide range of partners.

Partnership with service users has always been at the heart of our philosophy of care; and partnership with other organisations is critical to the delivery of our aims and objectives.

During 2016/17, we have been active members of Together We're Better, the pan-Staffordshire Sustainability and Transformation Plan (STP). We have participated in all of the workstreams and have led three - mental health, digital, and organisational development and system leadership. We have partners with whom we provide services, including:

- Addiction Dependency Solutions (ADS) and Brighter Futures for our substance misuse services across Staffordshire
- Staffordshire Police for our criminal justice mental health services
- Brighter Futures for our rehabilitation and resettlement services
- Changes and North Staffs Mind for our Healthy Minds Stoke-on-Trent psychological service
- Changes YP for our children and young people's improving access to psychological therapies (IAPT) services
- Staffordshire County Council and Stoke-on-Trent City Council for Section 75 adult community mental health services
- The city council for the Meir Care Hub
- University Hospitals of North Midlands NHS Trust for our Rapid Assessment, Interface and Discharge (RAID) service.

We have partners with whom we co-produce and design services, including our Service User and Carer Council and Youth Council. In 2017/18 we plan to introduce a Citizens' Jury. We have partners upon whom we rely for facilities from which we provide our services. We share facilities with a number of public and third sector organisations within North Staffordshire and Stoke-on-Trent.

We have partners with whom we do business. A major partner among these is the North Staffordshire GP Federation. We have a Clinical Partnership Board, which both monitors delivery of existing contracts and explores further business opportunities.

In the last year we cemented this partnership with the appointment of our Joint Director of Strategy and Development. Together we hold and deliver contracts for front of house and streaming services at Royal Stoke University Hospital and a Primary Care Access Hub in Meir.

We have partners with whom we ensure best practice through teaching, training research and education. We are a Keele University Teaching Hospital and have close ties with Staffordshire University, Health Education West Midlands and the local Academic Health Sciences Network. We expect to grow and develop our partnerships in the coming years, particularly as we work with local providers to establish the North Staffordshire & Stoke-on-Trent multispeciality community provider (MCP).

Our service users and carers

Our Service User and Carer Council

The Council continues to meet on a monthly basis, with an active and forward looking agenda. We have seen the Chair of the Council stand down this year and acknowledge the leadership and support given in guiding the Council over the past year. The Chair of the Service User and Carer Council is a member of our Trust Board.

We have and will continue to seek wider involvement to support the Council, holding a recent Open Space Event in March 2017 (pictured below) focussed on increasing service user and carer involvement across a range of trust business and activities. We are pleased to have received many expressions of interest and a willingness to be a part of the engagement agenda of the Trust.

Patient Advice and Liaison Service (PALS)

We recognise the importance of our PALS service in being a key source of information and feedback for the Trust and an early warning system for emerging issues and concerns. We are pleased to report the further strengthening of our approach to patient experience with the appointment of a whole time PALS officer.

During 2016/17 there have been 400 contacts compared with the previous year, when a total of 303 contacts were received. Themes identified on analysis relate to access and waiting times, concerns about customer care and signposting to other services. To ensure that concerns raised are addressed and actioned by the right person in a timely way, the releveant Head of Directorate and team manager initially respond to outline the action taken to the satisfaction of the individual concerned.

Compliments

Each year our staff receive compliments, thank you messages and praise from people they have cared for. Many patients wish to thank staff personally or to praise the service they have received. It gives staff a great boost when people take the trouble to pass on their positive feedback. We are pleased to report that compliments received directly by the PALS service has increased from 157 in 2015/16 to 244 in 2016/17. This is a positive reflection on the services delivered by our staff and the acknowledgement of the CQC 2016 inspection feedback:

"Throughout the inspection, staff were found to be caring and considerate towards patients. Feedback from patients, carers and families was consistently positive regarding the quality of care and how staff treated them."

Complaints

The Trust is committed to providing service users, families or members of the public with the opportunity to make a compliment, seek advice, raise concerns or make a complaint about any of the services it provides. We view all feedback as valuable information about how Trust services and facilities are received and perceived. We will continue to develop a culture that sees feedback and the learning from complaints as opportunities to improve and develop services.

Our focus this year has been on strengthening our complaints procedure to enhance the experience of those using the service alongside ensuring timely and quality investigation and responses. An improvement plan shared with our external commissioners set out our improvement journey. We have worked in partnership with Staffordshire Healthwatch and our Service User and Carer Council to implement improvements through investigation training, revised processes and improved oversight.

The 2016 Care Quality Commission (CQC) inspection reported our approach to managing complaints as effective and confidential and that the Trust followed a robust process. During 2016/17, one complaint was referred to the PHSO which, following their careful review and consideration was not upheld. A further case referred to the PHSO was returned with a recommendation that further local resolution be explored to resolve the complaint.

Friends and Family Test

The Friends and Family Test (FFT) is an important feedback tool that supports the fundamental principle that people who use NHS services should have the opportunity to provide feedback on their experience. We are pleased to report a significant increase in FFT returns across the Trust. In 2015 we were averaging 50 returns per month. In March 2017, this had increased to 550 - a result of the positive impact of a Trust-wide campaign and, importantly a sense check of the service user experiences of our service. Our quarter four report for 2016/17 reflects that 90% of people using our services would recommend us as a place to receive care.

Learning Lessons

The Trust's Learning Lessons strategy has gone from strength to strength over the past year, with 296 staff attending a monthly session during 2016/17. We are pleased to note the positive feedback from the Care Quality Commission (CQC) inspection with recognition of the Learning Lessons programme as a model of good practice with staff awareness and bulletins well embedded in the Trust.

Staff feedback has been 100% positive with staff generating ideas for future sessions. We have utilised social media to spread word of the initiative and the benefits of wider learning. Future planning will see the development of an intranet web page providing a library of learning resources.

Safeguarding

The protection of our most vulnerable children and adults is a fundamental responsibility of all public agencies, whether statutory, non-statutory or from the third sector. We are committed to ensuring that people who come into contact with our services are safeguarded from abuse in line with local and national policy. In support of this, the Safeguarding team work with staff to make the best possible decisions around safeguarding. Staff are supported through access to training, supervision and individual case guidance. The Trust also has a suite of policies that cover all areas of safeguarding.

Safeguarding training is a mandatory requirement for all our staff. We operate a rolling program that ensures access to the appropriate level of safeguarding training as defined by the Royal College of Paediatrics and Child Health Intercollegiate Document. Staff also access multi-agency training which is coordinated by the local Safeguarding Boards. Members of the Safeguarding team also deliver training for the Safeguarding Boards. In 2016, Level 3 training (intercollegiate document) was successfully launched with a high level of response from staff and has been very positively evaluated. The Trust continues to participate in Safeguarding Boards for adults and children in Stoke-on-Trent and Staffordshire.

Staffordshire Multi-Agency Safeguarding Hub (MASH)

As well as being an active member on all local Safeguarding Children Boards and the Adult Safeguarding Board, we are also part of the Staffordshire Multi-Agency Safeguarding Hub (MASH). The hub takes a 'whole family' approach to safeguarding, with responsible agencies in health, social care and the police working in close partnership to reduce risk. Information is shared and analysed on issues surrounding the protection of adults and children, domestic abuse and hate crime to inform safeguarding decisions.

Domestic abuse

We are committed to ensuring that victims of domestic abuse receive a high standard of care irrespective of age, race, culture, sexuality, religion or ability and equality underpins all our service provision. All of our frontline clinical staff are offered domestic abuse awareness training and we have developed a policy that gives our staff confidence should they come into contact with a person using our service who discloses they are the victim of domestic abuse. We are working with our partners to ensure services are as seamless as possible when responding to a disclosure of domestic abuse. We also contribute to domestic homicide reviews as required. This includes providing an expert opinion when we have not been directly involved with the case. The Safeguarding team ensures that frontline practitioners are invited to Multi-Agency Risk Assessment Conference (MARAC) meetings as appropriate and have developed a MARAC good practice guide for all invitees.

Prevent

Vulnerable people can be exploited and groomed into terrorism which means it can be a safeguarding issue for our service users. As healthcare staff we have a part to play in responding to terrorism and keeping people safe. Members of the Safeguarding team sit at both Channel Panels for local authorities and also attend the Stoke-on-Trent Prevent Board.

The Department of Health is a key strategic partner in Prevent – part of the government's counter-terrorism strategy, CONTEST – as healthcare professionals may meet and treat people who are vulnerable to being drawn into terrorism. All Trust staff are required to complete WRAP training and also receive annual updates.

1. Challenge the ideology that supports terrorism and those who promote it.
2. Prevent vulnerable people from being drawn into terrorism and ensure that they are given appropriate advice and support.

Achievements

- Developed and delivered Level 3 training, achieving 72% training level in the first year of delivery
- Developed a good practice guide for practitioners attending MARAC meetings and working with people experiencing domestic abuse
- Engaging with third sector partners to deliver professional domestic abuse training
- Developing networks and working with partner agencies to deliver appropriate support to people vulnerable to being drawn into terrorism
- Delivered extra awareness training for adult safeguarding focussed on inpatient staff.

Our research and development

The Research and Development (R&D) Team has continued to contribute to NHS national research through the delivery of high quality portfolio and commercial research.

The Trust has successfully exceeded its expected recruitment target, demonstrating a marked improvement on last year's figure with a recruitment total of 118, which is 124% of our overall target and represents a 21% increase from 2015/16.

Our in-house portfolio is also not restricted to research but provides support to both individuals and projects predominately in the form of evaluation expertise, but also in relation to specific elements of project work which draw upon research knowledge and skills. It would not be possible for us to undertake any form of research without the involvement of our service users and carers.

We recognise that for many individuals research offers an opportunity to take a more active role in care and make an active contribution to the development of new knowledge, while at the same time experiencing an enhanced quality of care.

We are committed to increasing the opportunities that our service users and carers have to participate in research and this is illustrated by our recruitment figures. We firmly believe that service user involvement is crucial to high quality research, not just at the point of implementing a protocol but all through the study design process.

For this reason we are delighted that during 2017/18 with the support of the Service User and Carer Council we have attracted a service user representative to join our R&D steering group and their contribution will help to shape the future of research within the Trust.

For staff, research provides an opportunity for personal and professional development and the enhancement of skills and knowledge, leading to a higher standard of care delivery and enhanced job satisfaction. The R&D team have continued to work towards developing the research culture through engagement with clinical teams and external partnerships.

2016/17 has seen a real commitment to research as a Trust aspiration, with one of seven Trust objectives for both the one and five year plans being to encourage, inspire and implement research and innovation at all levels.

Research engagement

Research offers many opportunities for clinical staff in terms of personal and professional development and the enhancement of skills and knowledge which leads to a higher standard of care delivery, enhanced job satisfaction and, ultimately, to improved outcomes for our service users. Within the Trust we have sought to extend the level of engagement across the organisation. One of the 'quick wins' identified through the Listening into Action process was to include research within the annual staff appraisal process. As a result, for the first time we have had a number of individuals approaching the R&D team to ask how they can become involved in research.

We have also undertaken engagement process with clinical teams. The Edward Myers inpatient unit not only became our first Research Ready Team but were recognised at the Trust's annual REACH Awards for their research activity.

November 2016 saw a revamp of our bi-monthly R&D steering meeting with a shift in emphasis from a business meeting to a research forum. Our business is still conducted but is confined to a shorter more focussed agenda followed by an open forum. The Research Forum is space in which interested individuals can share their ideas, projects, plans, successes and failures within a supportive community comprising staff members and key partners/ stakeholders. The feedback received to date has been that this is both a valuable and enjoyable forum and it is our aspiration to continue to extend the membership and reflect the outputs in future reports.

Student research

Student research is an important part of our in-house portfolio. We recognise that a positive experience will promote an individual's on-going engagement in research, help towards developing our overall capacity and capability, and contribute towards the development of a research culture. The R&D team provide a valuable service to staff conducting research as part of a higher educational programme (e.g. Masters, PhD, other professional doctorates), supporting them through the process of registering their projects, and applying for the relevant regulatory approvals. An evaluation of the service provided has demonstrated that it has helped staff navigate a confusing process, taken the stress out of the process, provided advice and guidance and seen less amendment submissions.

Delivery of clinical trials of medicinal products (CTIMPS)

Developing our capacity and capability to deliver CTIMP studies is an important aspect of our research development. We recognise that CTIMPS not only offer the potential to generate commercial income but also provide opportunities for our service users to be involved in the development new treatments. During 2016/17 our portfolio has included one CTIMP study to which we have recruited six participants. We have been selected as a site for an additional CTIMP study which will be run in partnership with University Hospitals of North Midlands NHS Trust (UHNM).

External engagement

Our research endeavours should reflect the clinical landscape and, just as the value of delivering clinical care in partnership across the community is recognised as an essential requirement for service development so too are our research partnerships. During 2016/17 we have been widening our engagement with our local community, other NHS organisations, academic institutes, voluntary agencies, commercial companies, local authorities and even schools, focussing upon quality engagement and collaborative development. Much of our engagement work has focussed upon developing our network and "sowing the seeds" for future research collaborations. As a result of this engagement we have some projects that are moving forward as formal research partnerships.

Key achievements during 2016/17

Autographer plus Flo

The Autographer plus Flo approach was developed as a protocoled memory support intervention targeting people with mild cognitive impairment (MCI) and people with mild to moderate dementia. Participants were given an Autographer wearable camera (formerly known as 'Sensecam') which was theirs to keep permanently or for as long as they found it useful and of benefit. Participants were asked to regularly wear it during their everyday activities as a lifelogging device and to review their images from Autographer on a computer at least three times per week. Participants were signed up to receive Flo text messages based on a once-repeated 13-week protocol. Text messages were of two types: once daily text messages designed to support wellbeing and management of memory problems. Basic reminders to participants to wear their Autographer and to review their images at least three times a week were also sent by text message.

Be-Able app

The idea for a modular app that people with memory problems could use to assist with self-management of their MCI or dementia and other vascular risk factors was a natural development from the Autographer plus Flo work. In February 2017, the Capital Investment Group reviewed a business case for investing in a first stage demonstrator Be-Able app. It was agreed that there would be an investment in building a demonstrator Be-Able app. The preliminary development work on this started in March 2017.

NeurO-deGenerative research Active Partnership (NOGAP)

Last year we reported on the development of collaboration between Combined Healthcare and University Hospitals of North Midlands NHS Trust (UHNM), in which our research and clinical skills and clinical caseload combined with UHNM's existing clinical trials expertise and clinical support services expertise aim to deliver Neurodegenerative research more effectively.

This year we are delighted to report the partnership has gone from strength to strength resulting in the team being recognised at the National Institute for Health Research (NIHR) Clinical Research Network West Midlands Annual Awards as the winners of the Collaboration in Research Award. This award recognises the success of the project particularly in terms of the development of a collaborative model and also the development of a joint research coordinator role. The team were also invited to run a workshop at the annual NIHR Clinical Research Network (CRN) Conference in order to share their partnership as a model of best practice. The team were also delighted to receive a second award, this time from UHNM at their Night of Stars Awards for Research Impact. The NOGAP team were also successful in securing a further one year's NIHR CRN strategic funding for 2017/18 for the Joint Dementia Research Coordinator post, shared across both organisations.

Moving forward the team have extended their collaboration to form a partnership - recently re-branded as the NeurO-deGenerative Research Active Partnership (NOGAP). NOGAP aims to ensure that every patient and carer has access to high-quality Neurodegenerative research across North Staffordshire. The NOGAP team consisting of both Combined Healthcare and UHNM research and clinical staff promotes a partnership and collaborative approach to research delivery across, building and sharing capacity and demonstrating how working together closes the gaps and strengthens access to Neurodegenerative research.

EDGE data

EDGE is a new electronic research patient management system adopted by NIHR which provides comprehensive data concerning research activity in one system. The system has been introduced on the back of new approval processes for NHS research which aim to streamline and enable faster set up of studies.

The changes have presented a considerable challenge for NHS trusts which have been required not only to adopt new working practices but also to migrate existing data onto the new system. This has been a significant additional piece of work which has been achieved well within the prescribed timeframes and our performance has been acknowledged formally with a letter of thanks from the system developers.

Example of some of the external engagement projects undertaken in 2016/17:

- The Alcohol-Related Brain Injury Project brought together representatives from organisations across North Staffordshire to work together on a scoping paper which addresses the management and development of an Alcohol Related Brain Injury pathway.
- Two of our team were successful in securing places on the NIHR-Ashridge Programme for the R&D function within the NHS. This is a national bespoke leadership programme which promotes shared learning and partnerships across NHS organisations and aims to develop a national network for R&D managers and directors.
- The Schools Project is an innovative development of research workshop and engagement tools for schools to inspire and increase awareness and engagement of research in 12-14-year-old students. The project was initiated by R&D team members and involves both UHNM and a number of local schools.

Our estate

The Trust hosts an Estates Management Team which provides services to a number of NHS organisations in Northern Staffordshire. Services delivered for partners are not detailed here, however key elements of the services delivered for the Trust in 2016/17 were the continued implementation of the Harplands Hospital development plan. This included:

- The purchase of the Assessment & Treatment & Telford Unit from Staffordshire Housing Trust which sits within the grounds OF Harplands Hospital
- Planning permission granted for a Psychiatric Intensive Care Unit (PICU) at Ward 1 in Harplands
- Successful tendering of the PICU project within approved budgets. Works will commence on the construction phase of the project in 2017/18.

A project at the Darwin Centre to deliver:

- Increased internal day space through the delivery of a small, extension at the front of the centre and reconfiguration of existing day, kitchen and dining space.
- Reconfiguration of bathing/ shower facilities to ensure that bedroom areas can be segregated for mixed sex use
- Provision of a de-escalation suite, where patients can be provided with additional support when required
- Additional external space.

The Backlog Maintenance Programme costs for 2016/17, identified to bring estate assets that were below Condition B in terms of their physical condition and/ or compliance with mandatory fire safety requirements and statutory safety legislation up to Condition B was £140,000.

Patient Led Assessment Care Environment 2016 (PLACE)

The Patient Led Assessment Care Environment (PLACE) for the Trust was completed in line with the target dates set by the Health and Social Care Information Centre (HSCIC) in the following areas:

- Harplands Hospital
- Darwin Centre
- Florence House
- Assessment & Treatment Unit
- Summers View
- Dragon Square

All assessments were completed in accordance with PLACE guidelines and with a team of at least 50% patient representation from New Beginnings, North Staffs Voice for Mental Health (formerly North Staffs Users Group), Healthwatch, a non-executive director or patient representatives on each team.

This year we had a total of 11 patient assessors engaged in PLACE assessments. We were also fortunate to have the same independent validator on all of our assessments; this proved to be invaluable and clearly demonstrated our commitment to ensure consistency across the organisation. For 2016 there was a new category introduced to the audit process on 'Disability'.

The PLACE questions require a 'yes/ no', 'pass', 'qualified pass' or 'fail' in categories relating to 'Cleanliness', 'Food and Hydration', 'Organisation Food', 'Ward Food', 'Privacy, Dignity and Wellbeing', 'Condition, Appearance and Maintenance' and 'Dementia'. There was no disability assessment but questions were asked with in the other elements.

Trust's overall score for 2016

- Cleanliness - 99.60%
- Food and Hydration - 97.20%
- Organisation Food - 92.97%
- Ward Food – 99.88%
- Privacy, Dignity and Wellbeing - 97.54 %
- Condition, Appearance and Maintenance - 98.44%
- Dementia - 96.26%
- Disability - 96.48%
- Overall cleanliness scores, which included hand hygiene and equipment cleanliness were excellent. Darwin Centre and Summers View each scored 100%.
- Food and Hydration scores were excellent with an organisation score of 97.20%. There is a slight increase on last year's score.
- Privacy, Dignity and Dignity scores ranged between 94.12% and 98.05%. These scores varied dependant on the responses submitted in relation to observation panels and integrated blinds in patient bedroom doors. Again, there is a slight increase on last year's score.
- The overall condition, appearance and maintenance scores were excellent and demonstrate our commitment to maintain the areas with scores ranging between 97.59% and 100%. The Darwin Centre and Florence House both scored 100%. This is a real credit to the Estates Team, PFI partners and our Hospital Cleanliness Technician.
- Dementia – this section was scored on Ward 4, Ward 5, Ward 6, Ward 7, the ECT Suite and communal areas on the Harplands site, with an overall Trust score of 96.26% being achieved.
- Disability – We achieved a score of 96.48%; this is 17.64% above the national average.

Actions taken during the year to improve the environment for service users with dementia at the Harplands have enabled us to see an increase in this year's results.

Many favourable comments were received throughout the PLACE assessments:

- Florence House – *"A light, well maintained modern building which is clean and offers clients dignity and respect."*
- B4/5 Dragon Square – *"A well maintained building, very clean and tidy. Clients are treated with dignity and respect and their individual needs are well cared for. This unit is a credit to the team."*
- Assessment and Treatment Unit – *"Clean and well maintained environment both inside and outside. Clients well looked after. Excellent activity room facility; a credit to the unit. Beautiful food at meal service time."*
- Summers View – *"All food prepared freshly by staff on premises. A well maintained modern building where the staff treat the clients with respect and dignity. Staff very dedicated and looked after the client's individual needs."*
- Darwin Centre – *"An exceptionally well organised, well maintained building both inside and outside. Provides a tranquil and happy experience for service users. The staff and teachers are a credit to the service."*
- Harplands Hospital – *"Excellent décor well maintained to a high standard. Food was served very hot. Excellent standard of patient care especially observed at meal time service."*

PLACE percentage scores for 2016

For 2016 we have made improvements on our PLACE scores and received very positive feedback from our patient assessors who were actively engaged in the process.

We achieved in excess of the national average scores in all elements.

Clinical Leads, Support Services, Infection Control and Prevention Team and on-going audits will continue to monitor our internal performance to enable us to maintain the environmental standards.

PLACE percentage scores 2016

PLACE 2016	Cleanliness %	Food and Hydration			Privacy, Dignity and Well Being %	Condition, Appearance and Maintenance %	Dementia %	Disability (new for 2016)
		Food	Organisation Food	Ward Food				
Harplands Hospital	99.58%	97.64 %	93.15%	100%	98.05%	98.15%	96.26%	95.60%
Dragon Square	99.63%	N/A	N/A	N/A	97.54%	98.44%	N/A	96.48%
Assessment and Treatment Unit	98.89%	94.08 %	90.63%	98.78 %	100%	97.59%	N/A	98.25%
Darwin Centre	100%	96.66 %	84.46%	99.03 %	94.12%	100%	N/A	98.30%
Florence House	99.28%	94.28 %	89.30%	100%	94.17%	100%	N/A	100%
Summers View	100%	96.15 %	92.47%	100%	97.32%	98.85%	N/A	100 %
Organisation average score	**99.60%**	**97.20 %**	**92.97%**	**99.88 %**	**97.54%**	**98.44%**	**96.26%**	**96.48%**
% Above national average	**+ 1.54%**	**+8.96 %**	**+5.96%**	**+10.92%**	**+9.38%**	**+5.07%**	**+20.98%**	**+17.64%**
National average score	**98.06%**	**88.24 %**	**87.01%**	**88.96 %**	**88.16%**	**93.37%**	**75.28%**	**78.84%**

Sustainability and climate

The Estates Agency monitors overall use of utility consumption and provides professional advice to support the Trust's goal of actively reducing its carbon footprint.

The Trust will continue to engage with partners across Staffordshire via the Local Estates Forum work stream of the county-wide Sustainability and Transformation Plan (STP) in developing areas of best practice, in reducing the carbon footprint.

Through the capital programme, investment has been made in recent years to support this goal – high efficiency boilers, VSD, low energy lighting etc as well as through the successful pursuit of operational system requirements at Harplands Hospital.

The Trust continues on its trajectory to achieve the 80% carbon reduction by 2050. This is largely due the procurement of green electricity through our central government procurement framework and reduction of our property portfolio.

An Organisation Median Report from the 2015/16 ERIC data shows we are below the median for carbon emissions per occupied floor area with a value of 112.13kg/m² compared to a median of 117.12 kg/m².

Although group procurement of green energy is currently more economical than brown energy, we still need to stringently attack consumption if it wished to maintain its progress.

HOW WE ARE LED AND GOVERNED - OUR ACCOUNTABILITY REPORT

Our Board

Our Board of Directors is the Trust's corporate decision-making body which considers the key strategic and managerial issues facing the organisation. It met eight times during the year and consists of the Chair, executive directors including the Chief Executive and non-executive directors. At start of the year, David Rogers, one of the Trust's non-executive directors, was appointed as Chair of the Trust.

There were two new appointments to the non-executive team. We are pleased to announce that Joan Walley and Lorien Barber were appointed and both bring new skills to further strengthen our Board. Tom Thornber, Director of Strategy and Development, left the Trust in March 2017 and Andrew Hughes replaced him as Joint Director of Strategy and Development with North Staffordshire GP Federation.

Our Non-Executive Directors

David Rogers – Chair

David commenced his role as Chair on 1 April 2016 after joining the Trust as a non-executive director in 2014. He worked as an accountant for 18 years and has spent the past 25 years working as a non-executive chairman for a number of companies assisting in the development of their strategic policies. Over the last decade, he has been increasingly involved in the public sector formulating and chairing the Stoke and Staffordshire Strategic Partnership, which was charged with bringing together the full range of public service providers and the private and voluntary sectors across the sub-region and generating aspirational strategic longer term plans.

Tony Gadsby – Non-Executive Director

Tony is an experienced director from a manufacturing environment. He worked for JCB for 20 years in senior and executive managerial roles. As Director of JCB Cabs Systems, he led the restructuring and expansion of the business during a period of unprecedented change and growth. Prior to retiring in 2008, he was Managing Director of JCB's Groundcare division. Before joining JCB, Tony had a long career with Aveling-Barford, another large manufacturer of construction equipment.

Bridget Johnson – Non-Executive Director

Bridget has worked for 20 years in the public sector and has extensive experience of regeneration, voluntary and community organisations. She has expertise in business planning, finances and risk management. She is Chair of the Moorlands Housing Board. Moorlands Housing is a registered charity and not-for-profit company which provides 3,000 homes in the Staffordshire Moorlands area.

Patrick Sullivan – Non-Executive Director

Patrick was, until May 2012, the Director of Nursing at Lancashire Care NHS Foundation Trust, one of the largest non-acute trusts in the country. He is a Mental Health Act Reviewer for the Care Quality Commission and sits on mental health review tribunals as a specialist lay member.

Joan Walley – Non-Executive Director

Joan was MP for Stoke-on-Trent North for 28 years, stepping down in 2015. During her term in office, she was Shadow Transport and Shadow Environment Minister and Chair of the Environmental Audit Select Committee for five years. She serves as Chair of the Aldersgate Group, an alliance of leaders from business, politics and civil society that drives action for a sustainable economy, as well as Chair of Burslem Regeneration Trust.

Our Executive Directors

Caroline Donovan – Chief Executive

Caroline was appointed Chief Executive of the Trust in September 2014. She had held the position in an acting capacity since February 2014 and had previously been Executive Director of Leadership and Workforce. Prior to joining the Trust in 2009, Caroline served as Associate Director of Workforce for NHS West Midlands. She has been a registered general nurse for over 30 years and has CIPD membership.

Lorien Barber – Non-Executive Director

For seven years Lorien Barber served as Director of North Staffs Users Group (now North Staffs Voice for Mental Health), the mental health campaign group and voice of service users locally. During that time, she was also elected as Co-Chair of the local Mental Health Partnership Board. More recently, she has been working as Strategic Liaison Manager, connecting local health, social care and the voluntary sector at VAST, a charity providing services and support to voluntary and community groups, charities and social enterprises in Stoke-on-Trent and Staffordshire. She has also been appointed as Partnership Manager at Macmillan to improve cancer support across Staffordshire and the Black Country.

Dr Buki Adeyemo – Medical Director

Buki was appointed to the role of Medical Director in January 2012. She is a qualified consultant in old age psychiatry and has worked in the NHS since 1998. She leads the dementia innovation programme for Health Education West Midlands and is passionate about streamlined care for older people and the leadership roles clinicians can have in making this happen. She is the lead for the Mental Health Medical Directors' Group for the West Midlands and promotes the principals for medical leadership to acquire the required competence and skill to deliver safe patient care.

Maria Nelligan – Director of Nursing and Quality

Before joining the Trust as Director of Nursing and Quality in October 2015, Maria held the post of Associate Director of Nursing and Therapies for 11 years and was also the Director of Infection Prevention and Control at Cheshire and Wirral Partnership NHS Foundation Trust. She has also held a previous Board role in primary care as Board Nurse for a PCT in the North West She has a passion for patient and service user experience and the ongoing development of nurses. She also has a reputation for being a compassionate nurse, a supportive manager and a leader in nursing development.

Suzanne Robinson – Director of Finance and Performance

Suzanne joined the Trust in March 2016 from The Christie NHS Foundation Trust having worked at a senior level at a number of large acute providers as well as commissioning organisations in the North West of England with over 15 years experience in the NHS. She has a passion for finance skills development and improving the visibility and understanding of finance across the Trust, leading her teams to succeed in a number of national finance awards.

Paul Draycott – Director of Leadership and Workforce

Paul carried out the Director of Leadership and Workforce role on an acting basis from March 2014 and was substantively appointed in November 2014. He joined the NHS in 1985 and has held previous board-level posts, including Director of Organisational Development and Workforce at both Shropshire County Primary Care Trust and Shropshire Community Healthcare NHS Trust. He was also Director of Human Resources and Organisational Development at South Staffordshire and Shropshire Healthcare NHS Foundation Trust.

Andy Rogers – Director of Operations

Andy joined the Trust in July 2013 from Birmingham Community Healthcare NHS Trust where he was Director of the Children and Families Division. Prior to this, he was Associate Director of Operations at Heart of Birmingham Teaching PCT. Before joining the NHS, he worked in a number of commercial and operational management roles to director level, including organisations that delivered health and social care services to the NHS and local authorities.

Tom Thornber – Director of Strategy and Development

Tom was appointed to the role of Director of Strategy and Development in September 2015. He originally trained as a pharmacist before joining the NHS graduate management scheme in 2005. Upon graduation, Tom took on the role of Head of Women's Services at University Hospitals South Manchester until 2009, when he moved on to The Christie NHS Foundation Trust.

Tom stepped down from his role in March 2017.

Andrew Hughes – Joint Director of Strategy and Development

Andrew was appointed as Joint Director of Strategy and Development in March 2017. He has led healthcare projects since the late 1990s with a combined value of over £1bn. As a director at Birmingham Children's Hospital NHS Foundation Trust, he held responsibility for strategic planning, capital projects, fundraising, partnerships, communications and media management. Andrew's previous roles include council member at Birmingham Chamber Group and special advisor to UNICEF UK.

Additional members

Dr Keith Tattum – GP Associate Director

In his role as GP Associate with the Trust, Dr Tattum provides a valuable general practice and primary care perspective to influence Board decision making. He has served in this role since 2011 and qualified as a GP in 1980. Alongside his role with the Trust, Dr Tattum is a long-standing GP at Baddeley Green Surgery in Stoke-on-Trent.

Andy Cotterill – Chair of Service User and Care Council

Andy was appointed in February 2016 as Chair of the Service User and Carer Council, the independent body set up to give people using our services a strong voice in the delivery of care. Andy is a former service user who has also served as Chair of New Beginnings, which works with the Trust to provide support for people experiencing issues with drugs, alcohol and other addictive substances. He is also involved in helping to develop our substance misuse services.

Andy stepped down from his role in December 2016.

Jenny Harvey – Chair of Staff Side

Jenny joined the NHS in 1988. She has previously worked as a Ward Domestic and a Health Care Support Worker in learning disabilities services. Jenny has been a trade union representative for more than 25 years, first in the Confederation of Health Service Employees (COHSE) and subsequently UNISON. Jenny has been Chair of the Trust Staff Side trades unions for over a decade, including the role of representative to the Trust Board. Jenny is currently a West Midlands delegate to UNISON's Health Executive Committee which leads on NHS negotiations and consultations at a national level.

Laurie Wrench – Associate Director of Governance

Laurie joined the Trust in 2007 as Head of Clinical Audit and Research having previously worked for the University Hospitals of North Midlands NHS Trust as Clinical Audit Manager. In September 2015, Laurie was successfully appointed to the new role of Associate Director of Governance, covering a wide portfolio including the role of Board Secretary.

Joe McCrea - Associate Director of Communications

Joe joined the Trust in December 2016 having previously been Director of Communications at East Leicestershire and Rutland CCG. He brings a wealth of experience gleaned from over 20 years in NHS and health communications at a senior level from both a policy and a service perspective, including the Department of Health, Cabinet Office and 10 Downing Street, as well as a wide range of NHS bodies, including acute and community NHS trusts, NHS Confederation, NHS Leadership Academy and East Leicestershire and Rutland GP Federation.

Register of acceptance of the Code of Conduct and Code of Accountability in the NHS

In November 2007, the Trust Board requested that a formal register of acceptance of the Code of Conduct and Code of Accountability in the NHS be established.

All directors have provided a signed declaration of their acceptance of the Code of Conduct and Code of Accountability in the NHS to the Associate Director of Governance.

The Code of Conduct and Code of Accountability in the NHS can be viewed at: http://www.ntda.nhs.uk/wp-content/uploads/2013/04/code-of-conduct-and-accountability-for-nhs-boards.pdf.

Declaration of directors' private interests (as of March 2017)

We maintain a register of directors' declared private interests which is available on our website at http://bit.ly/2qRQORd

Information governance disclosures

All NHS organisations are expected to secure person identifiable data related to both patients and staff and to safeguard data holding systems and data flows. There have been no significant control issues related to data loss or confidentiality breach during the year ending 31 March 2017 and up to the date of approval of the annual report and accounts.

Disclosure of information to auditors

The directors who held office at the date of approval of this report confirm that, so far as they are each aware, there is no relevant audit information of which the Board's auditors are unaware and each director has taken all the steps that he/ she ought reasonably to have taken as a director to make himself/ herself aware of any relevant audit information and to establish that the Board's auditors are aware of that information.

Events after the reporting period

There were no events after the reporting period, commitments or contingencies other than those already disclosed in the annual accounts for the period ending 31 March 2017.

Board Attendance 2016/17

Name	May 2016	June 2016 No meeting	July 2016	Sept 2016	Nov 2016	Jan 2017	Feb 2017	March 2017
David Rogers	√	N/A	√	√	√	√	√	X
Tony Gadsby	√	N/A	√	√	√	√	√	√
Bridget Johnson	√	N/A	√	X	√	√	√	√
Patrick Sullivan	√	N/A	√	√	√	√	√	√
Lorien Barber	-	N/A	-	-	part	X	√	X
Joan Walley	-	N/A	-	-	part	X	√	√
Caroline Donovan	√	N/A	√	√	√	√	√	√
Dr Buki Adeyemo	√	N/A	X	√	√	√	√	√
Maria Nelligan	√	N/A	√	√	√	√	√	X
Suzanne Robinson	√	N/A	√	X	√	√	√	√
Paul Draycott	√	N/A	√	√	√	√	√	X
Andy Rogers	√	N/A	√	√	√	√	√	√
Tom Thornber	√	N/A	√	√	√	√	√	√
Dr Keith Tattum	√	N/A	X	√	√	X	√	√
Andrew Hughes	-	N/A	-	-	-	-	-	-
Andrew Cotterill	-	N/A	√	√	X	X	X	-
Wendy Dutton	-	N/A	-	-	-	-	√	√

Our committees

We have a strong governance structure that matches those established by many foundation trusts and brings together the key components of behaviour and process.

We have seven Board committees, each of which is chaired by a non-executive director and has clear terms of reference and duties which are reviewed annually to ensure its effectiveness:

- Audit Committee
- Finance and Performance Committee
- Quality Committee
- Remuneration and Terms of Service Committee
- Business Development Committee
- People and Culture Development Committee
- Charitable Funds Committee

Audit Committee

The committee monitors and reviews the establishment and maintenance of an effective system of integrated governance, risk management and internal control across clinical and non-clinical activities.

Finance and Performance Committee

The Finance and Performance Committee monitors the performance and achievement of our financial plans, ensuring compliance with NHS systems and financial performance requirements.

Quality Committee

The Quality Committee provides assurance to the Board on the quality and safety of healthcare provided by the Trust by developing and reviewing the organisation's Quality and Clinical Strategy and plans. It reports and provides assurance to the Board through the monitoring of the organisation's SPAR quality objectives of Safe, Personalised, Accessible and Recovery-focused care. The committee has responsibility for the oversight of operational and clinical risks that members of the committee consider pose a threat to the delivery and quality of services.

Remuneration and Terms of Service Committee

This is a non-executive director only committee that determines the terms and conditions of employment for executive directors and very senior managers.

Business Development Committee

Providing assurance to the Trust Board, the committee is responsible for the Investment Policy that deals with tenders, capital projects, business cases and other matters related to the business development of the organisation.

People and Culture Development Committee

The committee is focussed on our staff and their development through a mix of workforce metrics and sponsorship of innovation and staff engagement.

Charitable Funds Management and Scrutiny Committee

The committee ensures that charitable funds are managed in line with agreed policies on investment, fundraising and disbursement.

Statement of the Chief Executive's responsibilities

The Chief Executive of NHS Improvement has designated that the Chief Executive should be the Accountable Officer to the Trust. The relevant responsibilities of Accountable Officers are set out in the Accountable Officers Memorandum issued by the Chief Executive of NHS Improvement.

These include ensuring that:

- There are effective management systems in place to safeguard public funds and assets and assist in the implementation of corporate governance
- Value for money is achieved from the resources available to the Trust
- The expenditure and income of the trust has been applied to the purposes intended by Parliament and conform to the authorities which govern them
- Effective and sound financial management systems are in place
- Annual statutory accounts are prepared in a format directed by the Secretary of State with the approval of the Treasury to give a true and fair view of the state of affairs as at the end of the financial year and the income and expenditure, recognised gains and losses and cash flows for the year.

To the best of my knowledge and belief, I have properly discharged the responsibilities set out in my letter of appointment as an Accountable Officer.

I confirm that, as far as I am aware, there is no relevant audit information of which the trust's auditors are unaware, and I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the trust's auditors are aware of that information.

I confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and that I take personal responsibility for the Annual Report and Accounts and the judgments required for determining that it is fair, balanced and understandable.

Statement of the Directors' responsibilities

The Directors are required under the National Health Service Act 2006 to prepare accounts for each financial year. The Secretary of State, with the approval of the Treasury, directs that these accounts give a true and fair view of the state of affairs of the Trust and of the income and expenditure, recognised gains and losses and cash flows for the year.

In preparing those accounts, directors are required to:

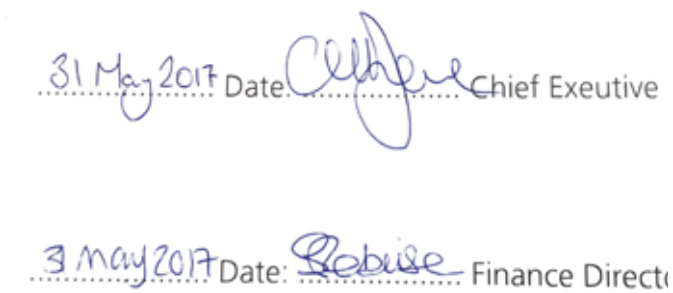
- Apply on a consistent basis accounting policies laid down by the Secretary of State with the approval of the Treasury
- Make judgements and estimates which are reasonable and prudent
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Trust and to enable them to ensure that the accounts comply with requirements outlined in the above mentioned direction of the Secretary of State.

They are also responsible for safeguarding the assets of the Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm to the best of their knowledge and belief they have complied with the above requirements in preparing the accounts.

By order of the Board.



GOVERNANCE STATEMENT

Scope of Responsibility

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

This governance statement records the stewardship of the organisation and forms part of the annual accounts as defined in chapter 1 of the NHS manual for accounts. This document describes the Trust's integrated governance, risk management and internal control arrangements across the whole of the Trust's activities. This document reflects the Trust's current governance procedures and systems in place which have been independently reviewed and developed further throughout the reporting period.

The performance of the Trust is monitored by the NHS Improvement (NHSI) up to 31 March 2017. The Trust's performance is assessed by the submission of data and by meetings between the NHSI and Trust staff.

The Trust has a range of formal and informal mechanisms in place to facilitate effective working with key partners across the local economy. These include participation in partnership boards which bring together health, social care, independent and voluntary sector organisations in the City of Stoke on Trent and the County of Staffordshire.

The Trust has Health and Social Care Act (Section 75) 2006 partnership agreements with Stoke on Trent City Council (since April 2008) and Staffordshire County Council (since May 2009) for the provision of adult community mental health services.

The Trust has an Integrated Business Plan 2015/16 – 2019/20. The Trust also has an Operating Plan in place for 2016/17 – 2017/18 which received positive feedback from NHSI.

The plan has been written during a year of real progress and achievement for the Trust. In February after an extensive process - our second full inspection in two years - the CQC rated Combined Healthcare NHS Trust as a 'Good' organisation - with 10 out of 11 of our services rated as "Good" or 'outstanding'. Now, our 'Towards Outstanding' improvement programme is centred on taking us on the next stage of our journey.

This will encompass and bring together everything that we do – our services, our people, our leadership, our listening and engagement, our involvement of service users and carers, our staff development and training. By bringing everything together in one unified programme of improvement, we are confident we will reach our aim.

During 2016/17 some key achievements included:

- Quality Improvement given significant praise and recognition by our regulators, our service users and staff.
- The Trust improved its rating from "Requires Improvement" to "Good" following a CQC inspection of its services in September 2016 and was noted to be the fastest improving mental health trust in the country.
- Launched our Behaviours Framework co-designed with our staff and services users to ensure we live our values in all we do including Go Engage to develop a culture of continuous improvement toward greater staff engagement.
- Launched our Leadership Academy to develop our own staff in delivering high quality services.
- Created a joint appointment of Director of Strategy and Development with the GP Federation to further develop strong partnership arrangements.
- Appointment of two new Non- Executive Directors bringing a wealth of experience from parliamentary and voluntary sectors.
- The Trust has continued its Digital by Choice Strategy, Raising our Service Excellence (ROSE) and received endorsement from the Department of Health to implement a new Electronic Patient Record.
- Officially recognised as the highest performing mental health Trust for flu vaccination of front line staff, surpassing the national target of 75% achieving 79.7%.
- Taking a lead role in the North Staffordshire and Stoke on Trent MCP Alliance to lead and transform health and social care services.
- A number of successful conferences and events held during 2016/17 including an Open Space event where more than 50 service users and carers gave us their views on how we prioritise the specific approaches we take under our core SPAR quality priorities
- The achievement of our staff and teams recognised at a number of national and regional award ceremonies.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to:

- Identify and prioritise the risks to the achievement of the organisation's policies, aims and strategic objectives.
- Evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The system of internal control has been in place in North Staffordshire Combined Healthcare NHS Trust for the year ended 31 March 2017 and up to the date of approval of the annual report and accounts.

The Annual Governance Statement has been prepared following the guidelines published by NHSI February 2017 which sets out how and where NHS organisations are required to make disclosures or qualifications within their Statement.

The Trust's Governance Framework

During the year we have again re-examined our governance arrangements to ensure they are effective and we have assessed the role of the Board and our committee structure and their effectiveness, along with the flow of information to the committees and the Board:

- There are annual cycles of business for the Board and its committees, which ensures that the Trust is closely monitoring performance against national priorities
- Attendance is monitored and there is regular attendance at Board and committee meetings
- There is enhanced performance management reporting including performance rectification plans when targets go off track
- There is an effective Board Assurance Framework, which is the system used by the Board to ensure that all strategic risks are effectively managed and that the effectiveness of those controls has been assured. The Board Assurance Framework is independently audited on an annual basis
- All committees of the Board are chaired by a Non Executive Director and committee terms of reference are reviewed and agreed annually to ensure that they remain fit for purpose and there are no gaps in business or unnecessary duplication.
- Review of the timing and meetings of the Board and Committee meetings with a new cycle of business and programme of meetings in place for 2017/18.

During our CQC Comprehensive inspection held September 2016, the CQC told us:
"The Trust had made considerable improvements to the quality of care and to the governance mechanisms that underpin and provide assurance since our last inspection in September 2015. The trust board had become more settled with an increased number of directors in substantive rather than interim posts and this had helped to ensure that governance systems were embedded."

The board has revised and agreed its structure to support the delivery of business, as outlined below:

Audit Committee

The Audit Committee monitors and reviews the establishment and maintenance of an effective system of integrated governance and internal control across both clinical and non clinical activities, which support the achievement of the organisation's objectives. Membership of this committee comprises all Non-Executive Directors of the Trust Board with the Director of Finance, Trust Secretary, internal and external auditors in attendance to support the meeting. This committee met five times in accordance with its terms of reference and all meetings were quorate.

Finance and Performance Committee

The Finance & Performance Committee is responsible for reviewing and scrutinising all performance, financial and treasury management, and takes action where necessary, making recommendations to the Board. The Finance & Performance Committee has responsibility for financial risk management. The Finance & Performance Committee met monthly and all meetings were quorate. Membership of the meeting is made up of Non Executive Directors, Executive Directors, Deputy Director of Finance, Associate Director of Performance, Trust Secretary, and other operational managers required to attend to present or clarify any aspects of business activity or financial management. The committee manages and monitors performance at a strategic level, in particular monitoring performance against local as well as the national priorities set out in the Single Oversight Framework and the NHS Standard Contract covering for example indicators concerning referral to treatment within waiting times, access and quality metrics.

Quality Committee

The Committee has responsibility for the oversight of operational and clinical risks that members of the committee consider pose a threat to the delivery and quality of services. It also considers the quality impact assessment process and related cost improvement schemes to ensure that none of the proposed schemes negatively impact on the quality of services provided.

The committee also receives any reports on "never events", "serious incidents", and explanations of any follow up action. While the Trust did not experience any never events during the year, the committee received reports on themes and trends relating to serious incidents and details on actions taken to further improve the quality of services provided. The committee met six times in accordance with its terms of reference and all meetings were quorate. Membership of the committee is made up of Non Executive Directors, Executive Directors and Clinical Directors are in attendance to ensure opportunity is given for discussion in respect to directorate performance, particularly in respect for example to incidents and complaints, in order that every opportunity is taken for discussing and sharing any learning outcomes.

During the year members considered its effectiveness which included reducing the number of reports submitted. Reports are aligned to the Trust's quality objectives and are much more focused and succinct, giving the assurance sought by the committee and more opportunity for more scrutiny and debate. There will be a further effectiveness review during 2017/18 and further adjustments made as required.

People and Cultural Development Committee

The principal aim of the committee is to provide advice and assurance to the Board on cultural development, workforce performance, and the achievement of the workforce strategies, including staff engagement enabling strategies and management of the associated risks. A review of the effectiveness of the committee was undertaken during the year to ensure that this newly established committee was meeting its terms of reference and that it continues to obtain the requisite assurances it requires.

This committee meets bi-monthly and all meetings were quorate. There is a close working relationship with the Quality Committee and during the year the cycles of business for each committee were reviewed to ensure that there was no unnecessary duplication or gaps in business across these two committees. The membership comprises Non-Executive Directors and Executive Directors with Associate/Deputy Directors from Workforce, OD, Communications and Quality as well as staff side representatives in attendance.

Business Development Committee

The Business Development Committee on behalf of the board aligns the strategic intentions with business decisions for the organisation. The committee leads on responding to the external health and social care environment, and provides recommendations to the board on risks and opportunities. The Committee ensures the effective integration of services with health, social and 3rd sector partners, ensuring the organisation develops and maintains partnerships to deliver the integrated business plan. The Committee meets bi-monthly and is chaired by a Non-Executive Director with membership comprising one other Non-Executive, Director of Strategy and Development, Director of Finance, Director of Operations and Medical Director.

Charitable Funds Management and Scrutiny Committee

Combined Healthcare has administered Charitable Funds since its creation on 1 April 1994. This committee ensures that the charitable funds are managed in line with agreed policies on investment, disbursement and fund raising. The Trust Board of North Staffordshire Combined Healthcare NHS Trust serves as the agent of the Corporate Trustee in the administration of funds held by the Trust and those of Staffordshire and Stoke on Trent Partnership NHS Trust (SSoTP). This committee met twice during the year and membership is made up of Non Executive Directors as well as the Directors of Finance and a nominated representative from SSoTP.

NHS trusts across the country have established a more corporate and potent strategy to charitable funds, in order to maximise the community impact. In March 2017 the Charitable Funds Committee reviewed the Strategy of the Charitable fund and assessed options around a future state. Four options were appraised, with the committee recognising a preferred course of action:

- To develop a fundraising strategy designed to raise the trust profile and maximise donations. This will align closely with the Marketing and Communications Strategy of the trust:
- To invest in Infrastructure to ensure assurance can be given to respective boards and donated funds reach the charitable areas intended.
- NSCHT is in the process of developing a business case to operationalise the preferred option. By 31st May 2017, SSOTP are required to agree with the chosen option or choose its own course of action.

Remuneration and Terms of Service Committee

This committee is responsible for determining the remuneration and condition of service of Executive Directors ensuring that these people properly support objectives of the Trust, represent value for money and comply with statutory and NHS/DH requirements. Meetings as well as virtual meetings have been arranged as required during the course of the year. The Chairman acts as the Chair of this committee which is attended by Non Executive Directors and supported by the Trust Secretary. The Chief Executive and Director of Leadership and Workforce are in attendance. During 2016/17, the committee's cycle of business and Terms of Reference were reviewed and updated.

Senior Leadership Team (Risk)

The group, chaired by the Chief Executive comprises the Executive team and Clinical Directors as members which allows the opportunity to consider any emerging risks and existing risks from the directorate operational risk registers and the Trust corporate risk register. Through a review of the directorate and trust wide risk registers, the Trust is able to identify cross cutting themes and offer support and challenge as to the mitigations in place making recommendations on risks to be re-scored (escalated or de-escalated). The group takes a forward look at key risks and how they may impact on the delivery of strategic objectives as well as a retrospective review. The group meets monthly and has a two way reporting arrangement with each sub-committee of the board and its respective areas of risk.

Effectiveness Review

During the year our Board membership has been refreshed and further enhanced with the appointment of a new Chair and two new Non-Executive Directors. The Board has a wide range of experience and skills to provide effective leadership. A GP Associate Board member continues to give strength and support to the Board from a primary care perspective. The Chair of the Service User and Carer Council is also a full member of the Board to help influence decisions made and ensure they are service user focussed. We also appointed a new Joint Director of Strategy and Development with the North Staffordshire GP Federation reflecting the growing partnership and delivery of new models of care and the MCP. The Board continues to receive timely updates on the key issues arising from each committee meeting from the relevant Chair, such as incidents, complaints, learning from the national inquiries etc. This is also supported by a written summary of the key items discussed by the committee and decisions made and the timeliness of this information has been commended by auditors when they have reviewed the process. Board members also have access to all papers and minutes of those meetings, as required.

Our continuous cycle of board development acts as an opportunity for on-going organisational development. A core component of the development programme is to ensure that all board members have a focus of continual improvement in order to deliver the highest quality of safe services for our community, within resources available. Looking forward to 2017/18, the Trust plans to further strengthen its approach to Board Development, participating in the Advancing Quality Alliance programme (AQuA) and linking this through to leadership and quality development across the wider Trust.

As part of a review of its effectiveness, Board members have continued to strengthen the Trust's integrated governance arrangements. A six month review of Board and Committee effectiveness was undertaken during November 2016 to include a review of the:

- Frequency of meetings
- Membership of sub committees
- Ongoing Board development and time spent as a Board
- The need for greater financial scrutiny in the current climate

To further strengthen governance arrangements, during the November Trust Board, it was agreed that a revised model be implemented from January 2017 as follows:

- Increased frequency of Trust Boards to meet ten times per year
- Retain bi-monthly Board Development sessions focusing on team development in addition to topic specific development
- Retain bi-monthly
  - Quality Committee
  - People and Culture Development Committee
  - Business Development Committee
  - Audit Committee
- Increase the frequency of the Finance and Performance Committee to monthly as a result of greater scrutiny on finance in the current climate.
- All Non-Executives to be members of the Audit Committee.

To complement the review of the sub-committees of the Board, a further review of the remit / function of the Executive and Senior Leadership Team (SLT) meetings was undertaken to strengthen the approach to the following:

- Strategy
- Senior Leadership Team Business
- Operational Business
- Performance

As a result, a new Executive and SLT cycle of business was implemented alongside the Trust Board cycle of business. This aligns the flow of data and reporting of performance metrics in a more timely way to enable business and performance to be discussed at directorate level prior to being received by the Senior Leadership Team and then fed into the sub-committees of the Board and ultimately the Trust Board.

Quality Account 2016/17

By 30 June 2017 the Trust will have developed and published its Quality Account for 2016/17. In order for the Board to assure itself that the Quality Account is managed in an effective and timely way and that the Quality Account is accurate, a further project plan was discussed at committee meetings and at the Trust Board and is currently being implemented. This plan sets out the review and planning framework, including engagement and review by key stakeholders in developing the document, incorporating feedback and their final validation.

Board Assurance Framework

The Trust has a fully documented Board Assurance Framework (BAF) and produces assurance framework reports which are updated on a quarterly basis. The Audit Committee receives regular reports and provides assurance and makes recommendations to the Board. The strategic objectives of the Trust form the basis of the BAF. The Assurance Framework maps the strategic risks, risk appetite, key controls, gaps in control, assurances (including levels of assurance) and gaps in each against one of the strategic objectives.

The Assurance Framework operates as follows:

- The Board sets out what the Trust is aiming to achieve (the Trust's strategic and annual objectives linked to the Executive Director objectives).
- The Board consider the risks that threaten the delivery of its plans (the strategic risks).
- The Board decide what systems and processes are required to manage the risks (the controls).
- The Board decides what information it needs to know and that the controls are working effectively (the assurances).
- The Board delegates responsibility for receiving some assurance to its committees.
- The Board receives feedback about the adequacy of its control arrangements (for example: patient feedback, self-assessment, internal / external audits) and takes action as required.

This process provides a framework of assurance about the system of integrated governance, risk management, and internal control, across the whole of our activities (both clinical and non-clinical), that supports the achievement of the organisation's objectives.

As such, the Trust Board and its committees take an active role in risk management and ensure that there are effective risk management processes to support the achievement of the Trust's policies, aims and objectives.

In September 2016, the CQC told us:
"The Trust provided its board assurance framework, which also acted as its risk register. This document highlighted seven risks and the progress against these. The system of reporting and monitoring risk covered all levels depending on the risk rating. Risks rated less than eight sat on the teams risk register, risks rated between eight to 12 were highlighted on the directorates risk registers and all risks rated over 12 were included at an executive / board level. This system enabled close monitoring at all levels and accountability and responsibility."

Trust Internal Auditors, RSM, undertook a review of the 2015/16 BAF and concluded that the Trust had strong governance arrangements in place and the revisions of the BAF would only strengthen this.

The Risk Management Strategy and the Risk Management Policy are reviewed and refreshed every 3 years and are discussed by the appropriate committees and endorsed by the Board. Together they create a framework for the consideration of risk at all levels within the organisation (both clinical and non-clinical) and mandate the maintenance of a register of all risks. The risk register is a dynamic tool with risks held on the Safeguard Risk Management system which is updated by the risk owner at regular set intervals determined by the nature and residual score of the risk or as circumstances change. It is subdivided into two parts; Trust risks and operational risks. The Risk Register sets out how these different types of risks are identified measured and monitored.

The Trust has four levels within the risk management framework:

1. Board Assurance Framework
2. Trust Risk Register
3. Directorate Risk Registers
4. Team Risk Registers

The aims of the Risk Management Strategy and Risk Management Policy are to:

- Maintain the highest possible standards of service delivery where the numbers of serious errors are few relative to the volume and complexity of activity undertaken;
- Support the achievement of the Trust's strategic objectives in an efficient and effective manner, delivering value for money; and
- Ensure that risk management arrangements are continually strengthened and combined with robust control and reporting arrangements to create an effective system of integrated governance.

The Risk Management Strategy and Risk Management Policy define the way in which risks are identified, measured and managed and the management of situations where control failure leads to the realisation of risk. They clearly define the roles and responsibilities of key managers and committees and set out the specific responsibilities of the Directors for the effective management of risk. The Risk Management Strategy and Risk Management Policy set out the organisation's plans for improving its capacity to identify measure and manage risk and for ensuring that the Trust continues to be a safe and reliable organisation in the conduct of the services it delivers.

The current Risk Management Strategy and Risk Management Policy approved by the Trust Board are in place to 2019/20. The Risk policy has been reviewed, amended and approved by Trust Board.

In May 2015 alongside the appointment of a Risk Manager, the awareness of and process for risk management within the Trust was strengthened by the delivery of presentations and training sessions, followed by the implementation of Team Level risk registers from October 2015 onwards. The additional layer of risk management enables a successful and meaningful escalation and de-escalation process for risk management with the potential for risks to be identified and mitigated at the earliest opportunity. Work around this initially focused on clinical teams but has now been rolled out to corporate teams.

Risk is a standing agenda item at Team and Directorate Meetings with monthly review of Directorate and Trust risks (with a residual score of 12 or above) undertaken by the Executive Team during Senior Leadership Team Meetings. Each Trust risk is linked to a committee for validation and monitoring with monthly reports submitted (Quality Committee, People & Culture Development, Finance & Performance, Business Development, Digital by Programme Board and Audit Committee).

The highest scoring Trust risk has a residual score of 16 (impact 4 x likelihood 4) and relates to achievement of 2016/17 and 2017/18 control targets, the majority of Trust level risks have a residual score of 12 (impact 4 x likelihood 3) and focus on areas such as successful delivery of the ROSE Electronic Patient Record Project and maximising the benefits of MCP's etc. The key process objectives for 2015/16 set by the Trust Board for the development of risk management related to embedding strong governance and strengthening the Board Assurance Framework and improved understanding and management of risk.

Board Assurance Framework

The Board Assurance Framework risks were discussed and agreed by the Board in May 2016 for the 2016/17 financial year. The Trust has 7 key objectives within the Board Assurance Framework. In addition, each objective is mapped against the Trust's Quality Objectives of Safe, Personalised, Accessible and Recovery Focused (SPAR). The Associate Director of Governance has worked with internal auditors RSM to further develop the BAF during the year including the introduction of different levels of assurance (including internal and external assurance) and the direction of risk.

Utilise effective technology

2017/18 will be a significant year in our ambition to be a Digital by Choice organisation, in May 2017 we launched our new Electronic Patient Record system which is a critical element in moving to Digital. The new system is supported by almost £15m of funding over the next 5 years, the majority of this coming from NHS Digital. The ROSE Project (Raising our Service Excellence) to support the implementation is so called because we recognise this is more than just a change of IT systems but an opportunity to improve how our services operate and the care we deliver to service users. The ROSE Project will also deliver a comprehensive review of reporting data from clinical services. The new EPR system offers an opportunity to modernise the data we collect and improve the feedback we gain from the frontline of clinical services, this will result in improvements for safety, effectiveness and efficiency.

Risk Assessment

As noted, the Board defines its objectives on an annual basis in line with the strategic planning cycle and identifies the risks which could pose a threat to those objectives. Once identified, the risks form the strategic risk register (the BAF). At each meeting the Committee responsible for their areas of risk receives a risk report as a standing agenda item and then an overall report to the Trust Board.

The organisation seeks to involve public stakeholders in managing risks which impact on them. An example of this is through board visits, patient stories, attendance at the Council Overview and Scrutiny Committees, the Service User and Carer Council and invitation to Board. The Trust also invites a range of organisations including Healthwatch to review the performance and comment on the performance of the Trust.

Our operational risks are identified at team, directorate and corporate level. The identification process takes many forms and involves both a pro-active approach and one which reviews issues retrospectively. A great deal of emphasis is placed on predicting where incidents could occur and taking steps to stop them before they do. Our risk register is populated as a minimum by operational risks which fall into the categories of moderate, significant or high risks and risk action plans are in place for all risks in these categories. The Senior Leadership Team ensures that risk treatment plans are in place to respond to all operational risks on the risk register.

As at 31 March 2017, the Trust's residual high and significant strategic risks as described in the BAF are:

- The Trust fails to improve patient safety, eliminate avoidable harm and deliver high quality services, resulting in less than optimal care, reputational harm, increased scrutiny and regulatory restrictions
- The Trust fails to exploit its potential in research and innovation, losing credibility and reputation and under achieving in delivering evidence based care.
- The Trust fails to support its workforce to continually learn and develop resulting in poor staff experience.
- The Trust fails to attract and retain talented people resulting in reduced quality and increased cost of services.
- The Trust fails to optimise its resources resulting in an inability to be a sustainable service.
- The Trust fails to engage its partners resulting in fragmented care pathways.
- The Trust fails to listen and act upon service user and carer involvement resulting in an inability to deliver responsive services.

The risk and control framework

As indicated by internal audit, RSM, there is a clear and well defined approach to the identification of risks. The identification process takes many forms and involves both a pro-active approach and one which reviews issues retrospectively.

The organisation's risk analysis system uses descriptive scales to determine the magnitude of the potential consequences of an identified risk and the likelihood that those consequences would occur. Consideration of the controls in place for the risk and the effectiveness of those controls also form part of the assessment. Using this method enables the production of a list of prioritised risks with an indication of the action that is required.

The processes for managing strategic risks are an important element in the Assurance Framework and there has been ongoing work to further redefine the levels of assurance received, the direction of travel for the risk and the development of system to RAG rate the assurances on a quarterly basis.

Each of the Executive Director's objectives are aligned to the strategic objectives with each strategic risk acting as the control measure. Each strategic risk has an Executive Director lead that is responsible for formally reviewing the risk on a quarterly basis. Any weakness in control measures, or inconsistent application of controls identified as a result of assurance activity is considered.

Collectively, the Executive Team, on behalf of the Trust Board, has overall responsibility for managing strategic risks and monitor risk treatment plans to ensure that strategic risks included in the BAF are effectively managed. The Board's committees take collective responsibility for monitoring and reviewing the processes for the effective management of strategic risks and ensure that the Trust Board is kept fully informed of all strategic risks through the BAF. The review and management of operational risk is overseen by the Senior Leadership Team.

Audit Committee

Each of the seven objectives were allocated to a Board Committee, at which Board Assurance Framework updates were provided. An overall summary is sent to the Audit Committee who has oversight of all seven strategic objectives.

The Audit Committee continue to receive assurances which have been delegated to it by the Board and reports from internal audit, external audit and others on the systems of internal control.

The Audit Committee prepares a report to the Board after each of its meetings. The Board uses the reports of the Audit Committee and other committees of the Board to obtain assurance about the effectiveness of the system of integrated governance, risk management and internal control, and to obtain assurance that disclosure statements are appropriate.

Operating in this way the Assurance Framework allows the Trust Board to review the internal controls in place to manage the strategic risks and to examine the assurance mechanisms which relate to the effectiveness of the system of internal control. With this information the Board is able to address gaps in control and assurance.

In accordance with Public Sector Internal Audit Standards, the Head of Internal Audit is required to provide an annual opinion, based upon and limited to the work performed, on the overall adequacy and effectiveness of the organisation's risk management, control and governance processes. For the 12 months ended 31 March 2017, the Head of Internal Audit opinion (as at the 23 March 2017) for North Staffordshire Combined Healthcare NHS Trust is as follows:

Level 2 assurance: The organisation has an adequate and effective framework for risk management, governance and internal control. However, our work has identified further enhancements to the framework of risk management, governance and internal control to ensure that it remains adequate and effective.

In particular those in respect of Gifts and Hospitality, Declarations of Interest and Pharmaceutical Payments, Performance Development Reviews (PDR Process) and Business Planning and Bidding; along with the fact that the audit committee has sought and continues to gain assurance that management actions to address these weaknesses have been delivered through the embedded action tracking process within the Trust.

In respect of Gifts and Hospitality, Declarations of Interest and Pharmaceutical Payments and Business Planning and Bidding, all actions have now been completed and reported to the Audit Committee. In respect of Performance Development Reviews the actions from the audit mainly focussed on ensuring consistency of approach within Directorates including adhering to timescales and completing the paperwork appropriately; having clear and consistent paperwork; and ensuring that there was consistent development for staff undertaking PDRs. Again, all actions have been completed and a re-audit planned for the 2017/18 programme.

Care Quality Commission (CQC)

In September 2016 the Trust hosted a team of inspectors from the CQC who carried out a repeat Comprehensive Inspection of our services. Our reports were published 21st February 2017 with an overall rating of 'good' reflecting the Trust's journey of improvement and turnaround in the quality of services since the first inspection held September 2015 where a rating of 'requires improvement' was awarded. The CQC described the improvement of the Trust as remarkable with strengthened leadership and governance at the heart of services.

Of our 11 core services, 9 were rated as 'good,' one rated as 'requires improvement' and one rated as 'outstanding.

The CQC February inspection report rated the Trust as "Requires Improvement" regarding whether services are safe, mainly due to improvements required to rapid tranquilisation policy and the need to improve the number of young people seen within 18 weeks of referral. Following discussion with the CQC and with their full agreement, the Trust has submitted a ratings challenge on these findings. In the meantime, the work to secure improvements has been undertaken, as we do recognise that there are still improvements to be made in a minority of our services.

MCPs

The most significant change for the NHS is the development of MCP integration. As a patient or a clinician, you would not choose to recreate from scratch the historical partitions between primary, community, mental health and social care and acute services. The boundaries make it harder to provide joined-up care that is preventative, high quality and efficient. The MCP model dissolves the divides. It involves redesigning care around the health of the population, irrespective of existing institutional arrangements. It is about creating a new system of care delivery that is backed up by a new financial and business model.

The Staffordshire Sustainability and Transformation Plan (STP) to implement the NHS Five Year Forward View is underway and has agreed to develop a Northern Staffordshire MCP model. To this means an Alliance Board brings together all providers of out of acute hospital services for the circa 500,000 residents of North Staffordshire and Stoke-on-Trent.

The Alliance Board has already laid down broad principles in working together to deliver an MCP model and these are:

- Organisational form: the future might well be as a new legal entity but progress will be achieved pragmatically via a shared team.
- Model of care: the MCP will integrate all providers of out of hospital services, irrespective of sector and will function at a planning and delivery level that will enable response to local need.
- Public involvement: the model of care will be aimed at and shaped by the people who will use it and will be implemented not imposed.
- Service scope: the MCP will focus first on service delivery but has the opportunity to expand into a broader commissioning role.

Statements and Declarations

Pension

As an employer with staff entitled to membership of the NHS Pension scheme, control measures are in place to ensure all employer obligations contained within the Scheme regulations are complied with. This includes ensuring that deductions from salary, employer's contributions and payments in to the Scheme are in accordance with the Scheme rules, and that member Pension Scheme records are accurately updated in accordance with the timescales detailed in the Regulations.

Diversity and inclusion

Control measures are in place to ensure that all the organisation's obligations under equality, diversity and human rights legislation are complied with and an annual report submitted to the Board.

The Trust has further enhanced our approach to raise the profile of Equality, Diversity and Inclusion by building on the Listening into Action theme from last year and developing a strategy with numerous stakeholders which was also signed off by the Board. Further work has been undertaken on creating a service user focussed approach, including the appointment of a new Equality, Diversity and Inclusion Lead. Some examples of the work were recognised by the CQC in their visit particularly the partnership with local deaf awareness charities that have led to a much improved service for the deaf and hearing impaired.

Data quality

The availability of complete, comprehensive, accurate and timely data is an essential component in the provision of high quality mental health services, risk assessment, compliance with external scrutiny requirements, and in performance improvement of national and local standards, targets and contractual requirements

In 2017 the Trust has reviewed its Data Quality Forum and has put in place an action plan to support the improvement in data quality across the organisation. The Forum is chaired by the Director of Finance and reports to the Quality Committee. In addition, a new procedure has been put in place to ensure good quality national mandatory data submissions. It identifies how data quality issues are identified and actioned and describes the processes to ensure that trends in information are analysed over time, and how the Trust ensures that changes are investigated and explained. The Trust continuously reviews SUS submissions and other benchmarking reports and takes action to ensure that any gaps are identified, to improve overall data quality levels and support the delivery of IGT requirements 504/1b.

The move to a full EPR in 2017 will help to create a culture and understanding in staff of the value of capturing high quality data in real time to improve patient care. Safe and efficient patient care relies on high quality data. By taking responsibility for their clinical data, clinicians can improve its quality and help drive up standards of care. The Trust has been working to support Directorates to ensure data quality is optimised in advance of the move to Lorenzo in May 2017.

Information governance disclosures

All NHS organisations are expected to secure person identifiable data related to both patients and staff and to safeguard data holding systems and data flows. There have been no significant control issues related to data loss or confidentiality breach during the year ending 31 March 2017 and up to the date of approval of the annual report and accounts.

Managing and controlling risks related to information is a key element on the risk and control framework. The Information Governance (IG) Toolkit, a tool by which the Trust assesses its compliance with current legislation, Government directives and other national guidance, is a key part of the organisation's Assurance Framework.
The Trust made progress with its overarching action plan to improve performance in the areas of Information Governance management and Information Security assurance, and as noted earlier has successfully achieved level 2 compliance at year end.

HM Treasury/ Cabinet Office Corporate Governance Code

As highlighted in this document, the Trust has an established system of integrated governance, risk management and internal control across the whole of the Trust's activities. The Trust therefore believes that it properly complies with the Corporate Governance Code.

Review of Effectiveness

As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review is informed in a number of ways. The Head of Internal Audit provides me with an opinion on the overall arrangements for gaining assurance through the Assurance Framework and on the controls reviewed as part of the internal audit work. Executive Directors within the organisation who have responsibility for the development and maintenance of the system of internal control provide me with assurance.

The Assurance Framework itself provides me with evidence that the effectiveness of controls that manage the risks to the organisation achieving its strategic objectives have been reviewed and areas for strengthening during the coming year.

My review is also informed by the fact that the Trust continues to be registered under the Health and Social Care Act 2008 without conditions, and that robust processes are in place to ensure ongoing compliance with Registration outcome measures. My review is also informed by the work of the NHSI, and the work of external audit and clinical audit, to ensure that the Trust is meeting the requirements of the Operating Framework for the NHS in England and compliance with the CQC essential standards of quality and safety.

Additionally, the Trust generated an overall surplus for 2016/17 of £2.05m against a control surplus of £1.4m. This includes £0.6m additional "Bonus" Sustainability and Transformation Funding (STF), allocated to the Trust in Month 12 for operating within the agreed control. The Trust has delivered recurrent CIP at £2.425m against a £2.6m target. NSCHT also met its Cash requirements, as well as acting within its' Capital Resource Limit (CRL) and External Financing Limit (EFL).

The Board and its Committees consider and take action on the effectiveness of the system of internal control. Each level of management, including the Board and its sub committees regularly reviews the risks and controls for which it is responsible and takes action on the recommendation of assurance providers. These reviews are monitored and reported to the next level of management.

Strategic objectives have been identified and the totality of assurance activity relating to the Trust's strategic risks has been reviewed within the assurance framework. Key controls are identified. The Board has mapped its assurance needs and identified sources for providing them. Independent assurance, from a wide variety of sources, is provided on the process of risk identification, measurement and management.

The organisation has in place arrangements to monitor, as part of its risk identification and management processes, compliance with other key standards covering areas of potentially significant risk such as Registration outcomes and the NHS Litigation Authority Risk Management Standards.

We recognise that good governance is a hallmark of high performing organisations. We are committed to building on our strengths and addressing any weaknesses. During the year we have worked closely with our commissioners and in particular with the CQC to ensure that we continue to deliver sustainable high quality care for the patients and communities we serve.

In summary, I have been advised on the effectiveness of the system of internal control by the Trust Board and its committees. I have also considered the work of Internal Audit throughout the year and the Head of Internal Audit Opinion on the overall arrangements for gaining assurance through the Assurance Framework and on the controls reviewed as part of the internal audit work. A plan to address any weaknesses and ensure continuous improvement of the system is in place. We will continue to work with our commissioners to sustain funding. We aspire to be an outstanding organisation and everything we are doing is laying the foundations for this. We set out to achieve a rating of 'Good' by September 2016 which we achieved and ultimately seek to become 'Outstanding'.

As Accountable Officer, my review confirms that North Staffordshire Combined Healthcare NHS Trust has a good system of internal control that supports the achievement of its policies, aims and objectives.

REMUNERATION AND STAFF REPORT

Remuneration report

This report provides information about the remuneration of the Trust's directors and those who influence the decisions of the Trust as a whole.

The Chief Executive has confirmed that for North Staffordshire Combined Healthcare NHS Trust this report will include the Executive Directors (interim and substantive) and the Director of Operations (collectively referred to as very senior managers) and the Non-Executive Directors, including the Chair.

The Remuneration and Terms of Service Committee has responsibility to determine the remuneration of a wider group of staff. However, as their duties do not meet the definition provided above, details about their remuneration, and that of other employees, are not included in this report.

Duties and membership of the Remuneration and Terms of Service Committee

The Trust Board has established a committee of the Board known as the Remuneration and Terms of Service Committee. The current terms of reference of the Remuneration and Terms of Service Committee were revised and approved by the Trust Board in February 2017. The Terms of Reference will be reviewed annually and the next review must take place before 31 March 2018.

The purpose of the committee is to determine appropriate remuneration and terms of service for the Chief Executive, Executive Directors and other senior management employed on Trust terms and conditions, including:

- All aspects of salary (including any performance related elements/ bonuses)
- Additional non-pay benefits, including pensions and cars
- Contracts of employment
- Arrangements for termination of employment and other contractual terms
- Severance packages (severance packages must be calculated using standard guidelines any proposal to make payments outside of the current guidelines must be subject to the approval of the Treasury).

The membership of the committee is the Chair of the Trust Board and all the non-executive directors who are Board members.

The Trust Chair chairs the committee. In the absence of the Chair, one of the other non-executive directors is elected by those present to Chair the meeting.

The committee meets at least twice per year although meetings are called more frequently when vacancies arise.

Meetings can be called at the discretion of the Chair. Only the Chair and relevant members are entitled to be present at a meeting of the committee, but others may attend by invitation of the committee.

The committee is supported by the Associate Director of Governance. The Chief Executive and Director of Leadership and Workforce attend meetings as required and advise on:

- Trends in pay and benefits
- Alignment of reward policies and Trust objectives
- The relevance of surveys and changes in reward practice
- The application and impact of external regulation on appointment, compensation, benefit and termination practice.

Those in attendance are required to withdraw from meetings for the consideration of business in which they are personally interested.

Remuneration of senior managers – salaries (2016/17)

Name and Title	2016-17				
	Salary	Performance Pay	Taxable Expense Payment	All pension-related benefits	Total
	(bands of £5000)	(bands of £5000)	(Rounded to the nearest £100)	(bands of £2500)	(bands of £5000)
	£000's	£000's	£00's	£000's	£000's
C. Donovan - Chief Executive Officer	135 to 140	0	0	75 to 77.5	210 to 215
O Adeyemo - Medical Director	105 to 110	0	0	0 to 2.5	105 to 110
A Rogers - Director of Operations	90 to 95	0	0	0	90 to 95
S Robinson - Director of Finance	100 to 105	0	0	52.5 to 55	150 to 155
P Draycott - Director of Workforce	85 to 90	0	0	0	85 to 90
M Nelligan - Director of Nursing	95 to 100	0	0	215 to 217.5	310 to 315
T Thornber - Director of Strategy (until 19 February 2017)	95 to 100	0	0	0	95 to 100
A Hughes - Director of Strategy (from 20th March 2017)	0 to 5	0	0	0 to 2.5	0 to 5
D Rogers - Chairman	30 to 35	0	0	0	30 to 35
A. Gadsby - Non Executive Director	5 to 10	0	0	0	5 to 10
B Johnson - Non Executive Director	5 to 10	0	0	0	5 to 10
P Sullivan - Non Executive Director	5 to 10	0	0	0	5 to 10
P O'Hagan - Non Executive Director (until August 2016)	1 to 5	0	0	0	1 to 5
L Barber - Non Executive Director (from Dec 2016)	1 to 5	0	0	0	1 to 5
J Walley - Non Executive Director (from Dec 2016)	1 to 5	0	0	0	1 to 5

Remuneration of senior managers – salaries (2015/16)

Name and Title	2015-16				
	Salary	Performance Pay	Taxable Expense Payment	All pension-related benefits	Total
	(bands of £5000)	(bands of £5000)	(Rounded to the nearest £100)	(bands of £2500)	(bands of £5000)
	£000's	£000's	£00's	£000's	£000's
C. Donovan - Chief Executive Officer	120 to 125	0	0	0	120 to 125
O Adeyemo - Medical Director	120 to 125	0	0	30 to 32.5	150 to 155
A Rogers - Director of Operations	90 to 95	0	0	17.5 to 20	105 to 110
A Harrison - Director of Finance (to 23 March 2016)	210 to 215	0	0	0	210 to 215
S Robinson - Director of Finance (From 24 March 2016)	0 to 5	0	0	0 to 2.5	0 to 5
P Draycott - Director of Workforce	85 to 90	0	0	0	85 to 90
M Nelligan - Director of Nursing (from 12 October 2015)	45 to 50	0	0	35 to 37.5	80 to 85
M Dinwiddy - Director of Nursing (to 7 August 2015)	70 to 75	0	0	0	70 to 75
T Thornber - Director of Strategy (from 14 September 2015)	55 to 60	0	0	0 to 2.5	55 to 60
A Hughes - Director of Strategy (to 21 September)	90 to 95	0	0	0	90 to 95
A. Gadsby - Non Executive Director	5 to 10	0	0	0	5 to 10
K Jarrold - Chairman (to 31 March)	20 to 25	0	0	0	20 to 25
P O'Hagan - Non Executive Director	5 to 10	0	0	0	5 to 10
B Johnson - Non Executive Director	5 to 10	0	0	0	5 to 10
P Sullivan - Non Executive Director	5 to 10	0	0	0	5 to 10
D Rogers - Non Executive Director (from 1 August 2014)	5 to 10	0	0	0	5 to 10

Remuneration of senior managers - pensions benefits

Name and Title	Total accrued pension at age 60 as at 31 March 2017	Real increase in pension at age 60	Lump sum at age 60 related to accrued pension at 31 March 2017	Real increase in Lump sum at age 60	Cash Equivalent Transfer Value at 31 March 2017	Cash Equivalent Transfer Value at 1 April 2016	Real increase in cash Equivalent Transfer Value	Employer's contribution to stakeholder pension
	(bands of £5000)	(bands of £2500)	(bands of £5000)	(bands of £2500)				
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	
C. Donovan - Chief Executive Officer	45 to 50	2.5 to 5	145 to 150	10 to 12.5	937	811	126	N/A
O Adeyemo - Medical Director	20 to 25	0 to 2.5	70 to 75	5 to 7.5	402	372	29	N/A
A Rogers - Director of Operations	10 to 15	0			114	128	0	N/A
S Robinson - Director of Finance	15 to 20	2.5 to 5	50 to 55	7.5 to 10	241	179	62	N/A
P Drayott - Director of Workforce								
M McElgun - Director of Nursing	25 to 30	10 to 12.5	110 to 115	30 to 32.5	745	531	214	N/A
T Thornber - Director of Strategy	10 to 15	0	35 to 40	2.5 to 5	158	140	18	N/A
A Hughes - Director of Strategy	15 to 20	0 to 2.5	45 to 50	5 to 7.5	272	260	12	N/A

Pay multiple disclosure

Year	2016/17	2015/16
Band of highest paid directors' total remuneration (£'000)	130-135	120-125
Median total (£)	28,189	28,180
Ratio	4.63	4.35

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

The banded remuneration of the highest-paid director in North Staffordshire Combined Healthcare NHS Trust in the financial year 2016/17 was between £130-£135k (2015/16 £122,443). This was 4.63 times (2015/16 4.35 times) the median remuneration of the workforce, which was £28,189 (2015/16 £28,180).

In 2016/17, 10 (2015/16 11) employees received remuneration in excess of the highest paid director. Remuneration ranged from £134k to £160k (2015-16 £127k-£207k).

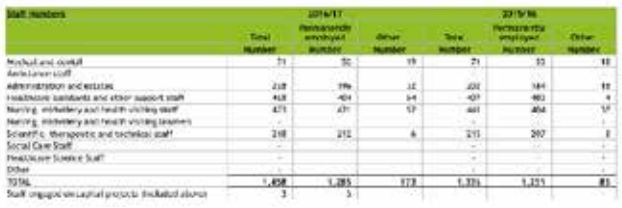
Signed by Chief Executive

Caroline Donovan
Chief Executive

Date: 31 May 2017

Staff report

We employed 1,285 (WTE) staff over a range of positions at the end of March 2017.



Our staff costs amounted to £59.2m, which represents 72% of the Trust's closing income for the year (£81.9m).

Staff Sickness	2016	2015
	Number	Number
Total Days Lost	14,620	12,467
Total Staff Years	1,286	1,239
Average working Days Lost	11.37	10.06

Turnover

Our turnover figure increased by 2% within 2016/17 to a FTE rate of 15%. This reflects a range of workforce changes and is significantly affected by an increase in recruitment in 2016/17 as a consequence of efforts to achieve Safer Staffing standards.

Sickness absence

In line with Deprtment of Health guidance, the figures quoted in the table above are derived from calendar year data. Sickness absence increased during 2016/17 to a rolling average of 4.71% – an increase over the 2015/16 average of 0.9%.

The workforce team operates systems to monitor sickness trends and patterns, supporting targeted actions for management of sickness in a timely manner. The main aim of this process is to support staff and offer early intervention so that staff can maintain and also improve their wellbeing.

Our People and Culture Development Committee has a strong focus upon health and wellbeing and a comprehensive staff wellbeing action plan has been developed and is being implemented at a local level with a specific focus on reducing stress related absences.

Our Occupational Health provider Team Prevent provides support to staff, effective signposting and early intervention and generate quality management information in order to manage absence robustly.

Our Staff Counselling and Support Service continue to provide excellent support both individually to staff, and also collectively via peer support and relevant training sessions. In 2016/17 the service continued with their major programme of critical incident and stress management training, which looks in detail at the physiological and psychosocial impact of stress, in particular the ramifications of sudden and critical incidents.

There has been a significant investment of resource in the area of staff health and wellbeing in 2016/17, most notably through the Feel Good Friday programme, which will continue to deliver goals into 2017/18.

In 2016/17 there was a greater focus on health and wellbeing in terms of promotion and prevention where the Trust met its CQUIN targets in relation to the flu vaccine, access to physiotherapy services and offering a wider range of healthy food to staff from various catering outlets. In addition, the introduction of the Health and Wellbeing Steering Group in 2017/18 will see further developments and progress on the health and wellbeing agenda.

Exit packages

Exit Packages 2016/17						
Exit package cost band (including any special payment element)	Number of compulsory redundancies	Cost of compulsory redundancies	Number of other departures agreed	Cost of other departures agreed	Total number of exit packages	Total cost of exit packages
	Number	£s	Number	£s	Number	£s
Less than £10,000			6	37,751	6	37,751
£10,000 - £25,000	3	51,712			3	51,712
£25,001 - £50,000	2	64,636			2	64,636
£50,001 - £100,000	1	60,043			1	60,043
£100,001 - £150,000	1	114,136			1	114,136
£150,001 - £200,000					0	0
>£200,000					0	0
Total	7	290,499	6	37,751	13	328,250

Exit Packages 2015/16						
Exit package cost band (including any special payment element)	Number of compulsory redundancies	Cost of compulsory redundancies	Number of other departures agreed	Cost of other departures agreed	Total number of exit packages	Total cost of exit packages
	Number	£s	Number	£s	Number	£s
Less than £10,000	1	5,750	1	3,199	2	8,949
£10,000 - £25,000	1	21,135			1	21,135
£25,001 - £50,000	1	43,595			1	43,595
£50,001 - £100,000					0	0
£100,001 - £150,000					0	0
£150,001 - £200,000					0	0
>£200,000					0	0
Total	3	70,480	1	3,199	4	73,679

Exit Packages - Other Departures Analysis				
	2016/17		2015/16	
Other Exit packages - disclosures (Exclude Compulsory Redundancies)	Agreements	Total Value of agreements	Agreements	Total Value of agreements
	Number	£000s	Number	£000s
Voluntary redundancies including early retirement contractual costs			0	0
Mutually agreed resignations (MARS) contractual costs			0	0
Early retirements in the efficiency of the service contractual costs			0	0
Contractual payments in lieu of notice	6	38	1	3
Exit payments following Employment Tribunals or court orders			0	0
Non contractual payments requiring HMT approval *			0	0
Total	6	38	1	3
Non-contractual payments made to individuals where the payment value was more than 12 months of their annual salary	0	0	0	0

Staff policies

We are committed to giving full and fair consideration to disabled people wishing to work for the Trust. The Trust subscribes to the Two Ticks standard and displays the symbol on adverts to show applications from disabled people are encouraged. Consequently any applicant that considers themselves to have a disability and meets the minimum requirements of the person specification is guaranteed an interview. All applicants for posts are asked if they require any reasonable adjustments in order to facilitate their participation in the shortlisting process.

The Trust also has a policy covering the Equality of Opportunity in Employment, which specifically details anti-discriminatory practice in recruitment. This policy was reviewed and ratified by the Trust Board in July 2015.

The Trust has an Occupational Health Service that provides specialised advice to managers regarding the reasonable adjustments required by any employee referred to them.

We have robust health and safety measures in place including workstation risk assessments and stress risk assessments that aim to highlight and quantify any risk to employees and to bring measures into place to mitigate the risk as much as possible. All policies and Trust initiatives, for example, service changes, are subject to an equality impact assessment in order to ensure that any proposed measures have no detrimental impact on employees with any protected characteristics, including disability.

The Trust regularly works with third sector organisations including Access to Work and the Dyslexia Association. In 2016/17, the Trust continued to take major steps to gain a greater understanding of the deaf community and a significant proportion of staff took the opportunity to learn to fingerspell.

There was also considerable investment in technological solutions. The annual Staff Survey asks employees questions about their experiences as employees, and specifically asks if they have experienced discrimination and, if so, on what grounds. This allows the employer to monitor the effectiveness of its anti-discriminatory practices.

As with new applicants, all promotion opportunities within the Trust are advertised through NHS Jobs and applicants are subject to the same standards as new recruits (e.g. Two Ticks). Trust training is open to all staff and everyone attending is given the opportunity to raise any reasonable adjustments that they need.

Signed by Chief Executive

Caroline Donovan
Chief Executive

Date: 31 May 2017

Independent Auditor's Report to the Directors of North Staffordshire Combined Healthcare NHS Trust

We have audited the financial statements of North Staffordshire Combined Healthcare NHS Trust for the year ended 31 March 2017 under the Local Audit and Accountability Act 2014. The financial statements comprise the Trust Statement of Comprehensive Income, the Trust Statement of Financial Position, the Trust Statement of Changes in Taxpayers' Equity, the Trust Statement of Cash Flows and the related notes 1 to 44.

The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the 2016-17 Government Financial Reporting Manual (the 2016-17 FReM) as contained in the Department of Health Group Accounting Manual 2016-17 and the Accounts Direction issued by the Secretary of State with the approval of HM Treasury as relevant to the National Health Service in England (the Accounts Direction).

We have also audited the information in the Remuneration and Staff Report that is subject to audit, being:

- The table of remuneration of senior managers and related narrative notes on page 78
- The table of pension benefits of senior managers and related narrative notes on page 79
- The tables of exit packages and related notes on page 81
- The analysis of staff numbers and costs and related notes on page 80
- The table of pay multiples and related narrative notes on page 79.

This report is made solely to the Board of Directors of North Staffordshire Combined Healthcare NHS Trust, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited.

Our audit work has been undertaken so that we might state to the Directors of the Trust those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Directors, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors, the Accountable Officer and auditor

As explained more fully in the Statement of Directors' Responsibilities in respect of the Accounts, set out on page 65, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards also require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

As explained in the statement of the Chief Executive's responsibilities, as the Accountable Officer of the Trust, the Accountable Officer is responsible for the arrangements to secure economy, efficiency and effectiveness in the use of the Trust's resources.

We are required under section 21(3)(c), as amended by schedule 13 paragraph 10(a), of the Local Audit and Accountability Act 2014 to be satisfied that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. Section 21(5)(b) of the Local Audit and Accountability Act 2014 requires that our report must not contain our opinion if we are satisfied that proper arrangements are in place.

We are not required to consider, nor have we considered, whether all aspects of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Trust circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

In addition we read all the financial and non-financial information in the annual report and accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in November 2016, as to whether the Trust had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Trust put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2017. We planned our work in accordance with the Code of Audit Practice.Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Trust had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Opinion on the financial statements

In our opinion the financial statements:
give a true and fair view of the financial position of North Staffordshire Combined Healthcare NHS Trust as at 31 March 2017 and of its expenditure and income for the year then ended; and
have been prepared properly in accordance with the National Health Service Act 2006 and the Accounts Directions issued thereunder.

Opinion on other matters

In our opinion:

- the parts of the Remuneration and Staff Report to be audited have been properly prepared in accordance with the Accounts Direction made under the National Health Service Act 2006; and
- the other information published together with the audited financial statements in the annual report and accounts is consistent with the financial statements.

Matters on which we are required to report by exception

We are required to report to you if:

- in our opinion the governance statement does not comply with the NHS Improvement's guidance; or
- we refer a matter to the Secretary of State under section 30 of the Local Audit and Accountability Act 2014 because we have reason to believe that the Trust, or an officer of the Trust, is about to make, or has made, a decision which involves or would involve the body incurring unlawful expenditure, or is about to take, or has begun to take a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency; or
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014; or
- we make a written recommendation to the Trust under section 24 of the Local Audit and Accountability Act 2014; or
- we are not satisfied that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2017.

We have nothing to report in these respects.

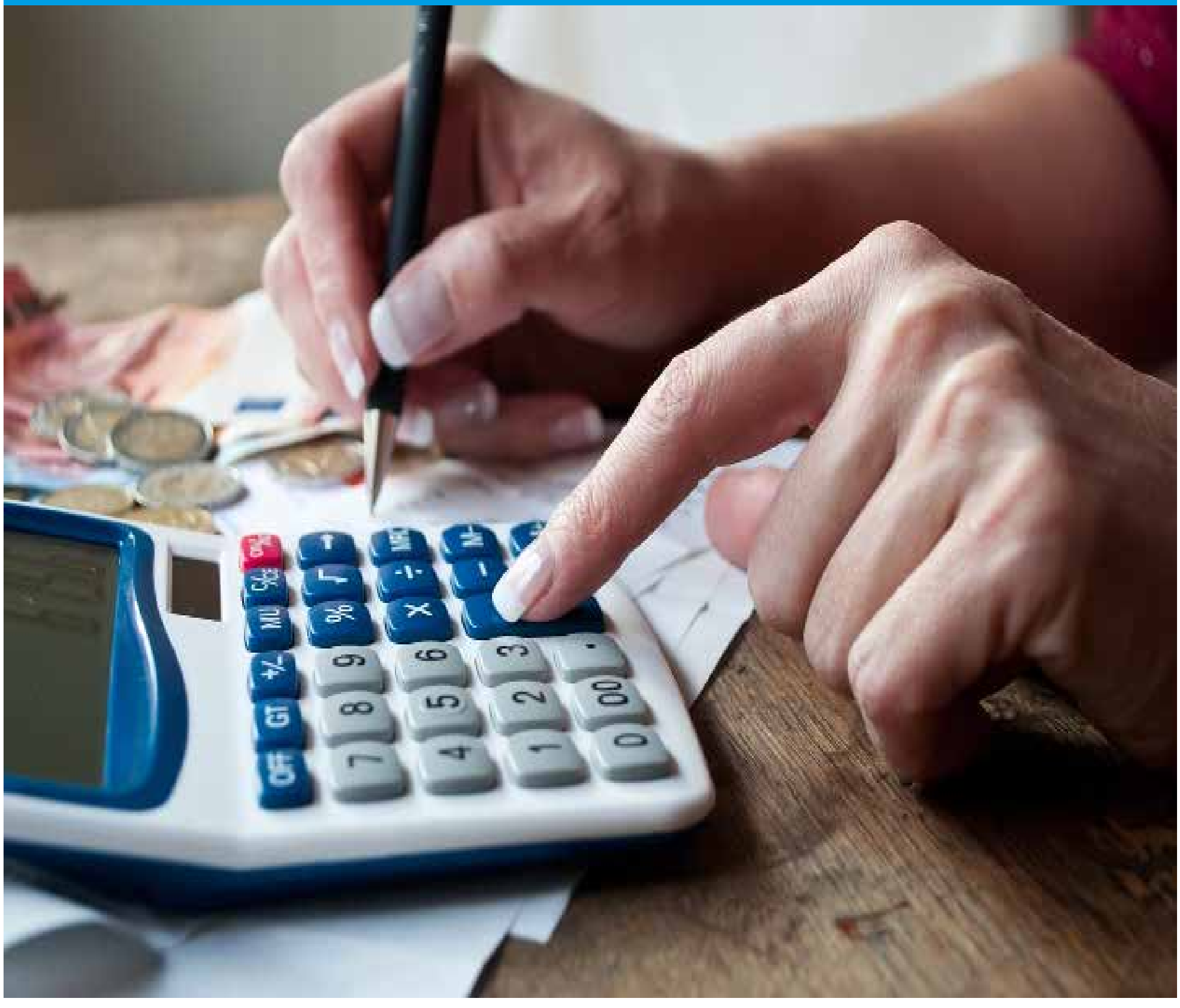
Certificate

We certify that we have completed the audit of the accounts of North Staffordshire Combined Healthcare NHS Trust in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

Hassan Rohimun
for and on behalf of Ernst & Young LLP
Manchester

Date: 31 May 2017

Part Three - Financial Statements and Accounts - 1 April 2016 - 31 March 2017



Statement of Comprehensive Income for year ended 31 March 2017

	NOTE	2016-17 £000s	2015-16 £000s
Gross employee benefits	10.1	**(59,217)**	(56,057)
Other operating costs	8	**(20,181)**	(19,821)
Revenue from patient care activities	5	**70,551**	69,650
Other operating revenue	6	**11,332**	8,938
Operating surplus/(deficit)		**2,485**	2,710
Investment revenue	12	**13**	19
Other gains and (losses)	13	**153**	42
Finance costs	14	**(1,338)**	(1,428)
Surplus/(deficit) for the financial year		**1,313**	1,343
Public dividend capital dividends payable		**(562)**	(553)
Transfers by absorption - gains		**0**	0
Transfers by absorption - (losses)		**0**	0
Net Gain/(loss) on transfers by absorption		**0**	0
Retained surplus/(deficit) for the year		**751**	790

Other Comprehensive Income

	2016-17 £000s	2015-16 £000s
Impairments and reversals taken to the revaluation reserve	**(3,325)**	0
Net gain/(loss) on revaluation of property, plant & equipment	**317**	227
Net gain/(loss) on revaluation of intangibles	**0**	0
Net gain/(loss) on revaluation of financial assets	**0**	0
Other gain /(loss) (explain in footnote below)	**0**	0
Net gain/(loss) on revaluation of available for sale financial assets	**0**	0
Net actuarial gain/(loss) on pension schemes	**0**	0
Other pension remeasurements	**337**	1,190
Reclassification adjustments		
On disposal of available for sale financial assets	**0**	0
Total comprehensive income for the year	**(1,920)**	2,207

Financial performance for the year

Retained surplus/(deficit) for the year	**751**	790
Prior period adjustment to correct errors and other performance adjustments	**0**	0
IFRIC 12 adjustment (including IFRIC 12 impairments)	**127**	550
Impairments (excluding IFRIC 12 impairments)	**1,173**	(43)
Adjustments in respect of donated gov't grant asset reserve elimination	**0**	0
Adjustment re absorption accounting	**0**	0
Adjusted retained surplus/(deficit)	**2,051**	1,297

A Trust's Reported NHS financial performance position is derived from its Retained surplus/(Deficit), but adjusted for the following:-

a) During the 2016/17 financial year the Trust has revalued its land and buildings. This has resulted in a net impairment which is included within the Retained surplus for the year. An impairment charge is not considered part of the organisation's operating position and is adjusted within the financial performance for the year.

b) The revenue cost of bringing PFI assets onto the balance sheet (due to the introduction of International Financial Reporting Standards (IFRS) accounting in 2009/10) - NHS Trusts' financial performance measurement needs to be aligned with the guidance issued by HM Treasury measuring Departmental expenditure. Therefore, the incremental revenue expenditure resulting from the application of IFRS to PFI, which has no cash impact and is not chargeable for overall budgeting purposes, should be reported as technical. This additional cost is not considered part of the organisation's operating position.

The notes on pages 86 to 134 form part of this account.

Statement of Financial Position as at 31 March 2017

	NOTE	**31 March 2017** **£000s**	31 March 2016 £000s
Non-current assets:			
Property, plant and equipment	16.1 to 16.3	**28,037**	30,726
Intangible assets	17	**221**	17
Investment property	19	**0**	0
Other financial assets		**0**	0
Trade and other receivables	22.1	**2,323**	568
Total non-current assets		**30,581**	31,311
Current assets:			
Inventories	21	**88**	96
Trade and other receivables	22.1	**5,181**	3,448
Other financial assets	24	**0**	0
Other current assets	25	**0**	0
Cash and cash equivalents	26	**6,964**	7,903
Sub-total current assets		**12,233**	11,447
Non-current assets held for sale	27	**0**	2,198
Total current assets		**12,233**	13,645
Total assets		**42,814**	44,956
Current liabilities			
Trade and other payables	28	**(7,506)**	(6,507)
Other liabilities	29	**0**	0
Provisions	35	**(333)**	(1,298)
Borrowings	30	**(457)**	(346)
Other financial liabilities	31	**0**	0
DH revenue support loan	30	**0**	0
DH capital loan	30	**0**	0
Total current liabilities		**(8,296)**	(8,151)
Net current assets/(liabilities)		**3,937**	5,494
Total assets less current liablilities		**34,518**	36,805
Non-current liabilities			
Trade and other payables	28	**0**	0
Other liabilities	29	**0**	0
Provisions	35	**(474)**	(383)
Borrowings	30	**(12,189)**	(12,647)
Other financial liabilities	31	**0**	0
DH revenue support loan	30	**0**	0
DH capital loan	30	**0**	0
Total non-current liabilities		**(12,663)**	(13,030)
Total assets employed:		**21,855**	23,775
FINANCED BY:			
Public Dividend Capital		**7,648**	7,648
Retained earnings		**3,987**	1,800
Revaluation reserve		**9,323**	13,759
Other reserves		**897**	568
Total Taxpayers' Equity:		**21,855**	23,775

The notes on pages 86 to 134 form part of this account.

The financial statements on pages 86 to 90 were approved by the Board on 31 May 2017 and signed on its behalf by

The financial statements on pages 93 to 97 were approved by the Board on 31 May 2017 and signed on its behalf by

Chief Executive: Date: 31 May 2017

Statement of Changes in Taxpayers' Equity
For the year ending 31 March 2017

	Public Dividend capital	Retained earnings	Revaluation reserve	Other reserves	Total reserves
	£000s	£000s	£000s	£000s	£000s
Balance at 1 April 2016	**7,648**	**2,368**	**13,759**	**0**	**23,775**
Changes in taxpayers' equity for 2016-17					
Retained surplus/(deficit) for the year		751			**751**
Net gain / (loss) on revaluation of property, plant, equipment			317		**317**
Net gain / (loss) on revaluation of intangible assets			0		**0**
Net gain / (loss) on revaluation of financial assets			0		**0**
Net gain / (loss) on revaluation of available for sale			0		**0**
Impairments and reversals			(3,325)		**(3,325)**
Other gains/(loss) (provide details below)				0	**0**
Transfers between reserves		1,428	(1,428)	0	**0**
Reclassification Adjustments					
Transfers between Reserves in respect of assets transferred under absorption	0	0	0	0	**0**
On disposal of available for sale financial assets			0		**0**
Reserves eliminated on dissolution		0	0	0	**0**
Originating capital for Trust established in year	0				**0**
Temporary and permanent PDC received - cash	0				**0**
Temporary and permanent PDC repaid in year	0				**0**
PDC written off	0	0			**0**
Transfer due to change of status from Trust to Foundation Trust	0	0	0	0	**0**
Other movements	0	0	0	0	**0**
Net actuarial gain/(loss) on pension		0		0	**0**
Other pensions remeasurement		337		0	**337**
Net recognised revenue/(expense) for the year	**0**	**2,516**	**(4,436)**	**0**	**(1,920)**
Balance at 31 March 2017	**7,648**	**4,884**	**9,323**	**0**	**21,855**
Balance at 1 April 2015	**7,998**	**814**	**13,664**	**(558)**	**21,918**
Changes in taxpayers' equity for the year ended 31 March 2016					
Retained surplus/(deficit) for the year		790			790
Net gain / (loss) on revaluation of property, plant, equipment			227		227
Net gain / (loss) on revaluation of intangible assets			0		0
Net gain / (loss) on revaluation of financial assets			0		0
Net gain / (loss) on revaluation of assets held for sale			0		0
Impairments and reversals			0		0
Other gains / (loss)				0	0
Transfers between reserves		(426)	(132)	558	0
Reclassification Adjustments					
Transfers between revaluation reserve & retained earnings reserve in respect of assets transferred under absorption		0	0		0
On disposal of available for sale financial assets			0		0
Originating capital for Trust established in year	0				0
New PDC received - cash	0				0
PDC repaid in year	(350)				(350)
Other movements	0	0	0	0	0
Net actuarial gain/(loss) on pension				0	0
Other pension remeasurement		1,190		0	1,190
Net recognised revenue/(expense) for the year	**(350)**	**1,554**	**95**	**558**	**1,857**
Balance at 31 March 2016	**7,648**	**2,368**	**13,759**	**0**	**23,775**

Information on reserves

1 **Public dividend capital**
Public dividend capital (PDC) is a type of public sector equity finance based on the excess of assets over liabilities. Additional PDC may also be issued to NHS Trusts by the Department of Health. A charge, reflecting the cost of capital utilised by the Trust, is payable to the Department of Health as the public dividend capital dividend.

2 **Income and expenditure reserve**
The balance of this reserve is the accumulated surpluses and deficits of the Trust.

3 **Revaluation Reserve**
Increases in asset values arising from revaluations are recognised in the revaluation reserve, except where, and to the extent that, they reverse impairments previously recognised in operating expenses, in which case they are recognised in operating income. Subsequent downward movements in asset valuations are charged to the revaluation reserve to the extent that a previous gain was recognised unless the downward movement represents a clear consumption of economic benefit or a reduction in service potential.

4 **Other reserves**
The balance within this reserve reflects the net asset position of the defined benefit Local Government Pension Scheme (LGPS).

Statement of Cash Flows for the Year ended 31 March 2017

	NOTE	**2016-17 £000s**	2015-16 £000s
Cash Flows from Operating Activities			
Operating surplus/(deficit)		**2,485**	2,710
Depreciation and amortisation	8	**898**	1,372
Impairments and reversals	18	**1,173**	(43)
Other gains/(losses) on foreign exchange	13	**0**	0
Donated Assets received credited to revenue but non-cash	6	**0**	0
Government Granted Assets received credited to revenue but non-cash		**0**	0
Release of PFI/deferred credit		**0**	0
(Increase)/Decrease in Inventories		**8**	(10)
(Increase)/Decrease in Trade and Other Receivables		**(1,031)**	(424)
(Increase)/Decrease in Other Current Assets		**0**	0
Increase/(Decrease) in Trade and Other Payables		**813**	1,134
(Increase)/Decrease in Other Current Liabilities		**0**	0
Provisions utilised		**(532)**	(364)
Increase/(Decrease) in movement in non cash provisions		**(345)**	(241)
Net Cash Inflow/(Outflow) from Operating Activities		**3,469**	4,134
Cash Flows from Investing Activities			
Interest Received		**13**	19
(Payments) for Property, Plant and Equipment		**(2,189)**	(819)
(Payments) for Intangible Assets		**(217)**	0
(Payments) for Investments with DH		**0**	0
(Payments) for Other Financial Assets		**0**	0
(Payments) for Financial Assets (LIFT)		**0**	0
Proceeds of disposal of assets held for sale (PPE)		**212**	364
Proceeds of disposal of assets held for sale (Intangible)		**0**	0
Proceeds from Disposal of Investment with DH		**0**	0
Proceeds from Disposal of Other Financial Assets		**0**	0
Proceeds from the disposal of Financial Assets (LIFT)		**0**	0
Loans Made in Respect of LIFT		**0**	0
Loans Repaid in Respect of LIFT		**0**	0
Rental Revenue		**0**	0
Net Cash Inflow/(Outflow) from Investing Activities		**(2,181)**	(436)
Net Cash Inform / (outflow) before Financing		**1,288**	3,698
Cash Flows from Financing Activities			
Gross Temporary and Permanent PDC Received		**0**	0
Gross Temporary and Permanent PDC Repaid		**0**	(350)
Loans received from DH - New Capital Investment Loans		**0**	0
Loans received from DH - New Revenue Support Loans		**0**	0
Other Loans Received		**0**	0
Loans repaid to DH - Capital Investment Loans Repayment of Principal		**0**	0
Loans repaid to DH - Working Capital Loans/Revenue Support Loans		**0**	0
Other Loans Repaid		**0**	0
Cash transferred to NHS Foundation Trusts or on dissolution		**0**	0
Capital Element of Payments in Respect of Finance Leases and On-SoFP PFI and LIFT		**(347)**	(350)
Interest paid		**(1,327)**	(1,364)
PDC Dividend (paid)/refunded		**(553)**	(536)
Capital grants and other capital receipts (excluding donated / government granted cash receipts)		**0**	0
Net Cash Inflow/(Outflow) from Financing Activities		**(2,227)**	(2,600)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(939)**	1,098
Cash and Cash Equivalents (and Bank Overdraft) at Beginning of the Period		**7,903**	6,805
Effect of exchange rate changes in the balance of cash held in foreign currencies		**0**	0
Cash and Cash Equivalents (and Bank Overdraft) at year end	**26**	**6,964**	7,903

NOTES TO THE ACCOUNTS

1. Accounting Policies

The Secretary of State for Health has directed that the financial statements of NHS Trusts shall meet the accounting requirements of the Department of Health Group Manual for Accounts, which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the DH Group Manual for Accounts 2016-17 issued by the Department of Health. The accounting policies contained in that manual follow International Financial Reporting Standards to the extent that they are meaningful and appropriate to the NHS, as determined by HM Treasury, which is advised by the Financial Reporting Advisory Board. Where the Manual for Accounts permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Trust for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Trust are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

1.1 Accounting convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment, intangible assets, inventories and certain financial assets and financial liabilities.

Going Concern

Based on current performance and assessment of the external NHS environment, the Board of Directors have a reasonable expectation that the Trust has adequate resources to continue in operation for the foreseeable future. For this reason, we continue to adopt the going concern basis in preparing the accounts.

1.2 Acquisitions and discontinued operations

Activities are considered to be 'acquired' only if they are taken on from outside the public sector. Activities are considered to be 'discontinued' only if they cease entirely. They are not considered to be 'discontinued' if they transfer from one public sector body to another.

1.3 Movement of assets within the DH Group

Transfers as part of reorganisation fall to be accounted for by use of absorption accounting in line with the Treasury FReM. The FReM does not require retrospective adoption, so prior year transactions (which have been accounted for under merger accounting) have not been restated. Absorption accounting requires that entities account for their transactions in the period in which they took place, with no restatement of performance required when functions transfer within the public sector. Where assets and liabilities transfer, the gain or loss resulting is recognised in the SOCI, and is disclosed separately from operating costs.

Other transfers of assets and liabilities within the Group are accounted for in line with IAS 20 and similarly give rise to income and expenditure entries.

1.4 Charitable Funds

Under the provisions of IAS 27 Consolidated and Separate Financial Statements, those Charitable Funds that fall under common control with NHS bodies are consolidated within the entity's financial statements. In accordance with IAS 1 Presentation of Financial Statements, restated prior period accounts are presented where the adoption of the new policy has a material impact.

Following the Treasury's agreement to apply IAS 27 to NHS Charities from 1 April 2013, the Trust has established that as it is the corporate trustee of the linked North Staffordshire Combined Healthcare NHS Trust charity (charity registration number 1057104), it effectively has the power to exercise control so as to obtain economic benefits. However the transactions are immaterial in the context of the Trust and transactions have not been consolidated. Details of the transactions with the charity are included in the related parties' notes.

1.5 Pooled Budgets

The Trust has entered into a pooled budget with both the City of Stoke on Trent Council and Staffordshire County Council Local Authorities. Under the arrangement funds are pooled under S75 of the NHS Act 2006 for community mental health activities and note 2 to the accounts provides details of the income and expenditure.

The pool is hosted by the Trust. Payments for services provided by the Trust are accounted for as income from Stoke-on-Trent CCG, City of Stoke on Trent Council and Staffordshire County Council. The Trust accounts for its share of the assets, liabilities, income and expenditure arising from the activities of the pooled budget, identified in accordance with the pooled budget agreement.

1.6 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Trust's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from those estimates and the estimates and underlying assumptions are continually reviewed. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

1.6.1 Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below) that management has made in the process of applying the Trust's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

The Trust has administered Charitable Funds since its creation on 1st April 1994. The funds were registered with the Charity Commission under the requirements contained within the 1993 Charity Act. The funds were registered as an "Umbrella Charity" as they related to services provided by both the Trust and Staffordshire & Stoke on Trent Partnership NHS Trust.
As at 31st March 2017 Charitable fund balances totalled £461,000. As a consequence the Trust considers these balances to be immaterial and not requiring full disclosure within the 2016/17 Accounts.

NOTES TO THE ACCOUNTS

Notes to the Accounts - 1. Accounting Policies (Continued)

1.6.2 Key sources of estimation uncertainty

The following are key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year.

The Trust has recognised that its PFI scheme relating to the Harplands Hospital is a service concession that must be accounted for under IFRIC 12, requiring the Trust to recognise the asset, and the liability to pay for it, on the Trust's Statement of Financial Position. The Trust is required to determine, at the inception of the arrangement, the initial fair value of the asset based on the capital cost detailed within the operator's financial model, after giving consideration to the costs the Trust would capitalise if it were procuring the asset directly.

The initial financial liability is recognised at the same amount as the fair value of the asset.

The Trust is also required to split the unitary charge payment it makes to the operator into its key component parts: payments for services, payment for the asset (comprising of the repayment of the liability, finance costs and contingent rental) and lifecycle replacement.

The Trust undertook a full valuation of its property assets in the financial year with a valuation date of 30 June 2016. A property subsequently purchased was valued at 31 March 2017. Following the revaluation of land and buildings at 30 June 2016 there has been no subsequent indexation of the Trusts asset values from this date to the Balance Sheet date. The Trusts indepenent valuers, Cushman & Wakefield, indicated that an uplift of approximately 1.55% was applicable for the 9 month period to 31 March 2017. This is deemed an immaterial change by the Trust. It is believed land and buildings are held at fair value at the Balance Sheet date.

The Trust brought forward a redundancy provision from 2015/16 in respect of on-going workforce design schemes. A number of charges have been made against this provision in 2016/17. Additionally the Trust has commenced other management of change processes within the reporting year. As a consequence the Trust has reviewed the carrying value of the redundancy provision within 2016/17. The balance of the provision as at 31st March 2017 therefore reflects the anticipated costs to be incurred in order to reduce on-going costs accordingly. The provision within the 2016/17 Accounts for this item amounts to £157,000. Details of the Trust provisions are provided in Note 35.

1.7 Revenue

Revenue in respect of services provided is recognised when, and to the extent that, performance occurs, and is measured at the fair value of the consideration receivable. The main source of revenue for the Trust is from commissioners for healthcare services.

Where income is received for a specific activity that is to be delivered in the following year, that income is deferred.

The Trust receives income under the NHS Injury Cost Recovery Scheme, designed to reclaim the cost of treating injured individuals to whom personal injury compensation has subsequently been paid e.g. by an insurer. The Trust recognises the income when it receives notification from the Department of Work and Pension's Compensation Recovery Unit that the individual has lodged a compensation claim. The income is measured at the agreed tariff for the treatments provided to the injured individual, less a provision for unsuccessful compensation claims and doubtful debts.

1.8 Employee Benefits

Short-term employee benefits

Salaries, wages and employment-related payments are recognised in the period in which the service is received from employees. The cost of leave earned but not taken by employees at the end of the period is recognised in the financial statements to the extent that employees are permitted to carry forward leave into the following period.

In 2016/17 the Trust accrued £47,000 in relation to untaken leave carried forward to the 2017/18 financial year. The accrual within the 2015/16 Accounts for this was £136,000.

Retirement benefit costs

Past and present employees are covered by the provisions of the NHS Pension Schemes. These schemes are unfunded, defined benefit schemes that cover NHS employers, General Practices and other bodies, allowed under the direction of the Secretary of State in England and Wales. The schemes are not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, the schemes are accounted for as though they were defined contribution schemes: the cost to the NHS body of participating in a scheme is taken as equal to the contributions payable to the scheme for the accounting period.

For early retirements other than those due to ill health the additional pension liabilities are not funded by the scheme. The full amount of the liability for the additional costs is charged to expenditure at the time the Trust commits itself to the retirement, regardless of the method of payment.

Some employees are members of the Local Government Superannuation Scheme, which is a defined benefit pension scheme. The scheme assets and liabilities attributable to those employees can be identified and are recognised in the Trust's accounts. The assets are measured at fair value and the liabilities at the present value of the future obligations. The increase in the liability arising from pensionable service earned during the year is recognised within operating expenses. The expected gain during the year from scheme assets is recognised within finance income. The interest cost during the year arising from the unwinding of the discount on the scheme liabilities is recognised within finance costs. Remeasurements of the defined benefit scheme during the year are recognised in the Other reserve and reported as an item of other comprehensive income.

The schemes are subject to a full actuarial valuation every four years and an accounting valuation every year.

1.9 Other expenses

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

NOTES TO THE ACCOUNTS

Notes to the Accounts - 1. Accounting Policies (Continued)

1.10 Property, plant and equipment

Recognition
Property, plant and equipment is capitalised if:
● it is held for use in delivering services or for administrative purposes;
● it is probable that future economic benefits will flow to, or service potential will be supplied to the Trust;
● it is expected to be used for more than one financial year;
● the cost of the item can be measured reliably; and either
● the item cost at least £5,000; or
● Collectively, a number of items have a total cost of at least £5,000 and individually have a cost of more than £250, where the assets are functionally interdependent, they had broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control;

● items form part of the initial equipping and setting-up cost of a new building, ward or unit, irrespective of their individual or collective cost.

Where a large asset, for example a building, includes a number of components with significantly different asset lives, the components are treated as separate assets and depreciated over their own useful economic lives.

Valuation
All property, plant and equipment are measured initially at cost, representing the cost directly attributable to acquiring or constructing the asset and bringing it to the location and condition necessary for it to be capable of operating in the manner intended by management. Assets that are held for their service potential and are in use are measured subsequently at their current value in existing use. Assets that were most recently held for their service potential but are surplus are measured at fair value where there are no restrictions preventing access to the market at the reporting date.

Revaluations of property, plant and equipment are performed with sufficient regularity to ensure that carrying amounts are not materially different from those that would be determined at the end of the reporting period. Current values in existing use are determined as follows:
● Land and non-specialised buildings – market value for existing use.
● Specialised buildings – depreciated replacement cost, modern equivalent asset basis.

HM Treasury has adopted a standard approach to depreciated replacement cost valuations based on modern equivalent assets and, where it would meet the location requirements of the service being provided, an alternative site can be valued.

Properties in the course of construction for service or administration purposes are carried at cost, less any impairment loss. Cost includes professional fees and, where capitalised in accordance with IAS 23, borrowing costs. Assets are revalued and depreciation commences when they are brought into use.

IT equipment, transport equipment, furniture and fittings, and plant and machinery that are held for operational use are valued at depreciated historic cost where these assets have short useful economic lives or low values or both, as this is not considered to be materially different from current value in existing use.

An increase arising on revaluation is taken to the revaluation reserve except when it reverses an impairment for the same asset previously recognised in expenditure, in which case it is credited to expenditure to the extent of the decrease previously charged there. A revaluation decrease that does not result from a loss of economic value or service potential is recognised as an impairment charged to the revaluation reserve to the extent that there is a balance on the reserve for the asset and, thereafter, to expenditure. Impairment losses that arise from a clear consumption of economic benefit should be taken to expenditure. Gains and losses recognised in the revaluation reserve are reported as other comprehensive income in the Statement of Comprehensive Income.

Subsequent expenditure
Where subsequent expenditure enhances an asset beyond its original specification, the directly attributable cost is capitalised. Where subsequent expenditure restores the asset to its original specification, the expenditure is capitalised and any existing carrying value of the item replaced is written-out and charged to operating expenses.

NOTES TO THE ACCOUNTS

Notes to the Accounts - 1. Accounting Policies (Continued)

1.11 Intangible assets

Recognition
Intangible assets are non-monetary assets without physical substance, which are capable of sale separately from the rest of the Trust's business or which arise from contractual or other legal rights. They are recognised only when it is probable that future economic benefits will flow to, or service potential be provided to, the Trust; where the cost of the asset can be measured reliably, and where the cost is at least £5,000.

Intangible assets acquired separately are initially recognised at cost. Software that is integral to the operation of hardware, for example an operating system, is capitalised as part of the relevant item of property, plant and equipment. Software that is not integral to the operation of hardware, for example application software, is capitalised as an intangible asset. Expenditure on research is not capitalised: it is recognised as an operating expense in the period in which it is incurred. Internally-generated assets are recognised if, and only if, all of the following have been demonstrated:
- the technical feasibility of completing the intangible asset so that it will be available for use;
- the intention to complete the intangible asset and use it;
- the ability to sell or use the intangible asset;
- how the intangible asset will generate probable future economic benefits or service potential;
- the availability of adequate technical, financial and other resources to complete the intangible asset and sell or use it; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Measurement
The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the criteria above are initially met. Where no internally-generated intangible asset can be recognised, the expenditure is recognised in the period in which it is incurred.

Following initial recognition, intangible assets are carried at current value in existing use by reference to an active market, or, where no active market exists, at the lower of amortised replacement cost (modern equivalent assets basis) and value in use where the asset is income generating. Internally-developed software is held at historic cost to reflect the opposing effects of increases in development costs and technological advances.

1.12 Depreciation, amortisation and impairments

Freehold land, assets under construction or development, and assets held for sale are not depreciated/amortised.

Otherwise, depreciation or amortisation is charged to write off the costs or valuation of property, plant and equipment and intangible non-current assets, less any residual value, on a straight line basis over their estimated useful lives. 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. This is specific to the Trust and may be shorter than the physical life of the asset itself. Estimated useful lives and residual values are reviewed each year end, with the effect of any changes recognised on a prospective basis. Assets held under finance leases are depreciated over the shorter of the lease term and the estimated useful lives.

At each financial year-end, the Trust checks whether there is any indication that its property, plant and equipment or intangible non-current assets have suffered an impairment loss. If there is indication of such an impairment, the recoverable amount of the asset is estimated to determine whether there has been a loss and, if so, its amount. Intangible assets not yet available for use are tested for impairment annually at the financial year end.

A revaluation decrease that does not result from a loss of economic value or service potential is recognised as an impairment charged to the revaluation reserve to the extent that there is a balance on the reserve for the asset and, thereafter, to expenditure. Impairment losses that arise from a clear consumption of economic benefit are taken to expenditure. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of the recoverable amount but capped at the amount that would have been determined had there been no initial impairment loss. The reversal of the impairment loss is credited to expenditure to the extent of the decrease previously charged there and thereafter to the revaluation reserve.

1.13 Donated assets

Donated non-current assets are capitalised at current value in existing use, if they will be held for their service potential, or otherwise at value on receipt, with a matching credit to income. They are valued, depreciated and impaired as described above for purchased assets. Gains and losses on revaluations, impairments and sales are treated in the same way as for purchased assets. Deferred income is recognised only where conditions attached to the donation preclude immediate recognition of the gain.

1.14 Government grants
Government grant funded assets are capitalised at current value in existing use, if they will be held for their service potential, or otherwise at fair value on receipt, with a matching credit to income. Deferred income is recognised only where conditions attached to the grant preclude immediate recognition of the gain.

NOTES TO THE ACCOUNTS

Notes to the Accounts - 1. Accounting Policies (Continued)

1.15 Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met when the sale is highly probable, the asset is available for immediate sale in its present condition and management is committed to the sale, which is expected to qualify for recognition as a completed sale within one year from the date of classification. Non-current assets held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Fair value is open market value including alternative uses.

The profit or loss arising on disposal of an asset is the difference between the sale proceeds and the carrying amount and is recognised in the Statement of Comprehensive Income. On disposal, the balance for the asset on the revaluation reserve is transferred to retained earnings.

At the Balance Sheet date the Trust had no assets held for sale. The asset held for sale at 31st March 2016, Bucknall Hospital land, was sold on 1st April 2016. A gain of £152,794 was recognised on disposal of the asset.

Property, plant and equipment that is to be scrapped or demolished does not qualify for recognition as held for sale. Instead, it is retained as an operational asset and its economic life is adjusted. The asset is de-recognised when it is scrapped or demolished.

1.16 Leases

Leases are classified as finance leases when substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases.

The Trust as lessee

Property, plant and equipment held under finance leases are initially recognised, at the inception of the lease, at fair value or, if lower, at the present value of the minimum lease payments, with a matching liability for the lease obligation to the lessor. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in calculating the Trust's surplus/deficit.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Lease incentives are recognised initially as a liability and subsequently as a reduction of rentals on a straight-line basis over the lease term.

Contingent rentals are recognised as an expense in the period in which they are incurred.

Where a lease is for land and buildings, the land and building components are separated and individually assessed as to whether they are operating or finance leases.

The 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.

NOTES TO THE ACCOUNTS

Notes to the Accounts - 1. Accounting Policies (Continued)

1.17 Private Finance Initiative (PFI) transactions

HM Treasury has determined that government bodies shall account for infrastructure PFI schemes where the government body controls the use of the infrastructure and the residual interest in the infrastructure at the end of the arrangement as service concession arrangements, following the principles of the requirements of IFRIC 12. The Trust therefore recognises the PFI asset as an item of property, plant and equipment together with a liability to pay for it. The services received under the contract are recorded as operating expenses.

The annual unitary payment is separated into the following component parts, using appropriate estimation techniques where necessary:

a) Payment for the fair value of services received;
b) Payment for the PFI asset, including finance costs; and
c) Payment for the replacement of components of the asset during the contract 'lifecycle replacement'.

Services received

The fair value of services received in the year is recorded under the relevant expenditure headings within 'operating expenses'.

PFI Asset

The PFI assets are recognised as property, plant and equipment, when they come into use. The assets are measured initially at fair value or, if lower, at the present value of the minimum lease payments, in accordance with the principles of IAS 17. Subsequently, the assets are measured at current value in existing use.

PFI liability

A PFI liability is recognised at the same time as the PFI assets are recognised. It is measured initially at the same amount as the initial value of the PFI assets and is subsequently measured as a finance lease liability in accordance with IAS 17.

An annual finance cost is calculated by applying the implicit interest rate in the lease to the opening lease liability for the period, and is charged to 'Finance Costs' within the Statement of Comprehensive Income.

The element of the annual unitary payment that is allocated as a finance lease rental is applied to meet the annual finance cost and to repay the lease liability over the contract term.

An element of the annual unitary payment increase due to cumulative indexation is allocated to the finance lease. In accordance with IAS 17, this amount is not included in the minimum lease payments, but is instead treated as contingent rent and is expensed as incurred. In substance, this amount is a finance cost in respect of the liability and the expense is presented as a contingent finance cost in the Statement of Comprehensive Income.

Lifecycle replacement

Components of the asset replaced by the operator during the contract ('lifecycle replacement') are capitalised where they meet the Trust's criteria for capital expenditure. They are capitalised at the time they are provided by the operator and are measured initially at their fair value.

The element of the annual unitary payment allocated to lifecycle replacement is pre-determined for each year of the contract from the operator's planned programme of lifecycle replacement. Where the lifecycle component is provided earlier or later than expected, a short-term accrual or prepayment is recognised respectively.

Where the fair value of the lifecycle component is less than the amount determined in the contract, the difference is recognised as an expense when the replacement is provided. If the fair value is greater than the amount determined in the contract, the difference is treated as a 'free' asset and a deferred income balance is recognised. The deferred income is released to operating income over the shorter of the remaining contract period or the useful economic life of the replacement component.

Assets contributed by the Trust to the operator for use in the scheme

Assets contributed for use in the scheme continue to be recognised as items of property, plant and equipment in the Trust's Statement of Financial Position.

NOTES TO THE ACCOUNTS

Notes to the Accounts - 1. Accounting Policies (Continued)

Other assets contributed by the Trust to the operator
Assets contributed (e.g. cash payments, surplus property) by the Trust to the operator before the asset is brought into use, which are intended to defray the operator's capital costs, are recognised initially as prepayments during the construction phase of the contract. Subsequently, when the asset is made available to the Trust, the prepayment is treated as an initial payment towards the finance lease liability and is set against the carrying value of the liability.

As part of an overall scheme to reprovide inpatient, outpatient & community mental health services for the population of North Staffordshire, the Trust entered into a contract with Town Hospitals (North Staffordshire Combined) Limited (THL) commencing August 2001 for the design, build, financing & operation of a new Acute Psychiatric Unit. The Trust has entered into a 60 year contract with THL with a primary contract period of 29 years. THL also provides housekeeping, portering, catering & estates maintenance. In the primary period the Trust pays a monthly charge for the serviced accommodation for the duration of the contract subject to deductions for performance and availability failures. The Trust has certain options in respect of the continued provision of the facility and services in the secondary period; these will be considered in the light of prevailing circumstances at that time.

As a part of the conversion to IFRS the Trust recognised this PFI property as a part of its property, plant and equipment on the Trust Balance Sheet with effect from the PFI commencement date of August 2001 and recalculated the appropriate accounting transactions with effect from that date.

These transactions included the initial recognition of a financial asset and financial liability at fair value in accordance with IAS 17 at a value of £17.65m. The asset value has been subsequently kept up to date by applying indexation, revaluations and depreciation in line with IAS 16 principles. The value of the financial liability reduces as the Trust repays liability over the contract period (29 years).

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

1.19 Cash and cash equivalents
Cash is cash in hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in 3 months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and that form an integral part of the Trust's cash management.

1.20 Provisions
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 HM Treasury's discount rates.

Early retirement provisions are discounted using HM Treasury's pension discount rate of positive 0.24% (2015-16: positive 1.37%) in real terms. All other provisions are subject to three separate discount rates according to the expected timing of cashflows from the Statement of Financial Position date:
• A short term rate of negative 2.70% (2015-16: negative 1.55%) for expected cash flows up to and including 5 years
• A medium term rate of negative 1.95% (2015-16: negative 1.00%) for expected cash flows over 5 years up to and including 10 years
• A long term rate of negative 0.80% (2015-16: negative 0.80%) for expected cash flows over 10 years.

All percentages are in real terms.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursements will be received and the amount of the receivable can be measured reliably.

A restructuring provision is recognised when the Trust has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with ongoing activities of the entity.

NOTES TO THE ACCOUNTS

Notes to the Accounts - 1. Accounting Policies (Continued)

1.21 Clinical negligence costs

The NHS Litigation Authority (NHSLA) operates a risk pooling scheme under which the Trust pays an annual contribution to the NHSLA, which in return settles all clinical negligence claims. The contribution is charged to expenditure. Although the NHSLA is administratively responsible for all clinical negligence cases the legal liability remains with the Trust. The total value of clinical negligence provisions carried by the NHSLA on behalf of the Trust is disclosed at Note 35.

1.22 Non-clinical risk pooling

The Trust participates in the Property Expenses Scheme and the Liabilities to Third Parties Scheme. Both are risk pooling schemes under which the Trust pays an annual contribution to the NHS Litigation Authority and, in return, receives assistance with the costs of claims arising. The annual membership contributions, and any excesses payable in respect of particular claims are charged to operating expenses as and when they become due.

1.23 Carbon Reduction Commitment Scheme (CRC)

CRC and similar allowances are accounted for as government grant funded intangible assets if they are not expected to be realised within twelve months, and otherwise as other current assets. They are valued at open market value. As the Trust makes emissions, a provision is recognised with an offsetting transfer from deferred income. The provision is settled on surrender of the allowances. The asset, provision and deferred income amounts are valued at fair value at the end of the reporting period.

1.24 Contingencies

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the 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.

1.25 Financial assets

Financial assets are recognised 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 derecognised when the contractual rights have expired or the asset has been transferred.

Financial assets are classified into the following categories: financial assets at fair value through profit and loss; held to maturity investments; available for sale financial assets, and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets at fair value through profit and loss

Embedded derivatives that have different risks and characteristics to their host contracts, and contracts with embedded derivatives whose separate value cannot be ascertained, are treated as financial assets at fair value through profit and loss. They are held at fair value, with any resultant gain or loss recognised in calculating the Trust's surplus or deficit for the year. The net gain or loss incorporates any interest earned on the financial asset. The Trust has no such assets.

Held to maturity investments

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity, and where there is a positive intention and ability to hold to maturity. After initial recognition, they are held at amortised cost using the effective interest method, less any impairment. Interest is recognised using the effective interest method. The Trust has no such assets.

Available for sale financial assets

Available for sale financial assets are non-derivative financial assets that are designated as available for sale or that do not fall within any of the other three financial asset classifications. They are measured at fair value with changes in value taken to the revaluation reserve, with the exception of impairment losses. Accumulated gains or losses are recycled to surplus/deficit on de-recognition. The Trust has no such assets.

NOTES TO THE ACCOUNTS

Notes to the Accounts - 1. Accounting Policies (Continued)

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments which are not quoted in an active market. After initial recognition, they are measured at amortised cost using the effective interest method, less any impairment. Interest is recognised using the effective interest method.

Financial assets are initially recognised at fair value. Fair value is determined by reference to quoted market prices where possible, otherwise by valuation techniques. The only relevant loans and receivable financial assets applicable to the Trust are its debtors which are valued at their initial value less any provision for impaired debts (based on age).

The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, to the initial fair value of the financial asset.

At the end of the reporting period, the Trust assesses whether any financial assets, other than those held at 'fair value through profit and loss' are impaired. Financial assets are impaired and impairment losses recognised if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and that have an impact on the estimated future cash flows of the asset.

For financial assets carried at amortised cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. The loss is recognised in expenditure and the carrying amount of the asset is reduced through a provision for impairment of receivables.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through expenditure to the extent that the carrying amount of the receivable at the date of the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

1.26 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.

Loans from the Department of Health are recognised at historic cost. Otherwise, financial liabilities are initially recognised at fair value.

Financial guarantee contract liabilities
Financial guarantee contract liabilities are subsequently measured at the higher of:

- The amount of the obligation under the contract, as determined in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* ; and
- The premium received (or imputed) for entering into the guarantee less cumulative amortisation.

Financial liabilities at fair value through profit and loss
Embedded derivatives that have different risks and characteristics to their host contracts, and contracts with embedded derivatives whose separate value cannot be ascertained, are treated as financial liabilities at fair value through profit and loss. They are held at fair value, with any resultant gain or loss recognised in the Trust's surplus/deficit. The net gain or loss incorporates any interest payable on the financial liability. The Trust has no such liabilities.

Other financial liabilities
After initial recognition, all other financial liabilities are measured at amortised cost using the effective interest method, except for loans from Department of Health, which are carried at historic cost. The effective interest rate is the rate that exactly discounts estimated future cash payments through the life of the asset, to the net carrying amount of the financial liability. Interest is recognised using the effective interest method.

1.27 Value Added Tax
Most of the activities of the Trust are outside the scope of VAT and, in general, output tax does not apply and input tax on purchases is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

1.28 Foreign currencies
The Trust's functional and presentational currency is sterling. Transactions denominated in a foreign currency are translated into sterling at the exchange rate ruling on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the spot exchange rate on 31 March. Resulting exchange gains and losses for either of these are recognised in the trust's surplus/deficit in the period in which they arise.

NOTES TO THE ACCOUNTS

Notes to the Accounts - 1. Accounting Policies (Continued)

1.29 Third party assets

Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the accounts since the Trust has no beneficial interest in them. Details of third party assets are given in Note 44 to the accounts.

1.30 Public Dividend Capital (PDC) and PDC dividend

Public dividend capital represents taxpayers' equity in the Trust. At any time the Secretary of State can issue new PDC to, and require repayments of PDC from, the Trust. PDC is recorded at the value received. As PDC is issued under legislation rather than under contract, it is not treated as an equity financial instrument.

An annual charge, reflecting the cost of capital utilised by the Trust, is payable to the Department of Health as public dividend capital dividend. The charge is calculated at the real rate set by HM Treasury (currently 3.5%) on the average carrying amount of all assets less liabilities (except for donated assets and cash balances with the Government Banking Service). The average carrying amount of assets is calculated as a simple average of opening and closing relevant net assets.

In accordance with the requirements laid down by the Department of Health (as the issuer of PDC), the dividend for the year is calculated on the actual average relevant net assets as set out in the "pre-audit" version of the annual accounts. The dividend thus calculated is not revised should any adjustment to net assets occur as a result the audit of the annual accounts.

1.31 Losses and Special Payments

Losses and special payments are items that Parliament would not have contemplated when it agreed funds for the health service or passed legislation. By their nature they are items that ideally should not arise. They are therefore subject to special control procedures compared with the generality of payments. They are divided into different categories, which govern the way that individual cases are handled.

Losses and special payments are charged to the relevant functional headings in expenditure on an accruals basis, including losses which would have been made good through insurance cover had the Trust not been bearing its own risks (with insurance premiums then being included as normal revenue expenditure).

1.32 Subsidiaries

Material entities over which the Trust has the power to exercise control are classified as subsidiaries and are consolidated. The Trust has control when it is exposed to or has rights to variable returns through its power over another entity. The income and expenses; gains and losses; assets, liabilities and reserves; and cash flows of the subsidiary are consolidated in full into the appropriate financial statement lines. Appropriate adjustments are made on consolidation where the subsidiary's accounting policies are not aligned with the Trust or where the subsidiary's accounting date is not co-terminus.

Subsidiaries that are classified as 'held for sale' are measured at the lower of their carrying amount or 'fair value less costs to sell'.

This Trust does not have any subsidiaries.

1.33 Associates

Material entities over which the Trust has the power to exercise significant influence so as to obtain economic or other benefits are classified as associates and are recognised in the Trust's accounts using the equity method. The investment is recognised initially at cost and is adjusted subsequently to reflect the Trust share of the entity's profit/loss and other gains/losses. It is also reduced when any distribution is received by the Trust from the entity.

Associates that are classified as 'held for sale' are measured at the lower of their carrying amount or 'fair value less costs to sell'.

This Trust does not have any associates.

1.34 Joint arrangements

Material entities over which the Trust has joint control with one or more other entities are classified as joint arrangements. Joint control is the contractually agreed sharing of control of an arrangement. A joint arrangement is either a joint operation or a joint venture.

The Trust is not engaged in any joint ventures.

1.35 Research and Development

Research and development expenditure is charged against income in the year in which it is incurred, except insofar as development expenditure relates to a clearly defined project and the benefits of it can reasonably be regarded as assured. Expenditure so deferred is limited to the value of future benefits expected and is amortised through the SOCI on a systematic basis over the period expected to benefit from the project. It should be revalued on the basis of current cost. The amortisation is calculated on the same basis as depreciation, on a quarterly basis.

NOTES TO THE ACCOUNTS

Notes to the Accounts - 1. Accounting Policies (Continued)

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

The HM Treasury FReM does not require the following Standards and Interpretations to be applied in 2016-17. These standards are still subject to HM Treasury FReM interpretation, with IFRS 9 and IFRS 15 being for implementation in 2018-19, and the government implementation date for IFRS 16 still subject to HM Treasury consideration.

- IFRS 9 Financial Instruments – Application required for accounting periods beginning on or after 1 January 2018, but not yet adopted by the FReM: early adoption is not therefore permitted
- IFRS 15 Revenue from Contracts with Customers - Application required for accounting periods beginning on or after 1 January 2018, but not yet adopted by the FReM: early adoption is not therefore permitted
- IFRS 16 Leases – Application required for accounting periods beginning on or after 1 January 2019, but not yet adopted by the FReM: early adoption is not therefore permitted.

1.37 Gifts

Gifts are items that are voluntarily donated, with no preconditions and without the expectation of any return. Gifts include all transactions economically equivalent to free and unremunerated transfers, such as the loan of an asset for its expected useful life, and the sale or lease of assets at below market value.

2. Pooled budgets

North Staffordshire Combined Healthcare NHS Trust has a pooled budget arrangement with City of Stoke on Trent Council and with Staffordshire County Council. The Trust is the host for both pooled budgets.

2016/17 Memorandum Account - City of Stoke on Trent Council Pooled Budget

Delegated Budgets	Total	North Staffs Combined	City of Stoke on Trent
	£'000	**£'000**	**£'000**
Expenditure			
Pay	5,698	3,740	1,958
Non-Pay	1,994	342	1,652
	7,692	4,082	3,610
Income	(321)	(7)	(314)
Total Delegated Budgets	7,371	4,075	3,296
Overhead Contribution	-	-	-
Contribution to the Pool	7,371	4,075	3,296

2016/17 Memorandum Account - Staffordshire County Council Pooled Budget

Delegated Budgets	Total	North Staffs Combined	Staffordshire Council
	£'000	**£'000**	**£'000**
Expenditure			
Pay	3,357	2,285	1,072
Non-Pay	271	226	45
	3,628	2,511	1,117
Income	(66)	(11)	(55)
Total Delegated Budgets	3,562	2,500	1,062
Overhead Contribution	-	-	-
Contribution to the Pool	3,562	2,500	1,062

2015/16 Memorandum Account - City of Stoke on Trent Council Pooled Budget

Delegated Budgets	Total	North Staffs Combined	City of Stoke on Trent
	£'000	**£'000**	**£'000**
Expenditure			
Pay	5,877	3,724	2,153
Non-Pay	1,991	350	1,641
	7,868	4,074	3,794
Income	(328)	(14)	(314)
Total Delegated Budgets	7,540	4,060	3,480
Overhead Contribution	-	-	-
Contribution to the Pool	7,540	4,060	3,480

2015/16 Memorandum Account - Staffordshire County Council Pooled Budget

Delegated Budgets	Total	North Staffs Combined	Staffordshire Council
	£'000	**£'000**	**£'000**
Expenditure			
Pay	3,420	2,327	1,093
Non-Pay	296	222	74
	3,716	2,549	1,167
Income	(62)	(7)	(55)
Total Delegated Budgets	3,654	2,542	1,112
Overhead Contribution	-	-	-
Contribution to the Pool	3,654	2,542	1,112

3. Operating segments

The Board as 'Chief Operating Decision Maker' has determined that the Trust operates in one material segment, which is the provision of healthcare services. The segmental reporting format reflects the Trust's management and internal reporting structure.

The provision of healthcare (including medical treatment, research and education) is within one main geographical segment, the United Kingdom, and materially from Departments of HM Government in England.

Income from activities (medical treatment of patients) is analysed by customer type in note 5 to the financial statements on page 109. Other operating income is analysed in note 6 to the financial statements on page 109 and materially consists of revenues from healthcare research and development, medical education and the provision of services to other NHS bodies. Total Income by individual customers within the whole of HM Government, and where considered material, is disclosed in the related parties transaction note 41 to the financial statements on page 137.

	2016-17 £000s	2015-16 £000s
Income	**81,883**	78,588
Surplus/(Deficit)		
Segment surplus/(deficit)	**0**	0
Common costs	**(79,398)**	(75,878)
Surplus/(deficit) before interest	**2,485**	**2,710**
Net Assets:		
Segment net assets	**21,855**	23,775

4. Income generation activities

The Trust does not undertake any material income generation activities as defined by NHS Income Generation guidelines.

5. Revenue from patient care activities

	2016-17 £000s	2015-16 £000s
NHS Trusts	**0**	0
NHS England	**2,343**	2,747
Clinical Commissioning Groups	**59,927**	57,454
Foundation Trusts	**86**	242
Department of Health	**0**	0
NHS Other (including Public Health England and Prop Co)	**0**	0
Additional income for delivery of healthcare services	**0**	350
Non-NHS:		
Local Authorities	**5,622**	5,959
Private patients	**0**	0
Overseas patients (non-reciprocal)	**0**	0
Injury costs recovery	**0**	0
Other Non-NHS patient care income	**2,573**	2,898
Total Revenue from patient care activities	**70,551**	69,650

6. Other operating revenue

	2016-17 £000s	2015-16 £000s
Recoveries in respect of employee benefits	**301**	322
Patient transport services	**0**	0
Education, training and research	**2,460**	2,799
Charitable and other contributions to revenue expenditure - NHS	**0**	0
Charitable and other contributions to revenue expenditure - non-NHS	**0**	0
Receipt of charitable donations for capital acquisitions	**0**	0
Support from DH for mergers	**0**	**0**
Receipt of Government grants for capital acquisitions	**0**	0
Non-patient care services to other bodies	**4,706**	3,447
Sustainability & Transformation Fund Income	**1,104**	0
Income generation (Other fees and charges)	**0**	0
Rental revenue from finance leases	**0**	0
Rental revenue from operating leases	**0**	0
Other revenue*	**2,761**	2,370
Total Other Operating Revenue	**11,332**	8,938
Total operating revenue	**81,883**	78,588

* Other revenue includes £1.1m in respect of the *Improving Access to Psychological Therapies service,* £0.3m related to social care residents, £0.2m to staff lease car contributions, £0.2m in respect of funding linked to improvements in dementia services, £0.1m linked to transformation projects and £0.1m for clinical projects.

7. Overseas Visitors Disclosure

	2016-17 £000s	2015-16 £000s
Income recognised during 2016-17 (invoiced amounts and accruals)	**0**	**0**
Cash payments received in-year (re receivables at 31 March 2016)	**0**	**0**
Cash payments received in-year (iro invoices issued 2016-17)	**0**	**0**
Amounts added to provision for impairment of receivables (re receivables at 31 March 2016)	**0**	**0**
Amounts added to provision for impairment of receivables (iro invoices issued 2016-17)	**0**	**0**
Amounts written off in-year (irrespective of year of recognition)	**0**	**0**

8. Operating expenses

	2016-17 £000s	2015-16 £000s
Services from other NHS Trusts	**1,102**	1,121
Services from CCGs/NHS England	**449**	387
Services from other NHS bodies	**0**	0
Services from NHS Foundation Trusts	**802**	944
Total Services from NHS bodies*	**2,353**	2,452
Purchase of healthcare from non-NHS bodies	**549**	553
Purchase of Social Care	**0**	0
Trust Chair and Non-executive Directors	**59**	55
Supplies and services - clinical	**2,142**	2,174
Supplies and services - general	**169**	206
Consultancy services	**749**	480
Establishment	**1,697**	1,601
Transport	**36**	27
Service charges - ON-SOFP PFIs and other service concession arrangements	**4,093**	3,983
Service charges - On-SOFP LIFT contracts	**0**	0
Total charges - Off-SOFP PFIs and other service concession arrangements	**0**	0
Total charges - Off-SOFP LIFT contracts	**0**	0
Business rates paid to local authorities	**78**	428
Premises	**2,507**	2,990
Hospitality	**18**	10
Insurance	**0**	0
Legal Fees	**67**	76
Impairments and Reversals of Receivables	**8**	(133)
Inventories write down	**0**	0
Depreciation	**885**	1,336
Amortisation	**13**	36
Impairments and reversals of property, plant and equipment	**1,173**	(43)
Impairments and reversals of intangible assets	**0**	0
Impairments and reversals of financial assets	**0**	0
Impairments and reversals of non current assets held for sale	**0**	0
Internal Audit Fees	**84**	78
Audit fees	**53**	53
Other auditor's remuneration	**10**	12
Clinical negligence	**349**	318
Research and development (excluding staff costs)	**0**	0
Education and Training	**522**	301
Change in Discount Rate	**35**	0
Capital Grants in Kind	**0**	0
Other**	**2,532**	2,828
Total Operating expenses (excluding employee benefits)	**20,181**	19,821
Employee Benefits		
Employee benefits excluding Board members	**58,337**	55,074
Board members	**880**	983
Total Employee Benefits	**59,217**	56,057
Total Operating Expenses	**79,398**	75,878

*Services from NHS bodies does not include expenditure which falls into a category below
**Other expenditure includes £1.7m of social care residental payments, £0.5m relating to non clinical service level agreements and £0.2m of subscriptions.

9. Operating Leases

The Trust leases relate to contracts for lease vehicles, photocopiers and a number of leased premises.

Renewals of leased premises contracts are subject to Board approval and photocopier renewals are made in line with the Trusts purchasing and procurement arrangements. There are no renewal options in respect of lease vehicles.

The Trust does not have a purchase option within any current lease arrangements.

9.1. North Staffordshire Combined Healthcare NHS Trust as lessee

	Land £000s	Buildings £000s	Other £000s	2016-17 Total £000s	2015-16 £000s
Payments recognised as an expense					
Minimum lease payments				**854**	919
Contingent rents				**0**	0
Sub-lease payments				**0**	0
Total				**854**	919
Payable:					
No later than one year		396	289	**685**	710
Between one and five years	0	1,366	217	**1,583**	1,806
After five years	0	77	0	**77**	334
Total	**0**	**1,839**	**506**	**2,345**	2,850
Total future sublease payments expected to be received:				0	0

9.2. North Staffordshire Combined Healthcare NHS Trust as lessor

The Trust is not a lessor.

10. Employee benefits

10.1. Employee benefits

	2016-17 Total £000s	2015-16 Total £000s
Employee Benefits - Gross Expenditure		
Salaries and wages	**48,358**	46,979
Social security costs	**4,525**	3,412
Employer Contributions to NHS BSA - Pensions Division	**6,287**	5,601
Other pension costs	**61**	65
Termination benefits	**0**	0
Total employee benefits	**59,231**	56,057
Employee costs capitalised	**14**	0
Gross Employee Benefits excluding capitalised costs	**59,217**	56,057

10.2. Retirements due to ill-health

	2016-17 Number	2015-16 Number
Number of persons retired early on ill health grounds	**1**	0
	£000s	£000s
Total additional pensions liabilities accrued in the year	**57**	0

10.3. Pension costs

Past and present employees are covered by the provisions of the two NHS Pension Schemes. Details of the benefits payable and rules of the Schemes can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State in England and Wales. They are not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, each scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in each scheme is taken as equal to the contributions payable to that scheme for the accounting period.

In order that the defined benefit obligations recognised in the financial statements do not differ materially from those that would be determined at the reporting date by a formal actuarial valuation, the FReM requires that “the period between formal valuations shall be four years, with approximate assessments in intervening years”. An outline of these follows:

a) Accounting valuation
A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary’s Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and are accepted as providing suitably robust figures for financial reporting purposes. The valuation of scheme liability as at 31 March 2017, is based on valuation data as 31 March 2016, updated to 31 March 2017 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

The latest assessment of the liabilities of the scheme is contained in the scheme actuary report, which forms part of the annual NHS Pension Scheme (England and Wales) Pension Accounts. These accounts can be viewed on the NHS Pensions website and are published annually. Copies can also be obtained from The Stationery Office.

b) Full actuarial (funding) valuation
The purpose of this valuation is to assess the level of liability in respect of the benefits due under the schemes (taking into account their recent demographic experience), and to recommend contribution rates payable by employees and employers.
The last published actuarial valuation undertaken for the NHS Pension Scheme was completed for the year ending 31 March 2012. The Scheme Regulations allow for the level of contribution rates to be changed by the Secretary of State for Health, with the consent of HM Treasury, and consideration of the advice of the Scheme Actuary and appropriate employee and employer representatives as deemed appropriate.

The next actuarial valuation is to be carried out as at 31 March 2016. This will set the employer contribution rate payable from April 2019 and will consider the cost of the Scheme relative to the employer cost cap. There are provisions in the Public Service Pension Act 2013 to adjust member benefits or contribution rates if the cost of the Scheme changes by more than 2% of pay. Subject to this ‘employer cost cap’ assessment, any required revisions to member benefits or contribution rates will be determined by the Secretary of State for Health after consultation with the relevant stakeholders.

10.3. Pension costs (cont)

Other Pension Schemes

Local Government Pension Scheme (LGPS)

Some Trust employees performing social care functions are members of the Local Government Pension Scheme (LGPS) which is administered by the Staffordshire County Pension Fund. The scheme provides members with defined benefits relating to pay and service and the costs of the employers contributions is equal to the contributions paid to the funded pension scheme for these employees.

The Funds comprising the LGPS are multi-employer schemes and each employers' share of the assets and liabilities can be indentified. Hence, for accounting purposes, the scheme is deemed to be a defined benefit scheme. The Trust recognises the fair share of assets and present value of liabilities in the Statement of Financial Position (SOFP) as at the reporting date.

The scheme has a full actuarial valuation at intervals not exceeding three years with the last review being 31 March 2016. IAS 19 requires that the present value of defined benefit obligations (and, if applicable) the fair value of the scheme assets to be determined with sufficient regularity to ensure that the amounts recognised in financial statements do not differ materially from those determinded at the reporting period date. In the intervening years between the full actuarial valuation the value of the scheme obligations and expenses are measured by a series of key demographic and other actuarial assumptions as agreed by the Trust and an actuary acting on behalf of all member bodies.

In 2013/14 a change to Accounting Standards (IAS 19) determines that the Interest Cost on the defined pension obilgation and the expected return on plan assets are combined into a net figure. The expected return has been replaced by a figure that would be applicable if the expected return assumption was equal to a discount rate.

The discount rate is determined by reference to market yields at the end of the reporting period on high quality corporate bonds. In 2016/17 it has been constructed based on the constituents of the iBoxx £ corporates AA index.

Other assumptions used in calculating the liabilities and assets are as follows:

- The price inflation will be derived from the yields available on fixed interest and index linked government bonds.

- Pension increase assumptions are linked to the Consumer Price Index.

- Post retirement mortality assumptions are in line with the Club Vita analysis carried out for the 31 March 2013 formal valuation. These are a set of vita curves tailored to fit the membership profile of the fund. Improvements have been applied in line with the CMI 2013 model assuming the rate of longevity improvements has reached a peak and will converge to a long term rate of 1.25% pa.

- Salary growth is assumed to increase by 2.8% up to the period ending 31 March 2017.

- Commutation assumptions are that LGPS members exchange 50% of their pension for additional cash at retirement up to HMRC limits for pre April 2008 service and 75% for service post April 2008.

- Other demographic assumptions such as withdrawal from the scheme and ill-health early retirements are derived from the latest assumptions used within the most recent formal funding valuation.

The Trust recognises the net surplus/deficit scheme on the Statement of Financial Position (SOFP). The carrying value of this net surplus/deficit is the fair value of the schemes assets allocated to the Trust less the present value of the schemes liabilities plus or minus the scheme remeasurement gains or losses.

10.3. Pension costs (cont)

Other Pension Schemes - Local Government Pension Scheme (LGPS) - (Cont)

Financial Assumptions

The financial assumptions used by the scheme actuary in calculating the liabilities and assets are as follows:

	2016/17 % P.A.	2015/16 % P.A.	2014/15 % P.A.	2013/14 % P.A.	2012/13 % P.A.
Pension Increase Rate	2.4%	2.2%	2.4%	2.8%	2.8%
Salary Increase Rate	2.8%	4.2%	4.3%	4.6%	5.1%
Discount Rate	2.6%	3.5%	3.2%	4.3%	4.5%

Mortality Assumptions

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2013 model assuming the current rate of improvements has peaked and will converge to a long term rate of 1.25% p.a. The resultant average future life expectancies at age 65 are:

	Male	Female
Current Pensioners	22.1 years	24.4 years
Future Pensions	24.1 years	26.4 years

Historic mortality

The following life expectancies are based on the Fund's VitaCurves:

	Prospective Pensioners	Pensioners
31-Mar-17	CMI 2010 model assuming the current rate of improvement has reached a peak and will converge to a long term rate of 1.25% p.a.	CMI 2010 model assuming the current rate of improvement has reached a peak and will converge to a long term rate of 1.25% p.a.

Analysis of fair value of plan assets

	2016/17			
Asset Category	Quoted prices in active markets £000's	Quoted prices not in active markets £000's	Total £000's	Percentage of Total Assets %
Equity Securities:				
Consumer	826.7		826.7	7
Manufacturing	712.7		712.7	6
Energy & Utilities	305.5		305.5	2
Financial Institutions	825.4		825.4	7
Health & Care	685.7		685.7	6
Information Technology	824.8		824.8	7
Other	12.3		12.3	0
Corporate Bonds	915.1		915.1	7
Private Equities		391.3	391.3	3
Real Estate - UK Properties		991.9	991.9	8
Investment Funds & Unit Trusts:				
Equities	4,113.6		4113.6	33
Bonds	674.0		674	5
Hedge Funds		242.0	242	2
Other		183.9	183.9	1
Cash & Cash Equivalents	619.1		619.1	5
Totals	**10,515**	**1,809**	**12,324**	**100**

10.3. Pension costs (cont)

Other Pension Schemes - Local Government Pension Scheme (LGPS) - (Cont)
Analysis of fair value of plan assets (cont)

			2015/16	
Asset Category	Quoted prices in £000's	Quoted prices £000's	Total £000's	Percentage of %
Equity Securities:				
Consumer	769.7		769.7	7
Manufacturing	629.6		629.6	6
Energy & Utilities	246.3		246.3	2
Financial Institutions	696.5		696.5	6
Health & Care	580.3		580.3	5
Information Technology	657.8		657.8	6
Other	12.7		12.7	0
Corporate Bonds	543.5		543.5	5
Private Equities		338.0	338	3
Real Estate - UK Properties		958.8	958.8	9
Investment Funds & Unit Trusts:				
Equities	3,671.3		3671.3	34
Bonds	551.6		551.6	5
Hedge Funds		252.8	252.8	2
Other		302.2	302.2	3
Cash & Cash Equivalents	589.9		589.9	5
Totals	**8,949**	**1,852**	**10,801**	**100**

Notes to the Statement of Financial Position as at 31 March 2016
Changes in value of plan assets and obligations are shown as an income/expense on the Statement of Comprehensive Income (SOCI).

Fair Value of Employer Assets

	2016/17 £000's	2015/16 £000's	2014/15 £000's	2013/14 £000's	2012/13 £000's	2011/12 £000's
Opening Fair Value of Plan Assets	10,801	10,798	9,343	9,694	8,269	7,773
Interest on Plan Assets	382	349	402	437	476	541
Member contributions	22	27	41	35	62	56
Employer Contributions	59	64	103	156	194	189
Remeasurement Gains/(Losses) *	1,177	(238)	1,002	(852)	776	(190)
Benefits Paid	(117)	(199)	(93)	(127)	(83)	(100)
Closing Fair Value of Plan Assets	**12,324**	**10,801**	**10,798**	**9,343**	**9,694**	**8,269**

*For 2016/17 the remeasurement gain on assets amounted to £1,177,000 which represented 11% of asset value. The 2015/16 remeasurement loss on assets amounted to £238,000 which represented 2% of asset value. The 2014/15 remeasurement gain on assets amounted to £1,002,000 which represented 11% of asset value. The remeasurement loss on assets in 2013/14 was £852,000 which equated to 9% of the total asset value. The remeasurement gain on assets in 2012/13 was £776,000 which equated to 9% of the total asset value and the remeasurement loss on assets in 2011/12 was £190,000 which equated to 2% of the total asset value.

Present Value of Liabilities

	2016/17 £000's	2015/16 £000's	2014/15 £000's	2013/14 £000's	2012/13 £000's	2011/12 £000's
Opening Present Value of Funded Liabilities	10,233	11,356	9,291	9,714	7,791	7,057
Current Service Cost	86	110	150	144	194	193
Interest on Obligation	363	367	401	438	378	392
Member contributions	22	27	41	35	62	56
Remeasurement Losses/(Gains) *	840	(1,428)	1,566	(913)	1372	193
Benefits Paid	(117)	(199)	(93)	(127)	(83)	(100)
Closing Present Value of Funded Liabilities	**11,427**	**10,233**	**11,356**	**9,291**	**9,714**	**7,791**

*For 2016/17 the remeasurement loss on liabilities amounted to £840,000 which represents 8% of the liability value. The 2015/16 remeasurement gain on liabilities amounted to £1,428,000 which represented 13% of the liability value. The 2014/15 remeasurement loss on liabilities amounted to £1,566,000 which represented 17% of the liability value. The 2013/14 remeasurement gain on liabilities amounted to £913,000 which represented 9% of the liability value and the 2012/13 remeasurement loss on liabilities amounted to £1,372,000 which represented 18% of the liability value. The remeasurement loss on liabilities in 2011/12 was £193,000 which equated to 2% of the total liability value.

10.3. Pension costs (cont)

Other Pension Schemes - Local Government Pension Scheme (LGPS) - (Cont)

Remeasurement Gains/Losses

Remeasurement gains/losses arise (within the scheme) from the differences between the actual and the expected outcome in the valuation of the assets and liabilities. The Trust recognises the losses/gains, identified by the scheme actuary, within the Statement of Changes in Taxpayers Equity (SOCITE) having applied the discount rate assumption detailed within this note.

The Excess of Assets over Liabilities of the schemes are;

	Value at 31/03/17 £000's	Value at 31/03/16 £000's
Statement of Financial Position - Non Current Assets	**897**	**568**

Note to Statement of Comprehensive Income	**2016/17 £000**	**2015/16 £000**
Current Service Cost	86	110
Interest Cost	363	367
Expected Return on Employer Assets	(382)	(349)
Employers Contribution	(59)	(64)
	8	**64**

Statement of Changes in Taxpayers ' Equity

	2016/17 £000	2015/16 £000
Movements in Other Reserves	**337**	**1,190**

Sensitivity to assumptions made

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are as follows:

Change in assumptions at 31 March 2017	Approximate % increase to Employer Liability	Approximate Value **£000's**
0.5% decrease in Real Discount Rate	11%	1,231
0.5% increase in the Salary Increase Rate	1%	56
0.5% increase in the Pension Increase Rate	10%	1,167

11. Better Payment Practice Code

11.1. Measure of compliance

	2016-17 Number	2016-17 £000s	2015-16 Number	2015-16 £000s
Non-NHS Payables				
Total Non-NHS Trade Invoices Paid in the Year	**13,183**	**29,380**	13,114	19,136
Total Non-NHS Trade Invoices Paid Within Target	**11,610**	**27,914**	12,405	18,392
Percentage of NHS Trade Invoices Paid Within Target	**88.07%**	**95.01%**	94.59%	96.11%
NHS Payables				
Total NHS Trade Invoices Paid in the Year	**508**	**6,860**	441	6,477
Total NHS Trade Invoices Paid Within Target	**459**	**6,385**	418	6,429
Percentage of NHS Trade Invoices Paid Within Target	**90.35%**	**93.08%**	94.78%	99.26%

The Better Payment Practice Code requires the NHS body to aim to pay all valid invoices by the due date or within 30 days of receipt of a valid invoice, whichever is later.

11.2. The Late Payment of Commercial Debts (Interest) Act 1998

	2016-17 £000s	2015-16 £000s
Amounts included in finance costs from claims made under this legislation	**0**	0
Compensation paid to cover debt recovery costs under this legislation	**0**	0
Total	**0**	0

12. Investment Revenue

	2016-17 £000s	2015-16 £000s
Rental revenue		
PFI finance lease revenue (planned)	**0**	0
PFI finance lease revenue (contingent)	**0**	0
Other finance lease revenue	**0**	0
Subtotal	**0**	0
Interest revenue		
LIFT: equity dividends receivable	**0**	0
LIFT: loan interest receivable	**0**	0
Bank interest	**13**	19
Other loans and receivables	**0**	0
Impaired financial assets	**0**	0
Other financial assets	**0**	0
Subtotal	**13**	19
Total investment revenue	**13**	19

13. Other Gains and Losses

	2016-17 £000s	2015-16 £000s
Gain/(Loss) on disposal of assets other than by sale (PPE)	**0**	0
Gain/(Loss) on disposal of assets other than by sale (intangibles)	**0**	0
Gain/(Loss) on disposal of Financial Assets other then held for sale	**0**	0
Gain (Loss) on disposal of assets held for sale	**153**	42
Gain/(loss) on foreign exchange	**0**	0
Change in fair value of financial assets carried at fair value through the SoCI	**0**	0
Change in fair value of financial liabilities carried at fair value through the SoCI	**0**	0
Change in fair value of investment property	**0**	0
Recycling of gain/(loss) from equity on disposal of financial assets held for sale	**0**	0
Total	**153**	42

14. Finance Costs

	2016-17 £000s	2015-16 £000s
Interest		
Interest on loans and overdrafts	**0**	0
Interest on obligations under finance leases	**0**	0
Interest on obligations under PFI contracts:		
- main finance cost	**1,327**	1,364
- contingent finance cost	**0**	0
Interest on obligations under LIFT contracts:		
- main finance cost	**0**	0
- contingent finance cost	**0**	0
Interest on late payment of commercial debt	**0**	0
Total interest expense	**1,327**	1,364
Other finance costs	**8**	64
Provisions - unwinding of discount	**3**	0
Total	**1,338**	1,428

15. Auditor Disclosures

15.1. Other auditor remuneration

	2016-17 £000s	2015-16 £000s
Other auditor remuneration paid to the external auditor:		
1. Audit of accounts of any associate of the trust	**0**	0
2. Audit-related assurance services	**10**	12
3. Taxation compliance services	**0**	0
4. All taxation advisory services not falling within item 3 above	**0**	0
5. Internal audit services	**0**	0
6. All assurance services not falling within items 1 to 5	**0**	0
7. Corporate finance transaction services not falling within items 1 to 6 above	**0**	0
8. Other non-audit services not falling within items 2 to 7 above	**0**	0
Total	**10**	**12**

16.1. Property, plant and equipment

2016-17	Land	Buildings excluding dwellings	Dwellings	Assets under construction & payments on account	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Cost or valuation:									
At 1 April 2016	5,685	26,506	0	0	640	313	2,508	45	**35,697**
Additions of Assets Under Construction				0					**0**
Additions Purchased	0	1,791	0		27	0	462	97	**2,377**
Additions - Non Cash Donations (i.e. physical assets)	0	0	0	0	0	0	0	0	**0**
Additions - Purchases from Cash Donations & Government Grants	0	0	0	0	0	0	0	0	**0**
Additions Leased (including PFI/LIFT)	0	0	0		0	0	0	0	**0**
Reclassifications	0	0	0	0	0	0	0	0	**0**
Reclassifications as Held for Sale and reversals	0	0	0	0	0	0	0	0	**0**
Disposals other than for sale	0	0	0	0	(236)	(157)	(673)	(15)	**(1,081)**
Revaluation	241	76	0	0	0	0	0	0	**317**
Impairments/reversals charged to operating expenses	0	(1,207)	0	0	0	0	0	0	**(1,207)**
Impairments/reversals charged to reserves	(322)	(4,816)	0	0	0	0	0	0	**(5,138)**
Transfers to NHS Foundation Trust on authorisation as FT	0	0	0	0	0	0	0	0	**0**
Transfers (to)/from Other Public Sector Bodies under Absorption Accounting	0	0	0	0	0	0	0	0	**0**
At 31 March 2017	**5,604**	**22,350**	**0**	**0**	**431**	**156**	**2,297**	**127**	**30,965**
Depreciation									
At 1 April 2016	0	1,871	0		618	271	2,166	45	**4,971**
Reclassifications	0	0	0		0	0	0	0	**0**
Reclassifications as Held for Sale and reversals	0	0	0		0	0	0	0	**0**
Disposals other than for sale	0	0	0		(236)	(157)	(673)	(15)	**(1,081)**
Revaluation	0	0	0		0	0	0	0	**0**
Impairment/reversals charged to reserves	0	(1,813)	0		0	0	0	0	**(1,813)**
Impairments/reversals charged to operating expenses	0	(34)	0		0	0	0	0	**(34)**
Charged During the Year	0	606	0		14	14	246	5	**885**
Transfers to NHS Foundation Trust on authorisation as FT	0	0	0		0	0	0	0	**0**
Transfers (to)/from Other Public Sector Bodies under Absorption Accounting	0	0	0		0	0	0	0	**0**
At 31 March 2017	**0**	**630**	**0**	**0**	**396**	**128**	**1,739**	**35**	**2,928**
Net Book Value at 31 March 2017	**5,604**	**21,720**	**0**	**0**	**35**	**28**	**558**	**92**	**28,037**
Asset financing:									
Owned - Purchased	5,604	7,755	0	0	35	28	558	92	**14,072**
Owned - Donated	0	0	0	0	0	0	0	0	**0**
Owned - Government Granted	0	0	0	0	0	0	0	0	**0**
Held on finance lease	0	0	0	0	0	0	0	0	**0**
On-SOFP PFI contracts	0	13,965	0	0	0	0	0	0	**13,965**
PFI residual interests	0	0	0	0	0	0	0	0	**0**
Total at 31 March 2017	**5,604**	**21,720**	**0**	**0**	**35**	**28**	**558**	**92**	**28,037**

Revaluation Reserve Balance for Property, Plant & Equipment

	Land	Buildings	Dwellings	Assets under construction & payments on account	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
At 1 April 2016	5,493	8,260	0	0	6	0	0	0	**13,759**
Movements	(1,401)	(3,035)	0	0	0	0	0	0	**(4,436)**
At 31 March 2017	**4,092**	**5,225**	**0**	**0**	**6**	**0**	**0**	**0**	**9,323**

Additions to Assets Under Construction in 2016-17

Land	0
Buildings excl Dwellings	0
Dwellings	0
Plant & Machinery	0
Balance as at YTD	**0**

16.2. Property, plant and equipment prior-year

2015-16	Land	Buildings excluding dwellings	Dwellings	Assets under construction & payments on account	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Cost or valuation:									
At 1 April 2015	5,685	25,449	0	0	640	313	2,408	45	**34,540**
Additions of Assets Under Construction				0					**0**
Additions Purchased	0	830	0		0	0	100	0	**930**
Additions - Non Cash Donations (i.e. Physical Assets)	0	0	0	0	0	0	0	0	**0**
Additions - Purchases from Cash Donations & Government Grants	0	0	0	0	0	0	0	0	**0**
Additions Leased (including PFI/LIFT)	0	0	0		0	0	0	0	**0**
Reclassifications	0	0	0	0	0	0	0	0	**0**
Reclassifications as Held for Sale and Reversals	0	0	0	0	0	0	0	0	**0**
Disposals other than for sale	0	0	0	0	0	0	0	0	**0**
Revaluation	0	227	0	0	0	0	0	0	**227**
Impairment/reversals charged to reserves	0	0	0	0	0	0	0	0	**0**
Impairments/reversals charged to operating expenses	0	0	0	0	0	0	0	0	**0**
Transfers to NHS Foundation Trust on authorisation as FT	0	0	0	0	0	0	0	0	**0**
Transfers (to)/from Other Public Sector Bodies under Absorption Accounting	0	0	0	0	0	0	0	0	**0**
At 31 March 2016	**5,685**	**26,506**	**0**	**0**	**640**	**313**	**2,508**	**45**	**35,697**
Depreciation									
At 1 April 2015	0	846	0		590	255	1,942	45	**3,678**
Reclassifications	0	0	0		0	0	0	0	**0**
Reclassifications as Held for Sale and Reversals	0	0	0		0	0	0	0	**0**
Disposals other than for sale	0	0	0		0	0	0	0	**0**
Revaluation	0	0	0		0	0	0	0	**0**
Impairment/reversals charged to reserves	0	0	0		0	0	0	0	**0**
Impairments/reversals charged to operating expenses	0	(43)	0		0	0	0	0	**(43)**
Charged During the Year	0	1,068	0		28	16	224	0	**1,336**
Transfers to NHS Foundation Trust on authorisation as FT	0	0	0		0	0	0	0	**0**
Transfers (to)/from Other Public Sector Bodies under Absorption Accounting	0	0	0		0	0	0	0	**0**
At 31 March 2016	**0**	**1,871**	**0**	**0**	**618**	**271**	**2,166**	**45**	**4,971**
Net Book Value at 31 March 2016	**5,685**	**24,635**	**0**	**0**	**22**	**42**	**342**	**0**	**30,726**
Asset financing:									
Owned - Purchased	5,685	8,250	0	0	22	42	342	0	**14,341**
Owned - Donated	0	0	0	0	0	0	0	0	**0**
Owned - Government Granted	0	0	0	0	0	0	0	0	**0**
Held on finance lease	0	0	0	0	0	0	0	0	**0**
On-SOFP PFI contracts	0	16,385	0	0	0	0	0	0	**16,385**
PFI residual interests	0	0	0	0	0	0	0	0	**0**
Total at 31 March 2016	**5,685**	**24,635**	**0**	**0**	**22**	**42**	**342**	**0**	**30,726**

16.3. (cont). Property, plant and equipment

The Trust did not receive any donated assets within the 2016/17 financial year.

HM Treasury determined that NHS Trusts must value its assets to depreciated replacement cost value on a Modern Equivalent Asset basis by 1 April 2010 at the latest. The Trust completed this valuation within the 2009/10 financial year.

In order to ensure that the Trusts Land and Building assets are carried at fair value as at the Balance Sheet date the Trust ensures an independent valuation is undertaken at least every 5 years supplemented by the application of indexation annually.

A full independent valuation, undertaken on the Trusts behalf by Cushman & Wakefield and compliant with RICS Valuation - Professional Standards 2014, was completed during the financial year with a valuation date of 30 June 2016. A property subsequently purchased was valued at 31 March 2017.

The current value in existing use of the Trusts properties have primarily been derived using the depreciated replacement cost approach because the specialised nature of the asset means that there are no market transactions of this type of asset except as part of the business or entity. The approach assumes that the asset would be replaced with a modern equivalent, not a building of identical design, with the same service potential as the existing asset.

Following the revaluation of land and buildings at 30 June 2016 there has been no subsequent indexation of the Trusts asset values from this date to the Balance Sheet date. The Trusts indepenent valuers, Cushman & Wakefield, indicated that an uplift of approximately 1.55% was applicable for the 9 month period to 31 March 2017. This is deemed an immaterial change by the Trust. It is believed land and buildings are held at fair value at the Balance Sheet date.

The Economic Asset lives for each asset are as follows:

	Minimum Years	Maximum Years
Buildings exc dwellings	3	76
Dwellings	0	0
Plant & Machinery	0	9
Transport Equipment	0	5
Information Technology	0	3
Furniture and Fittings	0	10

17. Intangible non-current assets

17.1. Intangible non-current assets

	IT - in-house & 3rd party software	Computer Licenses	Licenses and Trademarks	Patents	Development Expenditure - Internally Generated	Intangible Assets Under Construction	Total
2016-17							
Cost or valuation:	**£000's**	**£000's**	**£000's**	**£000's**	**£000's**	**£000's**	**£000's**
At 1 April 2016	0	390	0	0	0	0	**390**
Additions of Assets Under Construction						0	**0**
Additions Purchased	0	217	0	0	0	0	**217**
Additions Internally Generated	0	0	0	0	0	0	**0**
Additions - Non Cash Donations (i.e. physical assets)	0	0	0	0	0	0	**0**
Additions - Purchases from Cash Donations and Government Grants	0	0	0	0	0	0	**0**
Additions Leased (including PFI/LIFT)	0	0	0	0	0	0	**0**
Reclassifications	0	0	0	0	0	0	**0**
Reclassified as Held for Sale and Reversals	0	0	0	0	0	0	**0**
Disposals other than by sale	0	0	0	0	0	0	**0**
Upward revaluation/positive indexation	0	0	0	0	0	0	**0**
Impairments/reversals charged to operating expenses	0	0	0	0	0	0	**0**
Impairments/reversals charged to reserves	0	0	0	0	0	0	**0**
Transfers to NHS Foundation Trust on authorisation as FT	0	0	0	0	0	0	**0**
Transfer (to)/from Other Public Sector bodies under Absorption	0	0	0	0	0	0	**0**
At 31 March 2017	**0**	**607**	**0**	**0**	**0**	**0**	**607**
Amortisation							
At 1 April 2016	0	373	0	0	0		**373**
Reclassifications	0	0	0	0	0		**0**
Reclassified as Held for Sale and Reversals	0	0	0	0	0		**0**
Disposals other than by sale	0	0	0	0	0		**0**
Upward revaluation/positive indexation	0	0	0	0	0		**0**
Impairment/reversals charged to reserves	0	0	0	0	0		**0**
Impairments/reversals charged to operating expenses	0	0	0	0	0		**0**
Charged During the Year	0	13	0	0	0		**13**
Transfers to NHS Foundation Trust on authorisation as FT	0	0	0	0	0		**0**
Transfer (to)/from Other Public Sector bodies under Absorption	0	0	0	0	0		**0**
At 31 March 2017	**0**	**386**	**0**	**0**	**0**	**0**	**386**
Net Book Value at 31 March 2017	**0**	**221**	**0**	**0**	**0**	**0**	**221**
Asset Financing: Net book value at 31 March 2017 comprises:							
Purchased	0	221	0	0	0	0	**221**
Donated	0	0	0	0	0	0	**0**
Government Granted	0	0	0	0	0	0	**0**
Finance Leased	0	0	0	0	0	0	**0**
On-balance Sheet PFIs	0	0	0	0	0	0	**0**
Total at 31 March 2017	**0**	**221**	**0**	**0**	**0**	**0**	**221**

Revaluation reserve balance for intangible non-current assets							
	£000's	**£000's**	**£000's**	**£000's**	**£000's**	**£000's**	**£000's**
At 1 April 2016	0	0	0	0	0	0	**0**
Movements	0	0	0	0	0	0	**0**
At 31 March 2017	**0**	**0**	**0**	**0**	**0**	**0**	**0**

17.2. Intangible non-current assets prior year

2015-16	IT - in-house & 3rd party software	Computer Licenses	Licenses and Trademarks	Patents	Development Expenditure - Internally Generated	Intangible Assets Under Construction	Total
	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Cost or valuation:							
At 1 April 2015	0	390	0	0	0	0	**390**
Additions - purchased	0	0	0	0	0	0	**0**
Additions - internally generated	0	0	0	0	0	0	**0**
Additions - donated	0	0	0	0	0	0	**0**
Additions - government granted	0	0	0	0	0	0	**0**
Additions Leased (including PFI/LIFT)	0	0	0	0	0	0	**0**
Reclassifications	0	0	0	0	0	0	**0**
Reclassified as held for sale	0	0	0	0	0	0	**0**
Disposals other than by sale	0	0	0	0	0	0	**0**
Upward revaluation/positive indexation	0	0	0	0	0	0	**0**
Impairments/reversals charged to operating expenses	0	0	0	0	0	0	**0**
Impairments/reversals charged to reserves	0	0	0	0	0	0	**0**
Transfers to NHS Foundation Trust on authorisation as FT	0	0	0	0	0	0	**0**
Transfer (to)/from Other Public Sector bodies under Absorption	0	0	0	0	0	0	**0**
At 31 March 2016	**0**	**390**	**0**	**0**	**0**	**0**	**390**
Amortisation							
At 1 April 2015	0	337	0	0	0	0	**337**
Reclassifications	0	0	0	0	0	0	**0**
Reclassified as held for sale	0	0	0	0	0	0	**0**
Disposals other than by sale	0	0	0	0	0	0	**0**
Upward revaluation/positive indexation	0	0	0	0	0	0	**0**
Impairments/reversals charged to operating expenses	0	0	0	0	0	0	**0**
Impairments/reversals charged to reserves	0	0	0	0	0	0	**0**
Charged during the year	0	36	0	0	0	0	**36**
Transfers to NHS Foundation Trust on authorisation as FT	0	0	0	0	0	0	**0**
Transfer (to)/from Other Public Sector bodies under Absorption	0	0	0	0	0	0	**0**
At 31 March 2016	**0**	**373**	**0**	**0**	**0**	**0**	**373**
Net book value at 31 March 2016	**0**	**17**	**0**	**0**	**0**	**0**	**17**
Net book value at 31 March 2016 comprises:							
Purchased	0	17	0	0	0	0	**17**
Donated	0	0	0	0	0	0	**0**
Government Granted	0	0	0	0	0	0	**0**
Finance Leased	0	0	0	0	0	0	**0**
On-balance Sheet PFIs	0	0	0	0	0	0	**0**
Total at 31 March 2016	**0**	**17**	**0**	**0**	**0**	**0**	**0**

17.3. Intangible non-current assets

The Trust has not undertaken a revaluation of its intangible assets. These assets are initially carried at fair value based on their cost as at the point of acquisition and are amortised to maintain that estimated fair value.

All the Trust intangibles are purchased and not internally generated. These assets have finite lives and the economic lives for each asset are as follows;

	Minimum Years	Maximum Years
Intangible Asset - Software Licences	0	5

18. Analysis of impairments and reversals recognised in 2016-17

	Property Plant and Equipment	Intangible Assets	Financial Assets	Non-Current Assets Held for Sale	Total £000s
Impairments and reversals taken to SoCI					
Loss or damage resulting from normal operations	0	0	0	0	**0**
Over-specification of assets	0	0	0	0	**0**
Abandonment of assets in the course of construction	0	0	0	0	**0**
Total charged to Departmental Expenditure Limit	**0**	**0**	**0**	**0**	**0**
Unforeseen obsolescence	0	0	0	0	**0**
Loss as a result of catastrophe	0	0	0	0	**0**
Other	0	0	0	0	**0**
Changes in market price	1,173	0	0	0	**1,173**
Total charged to Annually Managed Expenditure	**1,173**	**0**	**0**	**0**	1,173
Total Impairments of Property, Plant and Equipment changed	**1,173**		**0**	**0**	**1,173**

Donated and Gov Granted Assets, included above	**£000s**
PPE - Donated and Government Granted Asset Impairments: amount charged to SOCI - DEL	**0**
Intangibles - Donated and Government Granted Asset Impairments: amount charged to SOCI - DEL	**0**

Impairments have arisen following the independent valuation of the Trusts land and buildings at 30 June 2016. A total impairment of £4,498,000 has been recognised in property, plant and equipment of which £3,325,000 has been allocated to the revaluation reserve, to reverse out prior year upward indexation/valuations. The remaining £1,173,000 has been reflected in the Statement of Comprehensive Income and relates wholly to buildings.

19. Investment property

	31 March 2017 £000s	31 March 2016 £000s
At fair value		
Balance at 1 April 2016	**0**	0
Additions Through Subsequent Expenditure	**0**	0
Other Acquisitions	**0**	0
Disposals	**0**	0
Property Reclassified as Held for Sale	**0**	0
Loss from Fair Value Adjustments - Impairments	**0**	0
Loss from Fair Value Adjustments - Reversal of Impairments	**0**	0
Gain from Fair Value Adjustments	**0**	0
Transfers to NHS Foundation Trust on authorisation as FT	**0**	0
Transfers (to) / from Other Public Sector Bodies under absorption accounting	**0**	0
Other Changes	**0**	0
Balance at 31 March 2017	**0**	0

20. Commitments

20.1. Capital commitments

Contracted capital commitments at 31 March not otherwise included in these financial statements:

	31 March 2017 0	31 March 2016 £000s
Property, plant and equipment	**0**	0
Intangible assets	**0**	0
Total	**0**	0

20.2. Other financial commitments

The Trust has entered into no non-cancellable contracts (which are not leases or PFI contracts or other service concession arrangements).

	31 March 2017 £000s	31 March 2016 £000s
Not later than one year	**0**	0
Later than one year and not later than five year	**0**	0
Later than five years	**0**	0
Total	**0**	**0**

21. Inventories

	Drugs	Consumables	Work in Progress	Energy	Loan Equipment	Other	Total	Of which held at NRV
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Balance at 1 April 2016	**66**	**29**	**0**	**1**	**0**	**0**	**96**	0
Additions	1,142	192	0	1	0	0	**1,335**	0
Inventories recognised as an expense in the period	(1,143)	(200)	0	0	0	0	**(1,343)**	0
Write-down of inventories (including losses)	0	0	0	0	0	0	**0**	0
Reversal of write-down previously taken to SOCI	0	0	0	0	0	0	**0**	0
Transfers to NHS Foundation Trust on authorisation as FT	0	0	0	0	0	0	**0**	0
Transfers (to)/from Other Public Sector Bodies under Absorption Accounting	0	0	0	0	0	0	**0**	0
Balance at 31 March 2017	**65**	**21**	**0**	**2**	**0**	**0**	**88**	**0**

22.1. Trade and other receivables

	Current		Non-current	
	31 March 2017	31 March 2016	**31 March 2017**	31 March 2016
	£000s	£000s	**£000s**	£000s
NHS receivables - revenue	**2,036**	1,170	**0**	0
NHS receivables - capital	**0**	0	**0**	0
NHS prepayments and accrued income	**877**	117	**0**	0
Non-NHS receivables - revenue	**763**	1,227	**0**	0
Non-NHS receivables - capital	**713**	0	**1,426**	0
Non-NHS prepayments and accrued income	**679**	783	**0**	0
PDC Dividend prepaid to DH	**0**	8	**0**	0
Provision for the impairment of receivables	**(33)**	(25)	**0**	0
VAT	**146**	168	**0**	0
Current/non-current part of PFI and other PPP arrangements prepayments and accrued income excluding PFI lifecycle	**0**	0	**0**	0
Interest receivables	**0**	0	**0**	0
Finance lease receivables	**0**	0	**0**	0
Operating lease receivables	**0**	0	**0**	0
Other receivables	**0**	0	**897**	568
Total	**5,181**	3,448	**2,323**	568
Total current and non current	**7,504**	4,016		
Included in NHS receivables are prepaid pension contributions:	**0**			

The great majority of trade is with Clinical Commissioning Groups. As Clinical Commissioning Groups are funded by Government to buy NHS patient care services, no credit scoring of them is considered necessary.

Other receivables from 2015/16 for £568k has been restated in the accounts from Non-NHS receivables - capital.

22.2. Receivables past their due date but not impaired

	31 March 2017	31 March 2016
	£000s	£000s
By up to three months	**300**	104
By three to six months	**174**	65
By more than six months	**37**	34
Total	**511**	203

The Trust holds no collateral relating to these debts and believes the value shown to be their net realisable value.

22.3. Provision for impairment of receivables

	2016-17 £000s	2015-16 £000s
Balance at 1 April 2016	**(25)**	(158)
Amount written off during the year	**0**	0
Amount recovered during the year	**0**	133
(Increase)/decrease in receivables impaired	**(8)**	0
Transfers to NHS Foundation Trust on authorisation as FT	**0**	0
Transfers (to)/from Other Public Sector Bodies under Absorption Accounting	**0**	0
Balance at 31 March 2017	**(33)**	(25)

The Trust has considered all debts outstanding for over a 90 day period and made an assessment regarding the likely collectability of those debts. The Trust holds no collateral against those debts but considers them to be the best estimation of their fair value.

23. NHS LIFT investments

	Loan £000s	**Share capital £000s**	**Total £000s**
Balance at 1 April 2016	**0**	**0**	**0**
Additions	0	0	**0**
Disposals	0	0	**0**
Loan repayments	0	0	**0**
Revaluations	0	0	**0**
Loans repayable within 12 months transferred to receivables	0	0	**0**
Balance at 31 March 2017	**0**	**0**	**0**
Balance at 1 April 2015	0	0	0
Additions	0	0	0
Disposals	0	0	0
Loan repayments	0	0	0
Revaluations	0	0	0
Loans repayable within 12 months transferred to receivables	0	0	0
Balance at 31 March 2016	0	0	0

24.1. Other Financial Assets - Current

	31 March 2017 £000s	31 March 2016 £000s
Current part of loans repayable transferred from non-current assets	**0**	0
NLF deposits over 3 months	**0**	0
Closing balance 31 March	**0**	0

24.2. Other Financial Assets - Non Current

	31 March 2017 £000s	31 March 2016 £000s
Opening balance 1 April	**0**	0
Additions	**0**	0
Revaluation	**0**	0
Impairments/reversals taken to Revaluation Reserve	**0**	0
Impairment/reversals taken to SoCI	**0**	0
Change in Fair Value through SoCI	**0**	0
Transferred to current financial assets	**0**	0
Disposals	**0**	0
Transfers (to)/from Other Public Sector Bodies under Absorption Accounting	**0**	0
Total Other Financial Assets - Non Current	**0**	0

25. Other current assets

	31 March 2017 £000s	31 March 2016 £000s
EU Emissions Trading Scheme Allowance	**0**	0
Other Assets	**0**	0
Total	**0**	0

26. Cash and Cash Equivalents

	31 March 2017 £000s	31 March 2016 £000s
Opening balance	**7,903**	6,805
Net change in year	**(939)**	1,098
Closing balance	**6,964**	7,903
Made up of		
Cash with Government Banking Service	**6,955**	7,894
Commercial banks	**0**	0
Cash in hand	**9**	9
Liquid deposits with NLF	**0**	0
Current investments	**0**	0
Cash and cash equivalents as in statement of financial position	**6,964**	7,903
Bank overdraft - Government Banking Service	**0**	0
Bank overdraft - Commercial banks	**0**	0
Cash and cash equivalents as in statement of cash flows	**6,964**	7,903
Third Party Assets - Bank balance (not included above)	**90**	72
Third Party Assets - Monies on deposit	**0**	0

Third party assets have been restated for 2015/16 by £39k to include the Social Care Account.

27. Non-current assets held for sale

	Land	Buildings, excl. dwellings	Dwellings	Asset Under Construction and Payments on Account	Plant and Machinery	Transport and Equipment	Information Technology	Furniture and Fittings	Intangible Assets	Financial Assets	Total
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Balance at 1 April 2016	2,198	0	0	0	0	0	0	0	0	0	**2,198**
Plus assets classified as held for sale in the year	0	0	0	0	0	0	0	0	0	0	**0**
Less assets sold in the year	(2,198)	0	0	0	0	0	0	0	0	0	**(2,198)**
Less impairment of assets held for sale	0	0	0	0	0	0	0	0	0	0	**0**
Plus reversal of impairment of assets held for sale	0	0	0	0	0	0	0	0	0	0	**0**
Less assets no longer classified as held for sale, for reasons other than disposal by sale	0	0	0	0	0	0	0	0	0	0	**0**
Transfers to Foundation Trust on authorisation as FT	0	0	0	0	0	0	0	0	0	0	**0**
Transfers (to)/from Other Public Sector Bodies under Absorption Accounting	0	0	0	0	0	0	0	0	0	0	**0**
Balance at 31 March 2017	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Liabilities associated with assets held for sale at 31 March 2017	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Balance at 1 April 2015	2,375	145	0	0	0	0	0	0	0	0	**2,520**
Plus assets classified as held for sale in the year	0	0	0	0	0	0	0	0	0	0	**0**
Less assets sold in the year	(177)	(145)	0	0	0	0	0	0	0	0	**(322)**
Less impairment of assets held for sale	0	0	0	0	0	0	0	0	0	0	**0**
Plus reversal of impairment of assets held for sale	0	0	0	0	0	0	0	0	0	0	**0**
Less assets no longer classified as held for sale, for reasons other than disposal by sale	0	0	0	0	0	0	0	0	0	0	**0**
Transfers (to)/from Other Public Sector Bodies under Absorption Accounting	0	0	0	0	0	0	0	0	0	0	**0**
Balance at 31 March 2016	**2,198**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**2,198**
Liabilities associated with assets held for sale at 31 March 2016	0	0	0	0	0	0	0	0	0	0	0

The prior year Asset Held for Sale relates to Bucknall Hospital land which was sold on the 1st April 2016. A gain of £152,794 was recognised on disposal of the asset.

28. Trade and other payables

	Current		Non-current	
	31 March 2017 £000s	31 March 2016 £000s	**31 March 2017 £000s**	31 March 2016 £000s
NHS payables - revenue	**1,035**	847	**0**	0
NHS payables - capital	**0**	0	**0**	0
NHS accruals and deferred income	**429**	1,432	**0**	0
Non-NHS payables - revenue	**2,132**	889	**0**	0
Non-NHS payables - capital	**303**	116	**0**	0
Non-NHS accruals and deferred income	**2,435**	3,208	**0**	0
Social security costs	**656**	15		
PDC Dividend payable to DH	**1**	0		
Accrued Interest on DH Loans	**0**	0		
VAT	**0**	0	**0**	0
Tax	**515**	0		
Payments received on account	**0**	0	**0**	0
Other	**0**	0	**0**	0
Total	**7,506**	6,507	**0**	0
Total payables (current and non-current)	**7,506**	**6,507**		
Included above:				
to Buy Out the Liability for Early Retirements Over 5 Years	**0**	0		
number of Cases Involved (number)	**0**	0		
outstanding Pension Contributions at the year end	**785**	764		

29. Other liabilities

	Current		Non-current	
	31 March 2017 £000s	31 March 2016 £000s	**31 March 2017 £000s**	31 March 2016 £000s
Lease incentives	**0**	0	**0**	0
Other	**0**	0	**0**	0
Total	**0**	0	**0**	0
Total other liabilities (current and non-current)	**0**	**0**		

30. Borrowings

	Current		Non-current	
	31 March 2017 £000s	31 March 2016 £000s	**31 March 2017 £000s**	31 March 2016 £000s
Bank overdraft - Government Banking Service	**0**	0		
Bank overdraft - commercial banks	**0**	0		
Loans from Department of Health	**0**	0	**0**	0
Loans from other entities	**0**	0	**0**	0
PFI liabilities - main liability	**457**	346	**12,189**	12,647
LIFT liabilities - main liability	**0**	0	**0**	0
Finance lease liabilities	**0**	0	**0**	0
Other	**0**	0	**0**	0
Total	**457**	**346**	**12,189**	**12,647**
Total other liabilities (current and non-current)	**12,646**	**12,993**		

This relates to the financial liability associated with the Trusts PFI scheme for the Harplands Hospital. The liability will be fully settled at the end of the primary contract period ending 22 August 2030

Borrowings / Loans - repayment of principal falling due in:

	31 March 2017		
	DH £000s	**Other £000s**	**Total £000s**
0-1 Years	0	457	**457**
1 - 2 Years	0	633	**633**
2 - 5 Years	0	1,896	**1,896**
Over 5 Years	0	9,660	**9,660**
TOTAL	**0**	**12,646**	**12,646**

31. Other financial liabilities

	Current		Non-current	
	31 March 2017 £000s	31 March 2016 £000s	**31 March 2017 £000s**	31 March 2016 £000s
Embedded derivatives at fair value through SoCI	**0**	0	**0**	0
Financial liabilities carried at fair value through profit and loss	**0**	0	**0**	0
Amortised cost	**0**	0	**0**	0
Total	**0**	0	**0**	0
Total other financial liabilities (current and non-current)	**0**	0		

32. Deferred income

	Current		Non-current	
	31 March 2017 £000s	31 March 2016 £000s	**31 March 2017 £000s**	31 March 2016 £000s
Opening balance at 1 April 2016	**727**	1,191	**0**	0
Deferred revenue addition	**134**	727	**0**	0
Transfer of deferred revenue	**(452)**	(1,191)	**0**	0
Current deferred Income at 31 March 2017	**409**	727	**0**	0
Total deferred income (current and non-current)	**409**	727		

33. Finance lease obligations as lessee

The Trust has no finance lease obligations as lessee.

34. Finance lease receivables as lessor

The Trust is not a lessor.

35. Provisions

	Total	Comprising: Early Departure Costs	Legal Claims	Restructuring	Continuing Care	Equal Pay (incl. Agenda for Change	Other	Redundancy
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Balance at 1 April 2016	**1,681**	0	37	0	0	0	877	767
Arising during the year	**417**	0	2	0	0	0	275	140
Utilised during the year	**(532)**	0	(9)	0	0	0	(163)	(360)
Reversed unused	**(797)**	0	(14)	0	0	0	(393)	(390)
Unwinding of discount	**3**	0	0	0	0	0	3	0
Change in discount rate	**35**	0	0	0	0	0	35	0
Transfers to NHS Foundation Trusts on being authorised as FT	**0**	0	0	0	0	0	0	0
Transfers (to)/from other public sector bodies under absorption accounting	**0**	0	0	0	0	0	0	0
Balance at 31 March 2017	**807**	**0**	**16**	**0**	**0**	**0**	**634**	**157**
Expected Timing of Cash Flows:								
No Later than One Year	**333**	0	16	0	0	0	160	157
Later than One Year and not later than Five Years	**74**	0	0	0	0	0	74	0
Later than Five Years	**400**	0	0	0	0	0	400	0

Amount Included in the Provisions of the NHS Litigation Authority in Respect of Clinical Negligence Liabilities:

As at 31 March 2017	1,985
As at 31 March 2016	1,902

Other provisions (£634,000) relate to the projected liabilities and charges arising in 2016/17 and beyond, in respect of injury benefits (£274,000), pay and employment related provisons (£65,000) and provisions related to Trust properties (£295,000).

36. Contingencies

	31 March 2017 £000s	31 March 2016 £000s
Contingent liabilities		
NHS Litigation Authority legal claims	**(24)**	(23)
Employment Tribunal and other employee related litigation	**0**	0
Redundancy	**0**	0
Other	**0**	0
Net value of contingent liabilities	**(24)**	(23)
Contingent assets		
Contingent assets	**0**	0
Net value of contingent assets	**0**	0

37. PFI and LIFT - additional information

The information below is required by the Department of Heath for inclusion in national statutory accounts

Charges to operating expenditure and future commitments in respect of ON and OFF SOFP PFI

	2016-17 £000s	2015-16 £000s
Total charge to operating expenses in year - Off SoFP PFI	**0**	0
Service element of on SOFP PFI charged to operating expenses in year	**4,093**	3,983
Total	**4,093**	3,983

Payments committed to in respect of off SOFP PFI and the service element of on SOFP PFI

	Present Value of Unitary Payment		**Unitary Payment**	
	2016-17 £000s	2015-16 £000s	**2016-17 £000s**	2015-16 £000s
No Later than One Year	**4,158**	3,980	**4,187**	4,035
Later than One Year, No Later than Five Years	**17,303**	15,894	**17,734**	16,671
Later than Five Years	**40,611**	37,571	**43,509**	43,229
Total	**62,072**	57,445	**65,430**	63,935

The Trust has no off SOFP PFI contracts.

Estimated Capital Value of Project - off SOFP PFI	**0**	0
Value of Deferred Assets - off SOFP PFI	**0**	0
Value of Reversionary Interest - off SOFP PFI	**0**	0

Imputed "finance lease" obligations for on SOFP PFI contracts due

	2016-17 £000s	2015-16 £000s
No Later than One Year	**1,750**	1,673
Later than One Year, No Later than Five Years	**7,090**	7,165
Later than Five Years	**14,665**	16,341
Subtotal	**23,505**	25,179
Less: Interest Element	**(10,859)**	(12,186)
Total	**12,646**	12,993

Present Value Imputed "finance lease" obligations for on SOFP PFI contracts due Analysed by when PFI payments are due	**2016-17 £000s**	2015-16 £000s
No Later than One Year	**457**	346
Later than One Year, No Later than Five Years	**2,529**	2,353
Later than Five Years	**9,660**	10,294
Total	**12,646**	12,993

Number of on SOFP PFI Contracts

Total Number of on PFI contracts	**1**
Number of on PFI contracts which individually have a total commitments value in excess of £500m	**0**

Number of off SOFP PFI Contracts

Total Number of off PFI contracts	**0**
Number of off PFI contracts which individually have a total commitments value in excess of £500m	**0**

The Trust has no LIFT Schemes.

38. Impact of IFRS treatment - current year

The information below is required by the Department of Heath for budget reconciliation purposes	**2016-17 Income £000s**	**2016-17 Expenditure £000s**	2015-16 Income £000s	2015-16 Expenditure £000s
Revenue costs of IFRS: Arrangements reported on SoFP under IFRIC12 (e.g PFI / LIFT)				
Depreciation charges		**339**		730
Interest Expense		**1,327**		1,364
Impairment charge - AME		**0**		0
Impairment charge - DEL		**0**		0
Other Expenditure		**4,093**		3,983
Revenue Receivable from subleasing	**0**		0	
Impact on PDC dividend payable		**234**		271
Total IFRS Expenditure (IFRIC12)	**0**	**5,993**	**0**	**6,348**
Revenue consequences of PFI / LIFT schemes under UK GAAP / ESA95 (net of any sublease revenue)		**5,866**		5,798
Net IFRS change (IFRIC12)		**127**		**550**
Capital Consequences of IFRS : LIFT/PFI and other items under IFRIC12				
Capital expenditure 2015-16		0		0
UK GAAP capital expenditure 2015-16 (Reversionary Interest)		346		351

	2016-17 Income/ Expenditure IFRIC 12 YTD £000s	**2016-17 Income/ Expenditure ESA 10 YTD £000s**	2015-16 Income/ Expenditure IFRIC 12 YTD £000s	2015-16 Income/ Expenditure ESA 10 YTD £000s
Revenue costs of IFRS12 compared with ESA10				
Depreciation charges	**339**		730	
Interest Expense	**1,327**		1,364	
Impairment charge - AME	**0**		0	
Impairment charge - DEL	**0**		0	
Other Expenditure				
Service Charge	**2,321**	**5,866**	2,293	5,798
Contingent Rent	**1,772**		1,690	
Lifecycle	**0**		0	
Impact on PDC Dividend Payable	**234**		271	
Total Revenue Cost under IFRIC12 vs ESA10	**5,993**	**5,866**	**6,348**	**5,798**
Revenue Receivable from subleasing	**0**	**0**	**0**	**0**
Net Revenue Cost/(income) under IDRIC12 vs ESA10	**5,993**	**5,866**	**6,348**	**5,798**

39. Financial Instruments

39.1. Financial risk management

Financial reporting standard IFRS 7 requires disclosure of the role that financial instruments have had during the period in creating or changing the risks a body faces in undertaking its activities. Because of the continuing service provider relationship that the Trust has with Commissioners and the way those Commissioners are financed, the Trust is not exposed to the degree of financial risk faced by business entities. Also financial instruments play a much more limited role in creating or changing risk than would be typical of listed companies, to which the financial reporting standards mainly apply. The Trust has limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the Trust in undertaking its activities.

The Trust's treasury management operations are carried out by the finance department, within parameters defined formally within the Trust's standing financial instructions and policies agreed by the board of directors. Trust treasury activity is subject to review by the Trust's internal auditors.

Currency risk
The Trust is principally a domestic organisation with the great majority of transactions, assets and liabilities being in the UK and sterling based. The Trust has no overseas operations. The Trust therefore has low exposure to currency rate fluctuations.

Interest rate risk
The Trust borrows from government for capital expenditure, subject to affordability as confirmed by NHS Improvement. The borrowings are for 1 – 25 years, in line with the life of the associated assets, and interest is charged at the National Loans Fund rate, fixed for the life of the loan. The Trust therefore has low exposure to interest rate fluctuations.

The Trust may also borrow from government for revenue financing subject to approval by NHS Improvement. Interest rates are confirmed by the Department of Health (the lender) at the point borrowing is undertaken.

The Trust therefore has low exposure to interest rate fluctuations.

Credit risk
Because the majority of the Trust's revenue comes from contracts with other public sector bodies, the Trust has low exposure to credit risk. The maximum exposures as at 31 March 2017 are in receivables from customers, as disclosed in the trade and other receivables note.

Liquidity risk
The Trust's operating costs are incurred under contracts with primary care organisations, which are financed from resources voted annually by Parliament. The Trust funds its capital expenditure from funds obtained within its prudential borrowing limit. The Trust is not, therefore, exposed to significant liquidity risks.

39.2. Financial Assets

	At 'fair value through profit and loss'	Loans and receivables	Available for sale	Total
	£000s	£000s	£000s	£000s
Embedded derivatives	0			**0**
Receivables - NHS		2,913		**2,913**
Receivables - non-NHS		3,202		**3,202**
Cash at bank and in hand		6,964		**6,964**
Other financial assets	0	0	0	**0**
Total at 31 March 2017	**0**	**13,079**	**0**	**13,079**
Embedded derivatives	0			0
Receivables - NHS		1,525		1,525
Receivables - non-NHS		1,604		1,604
Cash at bank and in hand		7,903		7,903
Other financial assets	0	0	0	0
Total at 31 March 2016	0	11,032	0	11,032

39.3. Financial Liabilities

	At 'fair value through profit and loss'	Other	Total
	£000s	£000s	£000s
Embedded derivatives	0		**0**
NHS payables		1,113	**1,113**
Non-NHS payables		4,812	**4,812**
Other borrowings		0	**0**
PFI & finance lease obligations		12,646	**12,646**
Other financial liabilities	0	0	**0**
Total at 31 March 2017	**0**	**18,571**	**18,571**
Embedded derivatives	0		0
NHS payables		847	847
Non-NHS payables		5,229	5,229
Other borrowings		0	0
PFI & finance lease obligations		12,992	12,992
Other financial liabilities	0	0	0
Total at 31 March 2016	0	19,068	19,068

40. Events after the end of the reporting period

The Trust has no non-adjusting events after the end of the reporting period to disclose.

41. Related party transactions

During the year none of the Department of Health Ministers, Trust Board members or members of the key management staff, or parties related to any of them, has undertaken any material transactions with North Staffordshire Combined Healthcare NHS Trust.

The Department of Health is regarded as a related party. During the year North Staffordshire Combined Healthcare NHS Trust has had a significant number of material transactions with the Department, and with other entities for which the Department is regarded as the parent Department. For example:

	Payments to Related Party	Receipts from Related Party	Amounts owed to Related Party	Amounts due from Related Party
	£'000	£'000	£'000	£'000
Stoke On Trent CCG	0	34,753	0	310
North Staffordshire CCG	0	24,715	0	216
Health Education England	1	2,312	338	10
West Midlands Specialised Commissioning Hub	30	2,018	30	0
NHS Digital (formerly Health and Social Care Information Centre)	0	1,703	0	416
Staffordshire and Stoke on Trent Partnership NHS Trust	374	1,484	144	145
South Staffordshire and Shropshire Healthcare NHS Foundation Trust	803	1,359	104	281
NHS England Core	0	1,104	0	729
University Hospitals of North Midlands NHS Trust	2,153	533	506	136
North Midlands Local Office	39	444	39	326
Stafford And Surrounds CCG	108	385	79	92
Shropshire CCG	0	231	0	24
South Cheshire CCG	0	216	0	15
The Royal Wolverhampton NHS Trust	1	128	1	0
East Staffordshire CCG	0	107	0	8
West Cheshire CCG	0	100	0	99
South East Staffs And Seisdon Peninsular CCG	13	71	13	0
Eastern Cheshire CCG	0	68	0	0
Telford And Wrekin CCG	0	67	0	3
Care Quality Commission	108	50	0	0
Midlands & Lanacashire CSU	404	0	34	0
Blackpool Teaching Hospitals NHS Foundation Trust	68	0	4	0
North Essex Partnership NHS Foundation Trust	58	0	0	0
West Midlands Ambulance Service NHS Foundation Trust	333	0	55	0
NHS Litigation Authority	415	0	0	0

In addition, the Trust has had a number of material transactions with other government departments and other central and local government bodies. Most of these transactions have been with City of Stoke on Trent Council and Staffordshire County Council.

	Payments to Related Party	Receipts from Related Party	Amounts owed to Related Party	Amounts due from Related Party
	£'000	£'000	£'000	£'000
City of Stoke on Trent Council	164	4,099	83	14
Staffordshire County Council	71	1,698	150	46

The Trust has also received revenue payments from a number of charitable funds, certain of the Trustees for which are also members of the NHS Trust Board. Specifically the Trust is the corporate trustee of the North Staffordshire Combined Healthcare NHS Trust charity (regististration number 1057104) and exercises control over the transactions of that charity.

However, in the context of the Trust the transactions of the Charity are deemed to be immaterial and therefore have not been consolidated within these Accounts. The Summary Financial Statements of the Funds Held on Trust are included in the Charity's Annual Report report which is published under separate cover.

42. Losses and special payments

The total number of losses cases in 2016-17 and their total value was as follows:

	Total Value of Cases £s	**Total Number of Cases**
Losses	265	3
Special payments	16,260	4
Gifts	0	0
Total losses and special payments and gifts	16,525	7

The total number of losses cases in 2015-16 and their total value was as follows:

	Total Value of Cases £s	**Total Number of Cases**
Losses	2,232	1
Special payments	30,391	13
Total losses and special payments	32,623	14

43. Financial performance targets

The figures given for periods prior to 2009-10 are on a UK GAAP basis as that is the basis on which the targets were set for those years.

43.1. Breakeven performance

	2006-07 £000s	2007-08 £000s	2008-09 £000s	2009-10 £000s	2010-11 £000s	2011-12 £000s	2012-13 £000s	2013-14 £000s	2014-15 £000s	2015-16 £000s	2016-17 £000s
Turnover	90,092	87,021	90,910	90,599	86,321	83,063	79,487	87,471	75,502	78,588	81,883
Retained surplus/(deficit) for the year	80	214	256	(3,833)	312	(7,776)	434	(373)	425	790	751
Adjustment for:											
Timing/non-cash impacting distortions:											
Pre FDL(97)24 agreements	0	0	0	0	0	0	0	0	0	0	0
Prior Period Adjustments	0	0	0	0	0	0	0	0	0	0	0
Adjustments for impairments	0	0	0	3,765	(184)	8,041	729	(48)	(166)	(43)	1,173
Adjustments for impact of policy change re donated/government grants assets						0	0	0	0	0	0
Consolidated Budgetary Guidance - adjustment for dual accounting under IFRIC12*				517	570	626	508	452	509	550	127
Absorption accounting adjustment							0	0	0	0	0
Other agreed adjustments	0	0	0	0	0	0	0	0	0	0	0
Break-even in-year position	**80**	**214**	**256**	**449**	**698**	**891**	**1,671**	**31**	**768**	**1,297**	**2,051**
Break-even cumulative position	**830**	**1,044**	**1,300**	**1,749**	**2,447**	**3,338**	**5,009**	**5,040**	**5,808**	**7,105**	**9,156**

* Due to the introduction of International Financial Reporting Standards (IFRS) accounting in 2009-10, Trust's financial performance measurement needs to be aligned with the guidance issued by HM Treasury measuring Departmental expenditure. Therefore, the incremental revenue expenditure resulting from the application of IFRS to IFRIC 12 schemes (which would include PFI schemes), which has no cash impact and is not chargeable for overall budgeting purposes, is excluded when measuring Breakeven performance. Other adjustments are made in respect of accounting policy changes (impairments and the removal of the donated asset and government grant reserves) to maintain comparability year to year.

	2006-07 %	2007-08 %	2008-09 %	2009-10 %	2010-11 %	2011-12 %	2012-13 %	2013-14 %	2014-15 %	2015-16 %	2016-17 %
Materiality test (I.e. is it equal to or less than 0.5%):											
Break-even in-year position as a percentage of turnover	0.09	0.25	0.28	0.50	0.81	1.07	2.10	0.04	1.02	1.65	2.50
Break-even cumulative position as a percentage of turnover	0.92	1.20	1.43	1.93	2.83	4.02	6.30	5.76	7.69	9.04	11.18

The amounts in the above tables in respect of financial years 2005/06 to 2008/09 inclusive have **not** been restated to IFRS and remain on a UK GAAP basis.

43.2. Capital cost absorption rate

The dividend payable on public dividend capital is based on the actual (rather than forecast) average relevant net assets based on the pre audited accounts and therefore the actual capital cost absorption rate is automatically 3.5%.

43.3. External financing

The Trust is given an external financing limit which it is permitted to undershoot.

	2016-17 £000s	2015-16 £000s
External financing limit (EFL)	977	(312)
Cash flow financing	592	(1,798)
Finance leases taken out in the year	0	0
Other capital receipts	0	0
External financing requirement	**592**	(1,798)
Under/(over) spend against EFL	**385**	1,486

43.4. Capital resource limit

The Trust is given a capital resource limit which it is not permitted to exceed.

	2016-17 £000s	2015-16 £000s
Gross capital expenditure	2,594	930
Less: book value of assets disposed of	(2,198)	(322)
Less: capital grants	0	0
Less: donations towards the acquisition of non-current assets	0	0
Charge against the capital resource limit	**396**	608
Capital resource limit	889	1,180
(Over)/underspend against the capital resource limit	**493**	572

44. Third party assets

The Trust held cash and cash equivalents which relate to monies held by the Trust on behalf of patients or other parties. This has been excluded from the cash and cash equivalents figure reported in the accounts.

	31 March 2017 £000s	31 March 2016 £000s
Third party assets held by the Trust	**90**	72

Third party assets have been restated for 2015/16 by £39k to include the Social Care Account.

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