



**Southern Health**  
NHS Foundation Trust

**Southern Health NHS Foundation Trust**  
**Annual Report and Accounts 2017 - 2018**



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# 1. Performance Report

## 1.1 Foreword by the Chair and Chief Executive

The past 12 months have seen continued progress towards Southern Health becoming the organisation our patients, their families and our staff deserve. We have continued to act on improving the safety and quality of our care, and we believe that this is making a difference. Evidence of this is laid out in this document. We have also laid the foundations for more fundamental transformation of our services which will take place over the coming years, with the aim of becoming a fully transparent and inclusive organisation which delivers outstanding care.

Throughout this year we were held to account for our past failures, and it has reinforced our commitment as to why we must continuously strive to improve the safety of our services and the way we involve families and carers. In October 2017 we received a fine of £125k after the Trust failed to ensure the safety of one of our hospitals, which led to a patient being seriously injured in 2015. In March 2018 the Trust was fined £2m in relation to catastrophic health and safety failings which led to the wholly preventable deaths in 2012 and 2013. These failures, and others, rightly continue to loom large in our collective consciousness and fuel our determination to improve the quality of our services.

We both joined the Trust in 2017. In this time we have seen and heard the serious and real concerns which remain about Southern Health, but we have also been overwhelmed by the dedication, compassion and commitment of the people who work in the Trust, and have seen many examples of excellent patient care. Ensuring our workforce feels engaged, valued and empowered is an absolute priority for us because we know their energy and expertise are key to delivering better services. We will shortly be launching a new Workforce and Organisational Development strategy which sets out our workforce plans for the future.

In addition to our appointments as Chair and Chief Executive, the last year has seen the whole Trust Board strengthened and reinvigorated. New directors have joined us following rigorous selection processes involving patients, families, Governors and staff. Further board colleagues will be joining us in the summer. Forging this stronger board means we will have the right leadership in place to develop and maintain an organisational culture that enables our colleagues to deliver the best possible care and one that ensures our patients and service users are at the heart of all we do.

The new board took a strategic decision in 2017/18 to discuss with local partners the retention of our community services, and we hope to be able to make an announcement in the coming months. We believe that there is a compelling clinical rationale for the Trust to continue to provide such services not least to ensure that those who use our services receive truly integrated services that effectively address their physical and mental health needs. The Trust already provides some excellent integrated care and going forward we want to ensure that we utilise the considerable clinical expertise across the organisation and become an outstanding integrated Trust. We are committed to working collaboratively with our local commissioners during the year ahead to transform our community services and look forward to this commitment being underpinned by a memorandum of understanding that we will sign this summer.

In line with our Mental Health and Learning Disabilities Statement of Strategic Intention 2017, which was produced in the spirit of coproduction with families and services users, we have demonstrated a change in culture and experience at board level to drive the successful implementation of this strategy. Whilst strengthening the board's expertise in Mental Health, we have also worked hard to start to deliver specific areas of work as follows:

We have engaged with people who use our services and their families, involving them in the development of our crisis care pathway and sharing their expertise at peer reviews of services. Our service users have influenced the work of the Mental Health Alliance by sharing their personal stories.

We have been working closely with service users, carers, staff and commissioners in designing improved access for our patients, this work has been undertaken initially in the South East of Hampshire, and has been supported by colleagues in Northumberland, Tyne and Wear NHS Foundation Trust. In addition to this programme of work we have also:

- received investment to improve access for people who may be facing a mental health crisis;
- expanded services outside of normal working hours and opened a crisis lounge in Southampton;
- set up a telephone advice line for police, should they need support and information from a mental health practitioner; and
- introduced a one hour standard for patients requiring admission.

We are addressing the variation in practice between some of our community mental health teams which has resulted in reducing individual practitioner caseloads and we have changed the location of community mental health teams basis so that they are closer to the patients that they serve. Further work to extend this to other teams will be undertaken in 2018.

We have extended our perinatal services to Portsmouth, Isle of Wight, North East Hampshire and Farnham, and received additional investment to develop early intervention in psychosis services to meet the Five-Year Forward View quality standard, which will result in an increase in family therapies.

A review of our referral processes from primary care to community mental health teams has taken place, and work is continuing to build interface pathways between GPs and community mental health teams. A pilot has been developed to support people who do not meet the criteria of community mental health teams, but are too unwell to be helped by the Improving Access to Psychological Therapies service.

We have much still to do to deliver all of the ambitions that this strategy sets out. We look forward to working with our partners, commissioners, families, service users and clinical experts to take this strategy forward in 2018/19.

Since 2015 we have been improving the way we report and investigate serious incidents, and how we involve families in this process, in response to the Mazars report which severely criticised the organisation in this regard. An external audit published in January this year revealed that we had made very good progress to meet the report's recommendations.

We continue to work with a number of families and carers across the Trust, including a group of families who were failed by the Trust in the past. With their support and insights, and those of other key stakeholders, we have developed a compelling case for change which describes why we must improve. This will form the basis for developing a new organisational strategy including a new vision statement which is now being created with input from our staff, patients and families. We thank all of those families and carers for their ongoing honesty, energy, commitment to change and their drive to put families at the centre of our care for patients. Our 2018/19 plans commit us to delivering the principles of the triangle of care. These principles make it clear that care is made better by making sure there are good relationships between service users, health professionals and carers.

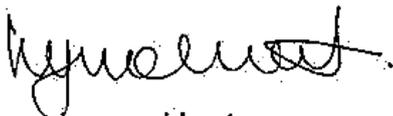
Whilst the incremental improvements in our services are encouraging, we know that more fundamental changes are needed in order to truly become an outstanding Trust. That is why, in the past year, we launched our transformation programme. This will drive forward significant, large scale change in a number of areas, including; embedding a consistent and evidence-based approach to quality improvement across the whole organisation; realising the benefits that being a combined mental and physical health service can bring to patients; ensuring we have the right technology and other enablers in place; and creating a step change in the level of involvement of patients, families and carers – with the ultimate aim of becoming an organisation that is led by its patients and clinicians in partnership.

As we write this, we are expecting an imminent series of inspections by the Care Quality Commission (CQC), our regulator. We welcome this scrutiny as an opportunity to demonstrate the great work our staff do, and to better understand our areas for improvement. We are confident that the CQC will find a different and improved organisation from the last comprehensive inspection in 2014.

We would like to thank our Governors and members for their ongoing support and challenge and look forward to working with them over the coming year where we will be held to account for the delivery of our strategic plans. Finally, our staff remain our greatest asset and we would like to thank them for their hard work and commitment over the past 12 months.

Although Southern Health has made real improvements in the last year, we have much work ahead of us. But we have no doubt that this Trust, and our staff, have the potential to be outstanding. If you would like to learn more about our plans for the year ahead, or indeed to join us in our mission, we would love to hear from you.

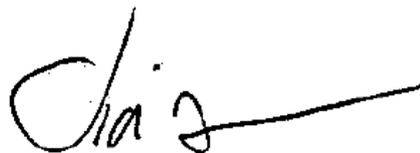
With best wishes



Lynne Hunt

Chair

24 May 2018



Dr Nick Broughton

Chief Executive

## 1.2 Performance Report - Overview

### Purpose and activities

Southern Health NHS Foundation Trust operates as a public benefit corporation in line with the National Health Service Act 2006 and amended by the 2012 Act. This means that the organisation has a level of accountability to the local population, which is provided through channels such as our Governors and open Board meetings, but remains part of the NHS and, as with all foundation trusts, our services are underpinned by a framework of national standards. These safeguard quality and protect the public interest. In addition, as a foundation trust, Southern Health has the ability and freedoms to provide and manage its services to meet the needs and priorities of the local community, working alongside our various commissioners to agree the criteria of our contracts.

We provide community health, specialist mental health and learning disability services for people across Hampshire. We are one of the largest providers of these types of service in the UK. As at 31 March 2018, we employed 5,925 staff who work from over 200 sites, including community hospitals, health centres, inpatient units and community based services.

### A brief history

In 2009 we gained foundation trust status under the name of Hampshire Partnership NHS Foundation Trust, before becoming Southern Health NHS Foundation Trust, on 1 April 2011, following a merger of Hampshire Partnership NHS Foundation Trust and Hampshire Community Health Care. In November 2012 the Foundation Trust acquired Oxfordshire Learning Disabilities NHS Trust, extending its reach to provide learning disabilities and social care services in Oxfordshire, Buckinghamshire, Wiltshire and Dorset. The Foundation Trust's portfolio of services has continued to change, and during 2016 and 2017 the services that were acquired in Oxfordshire and Buckinghamshire, alongside all of our social care services (including those in Wiltshire and Dorset), were transferred to other providers, allowing our trust to focus on services provided within Hampshire.

Our vision is: ***to provide high quality, safe services which improve the health and wellbeing, independence and confidence of the people we serve.***

In 2017 we launched the new Trust values, after a process of development that included staff in workshop activities. Our values are a vital part of our organisation. They help us describe the Trust, how we work with each other and how we care for our patients and service users. Our values also define what is important to us and how we behave, and having developed these alongside the people who deliver services across the Trust, we are confident they truly represent everything we do and what is important to us. The new values of patients and people first, partnership and respect embody what we all work to achieve on a day-to-day basis.



- *Patients and people first*
  - Providing compassionate, safe care
  - Listening to each other
  - Doing the right thing
  - Appreciating each other
  - Delivering quality
  
- *Partnership*
  - Communicating clearly
  - Supporting each other
  - Working as a team
  - Building relationships
  - Making things happen
  
- *Respect*
  - Acting with honesty and integrity
  - Respecting each other
  - Taking responsibility
  - Getting the best from our resources
  - Doing what we say we will do

Our next step is to develop a new vision, fit for the organisation we aspire to be, and over the coming months we will be involving staff, patients and carers to create a vision statement which describes our aspirations as a trust. This will complement the values as a common thread that unites people, articulating why we do what we do, what we are working to achieve, and what people can expect from Southern Health at every level of the organisation.

Our services cover:

- *Mental health services* - we provide treatment and support to adults and older people experiencing mental illness. We also provide treatment to adults and young people, in secure and specialised settings.
  
- *Community services* - our diverse range of community health services provide support and treatment to both adults and children. We deliver this care in community hospitals, health centres, GP surgeries and in our patients' homes. We also provide a stop smoking service (Quit4Life).
  
- *Learning disabilities services* - our community learning disability teams work in partnership with local councils to provide assessment and support for adults with learning disabilities. We also provide specialist inpatient services.

## Strategic priorities

We deliver our vision through our strategic priorities. These were refreshed at the beginning of 2017/18 as part of our two year operational plan, and have again been reviewed for year two of the plan for 2018/19. These priorities are:

Strategic Priorities	
	<b>Quality</b> Deliver high quality, safe services that inspire the confidence of people who use or rely on them, supported by a trust wide transformation programme.
	<b>People</b> Attract and retain people to pursue a relentless focus on improving and providing quality services to enable people to reach their full potential.
	<b>Transformation</b> Transform our care models in mental health, secure services and community services to deliver great outcomes for the people we care for.
	<b>Money</b> Focus on eliminating waste, and increasing productivity and effectiveness, to create the financial flexibility and resilience needed to invest in the future of our services.

## Strategic risks

We carefully identify, monitor and manage risks which may impact on our ability to continue providing care. We do this through a detailed risk register and our Board Assurance Framework. Throughout 2017/18, and moving in to 2018/19 our highest scored risks on our Board Assurance Framework have been:

- Strategic Risk 3: There is a risk that we cannot recruit and retain sufficiently skilled staff.
- Strategic Risk 7: There is a risk that we fail to deliver medium & long-term financial sustainability.

Alongside these high rated strategic risks, we continue to focus on the quality of our services, our culture and the effectiveness of our governance structures, and these three areas are the next highest scored risks in the Board Assurance Framework.

More information on the risks and how we manage them can be found in the Annual Governance Statement, pages A74 to A86 and further detail on delivery of our strategic priorities in 2017/18 is set out in the Performance Report on pages, A8 to A21.

## Going concern disclosure

After making enquiries, the directors have a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the “going concern” basis in preparing the accounts.

### 1.3 Performance Report – Performance Analysis

During the last financial year we have seen some significant achievements from across the Trust, case studies of excellent care, the launch of new or transformed services.

#### Meeting performance targets

During the year we have performed well against our regulatory and contractual targets for operational delivery (access to care). There are a small number of areas where focused improvement activity is required, and specific plans are in place to deliver these. More details on our performance through the year against our performance measures can be found in the table below and within the Quality Report.

#### Mental Health Measures

<b>Metric</b>	<b>Target</b>	<b>Performance</b>	<b>Achieving Target (Yes/No)</b>
Gatekeeping	95%	99.6%	Yes
Mental Health Learning Disabilities Inpatient – Delayed transfers of Care	7.5%	8.3%	No
CPA 7 Day Follow Up	95%	97.2%	Yes
Early Intervention in Psychosis 2 week wait	50%	87.8%	Yes
Improving Access to Psychological Therapies waiting times – 6 weeks	75%	91.9%	Yes
Improving Access to Psychological Therapies waiting times – 18 weeks	95%	99.8%	Yes
Waiting Times – External Referral Clock Stops	90%	91.3%	Yes
CPA 12 Month Reviews	95%	98.4%	Yes
Mental Health Service Data Set identifiers	95%	99.7%	Yes
Mental Health Service Data Set Outcomes	50%	78.8%	Yes
Mental Health Risk Assessments (local target)	95%	75.9%	No
Note: Mental Health Risk Assessment year end March 18 position was 85%. 75.9% is the average over the 12 month period.			

#### Physical Health Measures

<b>Metric</b>	<b>Target</b>	<b>Performance</b>	<b>Achieving Target</b>
Referral to treatment Incomplete	92%	93.7%	Yes
Diagnostics	99%	100.0%	Yes
Minor Injuries Unit	95%	99.7%	Yes
Delayed Transfers of Care	7.5%	20.7%	No
End of Life – Dying in preferred location of care	80%	87.1%	Yes
Rapid Response Performance	80%	97.8%	Yes
Waiting Times – External Referral Clock Stops	90%	87.2%	No
Community Information Data Set Compliance	50%	98.2%	Yes

Ensuring people have the right access to our services will always be a core priority for us, but we know our teams are facing increasing pressures on services. This is due to increased caseloads and patient acuity, within a challenged economic environment. We have worked hard throughout the year to reduce the number of people we care for in an inpatient setting who would be better cared for at home or in a different setting. The number of patients facing delays has been much higher than we would want throughout the year, in particular within our community hospitals, where the challenge of organising appropriate care packages in a pressured health and social care system has been evident. Whilst the numbers have reduced throughout the year they are still too high and this will continue to be a pressure in 2018/19. We are working closely with our partners across the system to on a wide range of plans to ensure our patients are cared for in the best possible setting.

Despite the reduction of delays for available beds within our adult mental health units, we have seen an increased use of out of area placements when demand for care has exceeded our capacity. This reflects a poor experience for those in need of a bed and their families/carers, and also carries a significant financial penalty for our Trust. There has been a significant programme of work to reduce this pressure throughout the year and this will continue into next year as we look to improve the pathways through our services, to reduce the use of out of area placements.

The Trust has not achieved the commissioner waiting times target over the year, in particular for community therapy waiting times. Work continues to improve capacity through caseload review and recruiting to vacant posts. Targeted work has seen an improvement which will continue during 2018/19.

### **Leadership and governance**

During the year there has been significant change at Board level, with the appointment of a Chair, four Non-Executive Directors, a Chief Executive, a Medical Director and a Director of Workforce, Organisational Development and Communications. As the new Board gets established during 2018/19 it is important that we demonstrate a strong leadership culture and sound governance, to shape the transformation agenda whilst ensuring we deliver against our regulatory requirements.

We have begun a programme of work reviewing all aspects of the CQC 'Well-Led' domain in preparation for the CQC inspection expected in the summer of 2018. Ensuring we can demonstrate the Trust is well led, alongside demonstrating we have good staff and stakeholder engagement plans in place and have delivered against our CQC action plans will be required to lift our regulatory undertakings with NHS Improvement.



## Quality

### **Providing high quality care**

We have publicly recognised the historic problems that led to a failure to protect our patients from harm, and have pleaded guilty to three prosecutions during the year. The new Board has used this as the catalyst for a change in approach to patient safety and the way we engage with patients, their carers, their families and the public.

We have turned a corner in addressing the quality and safety, governance and assurance challenges highlighted in these prosecutions, and this has been recognised by our regulators and during recent prosecutions. But we must continue to improve, and ensure those improvements are sustained in order that we never fail patients in this way again.

During the last year we have continued to improve our structures and processes to ensure we deliver the highest quality of care. We have been working very closely with our colleagues at the Care Quality Commission (CQC) and have been successful in addressing areas of significant regulatory concern raised in previous inspections. In their last major inspection report, dated July 2017, the CQC acknowledged these improvements and recognised that the Trust had 'turned a corner'. Whilst the inspection raised a number of areas for us to focus on improving, these were all already reflected within our quality action plans. We were also pleased that CQC rated the Willow Group, (our partnership with four GP practices in Gosport), 'Good' in their inspection dated March 2018.

Building on this we are preparing for a full comprehensive review during the summer of 2018. All teams have their own quality plans in place to support this aim, and we continue to operate a rolling programme of 'Peer Review' to highlight areas of good practice, and identify areas we can improve on.

We can report positively on the delivery of the quality account priorities for improvement. Ten of the priorities have been fully achieved. The two which have been part achieved are related to patient and family involvement in care planning and risk assessment focusing on the importance of involvement in the creation of 'My Crisis/My Safety' plans. These priorities have been amalgamated into one and with the support of our commissioners have rolled over into the priorities for the coming year to continue this important improvement work.

As part of our improvement plans we have carried out a significant amount of work on improving how we investigate and learn from serious incidents following the NHS England commissioned report entitled, 'A review of deaths of people with learning disability or mental health problems in contact with Southern Health NHS Foundation Trust from April 2011 to March 2015' (also known as the Mazars report).

The actions we have taken in response to this report focus on process, investigation quality and the involvement of families and carers. It has been subject to detailed oversight by the Board since January 2016, and during the last year we reached the conclusion of the action plan and asked Niche Health & Social Care Consulting and Grant Thornton to review our progress. These external reviews highlighted that overall, the majority of the plan had been completed and properly implemented, but two of the 172 actions were qualified. More information on this can be found in our Annual Governance Statement, pages A74 – A86. In some areas it was too soon to be able to measure the impact of these changes, and there were further actions required to ensure we sustained the improvements. The Board has committed to follow up with a further review in the summer of 2018 to ensure our plan is having the positive impact we expect.

In 2017/18 the Trust was subject to three prosecutions. In June 2017 the Trust pleaded guilty to charges brought by the Care Quality Commission, relating to a health and safety incident which took place at Melbury Lodge, Winchester in December 2015. The Trust was sentenced in October 2017 and was fined £125k. Significant improvements have been made to Melbury Lodge since 2015, both in response to concerns raised by the CQC and also as part of planned changes to make the ward more safe and welcoming for patients.

The Trust was prosecuted by the Health & Safety Executive for two breaches of Section 3(1) of the Health and Safety at Work Act 1974. These failings related to preventable deaths in 2012 and 2013. The Trust pleaded guilty to the charges and received a fine of £2m in March 2018.

In all cases the Trust accepts responsibility for the failings and has apologised. These incidents have been genuine drivers for change, and we have taken actions that mean our services are now safer, more effective, and more inclusive for families and carers.

### **Patient, family and public engagement**

During the year we launched our Experience, Involvement and Partnership Strategy which details our commitment to working together with service users, patients, families and carers so that they have a say in their care and treatment, and also help us to understand how services can be improved.

The first year of this plan focused on putting in place the systems, networks and standards that will support our staff to work more closely with people who use our services, involving people in their own care and treatment, and routinely offering opportunities to participate meaningfully in the planning, delivery and monitoring of our services.

During the first quarter of next year we will be reflecting on the progress made to date and setting out the programme of work for the next two years to fully embed this culture of involvement and partnership throughout all our services.



## **Transformation**

Over the last year, alongside addressing the quality issues identified by external reviews and regulators, we have been pushing ahead with reshaping our services to meet future demand – we call this ‘transformation’. We continue to work closely with our system partners via the Hampshire & Isle of Wight Sustainability and Transformation Partnership, in particular key work streams such as the Mental Health Alliance and the New Models of Care Programmes (community services), but as we go in to 2018/19 we will be taking a much more structured approach to driving transformation across all of our services.

### **Transforming our services**

We have established a Transformation Programme Board to oversee the range of programmes we are going to deliver next year. This Programme Board will simultaneously oversee the implementation of the quality improvement methodology with our partners Northumberland Tyne & Wear NHS Foundation Trust, and all of our major transformation programmes. This will ensure that we have a structured and consistent approach to transformation which is centred on the people we care for, and is shaped by the knowledge of our front line staff, who know first-hand how care can be improved. The Board is made up of staff, service users, experts by experience, and system stakeholders.

Whilst we have seen service improvements throughout the Trust this year, there have been a number of large projects that have made significant progress.

### **Quality improvement methodology**

We recognise the importance of bringing about systematic, sustainable improvements, through the implementation of a recognised quality improvement methodology, which staff are well supported to deliver. The need to implement such a methodology has been highlighted through our clinical service strategy, and it is recognised that this is a consistent theme within trusts rated ‘Outstanding’ by the CQC.

As part of our wider transformation plans, we are working with colleagues from Northumberland, Tyne & Wear NHS Foundation Trust (NTW) to support us in the implementation of a quality improvement methodology that will underpin all of our service transformation projects. The programme was launched during March 2018. During the next year we expect to have trained c.60 staff through a high intensity course that provides the skills and techniques for them to act as trainers for other staff and facilitators in transformation projects across our services. Through the roll out of these projects we aim for at least 10% of our staff (c.600) to have been involved in developing and embedding service improvements where they work within the year.

As the transformation programme continues, more projects will be identified, and as more staff develop their training and skills, improvements will be coproduced and implemented in all areas. The Trust Board is clear that in order to make the right changes in the right places, a collection of staff, service users, patients and their carers and families must be involved at every stage. Those who deliver and receive our services are the experts in helping to make them more effective.

## **Improving access to mental health services**

Following on from the publication of the clinical services strategy there were a number of areas identified that we committed to address. One of these areas was related to how people accessed our mental health services and the need to improve this. In the local delivery system for Portsmouth and East Hampshire this was also a priority for the local commissioners, providers and stakeholders.

In January 2018 we launched a major programme of work supported by Northumberland, Tyne and Wear NHS Foundation Trust and collaborating with Solent NHS Trust, targeting 20 teams across community adult and older people's services including crisis and psychiatric liaison services. The transformation approach is based on a quality improvement methodology we are developing with the objective of delivering an implementation plan for the future service by July 2018. This is being achieved by firstly, undertaking a thorough current state analysis which includes examining performance data from the last 24 months; reviewing clinical records; and fieldwork observation of the teams in action. This has required a team of 27 staff drawn from our Trust, our commissioners and Solent NHS Trust, receiving a full days training and being released for at least a week to carry out detailed observations of how the clinical teams work.

Once the 'current state' analysis was complete there were 'future design' workshops, each lasting a week with representatives of service users, families and carers, and frontline staff making up the majority of those present. The outputs of the design workshops were shared throughout each week of the workshop with stakeholders to allow comments to be considered as the week progresses. Each workshop has focused on a particular element of the service such as access, treatment, discharge and information.

The final outputs from the workshops will provide a guide to the services that people want to see, which will then be reviewed to consider the implications on partnerships, estates, technology, workforce, strategy and finance. This will then enable the production of an implementation plan with priorities for transforming the services and a commitment by when they will be delivered.

By delivering this work using established methodology and coproduction, we are confident that this will prove a successful model for future redesign projects.

In addition to this we have received investment to improve access for people who are approaching a mental health crisis. This investment has been used to expand services available to people outside of normal working hours of the community mental health teams and to open a Crisis Lounge in Southampton.

There is now also a telephone advice line for police should they be called to an incident where they think the person may have a mental disorder, this gives the police access to a mental health practitioner to support them in making decisions about how best the person can be best helped. For those needing admission, we have introduced a one hour standard for the identification of an inpatient bed.

Six new beds have been opened in order to provide a low secure inpatient service for Child and Adolescent Mental Health Services; this was in response to the recognised national shortage of facilities for these patients.

Our Learning Disabilities Services are working with GP practices and more practices have been added to the list of those which are identified as Learning Disability friendly. Learning Disability nurses have also been appointed to work in acute hospitals to support access and improve the experience of those requiring admission to acute hospitals.

### **Developing more joined up primary care (GP) and community services**

In 2015 Hampshire was selected as a pilot site to develop new out-of-hospital care models, as part of NHS England's vanguard programme launched in response to the Five Year Forward View. This saw healthcare providers such as Southern Health working much closer with partners in primary care, local authorities, ambulance services and third sector groups to improve services, developing new ways of working to better serve our patients and local communities.

We called our vanguard Better Local Care, and it aimed to improve access to care, join up professionals working with the same people, being specialist care closer to home, and focus on prevention as well as treatment. Since then Better Local Care has built on strong foundations in the three initial communities of Gosport, South West New Forest and East Hampshire to make significant progress.

One such example can be seen in The Willow Group, which was formed in April 2017 from a group of four long established Gosport GP practices that now work together as one organisation.

Brune, Forton, Stoke Road and Waterside Medical Centres are now known as The Willow Group, working together with Southern Health to improve resilience to the capacity challenges we're continuing to experience, and not only improve access to care for our residents, but also the range of care we can deliver. Local people have benefitted from a number of new schemes designed to offer better services by changing the way health and care teams work together. This includes the Same Day Access Service, Acute Home Visiting Service, Care Homes Team, and specific clinics for frailty and chronic diseases.

We have received further funding from NHS England to help us build a Better Local Care scheme into a complete and sustainable new care model in one area. Fareham and Gosport was the chosen area. We focused on joining up care to people in Gosport and Fareham with the most complex health and social care needs by introducing two new roles into the Extended Primary Care Team. By developing this team and how it works with the Willow Group in Gosport, we will be pushing the boundaries of existing ways of multi-agency working and improving the efficiency and quality of the service delivered to patients.

## **Provision of Secure Child and Adolescent Mental Health Services**

Throughout the year we have been working closely with NHS England who commission specialist services across the country. It is recognised that Low Secure Unit Child and Adolescent Mental Health Services provision in the South of England is insufficient; there is limited provision in the independent sector and no provision within the NHS. Young people from the South of the country have been placed in low secure settings out of area, and often hundreds of miles away from home. This makes it very difficult to rehabilitate young people and discharge them in a timely fashion, and also causes difficulties in completing crucial therapeutic work such as family work.

We run Bluebird House, which is a Medium Secure Unit (MSU) recognised as a national leader in the treatment of young people with high risk emerging personality disorder for its patient outcomes. However, the pathway is incomplete due to the lack of a Low Secure Unit. To address the urgent need for more adolescent Low Secure Unit beds, six beds were created on a temporary basis in Bluebird House in response to a request from NHS England in 2017. Unfortunately, this cannot continue on a permanent basis because Bluebird House is a Medium Secure Unit and young people in the temporary Low Secure Unit are effectively being managed in conditions of higher security than they require. Therefore, we have been working to identify a clinically acceptable solution.

Our leaders within the Secure Services division have worked closely with staff, patients and commissioners to identify a solution that will see us refurbishing our existing Woodhaven unit to house 14 adolescent Low Secure Unit beds in a high quality modern environment, and in doing so we will move our 10 bed Learning Disabilities Low Secure Unit (currently based at Woodhaven) to a newly refurbished building on the same site, again ensuring we are caring for people in purpose built environments.

During March 2018 the Board considered this plan and we moved into a phase of consultation, working with a variety of stakeholder groups including staff, patients, families and carers. Our proposal is that we develop a full business case for investment, with the aim of opening these units by October 2019. This position has been further supported by the announcement by the Secretary of State for Health and Social Care on 28 March 2018 of £760m of funding to modernise and transform buildings and services across the NHS. We are pleased to say that Southern Health will receive up to £3m of funding to help us provide these additional mental health beds for young people.

## **More examples of great care and service developments**

In April 2017, our award-winning mother and baby mental health team obtained funding worth £800k per year to extend its specialist perinatal community services to three new areas, in addition to the majority of Hampshire: Portsmouth, the Isle of Wight and North East Hampshire & Farnham. This service has been extremely well received and as at March 2018 has already supported over 300 families in the new areas.

The Thames Valley and Wessex Forensic Network was also formed in April 2017 and involves seven NHS Trusts, including Southern Health, and a charity. It is responsible for managing care budgets for secure mental health services, and aims to improve services for adults with mental health problems who need care in a secure setting or specialist forensic mental health services.

In June we were delighted to report that across Hampshire, Fareham, Gosport and South East Hampshire area, almost 100 per cent of GP practices had signed up to delivering annual health checks for people with a learning disability, with the vast majority having undergone specialist training as well. Staff from our learning disabilities teams have been supporting surgeries to achieve these figures, in order to improve primary care services for those with learning disabilities.

In August 2017 Southern Health provided the second year of funding to a scheme run in Gosport War Memorial Hospital in partnership with Age Concern Hampshire, where a coordinator is employed to work on the wards. The coordinator supports frail elderly patients in their rehabilitation, hosting a range of activities and wellbeing projects designed to encourage social interaction. This work can speed up recovery and reduce the likelihood of readmission in the future, and has been so successful that the team on the ward were a finalist for a Health Service Journal Awards.

Another team shortlisted for an HSJ award is the West Hampshire Community Diabetes Service, for improving value to their patients. Improvements in care delivered by the team include working with the Trust's Research and Development Team to increase participants in studies and build a culture of diabetes research in the Trust. The team has also worked with colleagues in mental health to implement an in-reach service at Ravenswood House medium secure unit to provide specialist care to service users with diabetes, saving time and travel for patients. The team has also established a network of over 70 'Glucoheroes' who work as links between their workplace and the diabetes team, standardising health information and service improvements in their places of work. Winners will be announced in June 2018.

In September 2017 the Hampshire Stalking Clinic, in which Southern Health plays a major role, secured funding from the National Police Transformation Fund to be used for a pioneering project working with perpetrators of stalking. The initiative is aimed to improve responses to stalking across the criminal justice system and the health sector through rehabilitative treatment for stalkers. This project has been identified as best practice by the Suzy Lamplugh Trust, in the national 'Out of sight, out of mind' report published in April 2018.

We began a pilot in October of an new mental health service called the Crisis Lounge, which offers a safe haven for those experiencing a mental health crisis, and avoids them having to go to an emergency department. Those using the lounge benefit from improved and more rapid triage, assessments, interventions, advice and support. They are cared for by mental health nurses, as well as peer supporters who have lived experience of mental illness themselves. The pilot has been very successful, and after beginning with four shifts a week, in April 2018 it moved to longer opening hours, and is due to become a 24/7 service.



## People

### **New People and Organisational Development Strategy**

During the second half of 2017/18 we have been reviewing and refreshing our People and Organisational Development Strategy to ensure it reflects the vision of the Trust and our strategic priorities. We expect to soon finalise and publish this strategy. It will set out the plans and actions we are undertaking in five key areas:

- Collective leadership, devolution and engagement;
- Wellbeing, inclusion and diversity;
- Learning and education;
- Workforce development; and
- Partnership and system working.

The actions across this strategy will ensure we meet our overall aim from the People and Organisational Strategy which is to: Attract and retain people to pursue a relentless focus on improving and providing quality services to enable people to reach their full potential (patients and staff).

The strategy will be closely linked to our transformation plans. In particular, it will reflect the significant cultural shift required across the Trust to support the quality improvement agenda. We want to create an organisation where staff are not directed, but are supported to make their own decisions, and where they can work with their patients to identify opportunities for change. We also want to develop a clinically-led and management-supported leadership structure. Included within our plans for the year is a bespoke clinical leadership development programme that has been co-developed with our senior clinicians to meet their needs in these leadership roles.

### **Workforce stability**

Recruitment and, in particular, retention, are our biggest challenges. Whilst our turnover rates have reduced over the last year, they remain high at around 15% (compared to 18% on 2016/17) and our vacancy rate is around 9% (compared to 8% in 2016/17). We have done a lot of work during the year to stabilise our workforce, and have been successful in significantly reducing our agency and locum usage over the year where our levels are now below the national average. This focus on our workforce will continue in to 2018/19 as a key priority for the Board.

### **Staff engagement**

During the year we launched a comprehensive programme of staff engagement, shaped by our Staff Engagement Group, membership of which includes representatives of staff from across the Trust. The aim is for staff to feel truly empowered so that they feel safe to raise issues, make changes happen and recommend Southern Health as a place to work and to receive care and treatment.

This programme will continue throughout next year led by the Director of Workforce, Organisational Development and Communications. It will shape its activity from gathering feedback from engagement sessions with our staff, and will use key data such as the staff survey.

The 2017 staff survey showed that across all key findings we had improved in five areas and declined in one since 2016. Overall six areas are rated better than average, 16 average and 10 worse than average. This was positive given the very public challenges the Trust has faced over the last two years. However, the data shows that whilst our staff are confident about local services, and our overall engagement scores are in line with national peers, staff do not feel connected with the Trust as a whole. This is also reflected in a disappointing response rate of only 36%. Building a strong sense of joint ownership for our services will be a key aim for the engagement programme.

### **Reward and recognition**

December 2017 saw the annual Star Awards ceremony, where we recognise our staff for their outstanding efforts in a number of categories, including the People's Choice Award. The ceremony saw 250 members of staff get together, to celebrate 40 shortlisted individuals and teams, nominated across nine different categories, all based on the Trust's values and priorities.

### **Tackling mental health stigma at work**

In February 2018 we signed the Time to Change Employer Pledge. This is a commitment to changing the way we think and act about mental health at every level of the organisation. In order to sign the Pledge we have submitted an action plan detailing what we will do, including increased promotion of resources available to support staff who are struggling with their mental health, more opportunities to talk more openly though the year with specific events, and more training for managers to help them support their teams.



### **Money**

We plan carefully to manage our finances and carry out cost improvement programmes to be as efficient as possible. Our aim is to finish the year with a surplus which we can use for reinvesting in services and to ensure we have adequate reserves. In 2017/18 the trust received funding of £309.4m to deliver its services.

The financial performance of NHS providers is also measured in comparison to a financial control total which is set annually by NHS Improvement. For 2017/18 the planned control total for the Trust was a £2.9m surplus. To help us meet this requirement the Sustainability and Transformation Fund is allocated on a quarterly basis to those Trusts who are successful on meeting their financial targets. We successfully achieved our target in quarters one, two and three but were not able to fully cover the impact of the fine and legal fees which were incurred as part of court proceedings which took place in quarter four. The final control total position was a surplus of £1.8m which included Sustainability and Transformation Fund income of £2.8m. Although the Trust missed out on its quarter four Sustainability and Transformation Fund payment, it did gain a further £920k from a year end allocation to all Trusts who signed up at the plan stage to achieving their control total.

It was always anticipated that this year would be financially challenging particularly because of the impact of the fines, the relatively high CIP target and also the ongoing pressure on out of area placements for mental health beds. It was identified in month two that the range of risk to delivering the control total for the year could be as high as £22m if mitigations were not identified. Following this a Recovery Director was appointed for six months and in June 2017 the Board agreed a significant recovery plan. Steps were taken to implement this, including the use of a communications plan, and identification of cost reduction schemes led by the Executive Team.

Although it is disappointing to have missed the control total target by £1.1m we should not lose sight of the significant effort it took for the organisation to get this close in what was a very challenging year. The key financial headlines are included in the following paragraphs.

As mentioned above, the Trust is reporting income of £309.4m, which is lower than the previous year's £321.6m. This is mainly due to further transfers from the Trust, for example TQ21 services, Learning Disability Services in Oxford and planned surgical care which continues to be carried out at Lymington Hospital, and is run by University Hospitals Southampton NHS Foundation Trust. Against this income the Foundation Trust has operating costs of £309.2m. This resulted in an operating surplus of £0.2m compared to £7.2m in 2016/17. The key reason for the deterioration is a reduction in the Sustainability and Transformation Fund income and higher impairment costs. Once non-operating costs (financing costs and gain on asset sales) have been considered the position is a deficit of £8.8m. These are non-cash items which includes both impairment and revaluation losses (no cash impact) and reserve transfers to Oxford Health NHS Foundation Trust connected to the transfers of services mentioned above. The meaningful position is the one described around the control total in the earlier paragraph.

This overall position relied on the delivery of savings of £12.8m for the year. Of these savings £7.1m were delivered recurrently and the balance through non recurrent measures. The Trust's approach to savings is to eliminate waste, increase efficiency and at the same time improve quality and safety. All savings are reviewed for the impact on quality, safety and patient experience.

The cash balance increased from £25.3m to £28.3m at 31 March 2018. This was a result of continued focus on managing cash flow, tight control over capital expenditure and the sale of surplus property. The fines incurred in March are not due to be paid to the Court until May 2018.

The improved financial performance combined with the disposal of five property assets, has enabled the Trust to improve positive net current assets of £11m (2016/17 £9.2m). The cash for those assets have helped the net assets position, particularly where they were previously held as Non-current assets.

Capital expenditure during the year was £8.7m (2016/17 £9.0m). This included spend to reduce ligature risks, general building improvements, medical devices and IT.

We improved our NHS Improvement rating, delivering an overall rating of two (out of four, where one is low risk and four is high risk), compared to last year's rating of three, as per our plan. This was supported by the significant reduction in agency expenditure this year. NHS Improvement uses a range of metrics to assess the financial performance of provider trusts.

Although across the overall year we continued to breach the agency ceiling set by NHS Improvement we did manage to achieve our own ambitious target from November onwards. The agency usage is mainly due to difficulties in recruiting consultants and qualified nurses and a number of posts which have been required during the year.

### **Financial outlook and conclusion**

The NHS continues to face considerable financial pressure and this is reflected in the Hampshire system. For 2018/19 the Trust is planning a £3.4m surplus which is supported by £4.1m provider sustainability fund (previously STF) and a savings requirement of £13.1m. As well as continuing to eliminate waste we will need to find ways of transforming clinical care. A significant reduction in the use of out of area beds for mental health patients will also be required.

### **Environmental matters**

As a foundation trust, and as a spender of public funds, we have an obligation to work in a way that has a positive effect on the communities we serve. Sustainability means spending public money well, the smart and efficient use of natural resources and building healthy, resilient communities. By making the most of social, environmental and economic assets we can improve health both in the immediate and long term even in the context of rising cost of natural resources. Demonstrating that we consider social and environmental impacts ensures that the legal requirements in the Public Services (Social Value) Act (2012) are met.

In 2017, we had an estimated total carbon footprint of 60,387 tonnes of carbon dioxide equivalent emissions (tCO<sub>2</sub>e), which is a decrease of 20% from our 2013 baseline. We have increased our Sustainable Development Assessment Tool score to 71% and have successfully managed to reduce our energy, travel, procurement and waste carbon footprint from last year.

Whilst we have made good progress in reducing our overall environmental impact over the last 12 months we recognise that more needs to be done to support the UK's essential transition to a low carbon economy, and achieve our strategic goal to reduce our carbon emissions to 28% by 2020, using 2013 as the baseline year. For a more detailed update, please see our full Sustainability Report on pages A87 – A97.

## **Social, community, anti-bribery and human rights issues**

As a public benefit corporation, the Trust takes responsibilities towards the community it serves very seriously. The Trust recognises the responsibility it has to:

- meet the health needs of the population the Trust serves as safely, effectively and efficiently as possible;
- ensure that in designing and delivering health services, the Trust fully takes into account, and is influenced by, the views and opinions of patients and patients to be;
- take into account the impact the Trust has on the environment. As the Trust sets out in the sustainability report section of this Report, the Trust is committed to reducing its environmental impact;
- take into consideration the Trust's responsibilities, as an ethical organisation, to respect human rights and to ensure that its actions or decisions do not have an adverse impact on upholding human rights;
- uphold the NHS Constitution which brings together in one place details of what staff, patients and the public can expect from the NHS;
- uphold the legal framework that exists to promote equality and diversity;
- take very seriously the Trust's commitment to ensuring that staff feel motivated, empowered and are clear about the difference they are making to patient care and the pursuit of the strategic objectives. The Staff Report section sets out some of the work the Trust has done to improve staff engagement and motivation; and
- ensure that the Trust is a positive place to work and that staff are supported appropriately. The Trust has a positive staff programme – engaging working lives – that brings together the approach to equality and diversity, support for health and wellbeing, staff benefits, staff engagement and training and development

The Trust has a number of policies in place which cover social, community and human rights matters, such as the Equality, Diversity and Human Rights Policy. The policy demonstrates the Trust's commitment to equality of opportunity and anti-discriminatory practice both in the provision of services and in its role as a major employer. Policies are monitored for effectiveness and embeddedness, as well as to ensure that none of the policies have an adverse or discriminatory effect on patients or staff.

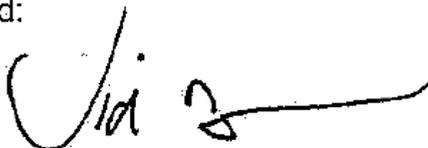
## **Post year-end events**

There were no important events that happened after the end of the financial year which affect the foundation trust.

## **Overseas operations**

The Trust is not currently pursuing any business activities outside of the UK.

Signed:



Dr Nick Broughton, Chief Executive  
24 May 2018

## 2. The Accountability Report

### 2.1 Directors' report

It is the responsibility of our Directors to prepare the Annual Report and Accounts. They consider that the Annual Report and Accounts are fair, balanced and understandable, providing the information necessary for the public, patients, regulators and other stakeholders to assess the Trust's performance, business model and strategy.

Each NHS foundation trust has its own governance structure. The basic governance structure of all NHS foundation trusts includes:

1. Membership
2. Council of Governors
3. Board of Directors

This structure is set out in our Constitution and is well developed within our Trust. Details can be found at [www.southernhealth.nhs.uk](http://www.southernhealth.nhs.uk) and the national requirements can be found at [www.improvement.nhs.uk](http://www.improvement.nhs.uk).

In addition to the basic governance structure, we make use of our Board Committees which comprise of Directors and senior managers. Governors are invited to observe and contribute at the majority of our Board Committees.

### Trust membership

We encourage as many local residents of our service delivery areas as possible to register as members to have a say in Trust developments and to ensure the Trust is accountable to the local population. Membership is divided into public constituencies and staff constituencies.

### Public constituencies

The public membership is divided into six constituencies based on local government boundaries; Oxfordshire and Buckinghamshire, North Hampshire, South West Hampshire, South East Hampshire, Southampton, and Rest of England. Anyone aged 14 or over, who lives in England, who does not meet the eligibility criteria for the staff constituency, and who is not disqualified from membership, can become a member of the relevant public constituency.

As at 31 March 2018, there were 9,002 public members of the Trust. These are in the following constituencies:

- Southampton: 2,036
- South East Hampshire: 1,306
- South West Hampshire: 2,643
- North Hampshire: 1,914
- Rest of England: 864
- Oxfordshire and Buckinghamshire: 239

## **Staff constituency**

The staff constituency is divided into five classes based on the geographical boundaries within which the Trust operates, these are; Oxfordshire, Buckinghamshire and Rest of England, North Hampshire, Southampton, South West Hampshire, and South East Hampshire. Staff members must be employed by Southern Health on a permanent contract or have worked at the Trust for at least 12 months, and must not be disqualified from membership.

The Trust's Membership Development Strategy sets out our plans to improve engagement with current members as well as to grow membership, particularly in relation to currently underrepresented groups. Although both recruitment and engagement feature in the plan, the focus is on engagement. It should be noted that where opportunities arise, engagement and recruitment activity will be broadened to fit with wider Trust work. As an example, recruitment fairs attended by Trust staff have included membership application forms for attendees.

In order to target those groups currently underrepresented in the member figures, all Governors have been provided with membership application forms and business cards promoting membership, and we have attended specific events including the Southampton Mela, a multi-cultural festival, and a series of information events held by the University of Southampton in order to sign up new members. This specifically resulted in an increase in members under the age of 22 by a third, taking the total to 34.

## **Become a member**

If you are interested in helping to shape your local NHS services, please join us:

- Telephone: 023 8084666
- Email [ftmembership@southernhealth.nhs.uk](mailto:ftmembership@southernhealth.nhs.uk)
- Online: <https://www.southernhealth.nhs.uk>

## **Council of Governors**

The Council of Governors is an essential link between our membership and Board to help ensure everyone's views are heard. Although the Council is not involved in the operational management of the trust, it is responsible for holding the non-executive directors individually and collectively to account for the performance of the Trust Board in delivering the Trust's strategic objectives. More about the responsibilities of our Council of Governors can be found at [www.southernhealth.nhs.uk](http://www.southernhealth.nhs.uk).

Our Council of Governors consists of 25 members; 15 public governors, who represent our public constituencies: five staff governors who represent our staff classes, and five appointed Governors who represent local authorities or partners that we work closely with.

## **Meetings of the Council of Governors**

Our Council of Governors meets in public on a quarterly basis, where members collectively consider the performance of the Trust, highlighting any issues or concerns they may have in relation to the way in which the Board of Directors is managing performance.

During this year our Council of Governors received reports and presentations on the Business Planning process and the Trust Objectives, as well as receiving updates from Board Committees and on the Quality Report Priorities.

<b>Elected Public Constituency</b>	<b>Name</b>	<b>Initial Term commenced</b>	<b>Term ends / ended</b>	<b>Term</b>	<b>Council of Governor</b>
Southampton	Andrew Jackman (Lead Governor)	25.07.2011	24.07.2020	3	7/7
	Susie Scorer	01.04.2009	09.07.2018	3	7/7
	Thomas Whicher	10.07.2015	09.07.2018	1	4/7
South West	Josephine Metcher	10.07.2015	09.07.2018	1	6/7
	Dave Cubbon*	21.11.2017	19.11.2020	1	1/1
	Terry Scriven*	03.05.2017	17.10.2017	1	2/4
Vacancy*					
North Hampshire	David Lee	13.10.2016	12.10.2019	1	4/7
	Venus Madden	13.10.2016	12.10.2019	1	6/7
	Susan Smith	01.04.2009	20.07.2018	3	6/7
South East	Gary Butler*	17.05.2017	16.05.2020	1	3/6
	Arthur Monks	10.07.2012	20.07.2018	2	4/7
	Malcolm Carpenter*	17.05.2017	25.08.2019	1	2/6
Rest of England	Peter Bell	15.03.2016	14.03.2019	1	3/7
Oxfordshire, Buckinghamshire	Richard Mandunya*	15.03.2016	08.06.2017	1	1/2
	Vacancy				
	Vacancy				

\* in post for part of the year

<b>Elected Staff Class</b>	<b>Name</b>	<b>Initial Term commenced</b>	<b>Term ends / ended</b>	<b>Term</b>	<b>Council of Governor</b>
South West	Vicky Melville*	25.07.2017	15.06.2017	1	1/2
South West	Margaret Martins*	08.08.2017	07.08.2020	1	3/3
North Hampshire	Nick Sargeant*	08.08.2012	01.12.2017	2	6/6
Southampton	Alia Sidki-Gomez	15.03.2016	14.03.2019	1	7/7
South East	Paul Valentine*	21.12.2014	19.07.2017	1	0/3
Oxfordshire, Buckinghamshire & Rest of England	Vacancy				

\* in post for part of the year

Appointed Governors	Name	Initial Term commenced	Term ends / ended	Term	Council of Governor
Carers Together	Adrian Thorne	01.03.2016	28.02.2019	1	5/7
Hampshire County Council	Cllr Rob Humby*	21.11.2017	20.11.2020	1	0/1
	Cllr Andrew Joy*	17.09.2014	01.05.2017	1	2/2
Southampton City Council	Cllr Paul Lewzey	21.08.2013	03.05.2018	2	4/7
University of Southampton	Prof David Baldwin*	13.04.2017	12.04.2020	1	5/7
Age Concern Hampshire	Vacancy				

\* in post for part of the year

### **Governor working groups**

Our Council of Governors has two working groups comprised of members of the Council of Governors and Trust staff; these are the Membership Engagement Group and the Patient Experience & Engagement group. Both groups are chaired by a Governor and have terms of reference that have been agreed by the Council of Governors which sets out how they seek to support Governors in fulfilling their statutory duty to represent the interests of Trust members and members of the public.

The role of the Membership Engagement Group is to:

- seek the views of members and Governors in the development of work to engage and involve members in Foundation Trust activity;
- ensure members' views and views of the public are obtained in order to shape effective engagement activity; and
- monitor and provide assurance to the Council of Governors that activity is being delivered in line with feedback received and is improving membership recruitment and engagement.

The role of the Patient Experience and Engagement Group is to:

- seek the views of members and Governors in regard to informing priority work programmes to improve patient experience;
- influence the strategic direction for patient and public involvement by ensuring members' views and views of the public are obtained;
- receive feedback from the Trust's Patient Experience and Engagement group on progress with workstreams and impact on patients and users; and
- provide assurance to the Council of Governors that the Trust is appropriately engaging patients and considering their experience in delivery of services.

## **Lead Governor**

Andrew Jackman was re-appointed as Lead Governor with effect from 18 August 2017 for a term of two years ending on 17 August 2019. In his role as Lead Governor he has attended Trust Board meetings, held discussions with Governors in private, and where required, brought these to the attention of the Chair to raise any issues or to seek clarity. He has also attended a number of externally held conferences and is engaged in the Lead Governor Forum which is hosted by NHS Providers.

## **Governor elections**

Elections were held in May 2017 and in November 2017 where two new Governors were elected, as set out in the table on pages A23 to A24. Further elections are due to take place in early summer 2018.

## **Register of interests**

All of our Governors are required to declare any interests any that are relevant or material. This information is presented at every Council of Governors meeting, as well as being available on our website at [www.southernhealth.nhs.uk](http://www.southernhealth.nhs.uk).

## **Contacting a Governor**

Anyone wanting to get in contact with our Governors can email the Corporate Governance Team on [governors@southernhealth.nhs.uk](mailto:governors@southernhealth.nhs.uk) or visit our website for details on how to contact Governors directly.

## **Our Board and Council of Governors working together**

Our Trust Chair is responsible for the leadership of both the Council of Governors and the Trust Board, and there has been a particular focus during the year to bring the two groups together to ensure an effective relationship is established within the Trust.

There are regular opportunities for Governors to meet with Non-Executive Directors, Directors and Trust staff through Governor development days, Council of Governor meetings, or on a collective or individual basis with either the Chairman or the Senior Independent Director if they wish.

Concerns can also be raised through the Senior Independent Director, any Director of the Trust or through the Company Secretary and Head of Corporate Governance.

Examples of how our Council of Governors and Board have worked together this year include:

- Executive and Non-Executive Directors attending each Council of Governors' meeting;
- summary reports from Board Committees presented by the Committee Chair to each Council of Governors' meeting;
- Governors attending the confidential session of Trust Board meetings (in addition to the public sessions);
- Council of Governors receiving the agenda and minutes of both the public and confidential Trust Board sessions, as well as the minutes of both parts of the meeting; and
- Governors being invited to observe and contribute at all Board Committee meetings (with the exception of the Nomination & Remuneration Committee).

In 2017/18 the Council of Governors has:

- been consulted on the selection of an indicator for auditing for the Trust's Quality Report 2017/18;
- been consulted on and contributed to the development of the Trust's Business Plan;
- approved and conducted the appointment process for a new Chair and new Non-Executive Directors;
- appointed one of the Non-Executive Directors as Deputy Chair and been consulted on the appointment of the Senior Independent Director,
- approved the appointment of the Chief Executive;
- been involved in the redesign of the trust's website; and
- co-produced with staff, the revised process for the Chair and Non-executive Director's appraisal process.

In 2017/18 the Governors have not exercised their power, under paragraph 10C of Schedule 7 of the NHS Act 2006, to require one or more of the directors to attend a Council of Governors' meeting to obtain information about the performance of its functions or the directors' performance of their duties. If any disputes arise between our Council of Governors and Board of Directors, then the disputes resolution process as described in the Trust Constitution would be followed. During 2017/18, this process has not been required.

### **Appointment Committee**

The Council of Governors has established an Appointment Committee to recommend the appointment of the Chair and Non-Executive Directors to the Council of Governors, including recommendations on remuneration. The committee membership is made up of Governors and a Non-Executive Director (usually the Chair).

The committee is responsible for:

- ensuring that there is a formal, rigorous and transparent procedure for the selection of the candidates for office as Chair or Non-Executive Director of the Trust;
- ensuring that any search for candidates for the role of Chair or Non-Executive Director is conducted against objective criteria and with due regard for the benefits of diversity on the Board and the requirements of the Trust;
- preparing and reviewing the description of the role and capabilities required for the Non-Executive Directors, including the Chair;
- agreeing the timetable and action plan for appointment;
- identifying and nominating candidates for the Chair or Non-Executive Director roles and making recommendations to the Council of Governors as to potential candidates for appointment as Chair or Non-Executive Directors, as the case may be;
- regularly reviewing, in conjunction with the Board of Directors' Nominations & Remuneration Committee, the structure, size and composition of the Board of Directors; and
- Considering and making recommendations to the Council of Governors as to the remuneration and allowances and other terms and conditions of office of the Chair and other Non-Executive Directors.

The Committee is chaired by the Chair or Non-Executive Director and members nominate themselves each year to sit on the Committee. Membership and attendance of Governors at the meetings is as follows:

<b>Name</b>	<b>Meetings (attended / eligible to attend)</b>
Lynne Hunt	1/1
Alan Yates	4/4
Alia Gomez	5/5
Andrew Jackman	3/5
Venus Madden	4/5
Richard Mandunya	1/4
Josie Metcher	4/5
Arthur Monks	2/5
Nick Sargeant	4/5
Susie Scorer	5/5
Adrian Thorne	4/5
Tom Whicher	4/5

### **Non-Executive Director appointments**

In April 2017 the Council of Governors approved the process to appoint a substantive Chair and four Non-Executive Directors, (due to the Interim Chair coming to the end of his tenure, and the previous Non-Executive Directors standing down from their positions).

External advisers from Hunter Healthcare Limited supported the process, speaking to a wide range of interested people across a range of sectors. Shortlisted candidates were invited to meet key stakeholders including representatives from local authorities, voluntary organisations, service users and staff.

In 2017/18, the following recommendations made by the Appointment Committee were approved by the Council of Governors:

- the appointment of Lynne Hunt as the Trust Chair;
- the appointment of David Kelham as Non-Executive Director;
- the appointment of David Monk as Non-Executive Director;
- the appointment of Dr David Hicks as Non-Executive Director;
- the appointment of Jeni Bremner as Non-Executive Director and Deputy Chair; and
- the remuneration and terms of office for the Chair and Non-Executive Directors.

Our Constitution explains how a Board member may not continue in the role. It also outlines additional provisions for the removal of the Chair and Non-Executive Directors, which requires the approval of three-quarters of the members of the Council of Governors. If any proposal to remove a Non-Executive Director is not approved at a meeting of the Council of Governors, no further proposal can be put forward to remove such Non-Executive Director based upon the same reasons within 12 months of the meeting.

## **Board of Directors**

Our Board of Directors is a unitary Board with collective responsibility for all areas of performance of the Trust such as clinical and operational performance, financial performance, governance and management. The Board is legally accountable for the services it provides at the Trust and operates to the highest of corporate governance standards.

Our Board is led by the Non-Executive Trust Chair. The Non-Executive Directors, including the Trust Chair, form a majority on the Board. The Executive Directors manage the day-to-day operational and financial performance of the Trust.

The Board of Directors is ultimately and collectively responsible for all aspects of the performance of the Trust. The Board of Directors' role is to:

- provide effective and proactive leadership of the Trust within a framework of processes;
- develop procedures and controls which enable risks to be assessed and managed;
- take responsibility for making sure the Trust complies with its licence, its constitution, mandatory guidance issued by NHS Improvement, relevant statutory requirements and contractual obligations;
- set our strategic aims at least annually, taking into consideration the views of the Council of Governors;
- be responsible for ensuring the quality and safety of healthcare service, education, training and research delivered;
- ensure that we exercise our functions effectively, efficiently and economically;
- set our vision, values and standards of conduct and ensure we meet our obligation to our members, patients and other stakeholders and communicate them to these people clearly;
- take decisions objectively in the interests of the Trust;
- take joint responsibility for every decision of the Board, regardless of their individual skills or status;
- share accountability as a unitary Board; and
- constructively challenge the decisions of the Board and help develop proposals on priorities, risk, mitigation, values, standards and strategy.

In 2017/18 the Board met nine times to conduct its business. At these meetings it takes strategic decisions and monitors the operational performance of the Trust, holding the Executive Directors to account for the Trust's achievements.

## **Board Composition**

We have reviewed the composition of the Board in year, to ensure that there is the appropriate balance of knowledge, skills and experience to enable the Board to carry out its duties effectively. This has included a number of key appointments, with further appointments planned for 2018/19.

## **Board effectiveness and evaluation**

All Board members undergo annual performance appraisals. The Chair undertakes the process for the Non-Executive Directors and the Chief Executive and is in turn appraised by the Senior Independent Director.

Since the appointment of the Chair and Non-Executive Directors, a new approach to Non-Executive Director appraisals has been co-designed by the Senior Independent Director, working in conjunction with a number of Governors. This has included a redesign of the objective setting and appraisal paperwork, input into and agreement of, objectives for the Chair and Non-Executive Directors and the implementation of a 360 degree feedback process with the output being reported to the Governors.

Recognising the significant changes to the Board this year, there has been ongoing review of how the Board and its committees operate effectively, this has included observations from NHS Improvement of meetings of the Board and committees and an initial self-assessment review by Board members as a baseline against the Well-led Framework.

This work continues into 2018/19 and is expected to include a full review of the skills and competencies of Board members which will help inform requirements of any new Board appointments required and individual and collective development. Additionally, the Trust is looking to commission a partner to support the Board in a formal Board development programme.

## **Board Members**

### **Lynne Hunt, Trust Chair**

Lynne was appointed as Trust Chair from 3 July 2017 for a three year term ending on 2 July 2020.

Attended six out of seven Board meetings she was eligible to attend during 2017/18.

Member of:

- Nominations & Remuneration Committee

Biography:

Lynne trained as a nurse in the late 1970's and has over 40 years of experience of working in healthcare. During her career she worked mostly in health services across London. She was Head of Nursing and Associate Clinical Director at the Three Bridges Forensic Services in West London Healthcare Trust before becoming Director of Nursing in the combined mental and community health Trust in the mid-1990s.

From 2002 Lynne worked first in North London and then in East London as Director of Nursing and Deputy Chief Executive until she retired in 2010. In the same year Lynne moved from London to live in Dorset where she worked as a healthcare leadership consultant working to support mental health services in London. In 2013 Lynne became Non-Executive Director and Vice Chair for Dorset HealthCare University NHS Foundation Trust.

### **Jeni Bremner, Non-Executive Director and Deputy Chair**

Jeni was appointed as Non-Executive Director from 14 July 2017 for a one year term ending on 13 July 2018.

Attended six out of six Board meetings she was eligible to attend during 2017/18.

Member of:

- Audit, Risk & Assurance Committee
- Service Performance & Transformation Committee
- Nominations & Remuneration Committee
- Mental Health Legislation Sub-committee
- Quality & Safety Committee
- Workforce & Organisational Development Sub-Committee

Biography:

Jeni has worked in public service for over 25 years in the NHS and local government. A nurse by background, Jeni is also a health economist and worked as a Policy Analyst at City Health Trust in Newcastle. She then moved to join the Local Government Association (LGA) as a Programme Manager progressing to the LGA Board as a Programme Director. In 2007, she became Chief Executive of an international health charity, the European Health Management Association, focusing on policy and practice to improve health management. Since leaving in 2016, she has provided change management consultancy services and cared for her step father who has Alzheimer's. She has held various Trustee roles since the 1990s and is currently a Trustee for a local care home.

### **Dr David Hicks, Non-Executive Director**

David was appointed as Non-Executive Director from 1 January 2018 for a three year term ending on 31 December 2021. David was previously appointed as Associate Non-Executive Director from 1 October 2017 to 31 December 2017.

Attended three out of three Board meetings he was eligible to attend during 2017/18.

Member of:

- Audit, Risk & Assurance Committee
- Service Performance & Transformation Committee
- Nominations & Remuneration Committee
- Quality & Safety Committee
- Workforce & Organisational Development Sub-Committee

Biography:

David has over 30 years' experience in clinical leadership posts. Most recently he has been interim Medical Director at Great Ormond Street, where he was the Trust lead for patient and staff safety and clinical quality, responsible for the legal team, medical workforce, education and development. After qualifying as a Consultant, David specialised in sexual health and genitourinary medicine before progressing into divisional management roles.

He has held a range of Board Level clinical leadership posts in the course of his career, as well as being Acting Chief Executive at Barnsley Hospital from 2006 to 2007. David held a number of roles with Mid Yorkshire Hospitals NHS Trust, advising on the Trust's clinical reorganisation and Chairing the Quality Committee, leading on safeguarding and End-of-Life Care. In addition to his role at Great Ormond Street, he was also a Clinical and Professional Advisor to the CQC and a Medical Appraiser to NHS England, supporting a number GPs across the South of England. He is also an Honorary Senior Lecturer at the University of Sheffield and an Assistant Professor at the University of St. Matthew's in Miami.

### **David Kelham, Non-Executive Director**

David was appointed as Non-Executive Director from 14 July 2017 for a three year term ending on 13 July 2020.

Attended six out of six Board meetings he was eligible to attend during 2017/18.

Member of:

- Audit, Risk & Assurance Committee
- Charitable Funds Committee
- Service Performance & Transformation Committee
- Nominations & Remuneration Committee

Biography:

David is a Fellow of the Institute of Chartered Accountants in England and Wales and held Chief Financial Officer (CFO) roles in major UK based companies for 24 of his 34 year executive career covering 48 different countries. In 2010 he was nominated by one of the leading accounting firms as 'an outstanding international CFO'.

Now with a plural career across non-executive directorships, business transformation consultancy and mentoring roles, David started his executive career with Shell before joining P&O European Ferries, where he advanced to Financial Director. David then completed 19 acquisitions across a five year period at NTL (Virgin Media) and saw the customer base grow from 120,000 to over 3 million. Further transformational and turnaround work ensued at UK Telco, Courts International and Regeneris, before in 2010 he joined Cable and Wireless Communications Plc, quickly becoming CFO for the Caribbean region covering 14 countries. The profitability more than doubled in his time as CFO to over USD\$350m.

David was a member of the Scout Association for forty years, rising to Explorer Scout Commissioner before retiring. He is also a past member and Chairman in the Round Table organisation, and a member and past Chairman of the Ex-Round Tabler's Association.

His mother lived with Alzheimer's for 10 years before her death in 2011.

### **David Monk, Non-Executive Director and Senior Independent Director**

David was appointed as Non-Executive Director from 14 July 2017 for a three year term ending on 13 July 2020. He was appointed as Senior Independent Director, effective from 26 September 2017.

Attended five out of six Board meetings he was eligible to attend during 2017/18.

Member of:

- Quality & Safety Committee
- Charitable Funds Committee
- Nominations & Remuneration Committee
- Mental Health Legislation Sub-committee

Biography:

David is a Director and co-founder of Symmetric, an organisation specialising in Systems Thinking and System Dynamics Modelling across the public sector. He continues to be a significant contributor to mental health networks in England and has co-authored a number of papers on Care Pathways and Mental Health Strategy. With nearly 30 years' experience either in or alongside the NHS, David has a track record of partnership working including experience of involving patients and the public in major planning decisions, particularly where this has led to a major reorientation of capacity and demand.

His ongoing portfolio includes the continued facilitation of a number of Mental Health CEO and Medical Director networks across different regions in England. David also continues to Chair the Lambeth Living Well Collaborative; a focus on better care through collaboration. He recently led the award winning London EIP Programme and is now facilitating the New Models of Care forensic strategy for South London.

### **Dr Nick Broughton, Chief Executive**

Nick was appointed on 6 November 2017. He was previously Chief Executive at Somerset Partnership NHS Foundation Trust.

Attended four out of four Board meetings he was eligible to attend during 2017/18.

Member of:

- Service Performance & Transformation Committee
- Mental Health Legislation Sub-committee
- Quality & Safety Committee

Attendee of:

- Audit, Risk & Assurance Committee

Biography:

Nick is a psychiatrist by background and has worked as a Consultant in Forensic Psychiatry since 2000. He graduated from Cambridge University in 1989 and completed his medical training at St. Thomas' Hospital Medical School. He trained in psychiatry in North West London. During the course of his consultant career he has worked in a wide variety of secure settings including a specialist remand service, an enhanced medium secure service for women, a remand prison and a young offenders' institution.

Nick held a number of managerial positions prior to joining Southern Health NHS Foundation Trust, including being Clinical Director for a forensic service and Medical Director of a large specialist mental health Trust. In January 2012 he was appointed Chair of the National Clinical Reference Group for Secure and Forensic Mental Health Services, a position he held until 2014. He was joint Clinical Director and Co-Chair of London's Strategic Clinical Network for Mental Health and a Director of Imperial College Health Partners.

### **Paula Anderson, Finance Director**

Paula was appointed as Finance Director from 5 September 2016; prior to this she was Interim Director of Finance from 1 June 2016.

Attended nine out of nine Board meetings she was eligible to attend during 2017/18.

Member of:

- Charitable Funds Committee
- Service Performance & Transformation Committee

Attendee of:

- Audit, Risk & Assurance Committee

Biography:

Paula joined the Foundation Trust in 2009, and became the Deputy Director of Finance in 2014. Prior to this, Paula's finance experience was within commissioning, including being the Finance Director for Mid-Hampshire PCT between 2001 and 2006. As part of her role at Southern Health NHS Foundation Trust, Paula leads on finance, estates, procurement and contracting. She is also the Health and Safety Lead and Senior Information Risk Owner (SIRO) for the Trust.

### **Julie Dawes, Director of Nursing & Allied Health Professionals**

Julie was appointed as Director of Nursing & Allied Health Professionals from 1 May 2016. From 1 September 2016 to 5 November 2017 Julie undertook the role of Interim Chief Executive until Dr Nick Broughton commenced in post.

Attended nine out of nine Board meetings she was eligible to attend during 2017/18.

Member of:

- Charitable Funds Committee
- Mental Health Legislation Sub-committee
- Quality & Safety Committee
- Strategic Workforce Committee

Biography:

Julie has previously held Director of Nursing positions with Calderdale and Huddersfield NHS Foundation Trust, Portsmouth Hospitals NHS Trust and Central South Coast Cancer Network. Julie's clinical background focuses on oncology and palliative care nursing with many of her clinical years spent working on the South Coast.

### **Dr Sarah Constantine, Interim Medical Director**

Sarah was appointed as Interim Medical Director from 26 June 2017. Prior to this she was the Associate Medical Director.

Attended five out of five Board meetings she was eligible to attend during 2017/18.

Member of:

- Charitable Funds Committee
- Mental Health Legislation Sub-committee
- Quality & Safety Committee

Biography:

Sarah trained in Southampton and has worked across the Wessex region. She worked as a consultant psychiatrist in Older People's Mental Health for 10 years before taking on leadership roles. She has been a clinical service director in OPMH and then became clinical director for the Integrated Service Division.

Since 2015 she has taken on the role of Associate Medical Director with a portfolio including medical appraisal, revalidation, Mental Health Act lead and clinical effectiveness. She has a particular interest in Mental Capacity.

### **Non-Board Directors' biographies**

Four non-voting Directors also routinely attended Board meetings.

### **Paul Draycott, Director of Workforce, Organisational Development and Communications**

Paul was appointed from 20 November 2017. He is a former general nurse and has first-hand experience of working and supporting front line NHS services.

Attended four out of four Board meetings he was eligible to attend during 2017/18.

Biography:

Paul joined the NHS in 1985. Amongst others he has held previous Board-level posts, including Director of Leadership and Workforce at North Staffordshire Combined Healthcare NHS Trust; Director of Organisational Development and Workforce at both Shropshire County Primary Care Trust and Shropshire Community Healthcare NHS Trust. He was also Director of Human Resources and Organisational Development at South Staffordshire and Shropshire Healthcare NHS Foundation Trust.

### **Paula Hull, Acting Director of Operations (Integrated Services)**

Paula has held the role of Acting Director of Operations since 30 June 2017.

Attended six out of six Board meetings she was eligible to attend during 2017/18.

Attendee of:

- Quality & Safety Committee
- Service Performance & Transformation Committee
- Workforce & Organisational Development Sub-Committee
- Strategic Workforce Committee

Biography:

Paula qualified as a registered nurse at Southampton Hospitals in 1988. Following a career in community nursing, she became a practice nurse, working in primary care for over 10 years. After several years as a Matron in Primary Care, she joined Southern Health NHS Foundation Trust. She also worked at South Central Strategic Health Authority as a patient safety manager. She attained a Masters in Leadership and Management from the University of Southampton in 2013 and became the Associate Director of Nursing and Allied Health Professionals in the Integrated Services Division in 2014. This included responsibility for all nurses and Allied Health Professionals and accountability for ensuring patients, service users and families are at the heart of our services.

**Mark Morgan, Director of Operations (Mental Health & Learning Disabilities)**

Mark was appointed as Director of Operations (Mental Health, Learning Disabilities & Social Care) from 1 January 2017. He previously held the position on an Interim basis from 1 August 2015.

Attended nine out of nine Board meetings he was eligible to attend during 2017/18.

Member of:

- Mental Health Legislation Sub-Committee

Attendee of:

- Quality & Safety Committee
- Strategic Workforce Committee

Biography:

Mark trained as a psychiatric nurse in 1982 at the Maudsley Hospital in London. Following a series of clinical and managerial roles in learning disabilities, he became the Director of Nursing at Nottingham Healthcare between 1998 and 2001. He became a Primary Care Trust Chief Executive in Nottinghamshire from 2001 to 2006.

Following a series of interim roles (mostly as Director of Operations within acute hospitals), Mark underwent his return to practice course at Surrey University to become Registered Mental Health Nurse over 2013/14 and joined Southern Health in April 2015 as Interim Director of Operations for Mental Health, Learning Disabilities and Social Care. Mark successfully applied for the substantive role in September 2016.

**Paul Streat, Director of Corporate Governance**

Paul was appointed as Director of Corporate Governance from 12 September 2016 to 31 March 2018. He previously held the role of Director of MCP Development from 1 January 2016.

Attended eight out of nine Board meetings he was eligible to attend during 2017/18.

Member of:

- Service Performance & Transformation Committee

Attendee of:

- Audit, Risk & Assurance Committee
- Strategic Workforce Committee

Biography:

Paul joined the Trust from the health sector regulator Monitor where he was Regional Director, accountable for the regulation of all foundation trusts in the south of England. In his eight years at Monitor, Paul worked with a wide range of trusts to address a wide range of strategic and performance challenges alongside a regional system leadership role working with NHS England and the NHS Trust Development Authority. Paul was the executive lead for Human Resources, Corporate Governance and Performance Management.

### Other Directors

The following individuals left or were absent from their Director role during 2017/18. This was through resignation, secondment or the end of the term of appointment or conclusion of interim arrangements.

Alan Yates, Interim Trust Chair	03.11.2016 – 02.07.2017
Jon Allen, Non-Executive Director	01.03.2015 – 13.07.2017
Malcolm Berryman, Non-Executive Director	09.08.2012 - 13.07.2017
Trevor Spires, Non-Executive Director	01.04.2011 - 13.07.2017
Judith Smyth, Non-Executive Director	01.12.2014 - 13.07.2017
Dr Lesley Stevens, Medical Director	27.07.2015 – 25.06.2017
Chris Ash, Director of Strategy	12.09.2016 - 13.08.2017
Dr Chris Gordon, Director of Quality, Safety and Performance and Chief Operating Officer	01.07.2014 – 10.07.2016
Gethin Hughes, Director of Integrated Services	12.09.2016 – 29.06.2017
Sara Courtney, Acting Director of Nursing & Allied Health Professionals	01.05.2015 - 30.04.2016 12.09.2016 - 05.11.2017

### Register of Interests

The Trust Chair and all Non-Executive Directors meet the independence criteria laid down in NHS Improvement's Code of Governance (provision A.3.1) and we are satisfied that no direct conflicts of interest exist for any member of the Board. Information is made available to the Council of Governors when considering matters relating to appointments.

All Board members are required to declare any interests that are relevant or material and this information is presented at every Trust Board meeting, as well as being available on our website at [www.southernhealth.nhs.uk](http://www.southernhealth.nhs.uk).

### Board Meetings

The Board met in public on nine occasions during 2017/18; the papers and minutes are published on the website [www.southernhealth.nhs.uk](http://www.southernhealth.nhs.uk). These meetings were held in public apart from where the Board resolved to meeting in a confidential session by reason of the confidential nature of business to be discussed.

## Board Committees

In order to discharge its duties effectively, the Board is required to have a number of statutory committees, which include the Audit, Risk & Assurance Committee, the Charitable Funds Committee and the Nomination & Remuneration Committee. The Trust also has the following Board Committees in place to provide further assurance to the Board; these are the Service Performance & Transformation Committee and the Quality & Safety Committee. The role of each of these committees is contained later in the report.

The terms of reference define the membership for each committee. In addition to committee members, other staff are invited to attend to provide reports, advice and assurance.

### Audit, Risk & Assurance Committee

The Audit, Risk & Assurance Committee is comprised of independent Non-Executive Directors. The committee is responsible for providing the Board of Directors with a means of independent and objective review of the financial and corporate governance, assurance processes and risk management across the whole of the organisation's clinical and non-clinical activities to support the achievement of the Trust's objectives.

There were four meetings of the Audit, Risk & Assurance Committee held during 2017/18 with new committee membership from September 2017, following the new Non-Executive Director appointments.

At each of these meetings, a range of internal audit reports were reviewed, covering governance and accountability, duty of candour, maintenance follow-up, safeguarding, induction, whistleblowing, charitable funds, procurement and financial feeder systems. Progress against any actions identified is monitored, and where appropriate, challenged on a regular basis by the committee.

The committee also received and discussed a number of different reports during the year, which included the board assurance framework and risk register, whistleblowing, procurement compliance, the sustainability report, cyber security update and the Freedom of Information Annual report.

Attendance of the members of the Committee is as follows:

<b>Name</b>	<b>Meetings (attended / eligible to attend)*</b>
David Kelham	3/3
Jeni Bremner	3/3
Dr David Hicks	2/3

\*The meeting in May 2017 was attended by the previous Non-Executive Director members.

### Internal audit

RSM is the internal audit provider and reports to the Finance Director. The Head of Internal Audit, along with the Finance Director, attend the committee. The work of RSM is planned and performed with a view to reviewing and evaluating the risk management, internal control and governance arrangements the Trust has in place. This is achieved through a risk based programme of work, agreed with management and approved by the Audit, Risk & Assurance Committee.

## **External audit**

PricewaterhouseCoopers is the Trust's external audit provider, and is responsible for auditing and giving an opinion on the annual accounts each year, as well as providing a limited assurance opinion on the Quality Report. During 2017/18

PricewaterhouseCoopers has not provided any non-audit services for the Trust. The full fees for the services provided are set out in note 5.1 of the financial statements.

## **Charitable Funds Committee**

The Charitable Funds Committee is responsible for monitoring the income and expenditure of charitable donations and for considering how charitable funds are invested. The Board is the corporate trustee of the charitable funds, the Charitable Funds Committee oversees the charity's operation on behalf of the corporate trustee.

## **Quality & Safety Committee**

The Quality & Safety Committee has responsibility for ensuring that appropriate arrangements are in place for measuring and monitoring quality including patient safety and health and safety, and for assuring the Board that these arrangements are robust and effective.

## **Service Performance & Transformation Committee**

The Service Performance & Transformation Committee has responsibility for monitoring the development and delivery of the strategic action plan, for monitoring the strategic financial performance of the Trust, and overseeing the financial strategy, and the 'customer' strategy, ensuring that patient and service user experience is effectively monitored.

## **Strategic Workforce Committee (until July 2017)**

The Strategic Workforce Committee had responsibility for providing the Board with assurance on the development and delivery of the Workforce Strategy, for ensuring that there were mechanisms in place to support the development of leadership capacity and capability and for ensuring that there were mechanisms in place for improving how the Foundation Trust engages with its workforce.

## **Mental Health Legislation Sub-Committee**

The Mental Health Legislation Sub-Committee was established during 2017/18 as a sub-committee to the Quality & Safety Committee. It has responsibility for taking a strategic overview on the use of mental health legislation to ensure that its use is being applied appropriately to each individual patient.

## **Workforce & Organisations Development Sub-Committee**

A proposal to establish a Workforce & Organisational Development Sub-Committee was approved by the Board in March 2018 to reflect the high profile workforce agenda. This will be a sub-committee of the Service Performance & Transformation Committee.

## **Quality Governance Reporting**

Good quality governance is maintained through the structures, systems and processes the Trust has put in place to ensure it manages the work effectively, scrutinises performance, manages risks and deal with problems.

The Trust published a revised Quality Improvement Strategy in March 2017. This summarised the key quality improvements achieved in the previous year and detailed the quality priorities for 2017/18. The Board is assured of the delivery of the priorities through the Quality and Safety Committee. This is underpinned by the work of the Patient Engagement and Caring, Clinical Effectiveness and Patient Safety working groups who all have clinical representation.

### **Reviewing and improving governance**

The Trust looks to NHS Improvement's Well-led framework to ensure there are good governance procedures in place. The Trust has once again worked closely with external experts from NHS Improvement to review key aspects of governance during the year. The Well-led framework will be reviewed as part of the Care Quality Commission inspection which is scheduled to be undertaken in July 2018.

While the Trust prepares for the forth-coming inspection it is important to report that the Care Quality Commission carried out four inspections during 2017/18. Each of these was a follow-up inspection to review progress against the actions from the 2015/16 and 2016/17 inspections. Each inspection demonstrated some improvements and recommended further areas for development. Using a programme management approach all related improvement action plans are monitored through the weekly Quality Improvement Development Group and progress is reported to the Quality and Safety Committee and Trust Board on a monthly basis. Progress is externally reviewed by the Quality Oversight Committee attended by all commissioners and chaired by NHS Improvement. More information can be found within the Quality Report, in section B of this report.

### **How the Trust measures quality governance**

Measurement is a vital part of improvement and is also one of the key elements of developing a safety culture; if the Trust does not measure then it has no way of knowing whether the changes that it is making are having an impact.

The measurement of quality governance is not just about performance metrics, but also about learning and therefore the Trust uses a wide variety of information from different sources, both quantitative and qualitative, to gain an understanding of the care it is delivering. The Trust's quality governance team and leaders in the clinical divisions work together with staff to develop the use of measurement and governance for all projects they are involved in. Success on quality governance is measured in a number of ways and this is reported to the Quality and Safety Committee and Board through the integrated performance report. The Trust also uses Quality Report Priorities as a quality improvement tool with the delivery being monitored, measured and formally reported on.

### **How the Trust gains assurance**

Listening to patients, service users, their carers and families is one of the ways in which the Trust gains assurance in the quality of its services. Feedback is gathered from any compliments, concerns or complaints received as well as feedback from the Trust's patient experience workgroups, this is used to help shape Trust services and information shared with patients and carers. The focus within 2017/18 has been on how we learn and improve from the information gathered from any compliments, concerns or complaints as well as any incidents and this is clearly demonstrated in the Quality Report at B57, Organisational Learning Strategy.

An achieved priority for 2017/18 was the development of patient information and carer information with the structured involvement of patient and their carers overseen by the Families First group. Through this group and the Governor Patient Experience & Engagement Group, the Trust receives assurance of the work it is doing to improve patient and family involvement.

The Trust also use a number of internal inspection and review tools such as peer reviews; the quality assessment tool; clinical audits; use of its business intelligence system; as well as regular reporting to the Board through the governance structure.

The Trust also use external inspection and reviews to continue to gauge performance and make improvements such as: Care Quality Commission inspections; Mental Health Act inspections; Accreditation reviews; Commissioner quality visits; and PLACE (Patient-Led Assessments of the Care Environment) Inspections which all have patient assessors as part of the team.

After review, the Trust can confirm that there are no inconsistencies between the annual governance statement, the annual and quarterly board statements required by the Risk Assessment Framework, the corporate governance statement submitted with the annual plan, the quality report, and annual report and reports arising from Care Quality Commission.

More information on; performance against key health care targets; information on how the Trust monitors improvements in the quality of healthcare; progress towards meeting any national and local targets; progress towards targets as agreed with local commissioners; and how the Trust has incorporated Care Quality Commission recommendations, can be found within the Quality Report from B1.

### **Stakeholder relations**

We define stakeholders as individuals or groups who are affected by what we do and / or can affect what we do. As a Foundation Trust we work to ensure that relevant stakeholders are aware of or involved in changes or developments which may affect them or in which they have an interest.

By working alongside stakeholders we hope to develop better mutual understanding and collaboration around key issues, gain valuable insights to develop better services, and build support for our priorities. Ultimately this will lead to improved patient experience and outcomes, recognising that we cannot operate in isolation in an increasingly complex and interconnected system.

The Trust provides a diverse range of services across a large geography and as such works with myriad stakeholders. Examples of key stakeholder groups are patients, carers, families, our employees, partner organisations, politicians and the voluntary sector.

In the last year we have worked to improve or maintain stakeholder relations in a number of ways, which are summarised as follows:

- Keeping stakeholders informed of changes and developments, through newsletters, letters, meetings and forums;
- Working as part of the local Sustainability and Transformation Partnership alongside other system leaders from the health and care economy;
- Engaging with overview and scrutiny committees and local Healthwatch organisations around proposed service change;
- Developing relationships with regulators the Care Quality Commission and NHS Improvement;
- Regular meetings and correspondence with MPs from across Hampshire; and
- Supporting colleagues locally to build relationships with local stakeholders such as charities, GPs.

Specific examples of work which involved a high degree of stakeholder involvement or collaboration are highlighted below.

As described in earlier sections of this report, the Trust is embarking on a period of substantial transformation, beginning with a focus on our approach to quality improvement. We are looking to learn from best practice seen in other NHS Trusts and implement some of these successes locally, as well as build on the excellent work already taking place within our own organisation. This means giving our employees the autonomy, and confidence, to make changes where they know that outcomes for patients can be improved. Initially we are doing this by working in close partnership with colleagues from Northumberland Tyne and Wear NHS Foundation Trust, to learn from their experience in this process of transformation and improvement.

As part of this work the Delivery Unit is working with colleagues from Community Mental Health Teams operating in Portsmouth and South East Hampshire, who are from Southern Health and Solent NHS Foundation Trust, to fully review their processes and design new systems, as discussed earlier in this document. The end product will be a proposal for a new way of working that has been coproduced with wide range of stakeholders including patients, carers, family members, providers, and those from primary care.

Southern Health works closely with a wide range of services and agencies in order to develop and deliver services in the best way possible.

The mental health workstream of the Sustainability and Transformation Partnership involves a range of different agencies to ensure representation of different patient and public groups in different projects, all aiming to make improvements to how mental health services are designed and delivered, with a focus on coproduction. One such example involves the Mental Health Alliance and groups such as Hampshire Healthwatch and Solent Mind in the development of a Peer Support Network for Hampshire and the Isle of Wight. Working with the Institute for Voluntary Action Research, we have engaged with frontline staff, support agencies such as housing providers and voluntary groups through four workshop events that have agreed on a peer support programme board to lead on creating consistency and fairness for people working or volunteering in the role across the sector.

As an example, the Frailty Support Service in the New Forest was made permanent this year with funding from the West Hampshire Clinical Commissioning Group. The scheme aims to reduce unnecessary hospital admissions and provide effective care closer to home through close partnership working. The service is run by the Trust, South Central Ambulance Service NHS Foundation Trust, Hampshire County Council and GPs, with support from the League of Friends.

The Trust was also awarded the contract to provide inpatient mental health services for serving Ministry of Defence personnel from the south of England, out of a six bedded ward at Parklands Hospital in Basingstoke. At the end of a visit to the ward, the Ministry of Defence fed back that the service we provide and the clinical team were 'exceptional'.

In Autumn 2017, school nurses delivered the flu vaccine to 80,000 children, including years R and 4 for the first time. The programme covers year R to year 4, all infant, junior and primary schools in Hampshire (excluding those in Portsmouth and Southampton city) and children who were home educated. Parents received information packs through the schools, and the coordination of this project relied upon the Trust working closely with the individual schools as well as Hampshire County Council.

Learning Disability staff have been working with primary care colleagues to improve the care learning disabled people receive when visiting their GP, such as clearer information and access to the best primary healthcare services possible. As part of this scheme practices can become formally accredited, and with the help of the Trust's strategic Learning Disabilities health facilitator, there are now a number of practices across Hampshire working to become an accredited Learning Disability Friendly Practice.

Members of the Trust regularly attend meetings hosted by Julian Lewis MP in West Hampshire, about community hospitals and services and mental health services, which are attended by members of the public and League of Friends' representatives. At these meetings local service updates and developments are discussed, as well as hearing and addressing any concerns.

Members of the Trust also attend Fareham Taskforce meetings hosted by Suella Braverman MP on services for the Fareham area. Mrs Braverman also hosts the All Hampshire Party Political Group meetings, which have taken place as and when required in recent years, and provide the opportunity for senior Trust leadership to talk with county MPs about service issues and developments.

As a Trust we engage with local authority scrutiny groups in Hampshire, Portsmouth and Southampton regularly, and send them general updates on Trust developments as appropriate, as well as more specific briefings for discussion or support where service changes are taking place or being planned. In the last year we have attended meetings in order to provide details of planned service developments, such as at the Willow Group in Gosport, and staff shortages in Antelope House in Southampton. We have also attended to provide regular comprehensive updates on Trust progress against the action plans that came out of CQC inspections, the Mazars report (which examined how the Trust investigated deaths of people with a learning disability or mental health problem), and the report into how we involve families and carers in investigations following a death.

We carry out a number of membership engagement activities throughout each year. These include a monthly email news round-up sent to all those who have provided email addresses (approximately 27 per cent of the total membership), and this is also used to advertise any opportunities for public and patient involvement or events. We also send out a printed magazine to all Trust members (approx. 9000 people) two or three times a year. We hold regular events for members (around six times a year) where people can hear a talk from a clinician and have a question & answer session. The theme of each event rotates and previous events have included talks on dementia, diabetes and an opportunity to meet the Chair and Chief Executive. Though these are marketed for members they are open to the public and are advertised widely, because they are good for raising awareness of Trust services and provide an opportunity for new member recruitment. In addition, the Trust attends various public events to engage with patients and members of the public.

We are now part of a new cross agency group involving a number of provider Trusts in the Wessex area for sharing opportunities and experience in recruiting and engaging members, which will increase involvement and engagement activity.

The Trust website is currently being redeveloped and this project involved an extensive programme of user experience and user journey development in 2017. Two surveys were carried out, as well as a series of workshops, and these involved staff, patients and members of the public across all service areas. This has ensured that the new website meets exactly what users need and will make significant improvements on the current site.

With the support of a group of patients and family members the Trust has developed a Carers Charter, information sheets for specific services, and groups that aim to improve staff awareness and handling of sensitive issues when engaging with patient and their carers or families.

## **Disclosures**

### **Statement as to disclosure to auditors**

As far as the directors are aware, all relevant information has been made available to the auditors. The directors have also taken necessary steps in their capacity as directors and are unaware of any relevant information not being disclosed or brought to the attention of the auditors.

### **Cost allocation and charging**

We have complied with the cost allocation and charging requirements set out in Her Majesty's Treasury Information Guidance.

### **Income from the provision of goods and services**

As per Section 43(2A) of the NHS Act (amended by the Health and Social Care Act 2012), we can confirm that the income from the provision of goods and services for the purpose of the health service in England is greater than income from goods and services for any other purpose. Income from other goods and services has had no adverse impact on the delivery of goods and services for the purposes of the health service in England.

### **Better Payment Practice Code**

We aim to pay our non-NHS trade creditors in accordance with the Prompt Payment Code and government accounting rules. We achieved 92% compliance with the public sector Better Payment Practice Code which has a target for 95% of all invoices by value, to be paid within 30 days. More information can be found in note 11.3 of the Annual Accounts.

A statement on the disclosure of any interest paid under the Late Payment of commercial Debts (Interest) Act 1998 can be found in note 11.1 of the Annual Accounts.

### **Fees and charges**

We have no material fees and charges in the period (in excess of £1m) from any income generation activities.

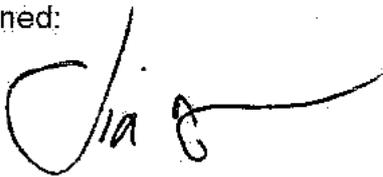
### **Political and charitable donations**

We have not made any political or charitable donations during 2017/18.

### **Directors' responsibilities for preparing the accounts**

The directors consider the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for patients, regulators and stakeholders to assess the Trust's performance, business model and strategy.

Signed:

A handwritten signature in black ink, appearing to read 'Nick Broughton', with a long horizontal flourish extending to the right.

Dr Nick Broughton, Chief Executive  
24 May 2018

## 2.2 Remuneration Report

### Annual statement from the Chair of the Nominations & Remuneration Committee

I confirm that I was the Chair of the Nominations & Remuneration Committee from 5 July 2017, and present to you the annual report on remuneration for the financial period 2017/18 on behalf of the committee.

The Nominations & Remuneration Committee is established by the Board of Directors and reviews the remuneration, recruitment, appraisal and terms of service for Executive Directors and any other such senior managers.

### Major decisions on remuneration in 2017/18

The Nominations & Remuneration Committee aims to ensure that Executive Director remuneration is set appropriately, taking into account relevant market conditions. Executive Directors should be appropriately rewarded for their performance against goals and objectives linked directly to the Trust objectives, but not paid more than is needed.

After careful consideration of national guidance and benchmarking, the committee decides what level of increase in remuneration is appropriate. The committee ensures that any increase is fair and reflects benchmarking of executive pay across the NHS.

During the year the Nominations & Remuneration Committee considered the Executive Team structure and approved the following:

- the recruitment process, appointment of, and the remuneration for the Chief Executive, the Medical Director and the Director of Workforce, Organisational Development & Communications;
- the acting up arrangements and remuneration for the Acting Director of Integrated Services and the Interim Medical Director;
- the recruitment process for the Chief Operating Officer;
- any redundancy business cases where the value has exceeded £50k;
- the local Mutually Agreed Resignation Scheme programme (with approval sought from NHS Improvement, acting with delegated authority from HMT);
- any cases for performance related pay; and
- an inflationary pay award for a group of staff on local terms and conditions.

We recognise that a statement included in last year's Remuneration Report caused upset to a number of parties; and for this we apologise.

Signed:



Lynne Hunt, Trust Chair  
24 May 2018

## Senior managers' remuneration policy

Our workforce remuneration policy sets out the remuneration arrangements for all staff, including executive directors. This includes payments within Agenda for Change and for staff who are on local terms and conditions.

When drafting the Workforce Remuneration Policy, the Trust consulted with the Joint Consulting and Negotiating Committee as well as ensured it was in line with the Fair and Equal Pay Act and in line with the Foundation Trust duties under the Equality Act 2010 and the Public Sector Equality Duty.

The remuneration for Executive Directors is determined by taking account of pay for other staff groups within the Trust, NHS Improvement benchmarking information and benchmarking against other NHS Trusts throughout the country.

### Future policy table

The future policy table below highlights the components of Directors' pay, how we determine the level of pay, how change is enacted and how Directors' performance is managed.

<b>Component</b>	<b>Salary and fees</b>
<b>How the component supports the strategic objective of the Trust</b>	Southern Health NHS Foundation Trust recognises that the overriding objective of its remuneration policy should be to ensure the Trust employs and retains competent and appropriately remunerated staff at all levels to enable the successful delivery of the Trust's objectives and sustainability of the organisation.
<b>How the component operates</b>	Executive Directors and (under exceptional circumstances) other very senior managers will be paid outside of Agenda for Change terms and conditions.
<b>Maximum that could be paid</b>	<p>No set maximum. In rare circumstances, the basic level of remuneration will be considered insufficient to attract or retain the appropriate candidate for an Executive Director post. In such circumstances, other market factors such as remuneration levels within neighbouring trusts/arms-length bodies would be considered since these organisations are key competitors in this respect.</p> <p>The level of remuneration in these circumstances will be linked to an earn back element which is dependent on the incumbent achieving objectives set by the Chief Executive, or in the case of the Chief Executive, set by the Chair in agreement with the Nominations &amp; Remuneration Committee.</p>
<b>Description of framework used to assess performance</b>	Each senior manager is reviewed annually for delivery of individual objectives, along with an assessment of performance against the behavioural framework for Executive Directors as measured through the annual appraisal process.

<p><b>Amount that may be paid; min level of performance in any payment under this policy; any further levels of performance set in accordance with the policy</b></p>	<p>Whilst remuneration levels for the majority of Trust staff employed on the Agenda for Change framework are set by the national pay review body, salaries payable to Executive Directors are determined by the following criteria:</p> <ul style="list-style-type: none"> <li>• the median remuneration level for a Director post of that type as described in the annual report produced by NHS Improvement entitled ‘NHS Hospital Trust - Boardroom Pay’,</li> <li>• any broader/lesser portfolio responsibility which may require payment above or below the median level,</li> <li>• any other reason relating to the Trust or individual Director post requiring remuneration above or below the median level, and the market value according to a comparison of remuneration levels across the local area.</li> </ul> <p>A pay award is considered by the Nomination &amp; Remuneration Committee where individuals can evidence that they have achieved or exceeded performance objectives.</p> <p>The Agenda for Change framework is being reviewed nationally in 2018, and it is expected that a nationally negotiated Very Senior Manager framework will be available in late 2018.</p>
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In July 2017 the Council of Governors approved the following remuneration, allowances and key terms and conditions of office for Non-Executive Directors as following:

Role	Remuneration	Time Commitment	Notice period
Deputy Chairman	£15k	2/3 days a month	4 months
Senior Independent Director	£15k		
Audit Committee Chairman	£15k		
Chairman of other Board Committee	£15k		
Non-Executive Director	£13k		

**Directors with remuneration (total) greater than £150k**

We balance the market forces factors for recruiting top director talent with social responsibility in relation to executive pay. Remuneration is regularly benchmarked across peer UK NHS organisation. We continue to seek the opinion of the Department of Health via NHS Improvement for any posts with a remuneration exceeding £150k.

**Service contract obligations**

The Trust does not stipulate any special terms in relation to severance arrangements for directors. In any occasion of termination of a contract, Directors would not be treated differently from any other member of staff.

**Policy on payment for loss of office**

We do not have a specific policy relating to the setting of notice periods under senior managers' service contracts, instead it follows Agenda for Change notice periods according to length of service. Payment for loss of office for senior managers is described in the Redundancy and Redeployment Policy which complies with both Agenda for Change provisions and legislative requirements.

Where any discretion is applied this will always be in accordance with the individual's contractual terms and approved through a legally-determined Settlement Agreement. We ensure that we comply with the Workforce Remuneration Policy regarding Nominations & Remuneration Committee approval for severance or loss of office payments above £50k or those which relate to Directors of the Trust.

## Annual report on remuneration (of which some elements are subject to audit).

### Service contracts

Executive Directors are employed on contracts, mostly without term, with a notice period of six months. Their contracts do not contain any provision for payment on termination, over and above any notice pay due and any redundancy or retirement provision within national (Agenda for Change) terms and conditions. Further details on the dates of their appointment can be found on pages A30 to A37. Our Non-Executive Directors are appointed for a term determined by the Council of Governors, (usually for a term of one to three years), and can be reappointed to a maximum of six years, (subject to consideration and approval by the Council of Governors).

Non-Executive Directors are not eligible to receive compensation for loss of office. As set out on page A48, the Council of Governors consider and sets the terms of office for Non-Executive Directors, and our Constitution sets out the provisions for the removal of the Chair and Non-Executive Directors.

Non-Executive Directors can reclaim any essential expenses incurred as part of their role; they do not receive any benefits in kind.

### Nominations & Remuneration Committee

The Nominations & Remuneration Committee met seven times during 2017/18. It considers the terms and conditions of appointment of all Executive Directors, and the appointment of the Chief Executive and other Executive Directors.

The membership of the committee is detailed below and although Executive Directors may be invited to attend committee meetings, they are not members of the committee (except for the appointment of Executive Directors where the Chief Executive is a member).

<b>Members</b>	<b>Meetings (attended / eligible to attend)</b>
Alan Yates	1/1
Lynne Hunt	6/6
Jon Allen	0/1
Malcolm Berryman	1/1
Jeni Bremner	6/6
David Kelham	6/6
Dr David Hicks	1/1
David Monk	4/6
Judith Smyth	1/1
Trevor Spires	1/1

Although not members, Directors and officers attend the Nominations & Remuneration Committee to provide information and advice when required. Therefore the Chief Executive, Director of Corporate Governance and the Director of Workforce, Organisational Development and Communications attended meetings of the Nominations & Remuneration Committee during the year to fulfil this requirement.

## Directors and Governor Expenses

	Year	Number in post	Number who claimed	Amount claimed £00
Executive Directors	2016/17	12	11	217
	2017/18	12	12	190
Non-Executive Directors	2016/17	9	9	243
	2017/18	10	9	140
Governors	2016/17	26	11	47
	2017/18	24	12	43
<b>Total</b>	<b>2016/17</b>	<b>47</b>	<b>31</b>	<b>507</b>
	<b>2017/18</b>	<b>46</b>	<b>33</b>	<b>373</b>

At the January Board and Council of Governors' meetings respectively, agreement was reached that both the Non-Executive Directors and Governors would be paid at the HMRC rate of reimbursement of travel and subsistence, with effect from 1 April 2018.

### Senior manager remuneration and benefits – Information subject to audit

Pension arrangements for the Chief Executive and Executive Directors are in accordance with the NHS Pension Scheme, the Accounting Policies for Pensions and relevant benefits are set out in two following tables:

#### Senior manager remuneration and benefits (2017/18):

Details of the salary and allowances for each senior manager who served during the year are shown below.

Name	Salary  (bands of £5k)	Taxable Benefits  to the nearest £100	Annual Performance- related Bonuses  (bands of £5k)	Long-term Performance- related Bonuses  (bands of £5k)	Pension Related Benefits  (bands of £2,500)	Recharge from other NHS Bodies (bands of £5k)	Aggregate  (bands of £5k)
<b>Non-Executive Directors</b>							
Lynne Hunt, Chair	40-45	28	0	0	0	0	45-50
Jenifer Bremner, Non-Executive Director	10-15	0	0	0	0	0	10-15
Dr David Hicks, Non-Executive Director	5-10	6	0	0	0	0	5-10
David Kelham, Non-Executive Director	10-15	10	0	0	0	0	10-15
David Monk, Non-Executive Director	10-15	0	0	0	0	0	10-15
Malcolm Berryman, Non-Executive Director <sup>3</sup>	5-10	5	0	0	0	0	5-10
Alan Yates, Interim Chair <sup>3</sup>	55-60	68	0	0	0	0	60-65
Trevor Spires, Non-Executive Director <sup>3</sup>	0-5	5	0	0	0	0	5-10
Judith Smyth, Non-Executive Director <sup>3</sup>	0-5	8	0	0	0	0	0-5
Tracey Faraday-Drake, Non-Executive Director	0	4	0	0	0	0	0-5
Claire Feehily Non-Executive Director <sup>3</sup>	0	12	0	0	0	0	0-5
Jonathan Allen, Non-Executive Director	0-5	0	0	0	0	0	0-5
<b>Directors</b>							
Dr Nick Broughton, Chief Executive <sup>6</sup>	80-85	3	0	0	0	0	80-85
Paula Anderson, Finance Director	125-130	13	0	0	37.5-40	0	170-175
Dr Sarah Constantine, Interim Medical Director <sup>1</sup>	115-120	8	0	0	202.5-205	0	315-320
Julie Dawes, Director of Nursing & Allied Health Professionals <sup>5</sup>	165-170	10	0	0	142.5-145	0	310-315

Paul Draycott, Director of Workforce, Organisation Development and Communications <sup>2</sup>	20-25	9	0	0	0	0-5	25-30
Gethin Hughes, Director of Integrated Services <sup>1</sup>	30-35	3	0	0	60-62.5	0	90-95
Paula Hull, Acting Director of Operations (Integrated Services) <sup>1</sup>	80-85	0	0	0	155-157.5	0	235-240
Mark Morgan, Director of Operations (Mental Health and Learning Disabilities)	135-140	21	0	0	0	0	140-145
Dr Lesley Stevens, Medical Director <sup>1</sup>	30-35	0	0	0	110-112.5	0	145-150
Paul Streat, Director of Corporate Governance	125-130	0	0	0	30-32.5	0	160-165
Christopher Ash, Director of Integrated Services (MCP, West)/Strategy Director	45-50	9	0	0	37.5-40	0	85-90
Sara Courtney, Acting Director of Nursing <sup>1</sup>	65-70	1	0	0	42.5-45	0	110-115

#### Senior manager remuneration and benefits (2016/17):

Name	Salary (bands of £5k)	Taxable Benefits to the nearest £100	Annual Performance- related Bonuses (bands of £5k)	Long-term Performance- related Bonuses (bands of £5k)	Pension Related Benefits (bands of £2,5k)	Agency Costs (bands of £5k)	Aggregate (bands of £5k)
<b>Non-Executive Directors</b>							
Alan Yates, Interim Chair	90-95	107	0	0	0	0	100-105
Tim Smart, Interim Chair	15-20	15	0	0	0	0	15-20
Malcolm Berryman, Non- Executive Director	15-20	17	0	0	0	0	15-20
Michael Petter, Chair <sup>9</sup>	10-15	3	0	0	0	0	10-15
Trevor Spires, Non- Executive Director	15-20	13	0	0	0	0	15-20
Judith Smyth, Non- Executive Director	10-15	9	0	0	0	0	10-15
Tracey Faraday-Drake, Non- Executive Director	10-15	8	0	0	0	0	10-15
Claire Feehily, Non- Executive Director	10-15	31	0	0	0	0	10-15
Jonathan Allen, Non- Executive Director	10-15	0	0	0	0	0	10-15

<b>Directors</b>							
Katrina Percy, Chief Executive Officer <sup>7</sup>	265-270	4	0	0	25-27.5	0	295-300
Julie Dawes, Interim Chief Executive Officer	150-155	11	0	0	62.5-65	0	220-225
Sandra Grant, Director of Workforce and Development <sup>8</sup>	110-115	1	0	0	0	0	110-115
Mark Brooks, Chief Finance Officer	20-25	4	0	0	5-7.5	0	30-35
Paula Anderson, Director of Finance	100-105	5	0	0	35-37.5	0	140-145
Dr Chris Gordon, Chief Operating Officer & Director of Integrated Care <sup>4</sup>	105-110	9	0	0	0	0	105-110
Sara Courtney, Acting Director of Nursing & Allied Health Care Professionals	65-70	21	0	0	97.5-100	0	165-170
Dr Lesley Stevens, Medical Director	145-150	11	0	0	20-22.5	0	165-170
Mark Morgan, Director of Operations (Mental Health, Learning Disabilities and Social Care)	30-35	1	0	0	0	230-235	265-270
Christopher Ash, Director of Strategy	115-120	18	0	0	57.5-60	0	180-185
Gethin Hughes, Director of Integrated Services	115-120	16	0	0	67.5-70	0	185-190
Paul Streat, Director of Corporate Governance	125-130	1	0	0	27.5-30	0	155-160

**Notes:**

1. These officers all worked for the Trust in capacities other than as members of the Trust Board during the financial year, associated non-board earnings have not been shown in the table but are declared as follows: Dr Sarah Constantine 17/18 £30-35k (16/17 nil), Paula Hull 17/18 £20-25k (16/17 nil), Sara Courtney 17/18 £35-40k (16/17 £25k-£30k). Dr Lesley Stevens and Gethin Hughes were seconded externally to other organisations and fully recharged after their Board roles ended.
2. Paul Draycott was supplied to the Trust via secondment until 31/12/2017 and therefore, the gross supply cost is included in the amount disclosed for period 20/11/2017 - 31/12/2017 £0-5k (16/17 nil). He is now an employee of the Trust paid via payroll.
3. The amounts disclosed within taxable benefits for these officers include tax and national insurance contributions paid by the Trust for home to work travel benefit covered by a PAYE Settlement Agreement (PSA) with the HMRC
4. Dr Chris Gordon has been on a secondment since 11 July 2016 and was a board member until January 2018. His salary for 2017/18 has been fully recharged, during 2016/17 non-board earnings were £70-£75k.
5. From 1 September 2016 to 5 November 2017 Julie Dawes undertook the role of Interim Chief Executive until Dr Nick Broughton commenced in post.
6. Dr Nick Broughton will be re-joining the NHS Superannuation scheme in 18/19, back dated to his commencement with the Trust 6 November 2017.

7. The amount disclosed for 2016/17 includes a total exit package £185k-£190k, split into two elements contractual Payment in Lieu of Notice £90k-£95k and special severance pay £90-£95k approved by HM Treasury
8. The amount disclosed for 2016/17 includes a MARS exit package £65k-£70k calculated in line with the published terms and conditions.
9. The amount disclosed for 2016/17 includes contractual Payment in Lieu of Notice £10k-£15k

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

	<b>2016/17</b>	<b>2017/18</b>
<b>Band of Highest Paid Director's Total Remuneration (Bands of £5k)</b>	150 -155	165 - 170
<b>Median Total Remuneration</b>	£26,866	£28,764
<b>Ratio</b>	5.68	5.82

In 2017/18 two employees received remuneration in excess of the highest-paid director, (2016/17, two).

The median pay calculation is based on the payments made to staff in post on 31 March 2018.

The reported salary used to estimate the median pay is the gross cost to the Trust, less employer's pension and employers social security costs.

The reported annual salary for each whole time equivalent has been calculated by taking the cumulative cost for each employee to March 2018 from the Trust's electronic staff record.

Payments made throughout the year to staff who were part time have been pro-rated to the equivalent annual whole time salary.

Included in the calculation is an estimated average cost for agency & bank staff. All agency and bank staff expenditure is processed through dedicated account codes on the financial system. The total March 2018 expenditure on these codes is used to estimate an average salary. After adjusting agency costs for an average 25% agency fee, the total expenditure has been divided by the average number of agency & bank staff used during the year

The median salary has been calculated as the middle salary if salaries were ranked in ascending order.

The highest paid director's remuneration is based on their total remuneration which includes all salaries and allowances (including director's fee), bonus payments and other remuneration.

Due to the complexities of the reimbursement of Smoking Cessation Advisors, the salary for this small number of individuals has been excluded from the median calculation. This is also the case with staff whom, due to the in-year changes in their personal circumstances, resulted in an annualised salary lower than the national minimum wage and are therefore not considered indicative of a true annualised full time salary.

Southern Health performs a large proportion of its services in house, including facilities management. The Trust has however outsourced the majority of its cleaning and laundry services; this may affect the comparability of the ratio to other NHS organisations who may have followed alternative outsourcing solutions.

The median pay has increased from £26.9k to £28.8k mainly due the average bank worker costing more than the median following the withdrawal from the social care market where the pay was traditionally low, as well as the pay award of 1% in line with Agenda for Change terms and conditions.

#### Salary and pension entitlements of senior managers – pension benefits

Name	Real increase in pension at pension age	Real increase in pension lump sum at pension age	Total accrued pension at pension age at 31 March 2018	Lump sum at pension age related to accrued pension at 31 March 2018	Cash Equivalent Transfer Value at 31 March 2018	Cash Equivalent Transfer Value at 1 April 2017	Real Increase in Cash Equivalent Transfer Value	Employers Contribution to Stakeholder Pension
	(bands of £2.5k) £000	(bands of £2.5k) £000	(bands of £5k) £000	(bands of £5k) £000	£000	£000	£000	£000
Paula Anderson	2.5-5	0-2.5	25-30	55-60	433	391	37	0
Dr Sarah Constantine	5-7.5	20-22.5	50-55	155-160	922	731	140	0
Julie Dawes	5-7.5	20-22.5	70-75	210-215	1,499	1306	181	0
Gethin Hughes	0-2.5	0-2.5	30-35	70-75	393	329	15	0
Paula Hull	5-7.5	10-12.5	30-35	80-85	561	425	99	0
Dr Lesley Stevens	0-2.5	2.5-5	55-60	165-170	1,144	993	33	0
Paul Streat	0-2.5	0	5-10	0	44	23	21	0
Chris Ash	0-2.5	0-2.5	20-25	50-55	286	249	35	0
Sara Courtney	0-2.5	0-2.5	20-25	50-55	327	274	30	0

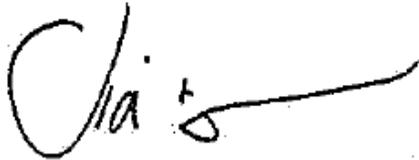
**Payments for loss of office – Information subject to audit**

The Trust has not made any payment for loss of office in 2017/18 to any individual who was a senior manager in 2017/18, or who was a senior manager in a previous financial year.

**Payments to past senior managers**

The Trust has not made any payment of money or any other assets, to any individual who was not a senior manager during the financial year, but had previously been a senior manager of the Trust at any time.

Signed:

A handwritten signature in black ink, appearing to read 'Nick Broughton', with a long horizontal flourish extending to the right.

Dr Nick Broughton, Chief Executive  
24 May 2018

## 2.3 Staff report

As at 31 March 2018, the Board of Directors consisted of four Executive Directors (three female and one male) and five Non-Executive Directors (two female and three male). The Trust also had four non-voting Board Members (one female and three male). The Trust has determined that for the purposes of the annual report, these people meet the criteria of senior managers for the Trust.

As at 31 March 2018, excluding Executive Directors, the Trust had 5,925 employees (4,898 female and 1,027 male).

Staff costs (Information subject to audit)	Permanent £k	Other £k	2017/18	2016/17
			Total £k	Total £k
Salaries and wages	159,612	1,398	161,010	168,296
Social security costs	15,509	-	15,509	16,023
Apprenticeship levy	789	-	789	-
Employer's contributions to NHS pensions	20,877	-	20,877	21,663
Pension cost - other	12	-	12	9
Other post-employment benefits	-	-	-	-
Other employment benefits	-	-	-	-
Termination benefits	283	-	283	431
Temporary staff		19,278	19,278	21,359
<b>Total gross staff costs</b>	<b>197,082</b>	<b>20,676</b>	<b>217,758</b>	<b>227,781</b>
Recoveries in respect of seconded staff	-	-	-	-
<b>Total staff costs</b>	<b>197,082</b>	<b>20,676</b>	<b>217,758</b>	<b>227,781</b>
<b>Of which</b>				
Costs capitalised as part of assets	346	227	573	484

Average number of employees (WTE basis) (Information subject to audit)	Permanent Number	Other Number	2017/18	2016/17
			Total Number	Total Number
Medical and dental	233	20	253	252
Ambulance staff	-	-	-	-
Administration and estates	1,373	26	1,399	1,467
Healthcare assistants and other support staff	1,130	223	1,353	1,803
Nursing, midwifery and health visiting staff	1,633	110	1,743	1,930
Nursing, midwifery and health visiting learners	-	-	-	-
Scientific, therapeutic and technical staff	607	12	619	576
Healthcare science staff	1	-	1	1
Social care staff	-	-	-	-
Other	-	-	-	-

<b>Total average numbers</b>	<b>4,977</b>	<b>391</b>	<b>5,368</b>	<b>6,028</b>
<b>Of which:</b>				
Number of employees (WTE) engaged on capital projects	11	8	19	10

### **Health & wellbeing of staff and staff engagement**

<b>Staff Sickness Absence Data</b>	<b>2017/18</b>	<b>2016/17</b>
Total days lost	53,900	60,950
Total staff years	5,090	5,595
<b>Average working days lost (per WTE)</b>	<b>11</b>	<b>11</b>

### **Equal Opportunities**

All job applicants are considered in terms of their aptitude and abilities for the role in question rather than any particular disability they may have. This applies both in terms of the selection process, throughout which the individual's needs would be accommodated as far as possible, and also once appointed, when consideration would be given to any requirements that would ensure they are able to perform successfully in the role. The Trust is fully accredited by the two ticks scheme, which is a recognition given by Jobcentre Plus, who have agreed to take action to meet five commitments regarding the employment, retention, training and career development of disabled employees. In November 2017 signed up to the Disability Confident Commitment scheme which supports employers to make the most of the talents disabled people can bring to the workplace.

Support would be provided to staff members who became disabled whilst working for the Trust; reasonable adjustments to the environment and working patterns are made as appropriate and following advice from the Occupational Health service provider. Training is provided to ensure that they could enjoy, or continue to enjoy, a fulfilling career with Southern Health

Efforts are consistently made to ensure that all staff are treated fairly and equitably regardless of their individual characteristics and circumstances; this includes access to training, career development opportunities and the promotion of people with disabilities.

A range of different communication mechanisms were used throughout the year to ensure that staff members were informed of issues relating to them; this included the Weekly Bulletin, 'All Staff' emails, the monthly Team Brief and the Chief Executive's blog every fortnight. Your Voice, an initiative through which staff members are able to raise concerns, ask questions or provide feedback directly to the Executive Team, has continued through the year. A Staff Engagement Group was also established and this included representatives from all service areas who became responsible for leading this key work stream. Improvements were made to the staff intranet during the year and the Chief Executive began to write to all new recruits to welcome them to the Trust and invite feedback in terms of their experience after one month of being in post.

## **Staff engagement**

Our staff engagement plan aims to develop a sense of community where every individual feels part of the organisation, takes pride in what they do, works as part of a successful team and delivers the best possible care for patients. This plan is designed to develop and sustain the best possible staff engagement in the short, medium and long term. We will integrate our organisational vision and values into everything we do and more specifically to our staff engagement plan, we will (i) enable our staff to connect with our vision, values and behaviours, (ii) respond positively to our quality, safety, operational and financial obligations, and (iii) recruit, develop and retain skilled and committed people.

The plan and its supporting priority work programmes has been developed through feedback of Southern Health's 'your voice' engagement programme and staff insight (eg. NHS Staff Survey; Friends and Family Test and national drivers of best practice both internally and externally to the NHS). The delivery of the plan is overseen at the Staff Engagement Group (SEG). This group has membership of clinical and corporate functions and staff side representatives. The SEG reviews progress against planned priority areas in line with actions and timescales and scrutinises the impact of the plan against key performance indicators.

Staff members are encouraged to participate in decisions that affect them during the appraisal process and also through individual and team meetings; these decisions may be in respect of their own roles, changes within the wider service or the overall management of the Trust. The Joint Consultative and Negotiating Committee (JCNC) continued to provide the formal mechanism by which decisions were made in respect of terms and conditions of service, this forum was also responsible for developing workforce policies and overseeing organisational change.

All employees participate in the annual appraisal/personal development review process; this results in the cascade of strategic objectives to divisional and team level before these are then incorporated into individual objectives as these are agreed; the result of this being that every staff members is personally involved in contributing to the overall performance of the Trust.

## **Health and safety**

The ongoing promotion of health and safety, fire safety and security within the workplace remains a high priority for the Trust. Our team of health and safety professionals play a key role in terms of ensuring compliance with the Health & Safety at Work Act 1974 as well as the Fire Safety Order 2005; this is achieved through regular audits and re-inspections of premises that have significant findings within their risk assessments. The team also work across all services to promote best practice, develop health and safety policies, investigate incidents and near-misses, review health and safety assessments, and ensure compliance with regulations and guidance. Mandatory health and safety training and fire training is undertaken by all our employees.

A health and well-being hub was launched this year as part of the staff engagement work stream; this is designed to improve workforce health and wellbeing and the initiatives included within this have been delivered across a number of pilot sites. The approval of additional funding for the musculoskeletal (MSK) fast track physiotherapy for staff enabled this service to be provided throughout the year and extended to all Trust teams. Work continued with our Occupational Health provider to deliver the vaccination programme and there was a specific focus on this year's flu campaign which included the development of a network of peer vaccinators.

### Counter fraud

Counter fraud services are provided by TIAA who work closely with NHS Protect in order to counteract fraud within the NHS. TIAA play an important role both in terms of raising awareness through induction training and regular newsletters, as well as investigating concerns when these arise in relation to fraud. A programme of audits was scheduled to take place throughout the year to ensure the Trust continued to take a proactive approach to reducing the potential for fraud; this work stream was overseen by the Audit, Risk and Assurance Committee.

### Expenditure on consultancy

During 2017/18 the Trust spent £784k on consultancy support, compared to £1,266k in 2016/17. This was largely in relation to continued support in delivering the Clinical Services strategy, the support of a financial turnaround specialist, and specific support on the Right Care, Right Place Programme which seeks to reduce the Trust's need for out of area beds.

### Exit packages (information subject to audit)

The Trust is required to public information on the use of exit packages during the year, with comparative tables for the previous year. The following table details a number of exit packages used during 2017/18 and the table below gives the comparative for 2016/17.

#### 2017/18

Exit package cost band (including any special payment element)	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages
	Number	Number	Number
<£10,000	1	36	37
£10,001 - £25,000	3	5	8
£25,001 - 50,000	1	2	3
£50,001 - £100,000	-	-	-
£100,001 - £150,000	1	-	1
£150,001 - £200,000	-	-	-
>£200,000	-	-	-
<b>Total number of exit packages by type</b>	<b>6</b>	<b>43</b>	<b>49</b>
Total resource cost (£k)	£210k	£283k	£492k

2016/17

Exit package cost band (including any special payment element)	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages
	Number	Number	Number
<£10,000	12	49	61
£10,001 - £25,000	12	5	17
£25,001 - 50,000	11	3	14
£50,001 - £100,000	4	2	6
£100,001 - £150,000	-	1	1
£150,001 - £200,000	-	-	-
>£200,000	-	-	-
<b>Total number of exit packages by type</b>	<b>39</b>	<b>60</b>	<b>99</b>
Total resource cost (£k)	£934k	£595k	£1,529k

The table below details the other (non-compulsory) departure payments used during the year, with comparison figures for the previous year:

Exit packages: other (non-compulsory) departure payments	2017/18		2016/17	
	Payments agreed Number	Total value of agreements £k	Payments agreed Number	£k
Voluntary redundancies including early retirement contractual costs	-	-	3	6
Mutually agreed resignations (MARS) contractual costs	5	114	7	213
Early retirements in the efficiency of the service contractual costs	-	-	-	-
Contractual payments in lieu of notice	38	169	49	281
Exit payments following Employment Tribunals or court orders	-	-	-	-
Non-contractual payments requiring HMT approval	-	-	1	95
<b>Total</b>	<b>43</b>	<b>283</b>	<b>60</b>	<b>595</b>
<b>Of which:</b>				
Non-contractual payments requiring HMT approval made to individuals where the payment value was more than 12 months' of their annual salary	-	-		

The Trust did not make any non-contractual payments requiring HM Treasury approval to individuals where the payment value was more than 12 months of their annual salary.

## Staff Survey

### Summary of performance – NHS staff survey

Key priorities identified from the Staff Survey are:

1. Improve the experiences of staff in less engaged groups
  - Staff with a disability
  - Medical Staff
  - Admin and Clerical Staff
  - Maintenance Staff
  - Under 30s and over 51s
  - BME Staff in respect of discrimination
2. Improve the health and wellbeing of the workforce
3. Increase the Staff Survey response rate to 66%

<b>Response rate</b>				
	<b>2016/17</b>	<b>2017/18</b>		<b>Trust Improvement/ Deterioration</b>
	<b>Trust</b>	<b>Trust</b>	<b>Benchmarking Group (Trust Type) average</b>	
Response rate	37%	36%	45%	Decrease by 1%

<b>Top 5 ranking scores</b>	<b>2016/17</b>	<b>2017/18</b>		<b>Trust Improvement/ Deterioration</b>
	<b>Trust</b>	<b>Trust</b>	<b>Benchmarking Group (Trust Type) average</b>	
Key finding 10. Support from immediate managers	3.90	3.97	3.89	Plus 0.07 (positive)
Key finding 11. Percentage of staff appraised in last 12 months	95%	95%	92%	No change
Key finding 18. Percentage of staff attending work in the last 3 months despite feeling unwell because they felt pressure from their manager, colleagues or themselves	51%	51%	53%	No change
Key finding 9. Effective team working	3.90	3.90	3.85	No change
Key finding 7. Percentage of staff able to contribute towards improvements at work	75%	75%	73%	No change

<b>Bottom 5 ranking scores</b>				
	<b>2016/17</b>	<b>2017/18</b>		<b>Trust Improvement/Deterioration</b>
	<b>Trust</b>	<b>Trust</b>	<b>Benchmarking Group (Trust Type) average</b>	
Key finding 28. Percentage of staff witnessing potentially harmful errors, near misses or incidents in last month	23%	26%	23%	Plus 3% (negative)
Key finding 19. Organisation and management interest in and action on health and wellbeing	3.60	3.66	3.70	Plus 0.06 (positive)
Key finding 14. Staff satisfaction with resourcing and support	3.33	3.28	3.33	Minus 0.05 (negative)
Key finding 15. Percentage of staff satisfied with the opportunities for flexible working patterns	58%	56%	58%	Minus 2% (negative)
Key finding 2. Staff satisfaction with the quality of work and care they are able to deliver	3.84	3.76	3.85	Minus 0.08 (negative)

### **Future priorities and targets**

A five year People and Organisational Development Strategy has been created in 2018 to ensure that the Trust is clear about future workforce priorities. As part of this strategy, an action plan is being developed which will pull together the findings from the staff survey as well as other key projects within the Trust to address them.

Delivering this strategy will mean we have a workforce best able to meet the needs of our communities. We will:

- have an inclusive and diverse workforce who feel engaged, empowered and able to act;
- attract and retain highly capable staff at every level;
- support our people to lead healthy lifestyles and achieve a successful work life balance;
- have people who are able to lead when appropriate and can work in a way then enables co-production; and
- support our people to be fully able to continually improve and transform embracing the opportunities afforded through digital technology.

### **Trust's policy on off-payroll arrangements**

The Trust limits its use of off-payroll arrangements for highly paid staff. Staff engaged off-payroll for a duration of longer than six months during 2017/18 can be found in the table below. There were no Board members or senior members of staff with significant financial responsibility engaged in off-payroll during the year.

<b>All off-payroll engagements as of 31 March 2018, for more than £245 per day and that last for longer than six months</b>	
No. of existing engagements as of 31 March 2018	3
Of which...	
No. that have existed for less than one year at time of reporting.	2
No. that have existed for between one and two years at time of reporting.	1
No. that have existed for between two and three years at time of reporting.	0
No. that have existed for between three and four years at time of reporting.	0
No. that have existed for four or more years at time of reporting.	0
Confirmation that all existing off-payroll engagements, outlined above, have at some point been subject to a risk based assessment as to whether assurance is required that the individual is paying the right amount of tax and, where necessary, that assurance has been sought	Yes

<b>All new off-payroll engagements, or those that reached six months in duration, between 1 April 2017 and 31 March 2018, for more than £245 per day and that last for longer than six months</b>	
No. of new engagements, or those that reached six months in duration, between 1 April 2017 and 31 March 2018	0
Of which...	
Number assessed as within the scope of IR35	0
Number assessed as not within the scope of IR35	0
Number engaged directly (via PSC contracted to trust) and are on the trust's payroll	0
Number of engagements reassessed for consistency/assurance purposes during the year	0
Number of engagements that saw a change to IR35 status following the consistency review	0

<b>Any off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2017 and 31 March 2018</b>	
Number of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year.	0
Number of individuals that have been deemed 'board members and/or senior officials with significant financial responsibility' during the financial year. This figure should include both off-payroll and on-payroll engagements.	0

## 2.4 Code of Governance

Southern Health NHS Foundation Trust has applied the principles of the NHS Foundation Trust Code of Governance on a 'comply or explain' basis. The NHS Foundation Trust Code of Governance, last updated July 2014, is based on the principles of the UK Corporate Governance Code issued in 2012.

The Code of Governance contains a number of statutory requirements, with which the Trust is compliant and do not require disclosure statements in the Annual report. Additionally, there are a number of provisions that require the Trust to give a supporting explanation as to whether the Trust is compliant or not; in line with the guidance in the code, where this information is already contained within the Annual Report, a reference to its location is contained below.

Provision	Requirement	Reference in Annual Report/ Response
A.1.1	This statement should also describe how any disagreements between the council of governors and the board of directors will be resolved. The annual report should include this schedule of matters or a summary statement of how the board of directors and the council of governors operate, including a summary of the types of decisions to be taken by each of the boards and which are delegated to the executive management of the board of directors.	This information is set out on pages A22 to A29 of the Annual Report.
A.1.2	The annual report should identify the chairperson, the deputy chairperson (where there is one), the chief executive, the senior independent director (see A.4.1) and the chairperson and members of the nominations, audit and remuneration committees. It should also set out the number of meetings of the board and those committees and individual attendance by directors.	This information is set out on pages A30 to A37 of the Annual Report.
A.5.3	The annual report should identify the members of the council of governors, including a description of the constituency or organisation that they represent, whether they were elected or appointed, and the duration of their appointments. The annual report should also identify the nominated lead governor.	This information is set out on pages A24 & A25 of the Annual Report.
B.1.1	The board of directors should identify in the annual report each non- executive director it considers to be independent, with reasons where necessary.	This information is set out on page A37 of the Annual Report.

B.1.4	The board of directors should include in its annual report a description of each director's skills, expertise and experience. Alongside this, in the annual report, the board should make a clear statement about its own balance, completeness and appropriateness to the requirements of the NHS foundation trust.	This information is set out on pages A30 to A37 of the Annual Report.
B.2.10	A separate section of the annual report should describe the work of the nominations committee (s), including the process it has used in relation to board appointments.	<u>Nomination &amp; Remuneration Committee</u> - This information is set out on page A50 of the Annual Report.  <u>Appointment Committee</u> - This information is set out on page A27 of the Annual Report.
B.3.1	A chairperson's other significant commitments should be disclosed to the council of governors before appointment and included in the annual report. Changes to such commitments should be reported to the council of governors as they arise, and included in the next annual report.	The Chair has no other significant commitments to disclose.
B.5.6	Governors should canvass the opinion of the trust's members and the public, and for appointed governors the body they represent, on the NHS foundation trust's forward plan, including its objectives, priorities and strategy, and their views should be communicated to the board of directors. The annual report should contain a statement as to how this requirement has been undertaken and satisfied.	This information is set out on pages A26, A27 & A29 of the Annual Report.
B.6.1	The board of directors should state in the annual report how performance evaluation of the board, its committees, and its directors, including the chairperson, has been conducted.	This information is set out on page A30 of the Annual Report.
B.6.2	Where there has been external evaluation of the board and/or governance of the trust, the external facilitator should be identified in the annual report and a statement made as to whether they have any other connection to the trust.	N/A

C.1.1	The directors should explain in the annual report their responsibility for preparing the annual report and accounts, and state that they consider the annual report and accounts, taken as a whole, are fair, balanced and understandable and provide the information necessary for patients, regulators and other stakeholders to assess the NHS foundation trust's performance, business model and strategy. There should be a statement by the external auditor about their reporting responsibilities. Directors should also explain their approach to quality governance in the Annual Governance Statement (within the annual report).	This information is set out on page A45 of the Annual Report.
C.2.1	The annual report should contain a statement that the board has conducted a review of the effectiveness of its system of internal controls.	This information is set out on pages A74 & A83 of the Annual Report.
C.2.2	A trust should disclose in the annual report: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	This information is set out on page A38 of the Annual Report.
C.3.5	If the council of governors does not accept the audit committee's recommendation on the appointment, reappointment or removal of an external auditor, the board of directors should include in the annual report a statement from the audit committee explaining the recommendation and should set out reasons why the council of governors has taken a different position.	N/A

C.3.9	<p>A separate section of the annual report should describe the work of the audit committee in discharging its responsibilities. The report should include:</p> <ul style="list-style-type: none"> <li>• the significant issues that the committee considered in relation to financial statements, operations and compliance, and how these issues were addressed;</li> <li>• an explanation of how it has assessed the effectiveness of the external audit process and the approach taken to the appointment or re-appointment of the external auditor, the value of external audit services and information on the length of tenure of the current audit firm and when a tender was last conducted; and</li> <li>• if the external auditor provides non-audit services, the value of the non-audit services provided and an explanation of how auditor objectivity and independence are safeguarded.</li> </ul>	This information is set out on page A38 of the Annual Report.
D.1.3	Where an NHS foundation trust releases an executive director, for example to serve as a non-executive director elsewhere, the remuneration disclosures of the annual report should include a statement of whether or not the director will retain such earnings.	N/A
E.1.4	Contact procedures for members who wish to communicate with governors and/or directors should be made clearly available to members on the NHS foundation trust's website.	This information is set out on page A26 of the Annual Report.
E.1.5	The board of directors should state in the annual report the steps they have taken to ensure that the members of the board, and in particular the non-executive directors, develop an understanding of the views of governors and members about the NHS foundation trust, for example through attendance at meetings of the council of governors, direct face- to-face contact, surveys of members' opinions and consultations.	This information is set out on pages A26 & A27 of the Annual Report.
E.1.6	The board of directors should monitor how representative the NHS foundation trust's membership is and the level and effectiveness of member engagement and report on this in the annual report.	This information is set out on pages A22 & A23 of the Annual Report.

The Trust is declaring compliance with all other requirements of the code on a “comply or explain” basis, save for those listed below:

Provision	Requirement	Comment
A.2.1	The division of responsibilities between the chairperson and chief executive should be clearly established, set out in writing and agreed by the board of directors.	There are clear job descriptions for the Chair and Chief Executive respectively; a formal memorandum of understanding, setting out the division of responsibilities, will be articulated in 2018/19
B.6.5	<p>Led by the chairperson, the council of governors should periodically assess their collective performance and they should regularly communicate to members and the public details on how they have discharged their responsibilities, including their impact and effectiveness on:</p> <ul style="list-style-type: none"> <li>- holding the non-executive directors individually and collectively to account for the performance of the board of directors.</li> <li>- communicating with their member constituencies and the public and transmitting their views to the board of directors; and</li> <li>- contributing to the development of forward plans of NHS foundation trusts.</li> </ul> <p>The council of governors should use this process to review its roles, structure, composition and procedures, taking into account emerging best practice. Further information can be found in Monitor’s publication: <i>Your statutory duties: A reference guide for NHS foundation trust governors</i>.</p>	<p>Governors have been engaged in the co-design and implementation of the Non-Executive Director appraisal process. The Annual Members’ Meeting provides an opportunity for the Lead Governor to share the work of the Council of Governors.</p> <p>External support for Governor Development was commissioned in 2017/18. The opportunity to formalise and strengthen the process for assessment of performance by the CoG will be considered for 2018/19.</p>

## 2.5 NHS Improvement's Single Oversight Framework

NHS Improvement's Single Oversight Framework provides the framework for overseeing providers and identifying potential support needs. The framework looks at five themes:

- Quality of care;
- Finance and use of resources;
- Operational performance;
- Strategic change; and
- Leadership and improvement capability (well-led).

Based on information from these themes, providers are segmented from 1 to 4, where '4' reflects providers receiving the most support, and '1' reflects providers with maximum autonomy. A foundation trust will only be in segments 3 or 4 where it has been found to be in breach or suspected breach of its licence.

The Single Oversight Framework applied from Quarter 3 of 2016/17. Prior to this, Monitor's *Risk Assessment Framework* (RAF) was in place. Information for the prior year and first two quarters relating to the RAF has not been presented as the basis of accountability was different. This is in line with NHS Improvement's guidance for annual reports.

### Segmentation

Southern Health NHS Foundation Trust has been placed in segment '3' which is defined as 'Providers receiving mandated support for significant concerns: there is actual or suspected breach of licence, and a Regional Support Group has agreed to seek formal undertakings from the provider or the Provider Regulation Committee has agreed to impose regulatory requirements.'

As outlined in the Annual Governance Statement, the Foundation Trust is subject to enforcement action from NHS Improvement (Monitor). More information on the enforcement action, the breaches and the action taken by the Trust can be found in the Annual Governance Statement.

This segmentation information is the Foundation Trust's position as at March 2018. Current segmentation information for NHS trusts and foundation trusts is published on the NHS Improvement website.

### Finance and use of resources

The finance and use of resources theme is based on the scoring of five measures from '1' to '4', where '1' reflects the strongest performance. These scores are then weighted to give an overall score. Given that finance and use of resources is only one of the five themes feeding into the Single Oversight Framework, the segmentation of the Foundation Trust disclosed above might not be the same as the overall finance score here.

Area	Metric	2017/18 scores				2016/17 scores	
		Q4	Q3	Q2	Q1	Q4	Q3
Financial sustainability	Capital service capacity	2	2	2	2	2	2
	Liquidity	1	1	1	1	1	1
Financial efficiency	I&E margin	2	2	2	3	2	3
Financial controls	Distance from financial plan	2	2	1	1	1	2
	Agency spend	2	2	3	3	4	4
<b>Overall scoring</b>		<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>3</b>	<b>3</b>

## 2.6 Statement of the chief executive's responsibilities as the accounting officer of Southern Health NHS Foundation Trust

The NHS Act 2006 states that the chief executive is the accounting officer of the NHS foundation trust. The relevant responsibilities of the accounting officer, including their responsibility for the propriety and regularity of public finances for which they are answerable, and for the keeping of proper accounts, are set out in the *NHS Foundation Trust Accounting Officer Memorandum* issued by NHS Improvement.

NHS Improvement, in exercise of the powers conferred on Monitor by the NHS Act 2006, has given Accounts Directions which require Southern Health NHS Foundation Trust to prepare for each financial year a statement of accounts in the form and on the basis required by those Directions. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of Southern Health NHS Foundation Trust and of its income and expenditure, total recognised gains and losses and cash flows for the financial year.

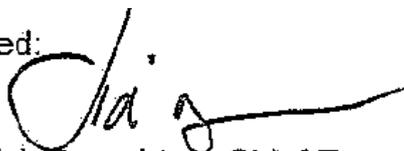
In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Department of Health and Social Care Group Accounting Manual and in particular to:

- Observe the Accounts Direction issued by NHS Improvement, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- Make judgements and estimates on a reasonable basis;
- State whether applicable accounting standards as set out in the NHS Foundation Trust Annual Reporting Manual (and the Department of Health and Social Care Group Accounting Manual) have been followed, and disclose and explain any material departures in the financial statements;
- Ensure that the use of public funds complies with the relevant legislation, delegated authorities and guidance; and
- Prepare the financial statements on a going concern basis.

The accounting officer is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the NHS foundation trust and to enable him/her to ensure that the accounts comply with requirements outlined in the above mentioned Act. The Accounting Officer is also responsible for safeguarding the assets of the NHS foundation trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

To the best of my knowledge and belief, I have properly discharged the responsibilities set out in the NHS Foundation Trust Accounting Officer Memorandum.

Signed:



Dr Nick Broughton, Chief Executive  
24 May 2018

## **2.7 Annual Governance Statement**

### **Scope of responsibility**

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the NHS foundation 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 foundation 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 Foundation Trust Accounting 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 Southern Health NHS Foundation 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 Southern Health NHS Foundation 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 Foundation Trust has in place a Board approved Risk Management Strategy and Policy that has been reviewed in year. This sets out the responsibilities of the Board in relation to the effective management of risk and compliance with relevant legislation.

As Chief Executive I have responsibility for maintaining a sound system of internal control and assurance that supports the achievement of the organisation's objectives and for risk management across the Foundation Trust.

I discharge these duties through the executive and management team, with clear designation of accountability to individuals to support me in this role. Responsibility for specific areas of risk is delegated to Executive Directors in line with functional roles, as well as formal designation of executive leads for specific roles. Within the clinical and corporate services, senior managers are responsible for ensuring that they and their staff fulfil their responsibility for risk management by operating in accordance with Trust systems, policies and procedures.

Southern Health maintains an Executive Risk Management & Assurance Group, which reports to the Senior Management Committee, of which all executives are members. The purpose of this Group is to promote effective risk management and to establish and maintain a dynamic Board Assurance Framework and Risk Register through which the Board can monitor the arrangements in place to achieve a satisfactory level of internal control, safety and quality. The group is charged with promoting local level responsibility and accountability and challenging risk assessment and risk assurance arrangements in place in areas of Trust activity where robust controls are not evident, in order to raise standards and ensure continuous improvement. The group meets monthly and reviews all risks that are exceeding the Foundation Trust's stated risk tolerance threshold.

The Audit, Risk & Assurance Committee is responsible for scrutinising the internal controls of the organisation including through regular review of the Board Assurance Framework, in order that the Board may place reliance on it. As set out in the Annual Report, membership of this Committee is limited to independent Non-Executive Directors, with Executive Directors and officers of Southern Health in attendance as required. Other Board Committees have responsibility for scrutinising and monitoring relevant risks, relevant sections of the Board Assurance Framework and internal controls.

Risk management training is available to all staff via the Foundation Trust's Leadership Education and Development Department (LEaD). The Risk Management Strategy requires all staff to take responsibility for identifying and managing risk, regardless of their role. Appropriate training is also given to individuals with specific responsibilities for risk management. Copies of the Risk Management Strategy and Policy are available on the intranet and website. The content of training has been reviewed to reflect considered good practice.

Serious incident investigation processes were considerably strengthened during 2016/17 and within 2017/18 the Foundation Trust obtained assurance from external consultants Niche and Grant Thornton that the Foundation Trust conducts quality and timely investigations which involve families and loved ones. Investigating Officers continue to attend a comprehensive two day training programme which is compliant with the NHS England Serious Incident Framework guidance and best practice. The Foundation Trust has revised its Reporting and Investigating of Deaths Policy and Procedure to include new service lines such as General Practice and continues to audit, on a monthly basis, to ensure that reported deaths undergo the correct level of investigation. Oversight has been maintained by the Mortality Forum which has expanded to include all serious incidents. All improvements which have been put in place have been closely monitored by the commissioners and NHS Improvement through a formal monthly Quality Oversight Meeting (QOC). Support to families and loved ones involved in the incident investigation process continues to be provided by our Family Liaison Officer, a role introduced in late 2016.

The Foundation Trust is a full participant in the Learning Disabilities Mortality Review programme (LeDeR) which in Hampshire is overseen by NHS England and undertaken within the Clinical Commissioning Groups. Patient deaths within our Learning Disabilities services are referred to the LeDeR team for review and identification of common themes and learning points for improvement. There are

three trained reviewers within the Learning Disabilities governance team who attend the mortality panels and meetings as experts.

Serious incident and mortality improvement activities remain centred around learning to prevent recurrence and the spreading of good practice. This is described in the Organisational Learning Strategy. The Foundation Trust continues to use a variety of different methodologies dependent on the type learning to be cascaded. These include:

- Personalised learning through supervision sessions;
- Group learning through case study discussion at team meetings;
- Immediate and urgent learning from incident panels with use of the Foundation Trust Central Alert System (CAS);
- Publication learning through circulation of “Hotspots”, “Learning Matters” and “Could it happen here?” posters; and
- Learning Network half day events (Mental Health) and Learning from Incidents meetings (Specialised Services).

### **The risk and control framework**

The Foundation Trust’s risk management framework is set out in a number of key policy documents, including the Risk Management Strategy and Policy, the Board Assurance Framework Standard Operating Procedure and the Risk Appetite Statement. These documents provide a structured process for the identification, communication, assessment, escalation and management of risks. The Board Risk Appetite Statement defines boundaries and risk tolerance thresholds to support the delivery of our objectives, clearly defining the amount and type of risk that the Foundation Trust is prepared to seek, accept or tolerate. Processes are responsive to changing circumstances and emerging issues of significance.

The Foundation Trust empowers all staff to identify, report, and manage operational risks supported by an electronic risk management system. Staff are guided in articulating risk information through policy documentation and training. Staff are required to describe a risk in terms of cause and effect, and identify appropriate controls and assurances. Where control or assurance gaps exist staff are required to identify actions to address these gaps and to assign appropriate timescales and ownership to individual actions.

The Board has articulated scoring criteria based on the National Patient Safety Agency risk matrix, which is provided to help staff assess and prioritise risk. Risks are scored assigned three scores; inherent, (i.e. in the absence of an effective control framework), current (i.e. with controls in place) and target. A timeframe to meet the target score is required to encourage the pro-active management and eventual closure of identified risks.

The Board owns and manages a number of strategic risks, articulated in the Foundation Trust’s Board Assurance Framework. In 2017/18 the Board Assurance Framework has been reviewed in full on four occasions by the Trust Board. Individual strategic risks have designated Executive Directors as owners, and control and assurance information is monitored by the relevant Board committee.

Following changes to the Board membership during 2017/18 the Board Assurance Framework has been comprehensively reviewed. This has resulted in a consolidation in the number of strategic risks presented on the framework. Furthermore, there has been attention paid to the target scores and dates and the actions underway to achieve these. The Board is scheduled to receive quarterly updates on the Board Assurance Framework in full, along with individual review of strategic risks at committee level.

The principal risks, as described on the Board Assurance Framework at the end of the year (presented to the Trust Board in March 2018) are set out below. The Foundation Trust uses a 5x5 matrix to rate risks where our score is attributed to the impact and to the likelihood of the risk, to give an overall rating.

Ref	Risk	Score (Impact x Likelihood)
SR1	There is a risk that we provide poor quality or ineffective care.	12 (4 x 3)
SR2	There is a risk that we fail to continually improve the services provided by the Foundation Trust.	9 (3 x 3)
SR3	There is a risk that we cannot recruit and retain sufficiently skilled staff.	16 (4 x 4)
SR4	There is a risk that patients have a poor experience or level of engagement with our services.	9 (3 x 3)
SR5	There is a risk that we lack a governance structure that enables effective decision making.	12 (4 x 3)
SR6	There is a risk that we fail to develop and maintain a culture that adheres to Foundation Trust values.	12 (4 x 3)
SR7	There is a risk that we fail to deliver medium & long-term financial sustainability.	16 (4 x 4)

The Foundation Trust's Board Assurance Framework will be comprehensively refreshed in May 2018, following the review of our strategic objectives.

In recent years the Foundation Trust has been subject to regulatory action, and a series of enforcement undertakings have been submitted by the Foundation Trust and accepted by Monitor, dating back to 2014. Some elements of these enforcement undertakings have since been lifted, with compliance certificates issued confirming this, however, the Foundation Trust continues to remain subject to enforcement undertakings, and also has an additional condition imposed on its licence relating to governance processes.

Further information regarding these undertakings can be found on NHS Improvement's website: <https://www.gov.uk/government/groups/southern-health-nhs-foundation-trust>. The undertakings submitted seek to address the risks to compliance with those elements of licence condition 4 (relating to foundation trust governance) where we have been found to be in breach.

In line with Licence Condition FT4 (8)(a), we are required to submit to NHS Improvement within three months of the end of the financial year a corporate governance statement by and on behalf of the Board confirming compliance with this condition as at the date of the statement. This must also state the anticipated compliance with this condition for the next financial year, specifying any risks to compliance and any actions it proposes to take to manage such risks. This statement requires that we set out risks to compliance with the governance condition and actions taken or being taken to maintain future compliance.

Our self-certification submitted in June 2017 identified those areas where the Foundation Trust was found to be in breach of conditions of the licence, and subsequently, a declaration of “not confirmed” was issued on the pro forma for various elements of licence condition FT4. The Foundation Trust is working to address the requirements as set out in the various enforcement undertakings, by continuing to strengthen the governance and risk management arrangements in place in the organisation.

#### *Understanding risk across the organisation*

We have developed the risk management systems further to ensure that all identified risks are appropriately escalated to relevant decision-making groups. Staff are able to access robust and appropriate information which supports their understanding of risk management processes.

#### *Involving people outside of the Foundation Trust*

A Strategy for Experience, Involvement and Partnership was developed and launched in 2017 with the involvement of patients, families, and the public. This sets out a commitment to work with people who use our services for involvement in their own care and treatment to ensuring that they are routinely offered opportunities to participate meaningfully in the planning, delivery and monitoring of services. Stakeholder relationships are mapped and managed at strategic, Trust-wide, and local levels, aiming to develop open and transparent relationships where strengths and risks in services are shared and improved by working collaboratively. This includes early engagement and involvement where changes to and development of services are being considered. As we move into year two, the strategy will be refreshed through a similar consultation process led by the Head of Patient and Public Engagement.

#### *The Care Quality Commission*

The Foundation Trust is fully compliant with the registration requirements of the Care Quality Commission (CQC). The CQC undertook a comprehensive inspection of the Mental Health, Learning Disability and Community Health services of the Foundation Trust in 2014; where the rating given was “Requires Improvement”.

We have a CQC action plan that addresses areas for improvement identified through inspections. The Quality Improvement Plan Delivery Group meets weekly to monitor progress against each of these actions. Any delays or risks of slippage are raised at these meetings and escalated to the Trust Executive Committee and, since its establishment as the successor body, to the Senior Management Committee.

A two-tier assurance and validation process has been put in place to review completed actions. At the end of each month action leads are asked to submit documentary evidence of completion for all actions due to be completed that month. This evidence is reviewed within the Project Management Office and if deemed satisfactory the action is marked as 'Completed, un-validated'. Final validation of completed actions is carried out by the Deputy Director of Nursing. The Deputy Director of Nursing will review each action and will look for evidence of completion and embedding of new processes. This may include a site visit to observe the change in practice. Once assurance has been gained the action will be signed off and updated to 'Completed, validated'. Actions may be reviewed again at subsequent visits or via audits to gain assurance of continued compliance and embedding.

Progress against the action plan is reported to CQC during the Foundation Trust's quarterly provider engagement meeting.

#### *In relation to workforce*

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 rules, and that member Pension Scheme records are accurately updated in accordance with the timescales detailed in the regulations.

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

The Foundation 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.

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

There are a number of key processes in place to ensure that resources are used economically, efficiently and effectively. The Trust Board approves the Operating Plan on an annual basis, and detailed budgets are developed each year by division and corporate service to ensure the best possible use of resources to delivering patient care. In 2017 the budget setting process was strengthened with regular briefings throughout the process at the Trust Executive Committee (and, following its establishment, the Senior Management Committee) and relevant Board committees with the 2018/19 financial plan and budgets for both revenue and capital being presented and approved by the Board in March 2018.

The Foundation Trust has continued to work hard to deliver the capital programme. Reviews took place during the year linked to developing the secure services strategy to ensure that where appropriate, short term plans were incorporated into the longer terms plans for units. In addition, the Foundation trust continued to pursue disposals where sites or buildings have been declared as surplus and therefore generating cost receipts.

Our savings target for 2017/18 was £12.8m. This target included an additional £1m Corporate Services to reflect that overall income was expected to reduce as services were transferred or divested. Savings of £12.8m were achieved through a combination of recurrent measures which generated £7.1m cost improvement and £5.7m of non-recurrent measures. The savings target for 2018/19 is a further £13.1m against this there are currently plans in place to generate savings of £10.9m. Within this, Corporate Services have been targeted with an additional £1m again to contribute towards the higher saving target for the year.

Work has continued to improve the performance management system during 2017/8. This has focused on:

- Using information and analysis to identify and predict risks and trends to performance. Performance dashboards bring together quality and safety, finance and workforce indicators to provide triangulated information and analysis for oversight and scrutiny at business unit, division and Board levels;
- Developing key performance indicators that can be measured at individual, divisional and Board level and support both assurance and individual performance assessment;
- Strengthening the divisional performance review process. Weekly Business Unit meetings enable problems to be identified and corrective action taken promptly, monthly divisional meetings enable progress to be reviewed. Performance exceptions, both positive and negative, are discussed at divisional level to enable learning to be identified and enable peer discussion of solutions. Issues are escalated through the Trust Executive Committee (and, following its establishment in-year, the Senior Management Committee) to the relevant Board Committees and the Board. Bi-monthly oversight is undertaken with Executive Directors and Divisions to allow for more detailed discussions; and
- Improving the content and presentation of Board performance reports to allow for more robust assessment and assurance including detailed reviews of areas of concern, improvement trajectories and benchmarking against other relevant Foundation Trusts.

This work will continue during early 2018/19 with the implementation of a revised Performance Management and Accountability Framework.

The Foundation Trust planning and performance processes are closely aligned ensuring that we identify our priorities, have clear plans for delivery, develop measures to assess progress and that we evaluate and learn prior to setting objectives for the following cycle. We undertake this process for both our short and long term planning.

The Foundation Trust's strategic plan is translated into objectives and measures, which in turn have clearly defined metrics, thresholds and ratings. These are reflected at business unit, team and individual objective level. There is regular oversight through reports and meetings at each level (individual, team, business unit, Foundation Trust) and the approach for escalation and intervention is clear.

The Integrated Services Division, and the Mental Health and Learning Disabilities Divisions are sub-divided into Business Units. Monthly Performance Review Meetings were put in place for each Business Unit during 2016/17 to further strengthen the process to improve feedback and communication concerning performance between the Trust Executives and key Business Unit Managers. These meetings are supported by a Business Unit Dashboard and are chaired by the relevant Divisional Director. Other members of the Executive Team have a standing invitation to attend. The Business Unit Performance Review meetings:

- Provide oversight and scrutiny of quality and safety, finance and workforce indicators ensuring the provision of high quality, safe and effective services in line with the Foundation Trust's strategic objectives;
- Provide assurance and deliver compliance with key quality and operational access standards highlighting any exceptions to performance standards and identifying solutions;
- Aim to identify and remove any barriers to the delivery of effective person centred services;
- Provide a platform for Divisional Directors to hold Business Units to account for operational performance and ensure robust action plans are developed and implemented to rectify areas of poor performance;
- Identify risks for escalation and highlight through the Integrated Performance Report, Divisional Monthly Operational Meetings and Trust Executive Committee (and, following its establishment, the Senior Management Committee)

The Foundation Trust has in place a range of corporate governance and financial policies, including the Constitution and Standing Orders, Standing Financial Instructions, Scheme of Delegation and Board Reserved Powers and additional underpinning policies including those which prescribe our approach to ensure effective procurement of goods and services across the organisation. The Foundation Trust uses its internal auditors to ensure compliance with these policies and to undertake further value for money audits. Each internal audit report is considered by the Audit Risk & Assurance Committee and, if appropriate, shared with the relevant Board Committee. The audit opinion provided by our External Auditors, PricewaterhouseCoopers, concluded that the Trust has not put in place proper arrangements for securing the economy, efficiency, and effectiveness of the use of its resources for the year ended 31 March 2018. The basis for the adverse opinion is set out in full in the Independent auditors' report to the Council of Governors of Southern Health NHS Foundation Trust, in section C of this report.

The Foundation Trust undertakes a range of benchmarking activities. During 2017/18 we participated in the National Community Services benchmarking, National audit of Intermediate care in 2017/18, national reference costs exercise, the Estate Return Information Collection, Mental Health services benchmarking and Corporate Services national comparisons.

## **Information governance**

We have an established Information Governance Management Framework, which continually works to identify and reduce risks to information and increase data security. The Foundation Trust has a nominated Caldicott Guardian (Medical Director), and a Senior Information Risk Owner (Finance Director). The Foundation Trust's Information Governance Group, which is chaired by the Director of Information & Technology, is responsible for ensuring compliance with the Information Governance Toolkit, which includes identifying and managing information risks and confidentiality breaches.

There were two Level 2 confidentiality breaches in the financial year 2017/18, which were self-reported to the Information Commissioner's Office. The first occurred in October 2017 and the second in January 2018. Both incidents were fully investigated using Root Cause Analysis, action plans were developed and cascaded across all clinical areas. Both incidents were closed by the Information Commissioner's Office, with no regulatory action taken, but recommendations were made, and incorporated into the action plans.

Additionally, there have been four concerns raised with the Information Commissioner's Office relating to the Foundation Trust by service users, specifically relating to the Subject Access Request process under the Data Protection Act 1998. In all four cases the Information Commissioner's Office confirmed their decision to close the case with no regulatory action taken.

## **Annual Quality Report**

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. NHS Improvement (in exercise of the powers conferred on Monitor) has issued guidance to NHS Foundation Trust boards on the form and content of annual Quality Reports which incorporate the above legal requirements in the NHS Foundation Trust Annual Reporting Manual.

The Quality Report 2017/18 has been developed in line with this guidance. The Director of Nursing & Allied Health Professionals is the Executive Director lead for the Quality Report. Performance against key quality metrics is reported via the Foundation Trust's Integrated Performance Report, which is presented monthly to the Trust Board. A progress report on performance against the Quality Priorities was provided to the Quality & Safety Committee on a quarterly basis.

The content of the 2017/18 Quality Report builds on the 2016/17 report and sets out the Foundation Trust's priorities for improvement for 2018/19, and reports on performance against the quality indicators for 2017/18. This year the report contains, for the first time, the mandated Learning from Deaths performance which complies to the requirement of the National Quality Board and is reviewed quarterly by the Board.

The Quality Report has been reviewed through both internal processes and external audit. The unqualified Independent Auditors' Limited Assurance Report to the Council of Governors on the Quality Report can be found on pages B81 to B83 of this report. Comments have been invited from local stakeholders including commissioners, local Healthwatch organisations, overview and scrutiny committees and members of the Council of Governors; these are included in the Quality Report and form part of the process to provide assurance that the report is an accurate reflection of the quality of services provided by the Foundation Trust during the year.

The Foundation Trust's Quality Improvement Strategy was approved by the Board in 2016 and launched in January 2017. The strategy clearly sets out the Foundation Trust's aim to provide high quality patient-centred care which is safe, effective and provides a positive patient and service user experience. It sets out how the Foundation Trust uses the Care Quality Commission five key questions (Are services safe?; Are services effective?; Are services responsive?; Are services caring?; Are services well-led?) to measure the quality of our services. The underpinning quality governance structure has been reconfigured to reflect this, with management groups aligned to each of these areas and reporting to one of the Board Committees.

### **Review of effectiveness**

As Accounting 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 Foundation Trust who have responsibility for the development and maintenance of the internal control framework.

I have drawn on the content of the Quality Report attached to 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, Risk & Assurance Committee and the Quality & Safety Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The following processes have informed my review of the effectiveness of our internal controls, as set out in this document.

The Board has reviewed the Board Assurance Framework and other performance and compliance reports. Assurance has been provided to the Board by the Audit, Risk & Assurance Committee and other Board Committees, with items formally escalated to the Board as required. The effectiveness of the system of internal control has been reviewed by the Audit, Risk & Assurance Committee, which has received the Board Assurance Framework as well as other reports, including those from Internal Audit, External Audit and Counter Fraud. The committee receives all internal audit reports on both financial and non-financial areas and has monitored the implementation of all recommendations via use of a tracker system.

We have had a Clinical Audit Programme in place for 2017/18; performance against this plan is reported to the Quality & Safety Committee via the Clinical Effectiveness Group. The Clinical Audit Programme has been largely on track throughout the year, with the exception being where deferral is authorised to allow a policy to be updated before the audit is completed, in liaison with commissioners or where national guidance identifies an audit requires deferral. Further work to align the Clinical Audit and Clinical Effectiveness Group is underway, to add further assurance.

The Foundation Trust commissions a risk-based programme of assurance reviews from RSM, our internal auditors. Our Internal Audit Plan for 2017/18 was approved by the Audit, Assurance & Risk Committee, and 14 audits were completed during the year. Based on the work undertaken in 2017/18 we received the following Head of Internal Audit Opinion:

*“In general the organisation has an adequate and effective framework for risk management, governance and internal control. However our work has identified some weaknesses in the application of risk management / governance / internal control.”*

In particular there were five reports issued where the Foundation Trust's internal auditors were only able to provide partial assurance over the design and application of the controls in place to manage the identified risks:

- Induction;
- Whistleblowing;
- Clinical Audit (draft);
- Data quality – Delayed Transfers of Care (draft); and
- Payroll Feeder Systems (draft).

In addition to the Foundation Trust remaining in breach of its provider licence, described on page A71 and A77, there are a number of other matters that have highlighted weaknesses in the Foundation Trust's system of internal control that require disclosure. Action has been taken to address these issues in-year, as set out below:

- CQC prosecution decision  
In June 2017 the Foundation Trust pleaded guilty to charges brought by the Care Quality Commission relating to a health and safety incident which took place in December 2015 at Melbury Lodge in Winchester. The Foundation Trust was sentenced in October 2017 and was fined £125k.
- HSE prosecution  
In 2017/18 the Foundation Trust was prosecuted by the Health & Safety Executive for two breaches of Section 3(1) of the Health and Safety at Work Act 1974. The Foundation Trust pleaded guilty to the charges and received a fine of £2m in March 2018.

- **Board turnover**  
During 2017/18 there have been a significant number of new appointments to the Board, including the Chair, four new Non-Executive Directors and my own appointment. Further changes have taken place, and are planned, in 2018/19. Whilst this has provided an opportunity for new leadership within the organisation, the Trust Board recognises that further support is required to develop together as an effective unitary Board. A Board development programme is being established and will be launched in 2018/19.
- **2017/18 Control Total**  
The Foundation Trust's outturn for 2017/18 was £1.8m surplus; this was £1.1m worse than the Control Total target of £2.9m surplus. Further detail on the Foundation Trust's financial performance is covered at in the Annual Report, page A18.
- **Niche / Grant Thornton ISO 9001 statement**  
The second phase of the Niche/Grant Thornton review of the action plan was completed. Whilst overall the reviews highlighted that the majority of the plan had been completed and implemented properly, two of the 172 actions were qualified and therefore the Foundation Trust was issued with a qualified conclusion as follows: *"Based on the procedures performed and the evidence obtained, except for the effects or possible effects of the matters described in the Basis for Qualified Conclusion section of our report, in our opinion the Action Plan is properly implemented, in all material aspects, in accordance with the Criteria."*
- **Performance targets**  
The Foundation Trust has met all but one of the nationally mandated targets, this was Mental Health and Learning Disabilities inpatient delayed transfers of care where the Foundation Trust achieved 8.3% against a target of 7.5% for the year. We have continued to work to improve performance against Commissioner targets, with further improvement required against physical health delayed transfers of care, and referral to treatment times for Improved Access to Psychological Therapies and community therapies.

We continue to review and improve data quality compliance and have developed a kite mark system for core standards to provide oversight and assurance.

- **Use of Out of Area beds**  
Out of Area Bed Usage in 2017/18, including general acute and PICU has fluctuated over the year between 14 and 42 at its peak. This high usage clearly has an impact on financial balance, the experience for patients and their family and the quality management and assurance through private providers. Over the year there have been a number of contributing factors including significant increase in demand and acuity, a high proportion of detained patients, reduced capacity within community teams to proactively discharge, reduced appetite for positive risk taking, environmental and quality restrictions and impact of changes within clinical teams.

2018 has started with the same high usage although showing a decreasing picture. A number of initiatives have been put in place and continue to be embedded in practice through the Right Care, Right Place project (with Executive oversight) including daily flow meetings in all areas and weekly panels with partner organisations.

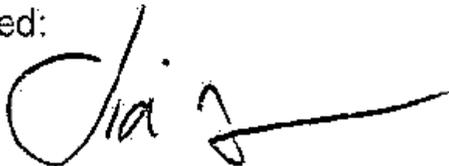
## **Conclusion**

As part of my review of effectiveness I must declare whether the Foundation Trust has any significant internal control issues and set out the actions to be taken to address these.

On the basis of the above, I have concluded that some internal control issues were identified in 2017/18; these have included the ongoing breach of the Foundation Trust's provider licence and the sentencing decisions in relation to the legal cases brought against the Foundation Trust by the Care Quality Commission and Health & Safety Executive respectively, and the associated fines arising from the breaches of legislation. As such, it is acknowledged that within 2017/18 not all governance processes were fully effective and as a consequence we cannot declare that all functions have been exercised economically, efficiently and effectively.

Notwithstanding this, my review confirms that the Foundation Trust has made significant progress to address weaknesses in the system of internal control, deliver agreed undertakings and work towards a position of compliance with our provider licence.

Signed:

A handwritten signature in black ink, appearing to read 'Nick Broughton', with a long horizontal stroke extending to the right.

Dr Nick Broughton, Chief Executive  
24 May 2018

# **Appendix A**

## **Sustainability Report**

## Sustainability Report

### Introduction

As an NHS organisation, and as a spender of public funds, we have an obligation to work in a way that has a positive effect on the communities we serve. Sustainability means spending public money well, the smart and efficient use of natural resources and building healthy, resilient communities. By making the most of social, environmental and economic assets we can improve health both in the immediate and long term even in the context of rising cost of natural resources. Demonstrating that we consider the social and environmental impacts ensures that the legal requirements in the Public Services (Social Value) Act (2012) are met.

In order to fulfil our responsibilities for the role we play, our Trust has the following sustainability mission statement located in our Sustainable Development Strategy and Management Plan (SDMP):

*“Southern Health NHS Foundation Trust is committed to delivering a sustainable health and care service that works within the available environmental and social resources protecting and improving health now, and for future generations”*

As a part of the NHS, public health and social care system, it is our duty to contribute towards the level of ambition set in 2014 of reducing the carbon footprint of the NHS, public health and social care system by 34% (from a 1990 baseline) equivalent to a 28% reduction from a 2013 baseline by 2020. It is our aim to support this target by reducing our Trust’s carbon emissions 28% by 2020 using 2013 as the baseline year.

### Policies

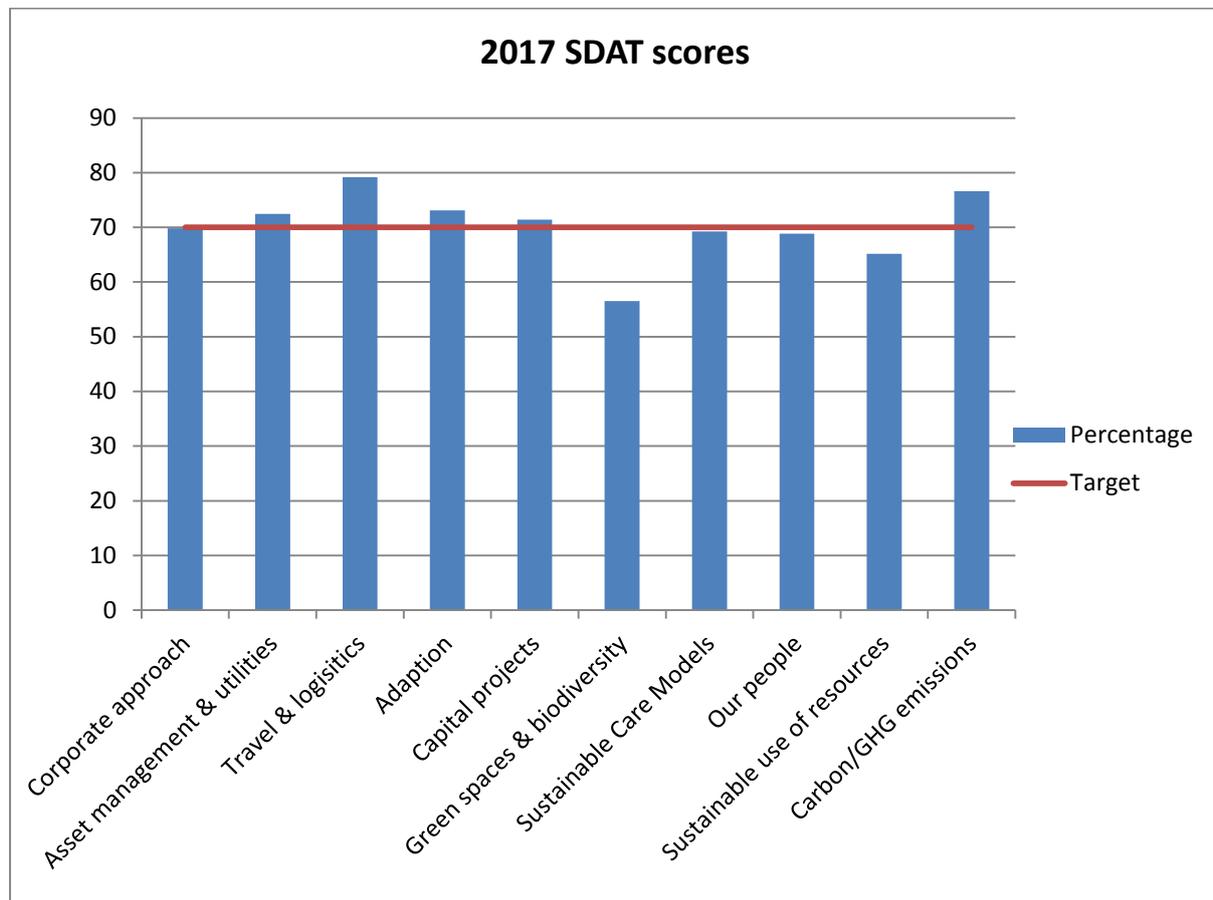
In order to embed sustainability within our business it is important to explain where in our process and procedures sustainability features.

Area	Is sustainability considered?
Travel	Yes
Procurement	Yes
Suppliers' impact	Yes
Business Cases	No

One of the ways in which an organisation can embed sustainability is through the use of a Sustainable Development Strategy and Management Plan. Our Sustainable Development Strategy and Management Plan is board approved and is managed by our Sustainable Development Forum.

Our organisation evaluates the environmental and socio-economic opportunities during our procurement process through Sustainable Procurement Policy and Procedure.

One of the ways in which we measure our impact as an organisation on corporate social responsibility is through the use of the Sustainable Development Assessment Tool (SDAT). As an organisation that acknowledges its responsibility towards creating a sustainable future, we help achieve that goal by running awareness campaigns that promote the benefits of sustainability to our staff. We have increased our Sustainable Development Assessment Tool score to 71%, which is a 3% increase from last year.



### Adaptation

Climate change brings new challenges to our business both in direct effects to the healthcare estates, but also to patient health. Examples of recent years include the effects of heat waves, extreme temperatures and prolonged periods of cold, floods, droughts etc. Our board approved plans address the potential need to adapt the delivery the organisation's activities and infrastructure to climate change and adverse weather events.

Events such as heatwaves, cold snaps and flooding are expected to increase as a result of climate change. To ensure that our services continue to meet the needs of our local population during such events we have developed and implemented a number of policies and protocols in partnership with other local agencies these include our Climate Change Adaption Plan, Strategy for Organisational Resilience and Business Continuity Management Policy.

## Green space & biodiversity

Currently the organisation has not got a formal approach to unlock the opportunity and benefits of natural capital within a healthcare environment in supporting the health and wellbeing of patient, staff and the community and to protect biodiversity. However, we do have a number of site initiatives in place to improve and enhance our local environment. For example, at Tatchbury Mount Hospital our staff and patients are working with New Forest County Council on their Working Woodland project to provide a healthy and sustainable environment local nature whilst enhancing biodiversity on site.

## Partnerships

The NHS policy framework already sets the scene for commissioners and providers to operate in a sustainable manner. Crucially for us as a provider, evidence of this commitment will need to be provided in part through contracting mechanisms Strategic partnerships are already established with the Oxford Academic Health Science Network and Hampshire Public Sector Sustainable Development Group. For commissioned services here is the sustainability comparator for our CCGs:

Organisation Name	SDMP	GCC	SD Reporting score
NHS Fareham and Gosport CCG	No	No	Good
NHS North East Hampshire and Farnham CCG	No	No	Good
NHS North Hampshire CCG	No	No	Excellent
NHS Portsmouth CCG	Yes	No	Good
NHS South Eastern Hampshire CCG	No	No	Minimum
NHS Southampton CCG	No	No	Good
NHS West Hampshire CCG	No	No	Minimum

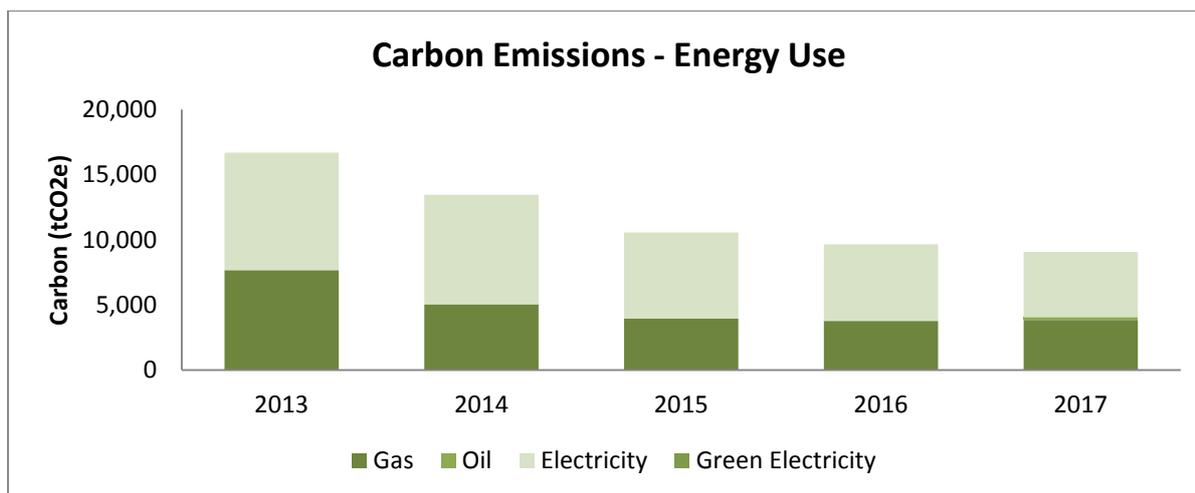
More information on these measures is available here: [www.sduhealth.org.uk/policy-strategy/reporting/organisational-summaries.aspx](http://www.sduhealth.org.uk/policy-strategy/reporting/organisational-summaries.aspx)

## Performance

In 2014 the Sustainable Development Strategy outlined an ambition to reduce the carbon footprint of the NHS as a system by 28% (from a 2013 baseline) by 2020. We have supported this ambition as follows:

### Energy

Our Trust spent £1,549k on energy in 2017, which is a 3% increase on energy spend from last year. 0% of our electricity use came from renewable sources in 2017.



Resource		2013	2014	2015	2016	2017
Gas	Use (kWh)	36,138,815	24,141,146	18,902,558	18,091,956	18,146,945
	tCO <sub>2</sub> e	7,666	5,065	3,956	3,781	3,847
Oil	Use (kWh)	0	0	0	0	658,789
	tCO <sub>2</sub> e	0	0	0	0	215
Electricity	Use (kWh)	16,136,618	13,550,424	11,510,476	11,374,404	11,230,399
	tCO <sub>2</sub> e	9,035	8,392	6,618	5,878	5,006
Green Electricity	Use (kWh)	0	0	0	0	0
	tCO <sub>2</sub> e	0	0	0	0	0
Total Energy CO <sub>2</sub> e		16,702	13,457	10,574	9,659	9,068
Total Energy Spend		£ 2,143k	£ 2,146k	£ 1,648k	£ 1,503k	£ 1,549k

## Performance

Our Trust consumed 30,036,133 kWh of energy in 2017, which is a 2% increase on energy use from last year and a 43% decrease on energy use from our 2013 baseline. Our energy consumption created 9,068 tonnes of carbon dioxide emissions equivalent (tCO<sub>2</sub>e), which is a 6% decrease from last year and a 46% decrease from our 2013 baseline.

## Commentary

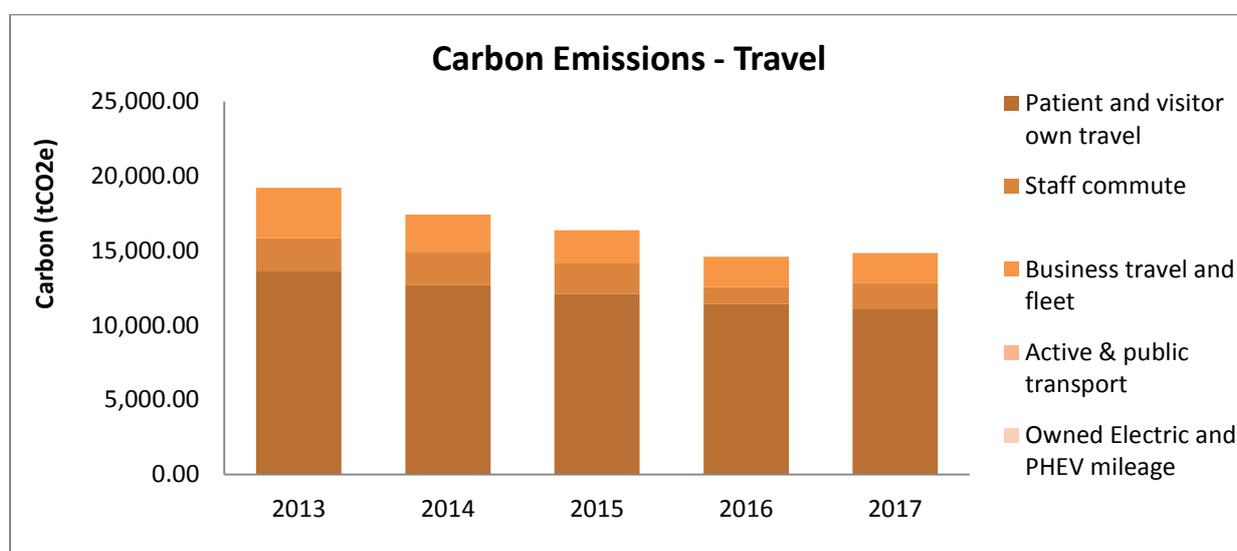
As part of our sustainable energy improvements, our Estates Maintenance team continues to implement energy efficiency measures, such as improved boilers, heating controls and increased insulation, and our Legal Property team continue to rationalise our estate.

## Travel

We can improve local air quality and improve the health of our community by promoting active travel – to our staff and to the patients and public that use our services.

Every action counts and we are a lean organisation trying to realise efficiencies across the board for cost and carbon dioxide emissions (CO<sub>2</sub>e) reductions. We support a culture for active travel to improve staff wellbeing and reduce sickness. Air pollution, accidents and noise all cause health problems for our local population, patients, staff and visitors and are caused by cars, as well as other forms of transport.

Our Trust spent £4,698k on travel and transport in 2017, which is a 17% decrease on travel spend from last year.



Category	Mode	2013	2014	2015	2016	2017
Patient and visitor own travel	km	59,327,784	55,629,952	53,857,343	50,924,669	50,235,502
	tCO <sub>2</sub> e	13,620	12,701	12,102	11,436	11,122
Staff commute	km	9,653,048	9,796,774	9,080,993	4,995,095	7,724,858
	tCO <sub>2</sub> e	2,216	2,237	2,041	1,122	1,710
Business travel and fleet	km	14,756,766	10,921,258	9,955,512	9,071,499	9,097,890
	tCO <sub>2</sub> e	3,387.86	2,493.43	2,237.10	2,037.19	2,014.36
Active & public transport	km	0	0	0	0	60,012
	tCO <sub>2</sub> e	0	0	0	0	3.33
Owned Electric and PHEV mileage	km	0	0	0	0	25,057
	tCO <sub>2</sub> e	0.00	0.00	0.00	0.00	1.77
Total Business Travel CO <sub>2</sub> e		3,388	2,493	2,237	2,037	2,019
Total Business Travel Spend		£ 7,049k	£ 6,409k	£ 6,035k	£ 5,649k	£ 4,698k

## Performance

Our Trust travelled 9,182,960 km on business in 2017, which is a 1% increase on business travel from last year and a 38% decrease on business travel from our 2013 baseline. Our business travel created 2,019 tonnes of carbon dioxide emissions equivalent (tCO<sub>2</sub>e), which is a 1% decrease from last year and a 40% decrease from our 2013 baseline.

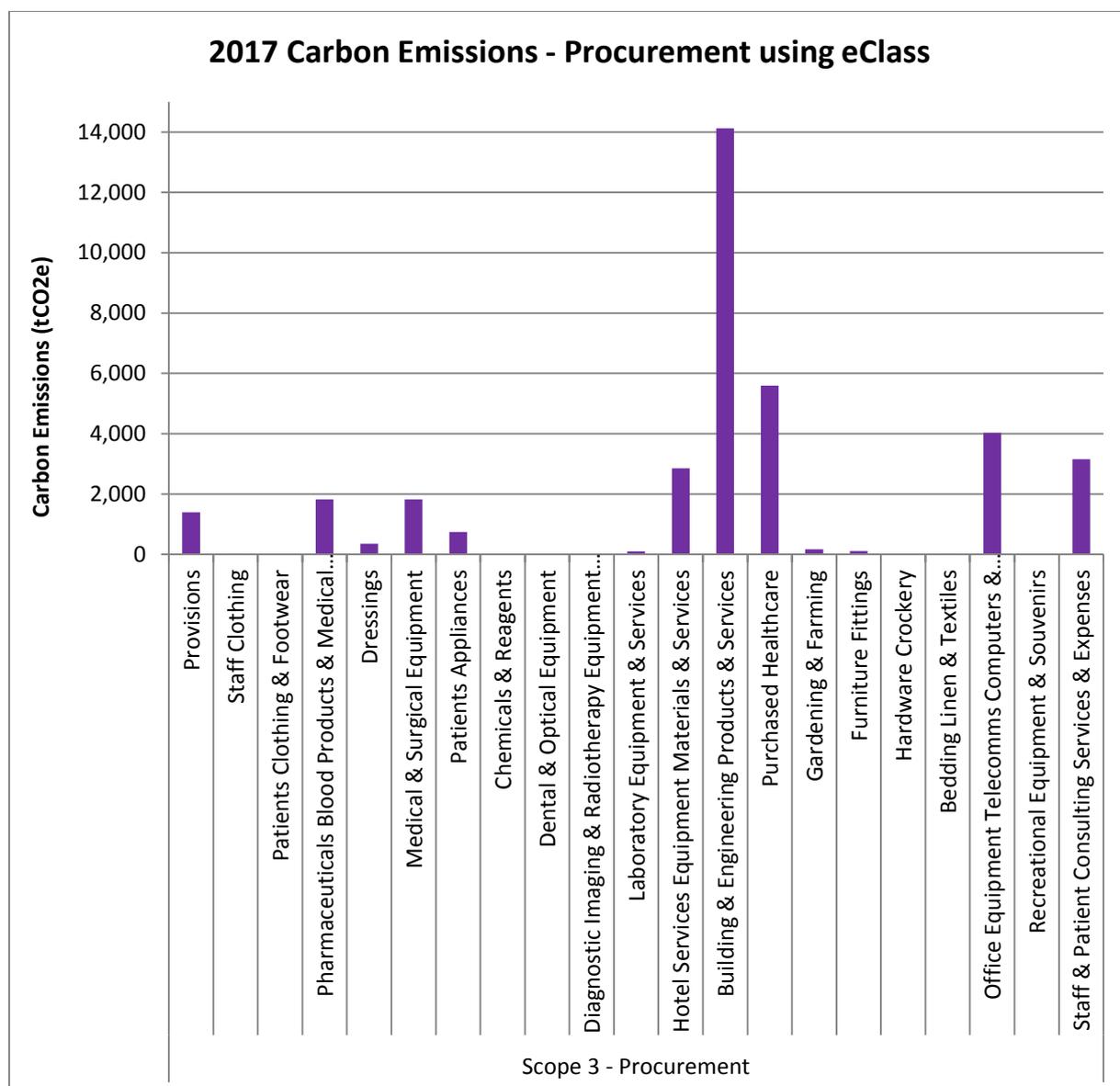
## Commentary

Our Sustainable Travel Policy mandates CO2 emission levels for our fleet vehicles and encourages staff to adopt a sustainable travel hierarchy; firstly, avoid travel wherever possible by using on-line meetings and where travel cannot be avoided, then reduce emissions associated with the travel by choosing low emission transport. To help facilitate this, the Trust continues to invest in additional electric vehicles. We now have four electric vans and three electric pool cars.

These sustainable travel improvements have not only reduced the carbon footprint of our business travel but will also ease congestion and improved air quality within our region.

## Procurement

Our Trust spent £88,772k on non-pay expenditure (excluding areas not relevant for sustainability) in 2017, which is an 11% decrease on non-pay spend from last year.



<b>Good and Services</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>Total</b>	<b>39,194</b>	<b>36,528</b>	<b>38,429</b>	<b>40,658</b>	<b>36,357</b>
Provisions	1,439	1,374	1,433	1,469	1,398
Staff Clothing	36	27	5	37	35
Patients Clothing & Footwear	14	4	23	12	15
Pharmaceuticals, Blood Products & Medical Gases	1,406	1,391	1,426	1,654	1,820
Dressings	699	311	313	406	350
Medical & Surgical Equipment	1,292	1,555	1,622	1,847	1,822
Patients Appliances	1,012	1,018	1,127	942	746
Chemicals & Reagents	1	0	0	0	0
Dental & Optical Equipment	1	0	0	0	0
Diagnostic Imaging & Radiotherapy Equipment & Services	73	0	0	0	0
Laboratory Equipment & Services	6	73	91	96	101
Hotel Services Equipment & Materials & Services	2,323	1,624	2,612	2,762	2,848
Building & Engineering & Products & Services	15,394	14,232	13,939	15,160	14,121
Purchased Healthcare	2,568	5,569	4,399	4,639	5,595
Gardening & Farming	330	391	493	373	169
Furniture Fittings	166	110	87	126	112
Hardware Crockery	26	16	19	30	14
Bedding Linen & Textiles	29	37	45	32	30
Office Equipment, Telecomms Computers & Stationery	3,955	4,288	4,630	4,916	4,031
Recreational Equipment & Souvenirs	9	0	0	0	0
Staff & Patient Consulting Services Expenses	8,417	4,509	6,166	6,158	3,151

### **Performance**

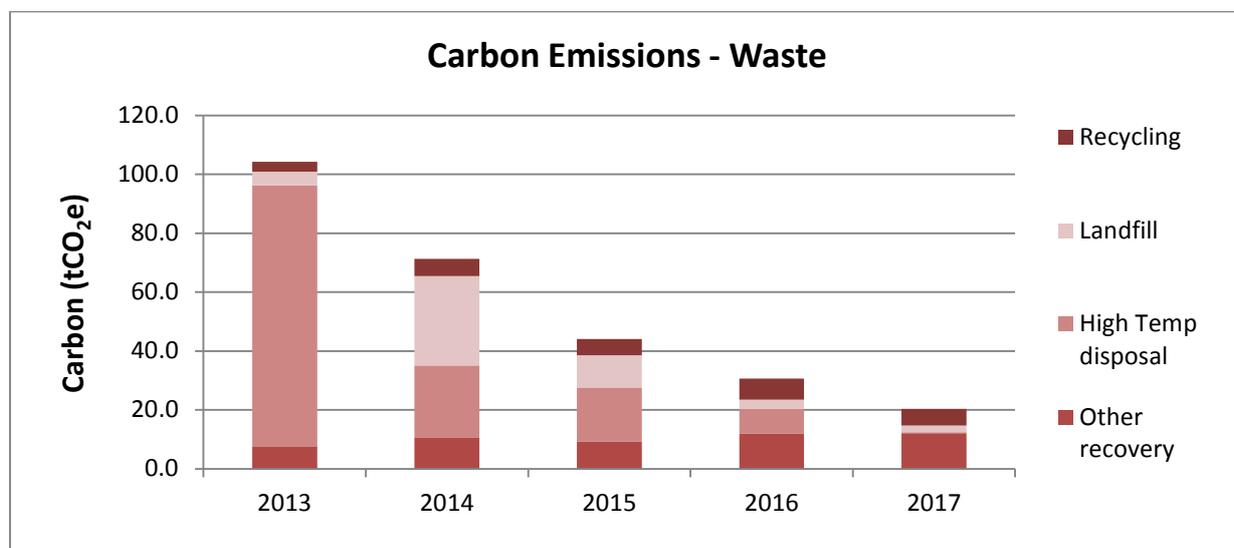
Our Trust non-pay procurement created 36,357 tonnes of carbon dioxide emissions equivalent (tCO<sub>2</sub>e), which is a 10.5% decrease from last year and a 7% decrease from our 2013 baseline.

### **Commentary**

Our Sustainable Procurement Policy and Procedure ensures our procurement activities consider and wherever possible, minimise both the environmental and ethical impacts of the goods and services we purchase. These sustainable procurement improvements have not only reduced the carbon footprint of our goods and services but also eased congestion and improved air quality within our region.

## Waste

Our Trust spent £296k on waste in 2017, which is a 29% increase on waste spend from last year.



Waste		2013	2014	2015	2016	2017
Recycling	tonnes	157	282	278	342	262
	tCO <sub>2</sub> e	3	6	6	7	6
Other recovery	tonnes	362	508	458	567	556
	tCO <sub>2</sub> e	8	11	9	12	12
High Temp disposal	tonnes	403	111	84	38	2
	tCO <sub>2</sub> e	89	24	18	8	0.34
Landfill	tonnes	19	124	45	10	6
	tCO <sub>2</sub> e	5	30	11	3	2
Total Waste (tonnes)		941	1025	865	958	826
% Recycled or Re-used		17%	28%	32%	36%	32%
Total Waste tCO <sub>2</sub> e		104	71	44	31	20
Total Waste Spend		£ 230k	£ 332k	£ 350k	£ 235k	£ 296k

## Performance

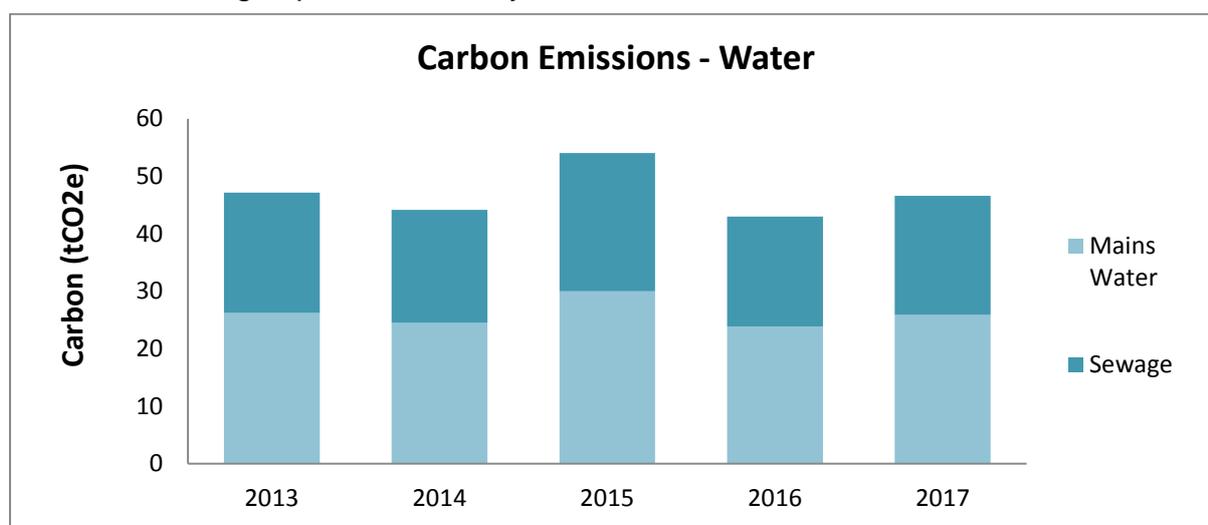
Our Trust produced 826 tonnes of waste in 2017, which is a 14% decrease from last year and a 12% decrease from our 2013 baseline. Our waste created 20 tonnes of carbon dioxide emissions equivalent (tCO<sub>2</sub>e), which is a 34% decrease from last year and an 80% decrease from our 2013 baseline. 32% of our waste was recycled in 2017.

## Commentary

As part of our sustainable waste improvements, we are continuing to work with our Managed Waste Supplier to increase our recycle rates and decrease our landfill and high temperature disposal, and with our staff to adopt the waste hierarchy; firstly, avoid creating waste wherever possible by reusing and relocating equipment, furniture and other assets within the Trust and, if they are no longer required by the Trust, then selling or gifting the items to charities and other organisations or individuals.

### Finite resource use – Water

Our Trust spent £256k on water and sewage in 2017, which is a 2% increase on water and sewage spend from last year.



Water		2013	2014	2015	2016	2017
Mains Water	m <sup>3</sup>	76,164	71,275	87,292	69,494	75,243
	tCO <sub>2</sub> e	26	25	30	24	26
Waste Water & Sewage	m <sup>3</sup>	60,931	57,020	69,834	55,595	60,194
	tCO <sub>2</sub> e	21	20	24	19	21
Water & Sewage Spend		£ 303k	£ 323k	£ 326k	£ 249k	£ 256k

## Performance

Our Trust used 75,243 cubic meters of water and created 60,194 cubic meters of waste water and sewage in 2017, which is an 8% increase from last year and a 1% decrease from our 2013 baseline. Our water use and sewage created 26 tonnes of carbon dioxide emissions equivalent (tCO<sub>2</sub>e), which is an 8% increase from last year and a 1% decrease from our 2013 baseline.

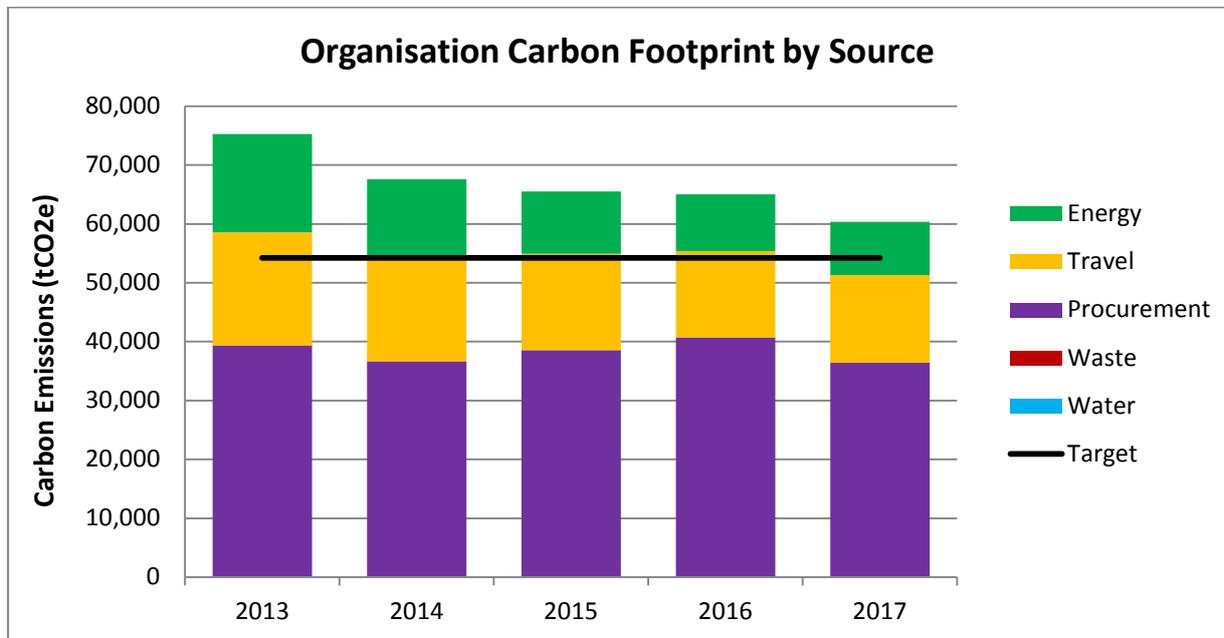
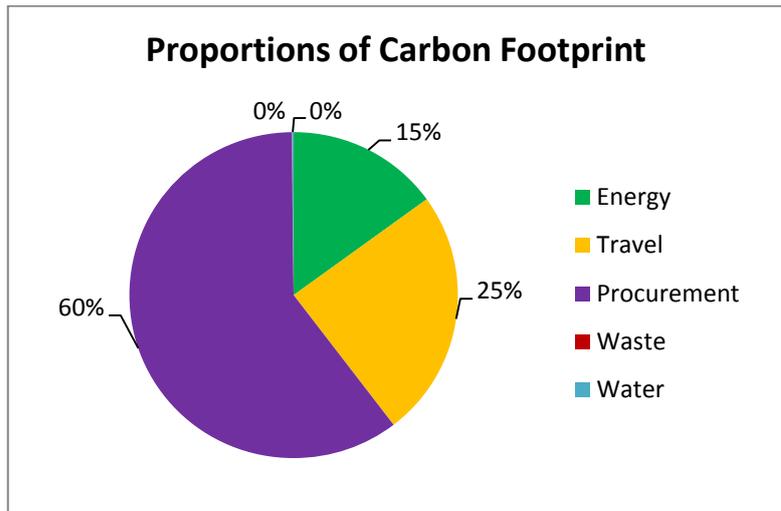
## Commentary

As part our sustainable water improvements, our Estates Maintenance team continues to implement water efficiency measures, such as prevention and reduction of leaks, prompt maintenance of dripping taps, and installing water saving devices, such as hippo bags and auto plungers.

**Modelled Carbon Footprint**

Category	% CO <sub>2</sub> e
Energy	15%
Travel	25%
Procurement	60%
Waste	0%
Water	0%

Our 2017 Trust activities resulted in an estimated total carbon footprint of 60,387 tonnes of carbon dioxide equivalent emissions (tCO<sub>2</sub>e), which is a 20% reduction from our 2013 baseline.



**Summary**

In 2017, our Trust had an estimated total carbon footprint of 60,387 tonnes of carbon dioxide equivalent emissions (tCO<sub>2</sub>e), which is a decrease of 20% from our 2013 baseline. We have increased our SDAT score to 71% and have successfully managed to reduce our energy, travel, procurement and waste carbon footprint from last year.

Whilst we have made good progress in reducing our overall environmental impact over the last 12 months we recognise that more needs to be done in order to support the UK's essential transition to a low carbon economy and achieve our strategic goal to reduce our carbon emissions 28% by 2020, using 2013 as the baseline year.



**Southern Health**  
NHS Foundation Trust

# **Quality Report and Quality Account 2017/18**

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## **Part 1: Statement on quality from Dr Nick Broughton, Chief Executive of Southern Health NHS Foundation Trust**

Improving the quality and safety of our services is undoubtedly the highest priority for the Southern Health Board. 2017/18 saw the Foundation Trust continue to make good progress in this regard. Since I joined Southern Health in November 2017 I have met hundreds of staff and visited many of our services across Hampshire. I have been impressed by the energy, commitment and dedication of our workforce and have no doubt the Trust has the potential to be an outstanding organisation in the future.

Whilst clear progress has been made and I have confidence in the approach we are now taking, I am also acutely mindful of past failings and recognise the ongoing need for improvement at Southern Health.

As in 2016/17 much of our work this year has focused on meeting the recommendations from the Mazars report published in December 2015, and the Care Quality Commission (CQC) warning notice (following a focused inspection in January 2016). We have continued to work closely with NHS Improvement, NHS England and our Clinical Commissioning Groups (CCG) on the quality undertakings applied in early 2016.

The Serious Incident and Mortality improvements put in place to meet the recommendations of the Mazars report have been reviewed by external consultants Niche and Grant Thornton who found we had made significant improvements in the areas of;

- Identification, reporting and monitoring of patient deaths
- The quality, completeness and timeliness of the investigation process
- The process in relation to thematic review and the impact that each one has
- The culture in relation to transparency and learning lessons from deaths
- The practice of the Trust in relation to promoting physical health
- The practice of the Trust in relation to family involvement.

Our Family Liaison Officer, who joined us in late 2016 as part of our improvement plan, has made a real difference. She has been generally well received by families and loved ones as a dedicated support through the incident investigation process which can be a harrowing and distressing experience. Feedback has been positive. Her caring and compassionate approach has ensured the voices of families are heard during the investigation phase and we make improvements as a result of their experiences.

Providing clinical services of the highest quality is only possible if you have an excellent, engaged workforce. Our staff are our greatest asset and one which we must value accordingly. In keeping with this in December 2017 we celebrated our annual Star Awards. The Star Awards are all about rewarding and recognising colleagues for the hard work and commitment they provide every day to the people we support. Awards have been designed to recognise teams and individuals, both clinical and non-clinical, who truly go above and beyond their call of duty and are passionate about finding new ways of working, and providing the best possible service to people we care for, the local population and their colleagues. In early 2018 we expanded our reward and recognition programme and now also celebrate employees and teams of the month as well as long service. Staff recruitment, retention and engagement is a key quality priority for the coming year as is supporting and developing our workforce at a time when this is a challenge to all healthcare providers.

I am clear that further transformation is required for Southern Health to become an outstanding organisation, and that we must learn from other parts of the NHS which are already delivering the highest standards of quality. In 2017/18 I launched the Transformation Programme which will oversee major change across all the Trust enabled in part by our newly established Quality Improvement approach. This has been developed in partnership with colleagues from Northumberland, Tyne and Wear NHS Foundation Trust (NTW). This organisation is rated as outstanding by the CQC, and have themselves overcome quality challenges not dissimilar to ours. I am grateful to our experts by experience (previous service users), the carers, families and other external stakeholders who are working alongside us in the development and delivery of this exciting programme.

We must not forget that there are examples of outstanding practice already across Southern Health.

Within our Community Services we are proud of our staff delivering the Health and Wellbeing project, which supports frail patients returning home from hospital, the staff were finalists at the 2017 Health Service Journal (HSJ) Awards. The project, which is a partnership with Age Concern Hampshire, hosts daily activities in our Petersfield and Gosport War Memorial Hospital rehabilitation wards to speed up patients' recovery and reduce the likelihood of readmission to hospital. Colleagues in our mental health services have launched the innovative Crisis Lounge, based at Antelope House in Southampton, which offers a safe haven to people at times of urgent need. This enables them to avoid having to call an emergency GP or visit a busy A&E department. It is a quiet, safe environment with staff who are experienced in caring for people with mental health conditions. I was also delighted to hear recently that our West Hampshire Diabetes Service has been shortlisted for the 2018 HSJ Awards for the work they are doing to support service users with mental health problems or learning disabilities – a fantastic example of how being a combined mental and physical health Trust can bring real benefits to the people in our care.

Whilst significant improvements are being made, the impact of past failings continue to be felt and serve as stark reminders of where we have come from and why we must continuously strive to improve.

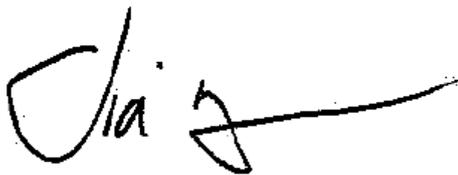
In September 2017 the Trust was fined £125k by the Care Quality Commission in relation to failures to ensure a safe environment at one of our hospitals which led to the injury of a patient. In March 2018 the Trust was fined £2m in relation to the deaths of two patients, following a prosecution by the Health and Safety Executive.

We fully accept that we failed to provide safe care and I apologise unreservedly both personally and on behalf of the Trust for this. Over the past two years our Health and Safety expertise and capacity has been strengthened significantly and this has happened alongside a coordinated, comprehensive program of environmental risk assessments. We are working diligently to make sure that Health and Safety rightfully becomes everyone's responsibility, and the environments we work in are as safe as possible, both for our patients and our colleagues.

There is huge potential in the year ahead to significantly build on the progress of the last 12 months, and this is something myself and the Board are very excited about. We are looking forward to a comprehensive inspection by the Care Quality Commission over the summer 2018, and are confident the quality improvements we have made will be recognised, alongside our efforts to better involve service users, carers, families and staff as we continue in our journey of improvement.

The content of this report has been reviewed by the Board of Southern Health NHS Foundation Trust. On behalf of the Board and to the best of my knowledge, I confirm that the information contained in it is accurate.

Signature:

A handwritten signature in black ink, appearing to read 'Nick Broughton', with a long horizontal stroke extending to the right.

Dr Nick Broughton

Chief Executive

24 May 2018

## **Part 2: Priorities for improvement and statements of assurance from the Board**

### **Section 2a. What is a Quality Report?**

All NHS Foundation Trust healthcare providers are required to produce an annual Quality Report, to provide information on the quality of services they deliver. We have taken this opportunity to outline how we have performed over the course of 2017/18, taking into account the views of service users, carers, staff and the public, and comparing ourselves with other Mental Health, Learning Disability and Community physical health Trusts. This Quality Report outlines the work that has been undertaken; the progress made in improving the quality of our services and identifies areas for improvement.

Every Quality Report must contain priorities for improvement, to be achieved in the following year; we have used the three domains of quality identified by Lord Darzi:

- Improving patient safety;
- Improving patient experience; and
- Improving patient outcome.

These priorities are selected on the basis of feedback from our patients, stakeholders and staff, and are approved by the Trust Board.

### **Section 2b. Priorities for improvement in 2018 and 2019**

#### **How we decided our quality priorities for the next 12 months**

In determining the areas the Trust should focus on for our quality priorities in 2018/19, we sought the views of our patients, carers, staff, governors and stakeholders in a number of ways over a five month consultation period.

Suggested quality priorities were put forward based upon our progress against the 2017/18 quality priorities, our knowledge of incident reporting and complaints, national and local initiatives, and feedback from staff and patients.

Our consultation included a presentation about Quality Improvement and Quality Priorities. This was also communicated to our staff via our electronic Weekly Bulletin. Postcards asking for suggestions for inclusion were circulated at numerous events including;

- Annual Quality Conference attended by staff, stakeholders and patient representatives.
- Annual Nursing Conferences.
- Quality and Safety Meeting through all the Trust's Divisions.
- Council of Governors meetings.
- The 'Families First' Group.
- Through our Head of Patient and Public Engagement at all the meetings they attended.

- Through a poster presentation and suggestion box in the Cedar Café at the Trust's Head Office.

A total of 368 postcards were considered in this exercise. This included those returned by patients and their families.



After careful consideration of the main themes emerging from this feedback, our Governors, the Quality and Safety Committee, the Executive Team and Trust Board reviewed the suggestions and agreed the priorities for 2018/19.

We decided to continue the practice of linking our quality priorities to the three recognised domains of;

- Improving patient safety.
- Improving patient experience.
- Improving patient outcome.

### **Priority 1: Improving Patient Safety**

#### **Priority 1.1 Risk Assessment and Crisis Planning**

We have rolled this priority forwards from 2017/18 as we want to continue to monitor our improvement work in this area and feel there is work to be done in improving the quality element of these plans. It is extremely important that our patients feel safe, are involved in their Risk Assessments and the development of their safety (My Crisis/My Safety) plans.

In 2017/18 we measured whether all patients in our Adult Mental Health, Learning Disabilities and Older Person's Mental Health services had a Risk Assessment and Crisis plan. In 2018/19 we wish to extend this work and review the quality of these plans through an audit process undertaken by the senior nursing team. By March 2019 a minimum 95% of plans audited will be of the required clinical standard as a measure of excellent quality and the offer of involvement of the patient and their loved ones.

## **Priority 1.2 Reducing Restrictive Practice**

Following recent Care Quality Commission inspections and the proactive work of our internal SAFER forum, reducing restrictive practice remains a key priority for the Trust. A new training programme has been developed and will be implemented during the year.

This year we will concentrate on three areas for improvement;

1. Staff training – roll out of Supporting Safer Services "sSs".
2. Accurate reporting.
3. Care planning for prone restraint to eliminate this as a regular practice.

The SAFER forum will measure performance against these areas, with the target being that 80% of the relevant Safe groups will have received the new training by March 2019.

## **Priority 1.3 Collaborating with local communities to reduce suicide (in alignment with our partnership with the Zero Suicide Alliance<sup>1</sup>)**

The Five Year Forward View for Mental Health called for the Department of Health, Public Health England and NHS England to support all local areas to have multi-agency suicide prevention plans in place as part of major drive to reduce suicides in England. When an individual takes their own life it is a tragic event that has a dramatic impact on all of those involved; family, friends, colleagues and any healthcare professionals involved in their care. Following on from the work at Mersey Care NHS Foundation Trust we agree with their principle that suicide should not be viewed as "inevitable or unavoidable for anyone within our care". We aim to improve by learning from each tragic death in a multi-service manner using the findings from our incident investigations and the views of the families and friends through the important work of our Family Liaison Office to improve our services.

In order to meet the requirement of the Five Year Forward View we aim to reduce the rate of suicide of our service users by 10% by 2021. On this basis we will be looking to achieve a reduction of 4% based on the April 2015 to March 2016 data in 2018/19 which accounts for two years of the five year plan.

## **Priority 2: Improving Patient Experience**

### **Priority 2.1 Consistent Staffing**

Building relationships between staff, patients and service users is a key factor in promoting wellness. Establishing trust and understanding of long term patient and service user need is essential to a good therapeutic experience.

Research has shown that without exception patients' experiences are influenced by how care is delivered and their relationship with the key people who deliver it. Experience is adversely affected by constant changes within teams which can lead to the patient or service user distrusting the clinical information and disengaging from the treatment recommended.

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<sup>1</sup> Zero Suicide Alliance [www.zerosuicidealliance.com/about-us/](http://www.zerosuicidealliance.com/about-us/)

Safe staffing is a priority for every NHS Trust and the recruitment and retention of quality staff is a key factor. The national picture for the recruitment of doctors and nurses is challenging. Over the past couple of years it has been recognised the Trust could improve its efforts to retain its staff, some of whom are choosing to leave within their first 12 months of employment.

The outcomes from all the projects associated with this work-stream are planned to reduce vacancy levels from 9% to 7% by March 2019.

### **Priority 2.2 Triangle of Care**

The Trust wishes to revisit and further develop the work achieved in the roll out of the Triangle of Care in the Mental Health Division. This will build on principles for involving families in the care of the patient, and work on information sharing with a common sense approach to confidentiality.

The Triangle of Care was initially published in July 2010, it is a set of principles developed between carer champions, service users and healthcare professionals. The Trust is relaunching the Triangle of Care as a Quality Priority for 2018/19 to improve the involvement of carers and families in the safety plan of their loved ones to ensure their views and feelings are heard. It promotes a therapeutic alliance between service user, carer and clinicians to ensure a positive, honest and open relationship is created from the first point of contact.

The six key standards state that:

1. Carers and the essential role they play are identified at first contact or as soon as possible thereafter.
2. Staff are 'carer aware' and trained in carer engagement strategies.
3. Policy and practice protocols regarding confidentiality and sharing information are in place.
4. Defined posts responsible for carers are in place.
5. A carer introduction to the service and staff is available, with a relevant range of information across the care pathway.
6. A range of carer support services is available.

By March 2019 all carers of Mental Health service users will have access to carers' support and carers groups.

### **Priority 2.3 Reducing Incidents of Violence and Aggression**

The Trust aims to reduce two aspects of violence and aggression in the coming year:

1. Incidents of violence and aggression from patients to patients.
2. Incidents of violence and aggression towards staff by patients.

Any incident of violence and aggression is extremely damaging and distressing to all individuals involved, both the perpetrator and the injured. It demonstrates a breakdown in relationships where frustrations have escalated to the point where there is loss of control.

For a service user the experience can result in a strong negative impact on the overall experience of care. For staff the experience can result in a belief that they are not protected in their working environment.

The Trust has liaised with other trusts that have successfully implemented violence reduction initiatives and found setting targets for reduction does not work and promotes under reporting of incidents. These initiatives, if not supported by a quality improvement methodology, will not be sustained in the long term as they do not embed and support cultural change. Taking this into consideration, the measure is going to be based on the implementation of the SafeCare model across our wider Mental Health Division. Our aim is that the model will be fully implemented in specialised and learning disability inpatient units during the period.

### **Priority 3: Improving Patient Outcomes**

#### **Priority 3.1 Improving the Recognition of Sepsis in the Community (education of patients and their families)**

Sepsis is a common and potentially life-threatening condition triggered by an infection. It can arise as a consequence of a variety of infections, though the most common sources are infections of the lung, the urinary tract and the abdominal organs. Though it can affect people of any age, it is most common in the elderly and the very young.

When people suffer from sepsis, the body's immune system goes into overdrive, setting off a series of reactions including widespread inflammation, swelling and blood clotting. This can lead to a significant decrease in blood pressure, which can reduce the blood supply to vital organs, starving them of oxygen. If not treated quickly, sepsis can lead to multiple organ failure and death. But in many cases, sepsis is avoidable, and it is treatable. (Source: NHS England 2015)

This is a priority for our community physical health teams who recognise that patients, their families and carers require guidance and education about what sepsis is and how to seek urgent advice. By March 2019, 90% of relevant community staff will have received training to ensure they are competent in delivering the key messages about sepsis as part of their clinical assessment.

#### **Priority 3.2 Improving the Management of Deep Tissue Injuries, Pressure Ulcers and Wound Care**

The cost to the NHS of caring for patients with a chronic wound is conservatively estimated at £2.3bn–3.1bn per year (at 2005–2006 costs); around 3% of the total estimated out-turn expenditure on health (£89.4bn) for the same period (Posnett and Franks, 2007). With proper diagnosis and treatment, much of this burden should be avoidable.

The impact on a patient of having a wound which requires regular dressing changes is dramatic and impacts on general living for both them and their families. It is important they are partners in the treatment plan and in the prevention of further wounds developing from pressure injuries.

The activities within this Quality Report priority will feature as part of the three year Tissue Viability and Wound Care Strategy. This is once again a priority for the community physical health teams and the key year one activities will focus on training. By March 2019, 350 registered nurses (roughly 50%) will have attended the Wound Care course taught by the Tissue Viability Nurses and all clinical staff will have completed the Pressure Ulcer E-learning training.

### **Priority 3.3 Improving Access to Psychological Therapies**

Psychological therapies are an important part of the treatment pathway for some patients.

It has been recognised within Mental Health and Older Person's Mental Health services there is a disparity in the access to psychological therapies which has been associated with long waiting times in some services. During the year we will be agreeing the model for psychological therapies across Mental Health and Older Person's Mental Health to provide the best patient outcome/recovery.

Waiting times are to be improved by 25% over the coming year in those services where the waiting time exceeds the national standard.

All of these priorities will be included in our Trust Quality Strategy document alongside our contractual quality requirements and the national CQUIN programme. Progress will be monitored quarterly by our Quality Governance Business Partners and reported through the Quality Improvement Programme Delivery Group which meets every week.



## **Section 2c. Statements of assurance from the Board**

These are nationally mandated statements which provide information to the public which is common across all Quality Reports. They help demonstrate that we are actively measuring and monitoring the quality and performance of our services, are involved in national initiatives aimed at improving quality, and are performing to quality standards.

### **1. Review of services**

During 2017/18 the Southern Health NHS Foundation Trust provided and/or subcontracted 49 relevant health services.

The Southern Health NHS Foundation Trust has reviewed all the data available to them on the quality of care in 49 of these relevant health services.

The income generated by the relevant health services reviewed in 2017/18 represents 90% of the total income generated from the provision of relevant health services by the Southern Health NHS Foundation Trust for 2017/18.

### **2. Clinical audits and national confidential enquiries**

During 2017/18 ten national clinical audits and one national confidential enquiry covered relevant health services that Southern Health NHS Foundation Trust provide.

During that period Southern Health NHS Foundation Trust participated in 100% of the national clinical audits and 100% of the national confidential enquires of the national clinical audits and national confidential enquiries which is was eligible to participate in.

The national clinical audits and national confidential enquiries that Southern Health NHS Foundation Trust was eligible to participate in during 2017/18 are as follows:

National Clinical Audit	Eligible
POMH-UK Use of depot/LA antipsychotic injections for relapse prevention (POMH – Prescribing Observatory for Mental Health)	✓
POMH-UK Prescribing valproate for bipolar disorder	✓
POMH-UK rapid tranquilisation	✓
National Chronic Obstructive Pulmonary Disease (COPD) Audit programme	✓
Sentinel Stroke National Audit programme (SSNAP)	✓
Society for Acute Medicine's Benchmarking Audit (SAMBA)	✓
UK Parkinson's Audit: (incorporating Occupational Therapy Speech and Language Therapy, Physiotherapy Elderly care and neurology)	✓
Intermediate care	✓
National Clinical audit of Psychosis(NCAP)	✓
National Falls Audit 2017	✓
National Confidential Inquiry into Suicide and Homicide by people with mental illness.	✓

The national clinical audits and national confidential enquires that Southern Health NHS Foundation Trust participated in during 2017/18 are as follows:

National Clinical Audit	Participated in
POMH-UK Use of depot/LA antipsychotic injections for relapse prevention (POMH – Prescribing Observatory for Mental Health)	✓
POMH-UK Prescribing valproate for bipolar disorder	✓
POMH-UK rapid tranquilisation	✓
National Chronic Obstructive Pulmonary Disease (COPD) Audit programme	✓

Sentinel Stroke National Audit programme (SSNAP)	✓
Society for Acute Medicine's Benchmarking Audit (SAMBA)	✓
UK Parkinson's Audit: (incorporating Occupational Therapy Speech and Language Therapy, Physiotherapy Elderly care and neurology)	✓
Intermediate care	✓
National Clinical audit of Psychosis(NCAP)	✓
National Falls Audit 2017	✓
National Confidential Inquiry into Suicide and Homicide by people with mental illness.	✓

The national clinical audits and national confidential enquiries that Southern Health NHS Foundation Trust participated in, and for which data collection was completed during 2017/18, are listed below alongside the number of cases submitted to each audit or enquiry as a percentage of the number of registered cases required by the terms of that audit or enquiry.

National Clinical audit	% of required cases submitted
POMH-UK Use of depot/LA antipsychotic injections for relapse prevention	83 cases submitted 32% of sites
POMH-UK Prescribing valproate for bipolar disorder	139 cases submitted 38% of sites
POMH-UK rapid tranquilisation	Data currently being submitted
National Chronic Obstructive Pulmonary Disease (COPD) Audit programme	100%
Sentinel Stroke National Audit programme (SSNAP)	100%
Society for Acute Medicine's Benchmarking Audit (SAMBA) - annual since 2012	100%
UK Parkinson's Audit: (incorporating Occupational Therapy Speech and Language Therapy, Physiotherapy Elderly care and neurology)	100%
Intermediate care	100%
National Clinical audit of Psychosis(NCAP)	100%
National Falls Audit 2017	100%

The participation level was reduced in two of the audits. This is thought to be related to the patient population and those who do not receive either Depot/LAI antipsychotic or Valproate treatments. In year 2018/19 the reasons for non-participation will be more clearly recorded.

The reports of five national clinical audits were reviewed by the provider in 2017/18 and Southern Health NHS Foundation Trust intends to take the following actions to improve the quality of healthcare provided:

POMH UK The use of depot (long-acting injectable (LAI)) medication for relapse prevention.

- Good compliance with the standards. Future work will focus on moving towards consistency across the Trust and targeting 100% compliance by the end of the reporting period.
- Care plan standards is an area that was considered generally poor and needs further attention.
- Inpatient and community teams are formulating local action plans to reflect the key areas for improvement.
- Senior level support is required to prioritise the POMH audits and ensure all clinical teams participate.
- The next audit is scheduled for October 2019 (provisional date) and will require all relevant clinical teams to participate.

#### POMH-UK rapid tranquilisation

- Ward staff are encouraged to document the debrief from an episode of rapid tranquilisation within 72 hours as per the NICE guideline.
- Similarly the audit highlighted that Trust and NICE guidelines call for patient physical health monitoring following episodes of rapid tranquilisation.
- Progress monitored with a repeat audit for all areas of the mental health division in early 2018.

#### Society for Acute Medicine's Benchmarking Audit (SAMBA)

- The Trust mainly run Community Hospitals, providing limited acute services that fall under the SAMBA remit. Hence we have relatively small patient numbers in the audit. Our patient acuity is higher than average, a reflection of age, comorbidities and frailty scores for our region. The data submitted demonstrates the Trust is engaged with Quality Improvement in relation to urgent or emergency care.

#### National audit of intermediate care

- This was a benchmarking audit for the Integrated Service Division.

#### Falls audit

- The Royal College of Physicians' Blood Pressure tool for patients in lying and standing positions has been shared across Trust. Practical drop-in sessions have been held to support staff understanding and use of the tool.
- Similarly the Royal College of Physicians' Vision tool has been introduced to Community Hospitals via our Falls Champions, to quickly assess a patient's eyesight in order to prevent them falling or tripping while in hospital.

The reports of 45 local clinical audits were reviewed by the provider in 2017/18 and Southern Health NHS Foundation Trust intends to take the following actions to improve the quality of healthcare provided:

Audit title	Actions
Minor Injuries Unit (MIU) Records	<ul style="list-style-type: none"> <li>• Update to documentation for patients under 18 to make checks clearer.</li> </ul>
Meticillin-resistant Staphylococcus aureus (MRSA)	<ul style="list-style-type: none"> <li>• Where service users are not MRSA screened on admission, the reason is recorded on their clinical record.</li> <li>• Details of the service user areas MRSA screened are recorded on their clinical record.</li> </ul>
GP Communication	<ul style="list-style-type: none"> <li>• Improve information on the services that Health Visitors, School Nurses and Children in Care specialist nurses offer : <ul style="list-style-type: none"> <li>• Create “You said we did“ letter for GP’s following the audit.</li> <li>• Relaunch Health Visiting and School Nursing request for support forms</li> <li>• Redistribute Healthy Child Programme 0-5 years, and 5-19 years, leaflets and share with GPs at GP liaison</li> <li>• Promote Health Visitor advice line</li> <li>• Promote “ChatHealth” and resend promotional material</li> </ul> </li> </ul>
Physical health assessment OPMH	<ul style="list-style-type: none"> <li>• Updated policy. Ensure induction Nursing staff review individual patient assessments and all patients have physical health care plans to meet their needs. (OPMH medical staff)</li> <li>• Introduce ‘new’ OPMH Matrons Quality Assessment tool to ensure thorough completion of patient records (Modern matrons and Ward managers)</li> </ul>
Wound Audit	<ul style="list-style-type: none"> <li>• Further education on treatment and prevent of wound infections to be provided as part of the Quality Account priority for the coming year.</li> <li>• Training to report all pressure ulcers and deep tissue injuries and understand the “levels of harm”.</li> <li>• Also training on recognising a deteriorating wound, how to treat and when to refer to a specialist.</li> <li>• Two day leg ulcer training and follow up to achieve competency within staff.</li> <li>• Two link nurses within ISD teams available to staff</li> </ul>

Audit title	Actions
Physical health assessment – community Learning Disability	<ul style="list-style-type: none"> <li>• Blood pressure monitoring will be recommended as appropriate and communicated back to the GP/ Primary Care within responses to GP/ Primary care.</li> <li>• Learning Disability Psychiatrists to check the results of investigations to ensure they have been undertaken and any abnormalities followed up appropriately.</li> <li>• A task and finish group will be coordinated by the Associate Director of Nursing, AHP &amp; Quality (Learning Disabilities) to plan how the Learning Disability Division will manage physical health monitoring.</li> </ul>

### 3. Clinical Research

The number of patients receiving relevant health services provided or sub-contracted by Southern Health NHS Foundation Trust in 2017/18 that were recruited during that period to participate in research approved by a research ethics committee was 1600.

### 4. Commissioning for Quality and Innovation Framework (CQUIN)

A proportion of Southern Health NHS Foundation Trust income in 2017/18 was conditional upon achieving quality improvement and innovation goals agreed between Southern Health NHS Foundation Trust and any person or body they entered into a contract, agreement or arrangement with for the provision of relevant health services, through the Commissioning for Quality and Innovation payment framework.

Further details of the agreed goals for 2017/18 and for the following 12-month period are available electronically at <https://www.england.nhs.uk/nhs-standardcontract/cquin/cquin>.

In 2017/18 income totalling £5,714k was conditional upon Southern Health NHS Foundation Trust achieving quality improvement and innovation goals. In 2016/17 income totalling £5,775k was conditional upon Southern Health NHS Foundation Trust achieving quality improvement and innovation goals, of which payment of £5,112k was received.

Our CQUIN schemes for 2017-2019 follow the national guidance also available at <https://www.england.nhs.uk/nhs-standardcontract/cquin/cquin>.

Within mental health service contracts there is a single local scheme in the Hampshire wide mental health service contract and in the Southampton City contract for the introduction of personal health budgets.

In addition to this, in the NHS England contract there is a single specialised services CQUIN for reducing the length of stay in specialised mental health services (medium and low secure version).

There is also a scheme for the Child Health Information Services (CHIS) and immunisations team for increasing the participation and reducing inequalities in immunisation uptake (HPV, Td/IPV and MenACWY) for children aged between 12 - 15 years.

## **5. Care Quality Commission Registration and Actions**

Southern Health NHS Foundation Trust is required to register with the Care Quality Commission (CQC). Its current registration status is 22 locations registered with CQC under the Health and Social Care Act (2008). Southern Health NHS Foundation Trust has the following conditions on registration: no conditions.

The Care Quality Commission has not taken enforcement action against Southern Health NHS Foundation Trust during 2017/18.

Southern Health NHS Foundation Trust has not participated in any special reviews or investigations by the Care Quality Commission during the reporting period.

In June 2017 the Trust pleaded guilty to charges brought by the Care Quality Commission relating to a health and safety incident which took place in December 2015 at Melbury Lodge in Winchester. The Trust was sentenced in October 2017 and was fined £125k for “failing to provide safe care and treatment and putting people at risk of avoidable harm”.

In March 2018 the Trust was fined £2m in relation to the deaths of two patients following a prosecution by the Health and Safety Executive.

## **6. Quality of Data**

Southern Health NHS Foundation Trust submitted records during 2017/18 to the Secondary Uses service for inclusion in the Hospital Episode Statistics which are included in the latest published data. The percentage of records in the published data:

- which included the patient’s valid NHS number was:  
98.6% for admitted patient care;  
100% for outpatient care; and  
97.2% for accident and emergency care.
- which included the patient’s valid General Medical Practice Code was:  
99.3% for admitted patient care;  
99.9% for outpatient care; and  
98.4% for accident and emergency care.

Southern Health NHS Foundation Trust Information Governance Assessment Report overall score for 2017/18 was 90% and was graded green 'satisfactory'.

Southern Health NHS Foundation Trust was not subject to the Payment by Results clinical coding audit during the reporting period by NHS Improvement.

Southern Health NHS Foundation Trust will be taking the following actions to improve data quality:

- Investing significant resource in supporting improvements in corporate and clinical data quality, including:
  - Patient level validation lists, available daily, for extended clinical measures such as risk assessments, outcome measures and clinical assessment forms.
  - Daily availability of governance related data quality validation lists, including mortality reviews, Duty of Candour and action plans resulting from incidents.
  - The availability of staff level workforce and financial validation to ensure an employee's Electronic Staff Record accurately reflects the allocation within the Trust's financial ledger.
- The above functionality is being extensively used by clinicians and has resulted in sustained improvements to data quality across a range of Trust performance measures.
- During 2018/19 the Trust will be committing to further improvements in data quality through the following initiatives:
  - Clinical validation of one Board level clinical Key Performance Indicator (KPI) per month to ensure reported performance is supported by robust and reliable clinical documentation.
  - Data Quality kite-marks to be incorporated into the Trust Integrated Performance Report on a monthly basis to assess levels of data quality for each Board KPI.
  - The development of personalised, employee level performance dashboards within Tableau (the Trust's business intelligence tool) that will be shared directly with each staff member once a month and which will form part of an employee's formal supervision.

## **7. Learning from Deaths**

The Trust provides both physical and mental health services. The majority of deaths which occur in our physical health in-patients and community services are naturally occurring deaths and there is the opportunity for patient and family involvement in planning the care and how this is delivered when a person has entered their end of life phase, making their passing as comfortable as possible.

As a Trust, we must ensure we regularly review our processes so as to learn when things don't go well and apply that learning to improve the services we provide to the people we serve, their families and carers.

While many deaths do not require detailed investigation, we have a duty to our patients and their families to make sure any decision not to investigate a death is properly considered and recorded.

It is vitally important that we record deaths accurately and maintain good records.

This approach also means:

- Relevant deaths are recorded using a simple electronic form on our incident recording system; making the process of reporting and investigating deaths more streamlined.
- Every case is initially reviewed within 48 hours so we can ensure the case either proceeds to full investigation or with deaths that do not require an investigation, we will be able to demonstrate to the family why that decision was made.
- It makes it easier for staff to pick up on themes and trends that might otherwise go unnoticed.
- The information that we hold about our patients and the circumstances of their death can help inform regional and national initiatives such as Suicide Prevention Strategies.

The processes for reporting and investigating deaths enable us to ensure we take every opportunity to learn from patient deaths. This learning is shared across the Trust through learning events and publications such as 'Hotspots', 'Learning Matters' and thematic reviews.

### **Our Criteria for the Reporting of Deaths**

Due to the variation of services which the Trust provides, criteria has been written to support which deaths are reported onto the Ulysses Risk management System. These are;

#### **For All Services**

- All deaths of patients where any concern is raised about the care provided by the Trust to staff prior to a patient's death, by family or others. This must always be reported regardless of how long the patient may have been discharged.
- Patients / service users who die detained under a Section of the Mental Health Act.

#### **Adult Mental Health & Specialised Services**

- All deaths of patients with an open/active referral including palliative care patients.

- All suicides or suspected suicides that occur within 12 months of last contact (regardless of whether on open referral or discharged).
- Patients who die following transfer to an acute/general hospital from a Trust inpatient unit (including those who are under a Section of the Mental Health Act).

### **Learning Disabilities**

- All deaths of patients within 12 months of last contact (regardless of whether an open referral or discharged) and including palliative care patients.

### **Older Person's Mental Health, Physical Health, and Children's (Inpatient)**

- All deaths of in-patients.
- Palliative care patients.
- Patients who die following transfer to an acute/general hospital from a Trust inpatient unit (including those who are under a Section of the Mental Health Act).
- Child deaths may also be subject to a Rapid Response Process through Safeguarding.

### **Older Person's Mental Health, Physical Health, and Children's (Community)**

- The patient had been discharged home from a Southern Health inpatient unit in the preceding 30 days.
- The patient was known to have an open referral to adult or children's safeguarding.
- Where the death has been reported to the Coroner, or concerns have been raised by any individual or organisation as to the circumstances surrounding the death.
- If any acts, omissions or concerns in care provided by Southern Health services have been identified.
- All suicides or suspected suicides that occur within 12 months of last contact (regardless of whether on open referral or discharged).

### **Older Person's Mental Health Liaison Service Services**

- OPMH – All deaths by suicide/related to self-harm should be reported.
- Patients who die following transfer to an acute/general hospital from the Trust service under an active Mental Health Act Section.

### **Psychological Medicine – Liaison Services**

- The patient was known to have an open referral to adult or children's safeguarding.
- Where the death has been reported to the Coroner, or concerns have been raised by any individual or organisation as to the circumstances surrounding the death.

- If any acts, omissions or concerns in care provided by Trust services have been identified.
- All suicides or suspected suicides that occur within 12 months of last contact (regardless of whether on open referral or discharged).

### **Hampshire and Isle of Wight Multi-Agency Pathways (MAPS) - Pathway and Pathfinder Pathway**

- The service users within this service are managed by the National Probation Service, some of whom may be registered with a GP. The primary focus of this service is to support the professional (Offender Manager's) in working with the service user group (personality disordered offenders posing a high risk of harm to others and a high risk of reoffending) and therefore Southern Health care is only time limited to joint work sessions with the Offender Manager and service user. All outcomes are reported on the National Probation Service electronic recording system 'Delius'.
- **Pathfinder** – As above although RiO records are kept and a caseload exists. The care coordination (for health referrals) or risk management (for criminal justice referrals) remains the responsibility of another party.

Only report if:

- If any acts, omissions or concerns in care provided by Trust services have been identified.
- Concerns have been raised by any family member.
- The service user was under Trust care coordination / mental health services within the previous 12 months.
- The service will be involved in any investigation undertaken by the National Probation Service, the GP or mental health service provider (Solent NHS Trust and Isle of Wight NHS Trust) as requested.

### **General Practice (operated by the Trust)**

Established processes for reporting and reviewing deaths to NHS England and commissioners are in place. This process includes establishing whether there are any concerns that may need further investigation, where this is the case, this procedure would be instigated.

### **In addition, Trust procedure will be instigated where:**

- Any death requiring reporting to the Coroner (includes suicides, industrial deaths, Road Traffic Accidents and other unexplained deaths).
- Any complaints or concerns raised to the GP in relation to a death.

### **For 'The Practice' based at Lymington New Forest Hospital:**

- The death of any patients seen by The Practice at Lymington New Forest Hospital within the previous 30 days.

## Investigators

We have a team of investigating officers trained in Root Cause Analysis (RCA) methodology who investigate our most significant incidents and those deaths reported as serious incidents. Their role is to conduct a quality investigation to enable the Trust to learn and improve. Families and loved ones are encouraged to participate in the investigation process, assisting in defining the Terms of Reference for the investigation and individualised support is offered by our Family Liaison Officer.

## How do we share our findings?

The process is documented in our policy and procedure for Reporting and Investigating Deaths which is publically available on our website. Our Learning from Deaths report which includes our data is produced for the Trust Board on a quarterly basis and is also publically available on our website.

## Information collection

Following the publication of the Mazars report in December 2015 and as part of the improvement action plan, we have invested in the development of our Safeguard Ulysses Risk Management System to become our operational database for mortality reviews and incident investigations. Prior to this date files were kept electronically, however, not within an operational database which made reviewing data and themes and trends for learning challenging.

During 2017/18 742 of Southern Health NHS Foundation Trust patients died. This comprised the following number of deaths which occurred in each quarter of that reporting period:

Quarter	Number of Deaths	Number of Case reviews or Investigations
Before 2017/18 (reporting started Dec 2015)	1057*	1057 initial Case Reviews which resulted in; <ul style="list-style-type: none"><li>• 107 'Red Rated' or Serious Incident Investigations**</li></ul>
Total 2016/17	730	730 initial Case Reviews which resulted in; <ul style="list-style-type: none"><li>• 44 'Red Rated' Internal Investigations</li><li>• 72 Serious Incident Investigations</li></ul>
Q1 2017/18	165	165 initial Case Reviews which resulted in; <ul style="list-style-type: none"><li>• 7 'Red Rated' Internal Investigations</li><li>• 14 Serious Incident Investigations</li></ul>

Q2 2017/18	146	146 initial Case Reviews which resulted in; <ul style="list-style-type: none"> <li>• 9 'Red Rated' Internal Investigations</li> <li>• 16 Serious Incident Investigations</li> </ul>
Q3 2017/18	219	219 initial Case Reviews which resulted in; <ul style="list-style-type: none"> <li>• 6 'Red Rated' Internal Investigations</li> <li>• 13 Serious Incident Investigations</li> </ul>
Q4 2017/18	212	203 initial Case Reviews which resulted in; <ul style="list-style-type: none"> <li>• 4 'Red Rated' Internal Investigations</li> <li>• 11 Serious Incident Investigations</li> <li>• 9 reviews outstanding as of 31.03.18</li> </ul>
Total 2017/18	742	733 initial Case Reviews which resulted in; <ul style="list-style-type: none"> <li>• 26 'Red Rated' Internal Investigations</li> <li>• 54 Serious Incident Investigations</li> <li>• 9 reviews outstanding as of 31.03.18</li> </ul>

\*Electronically recorded on the Safeguard Ulysses Risk Management System database since December 2015

\*\*Electronically recorded on the Safeguard Ulysses Risk Management System database since January 2016

Definitions - Red Incidents are those which require a full root cause analysis investigation as per a Serious Incident although do not meet the criteria for external reporting to CCG Commissioners as a Serious Incident under the NHS England 2015: Serious Incident Framework.

By 31<sup>st</sup> March 2018, 733 case record reviews and 80 investigations have been carried out in relation to 742 of the deaths included above

In 78 cases a death was subjected to both a case record review and an investigation. The number of deaths in each quarter for which a case record review or an investigation was carried out was:

Quarter	Number of Case Reviews Completed	Number of Investigations Commissioned
Q1 2017/18	165	21
Q2 2017/18	146	25
Q3 2017/18	219	19
Q4 2017/18	212	15 with 9 case reviews outstanding

Fifteen, representing 2% of the patient deaths during the reporting period are judged to be more likely than not to have been due to problems in the care provided to the patient.

In relation to each quarter, this consisted of:

Two representing 1.2% for the first quarter;

Five representing 3.0% for the second quarter;

Seven representing 3.1% for the third quarter;

One representing 0.47% for the fourth quarter. (Note for fourth quarter, ten investigations remain in progress therefore final impact grading not yet applied)

Quarter	Deaths related to problems in care provided	Percentage of Deaths in the quarter
Before 2017/18	36*	3.4%**
2016/17	20	2.7%
Q1 2017/18	2	1.2%
Q2 2017/18	5	3.0%
Q3 2017/18	7	3.1%
Q4 2017/18	1***	0.47%
Total 2017/18	15***	2.0%

\*Electronically recorded on the Safeguard Ulysses Risk Management System database since December 2015

\*\*Electronically recorded on the Safeguard Ulysses Risk Management System database since January 2016

\*\*\*Nine investigations remain in progress therefore final impact grading not yet applied

These numbers have been calculated using the Structured Judgement Tool or Initial Management Assessment followed by a comprehensive Root Cause Analysis investigation and application of the Actual Impact Grading tool. For the case review of deaths of those service users with a known Learning Disability, the Learning Disabilities Mortality Review (LeDeR) Programme, methodology has been used as part of the Hampshire project.

For the purpose of this report, deaths attributed to problems in the care provided are those with a final impact grading as Catastrophic Harm.

Actual Impact Grading	
Actual Impact	Definition
No Harm	<ul style="list-style-type: none"> <li>No care or service delivery problems identified. Trust could not have prevented the death.</li> <li>No root cause (material factors) or contributory factors relating to SHFT care were established.</li> </ul>
Low Harm	<ul style="list-style-type: none"> <li>Some care or service delivery problems identified, but only impact on quality of service, not on patient outcome. Trust could not have prevented the death.</li> <li>No root cause (material factors), some minor contributory factors relating to SHFT care were established.</li> </ul>
Moderate Harm	<ul style="list-style-type: none"> <li>Contributory factors identified may have had a minor impact on the actual outcome for the person. Trust could not have prevented the death.</li> <li>No root cause relating to SHFT care was established.</li> </ul>
Major Harm	<ul style="list-style-type: none"> <li>Contributory factors identified that may have an impact on the outcome for the patient. Not clear, although possible we could have prevented the death.</li> <li>Potential for a contributory factor to be possible root cause relating to SHFT care provided.</li> </ul>
Catastrophic Harm	<ul style="list-style-type: none"> <li>Material care or service delivery gaps established.</li> <li>Preventable death.</li> <li>Root cause directly linked to SHFT care provided.</li> </ul>

Learning from the case record reviews has highlighted several areas for improvement;

- Communication between providers incorporating collaborative working to ensure patient safety need to be improved. This work must include the sharing of known risk information in the absence of a shared electronic patient system.
- Documentation of the assessment of risk with an emphasis on timely updates being made when the level of risk changes.
- Adherence to policy and the documentation of decision making by the multi-disciplinary team when a policy is not followed. This is apparent in respect of dual diagnosis services users and although improvements have been made, for example, joint clinics held between Trust and Inclusion substance misuse services, more improvement work is required to support this group of service users who may have chaotic lifestyles.
- Involvement of carers and families in the creation of care and 'My safety' plans and ensuring their views and concerns are heard.

Although not directly related to the deaths the Trust may have prevented, there is a theme for learning emerging from the Q3 and Q4 reports which is a system-wide issue related to the uncontrolled online purchase of medications including strong pain killers which is occurring in the community. The Trust continues to work with Hampshire Constabulary in order to put steps in place to reduce the likelihood of these occurrences. A Learning Network is due to commence in May 2018 which will involve rich discussion with the police and other interested parties in order to address the issue of online purchases of medication.

Further work with the police is also in place. The Trust has a single point of contact within Hampshire Constabulary in order to work collaboratively in aiming to keep safe people who are at risk of suicide. This work, is ongoing.

The improvement work being undertaken into all of these areas continues with;

- The launch of the redesign of the risk assessment module in the patient electronic record to make the creation and updating of assessment easier for staff.
- Business intelligence monitoring through the Tableau informatics system of compliance to updating risk assessments.
- Establishment of quality review audits of randomly selected completed risk assessments to provide assurance that they meet service users' needs.
- Ongoing work with drug and alcohol service to improve communication and create working together approach. A thematic review of these issues has been commissioned by the Serious Incident and Mortality Forum.
- Improvement in communication, for patient safety, with other providers especially those providing out of area beds.

Relaunch of the Triangle of Care as a Quality Priority for 2018/19 to improve the involvement of carers and families in the safety plan of their loved ones to ensure their views and feelings are heard.

An assessment of the impact of the actions described in above, which were taken by the Provider during the reporting period is standardly reported to the Serious Incident and Mortality Forum. The assessment of impact is made by monitoring the contributory factors and care and service delivery problems which are highlighted in the investigations. As the improvement work begins to have impact the amount of times these factors reoccur is reduced.

Seven case record reviews and 15 investigations completed after 31 March 2017 which related to deaths which took place before the start of the reporting period.

Twenty representing 2.7% of the patient deaths, before the reporting period, are judged to be more likely than not to have been due to problems in the care provided to the patient. This number has been estimated using the impact grade of catastrophic applied to the investigation at the panel held at the conclusion of the investigation.

Fifteen, representing 2.0% of the patient deaths during 2017/18 are judged to be more likely than not to have been due to problems in the care provided to the patient.

## Section 2d. Reporting against core indicators

Since 2012/13 NHS Foundation Trusts have been required to report performance against a core set of indicators using data made available to the Foundation Trust by NHS Digital. (The tables below show the trust comparison information for 2017/18 as "not available" as the data is expected to be released in late May 2018, this is too late for inclusion in this report).

Southern Health NHS Foundation Trust is reported and compared as a Mental Health/Learning Disabilities Trust.

PricewaterhouseCooper (PwC) have considered two mandated indicators <sup>(A)</sup> against NHS Improvement's requirement. Their opinion is detailed in Annex 3 and complete definitions of these indicators are included within Annex 4.

- Early Intervention in Psychosis (EIP): people experiencing a first episode of psychosis treated with a NICE approved care package within two weeks of referral. <sup>(A)</sup>
- Inappropriate out-of-area placements for Adult Mental Health services. <sup>(A)</sup>

### 2.1 Early Intervention in Psychosis (EIP) <sup>(A)</sup>

People experiencing a suspected first episode of psychosis treated with a NICE approved care package within two weeks of referral.

The Southern Health NHS Foundation Trust considers that this data is as described for the following reason: this is taken from the national dataset using the data provided.

The reported indicator for people experiencing a first episode of psychosis treated with a NICE approved care package within two weeks of referral is calculated on all patients who are referred as per the guidance given by NHS Improvement and accepted onto the caseload. The indicator looks at patients accessing or waiting for treatment at the two weeks from referral point. The completeness of the data is reliant on the responsible team entering the data, which is then routinely checked and audited by the performance information managers within the Trust. Therefore to the best of our knowledge the data is complete.

The Southern Health NHS Foundation Trust has taken the following actions to improve this percentage, and so the quality of its services, by:

- Providing performance information that is easily available to clinicians through the business intelligence tool, 'Tableau'.
- Monitoring the target at monthly performance meetings (internally and externally with Commissioners).

Indicator	Early Intervention in psychosis (EIP): people experiencing a first episode of psychosis treated with a NICE approved care package within two weeks of referral. (A)				
	Apr 2016 - Mar 17	Q1 2017-18	Q2 2017-18	Q3 2017-18	Apr 2017 - Mar 18
Southern Health	85.4%	85.3%	92.7%	86.0%	87.4%
Average Scoring Trust	74.5%	76.2%	75.6%	74.3%	not available
Highest Scoring Trust	changed criteria*	100.0%	100.0%	100.0%	not available
Lowest Scoring Trust	changed criteria*	28.6%	0.0%	0.0%	not available

\*Data collection started October 2016, criteria was changed hence no benchmark available.

## 2.2 Inappropriate out-of-area placements for adult mental health services (A)

Inappropriate out-of-area placements for adult mental health services is a new indicator for 2017/18.

The Southern Health NHS Foundation Trust considers that this data is as described for the following reason: this is taken from Trust records with verification by our external auditors.

The reported indicator for inappropriate out-of-area placements for Adult Mental Health services is calculated as per the NHS England definition of out of area. All out of area admissions are considered to be generally inappropriate - if the Trust had capacity to admit to a bed within its footprint it would have done so. Any specialist needs that are not provided by the Trust are managed through a separate process and are not counted in this figure (and would in the main be considered an appropriate placement). Occasionally, when there has been a ward closure for planned refurbishment work or for safety concerns, the out of area placements will be considered as appropriate (as are direct re-provision for commissioned capacity) and will be excluded from this total. The Trust currently carries all the financial risk associated with out of area placements and is working with commissioners to review this.

The completeness of the data is robust as there is a dedicated acute care support team who are responsible for bed finding as well as ensuring payments for the placements are accurate. The data is monitored daily.

The Southern Health NHS Foundation Trust has taken the following actions to improve the indicator, and so the quality of its services, by:

- Daily review of the "Out of area MH acute bed" flash report.
- Daily patient flow meetings in all inpatient units.

- Escalation process to ensure discharge goals are built into care planning, and capacity is maximised.

Indicator	Inappropriate out-of-area placements for adult mental health services <sup>(A)</sup>				
	Q1 2017-18	Q2 2017-18	Q3 2017-18	Q4 2017-18	Apr 2017 - Mar 18
Monthly occupied bed days out of area	802 / 932 / 722	620 / 493 / 671	662 / 693 / 1010	994 / 669 / 893	-
Quarterly (Average number per month)	819	595	788	852	763

### 2.3 Our patients on a Care Programme Approach who were followed up within 7 days of discharge from psychiatric inpatient care

The data made available to the Trust by NHS Digital with regard to the percentages of patients on Care Programme Approach who were followed up within 7 days after discharge from psychiatric in-patient care during the reporting period.

The Southern Health NHS Foundation Trust considers that this data is as described for the following reason: this is taken from the national dataset using the data provided.

The reported indicator for Care Programme Approach 7 day follow up is calculated on all patients who are discharged from an inpatient unit as per the guidance given by NHS Improvement. There are three potential outcomes (exempt, compliant or breach) which are calculated automatically based on the data entry processes being followed. The Trust records patients discharged to non-NHS PICU settings as exemptions. The data is entered by the respective inpatient unit (for those external to the Trust this would be by the respective Community Mental Health Team). This data is then routinely checked and audited by the performance information managers within the Trust. Therefore to the best of our knowledge the data is complete.

The Southern Health NHS Foundation Trust has taken the following actions to improve the indicator, and so the quality of its services, by:

- Providing performance information that is easily available to clinicians through the business intelligence tool, 'Tableau'. Supporting clinicians to navigate the correct Standard Operating Procedures to ensure the recording is done accurately.
- Monitoring the target at monthly performance meetings, both internally and externally with Commissioners and Regulators.
- The Trust exceeds the 95% target for this metric and is in-line with other Trusts.

Indicator	The percentage of patients on Care Programme Approach who were followed up within 7 days after discharge from psychiatric inpatient care during the reporting period.				
	Apr 2016 - Mar 17	Q1 2017-18	Q2 2017-18	Q3 2017-18	Apr 2017 - Mar 18
Southern Health	97.3%	97.5%	96.0%	96.7%	97.2%
Average Scoring Trust	96.6%	97.2%	96.7%	96.7%	not available
Highest Scoring Trust	99.4%	100%	100%	100%	not available
Lowest Scoring Trust	59.5%	92%	91.6%	73.3%	not available

## 2.4 Crisis resolution teams acting as gatekeeper to admission

The data made available to the Trust by NHS Digital with regard to the percentages of admissions to acute wards for which the Crisis Resolution Home Treatment Team acted as a gatekeeper during the reporting period.

The reported indicator for Gatekeeping is calculated looking at all patients who are admitted into an inpatient unit as per the guidance given by NHS Improvement. There are three potential outcomes (exempt, compliant or breach) which are calculated automatically based on the data entry processes being followed. The completeness of the data is reliant on the responsible team entering the data, which is then routinely checked and audited by the performance information managers within the Trust. Therefore to the best of our knowledge the data is complete.

The Southern Health NHS Foundation Trust considers that this data is as described for the following reason: this is taken from the national dataset using the data provided.

The Southern Health NHS Foundation Trust has taken the following actions to improve the indicator, and so the quality of its services, by:

- Providing performance information that is easily available to clinicians through the business intelligence tool, 'Tableau'. Supporting clinicians to navigate the correct Standard Operating Procedures to ensure the recording is done accurately.
- Monitoring the target at monthly performance meetings, both internally and externally with commissioners and regulators.
- The Trust exceeds the 95% target for this metric and is in-line with other Trusts.

These activities have proven the sustainability of this indicator.

Indicator	The percentage of admissions to acute wards for which the crisis resolution home treatment team acted as a gatekeeper during the period				
	Apr 16 - Mar 17	Q1 2017-18	Q2 2017-18	Q3 2017-18	Apr 17 - Mar 18
Southern Health	99.7%	99.6%	99.2%	99.1%	99.5%
Average Scoring Trust	98.5%	99.6%	99.2%	99.3%	not available
Highest Scoring Trust	100.0%	100%	100%	100%	not available
Lowest Scoring Trust	89.8%	88.9%	94.0%	84.3%	not available

## 2.5 Admissions to adult facilities of patients under 16 years old

This is a new indicator for 2017/18. The Southern Health NHS Foundation Trust considers that this data is as described for the following reasons;

- All potential admission of patients less than 16 years old are escalated to the Duty Manager. This is supported by a formal reporting process.
- Those detained under the Mental Health Act section 136 are not in scope of the indicator as they are in a place of safety and not detained on an inpatient ward.

The completeness of the data is reliant on the responsible team entering the data, which is then routinely checked and audited by the performance information managers within the Trust. Therefore to the best of our knowledge the data is complete.

The Trust has an escalation process to Duty Managers and Commissioners within 24 hours should a young person be admitted to an Adult Mental Health facility. There have been no occurrences in the last year.

Indicator	Admissions to adult facilities of patients under 16 years old. No benchmarking data available				
	Apr 2016 - Mar 17	Q1 2017-18	Q2 2017-18	Q3 2017-18	Apr 2017 - Mar 18
Southern Health	0%	0%	0%	0%	0%

## 2.6 Our readmission rate for children and adults

The data made available to the Trust by NHS Digital with regard to the percentage of patients aged –

- (i) 0 to 15 years;
- (ii) 16 years or over

readmitted to a hospital which forms part of the Trust within 28 days of being discharged from a hospital which forms part of the Trust during the reporting period.

The Southern Health NHS Foundation Trust considers that this data is as described for the following reason: this is taken from internal datasets within the Trust.

The Southern Health NHS Foundation Trust has taken the following actions to improve the indicator, and so the quality of its services, by:

- Accurate monitoring at division, service and team level showing areas where improvements may be made.
- Discharge planning processes involving carers and families to ensure improved home support.
- Providing performance reports to Trust Board.
- Review of learning at monthly management meeting on medically failed discharges (ISD).
- Involvement of Community teams to support the service users pre and post discharge, enabling a successful transition into the community for Adult Forensic patients.

<b>Indicator</b>	The percentage of patients aged 0 -15 years readmitted to a hospital which forms part of the Foundation Trust within 28 days of being discharged from a hospital which forms part of the Foundation Trust during the reporting period. No benchmarking data is available.		
	Apr 2015 - Mar 2016	Apr 2016 - Mar 2017	Apr 2017 - Mar 2018
Southern Health*	0%	1.9%	0%
<b>Indicator</b>	The percentage of patients aged 16 or over readmitted to a hospital which forms part of the Foundation Trust within 28 days of being discharged from a hospital which forms part of the Foundation Trust during the reporting period. No benchmarking data is available.		
	Apr 2015 - Mar 2016	Apr 2016 - Mar 2017	Apr 2017 - Mar 2018
Southern Health*	12%	17.5%	9.6%

\* Annual comparison not applicable due to change in Services in 2017/18. Lymington New Forest Hospital elective surgery data is now reported via University Hospital Southampton (UHS).

## 2.7 Patient experience of community mental health services

The data made available to the Trust by NHS Digital with regard to the Trust's 'Patient experience of community mental health services' indicator score with regard to a patient's experience of contact with a health or social care worker during the reporting period.

The Southern Health NHS Foundation Trust considers that this data is as described for the following reason: this is taken from the national dataset using the data provided.

The Southern Health NHS Foundation Trust has taken the following actions to improve the indicator, and so the quality of its services, by:

- Develop a single My Crisis/My Safety plan, and clear guidance to staff on its use, involving service users and families in it.
- Involving service users and families, from individual care to service design.
- Redesign crisis care in partnership with service users and families.
- Medication information forms given to patients when a new medicine is prescribed (Older Person's Mental Health services).

Indicator	Patient experience of contact with a health or social worker*			
	2014 - 2015	2015 - 2016	2016 - 2017	2017 - 2018
Southern Health	6.8	6.7	7.1	7.2
Average Trust score	Not available**			
Highest Scoring Trust	7.5	7.4	7.5	7.5
Lowest Scoring Trust	6.5	6.2	6.1	5.9

\*Data is based on responses on a 0-10 scale where 0 is 'I had a very poor experience' to 10 'I have a very good experience'.

\*\* The CQC annual survey does not report average trust scores.

## 2.8 Our rate of patient safety incident reporting

The data made available to the Trust by NHS Digital with regard to the number and, where available, rate of patient safety incidents reported within the Trust during the reporting period, and the number and percentage of such patient safety incidents that resulted in severe harm or death.

Indicator	Number of patient safety incidents reported to the National Reporting and Learning Service (NRLS)*			
	16/17 Total – 12,460		17/18 total – 8665*	
	Apr 16 – Sept 16	Oct 16 – Mar 17	Apr 17 – Sept 17	Oct 17 – Mar 18
Southern Health*	6072	6388	5283	3382
Average Trust Score**	2963	2910	3160	Not available
Highest Scoring Trust**	6349	6447	7384	Not available
Lowest Scoring Trust**	40	68	12	Not available

\*results from internal incident reporting system

\*\*results taken from NRLS

Indicator	i) Number and ii) percentage of such patient safety incidents that resulted in severe harm or death			
	16/17 Total – 140 (1.1%)		17/18 Total – 81 (0.9%)	
	Apr 2016 – Sept 2016	Oct 2016 – Mar 2017	Apr 2017 – Sept 2017	Oct 2017 – Mar 2018
Southern Health*	i) 64 ii) 1.1%	i) 76 ii) 1.2%	i) 34 ii) 0.6%	i) 47 ii) 1.4%
Average Trust Score**	33 / 1.5%	33 / 1.3%	33 / 1.2%	Not available
Highest Scoring Trust**	101 / 3.2%	107 / 2.2%	172 / 3.1%	Not available
Lowest Scoring Trust**	10/1.4%	2 / 0.1%	1 / 0.0%	Not available

\*results from internal incident reporting system

\*\*results taken from NRLS

The Southern Health NHS Foundation Trust considers that this data is as described for the following reasons; this is taken from the national dataset using the data provided and our internal incident reporting system.

The 2017/18 totals are also based on data extracted from the Trust's incident reporting system; Ulysses. These include all Patient Safety Incidents of severe harm or death submitted to NRLS (now NHS Improvement) during the specified time periods.

The numbers of patient safety incidents has shown a downward trend across the year, with the occasional spike in part due to individual patient acuity. Within Adult Mental Health Services the reduction in self-harm and injurious behaviour incidents is seen as a consequence of improved patient-staff relationships with a positive change in their wellbeing. Within the Community teams there has been a reduction in treatment of care related issues in Petersfield Minor Injuries Unit. Older Person's Mental Health Services have seen a reduction in the number of slips, trips, falls and accidents category.

This reduction of incident reporting in the latter half of 2017/18 and increased number of incidents that resulted in severe harm or death has resulted in the percentage for serious harm to increase to the average Trust level in 2016/17 of 1.4%. This is monitored by the Serious Incident and Mortality Forum on a monthly basis.

The Southern Health NHS Foundation Trust has taken the following actions to improve the indicator, and so the quality of its services, by:

- Quality monitoring of the incident reports submitted by the central incident management team.
- Increasing incident reporting education through the Quality Governance Business Partners.
- Increasing the ease of use of the Ulysses incident system through continued liaison and feedback from users across the Trust. This encourages timely and accurate reporting of incidents.

## 2.9 The percentage of staff who would recommend the Foundation Trust as a provider of care to their family and friends

In 2013/14 NHS England asked NHS providers to consider reporting on the staff element of the Friends and Family Test, although it did not make this a mandatory requirement for community trusts.

Indicator	The percentage of staff employed by, or under contract to, the Foundation Trust during the reporting period who would recommend the Foundation Trust as a provider of care to their family of friends		
	April 2015 - March 2016	April 2016 - March 2017	April 2017 - March 2018
Southern Health	66%	60%	69%(Q1-4)
Average Trust Score	78%	74%	71%(Q1-3)
Highest Scoring Trust	100%	100%	100%(Q1-3)
Lowest Scoring Trust	45%	44%	49% (Q1-2)

The Southern Health NHS Foundation Trust considers that this data is as described for the following reason: this is taken from the NHS staff survey.

The Southern Health NHS Foundation Trust has taken the following actions to improve the indicator, and so the quality of its services, by:

- Making staff aware of the survey to increase the return rate.
- Developing a culture of “collective responsibility” to ensure services achieve great outcomes for patients.
- Trust staff will support the integration of services within the wider health and social care economy in order to improve the quality, efficiency and effectiveness of our services, therefore resulting in better outcomes for our patients.
- Improving the quality, efficiency and effectiveness of our services through Quality Improvement methodologies.
- Utilising the opportunities of digital technologies.
- Board level commitment to increasing the participation level in the staff survey.

## 2.10 The percentage of patients who would recommend the Foundation Trust as a provider of care to their family and friends

In 2013/14 NHS England asked NHS providers to consider reporting on the patient element of the Friends and Family Test, although it did not make this a mandatory requirement for community trusts.

Indicator	The percentage of patients during the reporting period who would recommend the Foundation Trust as a provider of care to their family or friends		
	April 2015 - March 2016	April 2016 - March 2017	April 2017 - March 2018
Southern Health	94.3%	93.9%	97.2%
Average Trust Score	94.5%	93.3%	93.1% (Q1-Q3)
Highest Scoring Trust	98.8%	98.3%	97.8% (Q1-Q3)
Lowest Scoring Trust	86.6%	67.5%	73.4% (Q1-Q3)

The figures for the percentage of patients who would recommend the Foundation Trust as a provider of care are calculated by combining the published results for the Foundation Trust's community and mental health services. Comparison figures include other Trusts where they have both community and mental health services.

The Southern Health NHS Foundation Trust considers that this data is as described for the following reason: this is taken published data on the NHS England website.

The Southern Health NHS Foundation Trust has taken the following actions to improve the indicator, and so the quality of its services, by:

- Reviewed the wording of non-mandated questions to ensure the survey is appropriate to the service, and offering the survey to all patients and services users.
- Establishing a Patient Experience, Engagement and Caring Group to review all aspects of patient experience and engagement, and provide assurance to the Trust Board.
- Increasing the ways in which patients/ service users and families have a voice in service delivery and improvement.
- Appointment of a new Head of Patient and Public Engagement in March 2018.

## 2.11 Cardio-metabolic assessment and treatment for people with psychosis

This is a new indicator for 2017/18 and linked to the CQUIN on assessment and recording of service user Cardio-metabolic parameters. The indicator on Cardio-metabolic assessment and treatment for people with psychosis is broken down into three sections:

- a) Inpatient wards.
- b) Early Intervention in Psychosis services (EIP).
- c) Community mental health services (people on a care programme approach).

The Southern Health NHS Foundation Trust considers that this data is as described for the following reasons; this is taken from our external and internal audits completed as part of the CQUIN programme in 2017/18. The cardio-metabolic parameters based on the Lester Tool are: smoking status, lifestyle, body mass index, blood pressure, glucose regulation and blood lipids. Intervention is required if service users fall in the red zone of the Lester Tool. Part b) the EIP audit is based on initial results from the Royal College of Psychiatrists(RCP) and this requires confirmation of the final results.

The completeness of the data is reliant on the responsible team entering the data into the correct forms on RiO (electronic patient record system). Local areas use the newly built Tableau report to monitor their performance, which are reviewed within the Adult Mental Health division performance meetings. Therefore to the best of our knowledge the data is complete.

The Southern Health NHS Foundation Trust has taken the following actions to improve the indicator, and so the quality of its services, by:

- Providing performance information that is easily available to clinicians through the business intelligence tool, 'Tableau'.
- Monitoring the target at monthly performance meetings.
- Review of all physical health forms on RiO to streamline patient record keeping.

This will facilitate continued developments in physical health monitoring and interventions for the holistic well-being of service users with psychosis.

<b>Indicator</b>	Cardio-metabolic assessment and treatment for people with psychosis - a) Inpatient wards
	Q3 2017/18 audit
Southern Health	94%

<b>Indicator</b>	Cardio-metabolic assessment and treatment for people with psychosis - b) Early intervention in psychosis services
	Q3 2017/18 audit
Southern Health	78%*

\*Initial results – waiting confirmation from RCP.

<b>Indicator</b>	Cardio-metabolic assessment and treatment for people with psychosis - c) Community mental health services (people on care programme approach)
	Q3 2017/18 audit
Southern Health	92%

## 2.12 Improving Access to Psychological Therapies (IAPT)

The data made available to the National Health Service Trust or NHS foundation Trusts by NHS Digital with regard to the percentages of access times to psychological therapies.

The Southern Health NHS Foundation Trust considers that this data is as described for the following reason: this is taken from the national dataset using the data provided.

Indicator	Proportion of people completing treatment who move to recovery (from IAPT dataset)				
	Apr 16 - Mar17	Q1 17-18	Q2 17-18	Q3 17-18	Apr 17 - Mar 18
Southern Health	51.5%	51.0%	51.8%	53.9%	52.4%
Average Scoring Trust	49.9%	51.4%	51.2%	50.8%	not available
Highest Scoring Trust	86.0%	89.0%	100.0%	100.0%	not available
Lowest Scoring Trust	15.0%	23.0%	24.0%	7.0%	not available

The Southern Health NHS Foundation Trust has taken the following actions to improve the indicator, and so the quality of its services, by:

- Providing performance information that is easily available to clinicians through the business intelligence tool, 'Tableau'.
- Monitoring the target at monthly performance of both 6 and 18 weeks at meetings.

Indicator	Improving access to psychological therapies: people with common mental health conditions referred to the IAPT programme will be treated within 6 weeks of referral				
	Apr 16 - Mar17	Q1 17-18	Q2 17-18	Q3 17-18	Apr 17 - Mar 18
Southern Health	87.2%*	88.9%	92.1%	92.8%	91.9%
Average Scoring Trust	86.3%*	88.2%	87.9%	87.7%	not available
Highest Scoring Trust	100.0%	100.0%	100.0%	100.0%	not available
Lowest Scoring Trust	15.0%	19.0%	19.0%	4.0%	not available

\* Error made in 2016/17 report, percentages for 2016/17 have been corrected

Indicator	Improving access to psychological therapies: people with common mental health conditions referred to the IAPT programme will be treated within 18 weeks of referral				
	Apr 16 - Mar17	Q1 17-18	Q2 17-18	Q3 17-18	Apr 17 - Mar 18
Southern Health	99.9%	99.9%	99.9%	99.6%	99.8%
Average Scoring Trust	97.9%	98.8%	98.2%	98.2%	not available
Highest Scoring Trust	100.0%	100.0%	100.0%	100.0%	not available
Lowest Scoring Trust	33.0%	55.0%	41.0%	23.0%	not available

\* Error made in 2016/17 report, percentage for 2016/17 has been corrected

## Part 3 Other Information

### Progress made in meeting our priorities for improvement in 2017/18

Details of the progress made to meet our priorities for improvement in 2017/18 are given below.

#### Priority 1: Improving Patient Safety

##### Indicator 1.1

##### 95% of patients should have a Risk Assessment

Achieved	Partially Achieved	Not Achieved
✓		

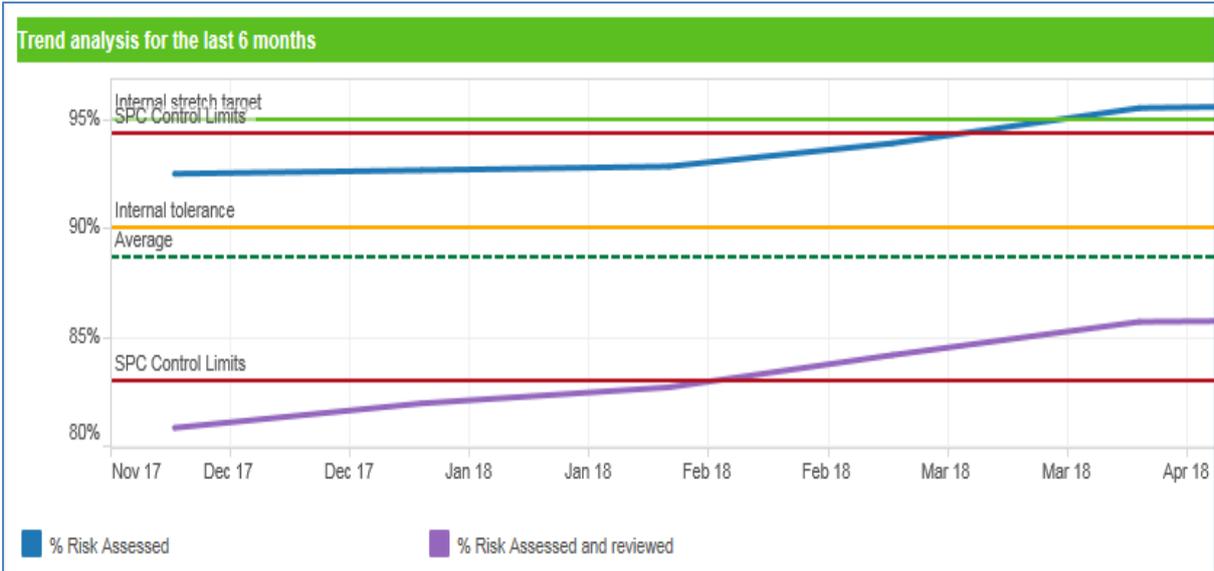
**Aim:** A Risk Assessment is an assessment of someone's risk, to themselves and others. It is a document that should be written collaboratively with a service user and their family or carer. A risk factor is a personal characteristic or circumstance that is linked to a negative event and that either causes or facilitates the event to occur. A good therapeutic relationship must include both sympathetic support and objective assessment of risk. Risk Assessments are a core component in planning care within Mental Health and Learning Disabilities. We believe that a Risk Assessment should be focussed on positive risk taking, be structured and evidence based. All of our patients should have a Risk Assessment and these important documents should be completed collaboratively with the patient. A patient should have their individual level of risk assessed at each stage of their journey, or if their clinical condition changes.

**Achievements:** This indicator applies to services within the Mental Health and Learning Disabilities Divisions. An improving trajectory has been seen, with the divisions meeting this indicator during 2017-2018. Below shows a chart of patients who have had a Risk Assessment completed and the percentage that have been reviewed within the year, the target required is 95%, the graph below shows an improving trajectory, with the divisions meeting this indicator during 2017-2018.

Division's final % in relation to those patients with a Risk Assessment

	Adult Mental Health	Learning Disabilities	Older Person Mental Health	Specialised Services	Total
% completed *	95.4%	96.6%	96.3%	97.6%	95.8%
% 1 year review	86.3%	94.4%	84.4%	93.3%	86.1%

\*95% target



Data from Tableau as of 30 April 2018. Adult Mental Health percentages with Risk Assessment, and Risk Assessment and review.

**Future plans:** We have seen improvement throughout the year and believe this is such an important priority that we need to continue our focus on this. We will be continuing to monitor this priority in the coming year, 2018/19, but will be also reflecting the quality of our Risk Assessment not just whether there is one in place.

**Indicator 1.2**

**Risk Assessments should be created using a holistic approach with input from all clinical specialities and input from the patient/carers with a copy sent to the GP. The Risk Assessments of those most unwell patients should be discussed at multidisciplinary meetings.**

Achieved	Partially Achieved	Not Achieved
	✓	

**Aim:** The aim of risk management is to assess likelihood of risk events; this should be completed in conjunction with the patient, carer and family members. The assessment should be an activity of ‘no decision in isolation’, and as such should be formulated from a multi-disciplinary approach, ensuring that all factors are considered, whether this be social, physical or personal risks. Within the Mental Health division a Crisis plan is a document written collaboratively with the patient to identify signs of crisis and how they would like to be supported during that time. For our Integrated Service Division (ISD) looking at the physical health of patients specific Risk Assessments, such as falls, skin integrity and malnutrition screening tool (MUST) are completed if indicated on the initial patient screening.

**Achievements:** We completed an audit to measure the collaborative element of the formulation of the Risk Assessment and the quality of that Risk Assessment and Crisis plans. In the Mental Health division a small improvement has been seen in this year, with the involvement of patients, carers and family. Although an improvement has been seen, it has established that this is an area that needs further work. Risk Assessments were reviewed as part of the weekly Multi-Disciplinary Meetings (MDT) held within Mental Health services, to ensure it is a dynamic assessment with input from all specialities involved in the patients care.

Prior to August 2017 a Crisis plan was in place for patients, to create a plan of the support they require when in crisis. It also covered their behaviours when in crisis. There were separate plans in place for safety and how they would like to keep themselves safe. This was changed to a combined "My Crisis/My Safety" plan so the patient had one single plan they could work with clinicians to create in order to support them through times of crisis. The quality of the "My Crisis/My Safety" plan is subjective as it is a document that is owned by the patient. However, as a Trust we measured the quality of both the Risk Assessment and the "My Crisis/My Safety" plan, by a selection of them being reviewed by the team leaders or managers of wards, to ensure that the information contained within them was of the required quality in their professional position as a clinician.

Quarter	Patients with a Risk Assessment that is holistic and of high quality	Patients with a "My Crisis/My Safety" plan that was of high quality*
Q2	95%	80%
Q3	96%	60%
Q4	91%	76%
* Patients requiring a "My Crisis/My Safety" plan is only for those who are identified of medium risk and above.		

Our Integrated Service Division (ISD) performs an initial holistic assessment of each patient on admission and if indicated a specific Risk Assessment. From these assessments, a Care Plan is developed collaboratively with the patient and/or family/carer. The Quality Assessment Tool (QAT) is a monthly assessment tool that includes a review of patient care plans. Each team is targeted to review three patients a month under the tool, with 491 completed in 2017/18. The results show over 98% of patients felt involved in their Care Plan and that staff were responsive to their needs.

**Future plans:** Although an encouraging picture has been seen, the Divisions have created an action plan to address the shortcomings identified; therefore this will continue to be a Priority in 2018/19 (Indicator 1.1).

### Indicator 1.3

**There is a reduction in Risk Assessments and Crisis plans being a contributory factor in serious incident investigation reports**

<b>Achieved</b>	<b>Partially Achieved</b>	<b>Not Achieved</b>
✓		

**Aim:** An independent review of deaths of people with a Learning Disability or Mental Health problem in contact with Southern Health NHS Foundation Trust between April 2011 to March 2015 was carried out by Mazars (Mazars, 2015) and published in December 2015. Subsequent CQC inspections identified that “the Foundation Trust did not have robust governance arrangements to investigate incidents, and therefore had missed opportunities to learn from these incidents and to take action to reduce the likelihood of similar events happening in the future”. On the basis of this a thematic review was completed in order to review all serious incidents reported to identify if Risk Assessments or Crisis plans were a contributory factor in serious incident investigation reports.

**Achievements:** The thematic review identified that there was a reduction in Crisis plans and Risk Assessments being a contributory factor, with the breakdown below.

Quarter and Year	Total number of Serious Incidents	% where crisis plans and risk assessments are a contributory factor
Q4 16/17	16	50%
Q1 17/18	20	40%
Q2 17/18	18	22%
Q3 17/18	15	20%

During this year a launch of the combined ‘My Crisis/My Safety’ plan has been completed, this combined plan is proving to be a more satisfactory way to record the patients’ wishes in one plan, thus it becomes a less onerous task for both patient and clinician to complete collaboratively.

An external audit was completed by Niche Consulting and the auditors Grant Thornton to establish whether the Trust had implemented the recommendations made within the Mazars report. They confirmed the Trust had made significant improvements in relation to the themes they had audited.

Themes were:

- Identification, reporting and monitoring of patient deaths
- The quality, completeness and timeliness of the investigation process
- The process in relation to thematic review and the impact that each one has

- The culture in relation to transparency and learning lessons from deaths
- The practice of the Trust in relation to promoting physical health
- The practice of the Trust in relation to family involvement

The grading's of assurance applied by Niche Grant Thornton were:

- A Evidence of completeness and embeddedness and impact
- B Evidence of completeness and embeddedness
- C Evidence of completeness
- D Partially complete
- E Not enough evidence to say complete
- U Yet to check

The audit indicated the following:

Identification, reporting and monitoring of patient deaths	A
The quality, completeness and timeliness of the investigation process	B
The process in relation to thematic review and the impact that each one has	B
The culture in relation to transparency and learning lessons from deaths	A
The practice of the Trust in relation to promoting physical health	B
The practice of the Trust in relation to family involvement	A

### Future plans

The audit gave the Trust assurance that the learning had been implemented. The grading of B indicates the auditors found evidence that these actions had been implemented. However, it was too soon to evidence that this has been embedded in usual practice, therefore this will be re-audited in quarters two and three of 2018.

The thematic review highlighted there has been a change in Risk Assessments and Crisis plans being a contributory factor in serious incidents, however, we will continue to monitor this in the Adult Mental Health quarterly Mortality and Serious Incident meetings.

### Priority 2: Improving Patient Experience

#### Indicator 2.1

**There is evidence of patient/ service user family/carer involvement with Risk Assessments and Crisis plans**

Achieved	Partially Achieved	Not Achieved
	✓	

**Aim:** It is part of a holistic Risk Assessment for it to be created collaboratively with patients, carers and family members. NICE guidance CG136 - service user experience in adult mental health: Improving the experience of care for people using adult NHS mental health services (NICE, 2011) identifies that a conversation should occur with the patient to identify how they would like their family/carers to be involved in their care. This should be at different points within their patient journey. Consent should be given by the patient in order to include the family. However if consent is denied, it does not mean that family members and carers cannot be involved. It means that consideration should be given in relation to the information shared and the patients request for confidentiality is not breached.

**Achievements:** An audit was completed during the reporting period to ascertain the involvement of patients, family and carers in relation to Risk Assessments and Crisis plans. Initial outcomes were disappointing; however, an improving trajectory was seen in quarter three, but results weakened in quarter four and we draw the conclusion that this indicator will need to continue into 2018/19 with work to ensure it is fully embedded in the service.

<b>Indicator 2.1. There is evidence of patient/ service user family/carer involvement with Risk Assessments and Crisis plans</b>			
<b>2017/18</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>
Risk Assessment SU involvement	65%	77%	61%
Risk Assessment Family involvement	44%	55%	44%
Crisis plan SU involvement	83%	85%	87%
Crisis plan Family involvement	54%	57%	45%

**Future plans:** Although an encouraging picture has been seen. The Divisions have created an action plan to address the shortcomings identified; therefore this will continue to be an indicator in 2018/19.

**Indicator 2.2**

**There is evidence of the involvement of patients in divisional patient participation meetings**

<b>Achieved</b>	<b>Partially Achieved</b>	<b>Not Achieved</b>
✓		

**Aim:** We believe that patients attending divisional meetings is important and patient representation will provide opportunity for challenge in relation to our business processes.

**Achievements:** A Strategy for Experience, Involvement and Partnership has been developed and formally published in June 2017. This strategy sets out a commitment to working in partnership with patients, service users, families, carers, the public and its representatives to ensure services are delivered in a comfortable, caring, compassionate and safe environment. The strategy will do this by setting minimum standards for involving people in decisions about their care and treatment, and ensuring people who use services are given opportunities to participate meaningfully in the design, development and delivery of services.

The Trust's Divisional and Business Unit structures for involving patients/ service users have developed during the year, and vary to reflect the diversity of our services. Involvement mechanisms include patient/service user forums, focus groups, task and finish groups including experts by experience and opportunistic discussions. Patient participation at divisional meetings has been challenging to achieve; this is due to factors in relation to the recruitment of patient representatives and difficulties in generating enough applications in relation to this role.

The Learning Disabilities Division, have a network of locally based participation groups who are involved in many aspects of service development. This is also true of the Specialised Services Division, who currently has a service user involved in improvement work to review restraint practice within the service.

The Families First Group was put in place in January 2017 and has a significant role in the Trust. One of the group's duties is to review the Trust's policies and procedures to ensure they are fit for purpose, and provide an expert by experience view point for inclusion, into these documents.

In the Health Visiting service they have reviewed the first contact with patients in relation to the musculoskeletal services. Patients were involved in the rewriting of the first appointment letter; a Complaints working group including experts by experience redesigning information on how to make a complaint; and a client with additional communication needs designed an information board about the Health Visiting service.

**Future plans:** Work continues in all areas of the Trust to ensure patients, carers and families are consulted on our work and documentation. Carers groups are in place in Learning Disabilities and in the North and West areas for Adult Mental Health, further groups for Southampton and the East area of Hampshire are ongoing. These groups are consulted in relation to any proposed changes to the service, and on documentation that will be used. The Older Person's Mental Health Division are currently in the process of developing a support group for patients six weeks post discharge, it is envisaged that this will act as peer support and will be designed to help people stay well.

### Indicator 2.3

All new Trust literature will be have undergone coproduction and have been reviewed by patients, they will also be version controlled.

Achieved	Partially Achieved	Not Achieved
✓		

**Aim:** That patients and users of our literature should have input into the creation of our literature and that it should be in a format that can be easily understood.

**Achievements:** A standard operating procedure has been created alongside a revised policy for Production of Patient Information. This is to ensure that all patient information requests have a design brief, and can evidence consultation with/ involvement of patients in the development of the information. The process includes a log of all requests, and the completion of each stage. The policy includes a minimum requirement to consult with the target audience on the content and presentation of the information. The group have had involvement in the following information:

- A leaflet for the Forensic Community Learning Disability Team.
- An Emotional Wellbeing leaflet and poster.
- First Time Parent Group poster and leaflet.

In addition, several publications were completed: A Common Sense Guide to Confidentiality (Adult Mental Health), Trust wide information sharing leaflet was produced, based on discussion with families and service users at a workshop, and subsequent involvement of the Families First Involvement Group including consulting with a wider group of families. Two posters were also co-produced with families and service users – “What to expect from us during a person’s care and treatment” – one for families, carers and friends and one for patients/service users. Examples of these can be seen below:

**We will recognise your expertise, knowledge and important role that you play, and:**

- listen to you without bias or prejudice
- take your worries and concerns seriously
- recognise that you have relevant and important information about the person you care for
- value and respect your opinion and, where necessary, keep it confidential
- take your views into account when decisions are made about the person you care for
- share information with you about the person you care for whenever this is helpful and we are able to do so. We have to abide by policy and law relating to confidentiality, and sharing personal information
- understand and value your network of family, friends and community.

For help or advice in your caring role, in the first instance please contact the health care professional responsible for the person's care.

If you still need help or advice, please ask to speak to the Team Manager.

The Complaints and Patient Experience Team can help you with concerns, complaints or compliments and can be contacted at:

023 8087 4065 or  
hp-tr.customerexperience@nhs.net

@Southern\_NHSFT Southern Health

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

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**Families, carers and friends –  
What to expect from us during a person's care and treatment**

**We will value your involvement in the development of our services, and:**

- give you the opportunity to state your views on the quality of our services
- give you the opportunity to be actively involved in the planning, development and evaluation of our services
- inform you of service developments and give you adequate notice of meetings, consultation periods and other relevant events
- follow Trust policy to value and recognise your involvement in helping us develop services.

**We will listen and welcome your involvement in the care of your family member/friend, and:**

- involve you in planning the care and discharge for the person you support
- give you a copy of the care plan for the person for whom you care, with their agreement. This will state the responsibilities of all the people who are involved in providing care
- give you information about what to do to help your relative and who to contact if you need help or advice
- give you information about the way our service works and relevant health issues including medication
- discuss with you if you wish to continue with particular caring roles.

**We will recognise and respond to your own needs as a family member, carer or young carer, and:**

- provide you with help and professional advice to support you
- take into account your personal needs and preferences
- will review with you the level of care that you are able and willing to provide; and understand this may change over time.

If you have any concerns, or require further information, please speak to your healthcare professional in the first instance.

Alternatively, please contact:

**Complaints and Patient Experience Team**

☎ 023 8087 4065 or

✉ [hp-tr.customerexperience@nhs.net](mailto:hp-tr.customerexperience@nhs.net)



**This information is available in other formats and languages including large print, braille and audio.**

**Please contact:  
Communications and Engagement Team  
023 8087 4666**



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NHS Foundation Trust

# Confidentiality and information sharing

Information for patients





The Trust takes confidentiality and privacy very seriously. We need to ask you for personal information that is relevant to your care that will allow us to carry out your treatment effectively and efficiently. This information is kept securely on your clinical record.

Everyone working in the Trust, and within our partner agencies, e.g. GPs and Social Care, has a legal duty to keep information about you confidential. You can be assured that only relevant staff have access to information that is necessary for them to carry out their duties.

In order for us to work together with other health and social care professionals, there are times when we need to share this information. This may be for instance, when your healthcare professional needs to discuss your case in order to plan your care. We do this in order to provide the most appropriate treatment and support for you and your carers, or when the welfare of other people is involved. We will only share information in this way if we have your permission and it is considered necessary.

### Overriding Circumstances

However, there may be other circumstances when we must share information with other agencies. In these rare circumstances we are not required to seek your consent. Examples of this are:

- If there is a concern that you are putting yourself at risk of serious harm
- If there is concern that you are putting another person at risk of serious harm
- If there is concern that you are putting a child at risk of harm
- If we have been instructed to do so by a Court
- If the information is essential for the investigation of a serious crime
- If you are subject to the Mental Health Act (1983), there are circumstances in which your 'nearest relative' must receive information even if you object
- If your information falls within a category that needs to be notified for public health or other legal reasons, e.g. certain infectious diseases.

### Sharing information with Family, Friends and Carers

We also need to be able to work with the most relevant people in your life, and to do this, may need to share information about you. We would do this with your agreement, and this may include general information about your diagnosis, and medication, i.e. benefits and possible side effects.

This is in order that your carers are helped to understand:

- Your present situation
- Your treatment plan and its aims
- Any written Care Plan, Crisis Plan or Recovery Programme
- The role of each professional involved in your care
- That denied requests for information will be explained to the carer.

You also need to be aware that carers may give information to staff. This is also confidential, and can only be shared with you if the carer agrees.

**Future plans:** The Triangle of Care (Carers Trust, 2013) was published to set out best practice to include and recognise carers as partners in care. We remain committed to continuing to implement The Triangle of Care, as it offers key standards and resources to support services to support mental health service providers to ensure carers are fully included and supported with the person they care for in the centre. This will be a focus for our quality priorities in 2018/9.

## Priority 3: Improving Patient Safety, Improving Patient Experience

### Indicator 3.1

**Family Liaison Officer - monitor patient/carer/family involvement, through production of quarterly report**

Achieved	Partially Achieved	Not Achieved
✓		

**Aim:** The involvement of families and carers in the investigation of Serious Incidents is essential to the Trust. The Family Liaison Officer (FLO) is available to provide support to families and carers through this process. The FLO completes a report to identify the involvement they have had with families and this is presented to the Patient Experience, Engagement and Caring Group for the Trust, where it is discussed in detail.

**Achievements:** The FLO has provided support to 91 families this year; this has involved contact with different family members. Support can be varied, and can include the facilitation of meetings between both internal and external teams and families, supporting families through the Serious Incident investigation and providing information in relation to other organisations, such as the Red Lipstick Foundation or Simon Says, who offer more specialist bereavement services.

The Patient Experience and Caring Group reviews what support the FLO offers and how families have felt about this. Two family members who have had support from the FLO made videos regarding their experiences which were shown at the Trust's Annual Quality Conference in October 2017. This provided invaluable insight into their own experience of the Trust and identified to Trust staff, commissioners, governors and members of the Families Involvement Group how important it is for family members to be engaged in the care provided. The FLO took the opportunity to reiterate that the majority of families/carers want to be involved, whether in the care provided to their relative or in analysing care and that working together can only have benefit for all involved.

The FLO has also been involved in providing support to families who have attended Coroners inquests. This support includes talking them through the process of what an inquest entails, how the inquest is conducted and what they may expect to hear. This enables them to be prepared for what often can be a distressing occasion.

Sharing messages and findings of investigations with families is difficult and the FLO has provided specialist training. The 'Sharing Reports' training was developed with this in mind and has been presented in conjunction with Canon Nick Fennemore, to Investigation officers and senior staff involved in difficult conversations.

The FLO is an active member of the Hampshire Suicide Prevention Forum and the Southampton Citywide Suicide Prevention Strategic Group. A short presentation was made at the World Suicide Prevention Day Event at the Mayor's Parlour in Southampton in September; the focus of the event was 'Take a Minute, Save a Life'. The presentation focused on providing and accessing support for families and partnership working to improve and develop the support that is currently available across Hampshire.

**Future Plans:** The FLO is working with a number of local support agencies and the Trust Chaplain to try to bring more support into various locations across Hampshire, to support the bereaved, carers and service users.

The FLO is also focused on the development of Carer's Packs, predominantly within the Mental Health units within the Trust, but with consideration to all areas. This area of work has previously been raised through the Families First Group and more recently through the Caring Group. Work is ongoing with the Trust Learning Disabilities unit to develop information to assist those with a learning disability, and their carers, in understanding and coping with a death.

## Indicator 3.2

### Monitoring and escalation of Duty of Candour compliance

Achieved	Partially Achieved	Not Achieved
✓		

**Aim:** The Trust believes that promoting a culture of openness is a prerequisite to improving patient / service user safety and as such it ensures communication is open, honest and occurs as soon as possible following an incident between healthcare organisations, healthcare teams and patients/service users and/or their carers. Duty of Candour was introduced for NHS bodies in England (Trusts, Foundation Trusts and special Health Authorities) from November 2014. It applies to incidents that are graded as moderate or above in harm, and is always applied when a patient death occurs be that either expected or unexpected. It consists of three processes:

- 1a The patient and/or family should be contacted by the care giver as soon as possible to notify them that a safety incident has occurred and the care giver should, provide an account of all the facts known at the time and provide an apology to the service user.
- 1b The care giver should follow up on 1a with written notification which will include an apology for the incident occurring and inform of any investigation that may occur.
- 2 The completion of any investigation to share the findings with the patient and/or family or carers to apologise for any omission in care and provide opportunity for discussion.

At any stage the patient/family/carer can refuse to be part of this process, however we have a legal duty to record their refusal.

**Achievements:** The Duty of Candour process has been reviewed by the Caring Group on a quarterly basis. Work continues in relation to compliance with this requirement, with daily enquiry in relation to steps taken to meet Duty of Candour. As part of this the Trust implemented a daily panel to review all incidents of moderate grading or above, during the panel, Duty of Candour is discussed and a lead identified to ensure that the patient/family or carer is involved.

To provide assurance that the Duty of Candour process is being followed, an internal audit was conducted by RSM Tenon – Risk Assurance Limited.

For the 139 serious incidents where investigations concluded between 1 April 2017 and 31 March 2018 for which the Duty of Candour was applicable, the duty was followed. Where appropriate, patients or next of kin were given a verbal apology, a written apology, an offer of involvement in any subsequent investigation, and the sharing of the findings of the investigation upon completion. Incidents occurring in February and March 2018 may still be under investigation, and as such will not have had the findings shared.

Post reporting we have subsequently identified one incident for which we cannot provide assurance that the Duty of Candour was followed. This incident occurred in January 2017 and processes have been amended to avoid recurrence.

**Future plans:** Duty of Candour is now embedded within our Divisions and continues to be reviewed on a daily basis.

#### Priority 4: Improving Clinical Outcomes

##### Indicator 4.1

**Locality team development programme to establish a clear purpose for cross-organisation and multi-disciplinary teams.**

Achieved	Partially Achieved	Not Achieved
✓		

**Aim:** To develop a framework for the delivery of local care to ensure resources are targeted to patients who have the highest needs. This includes services such as Extended Primary Care Team (EPCT), Same Day Access Service (SDAS) and Acute Visiting Services (AVS).

**Achievements:** The local acute hospital in the region of the trial has seen reduction in non-elective and care home admissions. This can be related back to the work of the Extended Primary Care Team.

The Vanguard pilots have drawn to a close. This has provided a good grounding to develop the EPCT model further; including the development of neighbourhood teams for the Trust. CCGs are commissioning an Acute Visiting Service across Hampshire - which is a testament to the success of the model.

There is an Acute Visits Team, a Care Homes Team and a Same Day Access Service (SDAS) operational in Gosport. For Fareham, the Care Homes activity has been extended to two care homes. The Willow Group have implemented an initial phase of Long Term Conditions (LTC) hubs for respiratory and diabetes which involve primary and community nurses working together.

**Future plans:** The Better Local Care project teams have identified the next high impact areas to be addressed to improve patient care; Delayed Transfer of Care (DTOC) and falls related admissions.

The plan is to establish the blue print for the Neighbourhood Team development (as part of EPCT) and to implement that plan in the Willow Group. CCGs are facilitating the development of a system wide governance structure which will reduce silo based working and support system wide decisions making rather than as separate organisations. The Trust is represented on this board.

## Indicator 4.2

The experience of patients will be ascertained in relation to the delivery of their care

Achieved	Partially Achieved	Not Achieved
✓		

**Aim:** As part of the Hampshire Vanguard project (Better Local Care initiative) the Trust has collaborated in a range of projects. An example is a project in Fareham and Gosport to deliver an extended primary care team, breaking down the traditional boundaries between primary and secondary care. The patient feedback on these projects is collated in a number of reports from external companies.

**Achievements:** Better Local Care Hampshire “Multi - Community Partnership Vanguard” report highlights:

- E-Consult Patient Data – Over 80% of patients were satisfied with the service and would recommend it to others. This is now part of STP Digital Programme.
- Same Day Access Service (SDAS) - High level of patient satisfaction with mode of contacting healthcare services.
- Paramedic Home Visiting Service – Over 85% of patient were satisfied with the service and would recommend it to others.

RSM-PACEC “The power of being understood” report is based on a monthly patient telephone survey. (RSM Tenon is an external audit firm, (Risk Assurance Limited, Public and Corporate Economic Consultants))

- 85% claimed that considerable effort was made to listen to the things that matter most to them about their health issues.
- However, only one in four people cited that family and friends were involved as much as they wanted them to be in decisions about their care.
- Common theme for improvement was having access to one GP that knew the patient’s history.

**Future plans:** External suppliers will continue to conduct patient interviews and provide evaluation of results on new trialled services.

## Indicator 4.3

To ensure shared care records and team working across organisations are in place

Achieved	Partially Achieved	Not Achieved
✓		

**Aim:** Hampshire Vanguard project (Better Local Care initiative) has looked at how healthcare organisation can have shared views on patient records to improve the efficiency of care delivery.

**Achievements:** Medical Interoperability Gateway (MIG) projects facilitate the sharing of data between different systems and software providers. Phase one allows Trust Community staff to have access to GP patient records held on EMIS and TPP SystemOne systems.

- Trust staff have one-click access to GP Primary Care records (electronic patient records systems). Approximately 1,000 views each week.
- Records are shared in real time.
- RSM-PACEC Deep Dive Evaluation Report for Phase 1 estimates significant staff time savings where GP records were viewed for new referrals.

Pilots created in Petersfield using EMIS and New Milton using TPP SystemOne.

- Adult Nursing and Therapies team have moved to using EMIS and TPP SystemOne (electronic patient record system).
- Full record sharing and electronic referrals enabled.

**Future plans:** MiG Implementation:

- Phase 2- Adult Community, Mental Health and Children's records from RiO, down to progress note level, will be available to GP practices.
  - One-click access from EMIS to RiO records – Q1 18/19.
  - One-click access from TPP to RiO records to be developed – Q1 18/19.
- 2018/19 funding has been secured to October 2018. (STP Digital work stream and New Care Models work stream.)
- Work has started to transition the functionality to CHIE (Care and Health Information Exchange computer system used in primary care).

EMIS Petersfield and TPP SystemOne New Milton Pilots - Exploring funding options, including the costs of exiting pilots if interest is insufficient.

### **Further Information**

Please refer to the Annual Report and the Annual Governance Statement for further details on the quality of services and the quality governance frameworks in place within the Foundation Trust.

### **Our Quality Improvement Strategy 2016 – 2021**

Our key priority is to give patient centred care which is safe, effective and provides a positive patient experience. Achieving this is the responsibility of every single member of staff. Everyone should be focused on our vision and committed to continually improving the services we provide.

The Quality Improvement Strategy was developed to give a clear picture of our aims and ambitions, giving our staff the focus to provide the best possible care and patient experience. We are committed to investing in employing the right staff to deliver the best care. Through our appraisals, training and team business planning activities we will ensure each member of staff knows the role they have to play. We are also developing new ways for staff to truly understand the experiences of people who use our services so this insight is used day by day to further improve our services.

The Quality Improvement Strategy sets out what quality care looks like for our patients and service users and states our commitment to listening to them and their support networks, acting on their feedback to continually improve and share this learning throughout our Trust.

To measure the quality of our services we use the Care Quality Commission (CQC) five key lines of enquiry:

- Is it safe?
- Is it effective?
- Is it responsive?
- Is it caring?
- Is it well-led?

We have worked to develop a quality scorecard which enables the Board, senior managers and all staff to understand whether the care we are giving to our patients is as good as it can be. We also have a well-established programme of peer reviews which are used to assess services against the CQC's five key lines of enquiry.

Every team has developed a quality improvement plan. These plans describe how they will provide high quality, safe care for their patients and service users looking at improvements and changes that need to take place. Through these plans teams are able to measure their effectiveness and benchmark themselves against others in the Trust, encouraging the sharing of best practice and learning.

The Trust has an established Quality and Safety Committee (QSC) to measure and monitor clinical quality and the health and safety of our patients, service users, visitors and staff. The committee is chaired by a Non-Executive Director and is responsible for overseeing the development of this Quality Improvement Strategy and ensuring the quality priorities are met. Underpinning this Committee are three clinically led groups covering three of CQC's key lines of enquiry – Patient Safety Group (SAFE), Clinical Effectiveness Group (EFFECTIVE), Patient Experience, Engagement and Caring Group (CARING).

To help keep us on track and to drive quality improvements on the front line we have begun to appoint Quality Ambassadors in every team. These are staff at support worker level (Health Care Support Worker/Health Care Assistant) who will be responsible for: attending a quarterly development day; developing a team quality noticeboard to display quality improvement initiatives, innovations and best practice; sharing learning with their team; and facilitating team quality improvements utilising the PDSA (Plan, Do, Study, Act) model.

The Trust is committed to further developing QI methodology across the organisation and has been working with partners from Northumberland, Tyne and Wear NHS Foundation Trust to establish this programme of work. The Trust will therefore be refreshing the Quality Improvement Strategy for 2018/19 to reflect this.

### **Our Organisational Learning Strategy 2017-2022**

To support the implementation of the Trust's Quality Improvement Strategy, the Organisational Learning Strategy builds on improvements and achievements made by our Trust in the safety and quality of care that people who use our services have received over the last few years. It reflects national developments underpinning the importance of organisational learning and the approach to be taken to further support and embed learning within the Trust.

Our Trust Organisational Learning Strategy supports the overall Trust strategic vision and goals. It aims for the organisation to be one in which all staff will understand and embrace their role in learning to deliver and improve quality and safety for our patients, service users and their families as part of their working practice. The strategy defines quality and governance processes to ensure comprehensive and effective systems are in place to learn from our mistakes as well as sharing excellence and innovations to embed a learning culture across the Trust. This will support our services to operate at the high standards that we, our patients, service users, families and stakeholders expect.

It aims to ensure that we are an organisation where people continually expand their capacity to improve, learning from mistakes as well as sharing best practice and knowledge. As a teaching and learning organisation, the Trust supports medical, nursing and therapy students and trainee doctors as well as delivering continuous professional development opportunities for all staff. Our people development programme empowers staff to achieve their potential and deliver high quality care. Our organisational development education programme gives teams the opportunity to develop and time to consider how they address the unique challenges they face.

We are passionate about creating an open and listening culture where people who use our services contribute to the running of the organisation. Listening to and engaging patients, service users, children and their families in their care decisions and developing care plans in partnership is the foundation stone for excellent care. Truly hearing the person's voice has been a key focus for the Trust over the last year and the Patient Engagement, Involvement and Partnership Strategy has been launched this year.

The Strategy sets out how learning is shared at different levels within the Trust depending on its nature (Team, Area, Divisional or Trust-wide) and describes the tools which are in place to support staff. Our mechanisms for sharing learning for improvement which will be developed as part of this strategy include:

- Quality Ambassadors in every team.
- Quality Noticeboards in every team.
- Could it Happen Here? Presentations.
- Central Alert System Internal alerts to share immediate learning from serious incidents.
- One to Ones and Clinical Supervision.
- Hot spots, Learning Matters posters and Divisional learning posters displayed across the division and wider.
- Learning Networks and Quality, Safety and Professional Conferences; a number of these are already in place across the organisation.

In October 2017 the Trust successfully held its annual Quality Conference. The aim of the conference was to raise the profile of patient safety by sharing experiences and learning. The day focussed on three themes: Patient Safety Culture & Learning, Being Open (with patients and families), and Safety in the System.

A number of external organisations took part and gave interesting presentations on subjects as diverse as; Implementing a Safety Culture, What makes an 'Outstanding' service, Human Factors in investigations, Involving families and carers in investigations and Multi-agency investigations. They included National Air Traffic Services, the CQC, Healthcare Safety Investigation Branch, NHS England and Niche Health and Social Care Consulting. Delegates were also shown poignant videos made by two family members of service users, of their experiences with the Trust.

The conference also included a number of breakout sessions with internal speakers which delegates could choose from, to make learning specific to their experience. The subjects presented included Early Intervention in Psychosis, Sepsis care, Improving the service user Journey, Risk Management in Mental Health, Safety in Forensic Services, Psychiatric Liaison into Acute Trusts, Improvements in Epilepsy Care, Learning from a Serious Case Review and Older People with Frailty.

## Our Care Quality Commission ratings

The Care Quality Commission undertook a comprehensive inspection of the Mental Health, Learning Disability and Community Health services of the Trust in 2014. The Trust was rated as Requires Improvement.

<b>Overall rating for mental health and community health services</b>	<b>Requires Improvement</b> 
Are mental health and community health services safe?	Requires Improvement 
Are mental health and community health services effective?	Requires Improvement 
Are mental health and community health services caring?	Good 
Are mental health and community health services responsive?	Good 
Are mental health and community health services well-led?	Requires Improvement 

The Care Quality Commission has carried out four inspections during 2017/18. These were follow-up inspections to review progress against the actions from the 2015/16 – 2016/17 inspections. One inspection was within the Trust’s social care services and this service received an individual rating of ‘Good’. Another was within the Foundation Trust’s primary care service, The Willow Group. This service received an individual rating of ‘Good’.

A further Care Quality Commission inspection at the Trust took place in March 2017 and was reported in July 2017. The inspection was carried out to follow up on areas that CQC had previously identified as requiring improvement or, particularly in mental health, where they had questions and concerns that they had identified from their ongoing monitoring of the Trust. The Care Quality Commission concluded that the Trust had turned a corner. The interim Chair and Chief Executive had a clear vision and understanding of what was required to bring about improvements and were committed to ensuring that improvement was made in a timely manner. They also reported that there had been a notable improvement in the timeliness and quality of investigation reports following serious incidents, including deaths. The Care Quality Commission did not re-rate the Trust following this inspection.

A further focused Care Quality Commission inspection took place between April and June 2017 in two of the Trust’s acute mental health units. CQC had received concerns about low staffing levels, high use of bank and agency staff, not enough suitably trained staff on the psychiatric intensive care unit (PICU) and use of seclusion. CQC reported that the Trust had taken significant steps to address the serious concerns raised at the last inspection to address the issues within the seclusion room. They also reported that the senior management team had committed resources to analysing the issues of concern on the ward and there was clear planning with regard to driving improvements across the hospital, this included increasing the numbers of restraint trained staff on the wards, increasing staffing levels and skill mix across the wards too. Because this was a focused inspection CQC did not re-rate the service.

The Trust has been informed by the Care Quality Commission that they plan to carry out a full comprehensive inspection in 2018. The Trust received the request to complete the CQC's Provider Information Request (PIR) on 6 March 2018 and this was submitted on 27 March 2018. Although still to be confirmed by the Care Quality Commission, the Trust is expecting all core services to be inspected during May/June 2018 and for there to be a Well-led review in July/August 2018, after which the Trust will be re-rated.

Using a programme management approach all CQC related improvement action plans are monitored through the weekly Quality Improvement Development Group and progress is reported to the Quality and Safety Committee and Trust Board on a monthly basis. Progress is externally shared with the Quality Oversight Committee attended by all commissioners and NHS Improvement.

### **How we are implementing Duty of Candour**

We are continuing to support and encourage our staff to be open and honest with patients and their families when things go wrong. We are committed to the principles outlined in the Duty of Candour regulations and are striving to ensure that we engage with patients and their families in a way that is meaningful to them.

In the past year there have been several developments to support this:

- We have reviewed our Duty of Candour policy and procedure to provide greater clarity to staff on their responsibilities;
- We have developed a series of tools to support staff in properly and consistently demonstrating the behaviours and practices that are required.
  - This includes an e-learning training package for staff on the requirements of Being Open and Duty of Candour;
  - Having reviewed our Ulysses Safeguard Risk Management system, where Duty of Candour compliance is recorded, we routinely carry out a review of any moderate and above incidents where staff have indicated that Duty of Candour could not be undertaken to ensure that this there is a valid reason for this (for example the patient/family has explicitly asked for no contact);
  - Audits have also been undertaken to confirm compliance with each step of the Duty of Candour requirements. This is aided by our Business Intelligence System, Tableau, which enables all staff to see Duty of Candour compliance data (at team level and above). This gives immediate oversight of compliance to the three stage process, enabling managers to see incidents that need urgent attention to validate whether Duty of Candour has taken place, or where it hasn't to ensure that this is promptly actioned.
  - We have continued to provide 'face-to-face' training within our bespoke Investigator's training course which focuses on how to involve service users and families in serious incident investigations – we have run the Investigating Officers course three times throughout 2017-18 and trained a further 71 Investigating Officers.

We have included Duty of Candour as a standing item on our executive-led corporate panels which sign-off serious incident investigations. This ensures that it is not only the quality of the investigation which is reviewed but also the requirements of the Duty of Candour policy.

### **Role of the Family Liaison Officer (FLO)**

The role of the Family Liaison Officer is now established within the Trust and therefore a recent review has taken place to assess the impact of the role and the development opportunities for the future.

From commencement of the post on 5 December 2016 to 31 March 2018 there have been 152 referrals and of these:

- 52 families benefitted from additional support which has now ended (though families may choose to make contact in the future if they want assistance to access support from other agencies).
- 20 families are currently receiving support on a regular basis.
- 19 families were contacted by the FLO to provide information, options for external support and contact details on a one-off basis.
- 10 referrals are currently under review pending contact from family.
- 51 families have not required FLO support.

The FLO co-presents the 'Sharing Information' training and presents the 'Duty of Candour' training as part of the Investigating Officers training schedule. She is also a member of the Trust's 'Patient Experience, Engagement and Caring Group', the 'Family Experience and Engagement Group', and the 'Families First Group'.

In supporting families through a Serious Incident Investigation or Complaint process, the FLO has been able to encourage a number of family members to provide their input and insight into various aspects of the Trust improvement work. This work has included: reviewing and commenting on 'Sharing information' literature; participating in videos to provide the family perspective for clinicians; reviewing 'Carer's Information' and attendance at meetings to focus on specific clinical issues affecting service users.

The FLO endeavours to raise any additional issues which families may mention during conversations, such as; the lack of signage at Royal Hampshire County Hospital for Melbury Lodge for people using public transport (which has subsequently been addressed); access to information leaflets in reception areas for families and feedback on what would be helpful (this is being taken forward through the Families First Group in considering Carer's Pack information).

She also continues to be an active member of the Hampshire Suicide Prevention Group and the Southampton Suicide Prevention Group and is utilising this network to encourage voluntary support agencies to work together to address the need for more access to support in various parts of Hampshire.

## Sign up to Safety Campaign

Southern Health continues to participate in the national Sign up to Safety campaign, which is drawing to the end the initial three year phase. We are pleased to report the successful end to this year of the programme. The philosophy of the campaign is locally led, self-directed safety improvement. Whilst at present we await a final steer from the National Campaign as to their proposals for continuation of this programme, the intention will be to develop new priorities moving forward.

We have achieved:

- Duty of Candour e-learning training has been developed and rolled out across the Trust.
- All patients and families are now offered the opportunity to participate in developing terms of reference for Serious Incidents.
- External audit by Niche Consulting and Grant Thornton of the Serious Incident and Mortality action plan found improvements completed and embedded with the impact being seen within the Trust in relation to processes to identify, investigate and learn from Serious Incidents.
- 'You said, we did' posters are now displayed in inpatient sites and on our website, and also feature within the Annual Complaints report.
- Information on all risks/Serious Incidents and complaints are now showing on Tableau (business reporting system) so that staff can drill down information to team level, and interrogate the data as required.

## Staff Survey

The NHS staff survey is one way that the Foundation Trust can hear directly from staff about their experience at work. We actively encourage all staff to participate.

The most recent indicators for KF26 and KF21 are:

KF 26	Percentage of staff experience harassment, bullying or abuse from staff in the last 12 months	20%↓
KF 21	Percentage believing that the Trust provides equal opportunities for career progression or promotion	88%↔

These results remain broadly the same as in 2016/17. To address the issues raised by staff, we have:

- Organised a Health and Well-being event entitled "Tackling bullying and harassment from any source".
- Developed a network of Health and Well-being champions.
- Promoted the role of the Freedom to Speak Up Guardian and the Speak Up Service.

Based on the most recent results, we will be developing local action plans where there are issues of particular concern, for example, where people report they are subject to bullying and harassment as a result of their ethnicity or gender.

### **Freedom to Speak Up**

A dedicated Freedom to Speak Up Guardian was appointed in 2016/17 following the recommendation of Sir Robert Francis, following his review and subsequent report into the failings in Mid-Staffordshire NHS Foundation Trust.

The Guardian has been in post over a year, during this time she has had 74 contacts from across the Trust covering a vast array of subjects. She is supported by David Monk, a non-executive Director, with a special interest in this subject area. She continues to travel about the Trust speaking with staff and teams to provide independent and confidential support to staff who want to raise concerns. As a result of concerns raised this year there have been:

- Changes made to policies,
- Workshops conducted on Speaking Up, Bullying and Harassment programmes
- Input provided into the newly designed Managers' Induction programme.

Freedom to Speak Up Champions have been recruited from a diversity of staff and directorates to assist in spreading confidence to raise concerns. The Guardian remains the primary contact to collate and respond on concerns raised.

## **Annex 1: Statements from commissioners, local Healthwatch organisations and Oversight and Scrutiny Committees**

The opportunity to provide feedback on the Quality Account was offered to the following bodies:

- Clinical Commissioning Groups - West Hampshire, South Eastern Hampshire, North Hampshire, Fareham & Gosport.
- Clinical Commissioning Group - Southampton City.
- Council of Governors.
- Healthwatch organisations – Southampton, Hampshire.
- Overview and Scrutiny Committees – Hampshire, Southampton, Portsmouth.

Feedback that has been received is included in this annex.

The feedback from all stakeholders has been taken into consideration and changes have been made from the earlier version of this document which was supplied for review. We now hope that the reader will be able to clearly understand which of the priorities for 2017/18 have been achieved and the level of that achievement.

Portsmouth City Council was sent a copy of our Quality Report but declined to comment, saying “they do not wish to comment on the Quality Accounts for organisations.”

## West Hampshire Clinical Commissioning Group

Representing West Hampshire, South Eastern Hampshire, North Hampshire, Fareham and Gosport Clinical Commissioning Groups.



04 May 2018

Dr Nick Broughton  
Chief Executive Officer  
Southern Health NHS Foundation Trust  
Sterne 7  
Tatchbury Mount  
Calmore  
Southampton  
Hants SO40 2RZ

**Headquarters**  
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112 Southampton Road  
Eastleigh  
Hampshire  
SO50 5PB

Direct Dial: 023 8062 2714  
Switchboard: 023 8062 7444

Dear Nick

### **Southern Health Quality Account 2017/18**

West Hampshire Clinical Commissioning Group (CCG), North Hampshire CCG, Fareham and Gosport CCG and South Eastern Hampshire CCG are pleased to comment on Southern Health NHS Foundation Trust's Quality Account for 2017/18 for the services that the Hampshire CCGs commission. All of these CCGs have worked with the Trust over the past year in monitoring the quality of care provided to their local population and identifying areas for improvement.

Clinical Commissioning Groups recognise that 2017/18 has been another challenging year for the Trust, with the additional scrutiny placed upon them by the Care Quality Commission (CQC) and NHS Improvement as well as the difficulties they are still facing in regards to the recruitment and retention of suitably skilled and qualified staff.

Despite these ongoing challenges, the Trust has made some significant improvements in their management of serious incidents and learning from deaths and it is gratifying to see this confirmed in the report of the review undertaken by the external consultants Niche and Grant Thornton. Further work to embed the learning at local levels is continuing and the CCGs continue to communicate for assurance of the robust implementation of local actions.

The Trust has identified nine quality priorities for 2018/19 and commissioners support these priorities, many of which are included within the quality elements of the refreshed contract for 2018/19. Commissioners are encouraged to see the continued emphasis on risk assessments and the Triangle of Care in the Mental Health Division.

We acknowledge the progress the Trust has made over the year in all of the nine quality priorities for 2017/18.

### Patient Safety

The frequency of recurrent contributory causes from serious incidents have reduced over the year and we are assured to note a reduction in the frequency that risk assessments are identified as a contributory factor in serious incidents. The Trust does acknowledge, that continual work needs to be undertaken in the areas of lack of completed risk assessment and commissioners are assured that the Trust is taking this important care component very seriously by continually focussing on it as a priority for the coming year.

Alongside the risk assessment priority is the involvement of the service users and family/carers with risk assessments and care planning. These are areas that have also been identified by the Clinical Commissioning Groups during clinical quality visits and presentations at the Clinical Quality Review Meetings as requiring further work, and we are assured that there will be a continued focus on these during 2018/19.

It is positive to note the continued focus on the reduction of incidences of restraint, particularly prone restraint, in the mental health services and commissioners will continue to monitor this throughout the year. We would also like to see evidence of physical health monitoring during and after, these incidents. The Trust has started to record those potential incidents of restraint where de-escalation techniques were used successfully and restraint was not required. These numbers are small at the moment, whether by lack of knowledge or lack of recording is not fully understood, but it is hoped that this will be improved in the coming year.

The numbers of pressure ulcers whilst in the care of the Trust have not reduced across the community services to the extent that the Clinical Commissioning Groups would have liked, although we acknowledge that this is also of concern to the Trust. We are satisfied that the action plans have been reviewed during the year and look forward to seeing further progress in this area.

Specifically, we would like to see reference to the way that SHFT has embedded learning for patients who have experienced tissue viability incidents, such as those discussed at Trust wide and divisional *Evidence of Improvement* panels.

Commissioners welcome the three year Tissue Viability and Wound Care Strategy but are still awaiting the evidence based practice referencing the deep tissue injury grading system, which the Trust is now using, and which, despite a number of requests is still outstanding.

Although we acknowledge the drive to prioritise community physical health teams to attend the wound care and undertake pressure ulcer e-learning training courses, it would be helpful to understand the percentage of appropriate staff expected to be trained by March 2019 instead of the number of 350 registered staff as stated in the report.

#### Patient Experience

Commissioners acknowledge the collaborative work with service users and carers in peer reviews, and development of leaflets and support packs, particularly within the Learning Disability (LD) service, where we have heard of the excellent work being undertaken to include carer's views in the development of these services.

Last year's appointment, of the Family Liaison Officer (FLO) to provide support to grieving families following the death of a loved one, continues to be well received by families. We recognise the success of this position but it would be helpful to know the resilience process in place for covering this position when the incumbent is absent.

The FLO attended an *Evidence of Improvement* panel in support of two members of a family affected by the death of a loved one. Although the evidence of completion of the action plan presented to this panel required significant work to provide adequate assurance, the family was reassured by the challenges made by both the Clinical Commissioning Groups and the Trust; as a result the Trust agreed to extend invitations to families affected to future panels. However, this has not been evident to date and commissioners would like to see this taken forward.

Commissioners are disappointed to note that the Trust is still not meeting the agreed internal timescales for responses to complaints, which has not improved since last year and we would like to see a more concerted effort to address this in the forthcoming year. We have offered to work with the trust to develop the way complaint closure dates are set and agreed with complainants, adopting sensitive but realistic timeframes.

#### Clinical Effectiveness

An improvement was demonstrated, during 2017/18, as part of the Care Programme Approach (CPA) standards audit, particularly regarding the involvement of families and services users, which has shown an increase from 67% to 83% over the course of the year. This has been a concern over the past two years and it is pleasing that the Trust actions are now seeing some improvement.

However there are still areas for improvement, for example, sharing risk management and safety plans with service users and primary care which is currently at 69%, although is an improvement on the last year of 47%. The Trust has shared their action plan with the Clinical Commissioning Groups who will be monitoring the implementation through talking to service users and carers during quality and peer review visits.

The Trust has worked closely with commissioners to look at how improvement can be made in the initial referral process from primary care to the community mental health teams. Measurements of the outcomes of the actions put in place have been included in the quality contract refresh for 2018/19 and we look forward to seeing the improvement over the year.

#### Workforce

One of the main concerns throughout the year has been the vacancy, turnover and the high percentages of staff leaving the trust within twelve months of starting. To give more time for discussion about the challenges and activities the Trust has in place to improve these areas of workforce; the Clinical Commissioning Groups now hold bimonthly meetings with the Trust. These meetings have been well attended and provide assurance that the Trust is taking positive action to address the difficulties. We also appreciated the opportunity at our recent West Hampshire and Southern Health executive level meeting to discuss this issue in more detail.

The Trust is focussing on retention of staff and has appointed a Head of Engagement and Wellbeing who works with staff to deliver five programmes of work designed to improve staff health and wellbeing. We will be keen to see the impact this will have on the workforce in the coming months.

It is pleasing to see that the efforts the Trust has made to increase staff uptake of the flu vaccinations for front line staff have resulted in an increase last year but the Trust also acknowledges that there is still a way to go to improve staff uptake with this important safety precaution and we would like to see a continued improvement next year.

#### Commissioner Assessment Summary

This Quality Account complies with national guidance and demonstrates areas of achievement as well as areas where improvement is required. The Clinical Commissioning Groups are satisfied that the overall content of the Quality Account meets the required mandated elements. West Hampshire CCG observed the Quality and Safety sub-committee of the board and has seen in practice the robust scrutiny that senior members of the Trust give to the development and monitoring of the quality account.

The Clinical Commissioning Groups are engaged with the Trust on several levels including at a corporate level through the Quality Oversight Group and have developed strong relationships with the Trust's local management teams through open communication and robust but fair challenge at mortality meetings, serious incident panels and evidence of improvement panels.

Overall West Hampshire CCG, North Hampshire CCG, Fareham and Gosport CCG and South Eastern Hampshire CCG are satisfied with the Quality Accounts for 2017/18 in that they provide a clear and accurate statement. We look forward to working closely with Southern Health NHS FT over the coming year to deliver continued quality improvement to the mental health, learning disability and integrated community services.

Yours sincerely



Heather Hauschild  
Chief Officer

## Southampton City Clinical Commissioning Group



4 May 2018

Dr Nick Broughton  
Chief Executive  
Southern Health NHS Foundation Trust  
Sterne 7; Tatchbury Mount  
Calmore  
Southampton  
Hants  
SO40 2RZ

Dear Nick

### Southern Health Quality Account 2017/18

Southampton Clinical Commissioning Group (CCG) is pleased to comment on Southern Health NHS Foundation Trust's Quality Account for 2017/18; for the services that they commission. We have continued to work with the Trust over the past year in monitoring the quality of care provided to the local population of Southampton and identifying areas for improvement.

It is evident that progress has been made against the 2017/18 priorities, although not all fully achieved. The Quality Account is much clearer than previous reports in terms of whether the priorities have or have not been achieved.

In relation to next year's priorities, which link to the three quality domains, the CCG is pleased to see Risk Assessments and Crisis Planning carried forward. Although progress has been made and we are seeing a reduction in these being a contributing factor in serious incident investigations, there is more work to be undertaken to ensure relevant improvements are made. The CCG is also pleased that this priority will be extended to look at the quality of assessment and especially the focus on improving the involvement of family and carers in risk assessments and crisis plans. The CCG acknowledges the proactive work of involving carers and patients in other areas, including Peer Reviews, Divisional meetings and in the development of Trust literature. The role of the Family Liaison Officer continues to provide invaluable support to patients, families and carers and the good work being undertaken by the Freedom to Speak UP Guardian and associated Champions is extremely positive.

A concern over the last twelve months has been the high caseloads in Community Mental Health Teams and pressure on leadership where teams consist of junior, inexperienced staff; the CCG would have liked to have seen this linked into the priorities for next year. In addition, immediate focus is needed to ensure the planned move of the East CMHT is finalised to ensure identified quality risks are resolved. The CCG would also like to see further progress made in relation to consistency in the use of the Care Planning Approach (CPA) and further progress in reducing out of area bed usage.

Last year, the CCG stated that it would have been good to see a priority linked to the quality impact of the ongoing workforce issues. It is a positive step to see 'consistent staffing' form part of the coming year's priorities, as this has continued to be the greatest area of concern over the last twelve months.

The Quality Account does not include specific, measureable key performance indicators for each of the priorities, which makes it difficult to understand exactly how the Trust will measure itself and demonstrate achievement. However, the priorities cover areas that will support improvements where there have been continued concerns. The CCG also hopes the Trust will have a determined focus on dual diagnosis and the improved management of patients across service providers including

supporting the City with its Steps to Wellbeing initiative alongside the priority identified to improve access to Psychological therapies

As outlined in the Quality Account, there have been many positives during the past year, including the launch of the innovative Crisis Lounge in Mental Health Services in Southampton, which offers a safe haven to people at times of urgent need. The Trust has continued to work hard to improve the quality of serious incident investigation reports and the dedicated team of Investigating Officers have played a key role in making the improvements we are now seeing at the CCG Serious Incident Closure Panel. The CCG has also seen an improvement in the reporting relating to learning from deaths and ensuring all relevant deaths are appropriately investigated. The CCG is pleased to have been able to support some of this work.

The Trust has continued on its improvement journey over the last twelve months, having another very challenging year; including close scrutiny by the Care Quality Commission (CQC) and it also been subjected to further external reviews and CCG quality visits. The Quality Account reflects this well and provides open and honest details relating to the failure to deliver safe care, resulting in fines from the CQC and Health and Safety Executive (HSE). The CCG recognises the effort and work involved in making relevant improvements, focusing on patient safety.

It is a reflection of the efforts made by the Trust over the past year that Niche Consulting and the auditors Grant Thornton, who undertook an external audit on progress made against the Mazars Report, confirmed that the Trust had made significant improvements in relation to the themes they had audited.

The Quality Account regulations were updated to include new requirements relating to learning from deaths, which SHFT have met by providing detailed information outlining their approach and including the prescribed information. The Quality Account regulations also require SHFT to report performance against a specific set of core indicators; these are included, although some of the 2017/18 performance data is not yet available in the draft report, so we are unable to comment further on this.

Overall the Quality Account reflects both the challenges experienced by SHFT over the last twelve months and highlights the positive work undertaken through SHFT's ambition to continue improve the quality of services.

The Quality Account meets the minimum national requirements, but as suggested in previous years, the CCG would really like to see the inclusion of patient stories. These provide a different perspective and an opportunity to understand personal experiences in order to inform improvements.

Overall Southampton CCG, are satisfied with the Quality Account for 2017/18 and fully supports the new and continued quality priorities. We look forward to working closely with Southern Health NHS Foundation Trust over the coming year to further improve the quality of local Mental Health and Learning Disability services.

Yours sincerely



John Richards  
Chief Officer  
Southampton CCG

## **Southern Health NHS Foundation Trust – Governors**

In our communities, we regularly hear that “the Trust has turned a corner”, often from our previously fiercest critics, and we can see early signs that this is the case. We believe that the Trust has made progress and we see the ambition to consistently deliver outstanding care and outcomes to our patients and service users as realistic in the medium term.

Our Trust now has a new and strong leadership team, a prerequisite to achieve our demanding vision, and we expect this to be further enhanced with current Board appointments at NED and executive levels. We are aware that there are some commentators who suggest that a new Board is in itself a weakness, an argument we reject although we and the Board recognise that there is a need for further development work. We understand the board is actively commissioning a Board development programme to support this, linked to recent governor development work, and is receiving ongoing support from NHSI. Simply put, we have a Board with strength and leadership skills, and an ability both to think strategically to develop and deliver a vision, but also grounded in the caring and compassionate essentials of putting patients and staff at the top of the agenda. Having a nurse as Chair and a forensic psychiatrist as Chief Executive is a real strength.

The Trust, with encouragement and financial support from the centre, has embarked on a demanding programme of transformation based on proven quality improvement methodologies and with a commitment to embed the best ways of working throughout the workforce. There is service user representation on the Transformation Board, in line with Trust thinking that service users should be embedded in all our strategic thinking. There is also a governor member on the Transformation Board and other governors are well embedded seeing and supporting the process of change. We see this process of transformation, is underway and key to delivering the Trust’s ambitions.

Governors have played an important part in this transition from our difficult recent history to a point where we are seen to have turned a corner and are focused on excellence. The Trust has recognised this governor commitment by allowing and encouraging us to be closely involved in all aspects of the Trust’s governance (to an extent which our research has shown to be unusual even in the best rated Trusts) and with the Chair and NEDs actively supporting governor events. The governors feel that we now have an opportunity to influence the Trust’s decision making.

Whilst the Trust has taken a positive turn there is still much work to do but we are confident that we are taking the road together.

In terms of specific comments on the report; Governors have been involved throughout the process during the year, which marks an improvement from previous years. Governors have also been involved in reviewing this Quality Report and our comments have been provided to the Trust for inclusion in this year's report, where appropriate and, more generally, for the Trust to take account of and action in 2018/19 and moving forward. We are pleased to see that the report demonstrates progress, with which we agree. We are also pleased that our commissioners and other stakeholders have recognised this in their letters which are attached to the report. We have agreed with the Trust a process for greater and more meaningful involvement in 2018/19 and beyond. We would like to see the Quality Report for 2018/19 develop further, including more clearly defined accountability.

In summary, we recognise that the building blocks are in place to take the organisation forward to a place of excellence that the people of Hampshire and beyond deserve; we look forward to working with the Trust to ensure that this happens and to holding the Board to account for the delivery of the strategic direction.

**The Council of Governors**

21 May 2018

## **Healthwatch - Southampton**

Feedback from Healthwatch Southampton on the Quality Account 2017/18 for Southern Health

The statement on quality from the Chief Executive officer is welcomed. It is an honest appraisal of the trust's current position and matches the honest approach adopted when Healthwatch Southampton received an update for the CEO and Chief Nurse. This approach is needed to restore public confidence and has reassured us that there was a genuine attempt to rectify the problems of the past. The position of a family liaison officer is particularly welcomed. We also support the extension of the reward and recognition programme to monthly awards; the staff at the Trust have suffered from the adverse publicity of the past and it is important to restore their confidence and morale.

Southern Health FT provides adult mental health services to the City with Antelope House as its prime In-patient centre in Southampton City. We are pleased that the trust has managed to re-open the unit, albeit with a reduced capacity at present. The concept of a Crisis Lounge at Antelope house is very positive, and we hope will lead to a significant reduction in the number of mental health patients having to use the ED of the acute hospital. Healthwatch Southampton takes part in the PLACE inspection at Antelope House and were pleased with the result of this inspection which showed a good standard of facility for in-patients.

The principle of widely consulting about the choice of quality priorities is sound and we agree with the choice of the three main domains. The priorities are well set out with clear explanation for the choice and targets for the achievement of them. The inclusion of section 2c, progress on meeting last year's priorities, is helpful coming straight after the priorities for 2018/19 and pleasing to read that of the 11 indicators set, nine were achieved and two were partly achieved with further work planned and rolled forward. The fact that Duty of Candour is now embedded within the divisions is especially welcomed.

The section on 'learning from deaths' is clear and is welcomed. We are also pleased that the Trust has included a section on inappropriate out-of-area placements for Adult mental health services for 2017/18 although we question whether it is appropriate to discount placements due to ward closures as in our view this should be in the control of the Trust.

The establishment of a Patient experience, engagement and caring group, the appointment of a new head of patient experience and the decision to increase the ways in which patients and service users have a voice is welcomed and Healthwatch Southampton would be pleased to assist and will work with them to ensure that the Trust hears the patient and relatives voice.

H F Dymond MBE

Chairman, Healthwatch Southampton

(Footnote: Section 2c referenced above, is now in S.3 as required in the regulation)



### **Healthwatch Hampshire response to Southern Health Quality Account**

As the independent voice for patients, Healthwatch Hampshire is committed to ensuring local people are involved in the improvement and development of health and social care services.

Each year, we are asked to comment on seven Quality Accounts from NHS Trusts. In the past, we have allocated scarce time to read drafts and give guidance on how they could be improved to make them meaningful for the public.

We recognise that this process is imposed on Trusts. However, as the format has largely continued to remain inaccessible to the public, we have concluded that it is not a process that benefits patients or family and friend carers unless the format is changed. So we will no longer comment on Quality Accounts individually.

This will release time for us to use our resources to challenge the system with integrity, so we can create more opportunities for local people and communities to co-producing service change. For example, this year, we are again running our [‘Community Cash Fund’](#) to offer local organisation and charities the opportunity to carry out projects that help people to stay well both now and in the future. We are currently accepting applications until the end of May.

If you have not already done so, we would ask you to look at the guidance on involvement from Wessex Voices ([www.wessexvoices.org.uk](http://www.wessexvoices.org.uk)) which aims to make sure local people are involved in designing and commissioning health services. Five Local Healthwatch alongside NHS England (Wessex) have produced a Wessex Voices toolkit to support patient and public involvement in commissioning. You can use this to ensure that your quality processes are in line with patients’ views, and with the guidance from NICE ([www.nice.org.uk/guidance/ng44](http://www.nice.org.uk/guidance/ng44)) and Healthwatch England. ([www.healthwatch.co.uk/reports/5-things-communities-should-expect-getting-involved](http://www.healthwatch.co.uk/reports/5-things-communities-should-expect-getting-involved))

If we can help you in planning co-design and participation in future activities, we’d be pleased to hear from you. We will continue to provide feedback to the Trust through a variety of channels to improve the quality, experience and safety of its patients.

Thank you for inviting us to comment

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Web: [www.healthwatchhampshire.co.uk](http://www.healthwatchhampshire.co.uk)

## Health Oversight and Scrutiny Committee

Councillor Sarah Bogle  
C/O Mark Pimie, Democratic Services  
Southampton City Council  
Civic Centre  
Southampton SO14 7LY



Direct dial: 023 8083 3886  
Email: mark.pimie@southampton.gov.uk

Date: 10 May 2018

Dr Nick Broughton  
Chief Executive  
Southern Health NHS Foundation Trust  
Sterne 7; Tatchbury Mount  
Calmore  
Southampton  
Hants  
SO40 2RZ

Dear Nick,

### Southern Health NHS Foundation Trust Quality Account 2017/18

The Southampton Health Overview and Scrutiny Panel welcomes the opportunity to comment on the Southern Health NHS Foundation Trust Quality Account for 2017/18.

As noted in the response to last year's report the Panel acknowledges that the Trust has been the subject of a great deal of additional scrutiny over the past 12 months by both NHS Improvement and the CQC. The Quality Account provides an honest account of the challenges the Trust has faced and the improvements that have been made, reflected by the positive feedback provided by external consultants Niche and Grant Thornton in their review of progress made against the Mazars Report.

The Panel are pleased to see that the Trust continues to develop creative and innovative methods to engage patients, families and carers, building on the positive impact that the introduction of the Family Liaison Officer has had on the quality and effectiveness of support offered.

The opening of the Crisis Lounge at Antelope House appears to have been well received by stakeholders. We are pleased to see that this imaginative approach is already demonstrating beneficial outcomes to service users and the wider NHS through reducing attendances at the Emergency Department by identified high intensity users. The Panel look forward to receiving an update on this initiative in 2018/19.

Reflecting concerns about retention and recruitment and ongoing workforce challenges facing the Trust, the Panel is pleased to see that 'consistent staffing' will be a priority of Southern Health in 2018/19. It is hoped that this commitment will result in a reduction in the caseloads of the Trust's Community Mental Health Nurses operating in Southampton.

Following discussions with representatives from Southern Health it is clear that significant progress has been made by the Trust in 2017/18. The commitment to

## Hampshire Health and Adult Social Care Select Committee



30 April 2018

Dr Nick Broughton  
Chief Executive  
Southern Health NHS Foundation Trust

(by email)

*Room 114, Elizabeth II Court  
Hampshire County Council  
The Castle, Winchester  
Hampshire, SO23 8UJ*

Tel: 01962 847336  
E-mail: [members.services@hants.gov.uk](mailto:members.services@hants.gov.uk)

Dear Dr Broughton,

### **Hampshire Health and Adult Social Care Select Committee contribution to Quality Accounts process**

Thank you for sharing with the Hampshire Health and Adult Social Care Select Committee (HASC) the draft 2017/18 Quality Accounts for Southern Health NHS Foundation Trust.

I have circulated these priorities to Members of the HASC for their comments, and feedback received suggests that the quality report continues to outline and reflect upon the significant challenges that the Trust has experienced in the previous few years, and the need to improve against this background. The accounts rightly continue to put the findings of the Mazars review and Care Quality Commission inspections at the centre of the quality report, and the Committee continues to scrutinise both of these issues as part of its work programme, and to hold the Trust, its commissioners and partners to account for their actions and progress made against priorities.

The report highlights the further transformation that is required for the Trust to reach its ambition to be an 'outstanding' provider, and Members will monitor the progress of the Trust's journey through our regular scrutiny of Southern Health.

Members particularly support the inclusion of the 'Triangle of Care' as a key priority for 2018/19, ensuring that patients, their carers and families continue to be at the heart of mental health services; we would encourage that these principles are applied to all provided services, and that stakeholder engagement and involvement remains a core focus of the Trust as part of its transformation pathway.

It should also be noted that the report highlights some areas of quality improvement achieved in 2017/18, such as the co-production of Trust literature and the implementation of a family liaison officer in the Trust. We will continue to monitor those areas that have been partially achieved through our ongoing scrutiny of the Trust.

We therefore do not wish to recommend any additions to these priorities. We do however request and look forward to receiving the action plan that will be drafted following the publication of your Quality Accounts, in order to ensure that the priorities raised can be monitored, and progress against them can be reviewed. We look forward to receiving the outcomes of the CQC inspections due to be held during the Spring / Summer 2018 in due course.

Please do not hesitate to contact me should you require any additional information on my comments above.

Yours sincerely

A handwritten signature in black ink that reads "Roger Huxstep". The signature is written in a cursive style with a large initial 'R'.

**Cllr Roger Huxstep**  
**Chairman, Health and Adult Social Care Select Committee**

## **Annex 2: Statement of directors' responsibilities for the quality report**

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

NHS Improvement has issued guidance to NHS Foundation Trust Boards on the form and content of annual quality reports (which incorporate the above legal requirements) and on the arrangements that NHS Foundation Trust Boards should put in place to support the data quality for the preparation of the quality report.

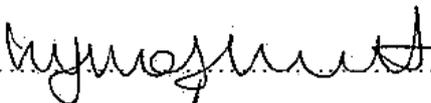
In preparing the Quality Report, directors are required to take steps to satisfy themselves that:

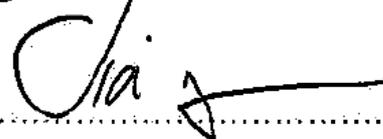
- the content of the Quality Report meets the requirements set out in the NHS Foundation Trust Annual Reporting Manual 2017/18 and supporting guidance
- the content of the Quality Report is not inconsistent with internal and external sources of information including:
  - Board minutes and papers for the period April 2017 to March 2018;
  - Papers relating to Quality reported to the Board over the period April 2017 to March 2018;
  - Feedback from the commissioners dated 4 May 2018 (Southampton City) and 4 May 2018 (West Hampshire Clinical Commissioning Group Representing West Hampshire, South Eastern Hampshire, North Hampshire, Fareham and Gosport Clinical Commissioning Groups);
  - Feedback from governors dated 21 May 2018;
  - Feedback from local Healthwatch organisations dated 4 and 11 May 2018;
  - Feedback from Overview and Scrutiny Committee dated 10 May 2018;
  - The Trust's complaints report published under regulation 18 of the Local Authority Social Services and NHS Complaints Regulations 2009, dated 28 November 2017;
  - The latest national patient survey 2017;
  - The latest national staff survey 22 April 2018;
  - The Head of Internal Audit's annual opinion over the Trust's control environment dated May 2018;
  - CQC Inspection Report dated 10/7/2017: Community-based mental health services for adults of working age.
  - CQC Inspection Report dated 28/07/2017: Community health services for adults.
  - CQC Inspection Report dated 28/07/2017: Southern Health NHS Foundation Trust.
  - CQC Inspection Report dated 28/07/2017: Community health inpatient services.

- CQC Inspection Report dated 28/07/2017: Community-based mental health services for older people.
  - CQC Inspection Report dated 28/07/2017: Urgent care services.
  - CQC Inspection Report dated 28/07/2017: End of life care.
  - CQC Inspection Report dated 28/07/2017: Wards for older people with mental health problems.
- the Quality Report presents a balanced picture of the NHS Foundation Trust's performance over the period covered;
  - the performance information reported in the Quality Report is reliable and accurate;
  - there are proper internal controls over the collection and reporting of the measures of performance included in the Quality Report, and these controls are subject to review to confirm that they are working effectively in practice;
  - the data underpinning the measures of performance reported in the Quality Report is robust and reliable, conforms to specified data quality standards and prescribed definitions, is subject to appropriate scrutiny and review; and
  - the Quality Report has been prepared in accordance with NHS Improvement's annual reporting manual and supporting guidance (which incorporates the Quality Accounts regulations) as well as the standards to support data quality for the preparation of the Quality Report.

The directors confirm to the best of their knowledge and belief they have complied with the above requirements in preparing the Quality Report.

By order of the board

24/5/2018 Date  Trust Chair

24/5/2018 Date  Chief Executive

## Annex 3: External auditor’s limited assurance report

### Independent Auditors’ Limited Assurance Report to the Council of Governors of Southern Health NHS Foundation Trust on the Annual Quality Report

We have been engaged by the Council of Governors of Southern Health NHS Foundation Trust to perform an independent assurance engagement in respect of Southern Health NHS Foundation Trust’s Quality Report for the year ended 31 March 2018 (the ‘Quality Report’) and specified performance indicators contained therein.

#### Scope and subject matter

The indicators for the year ended 31 March 2018 subject to limited assurance (the “specified indicators”) marked with the symbol **A** in the Quality Report, consist of the following national priority indicators as mandated by Monitor:

<b>Specified Indicators</b>	<b>Specified indicators criteria</b> (exact page number where criteria can be found)
Early intervention in psychosis (EIP): people experiencing a first episode of psychosis treated with a NICE-approved care package within two weeks of referral	Page B84
Inappropriate out-of-area placements for adult mental health services	Page B85

#### Respective responsibilities of the Directors and auditors

The Directors are responsible for the content and the preparation of the Quality Report in accordance with the specified indicators criteria referred to on pages of the Quality Report as listed above (the "Criteria"). The Directors are also responsible for the conformity of their Criteria with the assessment criteria set out in the NHS Foundation Trust Annual Reporting Manual (“FT ARM”) and the “Detailed requirements for quality reports for foundation trusts 2017/18” issued by Monitor (operating as NHS Improvement) (“NHSI”).

Our responsibility is to form a conclusion, based on limited assurance procedures, on whether anything has come to our attention that causes us to believe that:

- The Quality Report does not incorporate the matters required to be reported on as specified in the FT ARM and the “Detailed requirements for quality reports for foundation trusts 2017/18”;
- The Quality Report is not consistent in all material respects with the sources specified below; and
- The specified indicators have not been prepared in all material respects in accordance with the Criteria set out in the FT ARM and the “Detailed requirements for external assurance for quality reports for foundation trusts 2017/18”.

We read the Quality Report and consider whether it addresses the content requirements of the FT ARM and the “Detailed requirements for quality reports for foundation trusts 2017/18”; and consider the implications for our report if we become aware of any material omissions.

We read the other information contained in the Quality Report and consider whether it is materially inconsistent with the following documents:

- Board minutes for the financial year, April 2017 and up to the date of signing this limited assurance report (the period);

- Papers relating to quality report reported to the Board over the period April 2017 to the date of signing this limited assurance report;
- Feedback from the Commissioners dated 4 May 2018 (Southampton City) and 4 May 2018 (West Hampshire Clinical Commissioning Group Representing West Hampshire, South Eastern Hampshire, North Hampshire, Fareham and Gosport Clinical Commissioning Groups);
- Feedback from Governors dated 21 May 2018;
- Feedback from Local Healthwatch organisations dated 4 and 11 May 2018;
- Feedback from Overview and Scrutiny Committee dated 30 April and 10 May 2018;
- The Trust’s complaints report published under regulation 18 of the Local Authority Social Services and NHS Complaints Regulations 2009, dated 28 November 2017;
- The latest national and local patient survey dated 2017;
- The latest national and local staff survey dated 22 April 2018;
- Care Quality Commission inspection reports, dated 10 July 2017 and 28 July 2017; and
- The Head of Internal Audit’s annual opinion over the Trust’s control environment dated May 2018.

We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with those documents (collectively, the “documents”). Our responsibilities do not extend to any other information.

### **Our Independence and Quality Control**

We applied the Institute of Chartered Accountants in England and Wales (ICAEW) Code of Ethics, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. We apply International Standard on Quality Control (UK) 1 and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### **Use and distribution of the report**

This report, including the conclusion, has been prepared solely for the Council of Governors of Southern Health NHS Foundation Trust as a body, to assist the Council of Governors in reporting Southern Health NHS Foundation Trust’s quality agenda, performance and activities. We permit the disclosure of this report within the Annual Report for the year ended 31 March 2018, to enable the Council of Governors to demonstrate they have discharged their governance responsibilities by commissioning an independent assurance report in connection with the indicators. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council of Governors as a body and Southern Health NHS Foundation Trust for our work or this report save where terms are expressly agreed and with our prior consent in writing.

### **Assurance work performed**

We conducted this limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) ‘Assurance Engagements other than Audits or Reviews of Historical Financial Information’ issued by the International Auditing and Assurance Standards Board (‘ISAE 3000 (Revised)’). Our limited assurance procedures included:

- reviewing the content of the Quality Report against the requirements of the FT ARM and the “Detailed requirements for quality reports for foundation trusts 2017/18”;
- reviewing the Quality Report for consistency against the documents specified above;
- obtaining an understanding of the design and operation of the controls in place in relation to the collation and reporting of the specified indicators, including controls over third party information (if applicable) and performing walkthroughs to confirm our understanding;
- based on our understanding, assessing the risks that the performance against the specified indicators may be materially misstated and determining the nature, timing and extent of further procedures;
- making enquiries of relevant management, personnel and, where relevant, third parties;

- considering significant judgements made by the NHS Foundation Trust in preparation of the specified indicators;
- performing limited testing, on a selective basis of evidence supporting the reported performance indicators, and assessing the related disclosures; and
- reading the documents.

A limited assurance engagement is less in scope than a reasonable assurance engagement. The nature, timing and extent of procedures for gathering sufficient appropriate evidence are deliberately limited relative to a reasonable assurance engagement.

### **Limitations**

Non-financial performance information is subject to more inherent limitations than financial information, given the characteristics of the subject matter and the methods used for determining such information.

The absence of a significant body of established practice on which to draw allows for the selection of different but acceptable measurement techniques which can result in materially different measurements and can impact comparability. The precision of different measurement techniques may also vary. Furthermore, the nature and methods used to determine such information, as well as the measurement criteria and the precision thereof, may change over time. It is important to read the Quality Report in the context of the assessment criteria set out in the FT ARM and “Detailed requirements for quality reports for foundation trusts 2017/18” and the Criteria referred to above.

The nature, form and content required of Quality Reports are determined by NHSI. This may result in the omission of information relevant to other users, for example for the purpose of comparing the results of different NHS Foundation Trusts/organisations/entities.

In addition, the scope of our assurance work has not included governance over quality or non-mandated indicators in the Quality Report, which have been determined locally by Southern Health NHS Foundation Trust.

### **Conclusion**

Based on the results of our procedures, nothing has come to our attention that causes us to believe that for the year ended 31 March 2018:

- The Quality Report does not incorporate the matters required to be reported on as specified in the FT ARM and the “Detailed requirements for quality reports for foundation trusts 2017/18”;
- The Quality Report is not consistent in all material respects with the documents specified above; and
- The specified indicators have not been prepared in all material respects in accordance with the Criteria set out in the FT ARM and the “Detailed requirements for external assurance for quality reports for foundation trusts 2017/18”.

*PricewaterhouseCoopers LLP*

**PricewaterhouseCoopers LLP**  
 Southampton  
 25 May 2018

The maintenance and integrity of the Southern Health NHS Foundation Trust’s website is the responsibility of the directors; the work carried out by the assurance providers does not involve consideration of these matters and, accordingly, the assurance providers accept no responsibility for any changes that may have occurred to the reported performance indicators or criteria since they were initially presented on the website.

## **Annex 4: Data definitions**

### **PwC tested the following indicators**

#### **Early Intervention in Psychosis (EIP)**

People experiencing a first episode of psychosis treated with a NICE approved care package within two weeks of referral

##### Detailed descriptor:

The reported indicator for people experiencing a first episode of psychosis treated with a NICE approved care package within two weeks of referral is calculated on all patients who are referred as per the guidance given by NHS Improvement and accepted onto the caseload.

##### Data definition

Numerator: The number of people experiencing a first episode of psychosis treated with a NICE approved care package within two weeks of referral.

Denominator: The number of people experiencing a first episode of psychosis who are referred as per the guidance given by NHS Improvement and accepted onto the caseload.

##### Details of the indicator

This indicator applies to anyone with a suspected first episode of psychosis who is aged 14 to 65. People aged over 35 who may historically not have had access to specialist early intervention in psychosis services should not be excluded.

Exemptions include referrals of people who are experiencing psychotic symptoms with a confirmed organic cause, for example brain diseases such as Huntington's and Parkinson's disease, HIV or syphilis, dementia, or brain tumours or cysts.

##### Accountability

Achieve more than 50% of people with first episode of psychosis (FEP) are treated with a NICE-approved package of care within two weeks of referral.

##### Detailed Guidance

More detail about this indicator and the data can be found within the Mental Health Community Teams Activity section of the NHS England website. Documents titled: Guidance and FAQs for reporting against access and waiting time standards: Children and young people with an eating disorder and Early Intervention in Psychosis.

## **Inappropriate out-of-area placements for Adult Mental Health services**

### Detailed descriptor

An inappropriate 'out of area placement' for acute mental health in-patient care happens when: A person with assessed acute mental health needs who requires adult mental health acute inpatient care, is admitted to a unit that does not form part of the usual local network of services. This maybe an inpatient unit that does not usually admit people living in the catchment of the person's local community mental health service and where the person cannot be visited regularly by their care coordinator to ensure continuity of care and effective discharge planning.

Examples where an out of area placement maybe appropriate include – safeguarding issues, employment reasons, or an individual's choice.

### Data definition

Total number of bed days patients have spent out of area in the last month deemed inappropriate.

Exemptions include where an out of area placement is appropriate as given in the guidance

### Accountability

Progress in line with agreed trajectory for elimination of inappropriate adult acute out of area placements no later than 2021

### Detailed Guidance

Further information on Government website:

[www.gov.uk/government/publications/oaps-in-mental-health-services-for-adults-in-acute-inpatient-care/out-of-area-placements-in-mental-health-services-for-adults-in-acute-inpatient-care](http://www.gov.uk/government/publications/oaps-in-mental-health-services-for-adults-in-acute-inpatient-care/out-of-area-placements-in-mental-health-services-for-adults-in-acute-inpatient-care)

# Independent auditors' report to the Council of Governors of Southern Health NHS Foundation Trust

## Report on the audit of the financial statements

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### Opinion

In our opinion, Southern Health NHS Foundation Trust's financial statements:

- give a true and fair view of the state of the Trust's affairs as at 31 March 2018 and of the Trust's income and expenditure and cash flows for the year then ended;
- have been properly prepared in accordance with the Department of Health and Social Care Group Accounting Manual 2017/18.

We have audited the financial statements, included within the Annual Report and Accounts 2017-18 (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 March 2018; the Statement of Comprehensive Income for the year then ended; the Statement of Cash Flows for the year then ended; the Statement of Changes in Taxpayer's Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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### Basis for opinion

We conducted our audit in accordance with the National Health Service Act 2006, the Code of Audit Practice and relevant guidance issued by the National Audit Office on behalf of the Comptroller and Auditor General (the "Code of Audit Practice"), International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We remained independent of the Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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### Our audit approach

#### Context

Our audit for the year ended 31 March 2018 was planned and executed having regard to the fact that the Trust's operations and financial stability were largely unchanged in nature from the previous year. In light of this, our approach to the audit in terms of scoping and areas of focus was largely unchanged.

#### Overview



1. Overall materiality: £6,188,500 which represents 2 % of total revenue.
  2. In establishing our overall approach we assessed the risks of material misstatement and applied our professional judgement to determine the extent of testing required over each balance in the financial statements
  3. The Key Audit Matters identified were:
    - Risk of fraud in revenue and expenditure recognition; and
    - Valuation of the Trust's estate.
-

## The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

## Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

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### Key audit matter

### How our audit addressed the Key audit matter

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#### Risk of fraud in revenue and expenditure recognition

See note 1 to the financial statements for the directors' disclosures of the related accounting policies, judgements and estimates relating to the recognition of income and expenditure for further information.

We focused on these areas because the Trust had a financial incentive this year to meet the control total agreed with NHS Improvement ("NHSI"). If it met this control total, measured on a quarterly basis, it would receive additional income from the Sustainability and Transformation Fund ("STF") including core STF for meeting its control total and incentive and bonus STF for exceeding its control total.

The control total agreed for the Trust was a £2.9m surplus (before transfers and impairments), including core STF funding of £2.9m. The Trust missed its control total by £1.1m, primarily due to the fines of £2.1m arising from the three prosecutions in the year. As a result, the Trust did not receive core STF funding for Q4 and did not receive incentive or bonus STF for exceeding its control total. It did however, receive core STF for Q1 to Q3 (£1.9m) and a general distribution of STF (£0.9m) for having signed up to achieving the control total during planning.

There was a risk that management would overstate the financial result for the year to meet its control total, irrespective of the fines received by the Trust this financial year:

- Income may be recognised in 2017/18 that relates to 2018/19 or income may be recognised that does not exist.
- Expenditure relating to 2017/18 may not be recognised.

#### Income

The Trust's principle source of income is from Clinical Commissioning Groups ("CCGs"), local authorities and NHS England. The service level agreements (block contracts) with the CCGs, local authorities and NHS England are annual and the majority of the income is fixed for the year and does not fluctuate with the level of activity. In line with the standard NHS contract, 2.5% of this income relates to Commissioning for Quality and Innovation ("CQUIN") and is received based on achievement against a series of performance indicators.

We focused our work on the elements of income and expenditure that are the most susceptible to manipulation, being:

- Non-standard journal transactions, including those that credit income and do not Debit cash, debtors, or accrued or deferred income as expected; and those that credit expenditure and debit the balance sheet, excluding prepayments;
- Income and expenditure items recognised around the year end date, which may be recognised in the wrong period; and
- Items of expenditure where the value recognised is estimated, including accruals and provisions; and unrecorded liabilities.

#### Journals

We selected a risk-based sample of manual and automated journal transactions that had been recognised in both income and expenditure, focusing in particular on non-standard transactions as outlined above.

We traced these journal entries to supporting documentation (for example, invoices, cash receipts or payments) and found that, without exception, the supporting documentation demonstrated that the journal was appropriate and had been recognised in the correct period.

#### Intra-NHS agreement of transactions and balances

We obtained the Trust's mismatch reports received from NHSI, which identified transactions and balances with other NHS bodies (debtor, creditor, income or expenditure balances) that were disputed by the counterparty. We checked that management had investigated all disputed amounts and discussed with them the results of their investigation and the resolution. We read correspondence with the counterparties, which corroborated the discussions. We considered the impact, if any, that the remaining disputed amounts would have on the Trust's financial statements and determined that there was no material impact.

#### Income

For non-block contract income and other operating income recognised in the month before and the month after the year

There may also be contract variations to the block contracts signed during the year. These elements are more subject to management judgement regarding the income to which the Trust is entitled.

The remainder of the Trust's income arises from a range of sources, for example, through the provision of non-statutory Social Care Services, Education & Training and Research & Development. These income streams are more variable in nature than the block contract income and are subject to differing terms and conditions and hence, more subject to management judgement regarding the amount and timing of income that is recognised.

We therefore focused our testing on CQUIN income, block contract variations and non-block contract income.

#### *Expenditure*

The Trust's operating expenditure relates to employee expenses and remuneration, transactions with other NHS organisations and payments for supplies, premises and other operating costs both to other public sector organisations and commercial third parties. We focused our testing on non-employee and non-depreciation expenditure, as we considered this expenditure to be the most susceptible to misstatement.

end, we agreed a sample of transactions to supporting documentation (for example, signed contract or agreement, an invoice or correspondence), and where possible, to subsequent cash receipt, to check it had been recognised in the correct period.

For a sample of non-block income and other operating income recognised throughout the year we traced the amount that had been recognised to supporting documentation (for example, signed contract or agreement, an invoice, or supporting correspondence) and, where possible, to subsequent cash receipt.

For a sample of CQUIN income, we read the relevant terms and conditions of the contract and traced the amount that had been recognised to supporting documentation, including an analysis demonstrating the Trust's performance against the required CQUIN performance indicators. We agreed the CQUIN income to the invoices raised.

There were no material block contract variations signed during the year or accrued income balances as at the year end.

For a sample of accounts receivable balances as at 31 March 2018, we agreed the amount outstanding to supporting documentation (such as an invoice or correspondence) and subsequent receipts, where possible, to check the income had been recognised in the correct period, and was recoverable.

#### *Expenditure*

We selected a sample of expenditure recognised and payments made after the balance sheet date and checked that the corresponding expense had been recognised in the correct period by agreeing to supporting documentation (such as invoice).

We tested a sample of accrued expenses as at the year-end by agreeing the amount recognised to the subsequent invoice or other relevant supporting documentation including contracts or calculations and agreed estimates and assumptions used to previous charges for the goods/services to check the amount and timing of recognition of the expense.

There were no material provision or prepayment balances as at 31 March 2018.

#### *Valuation of the Trust's estate*

*Management's accounting policies, key judgements and use of experts in relation to the valuation of the Trust's estate is set out in note 1 of the financial statements.*

Property, Plant and Equipment (PPE) makes up approximately 80% of the assets held by the Trust and at 31 March 2018 the net book value of PPE was £186.4m (£192.3m in 2016/17).

Land and buildings are initially measured at cost, and subsequently measured at fair value in accordance with the Department of Health and Social Care Group Accounting Manual 2017/18.

A desktop valuation of the Trust's land and buildings has been undertaken this year by the District Valuer, in accordance with the Royal Institute of Chartered Surveyors (RICS) Appraisal and Valuation Manual, using the Modern Equivalent Asset ("MEA") basis of valuation, which

We obtained directly from the District Valuer the output of the valuation undertaken, including details of the request for the work to be performed by the Trust. We checked and found the valuer had a UK qualification, was part of an appropriate professional body and was not connected with the Trust.

We read the relevant sections of the valuation report and, using our own valuation expertise, we challenged the assumptions and methodology applied in the valuation exercise, specifically considering the use of MEA, which we found to be consistent with our expectations.

To check the accuracy of the underlying data (on which the valuation was based), we agreed the data used by the District Valuer back to floor and area plans for a sample of land and properties and found the valuation to be based on current information.

We physically verified a sample of assets to check their existence and, in doing so, considered whether there was any

involves a range of assumptions being used.

The output from this year's valuation exercise has seen the value of the Trust's estate reduce overall by £2.4m.

The specific risk areas are:

- The accuracy of the detailed property information provided to the District Valuer, in particular the land area and floor plans on which the valuation has been based,
- The methodology, assumptions and underlying data used by the District Valuer (including the application of the MEA), and
- The accounting transactions resulting from this valuation.

indication of physical obsolescence which would indicate potential impairment or affect the valuation of the property; our testing did not identify any such indicators. For a sample of assets, we obtained the title deed from HM Land Registry that confirmed the Trust had ownership of the property.

We checked that the change in valuation was correctly reflected and appropriately disclosed in the financial statements.

### *How we tailored the audit scope*

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the accounting processes and controls, and the environment in which the Trust operates.

### *Materiality*

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

<b>Overall materiality</b>	£6,188,500 (2017: £6,432,326)
<b>How we determined it</b>	2% of revenue (2017: 2% of revenue)
<b>Rationale for benchmark applied</b>	Consistent with last year, we have applied this benchmark, a generally accepted auditing practice, in the absence of indicators that an alternative benchmark would be appropriate.

We agreed with the Audit, Risk and Assurance Committee that we would report to them misstatements identified during our audit above £250,000 (2016/17: £250,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

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

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

- 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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Trust's ability to continue as a going concern.

### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Performance Report and the Accountability Report, we also considered whether the disclosures required by the NHS Foundation Trust Annual Reporting Manual 2017/18 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) and the Code of Audit Practice require us also to report certain opinions and matters as described below.

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## **Responsibilities for the financial statements and the audit**

### *Responsibilities of the directors for the financial statements*

As explained more fully in the Accountability Report set out on page A73, the directors are responsible for the preparation of the financial statements in accordance with the Department of Health and Social Care Group Accounting Manual 2017/18, and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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 directors either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

The Trust is also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

### *Auditors' 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 auditors' 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 FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism

We are required under Schedule 10(1) of the National Health Service Act 2006 to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources and to report to you 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 work in accordance with the Code of Audit Practice, having regard to the criterion determined by the Comptroller and Auditor General as to whether the Trust has proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. 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.

We will prepare an annual audit letter which will cover the Trust's key risks in securing economy, efficiency and effectiveness in its use of resources, how these have been discharged by the Trust, and our actions to review these. The Trust is responsible for publishing this annual audit letter, and ensuring that it is available to the public.

### *Use of this report*

This report, including the opinions, has been prepared for and only for the Council of Governors of Southern Health NHS Foundation Trust as a body in accordance with paragraph 24 of Schedule 7 of the National Health Service Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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## Other required reporting

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### Opinions on other matters prescribed by the Code of Audit Practice

#### *Performance Report and Accountability Report*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Performance Report and Accountability Report for the year ended 31 March 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Trust and its environment obtained in the course of the audit, we did not identify any material misstatements in the Performance Report or Accountability Report.

In addition, the parts of the Remuneration and Staff Reports to be audited have been properly prepared in accordance with the NHS Foundation Trust Annual Reporting Manual 2017/18.

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### Arrangements for securing economy, efficiency and effectiveness in the use of resources

Under the Code of Audit Practice we are required to report, by exception, if we conclude we are not satisfied that the Trust has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2018.

#### *Basis for adverse opinion*

The Trust was first subject to regulatory action by Monitor (now NHSI) in April 2014. This followed an investigation which found the Trust to be in breach of the conditions of its licence due to governance issues identified following CQC inspections. Further regulatory action was taken by NHSI in January 2016 following an independent report into the Trust's arrangements for investigating unexpected deaths, which resulted in additional enforcement undertakings being put in place. In April 2016, NHSI imposed an additional licence condition under section 111 of the Health and Social Care Act 2012, following warning notices received from a CQC inspection. The warning notices issued by the CQC were lifted in September 2016. Further information on the issues outlined above are included within the Trust's Annual Governance Statement, and referenced throughout the Annual Report.

The Trust remains under enforcement action by NHSI at as 31 March 2018, due to being in breach of a number of its licence conditions. The Trust continues to be rated as 'requires improvement' by the CQC. The Trust sits within segment 3 of NHSI's Single Oversight Framework, highlighting the mandated support the Trust is receiving.

The Trust has been fined a total of £2.1m from prosecutions brought by the CQC and the Health and Safety Executive during the year in respect of historic incidents. This has resulted in the Trust not meeting its control total for the year. As such, this has had a significant impact on the financial performance of the Trust, as it has not received its Q4 STF funding and available STF incentives.

The Trust's Board has been subject to a high level of turnover during the year, with a number of positions, including the Chair and Chief Executive, being held on an interim basis. The entire non-executive team was appointed during 2017/18. This level of turnover represents an increased governance risk to the Trust.

The above matters indicate weaknesses in arrangements for: applying the principles and values of sound governance; managing risks effectively; managing and utilising assets effectively; and planning, organising and developing the workforce effectively as defined by Auditor Guidance Note 03 issued by the National Audit Office.

#### *Adverse opinion*

As a result of these matters, we have concluded that the Trust has not put in place proper arrangements for securing economy, efficiency and effectiveness in the use of its resources for the year ended 31 March 2018.

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### Other matters on which we report by exception

We are required to report to you if:

- the statement given by the directors on page A22, in accordance with provision C.1.1 of the NHS Foundation Trust Code of Governance, that they consider the Annual Report taken as a whole to be fair, balanced and understandable, and provides the information necessary for members to assess the Trust's performance, business model and strategy is materially consistent with our knowledge of the Trust acquired in the course of performing our audit.
- the section of the Annual Report on page A38, as required by provision C.3.9 of the NHS Foundation Trust Code of Governance, describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.
- the Annual Governance Statement does not meet the disclosure requirements set out in the NHS Foundation Trust Annual Reporting Manual 2017/18 or is misleading or inconsistent with our knowledge acquired in the course of

performing our audit. We have not considered whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

- we have referred a matter to Monitor under Schedule 10 (6) of the National Health Service Act 2006 because we had reason to believe that the Trust, or a director or officer of the Trust, was about to make, or had made, a decision which involved or would involve the incurring of expenditure that was unlawful, or was about to take, or had taken a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency.
- we have issued a report in the public interest under Schedule 10 (3) of the National Health Service Act 2006.
- we have not received all the information and explanations we require for our audit.

We have no exceptions to report arising from this responsibility.

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## Certificate

We certify that we have completed the audit of the financial statements in accordance with the requirements of Chapter 5 of Part 2 to the National Health Service Act 2006 and the Code of Audit Practice.



Sasha Lewis (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Southampton  
25 May 2018

**Southern Health NHS Foundation Trust**

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

**Southern Health NHS Foundation Trust**  
**Annual Accounts for the Year Ended 31 March 2018**

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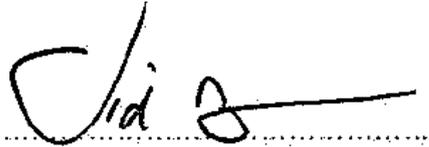
**Southern Health NHS Foundation Trust**  
**Annual Accounts for the Year Ended 31 March 2018**

**Foreword to the accounts**

**Southern Health NHS Foundation Trust**

These accounts, for the year ended 31 March 2018, have been prepared by Southern Health NHS Foundation Trust in accordance with paragraphs 24 & 25 of Schedule 7 within the National Health Service Act 2006.

**Signed**

A handwritten signature in black ink, appearing to read 'Nick Broughton', written over a horizontal dotted line.

**Name** Dr Nick Broughton  
**Job title** Chief Executive  
**Date** 24 May 2018

**Southern Health NHS Foundation Trust**  
**Annual Accounts for the Year Ended 31 March 2018**

**Statement of Comprehensive Income**

for the year ended 31 March 2018

	2017/18	2016/17
Note	£000	£000
Operating income from patient care activities	3 285,307	288,163
Other operating income	4 24,120	33,455
Operating expenses	5 <u>(309,245)</u>	<u>(314,428)</u>
<b>Operating surplus from continuing operations</b>	<b><u>182</u></b>	<b><u>7,190</u></b>
Finance income	10 80	83
Finance expenses	11 (1,186)	(1,191)
PDC dividends payable	<u>(5,285)</u>	<u>(5,357)</u>
<b>Net finance costs</b>	<b><u>(6,391)</u></b>	<b><u>(6,465)</u></b>
Gains on disposal of non-current assets	4.3 1,098	478
Losses arising from transfers by absorption	32 <u>(3,697)</u>	<u>-</u>
<b>(Deficit) / Surplus for the year</b>	<b><u><u>(8,808)</u></u></b>	<b><u><u>1,203</u></u></b>
 <b>Other comprehensive (expense) / income</b>		
<b>Will not be reclassified to income and expenditure:</b>		
Net Impairments	6 (3,227)	(6,097)
Revaluations	15 <u>7,502</u>	<u>1,311</u>
<b>Total comprehensive expense for the period</b>	<b><u><u>(4,533)</u></u></b>	<b><u><u>(3,583)</u></u></b>

Southern Health NHS Foundation Trust  
Annual Accounts for the Year Ended 31 March 2018

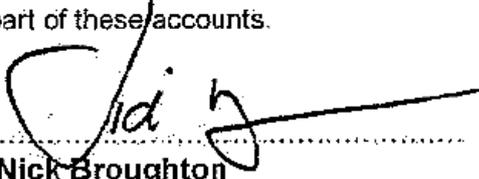
## Statement of Financial Position

as at 31 March 2018

	Note	31 March 2018 £000	31 March 2017 £000
<b>Non-current assets</b>			
Intangible assets	12	5,005	5,090
Property, plant and equipment	13	186,367	192,282
<b>Total non-current assets</b>		<b>191,372</b>	<b>197,372</b>
<b>Current assets</b>			
Inventories	16	21	-
Trade and other receivables	17	18,362	15,056
Non-current assets held for sale / assets in disposal groups	18	1,818	5,513
Cash and cash equivalents	19	28,278	25,263
<b>Total current assets</b>		<b>48,479</b>	<b>45,832</b>
<b>Current liabilities</b>			
Trade and other payables	20	(35,097)	(33,184)
Borrowings	22	(401)	(507)
Provisions	24	(540)	(1,370)
Other liabilities	21	(1,432)	(1,544)
<b>Total current liabilities</b>		<b>(37,470)</b>	<b>(36,605)</b>
<b>Total assets less current liabilities</b>		<b>202,381</b>	<b>206,599</b>
<b>Non-current liabilities</b>			
Borrowings	22	(16,108)	(16,510)
Provisions	24	(313)	(547)
<b>Total non-current liabilities</b>		<b>(16,421)</b>	<b>(17,057)</b>
<b>Total assets employed</b>		<b>185,960</b>	<b>189,542</b>
<b>Financed by</b>			
Public dividend capital		89,120	88,169
Revaluation reserve		52,304	49,767
Other reserves		(755)	(755)
Income and expenditure reserve		45,291	52,361
<b>Total taxpayers' equity</b>		<b>185,960</b>	<b>189,542</b>

The notes on pages D5 to D40 form part of these accounts.

Signed  
Name  
Position

  
.....  
Dr Nick Broughton  
Chief Executive

## Statement of Changes in Taxpayers' Equity for the year ended 31 March 2018

	Public dividend capital £000	Revaluation reserve £000	Other reserves £000	Income and expenditure reserve £000	Total £000
<b>Taxpayers' equity at 1 April 2017 - brought forward</b>	<b>88,169</b>	<b>49,767</b>	<b>(755)</b>	<b>52,361</b>	<b>189,542</b>
Surplus/(deficit) for the year	-	-	-	(8,808)	(8,808)
Transfers by absorption: transfers between reserves	-	(1,716)	-	1,716	-
Impairments	-	(3,227)	-	-	(3,227)
Revaluations	-	7,502	-	-	7,502
Transfer to retained earnings on disposal of assets	-	(22)	-	22	-
Public dividend capital received	951	-	-	-	951
<b>Taxpayers' equity at 31 March 2018</b>	<b>89,120</b>	<b>52,304</b>	<b>(755)</b>	<b>45,291</b>	<b>185,960</b>

## Statement of Changes in Taxpayers' Equity for the year ended 31 March 2017

	Public dividend capital £000	Revaluation reserve £000	Other reserves £000	Income and expenditure reserve £000	Total £000
<b>Taxpayers' equity at 1 April 2016 - brought forward</b>	<b>88,169</b>	<b>56,010</b>	<b>(755)</b>	<b>49,701</b>	<b>193,125</b>
Prior period adjustment	-	-	-	-	-
<b>Taxpayers' equity at 1 April 2016 - restated</b>	<b>88,169</b>	<b>56,010</b>	<b>(755)</b>	<b>49,701</b>	<b>193,125</b>
<b>At start of period for new FTs</b>	-	-	-	-	-
Surplus/(deficit) for the year	-	-	-	1,203	1,203
Impairments	-	(6,097)	-	-	(6,097)
Revaluations	-	1,311	-	-	1,311
Transfer to retained earnings on disposal of assets	-	(1,457)	-	1,457	-
<b>Taxpayers' equity at 31 March 2017</b>	<b>88,169</b>	<b>49,767</b>	<b>(755)</b>	<b>52,361</b>	<b>189,542</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 foundation trusts by the Department of Health and Social Care. A charge, reflecting the cost of capital utilised by the foundation 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 as a reversal to operating expenditure. 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.

#### Other reserves

These represent the net asset balances of demised organisations or functions which have previously merged into Southern Health NHS Foundation Trust accounts (formerly Hampshire Partnership NHS Foundation Trust). The last significant entry being for Oxford Learning Disabilities NHS Trust in 2012/13.

#### Income and expenditure reserve

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

**Southern Health NHS Foundation Trust**  
**Annual Accounts for the Year Ended 31 March 2018**

**Statement of Cash Flows**

	Notes	2017/18 £000	2016/17 £000
<b>Cash flows from operating activities</b>			
Operating surplus		182	7,190
<b>Non-cash income and expense:</b>			
Depreciation and amortisation	5	8,381	8,475
Net impairments	6	6,812	117
Income recognised in respect of capital donations	4	(131)	(151)
Increase in receivables and other assets *	17	(3,473)	(1,167)
Increase in inventories	16	(21)	0
Increase in payables and other liabilities **	20 & 21	2,106	2,702
Decrease in provisions	24	(1,064)	(333)
<b>Net cash generated from operating activities</b>		<b><u>12,792</u></b>	<b><u>16,833</u></b>
<b>Cash flows from investing activities</b>			
Interest received	10	80	83
Purchase of intangible assets **	12.1	(839)	(619)
Purchase of property, plant, equipment and investment property **	13	(8,261)	(7,727)
Sales of property, plant, equipment and investment property	4.2	4,972	3,281
Receipt of cash donations to purchase capital assets	14	131	151
<b>Net cash generated used in investing activities</b>		<b><u>(3,917)</u></b>	<b><u>(4,831)</u></b>
<b>Cash flows from financing activities</b>			
Public dividend capital received		951	0
Capital element of PFI, LIFT and other service concession payments	22	(507)	(533)
Interest paid on finance lease liabilities	11	(4)	(4)
Interest paid on PFI, LIFT and other service concession obligations	11	(1,182)	(1,187)
PDC dividend paid	11.2	(5,118)	(5,220)
<b>Net cash generated used in financing activities</b>		<b><u>(5,860)</u></b>	<b><u>(6,944)</u></b>
<b>Increase in cash and cash equivalents</b>		<b><u>3,015</u></b>	<b><u>5,058</u></b>
<b>Cash and cash equivalents at 1 April - brought forward</b>		<b><u>25,263</u></b>	<b><u>20,205</u></b>
<b>Cash and cash equivalents at 31 March</b>	19	<b><u>28,278</u></b>	<b><u>25,263</u></b>

\* This balance excludes PDC dividend receivable per Note 17

\*\* This balance is adjusted for the change in capital creditors within Payables Note 20

**Southern Health NHS Foundation Trust**  
**Annual Accounts for the Year Ended 31 March 2018**

**Notes to the Accounts**

**Note 1 Accounting policies and other information**

**Note 1.1 Basis of preparation**

NHS Improvement, in exercising the statutory functions conferred on Monitor, has directed that the financial statements of the foundation 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.

**Note 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, certain financial assets and financial liabilities.

**Note 1.1.2 Going concern**

These accounts have been prepared on a going concern basis.

Southern Health NHS Foundation Trust is forecasting an operational surplus in 2018/19 and the Trust has undertaken robust and detailed financial modelling which it has shared with NHS Improvement. These models highlight that the Trust has sufficient cash to meet its day to day operations throughout 2018/19.

Based on these assessments the directors have a reasonable expectation that Southern Health NHS Foundation Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the 'going concern' basis in preparing the accounts.

**Note 1.2 Critical judgements in applying accounting policies**

In the application of IAS 1 the management of the NHS Foundation Trust 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. The estimates and associated assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised.

**Key sources of estimation uncertainty**

Other than the valuation of non-current assets, there are no key assumptions for 2017/18 concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

The NHS Foundation Trust's land and buildings have been subject to a desktop good housekeeping review by the Valuation Office Agency in March 2018 except for properties which have been subject to major capital improvement in the current period. More detail is recorded in note 15.

The NHS Foundation Trust has obtained the valuation for specialised assets based on the optimised modern equivalent asset assumption as suggested in IAS16. In practical terms, this means assessing if

- the location of the services could be moved to a more cost effective locality
- the building layout is inefficient, what would the floor space be in order to deliver the same services
- the building footprint reduced, could the land area reduce accordingly

The main purpose of this exercise was to ensure that the carrying values of the estate fairly reflected how the NHS Foundation Trust could deliver the services if the Trust had a blank canvas to start from.

Although the MEA assumptions used in the NHS Foundation Trust's estate valuation process have been developed by a senior member of the Trust's estates team and the Valuation Office Agency, there is inherent uncertainty in the assumptions given the nature of optimising a complex and varied specialised portfolio of assets.

**Southern Health NHS Foundation Trust**  
**Annual Accounts for the Year Ended 31 March 2018**

**Note 1.2 Critical judgements in applying accounting policies (cont'd)**

Management has not needed to make any other critical judgements in producing the 2017/18 accounts other than the ones described below:

- An assessment as to whether the NHS Foundation Trust has entered into operating leases or finance leases. Finance leases are determined when the NHS Foundation Trust considers that significant risks and rewards of ownership of a leased asset have transferred to the NHS Foundation Trust.
- The NHS Foundation Trust has assessed one property lease arrangement to exhibit the characteristics of a finance lease. The NHS Foundation Trust also has a LIFT financed scheme which is accounted for 'on statement of financial position' in accordance with DH guidance. Otherwise all leases held by the NHS Foundation Trust have been assessed as operating leases.

**Note 1.3 Interests in other entities**

Material entities over which the Trust has the power to exercise control so as to obtain economic or other benefits, are classified as subsidiaries and are consolidated.

Southern Health NHS Foundation Trust is the Corporate Trustee of Southern Health General Fund ("brighterway"). The charity is deemed to be a subsidiary under the prescriptions of IAS 27. International Accounting Standards dictate that consolidated accounts should be prepared. IAS 1, Presentation of accounts, however, states that specific disclosure requirements to be set out in individual standards or interpretations need not be satisfied if the information is not material. Furthermore, accounting policies set out in IFRS need not be developed or applied if the impact of applying them would be immaterial.

Whilst Southern Health NHS Foundation Trust does indeed have a connected Charitable Fund, it does not deem this fund material within the context of the accounts of the NHS Foundation Trust. A limited disclosure is therefore contained within note 2 of these accounts and full consolidation has not been undertaken.

Southern Health NHS Foundation Trust is the sole beneficiary of the Southern Health General Fund. The charity registration number is 1089307 and the registered address is as per note 33. Accounts for the charity can be obtained from [www.charity-commission.gov.uk](http://www.charity-commission.gov.uk).

**Multispecialty Community Provider (MCP)**

Southern Health NHS Foundation Trust has been involved in the South Hampshire MCP Vanguard as one of the first steps towards delivering the NHS England's Five Year Forward View and supporting improvement and integration of services. As an early implementer site the Foundation Trust is taking a lead on the development of new care models which will act as a blueprint for the NHS moving forward.

In 2015/16 the NHS Foundation Trust entered into a transaction with a General Practice, Forton Road Medical Partnership. During 2016/17, the NHS Foundation Trust entered into further transactions with Brune Medical Centre, Stoke Road and Waterside Medical Centre. At the start of 2017/18 the Willow Group Partnership was formed by merging the individual practices along senior clinicians and managers from the Foundation Trust. The partnership hold the contracts with NHS England to supply the primary care services for specific localities, which is then subcontracted to the Foundation Trust which employs the practice staff.

The payment is made by the CCG to the Partnerships, who then pay the NHS Foundation Trust after subtracting a nominal administration fee. The resulting accounting entries within the NHS Foundation Trust's financial ledger are summarised in note 2.3.

Whilst Southern Health NHS Foundation Trust has control of this partnership which would be deemed a subsidiary under IAS 27, similar to the Charitable Fund, they have been deemed to be immaterial for the 2017/18 accounts and hence not consolidated. Furthermore, it is felt that the additional information of group accounts would not enhance the readers understanding of the NHS Foundation Trust's financial results as the financial impact of these activities are already incorporated within the financial transactions of the Trust as the income for the services is paid to the Trust by the Partnership and the Trust then employs the practice staff as shown in note 2.3.

**Southern Health NHS Foundation Trust**  
**Annual Accounts for the Year Ended 31 March 2018**

**Note 1.4 Income**

Income 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. At the year end, the trust accrues income relating to activity delivered in that year. Where income is received for a specific activity which is to be delivered in a subsequent financial year, that income is deferred.

Interest income is accrued on a time basis, by reference to the principal outstanding and interest rate applicable.

Income from the sale of non-current assets is recognised only when all material conditions of sale have been met, and is measured as the sums due under the sale contract.

**Revenue Grants and other contributions to expenditure**

Government grants and 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.

The value of the benefit received when accessing funds from the the Government's apprenticeship service is recognised as income at the point of receipt of the training service. Where these funds are paid directly to an accredited training provider, the corresponding notional expense is also recognised at the point of recognition for the benefit.

**Note 1.5 Expenditure on employee benefits**

**Short-term employee benefits**

Salaries, wages and employment-related payments such as social security costs and the apprenticeship levy 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.

**Pension costs**

*NHS Pension Scheme*

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.

Employer's pension cost contributions are charged to operating expenses as and when they become due.

Additional pension liabilities arising from early retirements are not funded by the scheme except where the retirement is due to ill-health. The full amount of the liability for the additional costs is charged to the operating expenses at the time the trust commits itself to the retirement, regardless of the method of payment.

**Note 1.6 Expenditure on other goods and services**

Expenditure on goods and services is recognised when, and to the extent that they have been received, and is measured at the fair value of those goods and services. Expenditure is recognised in operating expenses except where it results in the creation of a non-current asset such as property, plant and equipment.

**Southern Health NHS Foundation Trust**  
**Annual Accounts for the Year Ended 31 March 2018**

**Note 1.7 Property, plant and equipment**

**Note 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 NHS Foundation 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.

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

Since 2013/14 Southern Health NHS Foundation Trust has estimated the value of buildings based upon a single weighted component asset for each building rather than based on multiple components which together constitute the asset. In order to preserve the value of annual depreciation, a weighted average life is calculated based on all components, such that there is no material difference to the depreciation figure charged to the Statement of Comprehensive Income.

An illustration of the weighted life calculation is shown below:-

A building is valued by the Valuation Office Agency with two component parts.

- Walls £65,000 remaining life 65 years, annual depreciation of component = £1,000
- Roof £120,000 remaining life 30 years, annual depreciation of component = £4,000
- Overall value of asset £185,000, annual depreciation = £5,000, weighted average life = 37 years

**Note 1.7.2 Measurement**

**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.

All assets are measured subsequently at valuation. 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.

Land and buildings used for the NHS Foundation Trust's services or for administrative purposes are stated in the Statement of Financial Position as non current assets at their revalued amounts, being the fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses. Most of the NHS Foundation Trust's assets have been subject to a desktop valuation by the Valuation Office Agency in March 2018 with the exception of those properties that have been improved materially in year. All specialised assets were assessed on a optimised modern equivalent basis. In accordance with the latest Royal Institute of Chartered Surveyors (RICS) guidance depreciated replacement cost valuations are based on modern equivalent assets and, where it would meet the location requirements of the service being provided, an alternative site can be valued.

Professional valuations are carried out by the Valuation Office Agency. The valuations are carried out in accordance with the RICS Appraisal and Valuation Manual insofar as these terms are consistent with the agreed requirements of NHS Improvement and HM Treasury.

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**Note 1.7.2 Measurement (Cont'd)**

**Valuation**

Properties in the course of construction for service or administration purposes are carried at cost, less any impairment loss. Cost includes professional fees but not borrowing costs, which are recognised as expenses immediately, in accordance with NHS Improvement's interpretation of IAS 23 revised for assets held at fair value. Assets are revalued and depreciation commences when they are brought into use.

Existing fixtures and equipment are carried at depreciated historic cost as this is not considered to be materially different from fair value.

**Subsequent expenditure**

Subsequent expenditure relating to an item of property, plant and equipment is recognised as an increase in the carrying amount of the asset when it is probable that additional future economic benefits or service potential deriving from the cost incurred to replace a component of such item will flow to the enterprise and the cost of the item can be determined reliably. Where a component of an asset is replaced, the cost of the replacement is capitalised if it meets the criteria for recognition above. The carrying amount of the part replaced is de-recognised. Other expenditure that does not generate additional future economic benefits or service potential, such as repairs and maintenance, is charged to the Statement of Comprehensive Income in the period in which it is incurred.

**Depreciation**

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 which has been reclassified as 'held for sale' ceases to be depreciated upon the reclassification.

**Revaluation gains and losses**

Revaluation gains are recognised in the revaluation reserve, except where, and to the extent that, they reverse a revaluation decrease that has previously been recognised in operating expenses, in which case they are recognised as a reduction to operating expenses.

Revaluation losses are charged to the revaluation reserve to the extent that there is an available balance for the asset concerned, and thereafter are charged to operating expenses.

Gains and losses recognised in the revaluation reserve are reported in the Statement of Comprehensive Income as an item of 'other comprehensive income'.

**Impairments**

In accordance with the *GAM*, impairments that arise from a clear consumption of economic benefits or of service potential in the asset are charged to operating expenses. A compensating transfer is made from the revaluation reserve to the income and expenditure reserve of an amount equal to the lower of (i) the impairment charged to operating expenses; and (ii) the balance in the revaluation reserve attributable to that asset before the impairment.

An impairment that arises from a clear consumption of economic benefit or of service potential is reversed when, and to the extent that, the circumstances that gave rise to the loss is reversed. Reversals are recognised in operating expenditure to the extent that the asset is restored to the carrying amount it would have had if the impairment had never been recognised. Any remaining reversal is recognised in the revaluation reserve. Where, at the time of the original impairment, a transfer was made from the revaluation reserve to the income and expenditure reserve, an amount is transferred back to the revaluation reserve when the impairment reversal is recognised.

Other impairments are treated as revaluation losses. Reversals of 'other impairments' are treated as revaluation gains.

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**Note 1.7.3 Derecognition**

Assets intended for disposal are reclassified as 'held for sale' once all of the following criteria are met:

- the asset is available for immediate sale in its present condition subject only to terms which are usual and customary for such sales;
- the sale must be highly probable ie:
  - management are committed to a plan to sell the asset
  - an active programme has begun to find a buyer and complete the sale
  - the asset is being actively marketed at a reasonable price
  - the sale is expected to be completed within 12 months of the date of classification as 'held for sale' and
  - the actions needed to complete the plan indicate it is unlikely that the plan will be dropped or significant changes made to it.

Following reclassification, the assets are measured at the lower of their existing carrying amount and their 'fair value less costs to sell'. Depreciation ceases to be charged. Assets are de-recognised when all material sale contract conditions have been met.

Property, plant and equipment which is to be scrapped or demolished does not qualify for recognition as 'held for sale' and instead is retained as an operational asset and the asset's economic life is adjusted. The asset is de-recognised when scrapping or demolition occurs.

**Note 1.7.4 Donated and grant funded assets**

Donated and grant funded property, plant and equipment assets are capitalised at their fair value on receipt. The donation/grant is credited to income at the same time, unless the donor has imposed a condition that the future economic benefits embodied in the grant are to be consumed in a manner specified by the donor, in which case, the donation/grant is deferred within liabilities and is carried forward to future financial years to the extent that the condition has not yet been met.

The donated and grant funded assets are subsequently accounted for in the same manner as other items of property, plant and equipment.

**Note 1.7.5 Local Improvement Finance Trust (LIFT) transactions**

LIFT transactions which meet the IFRIC 12 definition of a service concession, as interpreted in HM Treasury's *FReM*, are accounted for as 'on-Statement of Financial Position' by the trust. In accordance with IAS 17, the underlying assets are recognised as property, plant and equipment, together with an equivalent finance lease liability. Subsequently, the assets are accounted for as property, plant and equipment.

The annual contract payments are apportioned between the repayment of the liability, a finance cost and the charges for services.

The service charge is recognised in operating expenses and the finance cost is charged to finance costs in the Statement of Comprehensive Income.

The NHS Foundation Trust assumed management control of a LIFT procured inpatient facility during April 2010. This is deemed to satisfy the tests of IFRIC 12 and thus has been accounted for by the NHS Foundation Trust as a PFI asset which is disclosed within the Statement of Financial Position. Note 27 provides further details.

The services received under the contract are recorded as operating expenses and are VAT recoverable. The VAT status of the transactions qualifies the NHS Foundation Trust to value the property excluding VAT.

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**Note 1.7.6 Useful economic lives of property, plant and equipment**

Useful economic lives reflect the total life of an asset and not the remaining life of an asset. The range of useful economic lives are shown in the table below:

	<b>Min life</b>	<b>Max life</b>
	<b>Years</b>	<b>Years</b>
Buildings, excluding dwellings	-	73
Dwellings	26	26
Plant & machinery	-	10
Transport equipment	7	7
Information technology	5	5
Furniture & fittings	5	10

Finance-leased assets are depreciated over the shorter of the useful economic life or the lease term, unless the Foundation trust expects to acquire the asset at the end of the lease term in which case the assets are depreciated in the same manner as owned assets above.

**Note 1.8 Intangible assets**

**Note 1.8.1 Recognition**

Intangible assets are non-monetary assets without physical substance which are capable of being sold separately from the rest of the trust's business or which arise from contractual or other legal rights. They are recognised only where it is probable that future economic benefits will flow to, or service potential be provided to, the trust and where the cost of the asset can be measured reliably.

***Internally generated intangible assets***

Internally generated goodwill, brands, mastheads, publishing titles, customer lists and similar items are not capitalised as intangible assets.

Expenditure on research is not capitalised.

Expenditure on development is capitalised only where all of the following can be demonstrated:

- the project is technically feasible to the point of completion and will result in an intangible asset for sale or use
- the trust intends to complete the asset and sell or use it
- the trust has the ability to sell or use the asset
- how the intangible asset will generate probable future economic or service delivery benefits, eg, the presence of a market for it or its output, or where it is to be used for internal use, the usefulness of the asset;
- adequate financial, technical and other resources are available to the trust to complete the development and sell or use the asset and
- the trust can measure reliably the expenses attributable to the asset during development.

***Software***

Software which is integral to the operation of hardware, eg an operating system, is capitalised as part of the relevant item of property, plant and equipment. Software which is not integral to the operation of hardware, eg application software, is capitalised as an intangible asset.

**Note 1.8.2 Measurement**

Intangible assets are recognised initially at cost, comprising all directly attributable costs needed to create, produce and prepare the asset to the point that it is capable of operating in the manner intended by management.

Subsequently intangible assets are measured at current value in existing use. Where no active market exists, intangible assets are valued at the lower of depreciated replacement cost and the value in use where the asset is income generating. Revaluations gains and losses and impairments are treated in the same manner as for property, plant and equipment. An intangible asset 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.

***Amortisation***

Intangible assets are amortised over their expected useful economic lives in a manner consistent with the consumption of economic or service delivery benefits.

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**Note 1.8.3 Useful economic lives of intangible assets**

Useful economic lives reflect the total life of an asset and not the remaining life of an asset. The range of useful economic lives are shown in the table below:

	<b>Min life</b>	<b>Max life</b>
	<b>Years</b>	<b>Years</b>
Development expenditure	5	5
Software licences	5	5

**Note 1.9 Inventories**

Inventories are valued at the lower of cost and net realisable value. The cost of inventories is measured using the first in, first out (FIFO) method.

**Note 1.10 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 NHS Foundation Trust's cash management. Cash, bank and overdraft balances are recorded at current values.

**Note 1.11 Financial instruments and financial liabilities**

***Recognition***

Financial assets and financial liabilities which arise from contracts for the purchase or sale of non-financial items (such as goods or services), which are entered into in accordance with the trust's normal purchase, sale or usage requirements, are recognised when, and to the extent which, performance occurs, ie, when receipt or delivery of the goods or services is made.

Financial assets or financial liabilities in respect of assets acquired or disposed of through finance leases are recognised and measured in accordance with the accounting policy for leases described above/below.

All other financial assets and financial liabilities are recognised when the trust becomes a party to the contractual provisions of the instrument.

***De-recognition***

All financial assets are de-recognised when the rights to receive cash flows from the assets have expired or the trust has transferred substantially all of the risks and rewards of ownership.

Financial liabilities are de-recognised when the obligation is discharged, cancelled or expires.

***Classification and measurement***

The only financial assets the NHS Foundation Trust currently has are loans and receivables which are categorised at amortised cost.

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**Note 1.11 Financial Instruments and financial liabilities**

***Loans and receivables***

Loans and receivables are non-derivative financial assets with fixed or determinable payments which are not quoted in an active market. They are included in current assets.

The NHS Foundation Trust's loans and receivables comprise cash and cash equivalents, NHS receivables, accrued income and other receivables.

Loans and receivables are recognised initially at fair value, net of transactions costs, and are measured subsequently at amortised cost, using the effective interest method. The effective interest rate is the rate that discounts exactly estimated future cash receipts through the expected life of the financial asset or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

Interest on loans and receivables is calculated using the effective interest method and credited to the Statement of Comprehensive Income.

***Impairment of financial assets***

At the Statement of Financial Position date, the trust assesses whether any financial assets, other than those held at "fair value through income and expenditure" are impaired. Financial assets are impaired and impairment losses are recognised if, and only 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 the Statement of Comprehensive Income and the carrying amount of the asset is reduced.

**Note 1.12 Leases**

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

**Note 1.12.1 The trust as lessee**

***Finance leases***

Where substantially all risks and rewards of ownership of a leased asset are borne by the NHS Foundation trust, the asset is recorded as property, plant and equipment and a corresponding liability is recorded. The value at which both are recognised is the lower of the fair value of the asset or the present value of the minimum lease payments, discounted using the interest rate implicit in the lease.

The asset and liability are recognised at the commencement of the lease. Thereafter the asset is accounted for an item of property plant and equipment.

The annual rental is split between the repayment of the liability and a finance cost so as to achieve a constant rate of finance over the life of the lease. The annual finance cost is charged to Finance Costs in the Statement of Comprehensive Income. The lease liability, is de-recognised when the liability is discharged, cancelled or expires.

***Operating leases***

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

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

***Leases of land and buildings***

Where a lease is for land and buildings, the land component is separated from the building component and the classification for each is assessed separately.

**Note 1.12.2 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.

Southern Health NHS Foundation Trust receives no amounts from lessees under finance leases.

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**Note 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.

**Clinical negligence costs**

NHS Resolution operates a risk pooling scheme under which the NHS Foundation 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 24 but is not recognised in the trust's accounts.

**Non-clinical risk pooling**

The NHS Foundation 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.

**Note 1.14 Contingencies**

Contingent assets (that is, assets arising from past events whose existence will only be confirmed by one or more future events not wholly within the entity's control) are not recognised as assets, but are disclosed in note 25 where an inflow of economic benefits is probable.

Contingent liabilities are not recognised, but are disclosed in note 25, unless the probability of a transfer of economic benefits is remote or the cost can not be reliably quantified.

Contingent liabilities are defined as:

- possible obligations arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the entity's control; or
- present obligations arising from past events but for which it is not probable that a transfer of economic benefits will arise or for which the amount of the obligation cannot be measured with sufficient reliability.

**Note 1.15 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 NHS Foundation 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.
- (iv) Sustainability Transformation Fund incentives income issued immediately prior to draft accounts submission.

In accordance with the requirements laid down by the Department of Health and Social Care (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.

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**Note 1.16 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.

**Note 1.17 Corporation tax**

Corporation Tax

The NHS Foundation Trust is not liable for corporation tax for the following reasons:

- private patient activities are covered by section 14(1) of the Health and Social Care (Community Health and Standards) Act 2003 and are not treated as a commercial activity and are therefore tax exempt; and
- other trading activities, for example staff canteens are ancillary to core activities and are not deemed to be entrepreneurial in nature.

**Note 1.18 Foreign exchange**

The NHS Foundation Trust's functional currency and presentational currency is sterling. Transactions denominated in a foreign currency are translated into sterling at the exchange rate ruling on the dates of the transactions. Given the insignificant number and immaterial value of foreign currency transactions processed through the year, the NHS Foundation Trust has not re-translated monetary assets and liabilities to 31 March 2018 or 31 March 2017 spot exchange rates. No exchange rate gains or losses are therefore recognised in the NHS Foundation Trust's (deficit)/surplus for the year then ended.

**Note 1.19 Third party assets**

Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the accounts since the NHS Foundation trust has no beneficial interest in them. However, they are disclosed in a separate note to the accounts in accordance with the requirements of HM Treasury's *FReM*.

**Note 1.20 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 NHS Foundation 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.

**Note 1.21 Gifts**

Gifts are items that are voluntarily donated, with no preconditions and without the expectation of any return. Gifts include all transactions economically equivalent to free and unremunerated transfers, such as the loan of an asset for its expected useful life, and the sale or lease of assets at below market value. The NHS Foundation Trust has not gifted or received any gifts in the period.

**Note 1.22 Transfers of functions to other NHS bodies**

For functions that the NHS Foundation trust has transferred to another NHS body, the assets and liabilities transferred are de-recognised from the accounts as at the date of transfer. The net loss corresponding to the net assets transferred is recognised within income, but not within operating activities. Any revaluation reserve balances attributable to assets de-recognised are transferred to the income and expenditure reserve. Adjustments to align the acquired function to the trust's accounting policies are applied after initial recognition and are adjusted directly in taxpayers' equity.

**Note 1.23 Early adoption of standards, amendments and interpretations**

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

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**Note 1.24 Standards, amendments and interpretations in issue but not yet effective or adopted**

The DH GAM does not require the following Standards and Interpretations to be applied in 2017/18.

- IFRS 9 Financial Instruments – Application required for accounting periods beginning on or after 1 January 2018, but not yet adopted by the FReM: early adoption is not therefore permitted
- IFRS 14 Regulatory deferral accounts – Applies to first time adopters of IFRS therefore not relevant
- IFRS 15 Revenue from Contracts with Customers — Application required for accounting periods beginning on or after 1 January 2018, but not yet adopted by the FReM: early adoption is not therefore permitted
- IFRS 16 Leases – Application required for accounting periods beginning on or after 1 January 2019, but not yet adopted by the FReM: early adoption is not therefore permitted.
- IFRS 17 Insurance contracts – Application required for accounting periods beginning on or after 1 January 2021 but not yet adopted by FReM: early adoption is not therefore permitted.
- IFRIC 22 Foreign Currency Transactions and Advance Consideration – Application required for accounting periods beginning on or after 1 January 2018.
- IFRIC 23 Uncertainty over Income Tax Treatments – Application required for accounting periods beginning on or after 1 January 2019.

The implementation of these new accounting standards is not considered to have a material impact on the Foundation Trust accounts.

**Note 2 Segmental Reporting and Subsidiaries**

**Note 2.1 Segmental Reporting**

IFRS8 requires an entity to report financial performance within its accounts in the same format to that received on a regular basis by the 'Chief Operating Decision maker' of the entity. During 2017/18 the Trust has reported to its Board financial performance at a divisional level on a highly summarised basis, being budget vs. actual for the year, cumulatively and year end forecast. As Board decisions are not being made using the divisional data, for the purpose of the 2017/18 accounts, Southern Health considers that it operates a single segment, 'healthcare', and segmental disclosures therefore do not need to be produced.

**Note 2.2 Southern Health NHS Foundation Trust Charitable Fund**

The accounts of the NHS Foundation Trust's charitable fund, whilst not operated at arms length to the NHS Foundation Trust, have not been consolidated within these accounts in accordance with IAS 27 for the reasons described in Note 1.3.

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**Note 2.2 Southern Health NHS Foundation Trust Charitable Fund**

Whilst the separate accounts for the charitable fund are available on request, the key draft accounts for the year ended 31 March 2018 are summarised below.

<b>Charity's Statement of Financial Activities</b>	<b>Unaudited</b>	<b>Audited</b>
	<b>2017/18</b>	<b>2016/17</b>
	<b>£000s</b>	<b>£000s</b>
Total incoming resources	498	146
Cash resources expended	(264)	(412)
<b>Net outgoing resources before transfers</b>	<b>234</b>	<b>(266)</b>
Gains/Loss on revaluation and disposal plus other fund movements	(33)	77
<b>Net movement in funds</b>	<b>201</b>	<b>(189)</b>

<b>Charity's Balance Sheet (Statement of Financial Position)</b>	<b>Unaudited</b>	<b>Audited</b>
	<b>31 March</b>	<b>31 March</b>
	<b>2018</b>	<b>2017</b>
	<b>£000s</b>	<b>£000s</b>
Investments	553	562
Other fixed assets	-	-
<b>Total fixed assets</b>	<b>553</b>	<b>562</b>
Cash	128	136
Other current assets	243	0
Current liabilities	(43)	(18)
Creditors due after one year	-	-
<b>Net assets</b>	<b>881</b>	<b>680</b>
Restricted / endowment funds	453	26
Unrestricted funds	428	654
<b>Total charitable funds</b>	<b>881</b>	<b>680</b>

**Note 2.3 Willow Group Partnership**

As detailed in Note 1.3 the Willow Group Partnership has taken over the previous individual arrangements with the Forton, Brune, Stoke Road and Waterside Medical Centres. The Trust has responsibility for delivering the services since the commencement of each arrangement and employs General Practitioners and practice staff. 2017/18 represents the first full year of the partnerships, 2016/17 had part year trading for Brune and Waterside.

**Memorandum Information included in the Trust's Accounts in respect of the GP Partnership**

	<b>2017/18</b>	<b>2016/17</b>
	<b>£000s</b>	<b>£000s</b>
Clinical Income	5,673	2,508
Non Clinical Income	200	175
Non Pay	(1,350)	(804)
Pay	(4,655)	(2,304)
<b>Net Primary Care Expenditure</b>	<b>(132)</b>	<b>(425)</b>

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**Note 3 Operating income from patient care activities**

<b>Note 3.1 Income from patient care activities (by nature)</b>	<b>2017/18</b>	<b>2016/17</b>
	<b>£000</b>	<b>£000</b>
<b>Mental health services</b>		
Block contract income	144,541	147,385
Clinical income for the secondary commissioning of mandatory services	472	496
Other clinical income from mandatory services	919	1,149
<b>Community services</b>		
Community services income from CCGs and NHS England	109,458	112,527
Income from other sources (e.g. local authorities)	29,871	26,462
<b>All services</b>		
Private patient income	46	144
<b>Total income from activities</b>	<b><u>285,307</u></b>	<b><u>288,163</u></b>

**Note 3.2 Income from patient care activities (by source)**

<b>Income from patient care activities received from:</b>	<b>2017/18</b>	<b>2016/17</b>
	<b>£000</b>	<b>£000</b>
NHS England	35,608	35,344
Clinical commissioning groups	216,639	219,475
Other NHS providers	4,335	2,772
Local authorities	22,879	27,659
Non-NHS: private patients	31	51
Non-NHS: overseas patients (chargeable to patient)	15	93
NHS injury scheme	136	100
Non NHS: other	5,664	2,669
<b>Total income from activities</b>	<b><u>285,307</u></b>	<b><u>288,163</u></b>

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**Note 3.3 Overseas visitors (relating to patients charged directly by the provider)**

	2017/18	2016/17
	£000	£000
Income recognised and received for the year	15	93

**Note 4 Other operating income**

	2017/18	2016/17
	£000	£000
Research and development	1,274	1,044
Education and training	8,298	9,184
Receipt of capital grants and donations	131	151
Charitable and other contributions to expenditure	42	39
Non-patient care services to other bodies	397	105
Sustainability and transformation fund income	2,810	5,252
Rental revenue from operating leases	2,954	2,371
Income in respect of staff costs where accounted on gross basis	2,462	2,338
Provision of Social Care income (non mandatory)	-	8,574
Other income	5,752	4,397
<b>Total other operating income</b>	<b>24,120</b>	<b>33,455</b>

Source of the material amounts within other operating income: Health Education England £8,193k (2016/17 £8,946k). Southern Health NHS Foundation Trust withdrew from the social care market in 2016/17, hence no recorded income in the current year.

**Note 4.1 Income from activities arising from commissioner requested services**

Under the terms of its provider licence, the trust is required to analyse the level of income from activities that has arisen from commissioner requested and non-commissioner requested services. Commissioner requested services are defined in the provider license and are services that commissioners believe would need to be protected in the event of provider failure. This information is provided in the table below:

	2017/18	2016/17
	£000	£000
Income from services designated as commissioner requested services	274,584	278,518
Income from services not designated as commissioner requested services	10,723	9,645
<b>Total</b>	<b>285,307</b>	<b>288,163</b>

**Note 4.2 Disposal of property, plant and equipment**

	2017/18	2017/18
	Book Value	Receipt
	£000	£000
Cherry Orchard - inpatient assessment and treatment centre for adults with learning disabilities, de-commissioned Dec 14	1,237	1,232
Mulfords Hill - Mental Health centre, de-commissioned Dec 15	560	728
Elizabeth Dibben Centre - mental health centre, de-commissioned Feb 16	313	489
Ridgeway Centre - learning disabilities for adults centre, de-commissioned Sept 16	1,585	2,247
The Hollies - mental health centre, de-commissioned Dec 16	142	289
Other minor disposals and sale related costs	37	(13)
<b>Total</b>	<b>3,874</b>	<b>4,972</b>

**Note 4.3 Gains / (losses) on disposal/derecognition of non-current assets**

	2017/18	2016/17
	£000	£000
Gains on disposal of assets	1,154	537
Losses on disposal of assets	(56)	(59)
<b>Total gains / (losses) on disposal of assets</b>	<b>1,098</b>	<b>478</b>

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**Note 5 Operating expenses**

	<b>2017/18</b>	<b>2016/17</b>
	<b>£000</b>	<b>£000</b>
Purchase of healthcare from NHS and DHSC bodies	5,977	6,587
Purchase of healthcare from non-NHS and non-DHSC bodies	9,157	9,104
Staff and executive directors costs	217,108	227,137
Remuneration of non-executive directors	180	231
Supplies and services - clinical (excluding drugs costs)	6,976	7,365
Supplies and services - general	7,104	7,281
Drug costs (drugs inventory consumed and purchase of non-inventory drugs)	4,285	3,875
Consultancy costs	784	1,266
Establishment	5,121	5,229
Premises	7,861	7,645
Transport (including patient travel)	3,869	4,363
Depreciation on property, plant and equipment	6,920	6,951
Amortisation on intangible assets	1,461	1,524
Net impairments	6,812	117
Increase/(decrease) in provision for impairment of receivables	(280)	135
Audit services- statutory audit	104	104
Other auditor remuneration (external auditor only)	8	8
Internal audit and counter fraud costs	109	166
Clinical negligence	1,850	1,550
Legal fees	60	1,196
Insurance	270	276
Education and training	1,024	1,883
Rentals under operating leases	14,498	15,852
Early retirements	7	17
Redundancy	77	160
Charges to operating expenditure for on-SoFP IFRIC 12 schemes (e.g. PFI / LIFT) on IFRS basis	995	838
Car parking & security	215	177
Hospitality	44	54
Losses, ex gratia & special payments	166	125
Other services, eg external payroll	2,990	2,539
Fines	2,125	-
Other	1,368	673
<b>Total</b>	<b>309,245</b>	<b>314,428</b>

The fines for three prosecution cases total £2,125k and Southern Health is required to pay for the 3rd party legal costs, totalling £150k for the Care Quality Commission and the Health and Safety Executive. The NHS Foundation Trust's own legal advice for the three cases totals £350k.

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**Note 5.1 Other auditor remuneration**

	<b>2017/18</b>	<b>2016/17</b>
	<b>£000</b>	<b>£000</b>
<b>Other auditor remuneration paid to the external auditor:</b>		
Audit-related assurance services - audit of quality report	8	8
<b>Total</b>	<b>8</b>	<b>8</b>

**Note 5.2 Limitation on auditor's liability**

The limitation on auditor's liability for external audit work is £1m (2016/17: £1m).

**Note 6 Net Impairments**

	<b>2017/18</b>	<b>2016/17</b>
	<b>£000</b>	<b>£000</b>
<b>Net impairments charged to operating surplus / deficit resulting from:</b>		
Abandonment of assets in course of construction	-	3
Unforeseen obsolescence	199	-
Changes in market price	6,588	51
Other	25	63
<b>Total net impairments charged to operating surplus / deficit</b>	<b>6,812</b>	<b>117</b>
Impairments charged to the revaluation reserve	3,227	6,097
<b>Total net impairments</b>	<b>10,039</b>	<b>6,214</b>

The impairment charged to expenditure based on market price mainly relates to one facility where occupancy has reduced in readiness for redevelopment commencing in the new year.

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**Note 7 Employee benefits**

	<b>2017/18</b>	<b>2016/17</b>
	<b>Total</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>
Salaries and wages	161,010	168,296
Social security costs	15,509	16,023
Apprenticeship levy	789	-
Employer's contributions to NHS pensions	20,877	21,663
Pension cost - other	12	9
Termination benefits	283	431
Temporary staff (including agency)	19,278	21,359
<b>Total gross staff costs</b>	<b>217,758</b>	<b>227,781</b>
<b>Of which</b>		
Costs capitalised as part of assets	573	484

**Reconciliation of staff related costs in Note 5 Operating Expenses**

	<b>2017/18</b>	<b>2016/17</b>
	<b>£000</b>	<b>£000</b>
Employee expenses	217,108	227,137
Redundancy	77	160
Costs capitalised as part of assets	573	484
<b>Total gross staff costs</b>	<b>217,758</b>	<b>227,781</b>

**Note 7.1 Retirements due to ill-health**

During 2017/18 there were 8 early retirements from the trust agreed on the grounds of ill-health (5 in the year ended 31 March 2017). The estimated additional pension liabilities of these ill-health retirements is £516k (£231k in 2016/17).

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

**Note 7.2 Directors Remuneration**

The aggregate amounts payable to directors were:

	<b>2017/18</b>	<b>Restated</b>
	<b>£000</b>	<b>2016/17</b>
	<b>£000</b>	<b>£000</b>
Salary	1,208	1,596
Taxable benefits	25	31
Employer's pension contributions	829	349
Compensation for Loss of Office	-	269
Sums paid to third parties for Directors Services	3	233
<b>Total</b>	<b>2,065</b>	<b>2,478</b>

Further details of directors' remuneration can be found in the remuneration report.

The salary figure for 2016/17 has been reduced from the prior year published accounts by £233k due to a duplication error.

There are no long term incentives schemes, other pension benefits, guarantees and advances for directors of the NHS Foundation Trust

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**Note 8 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.

**National Employment Savings Trust (NEST)**

In 2017/18 the Trust continued its participation of the National Employment Savings Trust (NEST) which is a defined contribution workplace pension scheme. The scheme is in use for a small number of staff as an alternative to the NHS Pension Scheme. Employer and employee contributions for the year totalled £23,534 (2016/17 £17,829). During 2017/18 the cap on annual contributions per scheme participant was removed, previously it stood at £4,500. NEST is a scheme set up by government to enable employers to meet their pension duties, and is free for employers to use. Members pay a 1.8% charge on contributions plus an annual management charge of 0.3%.

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**Note 9 Operating leases**

**Note 9.1 Southern Health NHS Foundation Trust as a lessor**

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

	<b>2017/18</b>	<b>2016/17</b>
	<b>£000</b>	<b>£000</b>
<b>Operating lease revenue</b>		
Minimum lease receipts	2,954	2,371
<b>Total</b>	<b>2,954</b>	<b>2,371</b>
	<b>31 March</b>	<b>31 March</b>
	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
<b>Future minimum lease receipts due:</b>		
- not later than one year;	2,713	2,610
- later than one year and not later than five years;	539	1,408
- later than five years.	275	253
<b>Total</b>	<b>3,527</b>	<b>4,271</b>

**Note 9.2 Southern Health NHS Foundation Trust as a lessee**

This note discloses costs and commitments incurred in operating lease arrangements where Southern Health NHS Foundation Trust is the lessee.

	<b>2017/18</b>	<b>2016/17</b>
	<b>£000</b>	<b>£000</b>
<b>Operating lease expense</b>		
Minimum lease payments	14,498	15,852
<b>Total</b>	<b>14,498</b>	<b>15,852</b>
	<b>31 March</b>	<b>31 March</b>
	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
<b>Future minimum lease payments due:</b>		
- not later than one year;	13,940	15,390
- later than one year and not later than five years;	42,081	53,712
- later than five years.	27,220	46,953
<b>Total</b>	<b>83,241</b>	<b>116,055</b>
Future minimum sublease payments to be received	(775)	(696)

The NHS foundation trust leases:

22 properties from NHS Property Services Ltd with a total future commitment of £54.9m.

There was an assumed occupancy of 8 years in 2016/17 therefore there is an estimated 7 year remaining lease term for these 22 properties.

3 properties from Community Health Partnerships Ltd with a future commitment of £16.2m.

Other significant operating lease commitments for properties with other landlords are: Avalon House (£3.7m to December 2029), the Parkway Centre (£2.8m to February 2030), College Keep (£1.2m to November 2022) and Alpha Court (£0.8m to April 2024)

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**Note 10 Finance income**

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

	2017/18	2016/17
	£000	£000
Interest on bank accounts	80	83
<b>Total</b>	<b>80</b>	<b>83</b>

**Note 11 Finance expenditure**

Finance expenditure represents interest and other charges involved in the borrowing of money.

	2017/18	2016/17
	£000	£000
<b>Interest expense:</b>		
Finance leases	4	4
Interest on late payment of commercial debt	-	-
Main finance costs on PFI and LIFT schemes obligations	893	922
Contingent finance costs on PFI and LIFT scheme obligations	289	265
<b>Total interest expense</b>	<b>1,186</b>	<b>1,191</b>

**Note 11.1 The late payment of commercial debts (interest) Act 1998 / Public Contract Regulations 2015**

No costs incurred for 2017/18 or 2016/17.

**Note 11.2 PDC Dividend Cash Movements**

	Total 2017/18	Total 2016/17
	£000	£000
PDC Dividends (Receivable) / Payable at April Charge for the Year	(259)	(396)
PDC Dividends Receivable at March	5,285	5,357
<b>PDC Dividends Paid in year</b>	<b>92</b>	<b>259</b>
	<b>5,118</b>	<b>5,220</b>

**Note 11.3 Better Payment Practice Code**

**Better Payment Practice Code - measure of compliance**

	2017/18		2016/17	
	Number	£000	Number	£000
Total Non-NHS trade invoices paid in the year	36,246	92,081	42,017	94,904
Total Non NHS trade invoices paid within target	33,167	84,939	39,366	88,922
<b>Percentage of Non-NHS trade invoices paid within target</b>	<b>92%</b>	<b>92%</b>	<b>94%</b>	<b>94%</b>
Total NHS trade invoices paid in the year	1,613	24,211	2,054	26,804
Total NHS trade invoices paid within target	1,475	22,659	1,868	26,317
<b>Percentage of NHS trade invoices paid within target</b>	<b>91%</b>	<b>94%</b>	<b>91%</b>	<b>98%</b>

The Better Payment Practice Code requires the NHS Foundation Trust to pay all undisputed invoices by the due date or within 30 days of receipt of goods or a valid invoice, whichever is later.

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**Note 12.1 Intangible assets - 2017/18**

	Software licences	Development expenditure	Intangible assets under construction	Total
	£000	£000	£000	£000
<b>Valuation / gross cost at 1 April 2017 - brought forward</b>	<b>1,319</b>	<b>6,419</b>	<b>678</b>	<b>8,416</b>
Additions	905	335	285	1,525
Impairments	(109)	(192)	-	(301)
Reclassifications	253	429	(682)	-
Disposals / derecognition	(58)	(645)	-	(703)
<b>Gross cost at 31 March 2018</b>	<b>2,310</b>	<b>6,346</b>	<b>281</b>	<b>8,937</b>
<b>Amortisation at 1 April 2017 - brought forward</b>	<b>434</b>	<b>2,892</b>	<b>-</b>	<b>3,326</b>
Provided during the year	256	1,205	-	1,461
Impairments	(60)	(110)	-	(170)
Disposals / derecognition	(58)	(627)	-	(685)
<b>Amortisation at 31 March 2018</b>	<b>572</b>	<b>3,360</b>	<b>-</b>	<b>3,932</b>
<b>Net book value at 31 March 2018</b>	<b>1,738</b>	<b>2,986</b>	<b>281</b>	<b>5,005</b>
<b>Net book value at 1 April 2017</b>	<b>885</b>	<b>3,527</b>	<b>678</b>	<b>5,090</b>

**Note 12.2 Intangible assets - 2016/17**

	Software licences	Development expenditure	Intangible assets under construction	Total
	£000	£000	£000	£000
<b>Valuation / gross cost at 1 April 2016 - brought forward</b>	<b>1,147</b>	<b>5,812</b>	<b>782</b>	<b>7,741</b>
Additions	34	335	306	675
Reclassifications	138	272	(410)	-
<b>Valuation / gross cost at 31 March 2017</b>	<b>1,319</b>	<b>6,419</b>	<b>678</b>	<b>8,416</b>
<b>Amortisation at 1 April 2016 - brought forward</b>	<b>153</b>	<b>1,649</b>	<b>-</b>	<b>1,802</b>
Provided during the year	281	1,243	-	1,524
<b>Amortisation at 31 March 2017</b>	<b>434</b>	<b>2,892</b>	<b>-</b>	<b>3,326</b>
<b>Net book value at 31 March 2017</b>	<b>885</b>	<b>3,527</b>	<b>678</b>	<b>5,090</b>
<b>Net book value at 1 April 2016</b>	<b>994</b>	<b>4,163</b>	<b>782</b>	<b>5,939</b>

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**Note 13 Property, plant and equipment - 2017/18**

	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Valuation/gross cost at 1 April 2017 - brought forward</b>	<b>36,868</b>	<b>144,090</b>	<b>491</b>	<b>2,474</b>	<b>6,852</b>	<b>169</b>	<b>7,498</b>	<b>841</b>	<b>199,283</b>
Transfers by absorption	(1,760)	(1,916)	-	-	(23)	-	-	-	(3,699)
Additions	-	2,843	-	2,324	801	-	1,283	19	7,270
Impairments	(1,340)	(13,346)	(36)	-	-	-	(224)	-	(14,946)
Reversals of impairments	200	331	-	-	-	-	-	-	531
Revaluations	1,642	5,860	-	-	-	-	-	-	7,502
Reclassifications	-	2,238	-	(2,415)	-	-	159	18	0
Transfers to/ from assets held for sale	485	(485)	-	-	-	-	-	-	0
Disposals / derecognition	(120)	(56)	-	-	(404)	(56)	(584)	(161)	(1,381)
<b>Valuation/gross cost at 31 March 2018</b>	<b>35,975</b>	<b>139,559</b>	<b>455</b>	<b>2,383</b>	<b>7,226</b>	<b>113</b>	<b>8,132</b>	<b>717</b>	<b>194,560</b>
<b>Accumulated depreciation at 1 April 2017 - brought forward</b>	-	-	-	-	<b>2,947</b>	<b>107</b>	<b>3,446</b>	<b>501</b>	<b>7,001</b>
Transfers by absorption	-	-	-	-	(2)	-	-	-	(2)
Provided during the year	-	<b>4,366</b>	<b>19</b>	-	<b>976</b>	<b>16</b>	<b>1,465</b>	<b>78</b>	<b>6,920</b>
Impairments	-	(4,023)	(19)	-	-	-	(156)	-	(4,198)
Reversals of impairments	-	(309)	-	-	-	-	-	-	(309)
Disposals / derecognition	-	(34)	-	-	(392)	(56)	(580)	(157)	(1,219)
<b>Accumulated depreciation at 31 March 2018</b>	-	-	-	-	<b>3,529</b>	<b>67</b>	<b>4,175</b>	<b>422</b>	<b>8,193</b>
<b>Net book value at 31 March 2018</b>	<b>35,975</b>	<b>139,559</b>	<b>455</b>	<b>2,383</b>	<b>3,697</b>	<b>46</b>	<b>3,957</b>	<b>295</b>	<b>186,367</b>
<b>Net book value at 1 April 2017</b>	<b>36,868</b>	<b>144,090</b>	<b>491</b>	<b>2,474</b>	<b>3,905</b>	<b>62</b>	<b>4,052</b>	<b>340</b>	<b>192,282</b>

**Note 13.1 Property, plant and equipment - 2016/17**

	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Valuation / gross cost at 1 April 2016 - brought forward</b>	<b>39,239</b>	<b>149,282</b>	<b>491</b>	<b>3,742</b>	<b>5,830</b>	<b>189</b>	<b>5,676</b>	<b>798</b>	<b>205,247</b>
Additions	-	3,695	-	2,375	1,104	-	1,075	28	8,277
Impairments	9	(10,899)	(18)	(3)	-	-	-	-	(10,911)
Revaluations	85	1,208	18	-	-	-	-	-	1,311
Reclassifications	-	2,861	-	(3,640)	1	-	756	22	-
Transfers to / from assets held for sale	(2,465)	(1,938)	-	-	-	-	-	-	(4,403)
Disposals / derecognition	-	(119)	-	-	(83)	(20)	(9)	(7)	(238)
<b>Valuation/gross cost at 31 March 2017</b>	<b>36,868</b>	<b>144,090</b>	<b>491</b>	<b>2,474</b>	<b>6,852</b>	<b>169</b>	<b>7,498</b>	<b>841</b>	<b>199,283</b>
<b>Accumulated depreciation at 1 April 2016 - brought forward</b>	(9)	<b>193</b>	-	-	<b>2,174</b>	<b>94</b>	<b>2,127</b>	<b>412</b>	<b>4,991</b>
Provided during the year	-	<b>4,627</b>	<b>18</b>	-	<b>856</b>	<b>27</b>	<b>1,327</b>	<b>96</b>	<b>6,951</b>
Impairments	9	(4,424)	(18)	-	-	-	-	-	(4,433)
Reversals of impairments	-	(327)	-	-	-	-	-	-	(327)
Disposals/ derecognition	-	(69)	-	-	(83)	(14)	(8)	(7)	(181)
<b>Accumulated depreciation at 31 March 2017</b>	-	-	-	-	<b>2,947</b>	<b>107</b>	<b>3,446</b>	<b>501</b>	<b>7,001</b>
<b>Net book value at 31 March 2017</b>	<b>36,868</b>	<b>144,090</b>	<b>491</b>	<b>2,474</b>	<b>3,905</b>	<b>62</b>	<b>4,052</b>	<b>340</b>	<b>192,282</b>
<b>Net book value at 1 April 2016</b>	<b>39,248</b>	<b>149,089</b>	<b>491</b>	<b>3,742</b>	<b>3,656</b>	<b>95</b>	<b>3,549</b>	<b>386</b>	<b>200,255</b>

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**Note 13.2 Property, plant and equipment financing - 2017/18**

	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Net book value at 31 March 2018</b>									
Owned - purchased	35,975	120,584	455	2,383	3,130	46	3,833	295	<b>166,701</b>
Finance leased	-	330	-	-	-	-	-	-	<b>330</b>
On-SoFP PFI contracts and other service concession arrangements	-	18,075	-	-	-	-	-	-	<b>18,075</b>
Owned - donated	-	570	-	-	567	-	124	-	<b>1,261</b>
<b>NBV total at 31 March 2018</b>	<b>35,975</b>	<b>139,559</b>	<b>455</b>	<b>2,383</b>	<b>3,697</b>	<b>46</b>	<b>3,957</b>	<b>295</b>	<b>186,367</b>

**Note 13.3 Property, plant and equipment financing - 2016/17**

	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Net book value at 31 March 2017</b>									
Owned - purchased	36,868	125,905	491	2,474	3,133	62	4,052	340	<b>173,325</b>
Finance leased	-	330	-	-	-	-	-	-	<b>330</b>
On-SoFP PFI contracts and other service concession arrangements	-	17,300	-	-	-	-	-	-	<b>17,300</b>
Owned - donated	-	555	-	-	772	-	-	-	<b>1,327</b>
<b>NBV total at 31 March 2017</b>	<b>36,868</b>	<b>144,090</b>	<b>491</b>	<b>2,474</b>	<b>3,905</b>	<b>62</b>	<b>4,052</b>	<b>340</b>	<b>192,282</b>

**Note 14 Donations of property, plant and equipment**

		2017/18	
		£000	
Patient Wifi	Various locations	131	Southern Health NHS Foundation Trust Charitable Funds (SHFT CF)
<b>Total</b>		<b>131</b>	

**Note 15 Revaluations of property, plant and equipment**

	2017/18	2016/17
	£000	£000
<b>Revaluation at 1 April</b>	49,767	56,010
Impairments	(3,227)	(6,097)
Revaluations	7,502	1,311
Asset disposals	(22)	(1,457)
Transfer by absorption	(1,716)	-
<b>Revaluation at 31 March</b>	<b>52,304</b>	<b>49,767</b>

The valuation this year was a desktop and good housekeeping review with the exception of physical inspections that were needed where major capital improvements had taken place. Namely Petersfield Hospital, Melbury Lodge, Parklands Hospital, Leigh House, Elmleigh, Ravenswood and 1-3 Sterne Road.

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**Note 16 Inventories**

	<b>31 March 2018 £000</b>	<b>31 March 2017 £000</b>
Consumables	21	-
<b>Total inventories</b>	<b>21</b>	<b>-</b>

**Note 17 Trade and other receivables**

	<b>31 March 2018 £000</b>	<b>31 March 2017 £000</b>
<b>Current</b>		
Trade receivables	14,214	8,452
Accrued income	1,374	3,552
Provision for impaired receivables	(1,143)	(1,431)
Prepayments (non-PFI)	1,833	1,765
PDC dividend receivable	92	259
VAT receivable	1,961	2,459
Other receivables	31	-
<b>Total current trade and other receivables</b>	<b>18,362</b>	<b>15,056</b>

**Of which receivables from NHS and DHSC group bodies:** 13,988      9,827

There are no Non-Current receivables outstanding at 31 March 2018 (Nil 31 March 2017).

**Note 17.1 Provision for impairment of receivables**

	<b>2017/18 £000</b>	<b>2016/17 £000</b>
<b>At 1 April as previously stated</b>	<b>1,431</b>	<b>1,346</b>
Increase in provision	965	1,068
Amounts utilised	(8)	(50)
Unused amounts reversed	(1,245)	(933)
<b>At 31 March</b>	<b>1,143</b>	<b>1,431</b>

The collectability of the debt has been assessed on an invoice by invoice basis where concerns have been raised about the likelihood of the payment or because the age of the debt implies it is less easily recovered.

**Note 17.2 Credit quality of financial assets**

	<b>31 March 2018</b>	<b>31 March 2017</b>
	<b>Trade and other receivables</b>	<b>Trade and other receivables</b>
	<b>£000</b>	<b>£000</b>
<b>Ageing of impaired financial assets</b>		
0 - 30 days	595	556
30-60 Days	147	222
60-90 days	44	48
90- 180 days	79	76
Over 180 days	278	529
<b>Total</b>	<b>1,143</b>	<b>1,431</b>

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

0 - 30 days	2,677	1,832
30-60 Days	335	408
60-90 days	373	533
90- 180 days	373	194
Over 180 days	(469)	154
<b>Total</b>	<b>3,289</b>	<b>3,121</b>

A negative value represents credit notes not yet taken by the debtor.

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**Note 18 Non-current assets held for sale and assets in disposal groups**

	<b>2017/18</b>	<b>2016/17</b>
	<b>£000</b>	<b>£000</b>
<b>NBV of non-current assets for sale and assets in disposal groups at 1 April</b>	<b>5,513</b>	<b>3,920</b>
Assets classified as available for sale in the year	1,585	4,403
Assets sold in year	(3,695)	(2,747)
Impairment of assets held for sale	-	(63)
Assets no longer classified as held for sale, for reasons other than disposal by sale	(1,585)	-
<b>NBV of non-current assets for sale and assets in disposal groups at 31 March</b>	<b>1,818</b>	<b>5,513</b>

Three of the five properties held for sale brought forward at the beginning of the year were sold during 2017/18. One of the properties has since reverted back to Property Plant and Equipment with a view to being re-purposed. There has been an exchange of contract on the remaining property which is expected to complete in the autumn of 2018.

**Note 19 Cash and cash equivalents**

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>	<b>2016/17</b>
	<b>£000</b>	<b>£000</b>
<b>At 1 April</b>	<b>25,263</b>	<b>20,205</b>
Net change in year	3,015	5,058
<b>At 31 March</b>	<b>28,278</b>	<b>25,263</b>
<b>Broken down into:</b>		
Cash at commercial banks and in hand	37	98
Cash with the Government Banking Service	28,241	25,165
<b>Total cash and cash equivalents as in SoFP and SOCF</b>	<b>28,278</b>	<b>25,263</b>

**Note 19.1 Third party assets held by the trust**

The trust held cash and cash equivalents which relate to monies held by the the foundation trust on behalf of patients or other parties. This has been excluded from the cash and cash equivalents figure reported in the accounts.

	<b>31 March</b>	<b>31 March</b>
	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
Bank balances	147	206
<b>Total third party assets</b>	<b>147</b>	<b>206</b>

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**Note 20 Trade and other payables**

	<b>31 March 2018 £000</b>	<b>31 March 2017 £000</b>
<b>Current</b>		
Trade payables	17,840	15,033
Capital payables	2,228	2,533
Accruals	3,460	6,460
Receipts in advance (including payments on account)	1,357	1,114
Social security costs	2,236	2,299
Other taxes payable	1,179	1,250
Other payables	6,797	4,495
<b>Total current trade and other payables</b>	<b><u>35,097</u></b>	<b><u>33,184</u></b>

**Of which payables from NHS and DHSC group bodies:**

8,387                      7,211

There are no Non-Current payables outstanding at 31 March 2018 (Nil 31 March 2017).

Included within 'other payables' is an amount of £2,799k (£2,860k 2016/17) in respect of pension contributions due to the NHS Pensions Agency and the payments due into court for the HSE prosecution cases, £2,114k.

**Note 21 Other liabilities**

	<b>31 March 2018 £000</b>	<b>31 March 2017 £000</b>
<b>Current</b>		
Deferred income	1,432	1,544
<b>Total other current liabilities</b>	<b><u>1,432</u></b>	<b><u>1,544</u></b>

There are no Non-Current other liabilities outstanding at 31 March 2018 (Nil 31 March 2017).

**Note 22 Borrowings**

	<b>31 March 2018 £000</b>	<b>31 March 2017 £000</b>
<b>Current</b>		
Obligations under PFI, LIFT or other service concession contracts (excl. lifecycle)	401	507
<b>Total current borrowings</b>	<b><u>401</u></b>	<b><u>507</u></b>
<b>Non-current</b>		
Obligations under finance leases	85	86
Obligations under PFI, LIFT or other service concession contracts	16,023	16,424
<b>Total non-current borrowings</b>	<b><u>16,108</u></b>	<b><u>16,510</u></b>
<b>Cash repayment of capital</b>	<b><u>507</u></b>	<b><u>533</u></b>

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**Note 23 Finance leases**

**Note 23.1 Southern Health NHS Foundation Trust as a lessee**

Obligations under finance leases where Southern Health NHS Foundation Trust is the lessee.

	<b>31 March 2018 £000</b>	<b>31 March 2017 £000</b>
<b>Gross lease liabilities</b>	<b>209</b>	<b>214</b>
of which liabilities are due:		
- not later than one year;	5	5
- later than one year and not later than five years;	18	18
- later than five years.	186	191
Finance charges allocated to future periods	(124)	(128)
<b>Net lease liabilities</b>	<b>85</b>	<b>86</b>
of which payable:		
- later than one year and not later than five years;	2	2
- later than five years.	83	84
<b>Total of future minimum sublease payments to be received at the reporting date</b>	<b>-</b>	<b>-</b>

The amount payable in a year is less than £500 and therefore does not register in £000s in the note above.

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**Note 24 Provisions for liabilities and charges**

	Legal claims	Re- structuring	Redundancy	Other	Total
	£000	£000	£000	£000	£000
<b>At 1 April 2017</b>	<b>230</b>	<b>600</b>	<b>183</b>	<b>904</b>	<b>1,917</b>
Arising during the year	271	11	2	19	303
Utilised during the year	(61)	(114)	(165)	(650)	(990)
Reclassified to liabilities held in disposal groups	-	-	-	-	-
Reversed unused	(111)	(246)	(20)	-	(377)
<b>At 31 March 2018</b>	<b>329</b>	<b>251</b>	<b>-</b>	<b>273</b>	<b>853</b>
<b>Expected timing of cash flows:</b>					
- not later than one year;	164	251	-	125	540
- later than one year and not later than five years;	165	-	-	120	285
- later than five years.	-	-	-	28	28
<b>Total</b>	<b>329</b>	<b>251</b>	<b>-</b>	<b>273</b>	<b>853</b>

The Trust restructuring provision remains under the terms of the business transfer agreement following the Trust Board to withdraw learning disabilities services in Oxfordshire. It is probable that some TUPEd staff will be made redundant and includes other terminations of leases costs.

**Note 24.1 Clinical negligence liabilities**

At 31 March 2018, £4,164k was included in the provisions of NHS Resolution in respect of clinical negligence liabilities of Southern Health NHS Foundation Trust (31 March 2017: £5,266k).

**Note 25 Contingent assets and liabilities**

	31 March 2018 £000	31 March 2017 £000
<b>Value of contingent liabilities</b>		
NHS Resolution legal claims	(207)	(223)
Employment tribunal and other employee related litigation	-	(27)
<b>Gross value of contingent liabilities</b>	<b>(207)</b>	<b>(250)</b>
Amounts recoverable against liabilities	-	-
<b>Net value of contingent liabilities</b>	<b>(207)</b>	<b>(250)</b>
<b>Net value of contingent assets</b>	-	-

Contingent liabilities are costs that are less than 50% likely and so includes the excess costs for litigation cases where it is believed the NHS Foundation Trust will win and employment tribunal cases where the likely outcome is not yet known.

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**Note 26 Contractual capital commitments**

	<b>31 March 2018 £000</b>	<b>31 March 2017 £000</b>
Property, plant and equipment	3,068	281
<b>Total</b>	<b><u>3,068</u></b>	<b><u>281</u></b>

**Note 27 On-SoFP PFI, LIFT or other service concession arrangements**

**Note 27.1 Imputed finance lease obligations**

Southern Health NHS Foundation Trust has the following obligations in respect of the finance lease element of on-Statement of Financial Position LIFT scheme, Antelope House in Southampton:

	<b>31 March 2018 £000</b>	<b>31 March 2017 £000</b>
<b>Gross PFI, LIFT or other service concession liabilities</b>	<b><u>45,521</u></b>	<b><u>47,441</u></b>
<b>Of which liabilities are due</b>		
- not later than one year;	1,568	1,697
- later than one year and not later than five years;	6,589	6,342
- later than five years.	37,364	39,402
Finance charges allocated to future periods	(29,097)	(30,510)
<b>Net PFI, LIFT or other service concession arrangement obligation</b>	<b><u>16,424</u></b>	<b><u>16,931</u></b>
- not later than one year;	401	507
- later than one year and not later than five years;	1,749	1,579
- later than five years.	14,274	14,845

**Note 27.2 Total on-SoFP PFI, LIFT and other service concession arrangement commitments**

Total future obligations under these on-SoFP schemes are as follows:

	<b>31 March 2018 £000</b>	<b>31 March 2017 £000</b>
Total future payments committed in respect of the PFI, LIFT or other service concession arrangements	<u>71,314</u>	<u>74,079</u>
<b>Of which liabilities are due:</b>		
- not later than one year;	2,463	2,415
- later than one year and not later than five years;	10,483	10,278
- later than five years.	58,368	61,386

**Note 27.3 Analysis of amounts payable to service concession operator**

This note provides an analysis of the trust's payments in 2017/18:

	<b>2017/18 £000</b>	<b>2016/17 £000</b>
Unitary payment payable to service concession operator	<u>2,403</u>	<u>2,356</u>
<b>Consisting of:</b>		
- Interest charge	893	922
- Repayment of finance lease liability	507	533
- Service element and other charges to operating expenditure	648	610
- Revenue lifecycle maintenance	66	26
- Contingent rent	289	265
Other amounts paid to operator due to a commitment under the service concession contract but not part of the unitary payment	316	202
<b>Total amount paid to service concession operator</b>	<b><u>2,719</u></b>	<b><u>2,558</u></b>

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**Note 29 Financial instruments**

**Note 29.1 Financial risk management**

Financial reporting standard IFRS 7 requires disclosure of the role that financial instruments have had during the period in creating or changing the risks a body faces in undertaking its activities. Because of the continuing service provider relationship that the NHS Foundation Trust has with primary care NHS Foundation Trusts and the way those primary care NHS Foundation Trusts are financed, the NHS Foundation Trust is not exposed to the degree of financial risk faced by commercial entities. Financial instruments play a much more limited role in creating or changing risk than would be typical of listed companies, to which the financial reporting standards mainly apply. The NHS Foundation Trust has limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the NHS Foundation Trust in undertaking its activities.

The NHS Foundation Trust's treasury management operations are carried out by the finance department with investment advice received as required from Royal London Cash Management (RLCM), within parameters defined formally within the NHS Foundation Trust's standing financial instructions and policies agreed by the Trust Board. Due to the way Department of Health calculates the cost of the 3.5% Trust Dividend which allows an offset for average cleared balances held within the Government Banking Service (GBS), or National Loans Fund deposits, there has been no financial justification for the NHS Foundation Trust to make any investments outside of these two facilities during the current year.

All Treasury activity undertaken by the NHS Foundation Trust is subject to review by the NHS Foundation Trust's internal auditors.

**Currency risk**

The NHS Foundation Trust is principally a domestic organisation with the majority of transactions, assets and liabilities being in the UK and sterling based. The NHS Foundation Trust has no overseas operations. The NHS Foundation Trust therefore has low exposure to currency rate fluctuations.

**Market Risk**

100% of the NHS Foundation Trust's financial liabilities carry a nil or fixed rate of interest. The NHS Foundation Trust is not, therefore, exposed to significant interest rate risk.

**Credit risk**

The NHS Foundation Trust's risk profile is low with the maximum being disclosed in receivables to customers. Note 17 provides information on the NHS Foundation Trust's unimpaired and impaired receivables including age profiles. The NHS Foundation Trust does not enter into derivatives as a financial instrument. The NHS Foundation Trust, however, has reviewed its lease contracts and notes that there are some credit risks identified to its host contracts. These are deemed to be closely related and therefore are not required to be disclosed separately.

As set out in Note 19, all material balances of the NHS Foundation Trust's £28.3 million (2016/17 £25.3 million) total cash deposits are held in the Government Banking Service's accounts. The NHS Foundation Trust is therefore satisfied that there is no material exposure to credit risk in respect of cash deposits.

**Liquidity risk**

The NHS Foundation Trust's net operating costs are incurred under annual service agreements with Commissioning Care Groups, which are financed from resources voted annually by Parliament. The NHS Foundation Trust also financed its capital expenditure in the year from funds generated from its activities.

As mentioned in the going concern note, the financial planning model suggests that the NHS Foundation Trust has sufficient cash to meet its day to day operations through out 2018/19.

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**Note 29.2 Fair values of financial assets and liabilities**

The book value is considered a reasonable approximation of fair value for the balances in the accounts.

**Note 29.3 Financial assets**

	<b>31 March 2018 £000</b>	<b>31 March 2017 £000</b>
Trade and other receivables excluding non financial assets	15,017	13,291
Cash and cash equivalents at bank and in hand	28,278	25,263
<b>Assets per SOFP as at 31 March</b>	<b><u>43,295</u></b>	<b><u>38,554</u></b>

**Note 29.4 Financial liabilities**

	<b>31 March 2018 £000</b>	<b>31 March 2017 £000</b>
Obligations under finance leases	85	86
Obligations under PFI, LIFT and other service concession contracts	16,424	16,931
Trade and other payables excluding non financial liabilities	31,682	29,635
<b>Liabilities per SOFP as at 31 March</b>	<b><u>48,191</u></b>	<b><u>46,652</u></b>

**Note 29.5 Maturity of financial liabilities**

	<b>31 March 2018 £000</b>	<b>31 March 2017 £000</b>
In one year or less	32,082	30,142
In more than one year but not more than two years	401	507
In more than two years but not more than five years	1,351	1,072
In more than five years	14,357	14,931
<b>Total</b>	<b><u>48,191</u></b>	<b><u>46,652</u></b>

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**Note 30 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	3	-	12	5
Bad debts and claims abandoned	12	3	36	-
<b>Total losses</b>	<b>15</b>	<b>3</b>	<b>48</b>	<b>5</b>
<b>Special payments</b>				
Compensation under court order or legally binding arbitration award	11	2,336	36	107
Ex-gratia payments	37	8	37	11
Special severance payments	-	-	1	95
<b>Total special payments</b>	<b>48</b>	<b>2,344</b>	<b>74</b>	<b>213</b>
<b>Total losses and special payments</b>	<b>63</b>	<b>2,347</b>	<b>122</b>	<b>218</b>

**Details of cases individually over £300k**

Included in the totals above are two cases which are in excess of £300k.

Both cases relate to the Health and Safety Executive's action taken against Southern Health NHS Foundation Trust which were finalised in court on 26 March 2018. The amounts are unpaid as at 31 March 2018.

One case was comprised of the fine £1,050k plus 3rd party legal costs £75k and the second case was comprised of the fine £950k plus 3rd party legal costs £39k.

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**Note 31 Related parties**

The NHS Foundation Trust is an independent public benefit corporation as authorised by Monitor working with NHS Improvement in its NHS Provider Licence.

Summary of cost to the NHS Foundation Trust (including salary, redundancy, employers National Insurance and pension contributions) made for Board Members during the financial year.

	<b>31 March</b>	<b>31 March</b>
	<b>2018</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Salary	1,474	2,162
Benefits in Kind	25	31
Other Pay	584	231
<b>Total</b>	<b>2,083</b>	<b>2,424</b>

The total differs to Note 7.2 Directors Remuneration due to employer National Insurance Contributions, non-Board pay and expenses for Directors with a dual role and implied employers pension costs.

The transactions during 2017/18 and 2016/17 were related by virtue of the Board member listed along with their role in the third party.

	<b>Receivables</b>		<b>Payables</b>	
	<b>31-Mar-18</b>	<b>31-Mar-17</b>	<b>31-Mar-18</b>	<b>31-Mar-17</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
(i) Forton Road Medical Partnership (Lesley Stevens & Gethin Hughes, General Partner)	-	40	-	-
(iii) Brune Medical Centre (Lesley Stevens & Gethin Hughes, General Partner)	-	17	-	-
(iv) Waterside Medical Centre (Lesley Stevens & Gethin Hughes, General Partner)	-	118	-	-
(vi) The Willow Group (Paula Hull, General Partner)	415	-	9	-
(vii) Southern Health NHS Foundation Trust General Fund Charity Reg No: 1089307 (All directors Trustees of the charity)	24	13	-	-
<b>Total</b>	<b>439</b>	<b>188</b>	<b>9</b>	<b>-</b>

	<b>Income</b>		<b>Expenditure</b>	
	<b>2017/18</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2016/17</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
(i) Forton Road Medical Partnership (Lesley Stevens & Gethin Hughes, General Partner)	-	120	-	745
(ii) Arundel Interim Services Ltd (Mark Morgan, Director)	-	-	-	207
(iii) Brune Medical Centre (Lesley Stevens & Gethin Hughes, General Partner)	-	21	-	298
(iv) Waterside Medical Centre (Lesley Stevens & Gethin Hughes, General Partner)	-	125	-	45
(v) University of Bath (Claire Feehily, Teaching Fellow)	-	-	-	2
(vi) The Willow Group (Paula Hull, General Partner)	3,625	-	379	-
(vii) Southern Health NHS Foundation Trust General Fund Charity Reg No: 1089307 (All directors Trustees of the charity)	246	224	270	406
<b>Total</b>	<b>3,871</b>	<b>490</b>	<b>649</b>	<b>1,703</b>

- (i) The NHS Foundation Trust has entered into a subcontracting arrangement to deliver the Primary Care Services in alliance with the Forton Road Medical Partnership. The values disclosed in this note are for transactions between the Trust and the Partnership which do not benefit the Dr Stevens or Mr Hughes personally. From April 2017 Forton Road Medical Partnership has become part of the Willow Group
- (ii) Mark Morgan is a director of Arundel Interim Services Ltd which supplied the services of Mark to the Trust until 31 December 2016.
- (iii) The NHS Foundation Trust has entered into a subcontracting arrangement to deliver the Primary Care Services in alliance with the Brune Medical Centre Partnership. The values disclosed in this note are for transactions between the Trust and the Partnership which do not benefit the Dr Stevens or Mr Hughes personally. From April 2017 Brune Medical Centre Partnership has become part of the Willow Group
- (iv) The NHS Foundation Trust has entered into a subcontracting arrangement to deliver the Primary Care Services in alliance with the Waterside Medical Centre Partnership. The values disclosed in this note are for transactions between the Trust and the Partnership which do not benefit Dr Stevens or Mr Hughes personally. From April 2017 Waterside Medical Centre Partnership has become part of the Willow Group
- (v) University of Bath (Claire Feehily, Teaching Fellow), staff recharge
- (vi) The NHS Foundation Trust has entered into a subcontracting arrangement to deliver the Primary Care Services in alliance with the the Willow Group. The values disclosed in this note are for transactions between the Trust and the Partnership which do not benefit Paula Hull personally.
- (vii) All expenditure of the charity is for the benefit of the staff and patients of Southern Health NHS Foundation Trust

All of the transactions listed above and below are unsecured and under no guarantees.

Note 31.1 Related parties

Name	2017/18		2016/17		31 March 2018		31 March 2017	
	Spend with related party	Income from related party	Spend with related party	Income from related party	Amounts owed to related party	Amounts due from related party	Amounts owed to related party	Amounts due from related party
	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000
<b>Transactions which exceed £250,000:-</b>								
NHS Aylesbury Vale CCG	-	-	-	562	-	-	-	4
NHS Chiltern CCG	-	18	-	968	-	-	-	1
NHS Dorset CCG	-	527	-	1,704	-	73	-	171
NHS Fareham And Gosport CCG	80	29,122	49	29,271	24	500	49	45
NHS North East Hampshire And Farnham CCG	-	112	31	4,914	83	38	16	34
NHS North Hampshire CCG	79	26,383	272	26,089	53	-	272	185
NHS Oxfordshire CCG	-	1,533	-	1,941	-	54	-	64
NHS Portsmouth CCG	-	1,737	-	1,800	-	112	-	-
NHS South Eastern Hampshire CCG	200	38,396	787	36,472	382	1,330	803	597
NHS Southampton CCG	-	28,996	-	26,339	-	978	34	202
NHS Swindon CCG	-	33	-	275	-	-	-	143
NHS West Hampshire CCG	-	89,452	98	91,545	80	2,026	50	1,880
NHS Wiltshire CCG	-	220	-	144	-	84	-	1
Portsmouth Hospitals NHS Trust	1,384	1,003	1,671	1,398	230	125	572	543
Solent NHS Trust	2,896	1,805	3,120	1,625	233	153	991	366
NHS England	4	38,958	-	41,193	75	4,969	55	3,199
Health Education England	26	8,174	28	8,935	234	31	30	45
NHS Resolution (formerly NHS Litigation Authority)	2,062	-	1,810	-	-	-	-	-
NHS Improvement (Monitor legal entity)	3	467	-	37	-	273	-	-
Care Quality Commission	289	5	-	51	-	-	-	-
Department of Health	5	247	5	86	-	-	16	-
Community Health Partnerships Ltd	1,103	-	1,403	-	126	-	210	-
NHS Property Services Ltd	9,573	2	10,289	14	4,248	21	1,601	15
Frimley Health NHS Foundation Trust	24	1,158	62	743	4	455	12	285
University Hospital Southampton NHS Foundation Trust	3,012	4,582	3,612	2,758	2,165	1,907	1,900	630
Hampshire Hospitals NHS Foundation Trust	2,290	583	2,308	612	500	41	373	27
Oxford Health NHS Foundation Trust	304	321	489	71	128	203	1	21
South Staffordshire and Shropshire Healthcare NHS	16	535	-	543	2	127	-	133
Northumberland, Tyne & Wear NHS Foundation Trust	295	-	-	-	285	-	-	-
Hampshire County Council	913	22,625	636	27,587	168	231	2,336	9
Oxfordshire County Council	125	426	583	4,920	64	-	355	305
Portsmouth City Council	11	13	-	776	10	-	-	13
Southampton City Council	75	223	124	331	22	22	50	125
Winchester City Council	388	-	308	-	45	-	4	-
NHS Shared Business Services	375	-	727	-	-	-	2	-
HM Revenue & Customs - Other taxes	16,299	-	16,023	-	3,415	-	3,549	-
NHS Pension Scheme	20,980	-	21,663	-	2,799	-	2,860	-
HM Revenue & Customs - VAT	-	-	-	-	-	1961	-	2,459

**Southern Health NHS Foundation Trust**  
**Annual Accounts for the Year Ended 31 March 2018**

**Note 32 Losses arising from transfers by absorption**

During 2017/18, Southern Health NHS Foundation Trust transferred the remaining forensic Learning Disabilities service operating in Oxford to Oxford Health NHS Foundation Trust along with the ownership of the Slade site and Evenlode capital improvements.

	<b>£000</b>
Land	1,760
Buildings	1,916
Plant and Machinery	23
Accumulated depreciation: Plant & Machinery	(2)
<b>Net book value of PPE transferring</b>	<b><u>3,697</u></b>
Revaluation reserve: PPE	1,716

**Note 33 Contact Details**

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