



**Shropshire  
Community Health**  
NHS Trust

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# Annual Report and Accounts 2017/18

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Shropshire Community Health NHS Trust

Annual Report and Accounts 2017/18

Presented in accordance with the NHS Group Accounting Manual 2017/18  
pursuant to the Companies Act 2006

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### About this document

This document fulfils the Annual Reporting requirements for NHS trusts.

Copies of this document are available from our website at [www.shropscommunityhealth.nhs.uk](http://www.shropscommunityhealth.nhs.uk), by email to [communications@shropcom.nhs.uk](mailto:communications@shropcom.nhs.uk) or in writing from: Chief Executive's Office, Shropshire Community Health NHS Trust, William Farr House, Mytton Oak Road, Shrewsbury, SY3 8XL.

If you would like this report in a different format, such as large print, or need it in a different language, please contact our Patient Advice and Liaison Service who can arrange that on 0800 032 1107 or email [pals@shropcom.nhs.uk](mailto:pals@shropcom.nhs.uk)

# Foreword

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## Welcome from the Chairman

**It is my great pleasure to welcome you to our Annual Report and Accounts for 2017/18.**



This document will give you an overview of what we do, how well we have done and the challenges we face going forward, as well as a more detailed analysis of our activities and accounts if you would like to take a look at things in a bit more detail. Most of this information can also be found on our website at

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

We have had another busy and challenging year and I would like to take this opportunity to say thank you to all our staff and volunteers who have helped us to deliver so many important services to our local population through their hard work and dedication. They really do help to improve lives in our communities, which of course is one of our core values.

We are also fortunate to have, and grateful for the considerable support we get from our patients and carers, who are directly involved in helping us to shape our services and making sure we are getting things right.

For much of the year we have been working closely with our regulator, NHS Improvement, to consider what the future shape of community services in Shropshire and Telford & Wrekin should be. I am grateful to everyone who has contributed to the process so far, and look forward to being able to offer more clarity over the weeks and months ahead.

Whatever happens, we know our priority is the delivery of modern, sustainable, high quality and safe community services for the people of Shropshire and Telford & Wrekin. We look to the future from a position of strength and we will continue forward on that basis.

I hope you enjoy this Annual Report and Accounts and I look forward to your continued support in 2018/19.

Thank you,

**Mike Ridley, Chairman**



# Performance Report

## Performance Overview

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The first section of the Annual Report and Accounts provides an overview of our performance over the last 12 months. This is a brief summary of who we are, what we do and how we have performed against our objectives during the year. There is a more detailed analysis of our performance later in the report.

## Chief Executive's Review of the Year

**The NHS turns 70 later this year and we certainly have much to celebrate. The health service today is unrecognisable to the one which launched in 1948 and – to keep pace with the changing needs of our society – we must continue to innovate, develop and improve.**

To that end, we have been working hard at the Shropshire Community Health NHS Trust, to ensure we are providing a service fit for the 21<sup>st</sup> century.

Much of what I said we'd do last year, we have put into practice this year. This has included:

- Wider coverage of our Electronic Patient Record, which will support our community teams to work more flexibly, share important information about information about patients with other professionals more easily, provide us with more information to help us learn, and make appointments easy to organise.
- We continue to improve the quality of our services, ensuring we are at least compliant with CQC standards, growing our ability to use real-time patient feedback to improve services, and ensuring we have modern and robust arrangements in place to support our patients at the end of their lives.
- A real focus on our staff, who are always at the heart of everything we do. Year-on-year, our staff – through the National Patient Survey – tell us they feel better supported, engaged and involved. We have had a particular focus on health and wellbeing this year, finding creative ways to support staff to look after themselves while they look after patients.



Designing and improving services for the future is a key priority and we have continued to work with health and care partners to understand what patient needs will be in the future and how to provide services to meet those needs.

We have undertaken a range of activities in the past year, ranging from scoping exercises to explore 'what if' questions, to the pilot implementation of new services that have grown out of those 'what if' conversations.

# Performance Report

## Performance Overview

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New services in the past year included:

- The Shropshire Public Health Nursing Service, which has seen our previous 0-19 Children, Young People and Family services being brought together in one new entity. It sees the School Nursing Team, Health Visitors and Family Nurse Partnership (FNP) services integrated under the new banner.
- Improvements to Telford neighbourhoods, providing more services – such as pressure ulcer care – which support people to stay well and independent. We have done this in partnership with GPs and other professionals.
- We ran a pilot Home First project in Bishop's Castle while new flooring was laid in the community hospital. The feedback we had from this was positive: both from patients and from staff.

Early in 2017/18, we saw Child and Adolescent Mental Health Services (CAMHS) transfer from our Trust to our partners at South Staffordshire and Shropshire Healthcare NHS Foundation Trust (SSSFT). This happened following a service redesign, and we felt the best place children and young people requiring these services was in a wider NHS organisation. However, all our children's services still continue to work closely together.

Overall, it has been another good year. We can look back with pride on the work we have done and the success we have had in achieving our performance, quality and financial targets. There is still more to do, of course. We are always looking to improve.

I must thank all of our communities that we serve, our partners, our stakeholders, and most of all our staff – who work tirelessly care for our patients and carers, often in very challenging. They make Shropcom the special place it is.

A very big thank you to all of those who have contributed to the work we've done this year.

Thank you,

**Jan Ditheridge**

**Chief Executive**



## Performance Report: Performance Overview

### Our Vision and Values

**Our Vision and Values set out our ambitions and the core set of behaviours and beliefs that guide us in what we say and do.**

These were developed following a lot of work with our staff and stakeholders to make sure we got them right, and we have continued to work together to embed them into our everyday work and develop a shared culture.

#### Our Vision:

*We will work closely with our health and social care partners to give patients more control over their own care and find necessary treatments more readily available.*

*We will support people with multiple health conditions, not just single diseases, and deliver care as locally and conveniently as possible for our patients.*

*We will develop our current and future workforce and introduce innovative ways to use technology.'*

#### Our Values:

##### Improving Lives

We make things happen to improve people's lives in our communities.

##### Everyone Counts

We make sure no-one feels excluded or left behind - patients, carers, staff and the whole community.

##### Commitment to Quality

We all strive for excellence and getting it right for patients, carers and staff every time.

##### Working Together for Patients

Patients come first. We work and communicate closely with other teams, services and organisations to make that a reality.

##### Compassionate Care

We put compassionate care at the heart of everything we do.

##### Respect and Dignity

We see the person every time - respecting their values, aspirations and commitments in life – for patients, carers and staff.



## Performance Report: Performance Overview

### Introducing Shropcom

**Shropshire Community Health NHS Trust provides community-based health services for adults and children in Shropshire, Telford and Wrekin, and some services in surrounding areas too.**

We specialise in supporting people's health needs at home and through outpatient and inpatient care.

Our focus is on prevention and keeping people out of crisis so that they can receive the care and support they need at, or as close to home as possible.

NHS community services may not always be as visible to the public as the larger acute hospitals, but they play a vital role in supporting very many people who live with ongoing health problems. This is especially important in a large area such as ours, with increasing numbers of elderly people and others, including children and young people, with long-term health conditions.

We have about 725,000 community contacts each year, the vast majority of which are with people in their homes, in community centres and clinics. A very small number of people also receive inpatient care in our community hospitals.

Good community health services prevent the need for some patients to be admitted to hospital, including those with chronic conditions such as diabetes, asthma, chest disease, arthritis, hypertension, osteoporosis and stroke. People have told us that we should help patients manage their own condition and stay healthy enough not to have to spend time in hospital, unless they really need to. This is especially important as we continue to care for an ageing population. We also have community teams that specifically work with patients who need additional or short-term care and support to help them return home from hospital as quickly as possible, or to avoid being admitted in the first place.

Our Executive Team has led extensive work to engage with patients, staff and stakeholders in refining our Values, Vision and Goals. This has been a key part of the overall strategic work to shape our services now and for the future, and



also working alongside our health and social care partners to deliver a co-ordinated approach to delivering services. Everything we do is aimed towards **Improving Lives in Our Communities**.

### Key Facts:

Organisation formed in 2011

Serve a population of 471,000

Employ circa 1,600 people

We had 630,409 community contacts in 2017/18

Spent £74.2m delivering services

Provide services from more than 100 sites across one of England's largest and sparsely populated counties.



## Performance Report: Performance Overview

### Who we are and what we do

**The Trust was established in 1 July 2011 by the Secretary of State for Health under the provisions of the National Health Service Act 2006.**

We provide a wide range of community health services to about 471,000 adults and children in their own homes, local clinics, health centres, GP surgeries, schools and our community hospitals in Bishops Castle, Bridgnorth, Ludlow and Whitchurch.

We realise that it can be confusing to know who is who in the ever-changing world of the National Health Service (NHS), so it may be helpful to explain the various local NHS bodies and where we fit.

Within the county of Shropshire there are two Clinical Commissioning Groups (CCGs) – Shropshire CCG and Telford & Wrekin CCG. These organisations are responsible for buying (commissioning) a wide range of health services for their patients. As a provider of community NHS services we receive the majority of our income from these commissioners, among others. In 2017/18 our total income for the year was £77.9 million. You can find out more about how we get and spend our money in the Directors Report and Annual Accounts.

The CCGs buy services from organisations that deliver care to patients – often referred to as “providers”. These are generally either acute services (main hospital services) or community services such as community nursing, children and young people’s services and community hospitals. They work with a range of partners including other NHS organisations, the local authorities, patient and service user groups and the voluntary sector.

We provide community services across the county, as well as neighbouring areas such as our School Nursing Service in Dudley, and work closely with the other providers (The Shrewsbury and Telford Hospital NHS Trust, Robert Jones and Agnes Hunt Orthopaedic Hospital NHS Foundation Trust and South Staffordshire and Shropshire Healthcare NHS Foundation Trust) and many other organisations to care for the population of Shropshire.

While our services are varied, many of them deliver care and treatment for children and adults, including frail elderly people, who live with long-term illnesses or disabilities and want to maintain as normal a life as possible at home. We are committed to helping them maintain independence and a good quality of life. Services such as our community respiratory team, specialist diabetes nursing service, continence service, and community paediatric nurses are just some of the teams who deliver that.

We also provide palliative care to help people achieve the best quality of life towards the end of their life, and have done a lot of work to improve this area in the past year.





## Performance Report: Performance Overview

### Our Services

The services we deliver can be broken down into three main areas, as illustrated in the tables below.

We have two Service Delivery Groups (SDGs) managing the clinical services that provide direct care and support for our patients - one for Adults and one for Children and Families. Then, wrapped around our frontline staff, we have a range of corporate and support services.



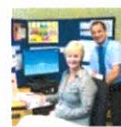
#### Adult SDG

- Community Hospitals
- Minor Injury Units
- Integrated Community Services
- Inter-Disciplinary Teams
- Long-Term Conditions & Frail Elderly
- Diabetes
- Tissue Viability
- Continence Services
- Shropshire Wheelchair Service
- Rheumatology
- Physiotherapy
- Podiatry
- Advanced Primary Care Services
- Prison Healthcare
- Diagnostics, Assessment and Access to Rehabilitation and Treatment (DAART)



#### Children and Families SDG

- Health Visitors
- Children's Therapy Services
- Community Children's Nurses
- School Nurses
- Family Nurse Partnership
- Child Development Centres
- Safeguarding
- New Born Hearing Screening
- Child Health and Audiology
- Community Paediatrics
- Immunisation and Vaccination
- Dental Services



#### Corporate/Support Services

- Finance
- Workforce/HR
- Organisational Development
- IT and Informatics
- Hotel Services
- Administration Support
- Business Development
- Performance
- Complaints and PALS
- Emergency Planning
- Patient Experience and Involvement
- Assurance (non-clinical)
- Quality
- Communications and Marketing

You can find out more about our full range of services on our website at [www.shropscommunityhealth.nhs.uk](http://www.shropscommunityhealth.nhs.uk)

## Performance Report: Performance Overview

### How we are funded and how we spend our money

**This section provides a very brief overview of how our finances are managed. You can find out more about our finances in the Remuneration Report and the Annual Accounts.**

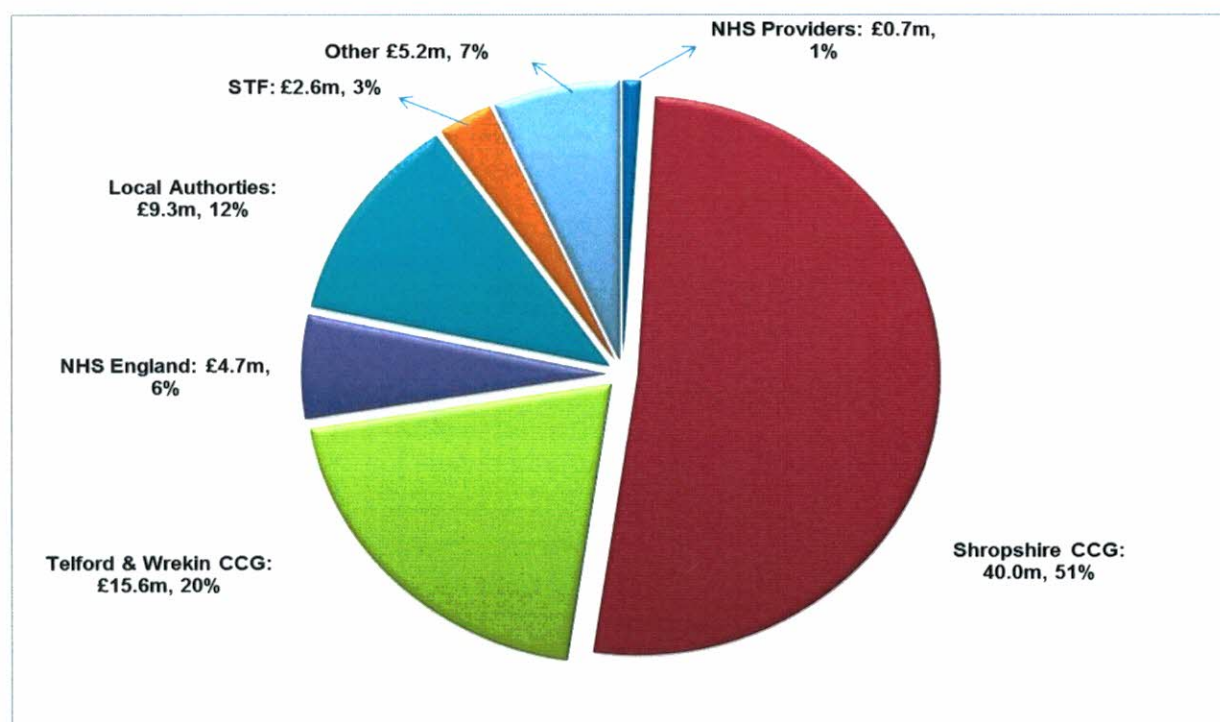
As a provider of community NHS services we receive the majority of our income from NHS commissioners (e.g. Clinical Commissioning Groups or CCGs in England and Local Health Boards in Wales) and a significant proportion from Local Authorities.

These commissioners purchase NHS care services from us for all age groups within the population they serve. This includes service such as district nursing, health visiting, rehabilitation, inpatient care at our community hospitals, outpatient appointments and home visits. We work closely with other Health and Care providers, such as the acute hospitals where our staff support discharge and ongoing care and with local authorities through our integrated health and social care teams.

For the 2017/18 year the Trust's total income was £77.9 million.

The majority of our income came from our two main commissioners – Shropshire County CCG and Telford & Wrekin CCG – with additional funding coming from other organisations, such as NHS England who carry out specialist commissioning or local authorities for whom we provide services, such as the School Nursing Service.

The chart below shows where we get our money from.



The income we receive is used to fund the services we provide the most significant element of which is to pay our staff. In 2017/18 we spent about £74.9 million delivering services.

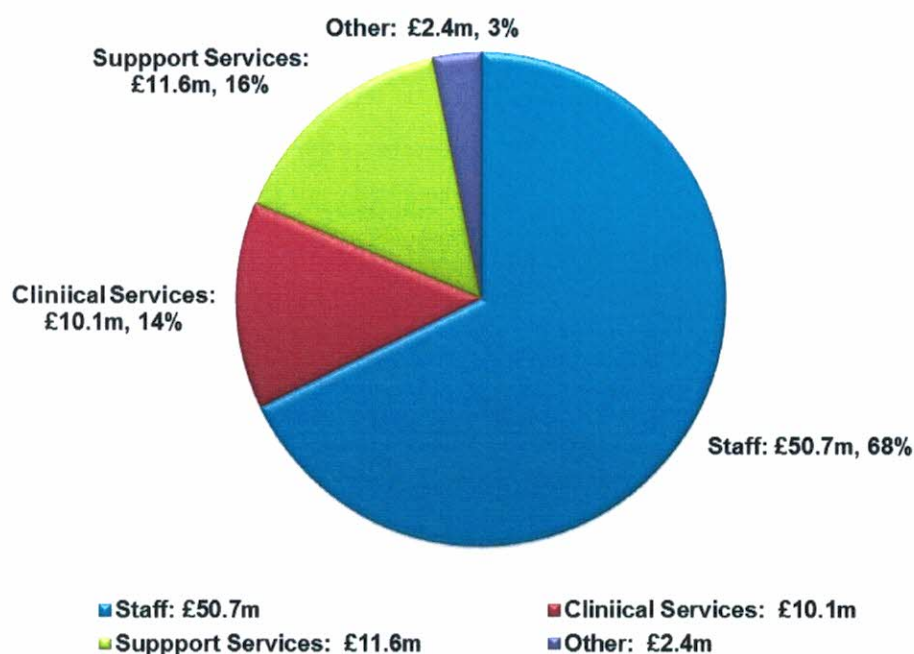
Overall spend has been summarised into four main areas below:



## Performance Report: Performance Overview

- **Our Staff** – this includes those who provide direct care (e.g. doctors, dentists, nurses, therapists, health visitors and healthcare assistants) as well as those people providing essential support and back office functions (e.g. catering, cleaning, admin, technical, HR and finance).
- **Support Services** – this refers to supporting services such as postage, telephones and staff training; non-clinical supplies (e.g. uniforms, linen, food and transport), and accommodation (e.g. rent, rates, water, gas and electricity).
- **Clinical Supplies** – such as drugs and dressings that are directly related to providing health care.
- **Other** – other essential costs such as depreciation, finance charges and our contribution to NHS Resolution risk-pooling schemes, including the Clinical Negligence Scheme for Trusts (CNST).

The chart below illustrates how we use the money we are given to provide services:



### 2017/18 Financial Results

Overall, in 2017/18 the Trust made achieved a retained surplus of £2,758,000.

All financial targets including our statutory financial duty have been met for the year.

A more detail review of our finances can be found in the Annual Accounts section of this report.

## Performance Report: Performance Overview

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### 2017/18: A Performance Summary

**Once again we have had a challenging year, which has left us with plenty to celebrate and plenty to learn from and continue to improve.**

We are an organisation with a strong track record of delivering against our key objectives and targets, and most significantly in the year just gone:

- We met our planned financial targets and finished the year by making a surplus, which saw us gaining additional national funding of £1.4 million.
- We have met the majority of our set national targets this year and also seen significant improvements in some of our local targets.
- We continued to strengthen our relationship with commissioners and other partners and are actively supporting strategic change across the local health and social care system.

#### Key Challenges, Issues and Risks

We face a range of challenges and risks when planning and delivering our services. Some of the key challenges, issues and risks we have faced in 2017/18 include:

**Changing need for health services:** The health and the needs of our population are very different across the county and we need to ensure that future service redesign considers these differences. As our population ages our patients are living with multiple long term conditions which in turn increases the complexity of their needs.

**Access to services:** Patients access our service across a large geographical area. Patients living in the main towns have reasonable access to a range of health and care services. However a significant proportion of our population live in very rural areas where accessing health services is far more challenging.

**Staffing:** Similar to other rural counties we experience difficulties in recruitment and retention. We have recognised this in our

workforce planning. When we face staffing shortages we have to rely on agency staff. This is not ideal and impacts on service delivery as well as having a financial impact.

**Finances:** Like the rest of the NHS, we have to meet the needs of our patients whilst at the same time finding ways to be more efficient. We need to ensure that we continue to deliver best value for money.

**Our estate:** We are responsible for maintaining a large estate over a wide geographical area, which requires a lot of resources to ensure our facilities are fit-for-purpose and meet statutory and mandatory obligations.

**System-wide transformation:** We play a key part in system-wide strategic planning. Sustainable community services are critical to support the delivery of the local system and Health and Wellbeing Board. Partnership working is key to implementing change through the Shropshire Sustainability and Transformation Plan.

#### Getting it Right

We fully recognise all of these challenges, issues and risks (some of which will be covered in more detail in this section, and other sections of the report) and have made sure they have been taken into account when planning and delivering services throughout 2017/18 and beyond. This is part of a continual process of reviewing and improving what we do (and we will look at what we have done in more detail later in this section of the report).

Our Board recognises the importance of effective risk management and our assurance framework details risks and controls related to all areas of quality and safety. Risk is discussed at every Board Meeting and also monitored down through the committees that report directly to the Board and through the services and teams throughout the organisation.



## Performance Report: Performance Overview

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### Performance and Managing Risk

Ensuring that we get it right for our patients underpins everything that we do. Our Board recognises the importance of effective risk management and our assurance framework details risks and controls related to all areas of quality, safety and financial.

Risk is discussed at every Board Meeting and also monitored down through the committees that report directly to the Board and through the services and teams throughout the organisation.

We monitor our performance to assure both our Board and also our commissioners and regulators that we are delivering high quality services that meets the needs of our local population.

We monitor our performance against clear Key Performance Indicators (KPIs), which are aligned with workforce indicators, safer staffing metrics, patients and carer feedback, audit results, complaints and Patient and Advice Service (PALS) information and staff feedback.

Our Quality and Safety Committee ensure that we deliver safe services and that we continue to improve the quality of services for our patients. Our Resource and Performance Committee ensure that we make the best use of our resources and deliver on our contractual commitments. We monitor performance through Integrated Performance Reports to ensure that we continuously consider both aspects of performance.

The Trust has in place arrangements to address fraud, bribery and corruption, and security management issues. This includes the provision of Local Counter Fraud and Security Management Specialists.

Annual work plans are formulated with progress towards delivering on the plan monitored by the Trust Director of Finance and reported to the Audit Committee. Service Condition 24 of the NHS Standard Contract, and the NHS Protect Standards for Providers, are used as benchmarks for performance. Yearly assessments of performance are reported to the Audit Committee and NHS Protect as required.

### Our Priorities

We are committed to continue to improve the quality of our services and to continue to work in partnership with colleagues from across the health and care economy to develop and embed new models of care. These commitments, and the challenges described above, have shaped our transformation programme and our Strategic Priorities. For 2017/18 and 2018/19 we identified the following priorities:

- Getting to “Good” and Beyond
- Building our 5 Year Plan
- Implementing Electronic Patient Record

### Priority: Getting to “Good” and Beyond

#### Embedding a Continuous Improvement Culture:

Over the last 12 months we have built upon and strengthened our activities to support our aspiration to achieve ‘Good’ across our services against CQC regulatory and fundamental standards.

Together, we have achieved our improvement actions following the publication of our inspection in 2016. We will be experiencing the CQC’s new approach to inspections for the first time this year and we are optimistic that all the work our staff have achieved and continuing to progress, will be reflected in this year’s report.

Our Quality and Safety Report has evolved and adapted over the last 12 months. The Committee continues to receive information on quality through monitoring reports, briefings and thematic reviews and supports Board assurance on quality through a supportive “confirm and challenge” approach on the robustness of information provided. “Knowing how we are doing” is key to delivering quality. The use of ‘soft’ intelligence, such as Board walks, quality team walks and informal engagement through the Trust Freedom to Speak Up Guardian also reflects our commitment to assuring the Board on matters that impact on our staff and our patients and service users.

We have undergone an internal operational organisational change which we believe has



## Performance Report: Performance Overview

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strengthened the quality team. In response to and, to support our clinical leaders and our patient facing staff, we have successfully recruited to our new Quality Lead posts and Compliance Lead and, have supported our Adult Clinical Educators to be able to build on their strengths and provide a greater focus to support our continually developing clinical workforce.

Our clinical workforce are our key enablers to delivering high quality and safe care. We have embarked upon our journey to developing different workforce models such as the Assistant Practitioner. We continually build upon our listening skills with our clinical workforce particularly when service changes are being considered.

A positive culture of learning and improvement and, a collective commitment to the quality and safety of clinical services is a crucial determinant to patient outcomes and experience of care. We continue to support our resilience and ability to continually adapt to the changes needed in our pursuit to deliver outstanding quality services and continually work to understand, support and strengthen the "Cultural Ingredients" required to achieve this.

### Priority: Building our 5 Year Plan

#### Redesigning Young Peoples Services:

Many of our Young Peoples Services have seen significant transformation change during the last 12 months. Ensuring that new models of care are evidence based and outcomes focused has been key to service redesign. During 2016/17 our Children and Mental Health Services (CAMHS) Team worked in partnership with South Staffordshire & Shropshire Healthcare NHS FT (SSSFT), Children's Society, Healios and Kooth to develop a new 0-25 Emotional Health and Wellbeing model of care. Staff working in our CAMHS Service transferred to South Staffordshire and Shropshire Healthcare NHS Foundation Trust (SSSFT) FT in May 2017. We remain a stakeholder in the new model of care and are working closely with the new providers to improve services for children and young people.

Our Health Visitors, School Nurses and Family Nurse Partnership services have also

undertaken a significant transformational change. In response to Local Authority tenders our teams have designed a new model of care aligned to the national Healthy Child Programme. The new model brings together these teams into one seamless and integrated service. We are currently in the process of embedding this model in Shropshire and finalising a local model for Telford.

Our clinical teams have also been working in partnership with both Local Authorities to integrate the Child Development Multi-Disciplinary Assessment processes with the Education Health Care Assessment process. This will reduce the number of appointments and assessments for preschool children with complex needs and to simplify the process for parents.

We have also been seeking opportunities for our Children's Community Nursing Services to support the 'care closer to home'. We already offer comprehensive care to children with complex medical needs and life limiting illness in the community and are exploring options to support more acute care which would facilitate earlier discharges and prevent hospital admission for some groups of patients.

#### Designing Local Integrated Neighbourhood care models:

Designing services that meet the needs of local communities is one of the key principles that is driving service transformation. We recognise the need to work differently with our partners to develop new models of care that will meet the changing needs of our population. Future service models will be needs based and centred around GP practices and community facilities

During the last 12 months we have been working closely with commissioners and other health and care providers in Shropshire bringing together clinical teams across primary care and secondary care. These new integrated models will enable us all to make the best use of resource and in turn will enhance services for our patients and provide strong professional links for our staff. We have made significant progress to align our nursing and therapy teams into local community teams centred around GP 'clusters' and community localities.



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Our health services are under increasing pressure as more and more patients are admitted to hospital. Community based services can reduce the demand on acute beds. We have recently joined up with our partners in mental health and social care to provide multi-disciplinary assessments to support patients in Care Homes. The team identify patients who are at risk of admission to hospital and discuss options to support those patients outside of the acute hospital facility.

Last year we co-designed and implemented a new model of care in Bishops Castle to support the local community during the temporary closure of the Community Hospital.

The Home First pilot ran for 3 months during August – October 2017 with close working between the GPs and the community teams. Regular dialogue with the local Patient Group and other supporting partners took place throughout the project. The pilot project received positive feedback from patients and clinical teams.

A lot of work has taken place in to develop alternative ways of working. As part of the local Clinical Network we have been working with patients, local providers and commissioners to design a new Three Tier Model of Care for Diabetes.

This will improve services for patients and ensure that they are able to access services easier. We have also been working with Telford CCG to develop a Wound Healing Service to provide care and treatment in community locations. We expect both of these developments to be implemented in 2018/19.

### **Developing new roles and innovative workforce solutions:**

Developing innovative workforce solutions will support the delivery of high quality care. As part of this we have continued to implement our Workforce Strategy, which aims to support the development of our staff and the delivery of our transformation plans.

Our Organisational Development Team has developed and implemented new leadership

training and support, and strengthened the provision of supervision across the organisation.

Our Health and Wellbeing Strategy has taken a proactive and engaging approach to enhancing the health and wellbeing of our staff through wellbeing initiatives, employee support mechanisms and joint working with staff, their representatives and local partners to identify and address areas for improvement. We achieved a high level of take up of 'flu vaccinations amongst our staff, protecting their and their patients' health.

### **Delivering year-on-year efficiency requirements through productivity review:**

Community Services engaged with Meridian Productivity to understand our demand, capacity and productivity. Within these specific services we have implemented revised patient dependency tools and systems and process to understand and manage variance around capacity, productivity and patient complexity.

### **Implementing our Estates Strategy to provide a range of optimal, fit for purpose accommodation and estate:**

A significant element of our asset base is our estate, which supports the day-to-day operational and administrative functions. Our services operate from multiple locations across the county, which provide both operational and financial challenges.

We have an Estates Management Strategy, which is an important part of managing our resources going forward and takes into account our mandatory obligations, the existing challenges associated with managing multiple facilities across a large geographical area and the need to support new models of care supporting people closer to home.

The strategy outlines our aim to provide a range of optimal, fit-for-purpose accommodation and estate to support the operational and strategic delivery of all services.

It recognises that our estate and accommodation must align and directly support patient care and the business of the Trust and sets out to deliver an estate that enhances the day to day lives of all service users, carers, staff,



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stakeholders and our communities. During the year we have further progressed with implementation.

### Priority: Implementing Electronic Patient Record

In March 2017, we commenced the implementation programme for our new Electronic Patient Record system (RiO); this programme involved a 4 Phase approach to the implementation process, the first phase of this was using the system in our Minor Injury Units and Podiatry service.

The two subsequent phases of this year's implementation plan saw the introduction of elements of the RiO EPR in our Children's services during June; and across a number of our Community Adult services in the summer. Further clinical functionality for these services will be deployed during the first half of 2018/19.

The RiO EPR will simplify how we communicate and importantly share information with our patients and partners, and help to improve mobile working, while providing a significant reduction in the amount of paper records we produce.

All of these benefits play an important part in supporting us to deliver safer, modern and high quality health services for the communities we serve. It will also help us to save valuable resources that can be used in other areas.

This has been the culmination of a lot of planning and preparation and represents the largest single financial investment the organisation has made, and the final Phase of the programme is to implement the system in our Community Hospitals by March 2019.

### Organisational Change: Our Future

Our Board has a specific responsibility to consider the long-term planning of our services.

It became clear to us in 2016 that to achieve all of the things we want to do to create high quality community services in the future our organisation will have to change.

Our regulator, NHS Improvement (NHSI), agreed with us and we worked closely with them

to try and identify a larger partner to achieve the capacity, capability and scale of community services we want to see being delivered.

Two Trusts reached a final shortlist – The Shrewsbury and Telford Hospital NHS Trust (SaTH) and South Staffordshire and Shropshire NHS Foundation Trust (SSSFT).

During 2017/18, our staff got the chance to hear from both parties and ask questions about the bids being put forward.

This NHSI-led process continued until May 2018, when NHSI concluded that neither of the shortlisted bidders met the criteria sufficiently for the transaction to proceed.

### Patient, Carers and Volunteers

Patient and Carer involvement is central to how we improve quality. Our engaged and active Patient and Carer Panel work closely with us to develop and improve the services we provide. Panel members are involved in activity throughout the organisation, for example they are take part in interviewing new staff, observe and reflect on the care being provided, design services with us and sit on some of our key committees.

We have continued to make use of an electronic feedback system for our patients, their families and carers to tell us what they think of our services.

This adds to the systems we already have in place for gathering feedback that our volunteers help us to gather and interpret as part of our Feedback Intelligence Group, the success of which has continued throughout 2017/18.

We have used this information, along with the quantitative data from our systems, to create focused action plans that team leaders and managers can use to drive improvement across our services.

Our volunteers have also been instrumental at a national level in the design and implementation of a new Patient Story Toolkit. Patient stories are being used at more forums throughout the Trust to ensure the voices of patients and carers are heard, and most importantly, listened to.

## Performance Report: Performance Overview

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### **Saving and Investing**

Once again we were set some challenging financial targets to meet, especially given the scarcity of resources in the current economic climate. Despite this, we were able manage our finances effectively and finished the year with a retained surplus of £2,758,000.

We recognise that the clinical and financial sustainability of our organisation is intrinsically linked to the development of new models of care and our ability to deliver these models and work in partnership with our health and social care partners. This will continue to be the focus of our planning for 2018/19.



## Performance Report: Performance Analysis

### Our Performance

**Monitoring our activity and performance against a range of indicators – including national, contractual and local targets – is an important part of ensuring we deliver high quality services.**

The table on the right provides an indication of our overall activity during 2017/18.

The vast majority of contact we have with people is in their own home or another community setting, while a very small number of people will require inpatient care and support in one of our Community Hospitals.

Patient Activity Figures 2017/18	
Community contacts	630,409
Outpatient attendances	58,033
Inpatient and day cases	1,011
Inpatient Rehabilitation Episodes	1,694
Radiology examinations	10,753
Minor injuries attendances	27,833
Equipment and products supplied	291,841
Prison healthcare contacts	14,171

### Safety Thermometer

The NHS Safety Thermometer is a tool that allows our nursing teams to measure four specific harms and the proportion of their patients that are free from all of these harms on one specific day each month. It acts as a temperature check and can be used in conjunction with other indicators such as incident reporting, staffing levels and patient feedback to indicate where a problem may occur in a clinical area.

The national target for the Safety Thermometer is that it demonstrates that more than 95% of patients are free from any of the four harms on the data collection day.

### A summary of our performance against local and national targets

We monitor our performance against a range of Key Performance Indicators (KPIs) aligned to the CQC domains of quality – caring, responsive, effective, well led and safe services. This section of the Annual Report will provide information relating to our performance within these quality domains in relation to our targets, which are set internally, locally and nationally.



## Performance Report: Performance Analysis

### Caring Key Measures

Caring indicators related to CQC domains.	Year End 16/17	April 17	May 17	June 17	July 17	August 17	Sep 17	Oct 17	Nov 17	Dec 17	Jan 18	Feb 18	March 18	YTD 17/18 %	EOY Target
<b>C1 - Are people who use the service treated with kindness, dignity, respect, compassion and empathy while they receive care and treatment from the service?</b>															
New birth visits within 14 days (M)	93.1%	84.32	89.76	91.81	88.74	87.10	90.08	90.86	79.70	83.62	89.66	89.03		89.03	90.86%
LD Access to Healthcare (M)	100%	100	100	100	100	100	100	100	100	100	100	100	100	100%	100%
Single Sex Accommodation Breaches (T)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Friends and Family Test</b>															
% of patients across trust extremely or likely to recommend – Community Services (M)	98.50	98.66	100	97.62	100	98.80	99.37	98.57	98.73	95.56	100	100	97.35	98.65%	None
% of in patients extremely or likely to recommend the ward they were treated in (M)	94.28	93.87	100	92.16	84.85	94.12	89.28	91.66	95.00	93.75	89.84	100	93.33	92.63%	None
% of inpatients that report they are treated with dignity & respect (M)	98.8%	97.92	100	100	100	100	100	95.83	95.00	100	100	100	100	98.9%	None
% of discharged inpatients rate overall experience as excellent or very good	87.08%	83.67	82.61	88.23	84.84	93.75	89.29	83.34	75.00	93.75	100	87.5	80	87.5%	None
% of discharged inpatients who complete the survey (M) (R4)		31.40	12.70	32.00	23.50	13.10	26.10	17.60	14.80	11.10	12.94	12.5		12.5%	20%

### Effective Key Measures

Effective indicators related to CQC domains.	Year End 16/17	April 17	May 17	June 17	July 17	August 17	Sep 17	Oct 17	Nov 17	Dec 17	Jan 18	Feb 18	March 18	YTD 17/18 %	EOY Target
<b>E1 Are people's needs assessed and care and treatment delivered in line with current legislation, standards and nationally/internationally recognised evidence-based guidance?</b>															
Unexpected deaths (T)	6	0	1	0	1	2	0	1	1	2	1	1	0	10	0
<b>E3 How does the provider support and enable multi-disciplinary working within and between services across the service and with external services?</b>															
Average Length of Stay (Inpatient days) (A)	18	16	17	17	16	17	19	18	17	16	19	22		17	20
Complaints related to discharge or transfers (T)		0	0	0	0	0	0	0	0	0	1	0	*1	1	0

## Performance Report: Performance Analysis

### Responsive Key Measures

Responsive indicators related to CQC domains.	Year End 16/17	April 17	May 17	June 17	July 17	August 17	Sep 17	Oct 17	Nov 17	Dec 17	Jan 18	Feb 18	March 18	YTD 17/18 %	EOY Target
<b>R1 - How do people receive personalised care that is responsive to their needs?</b>															
Delayed Transfers of Care (DTOC) (M)	24.3	9.91	9.23	11.1	10.06	7.47	10.45	4.76	6.26	5.71	5.14	4.79	4.81	4.81	3.5%
18/52 RTT for admitted patients (M)	100	100	94.29	90.91	87.88	92.86	93.26	96.67	93.33	97.92	97.67	93.06		93.06	90
18/52 RTT for non-admitted patients (M)	91.58	94.01	94.13	95.82	95.92	94.78	84.43	92.93	91.97	94.41	93.49	88.54		88.54	95
DN response times – Next Day (wet: Aug 17) (A)	92.84					82.95	76.36	84.42	79.44	88.75	95.10	85.37	100	90.07%	100%
DN response times – Same Day (wet: Aug 17) (A)	93.19					86.44	75.00	75.00	72.12	74.71	98.73	97.8	100	85.14%	100%
MIU discharged in 4 hours % (A)	99.97	99.95	99.82	100	99.96	99.95	99.95	100	99.95	99.94	99.95	100	99.8	99.94%	95%
MIU assessed within 15 minutes (A)	98.84%	100	100	100	100	100	100	100	100	100	100	100	100	100%	95%
MIU Unplanned re-attendance (A)	1.78	2.81	2.02	2.34	2.07	3.33	1.58	1.57	1.59	2.02	1.41	1.47	0.85	1.94%	5%
All staff in date for mandatory core training		85.04	87.18	88.56	89.75	89.36	88.96	88.87	89.60	88.95	90.19	89.89	90.32	90.32%	95%
Clinical staff in date for mandatory core training (M)	91.63	New Metric w/e/F: November 2017								89.12	88.23	90.0	89.84	90.18	90.18%
Basic Life Support training (Adult & Paediatric) (CPR) (M)		83.61	84.86	84.06	86.67	85.71	85.60	81.29	81.63	80.92	80.47	82.12	81.04	81.04%	95%
CES - Response within 7 days (A)	99.08	99.09	99.29	99.04	99.09	99.04	99.03	99.20	99.13	99.11	99.02	99.14		99.11%	99%

### Well Led Key Measures

	Year End 16/17	Apr 17	May 17	Jun 17	Jul 17	Aug 17	Sep 17	Oct 17	Nov 17	Dec 17	Jan 18	Feb 18	Mar 18	Year to date 17/18	Target
<b>Well Led – Supporting our staff</b>															
<b>W2 Do the governance arrangements ensure that the responsibilities are clear, quality and performance are regularly considered and risks are identified understood and managed?</b>															
Moderate score clinical risks at SDG level (M)							42	40	41	41	41	42	33	33	None
Complaints (number) (T)	114	4	9	6	5	6	8	6	5	6	5	10	2	72	None
Complaints responded in timescale (T)	84.53%	100	100	100	100	100	100	100	100	100	100	100	84	98.67%	95%
Appraisal rates – Trust (M)	90.80%	89.33	90.87	90.68	90.08	88.53	89.51	87.25	88.89	86.50	85.90	86.50	86.50	86.50	95%
IG training compliance (M)	94.19%	92.36	95.29	93.63	93.13	91.73	91.36	89.94	89.77	88.07	89.05	85.24	85.83	85.83%	90%
Sickness Absence – Nursing workforce (A)							7.62	7.28%	7.88	7.27	7.95	5.83	5.09	5.09%	3.89%
Sickness Absence – AHP workforce (A)							2.71%	3.53%	3.32%	2.85%	3.67	3.74	3.89	3.89%	3.89%
Sickness Absence – Total workforce (A)	4.80	4.21	3.56	4.35	5.35	5.64	5.92	6.16	6.06	5.61	6.43	5.79	4.63	4.63%	3.89%
Trust Overall Vacancies (A)		8.81	7.62	8.10	7.62	7.6%	6.93	6.93	6.69	7.49	7.34	7.91	8.02	7.54%	None
Clinical Vacancies – Nursing (A)		9.54	8.18	7.75	8.18	7.05	5.94	5.94	7.09	8.66	9.00	9.44	10.28	7.77%	None
Clinical Vacancies – AHP (A)		9.49	8.43	9.35	8.43	7.14	5.87	6.10	6.15	6.96	5.7	8.03	8.82	7.60%	None
Total shifts exceeding NHSi capped rate (T)	2726	247	221	189	158	230	183	202	263	268	267	225	296	2749	0
Total shifts non framework agreement (T)	143	3	48	8	21	56	35	23	30	39	38	47	398	348	0



## Performance Report: Performance Analysis

### Safe Key Measures

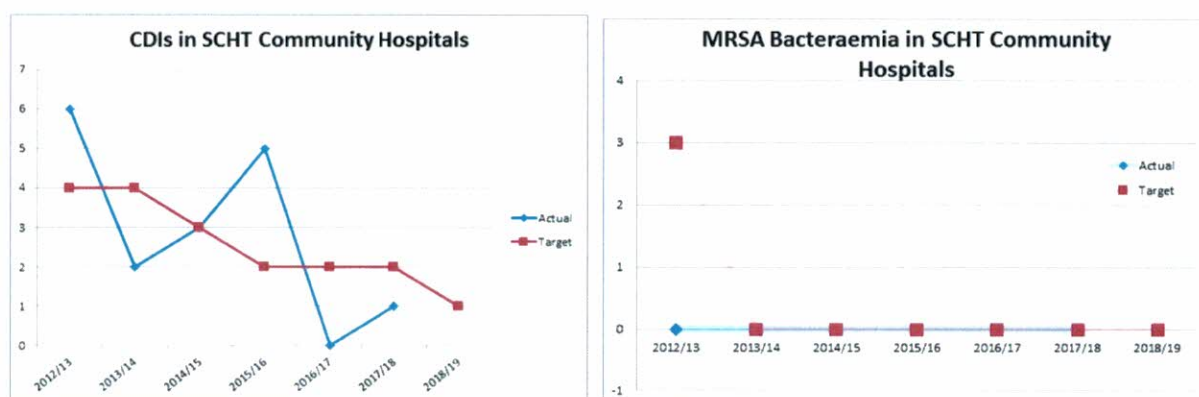
Quality indicators related to CQC domains	Year End 16/17	Apr 17	May 17	Jun 17	Jul 17	Aug 17	Sep 17	Oct 17	Nov 17	Dec 17	Jan 18	Feb 18	Mar 18	YTD 2017/18 %	EOY Target
<b>S1 - What is our Trusts track record on safety?</b>															
CAUTI in service (T)						1	0	2	0	0	3	1	NAV	5	0
Duty of Candour Incidents where verbal apology was given									13	13	13	13	15	67	0
Duty of Candour Incidents where regulatory doc applies. Written notification is necessary									4	1	4	8	5	22	0
All falls in Community Hospitals (T)	303	23	18	18	27	14	17	17	15	35	26	16	22	248	
Falls resulting in serious injury (T)	8	2	0	0	0	2	0	0	0	1	1	0	0	6	0
Safety Thermometer Harm Free Care (A)	94.23	94.6	95.01	92.46	94.14	92.02	95.19	95.11	96.79	95.51	95.09	96.40	NAV	94.72%	95%
MRSA Bacteraemia rate (T)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Never Events (T)	0	0	0	0	0	0	0	0	1	0	1	0	0	2	0
Serious Incidents reported in month (STEIS) (T)	20	2	2	2	0	6	0	4	2	3	2	3	1	26	0
VTE % Risk assessment on admission (A)	96.16	95.97	95.14	98.4	96.12	94.35	93.75	95.08	95.68	92.38%	95.86	93.68	74.6	93.42%	95%
In service grade 2 PU reported (T)	74	6	7	11	5	4	3	9	3	9	7	13	10	87	
attributable & avoidable (T)					0	0	0	0	0	0	0	0	0	0	0
In service grade 3 PU reported (T)	10	0	1	1	0	1	0	1	1	2	0	1	0	8	
attributable & avoidable (T)					0	0	0	0	0	0	0	0	0	0	0
In service grade 4 PU reported (T)	3	0	1	1	0	0	0	0	0	0	0	2	0	4	
attributable & avoidable (T)				1	0	0	0	0	0	0	0	0	0	1	0
<b>S3 - Are there reliable systems, processes and practice to keep people safe and safeguarded from abuse?</b>															
Annual hand hygiene assessments % (M)		30.26	38.49	42.67	52.73	81.82	82.67	87.78	83.70	90.48	92.77	82.4		82.4%	100%
Monthly Hand hygiene compliance % (M)		100	100	100	100	100	100	100	100	100	100	100	100	100%	95%
Clostridium Difficile incidence rate (T)	0	0	0	0	0	0	0	1	0	0	0	0	0	1	12
% of admissions screened for MRSA (A)	96	92.35	99.3	99.19	96.1	97.6	98	97.6	98.6	93.96	94.1	93.4	95.4	96.3%	97%
Mental Capacity Act (MCA) training % Compliance (M)								89.27	89.33	87.58	88.73	89.51	89.86	89.86%	95%
Safeguarding Training Compliance Level 1 (Adults) (M)								86.71	88.72	89.22	91.89	91.95	92.88	92.88%	95%
Safeguarding Training Compliance Level 2 (Adults)								77.54	79.09	81.39	84.28	85.40	86.73	86.73%	95%
Safeguarding Training Compliance (Children)															
<b>*New KPI commenced Nov 2017</b>															
								97.91	97.40	98.12	99.39	99.57	99.57	99.57%	95%
<b>S5 - How well are potential risks to the service anticipated and planned for in advance?</b>															
Community Hospital Rosters approved 6 weeks in advance		3	2	1	1	2	1	2	1	3	1	2	2		
<b>S6 - Medicines Management</b>															
Compliance with CQC medicines management) (in patient & prison)										N/C	N/C	N/C	Put % in	N/A	100%
Medicines Incidents affecting patients directly in place (T)	70	9	3	4	0	6	7	1	3	4	3	4	6	55	<67
Central Alerting System (CAS) - Outstanding (T)	0	0	0	1	0	0	0	0	0	0	0	0	0	1	0

## Performance Report: Performance Analysis

### Protecting our patients against infections

As healthcare providers it is important that we have robust infection prevention and control measures and practices in place, and to reassure the public that reducing the risk of infection is a key priority for us. Altogether this supports the provision of high quality services for our patients and a safe working environment for our staff.

During 2017/18 there were no cases of Meticillin Resistant Staphylococcus aureus (MRSA) bacteraemia (against a target of zero), and just one case of Clostridium difficile (against a target of two) reported at the Trust.

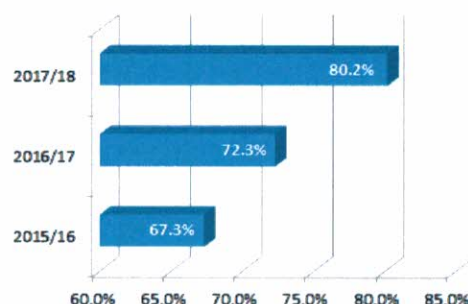


### Protecting our patients, staff and the community against influenza

Once again we ran a very successful campaign to vaccinate our staff against flu.

The figures released at the end of February revealed an improvement for the second consecutive year, which helped to protect staff, patients and families.

We actually finished the 2017/18 campaign as the best performing Community Trust in the country, which was a testament to the fantastic work done by our team to promote the benefits of getting the jab and to reach staff all across the county.



### Listening our patients and staff

A key part of driving forward improvement involves giving the people who use and provide our services a chance to tell us what we are doing well and what we need to do better, and making sure we listen to them when they do. It is also important we maintain a healthy cycle of communication by feeding back how this vital information is being acted on.



## Performance Report: Performance Analysis

### NHS Friends and Family Test

The NHS Friends and Family Test (FFT) was created to help service providers and commissioners understand whether their patients are happy with the service provided, or where improvements are needed. It is a quick and anonymous way to give your views after receiving care or treatment across the NHS. Our performance for 2017/18 can be found in the “Caring Key Measures” section of this report on page 20.

### Compliments and Complaints

The compliments and complaints we receive are another valuable source of feedback about our services that we use to support our improvement plans. Between April 2017 and March 2018 we received **72 formal complaints** across all of our services. We have procedures in place to ensure we manage any complaints in line with national policy, including the “Principles of Good Complaints Handling” and “Principles of Remedy” set out by the Parliamentary and Health Service Ombudsman.

During the same period of time (2017/18) we received **302 compliments** about our services.

Our Patient Advice and Liaison Service (PALS) handles a great deal of the contact we have with service users and their families and once again we have seen an increase in the number enquiries the service has managed.

In 2017/18 **PALS dealt with 334 enquiries**. This represents a 5.3% increase on the total number of enquiries handled in 2016/17, and a 50.5% increase in the number of enquiries managed since the Trust was established in 2011 (when the total was 222). This shows how much patients, carers and relatives value the PALS service when they have an enquiry, concern or a complaint.

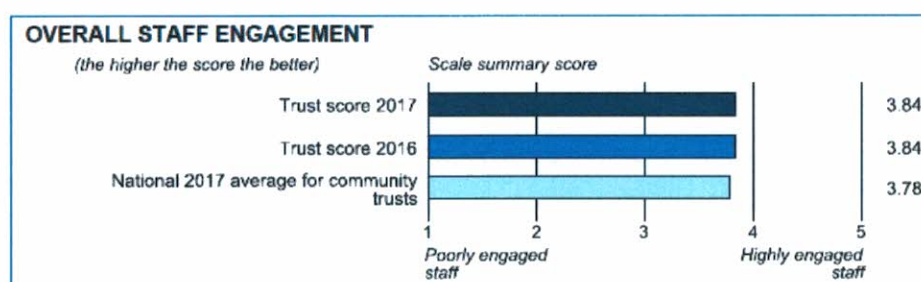
### Staff Engagement

The NHS Staff Survey gives our staff a chance to have their say about our working life in the NHS. It seeks views on areas such as job satisfaction and wellbeing, training and development, health and safety, and

staff engagement and involvement. It paints a clear and invaluable picture of what working here is like and the areas we need to focus on in order to improve our working lives.

In all, our response rate was about 49% (742 returned), which was a slight reduction from 52% (831 returned) in 2016. We would like to see more people completing the survey as this would give us an even better understanding of how things are.

Some of the key findings in this year's survey show that we have improved since last years in terms of the number of staff believing their role makes a difference to patients and/or service users. This was up 2% to 90%.





## Performance Report: Performance Analysis

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We also saw evidence that we have made progress in terms of leadership and learning from feedback and/or errors. Our overall staff engagement score (illustrated above) also remains above the national average for NHS community trusts at 3.84 out of 5. We will now be carrying out a more detailed analysis of the survey results and will work together to identify any areas where we need to improve. You can find the full NHS Staff Survey 2017 report at [www.nhsstaffsurveys.com](http://www.nhsstaffsurveys.com)

A handwritten signature in blue ink, reading 'Jan Ditheridge', is positioned above a horizontal line. The signature is fluid and cursive.

Jan Ditheridge  
Chief Executive

25 May 2018

# Accountability Report

## Corporate Governance Report

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### Our Board (Directors Report)

**The Trust Board is responsible for the leadership, management and governance of the organisation and setting the strategic direction.**

NHS Improvement (NHSI) appoints all of the organisation's Non-Executive Directors, including the Chairman. The Chief Executive is appointed by the Chairman and Non-executive Directors. The Executive Directors are recruited by the Chief Executive and supported by the Non-Executive Director-led Nomination, Appointments and Remuneration Committee.

This report provides information about the membership of our Board as at the time this Annual Report and Accounts were approved:



**Mike Ridley, Chairman** (Term: July 2011 to March 2019)

Mike has 25 years' experience as an NHS Finance Director and is a former Chief Executive of South Worcestershire and North & South Stoke Primary Care Trusts (PCTs). He retired from full time employment in the NHS in 2006 and has since been Chairman of the Central and Eastern Cheshire PCT Audit Committee until his appointment as Chair of Shropshire Community Health NHS Trust when it was formed in 2011.



**Rolf Levesley, Non-Executive Director** (Term: July 2011 to March 2019)

Rolf is a qualified solicitor and served as Head of Legal Services and Chief Executive in a local authority. Rolf is Chair of South Staffordshire Housing Association, Chair of Housing Plus Group, a Board member of South Staffordshire CVA and Chair of the registered charity Friends of Conakry Refugee School. Rolf has been as a Non-Executive Director of the Trust since 2011 and serves as Deputy Chair, as well as being the Non-Executive contact for Whistleblowing.



**Peter Phillips, Non-Executive Director** (Term: October 2013 to March 2019)

Peter has extensive private sector financial and commercial experience. He is a Fellow of both the Institute of Chartered Accountants in England and Wales and of the Association of Corporate Treasurers. Peter recently completed an eight-year term as Chairman of Arts Council England for the Midlands. He is a Board member of Housing Plus Group. He joined the Trust as a Non-Executive Director in 2013 and is the Chair of the Trust's Audit Committee.

## Accountability Report: Corporate Governance Report

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**Steve Jones, Non-Executive Director** (Term: July 2015 to March 2019)

Steve has also served as Chairman & Board member of P3 a national social inclusion charity delivering services across the country to support clients who have become excluded from mainstream society. He has recently been appointed Chairman of Wrekin Housing Trust, one of the largest social landlords in the Midlands with some 12,000 households providing accommodation across Telford and Wrekin, Shropshire and Staffordshire to tenants including those requiring extra care.



**Nuala O'Kane, Non-Executive Director** (Term: July 2015 to March 2019)

Nuala is a Trustee of Together for Short Lives, a national organisation devoted to children's palliative care. She was CEO of the Donna Louise Trust Children's Hospice in Stoke on Trent from 2007 until 2014. Prior to that she was the Director of Fundraising at Hope House Children's Hospice from 1994 until 2007. Nuala has worked in the voluntary sector for over 30 years for a number of different organisations including Help the Aged, OXFAM and Marie Curie Cancer Care. Nuala was a Councillor on Telford and Wrekin Council for 12 years until 2003.



**Jan Ditheridge, Chief Executive** (Appointed September 2013)

Jan has been Chief Executive since 2013 and has overall clinical, financial and leadership responsibility for the organisation. She is an experienced strategic leader with a background encompassing a broad variety of clinical, operational and leadership roles across health, social care and the private sector. She also has a wealth of expertise in the areas of transformation, delivery, clinical quality and effective performance management. Jan is dual qualified as a registered general and mental health nurse.



**Steve Gregory, Director of Nursing and Operations** (Appointed January 2014)

Steve is responsible for leading and managing clinical services. He is a Registered Nurse with a strong track record of modernising services and strongly believes in giving clinicians really good professional leadership and support. He has been involved in leading complex change programmes to support patients in better ways. He played a critical role in the leadership team that ensured South Staffordshire and Shropshire Healthcare became one of the first Mental Health NHS Foundation Trusts.



## Accountability Report: Corporate Governance Report

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**Dr Mahadeva Ganesh, Medical Director** (Appointed August 2014)

Dr Ganesh is a Consultant Paediatrician who has been working in Shropshire since 1999. In 2011, Dr Ganesh became the Clinical Lead for the Community Paediatric medicine team. He is the Designated Doctor for Safeguarding across Shropshire and Telford & Wrekin, and Lead Consultant for the Community Paediatric Audiology Service.



**Ros Preen, Director of Finance** (Appointed October 2015)

Ros is a member of the Chartered Institute of Management Accountants and has worked in NHS Healthcare for over 25 years, crossing sectors from acute, mental health and commissioning. Ros is responsible for setting the financial strategy and has taken IM&T, Informatics and Performance into her portfolio.



**Julie Thornby, Director of Corporate Affairs (non-voting member)** (Appointed July 2011)

Julie is an experienced Director with about 21 years at Board level in the NHS, in community services and PCTs, including Board Secretary experience. Julie joined Shropshire PCT in 2008 and helped to gain the approvals for the Community Trust to be set up and was then appointed as a Director of the Trust when it began in 2011.

Each director confirms that as far as he/she is aware there is no information which would be relevant to the auditors for the purposes of their audit report, and of which the auditors are not aware, and has taken "all the steps that he or she ought to have taken" to make himself/herself aware of any such information and to establish that the auditors are aware of it.

Other directors who served on the Trust Board during 2017/18 were Mel Duffy, Director of Strategy, (until 23 February 2018).

## Accountability Report: Corporate Governance Report

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### Committee Membership and Attendance

There are a number of key committees in place that help the Board to manage and monitor the organisation. The committee structure provides information and updates to the Board to contribute to its assessment of assurance.

#### Quality and Safety Committee

##### Role and Purpose:

The Quality and Safety Committee oversees the review of quality assurance on all aspects of quality. This includes reviewing information against the five quality domains of caring, responsive, effective, well-led and safety. The primary aim is to ensure the robustness of systems, processes and behaviours, monitor trends, and take action to provide assurance to the Board.

##### Membership:

- Rolf Levesley (Chair)  
*Non-Executive Director*
- Jan Ditheridge  
*Chief Executive*
- Steve Gregory  
*Director of Nursing of Operations*
- Dr Mahadeva Ganesh  
*Medical Director*
- Julie Thornby  
*Director of Corporate Affairs*
- Nuala O'Kane  
*Non-Executive Director*

Other invitees, including a number of senior managers and patient representatives, are also expected to attend meetings.

#### Audit Committee

##### Role and Purpose:

The Audit Committee provides an overarching governance role, including overseeing the adequacy of the Trust's arrangements for controlling risks and being assured that they are being mitigated. In order to do this it reviews the work of other governance committees, making sure the systems and controls used are sound.

##### Membership:

- Peter Phillips (Chair)  
*Non-Executive Director*
- Steve Jones (Vice Chair)  
*Non-Executive Director*
- Nuala O'Kane  
*Non-Executive Director*
- Rolf Levesley  
*Non-Executive Director*

Other Executive Directors and Senior Managers of the Trust are regularly invited to attend meetings of the Audit Committee; Director of Corporate Affairs, Julie Thornby, is Executive Lead. Non-Executive Directors (excluding the Chairman) are invited to attend.



## Accountability Report: Corporate Governance Report

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### Resource and Performance Committee

#### Role and Purpose:

The Resource and Performance Committee has delegated authority from the Board to oversee, co-ordinate, review and assess the financial and performance management arrangements within the Trust. The Committee assists in ensuring that Board members have a sufficiently robust understanding of key performance and financial issues to enable sound decision-making.

#### Membership:

- Steve Jones (Chair)  
*Non-Executive Director*
- Rolf Levesley (Vice Chair)  
*Non-Executive Director*
- Jan Ditheridge  
*Chief Executive*
- Steve Gregory  
*Director of Nursing of Operations*
- Peter Phillips  
*Non-Executive Director*
- Ros Preen  
*Director of Finance*

The Chairman and all other Non-Executive Directors are invited to attend and other Trust Directors and managers and health professional staff attend for specific items.

### Nomination, Appointment and Remuneration Committee

#### Role and Purpose:

The Committee has an overall responsibility in respect of the structure, size and composition of the board and matters of pay and employment conditions of service for the Chief Executive, Executive Directors and Senior Managers (including the Board Secretary).

#### Membership:

- Mike Ridley (Chair)  
*Chairman*
- Rolf Levesley  
*Non-Executive Director*
- Peter Phillips  
*Non-Executive Director*
- Steve Jones  
*Non-Executive Director*
- Nuala O'Kane  
*Non-Executive Director*

The Chief Executive attends the Committee in an advisory capacity, except where his/her own salary, performance or position is being discussed; on such occasions they must not be present during the meeting.

## Accountability Report: Corporate Governance Report

### Charitable Funds Committee

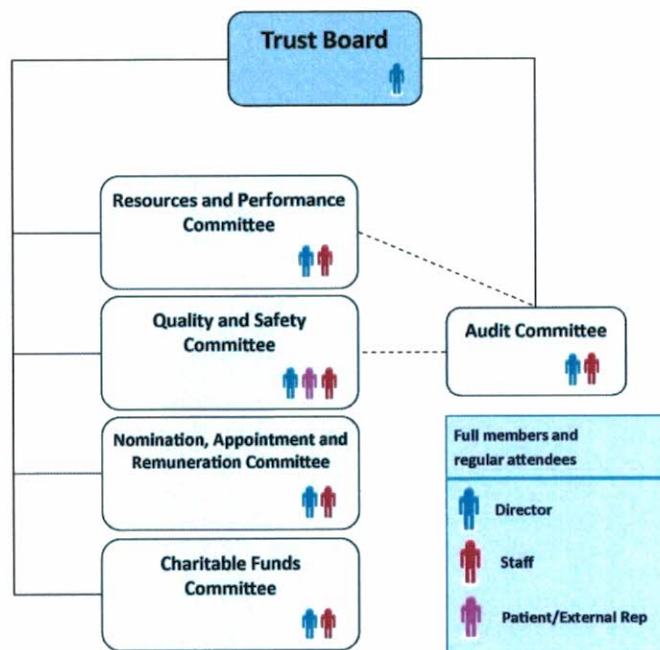
#### Role and Purpose:

The Charitable Funds Committee is responsible for managing and monitoring charitable funds held by the Trust on behalf of the Board.

#### Membership:

- Mike Ridley (Chair)  
*Chairman*
- Ros Preen  
*Director of Finance*
- Steve Gregory  
*Director of Nursing and Operations*
- Julie Thornby  
*Director of Corporate Affairs*
- Nuala O'Kane  
*Non-Executive Director*

Other members of staff are invited to attend as required.



You can find more details about our governance structures and committees in the About Us (Who We Are) section of our website at [www.shropscommunityhealth.nhs.uk](http://www.shropscommunityhealth.nhs.uk)



## Accountability Report: Corporate Governance Report

### Trust Board Members – Disclosure of Interests

Name	Interest
<b>Voting Board Members</b>	
Mr Mike Ridley <i>Chair</i> (From 1 July 2011)	Chair, St Lukes Hospice, Winsford, Berkshire Director, Crewe YMCA Daughter employed by CHKS
Ms Jan Ditheridge <i>Chief Executive</i> (From 30 September 2013)	Trustee of Elizabeth Bryan Foundation
Mr Rolf Levesley <i>Non-Executive Director</i> (From 1 July 2011)	Chair of Housing Plus Group (Housing Association) This organisation has a care business
Mr Peter Phillips <i>Non-Executive Director</i> (From 21 October 2013)	Board member of Housing Plus Group, Chair of Homes Board subsidiary comprising Severnside Housing and South Staffordshire Housing Association. Director and Shareholder of Masteragency (Consultancy) Director of Access Skills Ltd (business training provider)  Son is a town councillor for Shrewsbury (Bagley Ward), a Shropshire Unitary Authority councillor and has a role in the Birmingham Combined Authority Mayors Office
Mr Steve Jones <i>Non-Executive Director</i> (From 1 July 2015)	None
Ms Nuala O'Kane <i>Non-Executive Director</i> (From 1 July 2015)	Director of Catalys, a consultancy specialising in capacity building and organisational development. Trustee of Together for Short Lives, a children's palliative care organisation. Trustee of Cuan Wildlife Rescue, Much Wenlock Director of the Grand Theatre, Wolverhampton Member of the Labour Party
Mr Steve Gregory <i>Director of Nursing and Operations</i> (From 13 January 2014)	Mr Eds Shed Ltd, a not for profit organisation for people with an eating disorder Married to the Trust Head of Nursing, Child and Family Service
Dr Mahadeva Ganesh <i>Medical Director</i> (From 11 August 2014)	Employed by Shrewsbury and Telford Hospital Trust for one session a month

## Accountability Report: Corporate Governance Report

Ms Ros Preen <i>Director of Finance</i> (From 1 October 2015)	Trustee of the Healthcare Management Association (HFMA)
<b>Non-voting board members</b>	
<b>Previous board members (voting and non-voting)</b>	
Mrs Mel Duffy <i>Director of Strategy</i> (From 4 January 2016 to 23 February 2018)	None

### Statement of Directors' Responsibilities In Respect Of The Accounts

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.



Ros Preen  
Director of Finance  
25 May 2018



Jan Ditheridge  
Chief Executive  
25 May 2018



## Accountability Report: Corporate Governance Report

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### Statement of the Chief Executive's Responsibilities as the Accountable Officer

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; and
- 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 can confirm that the Annual Report and Accounts as a whole are 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.

As far as I am aware there is no relevant audit information of which the entity'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 entity's auditors are aware of that information.



Jan Ditheridge  
Chief Executive

25 May 2018

## Accountability Report: Corporate Governance Report

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### Annual Governance Statement

#### Scope of responsibility

As Accountable Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the NHS trust's policies, aims and objectives, whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me. I am also responsible for ensuring that the NHS trust is administered prudently and economically and that resources are applied efficiently and effectively. I also acknowledge my responsibilities as set out in the NHS Trust Accountable Officer Memorandum.

#### 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 policies, aims and objectives of Shropshire Community Health NHS Trust, to 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 Shropshire Community Health NHS Trust for the year ended 31 March 2018 and up to the date of approval of the Annual Report and Accounts.

#### Capacity to handle risk

The Board consists of the Chair, five non-executive directors (currently including one vacancy) and five voting executive directors. During the year there has been one non-voting director (Director of Corporate Affairs/Board Secretary). The Director of Strategy left the Trust in February 2017.

The Board has been supported by 5 committees throughout the year:

- Resources and Performance Committee
- Quality and Safety Committee
- Audit Committee
- Nomination, Remuneration and Appointments Committee
- Charitable Funds Committee

These committees provide reports to the Board, following their meetings.

The Board's prime roles are assurance, strategy and developing organisational culture. Its meetings cover comprehensive items on quality, finance and strategy. It receives a governance report at each meeting dealing with risk assessment and the Board Assurance Framework, and corporate governance compliance. The Board receives reports relating to Finance and Quality at each meeting. These are supported by a performance management framework which highlights to the Board any potential or actual problems in meeting its objectives.

All staff undertake a programme of training related to the risks they encounter with the work they carry out. Managers, supervisors and team leaders attend risk management training, which includes explanation and familiarisation with the Trust's risk management framework, and their roles in using it to identify and mitigate risk. Managers are supported by the Corporate Risk Manager, who provides guidance on all aspects of risk management.



## Accountability Report: Corporate Governance Report

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### The risk and control framework

The system of internal control is designed to manage risks to a reasonable level, rather than to eliminate all risks; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The purpose of the risk and control framework is to ensure risk is managed at a level that allows the Trust to meet its strategic objectives. 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 objectives,
- Evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.
- Where risk cannot be prevented to mitigate the consequences, e.g. by putting into place response plans, or provide deterrents e.g. awareness of sanctions relating to fraud.

The Risk Management Policy details the structure for the Trust's risk and control mechanisms. This includes the duties of individuals, groups and committees and the responsibility for the identification of risks, controls, further mitigation control and assurances.

The Quality and Safety Committee has the overall responsibility for the monitoring of the Trust's Risk Registers, which is conducted via the Quality and Safety Operational Group and Quality and Safety Service Delivery Groups (with exceptions being notified to the Quality and Safety Committee). The Audit Committee, through its work programme, scrutinises the registers and risk management processes, seeking additional assurance where necessary.

The Resources and Performance Committee considers the detailed work and reports related to finance, business and cost improvements, performance indicators and contract monitoring performance indicators. It identifies any risks associated with these areas and reports these to the Board for inclusion in the risk management framework where it is appropriate to do so. It monitors the effectiveness of any controls in place and the implementation of further controls.

The Audit Committee reviews the assurance that the Trust's internal control systems are effective. It does this by:

- Reviewing assurances relating to risks on Board Assurance Framework and Corporate Risk Register;
- Reviewing processes and performance related to Fraud and Security;
- Seeking and reviewing assurances from internal and external auditors;
- Reviewing financial systems.

The Trust's risk management arrangements are set out in the Risk Management Policy. This sets out how risks are identified, assessed and managed through the hierarchy of risk register levels, which are overseen in specific defined ways through the organisation, culminating in the Board overseeing the highest risks to achievement of strategic objectives (the Board Assurance Framework).

The Audit Committee reviews the Board Assurance Framework and tests assurances with management. Internal Audit have reviewed the framework in place within the Trust during 2017/18 and have reported their findings as part of the Head of Internal Audit opinion. The Audit Committee reports its findings to the Board, which reviews the framework at each meeting.

## Accountability Report: Corporate Governance Report

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Risks are identified through:

- The recording and investigation of incidents, complaints and claims
- Specific group and committee sessions to identify and analyse risks
- Clinical, internal and external audit
- Other work carried out by groups and committees
- External and internal reports and inspections
- Other external bodies, e.g. commissioners, CQC
- Being raised by individual managers and staff
- Performance Management Framework reports
- Patient feedback

All risks are rated using a 5 by 5 risk matrix. Risk consequences are defined on the matrix using four categories:

- Injury or harm
- Finance
- Service delivery
- Reputation

Dependant on the rating, risks are recorded at 4 levels:

<b>Departmental</b>	Risks that are low level and can be managed locally. Risks are monitored at team level, e.g. through team meetings.
<b>Directorate</b>	Risks of a moderate level that impact on the directorate's service objectives. Risks are monitored at divisional/directorate quality groups, and are overseen by the Quality and Safety Delivery Group, via a sub group which considers the risk in detail.
<b>Corporate</b>	Risks that are moderate but Trust-wide and have impact on the Trust's strategic objectives. Risks are monitored by the Executive Team and overseen by the Audit Committee.
<b>Board Assurance Framework</b>	Significant risks to the Trust's corporate objectives Risks are monitored by the Board.

At each level the overseeing committee considers the risk potential, and the level of control in place, and decides whether a risk can be accepted.

The mitigation controls are identified at all risk levels, along with any actions necessary to further control or mitigate the risks. The risk management policy identifies the groups and committees whose responsibility it is to monitor risks at the four levels, the effectiveness of their controls and the implementation of actions to further mitigate the risks.

All risks are recorded on Datix, the Trust's risk management software.



## Accountability Report: Corporate Governance Report

Any service change is subject to a full Equality and Quality Impact Assessment (EQIA) process, monitored by the Quality and Safety Committee. This process identifies any risks, and any mitigation or change that needs to be put into place.

The Trust has in place a well-established incident reporting system and culture. All staff use an online form which is submitted to their line manager. Risk staff provide local training to services and have an overview of all incidents. Line Managers investigate the circumstances of all incidents; serious incidents follow a more formal route with Root Cause Analysis investigations which are scrutinised by the Incident Review and Lessons Learned Group. Learning and advice, including encouragement to report are publicised through the Trust's staff communication systems, include the staff newsletter and individual alerts to staff.

The Trust has arrangements in place to manage Infection Prevention and Control and the Safeguarding of Children and Vulnerable Adults. These include external partnership arrangements with Local Authorities, Police and Shrewsbury and Telford Hospital Trust.

A key priority of the Trust is to achieve a CQC rating of Good. An assessment has been carried out measuring performance against the key lines of enquiry and an action plan has been implemented. Plans are monitored by the service delivery groups and quality and safety committee, and the process is scrutinised annually by the audit committee.

In November and January the Trust reported two Never Events. Both of these related to the extraction of the wrong adult tooth. The dental service has put into place measures to improve extraction processes, particularly related to tooth identification.

The following significant risks have been identified as applying during the whole year, and are on the Board Assurance Framework:

Title	Risk	Mitigation
Meeting Financial Targets	Trust fails to meet targets for CIPs, breakeven, external finance limit, capital expenditure or agreed surpluses	Financial monitoring Long term financial modelling Cost improvement plans evaluation and monitoring
Recruitment/Agency costs	Costs of agency staff particularly where vacancies are difficult to recruit to. Meeting national requirements for agency usage. Potential patient safety risks	Review and monitoring usage and cost. Recruitment initiatives. Ensuring safe staffing levels
Risk to transforming services as a result of local and national contexts	Competing health priorities do not allow sufficient resources to transform community services	Trust involvement in health economy service changes (Future Fit) Greater involvement of clinicians in initiatives. Development of integrated strategy and divisional plans

## Accountability Report: Corporate Governance Report

Risk of delay in achieving change to organisational culture	The organisation does not develop or change quickly enough to take advantage of development opportunities	Organisational development plan. Engagement with staff by CEO and Directors.
Risk to transforming services as a result of shortfalls in Trust systems e.g. IMT	Administration systems do not support changing services	Electronic Patient Record (EPR) replacement project underway. Implementation of interim targeted solutions where need is identified.
Clinical Quality	Care does not meet the standards that the public, commissioners and regulators expect.	Defined and effective Quality Governance Structure  Monitoring of quality indicators, carrying out clinical audits, investigating and learning from untoward events, complaints and claims.

The risk for Trust sustainability was removed in early 2017 and replaced with an entry for transitioning to a new organisational form. This followed the decision by the Board in November 2016 to seek a partner to acquire the Trust's services. This NHSI-led process continued until May 2018, when NHSI concluded that neither of the shortlisted bidders met the criteria sufficiently for the transaction to proceed. The risk will now be reassessed and revised in light of the current context.

A group of senior trust managers met in January 2018 to review evidence against the well led framework. The resulted in an assessment by the Board in line with NHS Improvements guidance document "Developmental reviews of leadership and governance using the well led framework: guidance for NHS trust and NHS foundation trusts" in February 2018. This document recommends external validation; the Trust has been advised by NHS Improvement not to proceed with this due to the impending transaction. This will be kept under review if the timetable gets significantly extended.

As part of the Trust's assessment against compliance with the conditions for the NHS Provider License two risks have been identified:

- The Trust has a vacancy for a Non-Executive Director with a clinical background. Following a failed recruitment in the previous year, a new process to recruit to this vacancy is in place;
- CQC inspected the Trust in March 2016 and gave a rating of "required improvement" The Trust has completed the action plan in response to this and is awaiting a follow up inspection.

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



## Accountability Report: Corporate Governance Report

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The Trust has undertaken risk assessments and Carbon Reduction Delivery Plans are in place in accordance with emergency preparedness and civil contingency requirements, as based on UKCIP 2009 weather projects, to ensure that this organisation's obligations under the Climate Change Act and the Adaptation Reporting requirements are complied with.

The Trust is fully compliant with the registration requirements of the Care Quality Commission.

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 into 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.

### **Review of economy, efficiency and effectiveness of the use of resources**

NHS Trusts are required to deliver statutory and other financial duties. For the year ended 31 March 2018, the Trust met these duties, as summarised below, and set out in more detail within the financial statements:

- to break-even on Income & Expenditure – achieved
- to maintain capital expenditure below a set limit – achieved
- to remain within an External Financing Limit (EFL) - achieved

Within this, the Trust faced significant challenge in delivering the efficiency programme for the year, with plans remaining under development throughout most of the year. However, the target was met by year end, with non-recurrent measures replacing in-year shortfalls in recurrent initiatives where required. Whilst this area remains a significant challenge, the Trust's transformational approach to generate and implement efficiency measures has been revised and strengthened.

Checking the correct discharge of statutory functions is managed via the Trust risk management system. No areas of non-compliance have been identified.

The Resource and Performance Committee monitor resources at its monthly meeting and prepare a report for each Board meeting. Financial systems are audited by the Trust's Internal Auditors, consistently gaining a rating of either full or substantial assurance; External auditors have given an unqualified Value for Money rating for each year since the Trust was formed in 2011.

### **Information governance**

The Trust has robust measures in place to protect sensitive information. This includes paper based information and electronic data. An assessment of the risks related to information security has taken place and is reviewed annually. Where concerns are raised these are investigated thoroughly.

and further data controls are introduced where necessary. Information governance is reported to the Board through the Resources and Performance Committee and Quality and Safety Committee.

These committees are supported by operational groups which assess and test the robustness of the systems employed. All mobile electronic devices used by the Trust are fully encrypted to ensure that unauthorised personnel cannot access the data.

No serious incidents were reported relating to data security.

## Accountability Report: Corporate Governance Report

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### Annual Quality Account

The directors are required under the Health Act 2009 and the National Health Service (Quality Accounts) Regulations 2010 (as amended) to prepare Quality Accounts for each financial year.

This account looks back at performance in the last year and sets priorities for the following year. The Board approves the account prior to publication. Arrangements are in place via service delivery groups and trust wide groups to report quality and safety matters to the Quality and Safety Committee, which in turn reports to the Board. This includes progress against the priorities set out in the Quality Account.

The Trust has systems in place to verify data quality, including elective waiting time data. These include:

- Validation of data reports and results by service managers and systems users;
- Planned internal audits of data by informatics staff;
- Audits by RSM staff on selected data sets and processes. Where issues are raised action plans are developed and monitored to meet recommendations;
- Electronic data validation e.g. missed mandatory fields and data out of permitted ranges;
- Performance data monitoring by Trust groups and committees and subsequent enquiries;
- Commissioner scrutiny of activity and quality data;
- User training on systems, e.g. clinical coding.

In 2016 the Trust began implementation of a new Electronic Patient Record. A phased implementation began March 2017 within services. This system provides front end functionality for managing both waiting lists and referral to treatment pathways.

As part of the implementation services migrated patient related information including current waiting lists. This was validated as part of the migration strategy.

### Review of effectiveness

As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors, clinical audit and the executive managers and clinical leads within the NHS trust who have responsibility for the development and maintenance of the internal control framework. I have drawn on the information provided in this annual report and other performance information available to me. My review is also informed by comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the board, the audit committee, the quality and safety committee and the resources and performance committee. A plan to address weaknesses and ensure continuous improvement of the system is in place.

### Review of the effectiveness of risk management and internal control

The Head of Internal audit provides an opinion on the effectiveness of the System of Internal Control.

The opinion for 2017/18 is:

The organisation has an adequate and effective framework for risk management, governance and internal control.



## Accountability Report: Corporate Governance Report

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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.

The opinion highlights two areas where further work is necessary:

- Estates and Facilities Service Level Agreement – Monitoring Arrangements
- Clinical Audit against the Healthcare Quality Improvement Plan

For both of these the Trust has accepted the recommendations made by auditors and has put in place action plans to address the control issues.

The systems for providing assurance that risks are being managed effectively are monitored by the Audit Committee. Assurance sources include:

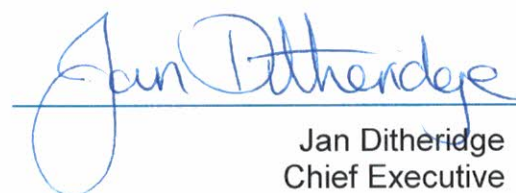
- Audit Committee programmes and reviews
- Internal and External Audits
- Counter Fraud and Security Management
- Risk Management Reports
- Staff and Patient Surveys
- Clinical Audit Reports
- CQC Self-Assessment, inspections and reviews
- Counter Fraud Reports
- Management Reports
- Performance and Quality Reports
- Review of Governance Arrangements

The above and any other sources of assurance are reviewed by the Trust Board, Audit Committee, Resources and Performance Committee, Quality and Safety Committee and individual members of staff who contribute to the system for internal control.

Following review of the above the Audit Committee has confirmed that there is an effective risk management process in place.

### Conclusion

No significant control issues have been identified for the year ended 31 March 2018.



Jan Ditheridge  
Chief Executive

25 May 2018

## Accountability Report: Corporate Governance Report

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### Trust Accounts Consolidation (TAC) Summarisation Schedules for Shropshire Community Health NHS Trust for the year ended 31 March 2018

Summarisation schedules numbers TAC01 to TAC34 and accompanying WGA sheets for 2017/18 have been completed and this certificate accompanies them.

#### Finance Director Certificate

1. I certify that the attached TAC schedules have been compiled and are in accordance with:
  - the financial records maintained by the NHS trust
  - accounting standards and policies which comply with the Department of Health and Social Care's Group Accounting Manual and
  - the template accounting policies for NHS trusts issued by NHS Improvement, or any deviation from these policies has been fully explained in the Confirmation questions in the TAC schedules.
2. I certify that the TAC schedules are internally consistent and that there are no validation errors.
3. I certify that the information in the TAC schedules is consistent with the financial statements of the NHS Trust.



Ros Preen  
Director of Finance

25 May 2018

#### Chief Executive Certificate

1. I acknowledge the attached TAC schedules, which have been prepared and certified by the Director of Finance, as the TAC schedules which the Trust is required to submit to NHS Improvement.
2. I have reviewed the schedules and agree the statements made by the Director of Finance above.



Jan Ditheridge  
Chief Executive

25 May 2018



## Accountability Report: Corporate Governance Report

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### Modern Slavery Act 2015 – Annual Statement for 2017/18

#### Background

The Modern Slavery Act was passed into UK law on 26th March 2015. The Act introduces offences relating to holding another person in slavery, servitude and forced or compulsory labour and about human trafficking. It also makes provision for the protection of victims.

Organisations such as Shropshire Community Health NHS Trust, that supply goods or services, and have a total turnover of £36m or more are required under Part 6, (Transparency in supply chains), to publish an annual statement setting out the steps that they have taken to ensure that slavery and human trafficking do not exist in their business OR their supply chains.

#### Shropshire Community Health NHS Trust

Shropshire Community Health NHS Trust provides community health services from well over 50 bases within Shropshire and the West Midlands.

We are committed to ensuring that there is no modern slavery or human trafficking in any part of our activity and where possible, to requiring our suppliers to subscribe to a similar ethos. Any incidence will be acted upon immediately, and any required local or national reporting carried out.

All consumable goods and most contracts are purchased through Shropshire Healthcare Procurement Service (SHPS), a consortium of Shropshire healthcare providers, hosted by the Shrewsbury and Telford Hospitals NHS Trust.

Estates maintenance services are provided by South Staffordshire and Shropshire Healthcare NHS Foundation Trust for Trust properties, with the exception of some larger properties shared with multiple healthcare providers which are managed by NHS Property Services.

#### Arrangements in place

**Procurement:** All contracts established by SHPS use either NHS Framework Agreements for the Supply of Goods and Services, the NHS Terms and Conditions for Supply of Goods or the NHS Terms for Supply of services. All have Anti-Slavery clauses, which require providers/contractors to comply with Law and Guidance, use Industry Good Practice and to notify the authority if they become aware of any actual or suspected incident of slavery or human trafficking.

In addition to the above SHPS will investigate any concern raised with the service. This could be by national or local media publicity, through supply chain contacts or by individuals. SHPS will be developing a specific policy related to Modern Slavery.

**Estates:** South Staffordshire and Shropshire Healthcare NHS Foundation Trust, our provider of estates services, have produced a statement regarding slavery setting out measures they have in place to ensure that slavery and trafficking do not exist in their activity.

## Accountability Report: Corporate Governance Report

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All cleaning staff are either directly employed by Shropshire Community Health NHS Trust, or by South Staffordshire and Shropshire Healthcare Foundation Trust, who comply with the NHS employment check standard.

**Employment:** As an NHS Employer we are required to comply with the NHS employment check standard for all directly recruited staff.

The six checks which make up the NHS Employment Check Standards are:

1. Verification of identity checks
2. Right to work checks
3. Professional registration and qualification checks
4. Employment history and reference checks
5. Criminal record checks
6. Occupational health checks

No individual is permitted to commence employment with the Trust without these checks having been completed. The checks are carried out centrally by the recruitment team and recorded on the Trust workforce information system (ESR).

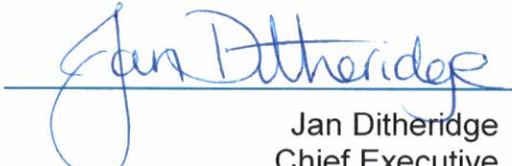
All recruiting managers are trained in safer recruitment practices. Where other staffing methods (e.g. agency) are used, contracts include a requirement to comply with the NHS employment check standard.

**Training and Awareness:** All SHPS staff have, or are working towards, professional purchasing qualifications.

The issues relating to Modern Slavery have been raised through articles in the Trust staff magazine Inform and by other briefing mechanisms. These will be repeated periodically. If staff have concerns about the supply chain or any other suspicions related to modern slavery they will be encouraged to raise these concerns through line management and report the issues to appropriate agencies. This will be raised particularly with clinical staff that may be in contact with vulnerable people.

### Conclusion

This statement is made pursuant to section 54(1) of the Modern Slavery Act 2015 and constitutes our slavery and human trafficking statement for the financial year ending 31 March 2018.



Jan Ditheridge  
Chief Executive

25 May 2018



## Accountability Report: Corporate Governance Report

### Remuneration Report

**This report describes the remuneration of Very Senior Managers (VSM) at the Trust, namely members of the Board.**

The remuneration of the Chair and Non-Executive Directors is determined during the year by NHS Improvement (NHSI), which is responsible for non-executive appointments to NHS trusts on behalf of the Secretary of State for Health.

Remuneration of the Chief Executive and Trust Directors takes place within the interim *Guidance on Pay for Very Senior managers in NHS Trusts and Foundation Trusts*, issued February 2017.

The combined population of Shropshire and Telford & Wrekin is used as a guide for setting the salary of the Chief Executive. Other VSM salaries are determined as a proportion of the Chief Executive salary as defined in the *Guidance*, although flexibility is exercised in recruiting to hard-to-fill director posts. VSM salaries are scrutinised and approved by the Nomination, Appointments and Remuneration Committee (more details about this committee can be found in the Corporate Governance Report).

Performance review and appraisal of the Chair was undertaken during the year by the Chair of NHSI on behalf of the Secretary of State for Health in accordance with appraisal guidance provided by the NHSI. Performance review and appraisal of Non-Executive Directors is carried out by the Chair with guidance provided by NHSI. Performance review and appraisal of the Chief Executive is carried out by the Trust Chair in accordance with criteria set by the Remuneration Committee and guidance from the Department of Health. Performance review and appraisal of Directors is carried out by the Chief Executive in accordance with criteria set by the Remuneration Committee and guidance from the Department of Health.

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid Director/Member in their organisation and the median remuneration of the organisation's workforce. The information provided on 'pay multiples' is subject to audit.

The banded remuneration of the highest paid Director/Member in Shropshire Community Health NHS Trust in the financial year 2017/18 was £132,500\* (2016/17 - £132,500). This was 4.6 times (2016/17 - 4.65) the median remuneration of the workforce, which was £28,746 (2016/17 - £28,462).

*(\*Banded remuneration is the mid-point between £130,000 and £135,000, which is the band within which the remuneration of the highest paid Director falls).*

In 2017/18, one (2016/17, one) employees received remuneration in excess of the highest paid Director/Member. Remuneration ranged from £15,404 to £161,403 (2016/17 £15,251 - £172,727). The total remuneration of the highest paid employee fell in 2017/18 because of the transfer of a member of staff to another organisation.

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

More detail about the salary and pension entitlements for the Trust's VSMs for the year 2017/18 can be found in the Annual Accounts section of this report.

## Accountability Report: Corporate Governance Report

### Senior Manager Remuneration

The table below shows details about remuneration for 2017/18 (this information is subject to audit).

Name and title	Salary (bands of £5,000)	Taxable expense payments (to nearest £100)	Performance pay & bonuses (bands of £5,000)	Long term performance pay/bonuses (bands of £5,000)	All pension related benefits (bands of £2,500)	Total (bands of £5,000)
	£000	£00	£000	£000	£000	£000
Jan Ditheridge (Chief Executive)	130-135				17.5-20	150-155
Ros Preen (Director of Finance)	110-115				22.5-25	130-135
Mahadeva Ganesh (Medical Director)	160-165				67.5-70	230-235
Steve Gregory (Director of Nursing & Operations)	100-105				-12.5-15	85-90
Julie Thomby (Director of Corporate Affairs)	85-90				32.5-35	120-125
Mel Duffy (Director of Strategy)	80-85				35-37.5	115-120
Mike Ridley (Chairman)	20-25					20-25
Rolf Levesley (Non-Executive)	5-10					5-10
Peter Phillips (Non-Executive)	5-10					5-10
Nuala O'Kane (Non-Executive)	5-10					5-10
Steve Jones (Non-Executive)	5-10					5-10

### Notes

1. All pension related benefits comprises the NHS Pensions Agency assessment of future pension benefits, excluding inflation, less employee contributions.
2. There was no remuneration waived by directors or allowances paid in lieu to directors in 2017/18.
3. There were no payments/awards to past directors, or compensation on early retirement or loss of service.
4. The remuneration for Mahadeva Ganesh includes the clinical medical consultant role (£90-95k) as well as the Medical Director board position (£65-70k).
5. Mel Duffy left the employment of the Trust on 23 February 2018.



## Accountability Report: Corporate Governance Report

The table below shows details about remuneration for 2016/17 (this information is subject to audit).

Name and title	Salary (bands of £5,000)	Taxable expense payments (to nearest £100)	Performance pay & bonuses (bands of £5,000)	Long term performance pay/bonuses (bands of £5,000)	All pension related benefits (bands of £2,500)	Total (bands of £5,000)
	£000	£00	£000	£000	£000	£000
Jan Ditheridge (Chief Executive)	130-135				25-27.5	155-160
Ros Preen (Director of Finance)	110-115				12.5-15	125-130
Mahadeva Ganesh (Medical Director)	165-170				82.5-85	245-250
Steve Gregory (Director of Nursing & Operations)	100-105				45-47.5	145-150
Julie Thornby (Director of Corporate Affairs)	85-90				22.5-25	105-110
Mel Duffy (Director of Strategy)	90-95				65-67.5	155-160
Mike Ridley (Chairman)	20-25					20-25
Rolf Levesley (Non-Executive)	5-10					5-10
Jane Mackenzie (Non-Executive)	5-10					5-10
Peter Phillips (Non-Executive)	5-10					5-10
Nuala O'Kane (Non-Executive)	5-10					5-10
Steve Jones (Non-Executive)	5-10					5-10

### Notes

1. All pension related benefits comprises the NHS Pensions Agency assessment of future pension benefits, excluding inflation, less employee contributions.
2. There was no remuneration waived by directors or allowances paid in lieu to directors in 2017/18.
3. There were no payments/awards to past directors, or compensation on early retirement or loss of service.
4. The remuneration for Mahadeva Ganesh includes the clinical medical consultant role (£95-100k) as well as the Medical Director board position (£65-70k).

## Accountability Report: Remuneration and Staff Report

### Pension Entitlements

The table below shows information about pension entitlements (this information is subject to audit).

Name and title	Real increase		Total accrued		Cash		Real increase
	in pension	in pension	pension at	pension at	Equivalent	Equivalent	
	at pension age	lump sum at	pension age	re accrued	Transfer	Transfer	in Cash
	(bands of	pension age	at 31 March	31 March	Value at	Value at	Equivalent
	£2,500)	(bands of	2018 (bands	2018 (bands	31 March	31 March	Transfer
		£2,500)	of £5,000)	of £5,000)	2017	2018	Value
	£000	£000	£000	£000	£000	£000	£000
Jan Ditheridge (Chief Executive)	0-2.5	5-7.5	50-55	150-155	982	1,082	89
Ros Preen (Director of Finance)	0-2.5	0-2.5	30-35	80-85	511	567	50
Mahadeva Ganesh (Medical Director - shared post)	2.5-5	12.5-15	35-40	115-120	792	923	123
Steve Gregory (Director of Nursing & Operations)	0-2.5	0-2.5	50-55	150-155	891	955	55
Julie Thornby (Director of Corporate Affairs)	0-2.5	5-7.5	35-40	110-115	672	759	80
Mel Duffy (Director of Strategy)	0-2.5	0-2.5	25-30	65-70	375	431	53

1. As Non-Executive members do not receive pensionable remuneration, there are no entries in respect of pensions for these members.
2. There are no additional benefits that will become receivable by the individual if they retire early.
3. There were no employer's contributions to stakeholder pensions.
4. Mel Duffy left the Trust employment on 23 February 2018.

#### 5. Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capital value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's (or other allowable beneficiary's) pension payable from the scheme. CETVs are calculated in accordance with [SI 2008 No. 1050 Occupational Pension Schemes \(Transfer Values\) Regulations 200823](#).

#### 6. Real Increase in CETV

This reflects the increase in CETV effectively funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another scheme or arrangement) and uses common market valuation factors for the start and end of the period.



## Accountability Report: Remuneration and Staff Report

### Staff Report

We employ nearly 1,600 people who provide a wide range of services from locations across Shropshire, Telford & Wrekin and surrounding areas.

This report provides information about the make-up of our workforce, which at the end of the year 2017/18 had a headcount of 1,529.

	Female		Male		All	
	FTE	Headcount	FTE	Headcount	FTE	Headcount
<b>Directors</b>	4	4	5.5	6	9.5	10
<b>Senior Managers</b>	43.6	51	18.2	20	61.8	71
<b>Band 8A</b>	28.3	35	12.2	14	40.5	49
<b>Band 8B</b>	6.6	7	5.0	5	11.6	12
<b>Band 8C</b>	7.9	8	1.0	1	8.9	9
<b>Band 8D</b>	0.8	1	0.0	0	0.8	1
<b>Other Staff</b>	1016.5	1313	112.3	135	1128.9	1448
<b>All Employees</b>	<b>1064.1</b>	<b>1368</b>	<b>136.0</b>	<b>161</b>	<b>1200.2</b>	<b>1529</b>

### Staff Numbers

#### Staff Numbers (average full time equivalent)

	Total	Permanent	Other
Medical and dental	27	25	2
Ambulance staff			
Administration and estates	335	319	16
Healthcare assistants and other support staff	217	186	31
Nursing, midwifery and health visiting staff	519	485	34
Nursing, midwifery and health visiting learners			
Scientific, therapeutic and technical staff	187	182	5
Healthcare science staff	1	1	
Social care staff			
Other	5	5	0
<b>Total Average Staff Numbers</b>	<b>1,291</b>	<b>1,203</b>	<b>88</b>

## Accountability Report: Remuneration and Staff Report

**Staff Costs** (the analysis of staff costs below is subject to audit)

### Staff costs

	Permanent	Other	2017/18 Total
	£000	£000	£000
Salaries and wages	38,752	1,222	39,974
Social security costs	3,260	-	3,260
Apprenticeship levy	180	-	180
Employer's contributions to NHS pensions	5,204	-	5,204
Pension cost - other	3	-	3
Other post employment benefits	-	-	-
Other employment benefits	-	-	-
Termination benefits	-	-	-
Temporary staff		2,066	2,066
<b>Total gross staff costs</b>	<b>47,399</b>	<b>3,288</b>	<b>50,687</b>

### Staff Sickness Absence

Total Days Lost	14,080
Total Staff Years	1,203
Average Working Days Lost	11.7

### Equality and Diversity

Our Recruitment Policy and supporting management training is designed to eliminate discrimination on all grounds which includes disability. The policy includes the following provisions:

- Guaranteed interview if declaring a disability meet the essential application criteria of the job specification.
- Any required adaptations for interview are made.
- Values-based recruitment. (the training for Values based interviewing includes unconscious bias)
- In terms of continued employment we make every effort to retain employees if they are disabled or become disabled. The Managing Attendance policy promotes reasonable adjustments for individuals as required.

Our Policy and Procedure on Equality and Diversity 'Everyone Counts' explains how the Trust will not discriminate against any member of staff with regards to training, promotion and career development.

We are a Disability Confident employer. We work closely with Jobcentre Plus and Enable to ensure there is appropriate support for employees who are disabled, or become disabled. Where possible, we also offer work experience placements to individuals through these organisations.

We are currently working on a Equality, Diversity and Human Rights strategy which includes developing a Diversity Network for staff to strengthen the work we currently do in relation to equality opportunities.



## Accountability Report: Remuneration and Staff Report

### Trade Union Facility Time

**Table 1**  
**Relevant union officials**

What was the total number of your employees who were relevant union officials during the relevant period?

<i>Number of employees who were relevant union officials during the relevant period</i>	<i>Full-time equivalent employee number</i>
15	12.37

**Table 2**  
**Percentage of time spent on facility time**

How many of your employees who were relevant union officials employed during the relevant period spent a) 0%, b) 1%-50%, c) 51%-99% or d) 100% of their working hours on facility time?

<i>Percentage of time</i>	<i>Number of employees</i>
0%	3
1-50%	12
51%-99%	0
100%	0

**Table 3**  
**Percentage of pay bill spent on facility time**

Provide the figures requested in the first column of the table below to determine the percentage of your total pay bill spent on paying employees who were relevant union officials for facility time during the relevant period.

<i>First Column</i>	<i>Figures</i>
Provide the total cost of facility time	£22,465
Provide the total pay bill	£50,686,744
Provide the percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100	0.04%

**Table 4**  
**Paid Trade Union activities**

As a percentage of total paid facility time hours, how many hours were spent by employees who were relevant union officials during the relevant period on paid trade union activities?

<i>Time spent on paid trade union activities as a percentage of total paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100</i>	2.55%
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## Accountability Report: Remuneration and Staff Report

### Off-Payroll Arrangements

The table below shows arrangements that the Trust had during the year with individuals who provided services for which they were paid on a self-employed basis or through their own companies.

Employment through agencies is not included. Only arrangements lasting six months or more, with a value of more than £220 per day, are shown.

#### Table 1 Off-payroll engagements longer than 6 months

For all off-payroll engagements as of 31 March 2018, for more than £245 per day and that last longer than six months:

	Number
Number of existing engagements as of 31 March 2018	1
<b><i>Of which, the number that have existed:</i></b>	
for less than one year at the time of reporting	1
for between one and two years at the time of reporting	0
for between 2 and 3 years at the time of reporting	0
for between 3 and 4 years at the time of reporting	0
for 4 or more years at the time of reporting	0

The standard contract for self-employed workers contains binding clauses requiring the contractor to comply with all relevant statutes and regulations relating to income tax and national insurance contributions in respect of fees paid by the Trust, and indemnifying the Trust against any liabilities incurred in respect of such contributions. It also requires the contractor to demonstrate to the Trust his/her compliance with such legislation on request. The contractor's agreement to these terms is judged to constitute an appropriate level of risk assessment and management.



## Accountability Report: Remuneration and Staff Report

**Table 2: New Off-payroll engagements**

For all new off-payroll engagements, or those that reached six months in duration, between 1 April 2017 and March 2018, for more than £245 per day and that last for longer than six months

	Number
No. of new engagements, or those that reached six months in duration, between 1 April 2017 and 31 March 2018	1
<b><i>Of which...</i></b>	
No. assessed as caught by IR35	1
No. assessed as not caught by IR35	0
No. engaged directly (via PSC contracted to department) and are on the departmental payroll	1
No. of engagements reassessed for consistency / assurance purposes during the year.	0
No. of engagements that saw a change to IR35 status following the consistency review	0

**Table 3: Off-payroll board member/senior official engagements**

For any off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2017 and 31 March 2018

	Number
Number of off-payroll engagements of board members, and/or senior officers with significant financial responsibility, during the financial year (1)	0
Total no. of individuals on payroll and off-payroll that have been deemed "board members, and/or, senior officials with significant financial responsibility", during the financial year. This figure must include both on payroll and off-payroll engagements.(2)	0 off-payroll 11 on payroll

There are no off-payroll arrangements for Board members.

There are currently 10 Board members as set out earlier in this report. The disclosure above showing 11 individuals reflects one change during the year where an officer held post for part of the year.

## Accountability Report: Remuneration and Staff Report

### Exit Packages

The information relating to Exit Packages in the following tables is subject to audit.

#### 2017/18

##### Exit packages

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 of departures where special payments were made	Cost of special payment element incl in exit packages
	Number	£s	Number	£s	Number	£s	Number	£
Less than £10,000								
£10,000-£25,000								
£25,001-£50,000								
£50,001-£100,000								
£100,001 - £150,000								
£150,001 - £200,000								
>£200,000								
<b>Total</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

#### 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 of departures where special payments were made	Cost of special payment element incl in exit packages
	Number	£s	Number	£s	Number	£s	Number	£
Less than £10,000			1	2,942	1	2,942		
£10,000-£25,000								
£25,001-£50,000								
£50,001-£100,000								
£100,001 - £150,000								
£150,001 - £200,000								
>£200,000								
<b>Total</b>	<u>0</u>	<u>0</u>	<u>1</u>	<u>2,942</u>	<u>1</u>	<u>2,942</u>	<u>0</u>	<u>0</u>

Redundancy and other departure costs have been paid in accordance with the provisions of NHS Agenda for Change rules on pay. Exit costs in these tables are accounted for in full in the year of departure. Where the Trust has agreed early retirements, the additional costs are met by the Trust and not by the NHS pensions scheme. Ill-health retirement costs are met by the NHS pensions scheme and are not included in the tables.



## Accountability Report: Remuneration and Staff Report

This disclosure reports the number and value of exit packages agreed in the years stated. Note: the expense associated with these departures may have been recognised in part or in full in a previous period.

### Analysis of other departure

Analysis of other departures	2017/18		2016/17	
	Agreements Number	Total Value £000s	Agreements Number	Total Value £000s
Voluntary redundancies including early retirement contractual costs				
Mutually agreed resignations (MARS) contractual costs				
Early retirements in the efficiency of the service contractual costs				
Contractual payments in lieu of notice				
Exit payments following Employment Tribunals or court orders				
Non-contractual payments requiring HMT approval				
Total	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

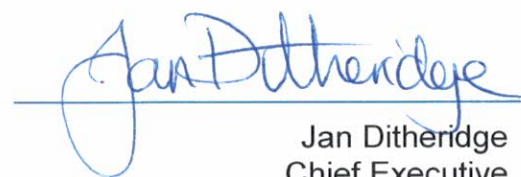
As a single exit package can be made up of several components each of which will be counted separately in this note, the total number above will not necessarily match the total.

The Remuneration Report includes disclosure of exit payments payable to individuals named in that Report.

There were no non-contractual payments made to individuals where the payment value was more than 12 months of their annual salary.

### Expenditure on Consultancy

Expenditure on consultancy totalled £137,000 for 2017/18, compared to £270,000 for 2016/17. The most significant spend of £78,000 being to KPMG for facilitating the bidder and evaluation activities of the transaction.



Jan Ditheridge  
Chief Executive

25 May 2018

# **Independent auditor's report to the Directors of Shropshire Community Health NHS Trust**

## **Report on the Audit of the Financial Statements**

### **Opinion**

We have audited the financial statements of Shropshire Community Health NHS Trust (the 'Trust') for the year ended 31 March 2018, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Taxpayers Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the Department of Health and Social Care Group Accounting Manual 2017-18 and the requirements of the National Health Service Act 2006.

In our opinion the financial statements:

- give a true and fair view of the financial position of the Trust as at 31 March 2018 and of its expenditure and income for the year then ended; and
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, as interpreted and adapted by the Department of Health and Social Care Group Accounting Manual 2017-18; and
- have been prepared in accordance with the requirements of the National Health Service Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Who we are reporting to**

This report is made solely to the Directors of the Trust, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our audit work has been undertaken so that we might state to the Trust's Directors 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 Trust and the Trust's Directors, as a body, for our audit work, for this report, or for the opinions we have formed.

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **Other information**

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report set out on pages 4 to 56, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.



In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of our work including that gained through work in relation to the Trust's arrangements for securing value for money through economy, efficiency and effectiveness in the use of its resource or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Other information we are required to report on by exception under the Code of Audit Practice**

Under the Code of Audit Practice published by the National Audit Office on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with the guidance issued by NHS Improvement or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

### **Opinion on other matters required by the Code of Audit Practice**

In our opinion:

- the parts of the Remuneration Report and Staff Report to be audited have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the Department of Health and Social Care Group Accounting Manual 2017-18 and the requirements of the National Health Service Act 2006; and
- based on the work undertaken in the course of the audit of the financial statements and our knowledge of the Trust gained through our work in relation to the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources, the other information published together with the financial statements in the annual report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we are required to report by exception**

Under the Code of Audit Practice we are required to report to you if:

- we have reported a matter in the public interest under Section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we have referred a matter to the Secretary of State under Section 30 of the Local Audit and Accountability Act 2014 because we had reason to believe that the Trust, or an officer of the Trust, was about to make, or had made, a decision which involved or would involve the body incurring unlawful expenditure, or was about to take, or had 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 have made a written recommendation to the Trust under Section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters.

### **Responsibilities of the Directors and Those Charged with Governance for the financial statements**

As explained more fully in the Statement of Director's Responsibilities set out on page 33, the Directors are responsible for the preparation of the financial statements in the form and on the basis set out in the Accounts Directions, for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trust lacks funding for its continued existence or when policy decisions have been made that affect the services provided by the Trust.

The Audit Committee is Those Charged with Governance.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Report on other legal and regulatory requirements – Conclusion on the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources**

#### **Matter on which we are required to report by exception - Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources**

Under the Code of Audit Practice we are required to report to you if, in our opinion we have not been able to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2018.

We have nothing to report in respect of the above matter.

#### **Responsibilities of the Accountable Officer**

As explained in the Statement of the Chief Executive's Responsibilities, as the Accountable Officer of the Trust, the Accountable Officer is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in the use of the Trust's resources.

#### **Auditor's responsibilities for the review of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources**

We are required under Section 21(3)(c) and 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 and to report where we have not been able to satisfy ourselves that it has done so. 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.

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 2017, as to whether in all significant respects, 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 2018, and to report by exception where we are not satisfied.



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 be satisfied that the Trust has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

### **Report on other legal and regulatory requirements – Certificate**

We certify that we have completed the audit of the financial statements of Shropshire Community Health NHS Trust in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

***Grant Patterson***

**Grant Patterson**

Director

for and on behalf of Grant Thornton UK LLP

The Colmore Building

20 Colmore Circus

Birmingham

B4 6AT

25 May 2018



**Shropshire  
Community Health**  
NHS Trust

**Annual Accounts for the year ended  
31 March 2018**



**Statement of Comprehensive Income the year ended 31 March 2018**

		2017/18	2016/17
	Note	£000's	£000's
Operating income from patient care activities	2	72,473	74,996
Other operating income	3	5,388	4,381
Operating expenses	4, 4.1	(74,248)	(76,303)
<b>Operating surplus/(deficit) from continuing operations</b>		<b>3,613</b>	<b>3,074</b>
Finance income	8	28	19
Finance expenses		0	0
PDC dividends payable		(602)	(527)
<b>Net finance costs</b>		<b>(574)</b>	<b>(508)</b>
Other gains / (losses)	9	3	(32)
Share of profit / (losses) of associates / joint arrangements		0	0
Gains / (losses) arising from transfers by absorption		0	0
Corporation tax expense		0	0
<b>Surplus / (deficit) for the year from continuing operations</b>		<b>3,042</b>	<b>2,534</b>
Surplus / (deficit) on discontinued operations and the gain / (loss) on disposal of discontinued operations		0	0
<b>Surplus / (deficit) for the year</b>		<b>3,042</b>	<b>2,534</b>

**Other comprehensive income****Will not be reclassified to income and expenditure:**

Impairments		0	0
Revaluations	10.1	2,607	1,083
Share of comprehensive income from associates and joint ventures		0	0
Other recognised gains and losses		0	0
Re-measurements of the net defined benefit pension scheme liability / asset		0	0
Other reserve movements		0	0

**May be reclassified to income and expenditure when certain conditions are met:**

Fair value gains / (losses) on available-for-sale financial investments		0	0
Recycling gains / (losses) on available-for-sale financial investments		0	0
Foreign exchange gains / (losses) recognised directly in OCI		0	0

**Total comprehensive income / (expense) for the period**

<b>5,649</b>	<b>3,617</b>
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**Financial performance for the year**

	2017/18	2016/17
	£000s	£000s
Retained surplus/(deficit) for the year	3,042	2,534
Prior period adjustment to correct errors and other performance adjustments	0	0
IFRIC 12 adjustment (including IFRIC 12 impairments)	0	0
Impairments (excluding IFRIC 12 impairments)	0	0
Adjustments in respect of donated gov't grant asset reserve elimination	(284)	62
Adjustment re absorption accounting	0	0
<b>Adjusted retained surplus/(deficit)</b>	<b>2,758</b>	<b>2,596</b>
<b>Adjusted financial performance excluding STF</b>	<b>505</b>	<b>662</b>

The adjustment to arrive at reported financial performance relates to the favourable impact on the Trust of the change in accounting policy from 2011/12 for assets funded by donations or government grants.

The notes on pages 7 to 34 form part of this account.

**Statement of Financial Position as at 31 March 2018**

		31 March 2018	31 March 2017
	Note	£000	£000
<b>Non-current assets</b>			
Intangible assets		0	0
Property, plant and equipment	10.1	27,142	23,627
Investment property		0	0
Investments in associates and joint ventures		0	0
Other investments / financial assets		0	0
Trade and other receivables	13.1	72	111
Other assets		0	0
<b>Total non-current assets</b>		<b>27,214</b>	<b>23,738</b>
<b>Current assets</b>			
Inventories	12	296	272
Trade and other receivables	13.1	5,549	3,167
Other investments / financial assets		0	0
Other assets		0	0
Non-current assets held for sale / assets in disposal groups		0	0
Cash and cash equivalents	15	8,667	7,531
<b>Total current assets</b>		<b>14,512</b>	<b>10,970</b>
<b>Current liabilities</b>			
Trade and other payables	16.1	(7,782)	(6,130)
Borrowings		0	0
Other financial liabilities		0	0
Provisions	18.1	(4)	(287)
Other liabilities		0	0
Liabilities in disposal groups		0	0
<b>Total current liabilities</b>		<b>(7,786)</b>	<b>(6,417)</b>
<b>Total assets less current liabilities</b>		<b>33,940</b>	<b>28,291</b>
<b>Non-current liabilities</b>			
Trade and other payables		0	0
Borrowings		0	0
Other financial liabilities		0	0
Provisions		0	0
Other liabilities		0	0
<b>Total non-current liabilities</b>		<b>0</b>	<b>0</b>
<b>Total assets employed</b>		<b>33,940</b>	<b>28,291</b>
<b>Financed by</b>			
Public dividend capital		589	589
Revaluation reserve		9,210	6,613
Other reserves		0	0
Income and expenditure reserve		24,141	21,089
<b>Total taxpayers' equity</b>		<b>33,940</b>	<b>28,291</b>

The notes on pages 7 to 34 form part of these accounts.

Chief Executive: 

Date: 25-05-18



**Statement of Changes in Equity for the year ended 31 March 2018**

	Public dividend capital £000	Revaluation reserve £000	Income and expenditure reserve £000	Total £000
<b>Taxpayers' equity at 1 April 2017 - brought forward</b>	<b>589</b>	<b>6,613</b>	<b>21,089</b>	<b>28,291</b>
Surplus/(deficit) for the year	0	0	3,042	3,042
Transfers by absorption: transfers between reserves	0	0	0	0
Transfer from revaluation reserve to income and expenditure reserve for impairments arising from consumption of economic benefits	0	0	0	0
Other transfers between reserves	0	0	0	0
Impairments	0	0	0	0
Revaluations	0	2,607	0	2,607
Transfer to retained earnings on disposal of assets	0	(10)	10	0
Share of comprehensive income from associates and joint ventures	0	0	0	0
Fair value gains/(losses) on available-for-sale financial investments	0	0	0	0
Recycling gains/(losses) on available-for-sale financial investments	0	0	0	0
Foreign exchange gains/(losses) recognised directly in OCI	0	0	0	0
Other recognised gains and losses	0	0	0	0
Re-measurements of the defined net benefit pension scheme liability/asset	0	0	0	0
Public dividend capital received	0	0	0	0
Public dividend capital repaid	0	0	0	0
Public dividend capital written off	0	0	0	0
Other movements in public dividend capital in year	0	0	0	0
Other reserve movements	0	0	0	0
<b>Taxpayers' equity at 31 March 2018</b>	<b>589</b>	<b>9,210</b>	<b>24,141</b>	<b>33,940</b>

**Statement of Changes in Equity for the year ended 31 March 2017**

	Public dividend capital £000	Revaluation reserve £000	Income and expenditure reserve £000	Total £000
<b>Taxpayers' equity at 1 April 2016 - brought forward</b>	<b>589</b>	<b>5,539</b>	<b>18,546</b>	<b>24,674</b>
Prior period adjustment	0	0	0	0
<b>Taxpayers' equity at 1 April 2016 - restated</b>	<b>589</b>	<b>5,539</b>	<b>18,546</b>	<b>24,674</b>
Surplus/(deficit) for the year	0	0	2,534	2,534
Transfers by absorption: transfers between reserves	0	0	0	0
Transfer from revaluation reserve to income and expenditure reserve for impairments arising from consumption of economic benefits	0	0	0	0
Other transfers between reserves	0	(9)	9	0
Impairments	0	0	0	0
Revaluations	0	1,083	0	1,083
Transfer to retained earnings on disposal of assets	0	0	0	0
Share of comprehensive income from associates and joint ventures	0	0	0	0
Fair value gains/(losses) on available-for-sale financial investments	0	0	0	0
Recycling gains/(losses) on available-for-sale financial investments	0	0	0	0
Foreign exchange gains/(losses) recognised directly in OCI	0	0	0	0
Other recognised gains and losses	0	0	0	0
Re-measurements of the defined net benefit pension scheme liability/asset	0	0	0	0
Public dividend capital received	0	0	0	0
Public dividend capital repaid	0	0	0	0
Public dividend capital written off	0	0	0	0
Other movements in public dividend capital in year	0	0	0	0
Other reserve movements	0	0	0	0
<b>Taxpayers' equity at 31 March 2017</b>	<b>589</b>	<b>6,613</b>	<b>21,089</b>	<b>28,291</b>

## **Information on reserves**

### **Public dividend capital**

Public dividend capital (PDC) is a type of public sector equity finance based on the excess of assets over liabilities at the time of establishment of the predecessor NHS organisation. Additional PDC may also be issued to trusts by the Department of Health and Social Care. A charge, reflecting the cost of capital utilised by the trust, is payable to the Department of Health as the public dividend capital dividend.

### **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.

### **Income and expenditure reserve**

The balance of this reserve is the accumulated surpluses and deficits of the Trust.



**Statement of Cash Flows for the year ended 31 March 2018**

	Note	2017/18 £000	2016/17 £000
<b>Cash flows from operating activities</b>			
Operating surplus / (deficit)		3,613	3,074
<b>Non-cash income and expense:</b>			
Depreciation and amortisation	4	1,603	1,237
Net impairments		0	0
Income recognised in respect of capital donations	3	(381)	(45)
Amortisation of PFI deferred credit		0	0
Non-cash movements in on-SoFP pension liability		0	0
(Increase) / decrease in receivables and other assets		(2,340)	588
(Increase) / decrease in inventories		(24)	176
Increase / (decrease) in payables and other liabilities		1,585	(1,459)
Increase / (decrease) in provisions		(283)	141
Tax (paid) / received		0	0
Operating cash flows from discontinued operations		0	0
Other movements in operating cash flows		0	0
<b>Net cash generated from / (used in) operating activities</b>		<b>3,773</b>	<b>3,712</b>
<b>Cash flows from investing activities</b>			
Interest received		25	19
Purchase and sale of financial assets / investments		0	0
Purchase of intangible assets		0	0
Sales of intangible assets		0	0
Purchase of property, plant, equipment and investment property		(2,457)	(1,437)
Sales of property, plant, equipment and investment property		3	1
Receipt of cash donations to purchase capital assets	10.6	381	45
Prepayment of PFI capital contributions		0	0
Investing cash flows of discontinued operations		0	0
Cash movement from acquisitions/disposals of subsidiaries		0	0
<b>Net cash generated from / (used in) investing activities</b>		<b>(2,048)</b>	<b>(1,372)</b>
<b>Cash flows from financing activities</b>			
Public dividend capital received		0	0
Public dividend capital repaid		0	0
Movement on loans from the Department of Health and Social Care		0	0
Movement on other loans		0	0
Other capital receipts		0	0
Capital element of finance lease rental payments		0	0
Capital element of PFI, LIFT and other service concession payments		0	0
Interest paid on finance lease liabilities		0	0
Interest paid on PFI, LIFT and other service concession obligations		0	0
Other interest paid		0	0
PDC dividend (paid) / refunded		(589)	(556)
Financing cash flows of discontinued operations		0	0
Cash flows from (used in) other financing activities		0	0
<b>Net cash generated from / (used in) financing activities</b>		<b>(589)</b>	<b>(556)</b>
<b>Increase / (decrease) in cash and cash equivalents</b>		<b>1,136</b>	<b>1,784</b>
<b>Cash and cash equivalents at 1 April - brought forward</b>		<b>7,531</b>	<b>5,747</b>
Cash and cash equivalents transferred under absorption accounting		0	0
Unrealised gains / (losses) on foreign exchange		0	0
<b>Cash and cash equivalents at 31 March</b>	15	<b>8,667</b>	<b>7,531</b>

## Notes to the Accounts

### 1 Accounting policies and other information

#### 1.1 Basis of preparation

The Department of Health and Social Care has directed that the financial statements of the trust shall meet the accounting requirements of the Department of Health and Social Care Group Accounting Manual (GAM), which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the GAM 2017/18 issued by the Department of Health and Social Care. The accounting policies contained in the GAM 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 GAM permits a choice of accounting policy, the accounting policy that 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 are described below. These have been applied consistently in dealing with items considered material in relation to accounts.

##### 1.1.1 Accounting convention

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

##### 1.1.2 Going concern

These accounts have been prepared on a going concern basis.

Management has assessed that the Trust's position supports the production of the annual accounts on a going concern basis. Consideration in reaching this judgement covers historic, current and planned financial performance, contracts, business development, long-term sustainability of services.

#### 1.2 Critical accounting judgements and key sources of estimation uncertainty

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

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.

##### 1.2.1 Critical judgements in applying accounting policies

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

1. Determining whether substantially all the significant risks and rewards of ownership of leased assets have transferred to determine whether a lease is a finance lease or an operating lease.
2. Determining whether charitable funds are a subsidiary of the Trust, and whether they are material, to determine whether or not to consolidate.
3. Determining that the Electronic Patient Record (EPR) software is integral to the operation of the purchased hardware so is classed as a tangible asset

##### 1.2.2 Key Sources of estimation uncertainty

The following are assumptions about the future and other major sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

1. Land and buildings (£23m) are valued periodically by an external valuation specialist who make assumptions concerning values, and estimates are also made concerning the remaining lives of these assets. If the valuations were 1% different, this would amount to £0.2m. The valuations would have to be different by 6% (£1.3m) to be considered material.



## Notes to the Accounts

### Notes to the Accounts - 1 Accounting policies and other information (continued)

#### 1.3 Charitable Funds

Under the provisions of IFRS 10 Consolidated Financial Statements, those charitable funds that fall under common control with NHS Trusts are consolidated within the entity's financial statements. As the Trust is the corporate trustee of the linked NHS Charity (Shropshire Community Health NHS Trust General Charitable Fund), it effectively has the power to exercise control so as to obtain economic benefits. However the balance and transactions are immaterial in the context of the group and transactions have not been consolidated. Details of the transactions with the charity are included in Note 21: related party transactions.

#### 1.4 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 income for the trust is contracts with commissioners in respect of health care services. Revenue relating to patient care spells that are part-completed at the year-end is apportioned across the financial years on the basis of length of stay at the end of the reporting period compared to expected total length of stay.

Where income is received for a specific activity which is to be delivered in a subsequent financial 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.

#### 1.5 Employee benefits

##### 1.5.1 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 annual leave entitlement 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.

##### 1.5.2 Pension benefit costs

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

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

#### 1.6 Other Expenditure

Other operating expenses are recognised when, and to the extent that, the goods or services have been received, with the exception of lease car rentals which are recognised when the annual rental is due. They are measured at the fair value of the consideration payable.

## Notes to the Accounts

### Notes to the Accounts - 1 Accounting policies and other information (continued)

#### 1.7 Property, plant and equipment

##### 1.7.1 Recognition

Property, plant and equipment is capitalised where:

- 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 be provided to, the trust
- it is expected to be used for more than one financial year
- the cost of the item can be measured reliably
- the item has cost of at least £5,000, or
- collectively, a number of items have a cost of at least £5,000 and individually have cost of more than £250, where the assets are functionally interdependent, had broadly simultaneous purchase dates, are anticipated to have similar 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.

##### 1.7.2 Valuation

All property, plant and equipment assets are measured initially at cost, representing the costs 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. An item of property, plant and equipment which is surplus with no plan to bring it back into use is valued at fair value under IFRS 13, if it does not meet the requirements of IAS 40 of IFRS 5.

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. Where a piece of equipment has a net book value in excess of £30,000 it is indexed using the inflation figure quoted in the NHS planning guidance for the year.

An increase arising on revaluation is taken to the revaluation reserve except when it reverses 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.

##### 1.7.3 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 and other information (continued)

#### 1.7.4 Depreciation and impairments

Items of property, plant and equipment are depreciated over their remaining useful economic lives in a manner consistent with the consumption of economic or service delivery benefits. Freehold land is considered to have an infinite life and is not depreciated.

Property, plant and equipment assets in the course of construction are not depreciated until the asset is brought into use. Freehold land, properties under construction, non-operational and assets held for sale are not depreciated.

Depreciation is charged to write off the costs or valuation of property, plant and equipment, less any residual value, over their estimated useful lives, in a manner that reflects the consumption of economic benefits or service potential of the assets. The estimated useful life of an asset is the period over which the 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 their estimated useful lives.

At each financial year end, the Trust reviews whether there is any indication that its property, plant and equipment have suffered an impairment loss. If there is indication such an impairment, the recoverable amount of the asset is estimated to determine whether there has been a loss and, if so, its value.

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

#### 1.8 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 as described above for purchased assets. Deferred income is recognised only where conditions attached to the donation preclude immediate recognition of the gain.

#### 1.9 Revenue government and other grants

Government grants are grants from government bodies other than income from commissioners or trusts for the provision of services. Where a grant is used to fund revenue expenditure it is taken to the Statement of Comprehensive Income to match that expenditure.

#### 1.10 Leases

All Trust leases held are classified as operating leases.

##### 1.10.1 The Trust as lessee

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.

##### 1.10.2 The Trust as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

#### 1.11 Inventories

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

#### 1.12 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.



## Notes to the Accounts

### Notes to the Accounts - 1 Accounting policies and other information (continued)

#### 1.13 Provisions

The Trust recognises a provision where it has a present legal or constructive obligation of uncertain timing or amount; for which it is probable that there will be a future outflow of cash or other resources; and a reliable estimate can be made of the amount. The amount recognised in the Statement of Financial Position is the best estimate of the resources required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using the discount rates published and mandated by HM Treasury.

The Trust has not applied the Treasury's discount rates because settlement of the provisions is expected within one year and the impact of discounting is not material.

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.

##### 1.13.1 Clinical negligence costs

NHS Resolution operates a risk pooling scheme under which the trust pays an annual contribution to NHS Resolution, which, in return, settles all clinical negligence claims. Although NHS Resolution is administratively responsible for all clinical negligence cases, the legal liability remains with the trust. The total value of clinical negligence provisions carried by NHS resolution on behalf of the Trust is disclosed at note 18

##### 1.13.2 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 NHS Resolution 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 when the liability arises.

#### 1.14 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.

Where the time value of money is material, contingencies are disclosed at their present value

#### 1.15 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; available for sale financial assets, and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

##### 1.15.1 Receivables

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

Fair value is determined by reference to quoted market prices where possible, otherwise by valuation techniques.

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 which occurred after the initial recognition of the asset and which has an impact on the estimated future cash flows of the asset.

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

#### 1.16 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.



## Notes to the Accounts

### Notes to the Accounts - 1 Accounting policies and other information (continued)

#### 1.17 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.

#### 1.18 Public dividend capital

Public dividend capital (PDC) is a type of public sector equity finance based on the excess of assets over liabilities at the time of establishment of the predecessor NHS organisation. HM Treasury has determined that PDC is not a financial instrument within the meaning of IAS 32.

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.

A charge, reflecting the cost of capital utilised by the trust, is payable as public dividend capital dividend. The charge is calculated at the rate set by HM Treasury (currently 3.5%) on the average relevant net assets of the trust during the financial year. Relevant net assets are calculated as the value of all assets less the value of all liabilities, except for (i) donated assets (including lottery funded assets),

(ii) average daily cash balances held with the Government Banking Services (GBS) and National Loans Fund (NLF) deposits, excluding cash balances held in GBS accounts that relate to a short-term working capital facility, and (iii) any PDC dividend balance receivable or payable.

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.

#### 1.19 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 their own risks (with insurance premiums then being included as normal revenue expenditure).

However the losses and special payments note is compiled directly from the losses and compensations register which reports on an accrual basis with the exception of provisions for future losses.

#### 1.20 Early adoption of standards, amendments and interpretations

No new accounting standards or revisions to existing standards have been early adopted in 2017/18.

#### 1.21 Standards, amendments and interpretations in issue but not yet effective or adopted

The HM Treasury GAM (Government Accounting Manual) does not require the following Standards and Interpretations to be applied in 2017-18. These standards are still subject to HM Treasury interpretation, with IFRS 9 and IFRS 15 being for implementation in 2018/19, and the government implementation date for IFRS 16 being 2019/20.

IFRS 9 Financial Instruments – application required for accounting periods beginning on or after 1 January 2018, but not yet adopted by the GAM: early adoption is not therefore permitted. However, it is not anticipated that there will be any particular implication for the Trust.

IFRS 15 Revenue From Contracts With Customers - application required for accounting periods beginning on or after 1 January 2017, but not yet adopted by the GAM: early adoption is not therefore permitted. The Trust already recognises revenue at the relevant point as specified in contracts, and the Trust calculates the value of incomplete spells for the TEMS contract. There is unlikely to be a material impact arising from the adoption of IFRS 15 for the Trust.

IFRS 16 Leases – application required for accounting periods beginning on or after 1 January 2019, but not yet adopted by the GAM: early adoption is not therefore permitted. The distinction between operating leases and finance leases will cease, therefore the Trust's current operating leases over 1 year would need to be recognised on the balance from 2019/20. There are potentially 25 building leases and 147 lease cars that will fall within the scope of IFRS 16; there is likely to be a material impact for the Trust upon adoption of this standard as current operating leases are £2.2m in 2017-18 with the materiality threshold being £1.3m.

#### 1.22 Auditors Liability

The auditors liability under the other East of England framework subject to clause 13.1, 13.3 and 13.5 of schedule 2 of the standard framework, the total liability of each Party to the other under or in connection with this Framework Agreement whether arising in contract, tort, negligence, breach of statutory duty or otherwise shall be limited in aggregate to five hundred thousand GBP (£500,000).

## Note 2 Operating segments

The Trust has one operating segment being healthcare services, this is in line with the organisations management reporting structure.

## Note 3.1 Revenue from patient care activities

	2017/18	2016/17
	£000	£000
NHS Trusts	661	675
NHS England	4,658	4,498
Clinical commissioning groups	56,861	58,497
Foundation Trusts	76	575
Department of Health and Social Care	-	-
NHS other	-	-
Local authorities	9,327	9,870
Non-NHS: private patients	-	-
Non-NHS: overseas patients (chargeable to patient)	-	-
NHS injury scheme	78	79
Non NHS: other	812	802
<b>Total income from activities</b>	<b>72,473</b>	<b>74,996</b>
<b>Of which:</b>		
Related to continuing operations	72,473	74,996

## Note 3.2 Other operating revenue

	2017/18	2016/17
	£000	£000
Income in respect of staff costs where accounted on gross basis	89	99
Research and development	9	-
Education and training	676	864
Receipt of capital grants and donations	381	45
Charitable and other contributions to expenditure	-	-
Non-patient care services to other bodies	81	83
Support from the Department of Health and Social Care for mergers	-	-
Sustainability and transformation fund income	2,253	1,934
Income generation (Other fees and charges)	628	626
Rental revenue from operating leases	170	207
Rental revenue from finance leases	-	-
Other revenue	1,101	523
<b>Total other operating revenue</b>	<b>5,388</b>	<b>4,381</b>
<b>Of which:</b>		
Related to continuing operations	5,388	4,381

An additional analysis of significant items of income included in 17/18 Other Revenue-£1101k (16/17 £523k) :  
Property Rentals £210k (16/17 £139k), Catering £44k (16/17 £41k), DHSC HSCN Grant £143k (16/17 £0), Local Authority Contributions to Running Costs £215k (16/17 £180k), Estates Recharge to Foundation Trust £229k (16/17 £0), Widening Access Refund £0k (16/17 £84K).

The STF (sustainability and transformation fund) is a mechanism to allocate centrally held support to NHS provider organisations, based on the achievement of a number of performance targets, both financial and activity based.



**Note 4 Operating expenses**

	2017/18	2016/17
	£000	£000
Purchase of healthcare from other NHS Trusts	1,963	2,484
Purchase of healthcare from NHS Foundation Trusts	393	394
Purchase of healthcare from non-NHS and non-DHSC bodies	-	-
Purchase of social care	-	-
Remuneration of chair & non-executive directors	48	54
Supplies and services - clinical (excluding drugs costs)	6,852	5,915
Supplies and services - general	592	601
Drug costs (drugs inventory consumed and purchase of non-inventory drugs)	898	1,049
Inventories written down	-	-
Consultancy costs	137	270
Establishment	2,174	2,179
Premises	4,533	4,937
Transport (including patient travel)	-	-
Depreciation on property, plant and equipment	1,603	1,237
Amortisation on intangible assets	-	-
Net impairments	-	-
Increase/(decrease) in provision for impairment of receivables	18	11
Increase/(decrease) in other provisions	-	-
Change in provisions discount rate(s)	-	-
Audit fees payable to the external auditor		
audit services- statutory audit	40	41
other auditor remuneration (external auditor only)	-	-
Internal audit costs	58	56
Clinical negligence	180	128
Legal fees	353	183
Insurance	149	129
Research and development	-	-
Education and training	225	298
Rentals under operating leases	2,162	2,319
Early retirements	-	-
Redundancy	-	-
Charges to operating expenditure for on-SoFP IFRIC 12 schemes (e.g. PFI / LIFT) on IFRS basis	-	-
Charges to operating expenditure for off-SoFP IFRIC 12 schemes	-	-
Car parking & security	58	31
Hospitality	7	7
Losses, ex gratia & special payments	3	2
Grossing up consortium arrangements	-	-
Other services, e.g. external payroll	264	257
Other	851	374
<b>Total operating expenses (excluding employee benefits)</b>	<b>23,561</b>	<b>22,956</b>

An additional analysis of significant items of expenditure included in 17/18 Other £851k (16/17 £374k): Ministry of Justice Bedwatch & Escort Scheme £344k (16/17 £214k), Care Quality Commission Subscription £159k (16/17 £108k), Foundation Trust MSK £253k (16/17 £0).

Audit fees are stated gross of VAT as it is irrecoverable.

**Note 4.1 Employee benefits**

Staff and executive directors costs	49,995	52,595
Board Members	692	752
<b>Total employee benefits</b>	<b>50,687</b>	<b>53,347</b>
<b>Total operating expenses</b>	<b>74,248</b>	<b>76,303</b>
<b>Of which:</b>		
Related to continuing operations	74,248	76,303

## Note 5 Operating leases

### Note 5.1 Trust as a lessee

The most significant lease payments are to NHS Property Services. A number of premises used by the Trust transferred from local PCTs to NHS Property Services in 2013/14. Under DH guidance, the Trust was not permitted to own/lease these properties, mainly because they are non-clinical. Whilst no leases have yet been agreed with NHS Property Services, invoices have been received by the Trust and payments have been made.

The remaining building leases are for properties leased by the Trust directly, and other category is lease cars for staff.

	2017/18		Total	
	Buildings	Other	2017/18	2016/17
	£000	£000	£000	£000
<b>Operating lease expense</b>				
Minimum lease payments	1,720	442	2,162	2,319
Contingent rents			-	-
Less sublease payments received			-	-
<b>Total</b>	<b>1,720</b>	<b>442</b>	<b>2,162</b>	<b>2,319</b>
<b>Future minimum lease payments due:</b>				
- not later than one year;	1,568	232	1,800	2,150
- later than one year and not later than five years;	1,507	124	1,631	1,882
- later than five years.	3,818	-	3,818	4,832
<b>Total</b>	<b>6,893</b>	<b>356</b>	<b>7,249</b>	<b>8,864</b>
Future minimum sublease payments to be received	0	0	0	0

A remaining lease term of 20 years has been indicated by NHSPS for Ludlow hospital owned by them and leased by the Trust. There are a another 15 properties leased from NHSPS and future payments for all of these are for 1 year. There are a further 15 properties leased from the private sector or local authorities with varying remaining lease terms of between 1 to 23.5 years, the longest lease is for Church Stratton health centre.

### Note 5.2 Trust as a lessor

This note discloses income generated in operating lease agreements where Shropshire Community Health NHS Trust is the lessor.

The are 2 remaining properties that the Trust leases out being Bridgnorth Health Centre with 87 years remaining, and Whitchurch GP surgery with 1.5 years left.

	2017/18	2016/17
	£000	£000
<b>Operating lease revenue</b>		
Minimum lease receipts	170	207
Contingent rent	-	-
Other	-	-
<b>Total</b>	<b>170</b>	<b>207</b>
<b>Future minimum lease receipts due:</b>		
- not later than one year;	91	225
- later than one year and not later than five years;	203	247
- later than five years.	3,690	3,735
<b>Total</b>	<b>3,984</b>	<b>4,207</b>



## Note 6 Employee benefits

### Note 6.1 Employee benefits

	2017/18	2016/17
	Total	Total
	£000	£000
<b>Employee benefits</b>		
Salaries and wages	39,974	41,070
Social security costs	3,260	3,439
Apprenticeship levy	180	-
Employer's contributions to NHS pensions	5,204	5,207
Pension cost - other	3	-
Other post employment benefits	-	-
Other employment benefits	-	-
Termination benefits	-	3
Temporary staff (including agency)	2,066	3,628
<b>Total gross staff costs</b>	<b>50,687</b>	<b>53,347</b>
Recoveries in respect of seconded staff	-	-
<b>Total employee benefits</b>	<b>50,687</b>	<b>53,347</b>
<b>Of which</b>		
Costs capitalised as part of assets	-	-

### Note 6.2 Retirements due to ill-health

During 2017/18 there were 4 early retirements from the Trust agreed on the grounds of ill-health. The estimated additional pension liabilities of these ill-health retirements is ££264k.

The cost of these ill-health retirements will be borne by the NHS Business Services Authority - Pensions Division.

	2017/18	2016/17
	Number	Number
No of early retirements on the grounds of ill-health	4	0
	£000	£000
Value of early retirements on the grounds of ill-health	264	0

### **Note 6.3 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](http://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 is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2018, is based on valuation data as 31 March 2017, updated to 31 March 2018 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 report of the scheme actuary, which forms part of the annual NHS Pension Scheme 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 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 employee and employer representatives as deemed appropriate.

The next actuarial valuation is to be carried out as at 31 March 2016 and is currently being prepared. The direction assumptions are published by HM Treasury which are used to complete the valuation calculations, from which the final valuation report can be signed off by the scheme actuary. 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.

Trust employees who opt not to join the NHS Pension Scheme are automatically enrolled on the National Employment Savings Scheme (NEST) unless they choose to opt out.



**Note 7 Better Payment Practice code**

	2017/18 Number	2017/18 £000	2016/17 Number	2016/17 £000
<b>Non-NHS Payables</b>				
Total non-NHS trade invoices paid in the year	19,298	16,718	20,348	17,369
Total non-NHS trade invoices paid within target	19,118	16,490	20,112	17,149
Percentage of non-NHS trade invoices paid within target	99.1%	98.6%	98.8%	98.7%
<b>NHS Payables</b>				
Total NHS trade invoices paid in the year	1,435	10,360	1,591	15,506
Total NHS trade invoices paid within target	1,391	9,886	1,542	14,712
Percentage of NHS trade invoices paid within target	96.9%	95.4%	96.9%	94.9%

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 valid invoice, whichever is later.

**Note 8 Finance revenue**

Finance income represents interest received on assets and investments in the period.

	2017/18 £000	2016/17 £000
Interest on bank accounts	28	19
Interest on impaired financial assets	0	0
Interest income on finance leases	0	0
Interest on other investments / financial assets	0	0
Other finance income	0	0
<b>Total</b>	<b>28</b>	<b>19</b>

**Note 9 Other gains / (losses)**

	2017/18 £000	2016/17 £000
Gains on disposal of assets	3	1
Losses on disposal of assets	0	(33)
<b>Total gains / (losses) on disposal of assets</b>	<b>3</b>	<b>(32)</b>
Gains / (losses) on foreign exchange	0	0
Fair value gains / (losses) on investment properties	0	0
Fair value gains / (losses) on financial assets / investments	0	0
Fair value gains / (losses) on financial liabilities	0	0
Recycling gains / (losses) on disposal of available-for-sale financial investments	0	0
<b>Total other gains / (losses)</b>	<b>3</b>	<b>(32)</b>

**Note 10.1 Property, plant and equipment - 2017/18**

	Land £000	Buildings excluding dwellings £000	Dwellings £000	Assets under construction £000	Plant & machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
<b>Valuation/gross cost at 1 April 2017 - brought forward</b>	<b>4,061</b>	<b>16,391</b>	<b>0</b>	<b>82</b>	<b>2,983</b>	<b>34</b>	<b>3,909</b>	<b>82</b>	<b>27,542</b>
Additions - purchased	0	631	0	625	138	0	736	0	2,130
Additions - donated	0	63	0	152	158	0	8	0	381
Impairments	0	0	0	0	0	0	0	0	0
Reversals of impairments	0	0	0	0	0	0	0	0	0
Revaluations	22	1,954	0	21	5	0	0	0	2,002
Reclassifications	0	103	0	(103)	0	0	0	0	0
Transfers to/ from assets held for sale	0	0	0	0	0	0	0	0	0
Disposals / de-recognition	0	0	0	0	(170)	0	0	(8)	(178)
<b>Valuation/gross cost at 31 March 2018</b>	<b>4,083</b>	<b>19,142</b>	<b>0</b>	<b>777</b>	<b>3,114</b>	<b>34</b>	<b>4,653</b>	<b>74</b>	<b>31,877</b>

**Accumulated depreciation at 1 April 2017 - brought forward**

Transfers by absorption	0	285	0	0	1,958	34	1,570	68	3,915
Provided during the year	0	658	0	0	262	0	677	6	1,603
Impairments	0	0	0	0	0	0	0	0	0
Reversals of impairments	0	0	0	0	0	0	0	0	0
Revaluations	0	(605)	0	0	0	0	0	0	(605)
Reclassifications	0	0	0	0	0	0	0	0	0
Transfers to / from assets held for sale	0	0	0	0	0	0	0	0	0
Disposals / de-recognition	0	0	0	0	(170)	0	0	(8)	(178)
<b>Accumulated depreciation at 31 March 2018</b>	<b>0</b>	<b>338</b>	<b>0</b>	<b>0</b>	<b>2,050</b>	<b>34</b>	<b>2,247</b>	<b>66</b>	<b>4,735</b>

**Net book value at 31 March 2018**

Net book value at 1 April 2017	4,083	18,804	0	777	1,064	0	2,406	8	27,142
	4,061	16,106	0	82	1,025	0	2,339	14	23,627

**10.2 PPE financing - 2017/18**

**Net book value at 31 March 2018**

Owned - purchased	4,083	18,230	0	625	569	0	2,394	8	25,909
Finance leased	0	0	0	0	0	0	0	0	0
PFI residual interests	0	0	0	0	0	0	0	0	0
Owned - government granted	0	0	0	0	0	0	0	0	0
Owned - donated	0	574	0	152	495	0	12	0	1,233
<b>NBV total at 31 March 2018</b>	<b>4,083</b>	<b>18,804</b>	<b>0</b>	<b>777</b>	<b>1,064</b>	<b>0</b>	<b>2,406</b>	<b>8</b>	<b>27,142</b>

**10.3 Revaluation reserve for PPE**

Balance at 1 April 2017	1,239	5,281	0	0	92	1	0	0	6,613
Movements in revaluation reserve	22	2,570	0	5	5	0	0	0	2,597
<b>Balance at 31 March 2017</b>	<b>1,261</b>	<b>7,851</b>	<b>0</b>	<b>0</b>	<b>97</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>9,210</b>

**10.4 Addition to Assets under**

Buildings	625
Equipment	0
<b>Total</b>	<b>0</b>



Valuation / gross cost at 1 April 2016 - as previously stated

	Land £000	Buildings excluding dwellings £000	Dwellings £000	Assets under construction £000	Plant & machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
Transfers by absorption	4,061	15,769	0	0	3,191	34	2,539	131	25,725
Additions	0	0	0	0	0	0	0	0	0
Impairments	0	120	0	82	165	0	1,678	0	2,045
Reversals of impairments	0	0	0	0	0	0	0	0	0
Revaluations	0	502	0	0	3	0	0	0	505
Reclassifications	0	0	0	0	0	0	0	0	0
Transfers to / from assets held for sale	0	0	0	0	(12)	0	0	0	(12)
Disposals / de-recognition	0	0	0	0	(364)	0	(308)	(49)	(721)
Transfer to FT upon authorisation	0	0	0	0	0	0	0	0	0
Valuation/gross cost at 31 March 2017	4,061	16,391	0	82	2,983	34	3,909	82	27,542

Accumulated depreciation at 1 April 2016 - as previously stated

	Land £000	Buildings excluding dwellings £000	Dwellings £000	Assets under construction £000	Plant & machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
Transfers by absorption	0	237	0	0	2,000	34	1,575	110	3,956
Provided during the year	0	626	0	0	304	0	300	7	1,237
Impairments	0	0	0	0	0	0	0	0	0
Reversals of impairments	0	0	0	0	0	0	0	0	0
Revaluations	0	(578)	0	0	0	0	0	0	(578)
Reclassifications	0	0	0	0	0	0	0	0	0
Transfers to/ from assets held for sale	0	0	0	0	(12)	0	0	0	(12)
Disposals/ de-recognition	0	0	0	0	(334)	0	(305)	(49)	(688)
Transfer to FT upon authorisation	0	0	0	0	0	0	0	0	0
Accumulated depreciation at 31 March 2017	0	285	0	0	1,958	34	1,570	68	3,915

Net book value at 31 March 2017

Net book value at 1 April 2016

### Note 10.5 PPE financing - 2016/17

Net book value at 31 March 2017

	Owned - purchased	Finance leased arrangements	PFI residual interests	Owned - government granted	Owned - donated	NBV total at 31 March 2017
Owned - purchased	4,061	15,711	0	82	616	22,817
Finance leased arrangements	0	0	0	0	0	0
PFI residual interests	0	0	0	0	0	0
Owned - government granted	0	0	0	0	0	0
Owned - donated	0	395	0	0	409	810
NBV total at 31 March 2017	4,061	16,106	0	82	1,025	23,627

## Note 10.6 Donations of property, plant and equipment

The Trust received donations of property, plant and equipment received during the year from the League of Friends (LoF), and the Trust's own charitable funds as follows:

	31 March 2018
	£000
Multi purpose room at Bridgnorth Agnes Campbell ward - LoF	63
X ray machine - Ludlow LoF	152
X ray machine - Bridgnorth LoF	158
IT equipment	8
<b>Total Donated PPE</b>	<b>381</b>

## Note 10.7 Revaluations of property, plant and equipment

The last 5 yearly full land and buildings revaluation was undertaken by the Valuation Office Agency (VOA) with an effective date of 31st March 2014.

For 2017-18 a desk-top revaluation of the same assets were undertaken by the VOA with an effective date of 31st March 2018. BCIS indices, provided to the Trust by the Valuation Office Agency were used to reflect changes in value of other assets of £1,340k that had not previously valued and where there has been capital expenditure since the 2014 full valuation date.

Land and buildings revaluation amounted to increases of £22k and £2,436k respectively, and indexation using BCIS indices of £134k. Revaluation values overall increased by 0.6% for Land, 17.1% for buildings, and BCIS buildings' indexation of 10.4%.

Land values include £1,050k for non-operational land at Ludlow hospital.

The gross carrying amount of fully depreciated assets still in use was £2.3m.

Indexation of 1.8% was applied to equipment assets with a net book value of £30k, being 5 assets resulting in an increase of £5k.

## Note 10.8 Economic life of property, plant and equipment

	Minimum Life Years	Maximum Life Years
Buildings excluding dwellings	15	55
Plant & machinery	5	15
Transport equipment	5	8
Information technology	2	8
Furniture & fittings	5	10

## Note 11 Contractual capital commitments

	31 March 2018	31 March 2017
	£000	£000
Property, plant and equipment	490	423
Intangible assets	-	-
<b>Total</b>	<b>490</b>	<b>423</b>



## Note 12 Inventories

	31 March 2018 £000	Additions in 2017-18 £000	Recognised as an expense in 2017-18 £000	31 March 2017 £000
Drugs	0			0
Work In progress	0			0
Consumables	145	1,068	(1,028)	105
Energy	0			0
Other - Loan Equipment	151	2,116	(2,132)	167
<b>Total inventories</b>	<b>296</b>	<b>3,184</b>	<b>(3,160)</b>	<b>272</b>
<b>of which:</b>				
Held at fair value less costs to sell	-			-

Inventories recognised in expenses for the year were £3,160k (2016/17: £3,361k). Write-down of inventories recognised as expenses for the year were £0k (2016/17: £0k).

**Note 13.1 Trade receivables and other receivables**

	<b>Current</b>	
	<b>31 March</b>	<b>31 March</b>
	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
<b>Current</b>		
NHS Trade receivables	889	800
Capital receivables (including accrued capital related income)	0	0
NHS Accrued income and prepayments	1,936	1,678
Non NHS Trade receivables	2,552	307
Provision for impaired receivables	(30)	(15)
Deposits and advances	0	0
Non NHS Prepayments	145	279
PFI prepayments - capital contributions	0	0
PFI lifecycle prepayments	0	0
Interest receivable	4	1
Finance lease receivables	0	0
PDC dividend receivable	0	0
VAT receivable	52	103
Corporation and other taxes receivable	0	0
Other receivables	1	14
<b>Total current trade and other receivables</b>	<b>5,549</b>	<b>3,167</b>
<b>Non-current</b>	<b>Non-Current</b>	
Non NHS Trade receivables	74	75
Capital receivables (including accrued capital related income)	0	0
Accrued income	0	0
Provision for impaired receivables	(17)	(17)
Deposits and advances	0	0
Non NHS Prepayments	15	53
PFI prepayments - capital contributions	0	0
PFI lifecycle prepayments	0	0
Interest receivable	0	0
Finance lease receivables	0	0
VAT receivable	0	0
Corporation and other taxes receivable	0	0
Other receivables	0	0
<b>Total non-current trade and other receivables</b>	<b>72</b>	<b>111</b>
<b>Total current and non current receivables</b>	<b>5,621</b>	<b>3,278</b>
<b>Of which receivables from NHS and DHSC group bodies:</b>		
Current	2,825	2,478
Non-current	-	-

**Note 13.2 Receivables past their due date but not impaired**

	<b>31 March</b>	<b>31 March</b>
	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
Up to three months	211	702
Between three to six months	134	94
More than six months	149	10
<b>Total</b>	<b>494</b>	<b>806</b>



**Note 14.1 Provision for impairment of receivables**

	2017/18	2016/17
	£000	£000
<b>At 1 April as previously stated</b>	<b>32</b>	<b>24</b>
Prior period adjustments	0	0
<b>At 1 April - restated</b>	<b>32</b>	<b>24</b>
Transfers by absorption	0	0
Increase in provision	18	11
Amounts utilised	(3)	(3)
Unused amounts reversed	0	0
<b>At 31 March</b>	<b>47</b>	<b>32</b>

The majority of the provision relates to the NHS Injury Costs Recovery Scheme

**Note 14.2 Credit quality of financial assets**

	31 March 2018		31 March 2017	
	Trade and other receivables	Investments & Other financial assets	Trade and other receivables	Investments & Other financial assets
	£000	£000	£000	£000
<b>Ageing of impaired financial assets</b>				
0 - 30 days	-	-	1	-
30-60 Days	3	-	2	-
60-90 days	2	-	2	-
90- 180 days	2	-	2	-
Over 180 days	40	-	25	-
<b>Total</b>	<b>47</b>	<b>-</b>	<b>32</b>	<b>-</b>

A review is carried out of non-NHS receivables over 6 months old and a provision for impairment made where there is little likelihood of recovery (£15k)

In addition a provision for Impairment of 22.84% is made for NHS Compensation Recovery Unit Income (£32k).

**Ageing of non-impaired financial assets past their due date**

0 - 30 days	89	-	403	-
30-60 Days	87	-	253	-
60-90 days	35	-	46	-
90- 180 days	134	-	94	-
Over 180 days	149	-	10	-
<b>Total</b>	<b>494</b>	<b>-</b>	<b>806</b>	<b>-</b>

Of the total Non Impaired Financial Assets, £176k has since been settled during April 2018.

Within the balance of £318k past the due date, £295k is with NHS Bodies and is likely to be settled as per NHS Trading terms

**Note 15 Cash and cash equivalents movement**

Cash and cash equivalents comprise cash at bank, in hand and cash equivalents. Cash equivalents are readily convertible investments of known value which are subject to an insignificant risk of change in value.

	<b>2017/18</b>	2016/17
	<b>£000</b>	£000
<b>At 1 April</b>	<b>7,531</b>	5,747
Prior period adjustments	0	0
<b>At 1 April (restated)</b>	<b>7,531</b>	5,747
Transfers by absorption	0	0
Net change in year	1,136	1,784
<b>At 31 March</b>	<b>8,667</b>	7,531
<b>Broken down into:</b>		
Cash at commercial banks and in hand	16	18
Cash with the Government Banking Service	8,651	7,513
Deposits with the National Loan Fund	0	0
Other current investments	0	0
<b>Total cash and cash equivalents as in SoFP</b>	<b>8,667</b>	7,531
Bank overdrafts (GBS and commercial banks)	0	0
Drawdown in committed facility	0	0
<b>Total cash and cash equivalents as in SoCF</b>	<b>8,667</b>	7,531



**Note 16.1 Trade and other payables**

	<b>31 March 2018 £000</b>	<b>31 March 2017 £000</b>
<b>Current</b>		
Trade revenue payables - NHS	1,069	1,559
Trade revenue payables - Non NHS	1,277	782
Capital payables - NHS	201	2
Capital payables - Non NHS	763	908
Accruals and deferred income - NHS	932	628
Accruals and deferred income - Non NHS	1,758	1,245
Receipts in advance (including payments on account)	-	-
Social security costs	546	73
VAT payables	-	-
Other taxes payable	333	70
PDC dividend payable	16	3
Accrued interest on loans	-	-
Other payables	887	860
<b>Total current trade and other payables</b>	<b>7,782</b>	<b>6,130</b>
<b>Non-current</b>		
Trade payables	0	0
Capital payables	0	0
Accruals	0	0
Receipts in advance (including payments on account)	0	0
VAT payables	0	0
Other taxes payable	0	0
Other payables	0	0
<b>Total non-current trade and other payables</b>	<b>0</b>	<b>0</b>
<b>Of which payables from NHS and DHSC group bodies:</b>		
Current	2,208	2,189
Non-current	0	0

Accruals and deferred income - non NHS includes £267k that was previously classified as a provision, and relates to dilapidation's, it is now classified as an accrual due to the probability of being settled as over 50%.

**Note 16.2 Early retirements in NHS payables above**

The payables note above includes amounts in relation to early retirements as set out below:

	<b>31 March 2018 £000</b>	<b>31 March 2018 Number</b>	<b>31 March 2017 £000</b>	<b>31 March 2017 Number</b>
- to buy out the liability for early retirements over 5 years	-	-	-	-
- number of cases involved	-	-	-	-
- outstanding pension contributions	696	-	699	-

**Note 17 Deferred Income**

	<b>31 March 2018 £000</b>	<b>31 March 2017 £000</b>
<b>Opening balance 1 April</b>	0	77
Deferred revenue addition	0	0
Transfer of deferred revenue	0	(77)
<b>Closing balance of deferred revenue at 31 March</b>	<b>0</b>	<b>0</b>

**Note 18.1 Provisions**

	Pensions - early departure costs £000	Legal claims £000	Re- structuring £000	Continuing care £000	Equal Pay (including Agenda for Change) £000	Redundancy £000	Other £000	Total £000
<b>Balance at 1 April 2017</b>	-	20	-	-	-	-	267	287
Transfers by absorption	-	-	-	-	-	-	-	-
Change in the discount rate	-	-	-	-	-	-	-	-
Arising during the year	-	1	-	-	-	-	-	1
Utilised during the year	-	(7)	-	-	-	-	-	(7)
Reclassified to liabilities held in disposal groups	-	-	-	-	-	-	-	-
Reversed unused	-	(10)	-	-	-	-	(267)	(277)
Unwinding of discount	-	-	-	-	-	-	-	-
<b>Balance at 31 March 2018</b>	-	4	-	-	-	-	-	4
<b>Expected timing of cash flows:</b>								
- not later than one year;	-	4	-	-	-	-	-	4
- later than one year and not later than five years;	-	-	-	-	-	-	-	-
- later than five years.	-	-	-	-	-	-	-	-
<b>Total</b>	-	4	-	-	-	-	-	4

The provisions in the "Legal Claims" class relate to expected NHS Resolution Employers/Public Liability Claims

Reversal of unused provision of £267k relates to the reclassification of dilapidations' provision, it is now classified as an accrual to the probability of being settled as over 50%.



## Note 18.2 Clinical negligence liabilities

At 31 March 2018, £103k was included in provisions of NHS Resolution in respect of clinical negligence liabilities of Shropshire Community Health NHS Trust (31 March 2017: £66k).

	31 March 2018 £000	31 March 2017 £000
Total provisions of the NHS Resolution for CNST	103	66

## Note 19 Contingent liabilities

	31 March 2018 £000	31 March 2017 £000
<b>Value of contingent liabilities</b>		
NHS Resolution legal claims	(9)	(13)
Employment tribunal and other employee related litigation	0	0
Redundancy	0	0
Other	0	0
<b>Gross value of contingent liabilities</b>	(9)	(13)
Amounts recoverable against liabilities	0	0
<b>Net value of contingent liabilities</b>	(9)	(13)
<b>Net value of contingent assets</b>	-	-

## **Note 20 Financial instruments**

### **Note 20.1 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.

Since the financial instruments are all short term in nature, the Trust considers that the carrying amounts disclosed are a reasonable approximation of fair value and no further estimate of fair value is reported.

#### **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.

#### **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 2018 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.



**Note 20.2 Carrying values of financial assets**

Assets as per SoFP as at 31 March 2018	Loans and receivables £000	Assets at fair value through the I&E £000	Held to maturity at £000	Available-for-sale £000	Total book value £000
Embedded derivatives	-	-	-	-	-
Trade and other receivables excluding non financial instruments - with NHS & DH Bodies	1,414	-	-	-	1,414
Trade and other receivables excluding non financial instruments - with Other Bodies	2,438	-	-	-	2,438
Cash and cash equivalents at bank and in hand	8,667	-	-	-	8,667
<b>Total at 31 March 2018</b>	<b>12,519</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,519</b>

Assets as per SoFP as at 31 March 2017	Loans and receivables £000	Assets at fair value through the I&E £000	Held to maturity £000	Available-for-sale £000	Total book value £000
Embedded derivatives	-	-	-	-	-
Trade and other receivables excluding non financial instruments - with NHS & DH Bodies	2,478	-	-	-	2,478
Trade and other receivables excluding non financial instruments - with Other Bodies	203	-	-	-	203
Other investments / financial assets	-	-	-	-	-
Cash and cash equivalents at bank and in hand	7,531	-	-	-	7,531
<b>Total at 31 March 2017</b>	<b>10,212</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,212</b>

**Note 20.3 Carrying value of financial liabilities**

Liabilities as per SoFP as at 31 March 2018	Other financial liabilities £000	Liabilities at fair value through the I&E £000	Total book value £000
Embedded derivatives	-	-	-
Borrowings excluding finance lease and PFI liabilities	-	-	-
Obligations under finance leases	-	-	-
Obligations under PFI, LIFT and other service concession contracts	-	-	-
Trade and other payables excluding non financial liabilities-with NHS & DH Bodies	2,208	-	2,208
Trade and other payables excluding non financial liabilities-with Other Bodies	4,679	-	4,679
Provisions under contract	-	-	-
<b>Total at 31 March 2018</b>	<b>6,887</b>	<b>-</b>	<b>6,887</b>

Liabilities as per SoFP as at 31 March 2017	Other financial liabilities £000	Liabilities at fair value through the I&E £000	Total book value £000
Embedded derivatives	-	-	-
Borrowings excluding finance lease and PFI liabilities	-	-	-
Obligations under finance leases	-	-	-
Obligations under PFI, LIFT and other service concession contracts	-	-	-
Trade and other payables excluding non financial liabilities-with NHS & DH Bodies	2,189	-	2,189
Trade and other payables excluding non financial liabilities-with Other Bodies	3,096	-	3,096
Provisions under contract	-	-	-
<b>Total at 31 March 2017</b>	<b>5,285</b>	<b>-</b>	<b>5,285</b>

**Note 20.4 Maturity of financial liabilities**

	31 March 2018 £000	31 March 2017 £000
In one year or less	6,887	5,285
In more than one year but not more than two years	-	-
In more than two years but not more than five years	-	-
In more than five years	-	-
<b>Total</b>	<b>6,887</b>	<b>5,285</b>

## **Note 21 Related parties**

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 the Trust.

The Department of Health is regarded as a related party. During the year the 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. These entities are:

- Health Education England
- NHS England
- NHS Pension Scheme
- NHS Property Services
- Shrewsbury & Telford Hospitals NHS Trust
- Shropshire CCG
- Telford & Wrekin CCG

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 Shropshire Council and Telford & Wrekin Council.

The Trust has also received revenue and capital payments from charitable funds, the trustees for which are also members of the Trust board by way of corporate trustee. The charitable funds are not consolidated into the Trust accounts as there is a separate annual accounts and annual report for the charity.

Total income for the charitable funds was £364,000 (£82,000 in 2016/17) and total expenditure was £434,000 (£176,000 in 2016/17) most of which was grants to the Trust.



**Note 22 Losses and special payments**

	2017/18		2016/17	
	Total number of cases Number	Total value of cases £000	Total number of cases Number	Total value of cases £000
<b>Losses</b>				
Cash losses	4	1	3	0
Fruitless payments	2	-	6	0
Bad debts and claims abandoned	174	3	109	4
Stores losses and damage to property	-	-	1	10
<b>Total losses</b>	<b>180</b>	<b>4</b>	<b>119</b>	<b>15</b>
<b>Special payments</b>				
Compensation under court order or legally binding arbitration award	-	-	-	-
Extra-contractual payments	-	-	-	-
Ex-gratia payments	7	2	7	5
Special severance payments	-	-	-	-
Extra-statutory and extra-regulatory payments	-	-	-	-
<b>Total special payments</b>	<b>7</b>	<b>2</b>	<b>7</b>	<b>5</b>
<b>Total losses and special payments</b>	<b>187</b>	<b>6</b>	<b>126</b>	<b>19</b>
Compensation payments received		-		-
There were no cases over £300,000				

**Note 23 Breakeven duty rolling assessment**

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
	£000	£000	£000	£000	£000	£000	£000
Breakeven duty in-year financial performance	1,397	1,496	234	352	1,355	2,596	2,758
Breakeven duty cumulative position	1,397	2,893	3,127	3,479	4,834	7,430	10,188
Operating income	80,802	79,679	76,105	75,286	78,940	79,377	77,861
Breakeven position as a percentage of operating income	1.73%	1.88%	0.31%	0.47%	1.72%	3.27%	3.54%
Cumulative breakeven position as a percentage of operating income	1.73%	3.63%	4.11%	4.62%	6.12%	9.36%	13.08%

Adjustments are made in respect of accounting policy changes (impairments and the removal of the donated assets) to maintain comparability year to year. Larger surpluses in 2015/16 due to an agreed capital to revenue transfer, also in 2016/17 and 2017/18 due to STF funding (see note 3).

**Note 23.1 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%



## Note 24 External financing

The trust is given an external financing limit against which it is permitted to underspend:

	2017/18	2016/17
	£000	£000
Cash flow financing	(1,136)	(1,784)
Finance leases taken out in year	0	0
Other capital receipts	0	0
External financing requirement	(1,136)	(1,784)
External financing limit (EFL)	1,305	527
Under / (over) spend against EFL	2,441	2,311

## Note 25 Capital Resource Limit

	2017/18	2016/17
	£000	£000
Gross capital expenditure	2,511	2,045
Less: Disposals	0	(33)
Less: Donated and granted capital additions	(381)	(45)
Plus: Loss on disposal of donated/granted assets	0	0
<b>Charge against Capital Resource Limit</b>	<b>2,130</b>	<b>1,967</b>
Capital Resource Limit	2,516	2,179
<b>Under / (over) spend against CRL</b>	<b>386</b>	<b>212</b>

NHSI approved the CRL of £2,516k, which includes £200k CRL underspend from 2016/17 & £716k from the bonus STF funding for 2016/17.

## Note 26 Events after the reporting date

As at the 31 March the Trust was in the process of finding a suitable partner NHS provider organisation for the long term sustainability of services, and was formally in the process of considering bids from two NHS organisations, any merger would support the continuation of current services provided by the Trust.

On 10th May 2018 NHSI concluded that neither of the bids submitted from The Shrewsbury and Telford Hospital NHS Trust (SaTH) or from South Staffordshire and Shropshire Healthcare NHS Foundation Trust (SSSFT) sufficiently met the full requirements set out in the criteria. Also that the risks associated with proceeding with either option at this time outweighed the opportunity for patient benefits from the proposed transaction. The Trust will therefore continue in its current form supported by NHSI, work with both SaTH and SSSFT as part of the wider STP to ensure the creative and innovative ideas for how their services and the Trust's (that came out of the process) could be shaped differently and be more 'joined up' for the benefit of the communities served