

**SOUTH EASTERN HEALTH AND SOCIAL CARE TRUST**  
**ANNUAL ACCOUNTS FOR YEAR ENDED 31 MARCH 2012**

**South Eastern Health and Social Care Trust**

**Annual Accounts**

**For the year ended 31 March 2012**

*Laid before the Northern Ireland Assembly  
under Article 90 (5) of the Health and Personal Social Services (NI) Order 1972 by the  
Department of Health, Social Services and Public Safety.*

*On*

*29th June 2012*

**SOUTH EASTERN HEALTH AND SOCIAL CARE TRUST  
ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012**

<b>Contents</b>	<b>Page</b>
<b>Foreword</b>	<b>4</b>
<b>Statement of Responsibilities</b>	<b>5</b>
<b>Certificates of Director of Finance, Chairman and Chief Executive</b>	<b>6</b>
<b>Statement on Internal Control</b>	<b>7</b>
<b>Audit Certificate</b>	<b>20-21</b>
<b>Statement of Comprehensive Net Expenditure</b>	<b>22</b>
<b>Statement of Financial Position as at 31 March 2012</b>	<b>23</b>
<b>Statement of Cashflows for the year ended 31 March 2012</b>	<b>24</b>
<b>Statement of changes in Taxpayers' Equity</b>	<b>25</b>
<b>Notes to the accounts</b>	<b>26-79</b>
<b>Patients and Residents Monies Accounts</b>	<b>80-85</b>

# **SOUTH EASTERN HEALTH AND SOCIAL CARE TRUST ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012**

## **FOREWORD**

These accounts for the year ended 31 March 2012 have been prepared in accordance with Article 90(2) (a) of the Health and Personal Social Services (Northern Ireland) Order 1972, as amended by Article 6 of the Audit and Accountability (Northern Ireland) Order 2003, in a form directed by the Department of Health, Social Services and Public Safety.

## **SOUTH EASTERN HEALTH AND SOCIAL CARE TRUST**

### **ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012**

#### **STATEMENT OF SOUTH EASTERN HEALTH AND SOCIAL CARE TRUST'S RESPONSIBILITIES AND ACCOUNTING OFFICER'S RESPONSIBILITIES.**

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

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

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



The Permanent Secretary of the Department of Health, Social Services and Public Safety as Accounting Officer for health and personal social services resources in Northern Ireland has designated Hugh McCaughey of South Eastern Health and Social Care Trust as the Accounting Officer for the Trust. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the Trust assets, are set out in the Accountable Officer Memorandum, issued by the Department of Health, Social Services and Public Safety.

# **SOUTH EASTERN HEALTH AND SOCIAL CARE TRUST**

## **ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012**

### **CERTIFICATES OF DIRECTOR OF FINANCE, CHAIRMAN AND CHIEF EXECUTIVE**

I certify that the annual accounts set out in the financial statements and notes to the accounts (pages 26 to 79) which I am required to prepare on behalf of the South Eastern Health and Social Care Services Trust have been compiled from and are in accordance with the accounts and financial records maintained by the South Eastern Health and Social Care Trust and with the accounting standards and policies for HSC bodies approved by the DHSSPS.

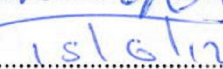
  
..... Director of Finance & Estates  
  
..... Date

I certify that the annual accounts set out in the financial statements and notes to the accounts (page 26 to 79) as prepared in accordance with the above requirements have been submitted to and duly approved by the Board.

  
..... Chairman

  
..... Date

  
..... Chief Executive

  
..... Date

## **SOUTH EASTERN HEALTH AND SOCIAL CARE TRUST**

### **ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012**

#### **STATEMENT OF INTERNAL CONTROL**

##### **Scope of Responsibility**

The Board of South Eastern Health and Social Care Trust is accounting for internal control. As Accounting Officer and Chief Executive of the Board, I have responsibility for maintaining a sound system of internal control that supports the achievement of the Organisation's policies, aims and objectives, whilst safeguarding the public funds and assets for which I am personally responsible in accordance with the responsibilities assigned to me by the Department of Health, Social Services and Public Safety (DHSSPS).

The Trust has a number of processes in place to ensure effective working with key stakeholders. These include:

- Service and Budget Agreements with the main commissioning body, the Health and Social Care Board (HSCB), which establish clear specifications for the delivery of health and social care. Performance against these is monitored through a regular schedule of meetings and reporting.
- Compliance with statutory and other requirements set by Department of Health, Social Services and Public Safety and the Minister, to whom the Trust is ultimately accountable.
- Patient and client fora for a wide range of our services, to maximise involvement of patients and clients in determining the manner of delivery of their own treatment and care.
- Public board meetings and public consultations on all major service changes, to ensure active engagement with the community we serve.

##### **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 organisational policies, aims and objectives;
- evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The system of internal control has been in place in the South Eastern Health and Social Care Trust for the year ended 31 March 2012, and up to the date of the approval of the annual report and accounts and accords with Department of Health, Social Services and Public Safety guidance.

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

- a schedule of matters reserved for Board decisions;
- a scheme of delegation, which delegates decision making authority within set parameters to the Chief Executive and other officers;
- standing orders and standing financial instructions, and the continuing work of the Audit Committee.

The system of internal financial control is based on a framework of regular financial information, administrative procedures including the segregation of duties and a system of delegation and accountability. In particular it includes:-

- comprehensive budgeting systems with an annual budget which is reviewed and agreed by the board;
- regular reviews by the board of periodic financial reports which indicate financial performance against the forecast;
- setting targets to measure financial and other performances;
- clearly defined capital investment control guidelines;
- as appropriate, formal budget management disciplines.

The South Eastern Health and Social Care Trust has an internal audit function which operates to defined standards (Government Internal Auditing Standards) and whose work is informed by an analysis of risk to which the body is exposed and annual audit plans are based on this analysis. In 2011/12 Internal Audit reviewed the following systems:-

- Payroll
- Non Pay Expenditure
- Bank and Cash
- Primary and Social Care Directorate (Finance)
- Primary and Social Care Directorate (Risk)
- Financial Assessments
- Procurement and Management of Contracts
- Contracts with the Voluntary and Independent Sector
- Cash Management in Social Services Facilities
- Adult Supported Living Client Monies
- On Call
- Private Patients
- Clients Monies in the Independent Sector
- Stocktaking
- Prison Service Healthcare
- Efficiency
- Risk Management
- Incident Reporting Management
- Food Hygiene
- Controls Assurance Verifications
- Personal Information/Personal Sensitive Data
- Medicines Management



In her annual report, the Head of Internal Audit reported that the South Eastern Health and Social Care Trust's system of internal control was satisfactory. However, limited assurance has been given in the following areas:-

- Private Patients
- Prison Service Healthcare

#### Private Patients

Three priority one recommendations, which are defined as weaknesses that could have a significant impact on the achievement of the objectives of the system under review, were identified during the audit. These related to the following:-

- Not all private patients identified are being followed up to ensure that an undertaking to pay form is being completed and an appropriate invoice raised.
- Private Patient's procedures are not fully operational across the Trust.
- There is not a clear system in place to ensure that all income in respect of Fee Paying Services is being collected.

A multi-disciplinary team involving clinical, financial and administrative staff is to review procedures and policies with the view to issuing these in early 2012/13. Further training and awareness sessions are being provided by the Private Patients Office and senior clinical staff.

In addition, Finance staff will review information systems on a monthly basis to ensure all private work has been invoiced.

#### Prison Service Healthcare Performance Management

The limited assurance in respect of Prison Service Healthcare was in relation to the absence of Performance Indicators in respect of Prison Healthcare. A corporate scorecard has been developed by the Trust which is compiled and reported on a quarterly basis to the Trust's senior management team. No Prison Healthcare performance indicators have been included in this Corporate Scorecard therefore the indicators have not yet been approved or reported to the Trust Board. An accepted format on how Prison Healthcare performance management is to be reported to Trust Board will be agreed and implemented during 2012/13.

#### Wider Control Environment

With regard to the wider control environment the South Eastern Health and Social Care Trust has in place a range of organisational controls, commensurate with the current assessment of risk, designed to ensure the efficient and effective discharge of its business in accordance with statutory regulations and Departmental direction. Every effort is made to ensure that the objectives of the South Eastern Health and Social Care Trust are pursued in accordance with the recognised and accepted standards of public administration. Progress towards achievement of Trust objectives is regularly monitored by the Executive Management Team. Each Directorate has a Business Management Plan which is consistent with the Corporate Plan. Directorate performance against financial, governance and performance objectives is reviewed on a regular basis.

The South Eastern Health and Social Care Trust recruitment and selection policies are based on the principle of equality of opportunity and controls are in place to ensure that all such decisions are taken in accordance with the relevant legislation. All South Eastern Health and Social Care Trust staff are required to be trained in recruitment and selection processes prior to participating as panel members.

The training covers not only interviewing and selection best practice, but also the implications of the legislation. Complaints regarding the process are investigated to identify procedural issues and implement revisions if required.

In light of recent difficulties experienced by other public bodies, the Trust has undertaken to review its business continuity arrangements for all service and business critical areas. In the interim, the Trust has identified this as a significant control issue and placed it on the Corporate Risk Register, until appropriate mitigation measures have been implemented.

## **Capacity to Handle Risk**

During 2011/2012, the Trust continued to develop and implement its Integrated Governance framework which links corporate governance and risk management (including Organisational controls), safe and effective care (clinical and social care governance), and financial governance. The extant Governance and Risk Management Strategies continued to be implemented ensuring a cohesive and integrated approach to the key building blocks of governance and risk management.

The Board Assurance Framework and the Risk Management Strategy were reviewed and revised in late 2010 and formally approved by the Trust Board at its meeting on 30 March 2011. The continued focus of both these documents was to strengthen and improve the existing systems of internal control. Regular reports on the Board Assurance Framework and Corporate Risk Register were submitted to the Trust Board during the year.

The Governance Assurance Committee was supported in this work by two sub committees – the Corporate Control Committee and the Safety & Quality Committee (both meet on a quarterly basis). These committees are further supported by a range of sub committees aligned to both areas. Each subcommittee has agreed terms of reference and annual work plans approved by its parent committee.

Three operational lead Assistant Directors support the Governance infrastructure (ie Risk Management & Governance; Safe & Effective Care; and Social Work – Social Care Governance). Their key focus during the year was to continue to support the high level and supporting sub committees and the operational Directorates in the delivery of the integrated governance agenda. They also assisted the Lead Director, Governance, in further embedding the extant governance infrastructure.

The Governance Assurance Committee, under the chairmanship of a Non-Executive Director met on a quarterly basis to ensure the continued development of this important and essential agenda. The focus of this committee is to be the overarching strategic committee responsible to the Trust Board on all matters pertaining to Governance issues. Following each meeting, reports were submitted to the Trust Board detailing the key issues discussed at each meeting and highlighting any specific governance issues for the attention of the Trust Board.

The Corporate Control Committee, under the chairmanship of the Chief Executive, met on a quarterly basis. It is the overarching strategic committee responsible to the Governance Assurance Committee on all matters pertaining to integrated Corporate Governance issues ie, Financial, Risk Management and other organisational controls. This Committee also oversees the work of all specialist risk management sub committees (which includes both clinical and non-clinical groups), the chairpersons of which report directly to the Committee. A standing agenda item on the Committee's agenda is the management of Risk Registers at both Corporate and Directorate level. The Chairman of the Committee prepares a quarterly report for submission to the Governance Assurance Committee after each meeting.

In addition, the Safety & Quality Committee also met on a quarterly basis under the joint chairmanship of the Director of Primary Care, Older People and Executive Director of Nursing, the Medical Director

and the Director of Children's Services/Executive Director of Social Work. It is the main sub-committee of the Governance Assurance Committee responsible for leading the safe and effective care agenda across the Trust. This Committee also oversees the work of all the specialist safety and quality sub committees, the chairpersons of which report directly to the Committee. The Chairman of the Safety & Quality Committee prepares a quarterly report after each meeting for submission to the Governance Assurance Committee.

The Trust also continued to implement an integrated organisational-wide system of risk management that focused on a single approach to the management of clinical and non-clinical risks. The system is based on the AS/NZS 4360: 2004 standard as directed by the Department of Health, Social Services and Public Safety in July 2002.

A Risk Management Policy and Strategy is available for all staff which details the commitment, processes and behaviours expected of Trust staff. There is a clear chain of accountability for managing risk from the Accounting Officer downwards. The responsibilities of the Executive Management Team, Trust Board, Audit Committee and other relevant committees and sub committees are clearly defined. There is regular consultation with key stakeholders and partners on risk – the Department, Health and Social Care Board, Regulation Quality and Improvement Authority and the Northern Ireland Prison Service.

In March 2012, Internal Audit, in accordance with the Internal Audit Plan undertook an audit of the Trust's risk management arrangements. They provided satisfactory assurance on the system of internal control over risk management. The Trust has provided a response to the audit report and an action plan has been developed to address the recommendations contained therein.

Staff are trained and equipped to manage risk in a way appropriate to their authority and duties. Risk management support and guidance is made available to staff both in paper format and via the intranet. Managerial staff are clearly accountable for ensuring that appropriate guidance, support and training is available for all their staff. There is on-going training provided by both the Risk Management Directorate and other specialist advisers to embed risk management concepts and tools into everyday business.

During the year the main focus on risk management training was on General Risk Assessment, Corporate and Directorate Risk Registers. In addition, a range of other training was delivered for e.g. Induction, Root Cause Analysis, Health & Safety, Incident Reporting, Emergency Preparedness and Information Governance courses. A range of other health and safety training was provided on an on-going basis by specialist advisers for e.g. fire, manual handling, display screen equipment and waste management etc.

The Trust promotes an open, just, honest and participative culture in which errors or service failures can be admitted, reported and discussed openly. Incident reporting (including near misses) is the cornerstone of the risk management system. Trust staff are encouraged to undertake individual reporting of near misses, errors or mistakes, and to look critically at their own actions and those of their teams to ensure we can provide good quality services for our patients/clients, staff and visitors. Incident reporting is a key mechanism for quality improvement and is a key component of the governance programme. Pre-existing policies on Incident Reporting and Management remained operational during the year however the anticipated review of policies was delayed due to unforeseen circumstances and this has been made a key priority within the programme of work for the Corporate Control Committee for 2012/2013. Draft policies have been developed for consultation with key stakeholders within the organisation. This will incorporate the new Serious Adverse Incident reporting arrangements introduced post April 2010 by the Health & Social Care Board, the Early Alert Warning System and the new Regional Adverse Incident Learning System arrangements. Reports of all Root Cause Analysis Reports and other relevant

incidents are widely disseminated within the Trust (and outside, as appropriate) to ensure that all areas learn from other's mistakes.

During the year the work of the Lessons Learnt Sub Committee, chaired by the Chief Executive, began to be embedded in the organisation and provides assurance that lessons arising from incidents, complaints, litigation and other reports/review are truly embedded within all levels of the organisation.

In compliance with the Trust's duty of quality, the work of this subcommittee will continue to support the development of risk management and safe and effective care systems in order to provide an environment in which users, staff and other stakeholders are protected and where safe, effective, efficient and high quality health and social care is provided.

## **The Risk and Control Framework**

The Trust's second Risk Management Strategy, was based on the principles of the AS/NZS 4360: 2004, and was formally endorsed by the Trust Board at its meeting on 30 March 2011. It was reviewed again in January 2012; no changes were required and the document was duly endorsed by the Corporate Control Committee at its meeting on 18 January 2012. The document is kept under annual review. This document includes the identification of the Trust's Risk Management objectives and the leadership, accountability and working arrangements for risk management through the formation of appropriate organisational structures. It also details the application of the Trust's risk matrix and a definition of acceptable risk. All risks, whether resulting from accidents, incidents, adverse events, hazard reports or any form of risk assessment must be graded in accordance with the risk matrix and entered on the appropriate risk register/s.

The strategy is delivered through the work of the Corporate Control Committee and its supporting sub committees. In addition, Directorates in their individual Directorate Management Plans include a range of governance and risk management initiatives based on the Trust's high-level Governance priorities outlined in the Corporate Management Plan. These plans are monitored via the performance management and accountability framework and an audit of the risk management systems was undertaken by Internal Audit in March 2012 - **satisfactory assurance was confirmed.**

There is regular risk management reporting at various levels within the organisation and this is managed primarily through the Planning, Performance and Accountability Framework. Governance and Risk Management is a key standing agenda item monitored as part of this performance management process.

Reports on Directorate Risk Registers are submitted and discussed on a quarterly basis by the Corporate Control Committee. A similar process is in place for the Corporate Risk Register with the Governance Assurance Committee. A bi-annual report on both registers is received by the Trust Board. There is a clear method of risk identification using the risk assessment and risk register tools/methodologies and upward identification and reporting of risks. Risk appetite/tolerance levels are included within the risk strategy and risk matrix which clearly demonstrates how to escalate risks from department, Directorate and Corporate levels. All significant risks are assessed and ranked and action plans developed to mitigate the risk. A risk owner (manager) is assigned to each risk and has the authority to allocate actions to specific staff. Employees are made aware of their own responsibilities for managing risk via a range of methods – corporate induction, departmental induction, specific risk management awareness and training courses specific to their job roles.

Risk management organisational structures and reporting procedures are in place for verifying that key risk areas are regularly reviewed and reported on and that risk management has been fully incorporated into the corporate planning and decision making processes of the organisation. The Trust has a wide range of communication and consultation mechanisms in existence with relevant stakeholders, both internal and external.

The Trust regularly interfaces with public stakeholders, where appropriate, with regard to risks which impact on them, for example:-

- Via the Corporate & Directorate Risk Registers – these registers identify risks to the achievement of the Trust’s objectives, including the provision of services, and the range of persons affected by specific risk issues. Summary information about both registers is presented on a bi-annual basis to the Trust Board.
- There are a number of sub committees aligned to the Trust’s Governance Structures whereby both patients and clients attend and actively input to discussions about Trust specific issues i.e. the Personal & Public Involvement Sub Committee. The purpose of this engagement is to work with service users to design, deliver and improve services, which would include any associated risk issues. In addition, there is also a Trust-wide User Forum and specific Service User Forums in operation across the Trust which also provide active platforms through which service users engage in decision making, feedback processes and associate risk issues.

The Trust continues to implement the extant controls assurance standards as directed by the DHSSPS. Seven standards were validated in 2011/2012 by Internal Audit. All twenty two extant controls assurance standards achieved the required level of compliance (see table below for results). Action plans have been developed by the relevant lead Director/Assistant Director to address any areas of shortfall and implementation of these are monitored by the Controls Assurance Project team chaired by the Director of Human Resources and Corporate Affairs. This group reports on a regular basis to the Executive Management Team. Regular reports are also submitted to the Executive Management Team, Corporate Control and Governance Committees.

In terms of risks to information, the Trust has a well-established Information Governance Sub Committee (IGSC) which reports to the Corporate Control Committee and is supported in its work by six sub committees. The role of the Information Governance Sub-Committee is to lead, co-ordinate and direct the strategic agenda with regard to Information Governance and Records Management issues within the Trust. It also supports the Trust’s Corporate and Directorate objectives and ensures that risks in this area are regularly identified and addressed.

The Director of Human Resources & Corporate Affairs and the Personal Data Guardians ie the Trust’s Medical Director and Director of Children’s Services and Executive Director for Social Work, are the Trust leads for ensuring compliance with the Data Protection Act 1998, the Code of Practice on Protecting the Confidentiality of Service User Information. The Director of Human Resources & Corporate Affairs and the Director of Planning, Performance & Information have been appointed joint Senior Information Risk Owners (SIRO) and all Assistant Directors have been nominated to the roles of Information Asset Owner (IAO). The appointment of SIRO and IAO were made under the direction of the DHSSPS as a result of its Data Protection Reviews 2007/08. The Trust’s SIROs and IAO’s have participated in the DHSSPS regional IAO training programme which concluded in March 2012.

During the year the Trust has undertaken an extensive audit of information assets held by each Directorate. This project also enabled the development of an Information Governance (IG) action plan for each IAO to progress throughout 2012/2013 in accordance with the DHSSPS Information Governance Framework. In addition, the Information Governance Department carried out a validation process of the register of 3<sup>rd</sup> party electronic transfers of personal information.

Incidents relating to data loss, breaches of confidentiality, the insecure disposal of information and any other incidents where patient identifiable information may have been at risk are required to be reported to the Trust's Risk Management Department via the IR1 process and escalated to the Information Governance Department as necessary and actioned, as appropriate.

Staff are trained and encouraged to report all incidents (including Information Governance incidents) to ensure the Trust can investigate the reason for an incident occurring and take measures to prevent it happening again. All incidents of an Information Governance nature are reported on a quarterly basis to the Information Governance Steering Committee.

All reported incidents of data loss or confidentiality breach in 2011/2012 have been assessed. While there were several small scale incidents, the impact was limited and procedures were put in place to address future risk in these areas. One incident was escalated to the DHSSPS and the Information Commissioner's Office (ICO). The Trust co-operated fully with the ICO in investigating this incident and all necessary steps have been taken to minimise the risk of a reoccurrence.

A comprehensive suite of Information Governance policies have been approved and are freely available to staff on the intranet for eg, Data Protection Policy, ICT Security Policy, Code of Practice of Protecting the Confidentiality of Service User Information (DHSSPS), Policy endorsing Code of Practice for Protecting the Confidentiality of Service User Information, Records Management Policy and Records Management Procedures. The DHSSPS'S revised Good Management, Good records Guidance which included an updated Retention and Disposal Schedule has been widely distributed throughout the Trust together with an accompanying synopsis identifying any significant changes to record retention, for ease of staff use.

A new contract for the provision of Off-Site Storage was awarded on 1 March 2012. The Trust is, however, continuing to actively progress the destruction of archived records in accordance with Good Management, Good Records, 2011.

In addition, the ICT Department has now completed its programme of encrypting all Trust laptops. Also, Trust issued encrypted memory sticks are the only permissible memory sticks now used within the Trust.

Trust representatives continue to participate in the DHSSPS IGAG which ensures its IG agenda is focused and meets the needs of the DHSSPS strategic agenda. Trust representatives actively participate in all IGAG working groups – a key one at present is the review of the Records Management Controls Assurance standard. This review is to ensure the alignment of the DHSSPS Controls Assurance Standard with the NHS Information Governance Toolkit. Information Governance risk issues are included, as appropriate, in Directorate Risk Registers. Any issues specifically identified by the IGSC are managed via the Risk Management & Governance Directorate Risk Register or escalated to the Corporate Risk Register, if appropriate. Regular reports are made to the IGSC, as appropriate.

The Trust is also committed to ensuring the security of information held in electronic form. During the year, the rollout of the action plans to support the Informatics Strategy (June 2009) continued. This strategy clearly defines the Trust's vision for informatics for the period 2009 – 2012. Progress, against work plans detailed within the strategy, is monitored by the Trusts Informatics Programme Board whose membership is representative of all Trust Directorates.

All legal services to the Trust are currently provided by Directorate of Legal Services as directed by the DHSSPS in July 2008.

The Trust has extant policies on the management of litigation claims which are in line with current DHSSPS circulars. – HSC (SQSD) 5/10 Handling Clinical & Social Care Negligence and Personal Injury Claims (10/3/10). A revised SET policy has been prepared and is awaiting approval.

In line with Circular HSS (F) 67/2006 – Payments in respect of Litigation and Legal Services, a baseline assessment of this circular was undertaken on 4 February 2009 and an action plan developed to address areas of shortfall. This was presented to and endorsed by the Executive Management Team on 5 May 2009. All areas of shortfall have been addressed.

A baseline assessment of the NIAO document – Good Practice in Risk Management was undertaken in August 2011 and endorsed by the Corporate Control Committee at its meeting on 19 October 2011. All actions points have been satisfactorily addressed.

The South Eastern Health and Social Care Trust assessed its compliance with the applicable Controls Assurance Standards which were defined by the Department and against which a degree of progress is expected in 2011/12.

The Organisation achieved the following levels of compliance for 2011/12:

<b>Standard</b>	<b>DHSS&amp;PS Expected Level of Compliance</b>	<b>Trust Level of Compliance</b>	<b>Verified by Internal Audit</b>
Buildings, land, plant and non-medical equipment	70% - 99% (Substantive)	Substantive 85%	No
Decontamination of medical devices	70% - 99% (Substantive)	Substantive 82%	No
Emergency Planning	70% - 99% (Substantive)	Substantive 82%	No
Environmental Cleanliness	70% - 99% (Substantive)	Substantive 89%	No
Environment Management	70% - 99% (Substantive)	Substantive 84%	No
Financial Management (Core Standard)	70% - 99% (Substantive)	Substantive 90%	Yes
Fire safety	70% - 99% (Substantive)	Substantive 79%	Yes
Fleet and Transport Management	70% - 99% (Substantive)	Substantive 81%	No
Food Hygiene	70% - 99% (Substantive)	Substantive 89%	Yes
Governance (Core Standard)	70% - 99% (Substantive)	Substantive 94%	Yes
Health & Safety	70% - 99% (Substantive)	Substantive 87%	No
Human Resources	70% - 99% (Substantive)	Substantive 84%	No
Infection Control	70% - 99% (Substantive)	Substantive 91%	No
Information Communication Technology	70% - 99% (Substantive)	Substantive 83%	No
Management of Purchasing and Supply	70% - 99% (Substantive)	Substantive 83%	No
Medical Devices and Equipment Management	70% - 99% (Substantive)	Substantive 79%	No

Medicines Management	70% - 99% (Substantive)	Substantive 82%	No
Records Management	70% - 99% (Substantive)	Substantive 86%	Yes
Research Governance	70% - 99% (Substantive )	Substantive 86%	No
Risk Management (Core Standard)	70% - 99% (Substantive)	Substantive 86%	Yes
Security Management	70% - 99% (Substantive)	Substantive 84%	Yes
Waste Management	70% - 99% (Substantive)	Substantive 81%	No

## Review of Effectiveness

As Accounting Officer, I have responsibility for the review of 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 and the Executive Management Team within the South Eastern Health and Social Care Trust who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their Report to Those Charged with Governance 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 relevant internal mechanisms, Audit Committee, Governance Assurance Committee, Corporate Control Committee and the Safety & Quality Committee, and a plan to address weaknesses and ensure continuous improvement to the system is in place.

The Trust has a robust system of internal control in place within the organisation that supports the achievement of the policies, aims and objectives of the organisation. It is built on a comprehensive set of committees covering all aspects of governance including clinical and social care governance, risk management (including organisational controls) and financial controls.

The Trust Board regularly considers reports contained in the Assurance Framework/Corporate Risk Register faced by all areas within the Trust. This report contains information on levels of assurances, gaps in assurances and controls and actions plans to mitigate any shortfalls.

The Audit Committee met on five occasions during the 2011/2012 year and regularly considered the effectiveness of internal controls. It approves and endorses the Internal Audit programme of work which is risk based. Regular progress and follow up reports are provided to the Audit Committee. The Audit Committee provides an Annual Report on the effectiveness of the Committee to the Board. It also receives the Head of Internal Audit Opinion and recommends approval of the draft Statement of Internal Control to the Board. In addition, it reviews progress on implementing internal and external audit recommendations.

The Governance Assurance Committee met on four occasions during 2011/2012 and considers the effectiveness of the Trust's governance arrangements. The Chairman of this Committee is a member of the Audit Committee. Likewise, the Audit Committee Chairman sits on the Governance Assurance Committee. This committee reports to the Trust Board on a quarterly basis and provides assurances on all aspects of Governance (except financial controls). The Governance Assurance Committee provides an Annual Report on the effectiveness of this Committee to the Board.

The Audit Committee is responsible for the financial systems of internal control, and oversees the work and outputs of Internal Audit. It also reports direct to the Trust Board. The Corporate Control and Safety & Quality Committees and their associated committees form the main strands within the



governance framework for the delivery of governance and risk agendas and report to the Governance Assurance Committee.

Non-Executive Directors sit on the Corporate Control and Safety & Quality Committees, Governance Assurance and the Audit Committees. The minutes of all sub committees are shared with the respective parent committee and the minutes of the Audit and Governance Committees are circulated to the Trust Board.

On 15 April 2011, the Trust submitted its self-assessment exercise using the National Audit Office (NAO) self-assessment checklist for Audit Committees. One minor area of shortfall was identified and was addressed.

The Trust has in place a process for reviewing receipt of external reports/inquiries to ensure that lessons are learnt and actions implemented, as necessary. During the year a number of key reports were received. Baseline assessments were completed and action plans prepared and tracked via the Safety & Quality Committee.

An Internal Audit programme was agreed at the outset of the year and its work plan was informed by an analysis of risk to which the Trust was exposed. Internal Audit undertook 7 Controls Assurance verifications – the results are detailed in the table above. The Audit Committee agreed the internal audit plan for period April 2012 to March 2013 at its meeting on 25 April 2012.

The Board Secretary maintains a Register of Declaration of Interests and Register of Interests which is reviewed on annual basis (or sooner, if changes are notified by Board members) and is available on request for members of the public. In addition, Board members provide an annual statement confirming compliance with the Code of Conduct and Accountability.

In conclusion, as Accounting Officer, I am satisfied with the system of internal control within South Eastern Health and Social Care Trust.

### **Progress on Prior Year Significant Internal Control Issues**

A number of previously reported internal control issues were specific to the year in which they were reported. Rather than reporting each issue, the Trust has highlighted those which continue to have actions outstanding.

Those control issues which the Trust believes have now been addressed are as follows:-

- Child Protection Pathway and Unallocated Cases
- Maternity and Child Health
- Elderly Community Care
- Extreme Adverse Weather Conditions

### **Resourcing the Increased Demand for Services**

Negotiations are still on-going with Health and Social Care Board in relation to funding (both recurrent and non-recurrent) in respect of additional services delivered. The areas of greatest financial risk are Maternity Services and Emergency (and related) Services.

### Ageing Condition of Trust Estate

The Trust had previously reported the increased risk of infections such as Legionella linked to the age of the Estate (particularly the Ulster Hospital).

During 2011/12, the Neonatal Unit of the Ulster Hospital experienced high levels of pseudomonas bacteria within the water system of the Neonatal Unit, however no colonised cases occurred in the Unit. The Trust instigated a major review of all aspects of water safety across the Trust, including the Neonatal Unit, which included the replacement of taps. The Minister commissioned an urgent independent review of the outbreak which occurred in another Trust. An interim report was issued at the end of March 2012. The Trust is considering the implications arising from this review.

### Condition of Trust Transport Fleet

The Trust continues to seek additional funding to address this issue, and seeks to minimise risks through regular routine maintenance.

### Food Hygiene

The Trust continues to experience challenges in respect of the requirements for food manufacture, provision and delivery due, primarily, to the increased standards in these areas. The Trust is working closely with colleagues in the Environmental Health Service to develop appropriate approaches in this regard.

### Prison Healthcare

The Trust (in conjunction with the Northern Ireland Prison Service) has made significant progress on the development of healthcare in this very challenging environment. This has included the transfer of those staff working in Prison Healthcare to the employment of the Trust.

The Improvement Board has continued to meet to address the challenges facing Prison Healthcare. There continues to be a major change programme whereby there will be significant turnover of staff, which will impact on the Trust's capacity to deliver its objectives. This will continue to be monitored by the Improvement Board and Trust management processes.

## **New Significant Internal Control Issues**

### Temporary Closure of Belfast City Hospital Emergency Department

On 1 November 2011, the Belfast City Hospital Emergency Department closed temporarily. This has resulted in a 9% increase in Emergency Department attendances and an overall 15% increase in the admissions to the Ulster Hospital. This unprecedented increase in demand, together with the generic growth in demand (referred to above) has significantly increased the pressure on both Hospital and Community Services. This increase in demand is greater than the increased capacity which the Trust has been able to introduce.

Some non-recurrent funding has been received from the Health and Social Care Board.

The number of patients waiting longer than 12 hours within the Emergency Department has increased. The Trust has established a Rapid Improvement Team and are liaising with the Health and Social Care Board and the Public Health Agency to address both Trust and System-wide challenges.

## Lagan Valley Hospital Emergency Department

Due to the difficulties in recruiting middle grade doctors for the Emergency Department in Lagan Valley Hospital, the Trust has temporarily reduced opening hours from 24 hours per day to 9.00am until 8.00pm, with effect from 1 August 2011. The Trust continues to pursue recruitment options and will keep the opening hours under review. The Trust has been consulting with stakeholders from 25 January 2012.

## Clostridium Difficile

In 2011/12, the Trust identified a total of 7 cases of Clostridium Difficile (type 027) which is a virulent strain of the infection. These cases were promptly recognised by the Trust and managed in close communication with the Public Health Agency. All necessary interventions were put in place immediately on recognition of the cases to minimise and prevent onward transmission.

In May and July 2011 it was considered that internal transmission of individual cases may have occurred in two identified wards. These areas were deep cleaned and strict control measures were introduced to prevent further transmission, and a Root Cause Analysis review of each case was undertaken and learning shared across the organisation.



**Hugh McCaughey**  
**Accounting Officer**

**Date:**

18/6/12

## **SOUTH EASTERN HEALTH AND SOCIAL CARE TRUST**

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

I certify that I have audited the financial statements of the South Eastern Health and Social Care Trust for the year ended 31 March 2012 under the Health and Personal Social Services (Northern Ireland) Order 1972, as amended. These comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Changes in Taxpayers' Equity, the Statement of Cash Flows, and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

#### **Respective responsibilities of the South Eastern Health and Social Care Trust and Accounting Officer and Auditor**

As explained more fully in the Statement of South Eastern Health and Social Care Trust's Responsibilities and Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to examine, certify and report on the financial statements in accordance with the Health and Personal Social Services (Northern Ireland) Order 1972, as amended. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

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

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

#### **Opinion on Regularity**

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

## **Opinion on financial statements**

In my opinion:

- the financial statements give a true and fair view of the state of South Eastern Health and Social Care Trust's affairs as at 31 March 2012 and of the net expenditure, cash flows and changes in taxpayers' equity for the year then ended; and
- the financial statements have been properly prepared in accordance with the Health and Personal Social Services (Northern Ireland) Order 1972, as amended and Department of Health, Social Services and Public Safety directions issued thereunder.

## **Opinion on other matters**

In my opinion:

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

## **Matters on which I report by exception**

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

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records; or
- I have not received all of the information and explanations I require for my audit; or
- the Statement on Internal Control does not reflect compliance with Department of Finance and Personnel's guidance.

## **Report**

I have no observations to make on these financial statements.

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

27 June 2012

# **SOUTH EASTERN HEALTH AND SOCIAL CARE TRUST**

## **STATEMENT OF COMPREHENSIVE NET EXPENDITURE for the year ended 31 March 2012**

	NOTE	2012 £000s	Restated 2011 £000s
<b>Expenditure</b>			
Staff costs	3.1	(303,828)	(297,350)
Depreciation	4.0	(18,419)	(14,468)
Other Expenditures	4.0	(223,853)	(205,516)
		<u>(546,100)</u>	<u>(517,334)</u>
<b>Income</b>			
Income from activities	5.1	25,620	23,617
Other Income	5.2	10,598	8,970
Deferred Income	5.3	0	0
		<u>36,218</u>	<u>32,587</u>
<b>Net Expenditure</b>		<u><b>(509,882)</b></u>	<u><b>(484,747)</b></u>
<b>Revenue Resource Limit (RRL)</b>	25.1	509,988	484,791
<b>Surplus / (deficit) against RRL</b>		<u><b>106</b></u>	<u><b>44</b></u>

## **OTHER COMPREHENSIVE EXPENDITURE**

	NOTE	2012 £000s	Restated 2011 £000s
Net gain/(loss) on revaluation of Property, Plant and Equipment	6.1/10/6.2/10	8,642	2,831
Net gain/(loss) on revaluation of Intangibles	7.1/10/7.2/10		
Net gain/(loss) on revaluation of available for sales financial assets			
<b>TOTAL COMPREHENSIVE EXPENDITURE for the year ended 31 March 2012</b>		<u><b>(501,240)</b></u>	<u><b>(481,916)</b></u>

The notes on pages 26 to 79 form part of these accounts.

# SOUTH EASTERN HEALTH AND SOCIAL CARE TRUST

## STATEMENT OF FINANCIAL POSITION as at 31 March 2012

		2012		Restated 2011		Restated 2010	
	NOTE	£000s	£000s	£000s	£000s	£000s	£000s
<b>Non Current Assets</b>							
Property, Plant and Equipment	6.1/6.2	403,493		397,170		379,569	
Intangible Assets	7.1 /7.2	1,580		0		0	
Financial Assets	8.0	0		0		0	
Trade and other Receivables	12.0	0		0		0	
Other Current Assets	12.0	0		0		0	
<b>Total Non Current Assets</b>			405,073		397,170		379,569
<b>Current Assets</b>							
Assets classified as held for sale	9.0	2,550		3,503		5,700	
Inventories	11.0	2,189		2,292		2,327	
Trade and other Receivables	12.0	16,433		14,779		19,377	
Other Current Assets	12.0	0		0		0	
Financial Assets	8.1	0		0		0	
Cash and cash equivalents	13.0	1,304		792		1,884	
<b>Total Current Assets</b>			22,476		21,366		29,288
<b>Total Assets</b>			<b>427,549</b>		<b>418,536</b>		<b>408,857</b>
<b>Current Liabilities</b>							
Trade and other Payables	14.0	(53,434)		(57,781)		(59,048)	
Other Liabilities	14.0	0		0		0	
Provisions	16.0	(20,073)		(17,090)		(14,048)	
<b>Total Current Liabilities</b>			(73,507)		(74,871)		(73,096)
<b>Non Current Assets plus/less Net Current Assets / Liabilities</b>			<b>354,042</b>		<b>343,665</b>		<b>335,761</b>
<b>Non Current liabilities</b>							
Provisions	16.0	(13,073)		(10,614)		(9,850)	
Other Payables > 1 yr	14.0	0		0		0	
Financial Liabilities	8.0	0		0		0	
<b>Total Non Current Liabilities</b>			(13,073)		(10,614)		(9,850)
<b>Assets less Liabilities</b>			<b>340,969</b>		<b>333,051</b>		<b>325,911</b>
<b>Taxpayers' equity</b>							
Revaluation Reserve			39,386		30,824		28,035
Statement of Comprehensive Net Expenditure Reserve			301,583		302,227		297,876
			<b>340,969</b>		<b>333,051</b>		<b>325,911</b>

The financial statements on page 22 to 25 were approved by the Board on 13<sup>th</sup> June 2012 and were signed on behalf of:-

Signed:  Chairman

Date: 15/6/12

Signed:  Chief Executive

Date: 15/6/12

The notes on pages 26 to 79 form part of these Accounts.

# SOUTH EASTERN HEALTH AND SOCIAL CARE TRUST

## STATEMENT OF CASHFLOWS For the year ended 31 March 2012

	Note	2012 £000s	Restated 2011 £000s
<b>Cashflows from operating activities</b>			
Net expenditure after interest		(509,882)	(484,747)
Adjustments for non cash costs		34,978	32,172
(Increase)/decrease in trade and other receivables		(1,654)	4,598
<i>Less movements in receivables relating to items not passing through the NEA</i>			
Movements in receivables relating to the sale of property, plant and equipment		0	0
Movements in receivables relating to finance leases		0	0
Movements in receivables relating to PFI and other service concession arrangement contracts		0	0
(Increase)/decrease in inventories		103	35
Increase/(decrease) in trade payables		(4,347)	(1,267)
<i>Less movements in payables relating to items not passing through the NEA</i>			
Movements in payables relating to the purchase of property, plant and equipment		2,356	(4,603)
Movements in payables relating to finance leases		0	0
Movements in payables relating to PFI and other service concession arrangement contracts		0	0
Use of provisions	16	(3,224)	(6,144)
<b>Net cash outflow from operating activities</b>		(481,670)	(459,956)
<b>Cashflows from investing activities</b>			
(Purchase of property, plant & equipment)	6	(26,403)	(30,144)
(Purchase of intangible assets)	7	(721)	0
Proceeds of disposal of property, plant & equipment		206	8
Proceeds on disposal of intangibles		0	0
Proceeds on disposal of assets held for resale		0	0
<b>Net Cash (Outflow) from investing activities</b>		(26,918)	(30,136)
<b>Cash flows from financing activities</b>			
Grant in aid		509,100	489,000
Cap element of payments - finance leases and on balance sheet (SoFP) PFI and other service concession arrangements		0	0
<b>Net financing</b>		509,100	489,000
<b>Net increase (decrease) in cash &amp; cash equivalents in the period</b>		512	(1,092)
<b>Cash &amp; cash equivalents at the beginning of the period</b>	13	792	1,884
<b>Cash &amp; cash equivalents at the end of the period</b>	13	1,304	792

The notes on pages 26 to 79 form part of these accounts



# SOUTH EASTERN HEALTH AND SOCIAL CARE TRUST

## STATEMENT OF CHANGES IN TAXPAYERS' EQUITY for the year ended 31 March 2012

	Note	SoCNE Reserve £000s	Revaluation Reserve £000s	Donation Reserve £000s	Total £000s
<b>Balance at 31 March 2010</b>		280,687	27,446	17,778	325,911
Change in accounting policy – removal of donated asset reserve		17,189	589	(17,778)	0
<b>Restated balance at 1 April 2010</b>		<b>297,876</b>	<b>28,035</b>	<b>0</b>	<b>325,911</b>
<b>Changes in taxpayers equity 2010-11</b>					
Grant from DHSSPS		489,000	0	0	489,000
Transfers between reserves		42	(42)	0	0
(Comprehensive expenditure for the year)		(484,747)	2,831	0	(481,916)
Transfer of asset ownership		0	0	0	0
Non cash charges - auditors remuneration	4	56	0	0	56
<b>Balance at 31 March 2011</b>		<b>302,227</b>	<b>30,824</b>	<b>0</b>	<b>333,051</b>
<b>Changes in taxpayers equity 2011-12</b>					
Grant from DHSSPS		509,100	0	0	509,100
Transfers between reserves		80	(80)	0	0
(Comprehensive expenditure for the year)		(509,882)	8,642	0	(501,240)
Transfer of asset ownership		0	0	0	0
Non cash charges - auditors remuneration	4	58		0	58
<b>Balance at 31 March 2012</b>		<b>301,583</b>	<b>39,386</b>	<b>0</b>	<b>340,969</b>

The notes on pages 26 to 79 form part of these accounts

# **SOUTH EASTERN HEALTH AND SOCIAL CARE TRUST**

## **NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012**

### **NOTE 1 STATEMENT OF ACCOUNTING POLICIES**

#### **1. Authority**

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

The accounting policies follow IFRS to the extent that it is meaningful and appropriate to HSC Trusts. Where a choice of accounting policy is permitted, the accounting policy which has been judged to be most appropriate to the particular circumstances of the Trust for the purpose of giving a true and fair view has been selected. The Trust's accounting policies have been applied consistently, unless otherwise stated, in dealing with items considered material in relation to the accounts.

#### **1.1 Accounting Convention**

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment.

#### **1.2 Currency and Rounding**

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

#### **1.3 Property, Plant and Equipment**

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

##### **Recognition**

Property, plant and equipment must be capitalised if:

- it is held for use in delivering services or for administrative purposes;
- it is probable that future economic benefits will flow to, or service potential will be supplied to, the Trust;
- it is expected to be used for more than one financial year;
- the cost of the item can be measured reliably; and
- the item has cost of at least £5,000; or
- Collectively, a number of items have a cost of at least £5,000 and individually have a cost of more than £1,000, where the assets are functionally interdependent, they had broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control; or
- Items form part of the initial equipping and setting-up cost of a new building, ward or unit, irrespective of their individual or collective cost.

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

## **Valuation of Land and Buildings**

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

The last valuation was carried out on 31 January 2010 by Land and Property Services (LPS) which is an independent executive body within the Department of Finance and Personnel. The valuers are qualified to meet the 'Member of Royal Institution of Chartered Surveyors' (MRICS) standard.

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

Land and buildings used for the trust's services or for administrative purposes are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses.

Fair values are determined as follows:

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

## **Modern Equivalent Asset**

DFP has adopted a standard approach to depreciated replacement cost valuations based on modern equivalent assets and, where it would meet the location requirements of the service being provided, an alternative site can be valued. Land and Property Services have included this requirement within the latest valuation.

## **Assets Under Construction**

Properties in the course of construction for service or administration purposes are carried at cost, less any impairment loss. Cost includes professional fees as allowed by IAS 23 for assets held at fair value. Assets are revalued and depreciation commences when they are brought into use.

## **Short Life Assets**

Short life assets are not indexed. Short life is defined as a useful life of up to and including 5 years. Short life assets are carried at depreciated historic cost as this is not considered to be materially different from fair value and are depreciated over their useful life.

Where estimated life of fixtures and equipment exceed 5 years, suitable indices will be applied each year and depreciation will be based on indexed amount.

## **Revaluation Reserve**

An increase arising on revaluation is taken to the revaluation reserve except when it reverses an impairment for the same asset previously recognised in expenditure, in which case it is credited to expenditure to the extent of the decrease previously charged there. A revaluation decrease is recognised as an impairment charged to the revaluation reserve to the extent that there is a balance on the reserve for the asset and, thereafter, to expenditure.

## 1.4 Depreciation

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

Otherwise, depreciation is charged to write off the costs or valuation of property, plant and equipment and intangible non-current assets, less any residual value, over their estimated useful lives, in a manner that reflects the consumption of economic benefits or service potential of the assets. The estimated useful life of an asset is the period over which the Trust expects to obtain economic benefits or service potential from the asset. Estimated useful lives and residual values are reviewed each year end, with the effect of any changes recognised on a prospective basis. The following asset lives have been used.

Asset Type	Asset Life
Freehold Buildings	25 – 80 years
Leasehold property	Remaining period of lease
IT Assets	3 – 10 years
Intangible assets	3 – 10 years
Other Equipment	3 – 25 years

## 1.5 Impairment Loss

If there has been an impairment loss due to a general change in prices, the asset is written down to its recoverable amount, with the loss charged to the revaluation reserve to the extent that there is a balance on the reserve for the asset and, thereafter, to expenditure. If the impairment is due to the consumption of economic benefits the full amount of the impairment is charged to the Net Expenditure account and an amount up to the value of the impairment in the revaluation reserve is transferred to the Statement of Comprehensive Net Expenditure Reserve. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of the recoverable amount but capped at the amount that would have been determined had there been no initial impairment loss. The reversal of the impairment loss is credited to expenditure to the extent of the decrease previously charged there and thereafter to the revaluation reserve.

## 1.6 Subsequent Expenditure

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

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

## 1.7 Intangible Assets

Intangible assets comprise software and licences. Software that is integral to the operating of hardware, for example an operating system is capitalised as part of the relevant item of property, plant and equipment. Software that is not integral to the operation of hardware, for example application software, is capitalised as an intangible asset. Expenditure on research is not capitalised: it is recognised as an operating expense in the period in which it is incurred. Internally-generated assets are recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use
- the intention to complete the intangible asset and use it

- the ability to sell or use the intangible asset
- how the intangible asset will generate probable future economic benefits or service potential
- the availability of adequate technical, financial and other resources to complete the intangible asset and sell or use it
- the ability to measure reliably the expenditure attributable to the intangible asset during its development

## **Recognition**

Intangible assets are non-monetary assets without physical substance, which are capable of sale separately from the rest of the Trust's business or which arise from contractual or other legal rights. Intangible assets are considered to have a finite life. They are recognised only when it is probable that future economic benefits will flow to, or service potential be provided to, the trust; where the cost of the asset can be measured reliably. All single items over £5,000 in value must be capitalised while intangible assets which fall within the grouped asset definition must be capitalised if their individual value is at least £1,000 each and the group is at least £5,000 in value.

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

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

## **1.8 Donated Assets**

Donated non-current assets were previously capitalised at their fair value on receipt, with a matching credit to the donated asset reserve. They were valued, depreciated and impaired as described above for purchased assets. Gains and losses on revaluations and impairments were taken to the donated asset reserve and, each year, an amount equal to the depreciation charge on the asset was released from the donated asset reserve to offset the expenditure. On sale of donated assets, the net book value was transferred from the donated asset reserve to the Statement of Comprehensive Expenditure Reserve.

With effect from 1 April 2011, DFP changed the above policy on donated asset reserves. The donation reserve no longer exists. What used to be contained in the donated asset reserve has moved to the Statement of Comprehensive Net Expenditure Reserve (previously known as General Reserve) and to the Revaluation Reserve. Income for donated assets is now recognised when received. This is a change in accounting policy and the previous year's Statement of Comprehensive Net Expenditure and the two previous year's Statement of Financial Position have been restated.

## **1.9 Non-current Assets Held For Sale**

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

Assets classified as held for sale are not depreciated.

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

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

#### **1.10 Inventories**

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

#### **1.11 Income**

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

Grant in aid

Funding received from other entities, including the Department and the Health and Social Care Board are accounted for as grant in aid and are reflected through reserves.

#### **1.12 Investments**

The Trust does not have any investments.

#### **1.13 Other Expenses**

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

#### **1.14 Cash and Cash Equivalents**

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

#### **1.15 Leases**

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

##### The Trust as lessee

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

the remaining balance of the liability. Finance charges are recognised in calculating the trust's surplus/deficit.

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

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

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

#### The Trust as lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the trust's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the trust's net investment outstanding in respect of the leases.

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

### **1.16 Private Finance Initiative (PFI) Transactions.**

The South Eastern Health and Social Care Trust had no PFI transactions during the year.

### **1.17 Financial Instruments**

- Financial Assets

Financial assets are recognised on the Statement of Financial Position when the Trust becomes party to the financial instrument contract or, in the case of trade receivables, when the goods or services have been delivered. Financial assets are derecognised when the contractual rights have expired or the asset has been transferred.

Financial assets are initially recognised at fair value.

- Financial Liabilities

Financial liabilities are recognised on the Statement of Financial Position when the Trust becomes party to the contractual provisions of the financial instrument or, in the case of trade payables, when the goods or services have been received. Financial liabilities are de-recognised when the liability has been discharged, that is, the liability has been paid or has expired.

Financial liabilities are initially recognised at fair value.

- Financial Risk Management

IFRS 7 requires disclosure of the role that financial instruments have had during the period in creating or changing the risks a body faces in undertaking its activities. Because of the relationships with HSC Commissioners, and the manner in which they are funded, financial instruments play a more

limited role within Trusts in creating risk than would apply to a non public sector body of a similar size, therefore Trusts are not exposed to the degree of financial risk faced by business entities. Trusts have limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day to day operational activities rather than being held to change the risks facing the Trusts in undertaking activities. Therefore the HSC is exposed too little credit, liquidity or market risk.

- Currency Risk

The Trust is principally a domestic organisation with the great majority of transactions, assets and liabilities being in the UK and Sterling based. The Trust has no overseas operations. The Trust therefore has low exposure to currency rate fluctuations.

- Interest Rate Risk

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

- Credit Risk

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

- Liquidity Risk

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

## **1.18 Provisions**

In accordance with IAS 37, Provisions are recognised when the Trust has a present legal or constructive obligation as a result of a past event, it is probable that the Trust will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the expenditure required to settle the obligation at the end of the reporting period, taking into account the risks and uncertainties. Where a provision is measured using the cash flows estimated to settle the obligation, its carrying amount is the present value of those cash flows using DFP's discount rate of 2.2% in real terms.

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

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

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



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

## **1.19 Contingencies**

Under IAS 37, the Trust discloses contingent liabilities where there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the trust, or a present obligation that is not recognised because it is not probable that a payment will be required to settle the obligation or the amount of the obligation cannot be measured sufficiently reliably. A contingent liability is disclosed unless the possibility of a payment is remote.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the trust. A contingent asset is disclosed where an inflow of economic benefits is probable.

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

## **1.20 Employee Benefits**

### **Short-term Employee Benefits**

Under the requirements of IAS 19: Employee Benefits, staff costs must be recorded as an expense as soon as the organisation is obligated to pay them. This includes the cost of any untaken leave that has been earned at the year end. This cost has been estimated using average staff numbers and costs applied to the average untaken leave balance determined from the results of a survey to ascertain leave balances as at 31 March 2008. It is not anticipated that the level of untaken leave will vary significantly from year to year. Untaken flexi leave is estimated to be immaterial to the Trust and has not been included.

### **Retirement Benefit Costs**

The Trust participates in the HSC Superannuation Scheme. Under this multi-employer defined benefit scheme both the Trust and employees pay specified percentages of pay into the scheme and the liability to pay benefit falls to the DHSSPS. The Trust is unable to identify its share of the underlying assets and liabilities in the scheme on a consistent and reliable basis. Further information regarding the HSC Superannuation Scheme can be found in the HSC Superannuation Scheme Statement in the Departmental Resource Account for the Department of Health, Social Services and Public Safety.

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

As per the requirements of IAS 19, full actuarial valuations by a professionally qualified actuary are required at intervals not exceeding four years. The actuary reviews the most recent actuarial valuation at the Statement of Financial Position date and updates it to reflect current conditions. The 31 March 2008 valuation is used in the 2011/12 accounts.

## **1.21 Reserves**

### **Statement of Comprehensive Net Expenditure Reserve**

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

### **Revaluation Reserve**

The Revaluation Reserve reflects the unrealised balance of cumulative indexation and revaluation adjustments.

## **1.22 Value Added Tax**

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

## **1.23 Third Party Assets**

Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the accounts since the trust has no beneficial interest in them. Details of third party assets are given in Note 24 to the accounts.

## **1.24 Government Grants**

Government assistance for capital projects whether from UK, or Europe, were treated as a Government grant even where there are no conditions specifically relating to the operating activities of the entity other than the requirement to operate in certain regions or industry sectors. Such grants (does not include grant-in-aid) were previously credited to a government grant reserve and were released to income over the useful life of the asset.

DFP has issued new guidance effective from 1 April 2011. Government grant reserves are no longer permitted. Income is generally recognised when it is received. In exceptional cases where there are conditions attached to the use of the grant, which, if not met, would mean the grant is repayable, the income should be deferred and released when obligations are met.

## **1.25 Losses and Special Payments**

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

Losses and special payments are charged to the relevant functional headings in expenditure on an accruals basis, including losses which would have been made good through insurance cover had HSC trusts not been bearing their own risks (with insurance premiums then being included as normal revenue expenditure). However, the note on losses and special payments is compiled directly from the losses and compensations register which reports amounts on an accruals basis with the exception of provisions for future losses.

## 1.26 Accounting Standards That Have Been Issued But Have Not Yet Been Adopted

Under IAS 8 there is a requirement to disclose those standards issued but not yet adopted. Management has reviewed the new accounting policies that have been issued but are not yet effective, nor adopted early for these accounts. Management consider that these are unlikely to have a significant impact on the accounts in the period of the initial application.

### Change in Accounting policy / Prior Year Restatement –

There was one change in Accounting policy during the year. The prior year figures have been changed in the accounts (where material) to reflect the change in accounting policy. In the Statement of Financial Position the previous two years have been restated to comply with IAS 1 paragraph 29. The changes were;

### Removal of Donation and Government Grant Reserves

Following the interpretation of IAS 20, in line with IPSAS 23, DFP issued FD (DFP) 20/11 on 14<sup>th</sup> December 2011 which removes the donated asset and government reserves. All government grants or donated assets should be recognised as income reflecting the conditions or restrictions placed on their use by the providers. They should be recognised when receivable unless there are conditions on their use which, if not met, would mean the grant is repayable. In such case, the income should be deferred and released when obligations are met. Where a grant only has restricted use (and conditional) it should be recognised as income immediately.

This change in accounting policy required a prior year adjustment and a restatement was required.

2010-11	Opening Balance	Donated Receipts	Depreciation on Donated Assets	Impairment on Donated Assets	Loss on Donated Disposals	Removal of Donated Reserve	Total
	£000's	£000's	£000's	£000's	£000's	£000's	£000's
<b>STATEMENT OF COMPREHENSIVE NET EXPENDITURE</b>							
Income	34,986	89	(385)	(2,098)	(5)	0	<b>32,587</b>
Revenue Resource Limit	482,392	(89)	385	2,098	5	0	<b>484,791</b>
<b>OTHER COMPREHENSIVE EXPENDITURE</b>							
Net gain/loss on revaluation of Property, Plant and Equipment	733	0	0	2,098	0	0	<b>2,831</b>
<b>STATEMENT OF FINANCIAL POSITION/STATEMENT OF CHANGES IN TAXPAYERS EQUITY</b>							
Statement of Comprehensive Net Expenditure Reserve	287,438	0	0	0	0	14,789	<b>302,227</b>
Revaluation Reserve	29,886	0	0	0	0	938	<b>30,824</b>
Donation Reserve	15,727	0	0	0	0	(15,727)	<b>0</b>

<b>STATEMENT OF CASHFLOWS</b>							
Net Expenditure after Interest	(482,348)	89	(385)	(2,098)	(5)	0	<b>(484,747)</b>
Adjustments for non cash costs	29,684	0	385	2,098	5	0	<b>32,172</b>
Purchase of Property, Plant and Equipment	(30,055)	(89)	0	0	0	0	<b>(30,144)</b>

<b>2009-10</b>	<b>Opening Balance</b>	<b>Donated Receipts</b>	<b>Depreciation on Donated Assets</b>	<b>Impairment on Donated Assets</b>	<b>Loss on Donated Disposals</b>	<b>Removal of Donated Reserve</b>	<b>Total</b>
	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>

<b>STATEMENT OF FINANCIAL POSITION/STATEMENT OF CHANGES IN TAXPAYERS EQUITY</b>							
Statement of Comprehensive Net Expenditure Reserve	280,687	0	0	0	0	17,189	<b>297,876</b>
Revaluation Reserve	27,446	0	0	0	0	589	<b>28,035</b>
Donation Reserve	17,778	0	0	0	0	(17,778)	<b>0</b>

# SOUTH EASTERN HEALTH AND SOCIAL CARE TRUST

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

### ANALYSIS OF NET EXPENDITURE BY SEGMENT

#### NOTE 2

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

	2012			2011 Restated		
	Staff Costs £000's	Other Expenditure £000's	Total Expenditure £000's	Staff Costs £000's	Other Expenditure £000's	Total Expenditure £000's
<b>Directorate</b>						
Hospital Services	(133,520)	(36,838)	(170,358)	(129,395)	(33,376)	(162,771)
Adult Services	(39,359)	(36,937)	(76,296)	(37,909)	(32,922)	(70,831)
Children's Services & Social Work	(33,397)	(21,046)	(54,443)	(31,207)	(19,748)	(50,955)
Primary & Elderly Services	(63,805)	(80,961)	(144,766)	(61,509)	(75,288)	(136,797)
Support Services	(36,996)	(28,930)	(65,926)	(36,645)	(26,478)	(63,123)
Unallocated Expenditure	3,249	(2,582)	667	(685)	(2,488)	(3,173)
<b>Expenditure for Reportable Segments net of Non Cash RRL per Note 25</b>	<b>(303,828)</b>	<b>(207,294)</b>	<b>(511,122)</b>	<b>(297,350)</b>	<b>(190,300)</b>	<b>(487,650)</b>
Non Cash Expenditure			(34,978)			(29,684)
Total Expenditure per Net Expenditure Account			(546,100)			(517,334)
Income Note 5			36,218			32,587
Net Expenditure			(509,882)			(484,747)
Revenue Resource Limit			509,988			484,791
Surplus / (Deficit) against RRL			106			44

# SOUTH EASTERN HEALTH AND SOCIAL CARE TRUST

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

### NOTE 3 STAFF NUMBERS AND RELATED COSTS

#### 3.1 Staff Costs

	2012			2011
	Total £000s	Permanently employed staff £000s	Others £000s	Total £000s
Staff costs comprise:				
Wages & Salaries	260,778	249,230	11,548	255,934
Social Security costs	18,030	18,030	0	17,155
Other pension costs	25,612	25,612	0	25,108
<b>Sub-Total</b>	<b>304,420</b>	<b>292,872</b>	<b>11,548</b>	<b>298,197</b>
Capitalised staff costs	592	592	0	847
<b>Total staff costs reported in Statement of Comprehensive Net Expenditure</b>	<b>303,828</b>	<b>292,280</b>	<b>11,548</b>	<b>297,350</b>
Less recoveries in respect of outward secondments	3,664			2,247
<b>Total net costs</b>	<b>300,164</b>			<b>295,103</b>

Staff Costs exclude £592k charged to capital projects during the year (2011 £847k)

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

As per the requirements of IAS 19, full actuarial valuations by a professionally qualified actuary are required at intervals not exceeding four years. The actuary reviews the most recent actuarial valuation at the Statement of Financial Position date and updates it to reflect current conditions. A full valuation as at 31 March 2008 was completed in 10-11.

# SOUTH EASTERN HEALTH AND SOCIAL CARE TRUST

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

### NOTE 3 STAFF NUMBERS AND RELATED COSTS

#### 3.2 Average number of persons employed

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

		2012		2011
	Total No.	Permanently employed staff No.	Others No.	Total No.
Medical and dental	536	516	20	529
Nursing and Midwifery	2,814	2,656	158	2,785
Professions Allied to medicine	606	593	13	589
Ancillaries	1,179	1,161	18	1,198
Administrative & Clerical	1,392	1,321	71	1,368
Ambulance Staff	0	0	0	0
Works	99	99	0	91
Other Professional and technical	315	315	0	306
Social Services	1,131	1,075	56	1,101
Other	0	0		0
<b>Total average number of persons employed</b>	<b>8,072</b>	<b>7,736</b>	<b>336</b>	<b>7,967</b>
Less average staff number relating to capitalised staff costs	12	12	0	19
Less average staff number in respect of outward secondments	83	83	0	83
<b>Total net average number of persons employed</b>	<b>7,977</b>	<b>7,641</b>	<b>336</b>	<b>7,865</b>

# SOUTH EASTERN HEALTH AND SOCIAL CARE TRUST

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

### NOTE 3 STAFF NUMBERS AND RELATED COSTS

#### 3.3 Senior Employees' Remuneration

The salary, pension entitlements and the value of any taxable benefits in kind of the most senior members of the Trust were as follows:

Name	2011-12			2010-11			2011-12				
	Salary £000s	Bonus / Performance pay £000	Benefits in Kind (Rounded to nearest £100)	Salary £000s	Bonus / Performance pay £000	Benefits in Kind (Rounded to nearest £100)	Real increase in pension and related lump sum at age 60 £000s	Total accrued pension at age 60 and related lump sum £000s	CETV at 31/03/11 £000s	CETV at 31/03/12 £000s	Real increase in CETV £000s
<b>Non-Executive Members</b>											
C McKenna	25-30	0	0	25-30	0	0	0	0	0	0	0
P Davison	5-10	0	0	5-10	0	0	0	0	0	0	0
D Flanagan*	0-5	0	0	5-10	0	0	0	0	0	0	0
F Graham	5-10	0	0	5-10	0	0	0	0	0	0	0
D Mann-Kler	5-10	0	0	5-10	0	0	0	0	0	0	0
N Mansley	5-10	0	0	5-10	0	0	0	0	0	0	0
D O'Hara	5-10	0	0	5-10	0	0	0	0	0	0	0
J Trethowan	5-10	0	0	5-10	0	0	0	0	0	0	0

\*Temporarily stood down with effect from September 2011.



# SOUTH EASTERN HEALTH AND SOCIAL CARE TRUST

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

### 3.3 Senior Employees' Remuneration (continued)

2011-12				2010-11		
Name	Salary £000s	Bonus / Performance pay £000	Benefits in Kind (Rounded to nearest £100)	Salary £000s	Bonus / Performance pay £000	Benefits in Kind (Rounded to nearest £100)
Executive Members						
H McCaughey*	115-120	0-5	500	120-125	0-5	400
D Bannon**	100-105	0-5	0	65-70	0-5	1300
JJ Bradley	10-15 (70-75 full year effect)	0	0	0	0	0
N Guckian	80-85	0-5	600	80-85	0-5	300
C Martyn (inc clinical duties)	190-195	0	500	180-185	0	500
C McArdle	70-75	0-5	0	70-75	0-5	0
S McGoran	85-90	0-5	500	85-90	0-5	2700
E Molloy	90-95	0-5	0	90-95	0-5	0
N J Simpson	85-90	0-5	0	85-90	0-5	0
K Thompson	0	0	0	85-90	0-5	0
I Sutherland	70-75	0	0	0	0	0
Band of Highest Paid Director's Total Remuneration		190-195			180-185	
Median Total Remuneration		25,682			25,682	
Median Total Remuneration Ratio		7.5			7.1	

2011-12				
Real increase in pension and related lump sum at age 60 £000s	Total accrued pension at age 60 and related lump sum £000s	CETV at 31/03/11 £000s	CETV at 31/03/12 £000s	Real increase in CETV £000s
0-2.5 plus lump sum 0-2.5	35-40 plus lump sum 115-120	577	676	99
n/a	n/a	n/a	n/a	n/a
0-2.5 plus lump sum 0-2.5	20-25 plus lump sum 65-70	356	415	59
0-2.5 plus lump sum 0-2.5	15-20 plus lump sum 55-60	255	317	62
0-2.5 plus lump sum 2.5-5	50-55 plus lump sum 160-165	1,023	1,126	103
0-2.5 plus lump sum 0-2.5	15-20 plus lump sum 55-60	220	278	58
0-2.5 plus lump sum 0-2.5	25-30 plus lump sum 85-90	435	506	71
-0-2.5 plus lump sum -0-2.5	35-40 plus lump sum 115-120	690	759	69
n/a	n/a	n/a	n/a	n/a
0	0	0	0	0
2.5-5 plus lump sum 7.5-10	25-30 plus lump sum 75-80	372	471	99

\* includes arrears paid in 2010-11.

\*\* includes arrear paid in 2011-12

## **SOUTH EASTERN HEALTH AND SOCIAL CARE TRUST**

### **NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012**

#### **3.3 Senior Employees' Remuneration (continued)**

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

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capital value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme, or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which the disclosure applies. The CETV figures and the other pension details, include the value of any pension benefits in another scheme or arrangement which the individual has transferred to the HPSS pension scheme. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost.

CETVs are calculated within the guidelines prescribed by the Institute and Faculty of Actuaries.

Real Increase in CETV - This reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

NJ Simpson and D Bannon are members over retirement age for their respective schemes. Members over the retirement age are not allowed to transfer from the scheme and therefore factors are not available to calculate a CETV value.

K Thompson retired as at the 31st March 2011 and was replaced by I Sutherland with effect from 4<sup>th</sup> April 2011.

Reporting bodies are required to disclose the relationship between the remuneration of the highest paid director in their organisation and the median remuneration of the organisation's workforce. The banded remuneration of the highest paid director in South Eastern Health and Social Care Trust in the financial year 2011-12 was £190k -£195k (£180k-£185k, 2010-11). This salary includes significant remuneration in respect of Clinical (Non-Director) duties. This was 7.5 times (7.1, 2010-11) the median remuneration of the workforce, which was £25,682 (£25,682, 2010-11). The change in the ratio is due to the increase in banded pay of the highest paid director (due to a higher incremental point in 2011-12) and the unchanged median pay measure as a result of the impact of the public sector pay freeze.

In 2011-12, four employees received remuneration in excess of the highest paid director. Remuneration ranged from £195k to £215k.

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

# SOUTH EASTERN HEALTH AND SOCIAL CARE TRUST

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

### NOTE 3 STAFF NUMBERS AND RELATED COSTS

#### 3.4 Reporting of early retirement and other compensation scheme - exit packages

Exit package cost band	2012			2011		
	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
<£10,000	0	4	4	0	11	11
£10,000 - £25,000	0	6	6	0	26	26
£25,000 - £50,000	0	11	11	0	28	28
£50,000 - £100,000	0	11	11	0	25	25
£100,000- £150,000	0	3	3	0	6	6
£150,000- £200,000	0	0	0	0	2	2
>£200,000	0	0	0	0	0	0
<b>Total number of exit packages by type</b>	0	35	35	0	98	98
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
<b>Total resource cost</b>	0	1,714	1,714	0	4,327	4,327

Redundancy and other departure costs have been paid in accordance with the provisions of the HSC Pension Scheme Regulations and the Compensation for Premature Retirement Regulations, statutory provisions made under the Superannuation Act 1972. The above exit costs were provided for by additional RRL cover in respect of future BSTP savings, except for £231k relating to six exit packages which were not provided for in 2011-12 (£96k for two packages in 2010-11). This cost is disclosed in note 4 of the accounts. Where early retirements have been agreed, the additional costs are met by the employing authority and not by the HSC pension scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table.

# SOUTH EASTERN HEALTH AND SOCIAL CARE TRUST

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

### NOTE 3 STAFF NUMBERS AND RELATED COSTS

<b>3.5 Staff Benefits</b>	<b>2012</b>	<b>2011</b>
	<b>£000s</b>	<b>£000s</b>
Staff benefits	0	0
<b>3.6 Trust Management Costs</b>	<b>2012</b>	<b>Restated</b>
	<b>£000s</b>	<b>2011</b>
		<b>£000s</b>
Trust Management Costs	18,345	17,777
<b>Income:</b>		
RRL	509,988	484,791
Income per Note 5	36,218	32,587
Non cash RRL for movement in clinical negligence provision	(6,553)	(9,511)
Less interest receivable	0	0
<b>Total Income</b>	<b>539,653</b>	<b>507,867</b>
<b>% of total income</b>	<b>3.4%</b>	<b>3.5%</b>

The above information is based on the Audit Commission's definition "M2" Trust management costs, as detailed in HSS (THR) 2/99.

### 3.7 Retirements Due to Ill-Health

During 2011/12 there were 18 early retirements from the Trust agreed on the grounds of ill-health. The estimated additional pension liabilities of these ill-health retirements will be £50k. These costs are borne by the HSC Pension Scheme.

# SOUTH EASTERN HEALTH AND SOCIAL CARE TRUST

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

### NOTE 4 OPERATING EXPENSES

#### Operating Expenses

#### 4.0 Operating Expenses are as follows:-

	2012 £000s	2011 £000s
Purchase of care from non-HSC bodies	98,332	92,386
Revenue Grants to voluntary organisations	12,747	9,101
Capital Grants to voluntary organisations	0	0
Personal social services	9,643	8,844
Recharges from other HSC organisations	11,436	9,008
Supplies and services - Clinical	30,579	28,314
Supplies and services - General	5,357	5,236
Establishment	10,163	9,673
Transport	905	1,052
Premises	19,150	17,363
Bad debts	162	(318)
Rentals under operating leases	1,841	1,753
Rentals under finance leases	0	0
Finance cost of finance leases	0	0
Interest charges	0	0
PFI and other service concession arrangements service charges	0	0
Research & Development expenditure	0	0
Clinical Negligence - other expenditure	0	0
BSO services	0	0
Training	0	0
Professional Fees	0	0
Patients Travelling Expenses	0	0
Costs of exit packages not provided for	231	96
Cost of exit packages funded	1,483	0
Elective Care	0	0
Miscellaneous expenditure	5,265	5,304
<b>Non cash items</b>		
Depreciation	18,216	14,468
Amortisation	203	0
Impairments	7,381	7,538
(Profit) on disposal of property, plant and equipment assets (excluding profit on land)	0	0
Loss on disposal of property, plant and equipment ( including land)	454	160
Provisions provided for in year	7,940	9,353
Cost of borrowing of provisions (unwinding of discounts on provisions)	726	597
Auditors remuneration	58	56
<b>Total</b>	<b>242,272</b>	<b>219,984</b>

During the year the Trust had purchased no non audit services from it's external auditor the Northern Ireland Audit Office.

# **SOUTH EASTERN HEALTH AND SOCIAL CARE TRUST**

## **NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012**

### **NOTE 5 INCOME**

#### **5.1 Income from Activities**

	<b>2012</b>	<b>2011</b>
	<b>£000s</b>	<b>£000s</b>
GB/Republic of Ireland Health Authorities	0	0
HSC Trusts	872	858
Non-HSC:- Private patients	281	347
Non-HSC:- Other	2,482	2,393
Clients contributions	21,985	20,019
<b>Total</b>	<b>25,620</b>	<b>23,617</b>

#### **5.2 Other Operating Income**

	<b>2012</b>	<b>Restated</b>
	<b>£000s</b>	<b>2011</b>
		<b>£000s</b>
Other income from non-patient services	6,864	6,634
Seconded staff	3,664	2,247
Charitable and other contributions to expenditure	0	0
Donations/Government Grant/Lottery funding for non current assets	70	89
Profit on disposal of land	0	0
Interest receivable	0	0
<b>Total</b>	<b>10,598</b>	<b>8,970</b>

#### **5.3 Deferred Income**

	<b>2012</b>	<b>2011</b>
	<b>£000s</b>	<b>£000s</b>
Income released from conditional grants	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

### **TOTAL INCOME**

<b>36,218</b>	<b>32,587</b>
---------------	---------------

# SOUTH EASTERN HEALTH AND SOCIAL CARE TRUST

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

### NOTE 6.1 Property, Plant & Equipment - year ended 31 March 2012

	Land £000s	Buildings (excluding dwellings) £000s	Dwellings £000s	Assets under Construction £000s	Plant and Machinery (Equipment) £000s	Transport Equipment £000s	Information Technology (IT) £000s	Furniture and Fittings £000s	Total £000s
<b>Cost or Valuation</b>									
At 1 April 2011	64,322	261,582	35,285	11,664	44,296	3,729	18,845	3,660	443,383
Indexation	0	6,458	1,222	0	3,976	0	0	0	11,656
Additions	0	11,868	547	7,439	1,480	697	1,783	160	23,974
Donations/Government grant/Lottery	0	0	0	0	70	0	0	0	70
Reclassifications	0	0	0	0	0	0	(1,109)	0	(1,109)
Transfers	0	110	0	(79)	(148)	79	38	0	0
Revaluation	(15)	9	(16)	2	0	0	0	0	(20)
(Impairments)	(9,827)	3,098	66	(345)	0	0	0	0	(7,008)
(Disposals)	(222)	0	0	0	(5,104)	(365)	0	(2)	(5,693)
At 31 March 2012	54,258	283,125	37,104	18,681	44,570	4,140	19,557	3,818	465,253
<b>Depreciation</b>									
At 1 April 2011	0	7,455	1,070	0	23,388	2,937	10,034	1,329	46,213
Indexation	0	273	39	0	2,099	0	0	0	2,411
Reclassifications	0	0	0	0	0	0	(47)	0	(47)
Transfers	0	46	0	0	(63)	0	17	0	0
Revaluation	0	0	0	0	0	0	0	0	0
(Impairments)	0	0	0	0	0	0	0	0	0
(Disposals)	0	0	0	0	(4,667)	(365)	0	(1)	(5,033)
Provided during the year	0	9,556	2,243		3,705	224	2,114	374	18,216
at 31 March 2012	0	17,330	3,352	0	24,462	2,796	12,118	1,702	61,760

# SOUTH EASTERN HEALTH AND SOCIAL CARE TRUST

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

### NOTE 6.1 (continued) Property, Plant & Equipment - year ended 31 March 2012

	Land £000s	Buildings (excluding dwellings) £000s	Dwellings £000s	Assets under Construction £000s	Plant and Machinery (Equipment) £000s	Transport Equipment £000s	Information Technology (IT) £000s	Furniture and Fittings £000s	Total £000s
<b>Carrying Amount</b>									
At 31 March 2012	<b>54,258</b>	<b>265,795</b>	<b>33,752</b>	<b>18,681</b>	<b>20,108</b>	<b>1,344</b>	<b>7,439</b>	<b>2,116</b>	<b>403,493</b>
At 31 March 2011	<b>64,322</b>	<b>254,127</b>	<b>34,215</b>	<b>11,664</b>	<b>20,908</b>	<b>792</b>	<b>8,811</b>	<b>2,331</b>	<b>397,170</b>
<b>Asset financing</b>									
Owned	<b>54,258</b>	<b>265,795</b>	<b>33,752</b>	<b>18,681</b>	<b>20,108</b>	<b>1,344</b>	<b>7,439</b>	<b>2,116</b>	<b>403,493</b>
Finance Leased	0	0	0	0	0	0	0	0	0
On b/s PFI and other service concession arrangements contracts	0	0	0	0	0	0	0	0	0
<b>Carrying Amount</b>									
At 31 March 2012	<b>54,258</b>	<b>265,795</b>	<b>33,752</b>	<b>18,681</b>	<b>20,108</b>	<b>1,344</b>	<b>7,439</b>	<b>2,116</b>	<b>403,493</b>

The total amount of depreciation charged in the Statement of Comprehensive Net Expenditure in respect of assets held under finance leases and hire purchase contracts is £0, ( 2011 £0)

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

	2012 £000s	2011 £000s
Donations	70	89
Government Grant	0	0
Lottery Funding	0	0



# SOUTH EASTERN HEALTH AND SOCIAL CARE TRUST

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

### NOTE 6.2 Property, Plant & Equipment - year ended 31 March 2011

	Land £000s	Buildings (excluding dwellings) £000s	Dwellings £000s	Assets under Construction £000s	Plant and Machinery (Equipment) £000s	Transport Equipment £000s	Information Technology (IT) £000s	Furniture and Fittings £000s	Total £000s
<b>Cost or Valuation</b>									
At 1 April 2010	70,636	192,578	33,465	53,845	40,336	3,352	14,369	3,034	411,615
Indexation	0	3,343	1,045	0	994	0	0	0	5,382
Additions	2,318	11,540	535	10,675	3,799	288	4,476	626	34,257
Donations/Government grant/Lottery	0	19	0	0	70	0	0	0	89
Reclassifications	0	0	0	0	0	0	0	0	0
Transfers	1,863	50,462	16	(50,627)	60	89	0	0	1,863
Revaluation	100	(318)	0	0	0	0	0	0	(218)
(Impairments)	(10,595)	3,958	224	(2,229)	0	0	0	0	(8,642)
(Disposals)	0	0	0	0	(963)	0	0	0	(963)
At 31 March 2011	<b>64,322</b>	<b>261,582</b>	<b>35,285</b>	<b>11,664</b>	<b>44,296</b>	<b>3,729</b>	<b>18,845</b>	<b>3,660</b>	<b>443,383</b>
<b>Depreciation</b>									
At 1 April 2010	0	0	0	0	20,023	2,699	8,329	995	32,046
Indexation	0	0	0	0	495	0	0	0	495
Reclassifications	0	0	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0	(1)	0	(1)
(Impairments)	0	0	0	0	0	0	0	0	0
(Disposals)	0	0	0	0	(795)	0	0	0	(795)
Provided during the year	0	7,455	1,070	0	3,665	238	1,706	334	14,468
At 31 March 2011	<b>0</b>	<b>7,455</b>	<b>1,070</b>	<b>0</b>	<b>23,388</b>	<b>2,937</b>	<b>10,034</b>	<b>1,329</b>	<b>46,213</b>

# SOUTH EASTERN HEALTH AND SOCIAL CARE TRUST

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

### NOTE 6.2 (Continued) Property, Plant & Equipment - year ended 31 March 2011

	Land £000s	Buildings (excluding dwellings) £000s	Dwellings £000s	Assets under Construction £000s	Plant and Machinery (Equipment) £000s	Transport Equipment £000s	Information Technology (IT) £000s	Furniture and Fittings £000s	Total £000s
<b>Carrying Amount</b>									
At 1 April 2011	64,322	254,127	34,215	11,664	20,908	792	8,811	2,331	397,170
At 31 March 2010	70,636	192,578	33,465	53,845	20,313	653	6,040	2,039	379,569
<b>Asset financing</b>									
Owned	64,322	254,127	34,215	11,664	20,908	792	8,811	2,331	397,170
Finance Leased	0	0	0	0	0	0	0	0	0
On b/s PFI and other service concession arrangements contracts	0	0	0	0	0	0	0	0	0
<b>Carrying Amount</b>									
At 31 March 2011	64,322	254,127	34,215	11,664	20,908	792	8,811	2,331	397,170
<b>Asset financing</b>									
Owned	70,636	192,578	33,465	53,845	20,313	653	6,040	2,039	379,569
Finance Leased	0	0	0	0	0	0	0	0	0
On b/s PFI and other service concession arrangements contracts	0	0	0	0	0	0	0	0	0
<b>Carrying Amount</b>									
At 1 April 2010	70,636	192,578	33,465	53,845	20,313	653	6,040	2,039	379,569

# SOUTH EASTERN HEALTH AND SOCIAL CARE TRUST

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

### NOTE 7.1 Intangible Assets - year ended 31 March 2012

	Software Licenses £000s	Information Technology £000s	Websites £000s	Development Expenditure £000s	Licenses, Trademarks & Artistic Originals £000s	Patents £000s	Goodwill £000s	Payments on Account & Assets under Construction £000s	Total £000s
<b>Cost or Valuation</b>									
At 1 April 2011	0	0	0	0	0	0	0	0	0
Indexation	0	0	0	0	0	0	0	0	0
Additions	721	0	0	0	0	0	0	0	721
Donations/Grant/Lottery Funding	0	0	0	0	0	0	0	0	0
Reclassifications	1,109	0	0	0	0	0	0	0	1,109
Transfers	0	0	0	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0	0	0	0
(Impairments)	0	0	0	0	0	0	0	0	0
(Disposals)	0	0	0	0	0	0	0	0	0
At 31 March 2012	<b>1,830</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,830</b>
<b>Depreciation</b>									
At 1 April 2011	0	0	0	0	0	0	0	0	0
Indexation	0	0	0	0	0	0	0	0	0
Reclassifications	47	0	0	0	0	0	0	0	47
Transfers	0	0	0	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0	0	0	0
(Impairments)	0	0	0	0	0	0	0	0	0
(Disposals)	0	0	0	0	0	0	0	0	0
Provided during the year	203	0	0	0	0	0	0	0	203
at 31 March 2012	<b>250</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>250</b>

**SOUTH EASTERN HEALTH AND SOCIAL CARE TRUST**  
**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012**

**NOTE 7.1 (continued) Intangible Assets - year ended 31 March 2012**

	Software Licenses £000s	Information Technology £000s	Websites £000s	Development Expenditure £000s	Licenses, Trademarks & Artistic Originals £000s	Patents £000s	Goodwill £000s	Payments on Account & Assets under Construction £000s	Total £000s
<b>Carrying Amount</b>									
At 31 March 2012	<b>1,580</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,580</b>
At 31 March 2011	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Asset financing</b>									
Owned	<b>1,580</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,580</b>
Finance Leased	0	0	0	0	0	0	0	0	0
On b/s PFI and other service concession arrangements contracts	0	0	0	0	0	0	0	0	0
<b>Carrying Amount</b>									
At 31 March 2012	<b>1,580</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,580</b>

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

	<b>2012</b> £000s	<b>2011</b> £000s
Donations	0	0
Government Grant	0	0
Lottery Funding	0	0

**SOUTH EASTERN HEALTH AND SOCIAL CARE TRUST**

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012**

**NOTE 7.2 INTANGIBLE ASSETS - Year ended 31 March 2011**

There were no Intangible assets in 2010/11.

# **SOUTH EASTERN HEALTH AND SOCIAL CARE TRUST**

## **NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012**

### **NOTE 8 FINANCIAL INSTRUMENTS**

#### **8.1 Financial Instruments**

The Trust does not have any financial instruments, apart from note 12 Trade Receivables, note 13 Cash Balances and note 14 Trade Payables.

# SOUTH EASTERN HEALTH AND SOCIAL CARE TRUST

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

### NOTE 9 ASSETS CLASSIFIED AS HELD FOR SALE

	Land			Buildings			Total		
	2012 £000s	2011 £000s	2010 £000s	2012 £000s	2011 £000s	2010 £000s	2012 £000s	2011 £000s	2010 £000s
<b>Cost</b>									
At 1 April	3,503	5,700	580	0	0	0	3,503	5,700	580
Additions	3	401	0	0	0	0	3	401	0
Transfers	0	(1,863)	5,700	0	0	0	0	(1,863)	5,700
Revaluation	400	(735)	0	0	0	0	400	(735)	0
(Disposals)	0	0	(580)	0	0	0	0	0	(580)
Impairment	(1,356)	0	0	0	0	0	(1,356)	0	0
At 31 March	<b>2,550</b>	<b>3,503</b>	<b>5,700</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,550</b>	<b>3,503</b>	<b>5,700</b>
<b>Depreciation</b>									
At 1 April	0	0	0	0	0	0	0	0	0
Transfers from	0	0	0	0	0	0	0	0	0
(Disposals)	0	0	0	0	0	0	0	0	0
Impairment	0	0	0	0	0	0	0	0	0
At 31 March	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Carrying Amount at 31 March</b>	<b>2,550</b>	<b>3,503</b>	<b>5,700</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,550</b>	<b>3,503</b>	<b>5,700</b>

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

As at the 31<sup>st</sup> March 2012 non – current assets held for resale comprise Bayview Resource Centre and parts of Downshire Hospital.

# SOUTH EASTERN HEALTH AND SOCIAL CARE TRUST

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

### 10 IMPAIRMENTS

	2012		
	Property, Plant & Equipment, Assets Held for Sale £000s	Intangibles £000s	Total £000s
Total value of impairments for the period	8,364	0	8,364
Impairments which revaluation reserve covers (shown in Other Comprehensive Expenditure Statement)	(983)	0	(983)
<b>Impairments charged/(credited) to Statement of Comprehensive Net Expenditure</b>	<b>7,381</b>	<b>0</b>	<b>7,381</b>

	Restated 2011		
	Property, Plant & Equipment, Assets Held for Sale £000s	Intangibles £000s	Total £000s
Total value of impairments for the period	8,642	0	8,642
Impairments which revaluation reserve covers (shown in Other Comprehensive Expenditure Statement)	(1,104)	0	(1,104)
<b>Impairments charged/(credited) to Statement of Comprehensive Net Expenditure</b>	<b>7,538</b>	<b>0</b>	<b>7,538</b>

	Restated 2010		
	Property, Plant & Equipment £000s	Intangibles £000s	Total £000s
Total value of impairments for the period	37,812	0	37,812
Impairments which revaluation reserve covers (shown in Other Comprehensive Expenditure Statement)	(4,630)	0	(4,630)
<b>Impairments charged/(credited) to Statement of Comprehensive Net Expenditure</b>	<b>33,182</b>	<b>0</b>	<b>33,182</b>



# **SOUTH EASTERN HEALTH AND SOCIAL CARE TRUST**

## **NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012**

### **11 INVENTORIES**

	<b>2012</b>	<b>2011</b>	<b>2010</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
<b>Classification</b>			
Pharmacy Supplies	1,027	1,044	965
Theatre equipment	545	522	528
Building & Engineering Supplies	103	100	121
Fuel	277	280	282
Community Care Appliances	0	77	99
Laboratory Materials	93	92	142
Stationery	63	84	75
Laundry	51	58	67
X-Ray	15	16	33
Inventories held for resale	7	8	8
Orthopaedic Equipment	8	11	7
Heat, Light and Power	0	0	0
Other	0	0	0
<b>Total</b>	<b>2,189</b>	<b>2,292</b>	<b>2,327</b>

# SOUTH EASTERN HEALTH AND SOCIAL CARE TRUST

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

### 12 TRADE RECEIVABLES AND OTHER CURRENT ASSETS

	2012 £000s	2011 £000s	2010 £000s
<b>Amounts falling due within one year</b>			
Trade receivables	2,071	1,616	8,537
Deposits and advances	0	0	0
Other receivables	14,362	13,163	10,840
<b>Trade and other Receivables</b>	<b>16,433</b>	<b>14,779</b>	<b>19,377</b>
Prepayments and accrued income	0	0	0
Current part of PFI and other service concession arrangements prepayment	0	0	0
<b>Other current assets</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Amounts falling due after more than one year</b>			
Trade Receivables	0	0	0
Deposits and advances	0	0	0
Other receivables	0	0	0
<b>Trade and other Receivables</b>	<b>0</b>	<b>0</b>	<b>0</b>
Prepayments and accrued income	0	0	0
<b>Other current assets falling due after more than one year</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL TRADE AND OTHER RECEIVABLES</b>	<b>16,433</b>	<b>14,779</b>	<b>19,377</b>
<b>TOTAL OTHER CURRENT ASSETS</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL RECEIVABLES AND OTHER CURRENT ASSETS</b>	<b>16,433</b>	<b>14,779</b>	<b>19,377</b>

The balances are net of a provision for bad debts of £1,536k (2011, £1,374k) (2010, £1,692k).

# SOUTH EASTERN HEALTH AND SOCIAL CARE TRUST

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

### 12 TRADE RECEIVABLES AND OTHER CURRENT ASSETS

#### 12.1 Trade Receivables and other current assets: Intra-Government balances

Name	Amounts falling due within 1 year 2011/12 £000s	Amounts falling due within 1 year 2010/11 £000s	Amounts falling due within 1 year 2009/10 £000s	Amounts falling due after more than 1 year 2011/12 £000s	Amounts falling due after more than 1 year 2010/11 £000s	Amounts falling due after more than 1 year 2009/10 £000s
Balances with other central government bodies	3,872	3,716	10,407	0	0	0
Balances with local authorities	6	0	0	0	0	0
Balances with NHS /HSC Trusts	1,631	1,205	1,356	0	0	0
Balances with public corporations and trading funds	124	0	0	0	0	0
Intra-Government Balances	5,633	4,921	11,763	0	0	0
Balances with bodies external to government	10,800	9,858	7,614	0	0	0
<b>Total Receivables and other current assets at 31 March</b>	<b>16,433</b>	<b>14,779</b>	<b>19,377</b>	<b>0</b>	<b>0</b>	<b>0</b>

## **SOUTH EASTERN HEALTH AND SOCIAL CARE TRUST**

### **NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012**

#### **13 CASH AND CASH EQUIVALENTS**

	<b>2012</b>	<b>2011</b>	<b>2010</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
Balance at 1st April	792	1,884	1,090
Net change in cash and cash equivalents	512	(1,092)	794
<b>Balance at 31st March</b>	<b>1,304</b>	<b>792</b>	<b>1,884</b>

#### **The following balances at 31 March were held at**

	<b>2012</b>	<b>2011</b>	<b>2010</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
Commercial banks and cash in hand	1,304	792	1,884
<b>Balance at 31st March</b>	<b>1,304</b>	<b>792</b>	<b>1,884</b>

# SOUTH EASTERN HEALTH AND SOCIAL CARE TRUST

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

### 14 TRADE PAYABLES AND OTHER CURRENT LIABILITIES

	2012 £000s	2011 £000s	2010 £000s
<b>Amounts falling due within one year</b>			
Other taxation and social security	0	15	0
Bank overdraft	0	0	0
Trade capital payables	11,097	13,453	8,850
Trade revenue payables	8,506	6,129	10,192
Payroll payables	23,671	27,444	27,347
Clinical Negligence payables	295	130	198
RPA payables	0	1,191	370
BSO payables	7	12	0
Other payables	9,858	9,407	12,091
Accruals and deferred income	0	0	0
Accruals and deferred income-relating to property, plant and equipment	0	0	0
<b>Trade and other payables</b>	<b>53,434</b>	<b>57,781</b>	<b>59,048</b>
Current part of finance leases	0	0	0
Current part of long term loans	0	0	0
Current part of imputed finance lease element of on balance sheet (SoFP) PFI and other service concession arrangements contracts	0	0	0
<b>Other current liabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total payables falling due within one year</b>	<b>53,434</b>	<b>57,781</b>	<b>59,048</b>
<b>Amounts falling due after more than one year</b>			
Other Payables, accruals and deferred income	0	0	0
Trade and other payables	0	0	0
Clinical Negligence payables	0	0	0
Finance leases	0	0	0
Imputed finance lease element of on balance sheet (SoFP) PFI and other service concession arrangements contracts	0	0	0
Long term loans	0	0	0
<b>Total non current other payables</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL TRADE PAYABLES AND OTHER CURRENT LIABILITIES</b>	<b>53,434</b>	<b>57,781</b>	<b>59,048</b>

# SOUTH EASTERN HEALTH AND SOCIAL CARE TRUST

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

### 14 TRADE PAYABLES AND OTHER CURRENT LIABILITIES

#### 14.1 Trade payables and other current liabilities - Intra-government balances

Name	Restated			Restated		
	Amounts falling due within 1 year 2011/12	Amounts falling due within 1 year 2010/11	Amounts falling due within 1 year 2009/10	Amounts falling due after more than 1 year 2011/12	Amounts falling due after more than 1 year 2010/11	Amounts falling due after more than 1 year 2009/10
	£000s	£000s	£000s	£000s	£000s	£000s
Balances with other central government bodies	783	2,447	4,043	0	0	0
Balances with local authorities	15	4	3	0	0	0
Balances with NHS /HSC Trusts	1,277	1,979	7,860	0	0	0
Balances with public corporations and trading funds	1	3	0	0	0	0
Intra-Government Balances	2,076	4,433	11,906	0	0	0
Balances with bodies external to government	51,358	53,348	47,142	0	0	0
Total Payables and other liabilities at 31 March	<b>53,434</b>	<b>57,781</b>	<b>59,048</b>	0	0	0

## **SOUTH EASTERN HEALTH AND SOCIAL CARE TRUST**

### **NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012**

#### **14 TRADE PAYABLES AND OTHER CURRENT LIABILITIES**

##### **NOTE 14.2 LOANS**

The Trust did not have any loans payable at either 31 March 2012 or 31 March 2011.

# SOUTH EASTERN HEALTH AND SOCIAL CARE TRUST

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

### NOTE 15 PROMPT PAYMENT POLICY

#### 15.1 Public Sector Payment Policy - Measure of Compliance

The Department requires that Trust pay their non HSC trade creditors in accordance with the Better Payments Practice Code and Government Accounting Rules. The Trust's payment policy is consistent with the Better Payments Practice code and Government Accounting rules and its measure of compliance is:

	<b>2012 Number</b>	<b>2012 Value £000s</b>	<b>2011 Number</b>	<b>2011 Value £000s</b>
Total bills paid	139,258	212,802	121,262	194,928
Total bills paid within 30 day target or under agreed payment terms	128,944	204,329	111,417	183,664
% of bills paid within 30 day target or under agreed payment terms	<b>92.6%</b>	<b>96.0%</b>	<b>91.9%</b>	<b>94.2%</b>

Revised guidance was issued by DHSSPS (circular HSC (F) 04/2011) in 2010/11 in respect of how Prompt Payment Compliance is to be measured. Standard HSC conditions of contract for purchase of goods and services stipulates that payment must be made "end of the month following the month in which the invoice is received or the goods are delivered, whichever is the later" In practice this means that payment must be made between 30 to 60 days depending on when the invoice is received or the goods delivered. The Trust uses an average of 45 days to measure its compliance.

#### 15.2 The Late Payment of Commercial Debts Regulations 2002

The amount included within Interest Payable arising from claims made by all businesses under this legislation are as follows

	<b>£</b>
Amount of compensation paid for payments being late	2,160
Amount of interest paid for payments being late	<u>242</u>
<b>Total</b>	<b><u>2,402</u></b>

This is also reflected as a fruitless payment in note 26



# SOUTH EASTERN HEALTH AND SOCIAL CARE TRUST

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

### 16 PROVISIONS FOR LIABILITIES AND CHARGES - 2012

	<b>Pensions relating to former directors £000s</b>	<b>Pensions relating to other staff £000s</b>	<b>Clinical Negligence £000s</b>	<b>CSR Restructuring £000s</b>	<b>RPA Restructuring £000s</b>	<b>Other £000s</b>	<b>2012 £000s</b>
Balance at 1 April 2011	0	4,240	21,869	0	0	1,595	27,704
Provided in year	0	1,754	8,034	0	0	569	10,357
(Provisions not required written back)	0	(173)	(2,019)	0	0	(225)	(2,417)
(Provisions utilised in the year)	0	(346)	(2,510)	0	0	(368)	(3,224)
Unwinding of discount	0	153	538	0	0	35	726
At 31 March 2012	<b>0</b>	<b>5,628</b>	<b>25,912</b>	<b>0</b>	<b>0</b>	<b>1,606</b>	<b>33,146</b>

#### **RPA / CSR £000s**

RPA / CSR utilised costs include the following:

Pension costs for early retirement reflecting  
the single lump sum to buy over the full liability

0

Redundancy costs

0

0

# SOUTH EASTERN HEALTH AND SOCIAL CARE TRUST

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

### 16. PROVISIONS FOR LIABILITIES AND CHARGES – 2012 (Continued)

Comprehensive Net Expenditure Account Charges	2012 £'000	2011 £000s
Arising during the year	10,357	10,756
Reversed unused	(2,417)	(1,403)
Unwinding of discount	726	597
<b>Total charge within Operating costs</b>	<b>8,666</b>	<b>9,950</b>

Analysis of expected timing of discounted flows	Pensions relating to former directors £000s	Pensions relating to other staff £000s	Clinical Negligence £000s	CSR Restructuring £000s	RPA Restructuring £000s	Other £000s	2012 £000s
Not later than one year	0	346	18,194	0	0	1,533	20,073
Later than one year and not later than five years	0	1,385	7,718	0	0	73	9,176
Later than five years	0	3,897	0	0	0	0	3,897
<b>At 31 March 2012</b>	<b>0</b>	<b>5,628</b>	<b>25,912</b>	<b>0</b>	<b>0</b>	<b>1,606</b>	<b>33,146</b>

Pensions relating to other staff – The amounts are based on the actual liability projected over an individual's life expectancy. The life expectancy is estimated using information from Government Actuary Tables.

Clinical Negligence - The amounts are based on information provided by Legal Advisors, who provide high, medium and low estimates and associated probabilities which are used to calculate an expected settlement figure.

Other Provisions comprise of:-

Employers/Public Liability -

Provisions are based on legal advice which is used to calculate an expected settlement value, discounted to present value (as for clinical negligence).

# SOUTH EASTERN HEALTH AND SOCIAL CARE TRUST

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

### 16 PROVISIONS FOR LIABILITIES AND CHARGES - 2011

						Restated	
	Pensions relating to former directors £000s	Pensions relating to other staff £000s	Clinical Negligence £000s	CSR Restructuring £000s	RPA Restructuring	Other £000s	2011 £000s
Balance at 1 April 2010	0	4,556	13,429	3,870	360	1,683	23,898
Provided in year	0	183	9,802	0	0	771	10,756
(Provisions not required written back)	0	(264)	(763)	0	0	(376)	(1,403)
(Provisions utilised in the year)	0	(326)	(1,071)	(3,870)	(360)	(517)	(6,144)
Unwinding of discount	0	91	472			34	597
At 31 March 2011	<b>0</b>	<b>4,240</b>	<b>21,869</b>	<b>0</b>	<b>0</b>	<b>1,595</b>	<b>27,704</b>

# **SOUTH EASTERN HEALTH AND SOCIAL CARE TRUST**

## **NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012**

### **16 PROVISIONS FOR LIABILITIES AND CHARGES - 2011**

#### **Analysis of expected timing of discounted flows**

	<b>Pensions relating to former directors £000s</b>	<b>Pensions relating to other staff £000s</b>	<b>Clinical Negligence £000s</b>	<b>CSR Restructuring £000s</b>	<b>RPA Restructuring</b>	<b>Other £000s</b>	<b>2011 £000s</b>
Not later than one year	0	1,632	13,863	0	0	1,595	17,090
Later than one year and not later than five years	0	2,608	8,006	0	0	0	10,614
Later than five years	0	0	0	0	0	0	0
<b>At 31 March 2011</b>	<b>0</b>	<b>4,240</b>	<b>21,869</b>	<b>0</b>	<b>0</b>	<b>1,595</b>	<b>27,704</b>

# **SOUTH EASTERN HEALTH AND SOCIAL CARE TRUST**

## **NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012**

### **NOTE 17 CAPITAL COMMITMENTS**

	<b>2012</b>	<b>2011</b>	<b>2010</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
Contracted capital commitments at 31 March not otherwise included in these financial statements			
Property, Plant & Equipment	4,540	9,079	6,760
Intangible assets	0	0	0
	<b>4,540</b>	<b>9,079</b>	<b>6,760</b>

# SOUTH EASTERN HEALTH AND SOCIAL CARE TRUST

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

### NOTE 18 COMMITMENTS UNDER LEASES

#### 18.1 Operating Leases

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

Obligations under operating leases comprise	2012 £000s	2011 £000s	2010 £000s
<b>Land</b>			
Not later than 1 year	128	185	202
Later than 1 year and not later than 5 years	294	368	228
Later than 5 years	42	96	142
	<b>464</b>	<b>649</b>	<b>572</b>
<b>Buildings</b>			
Not later than 1 year	936	991	422
Later than 1 year and not later than 5 years	726	1,703	831
Later than 5 years	0	0	0
	<b>1,662</b>	<b>2,694</b>	<b>1,253</b>
<b>Other</b>			
Not later than 1 year	0	0	0
Later than 1 year and not later than 5 years	0	0	0
Later than 5 years	0	0	0
	<b>0</b>	<b>0</b>	<b>0</b>

#### 18.2 Finance Leases

The Trust does not have any Finance Leases at either 31 March 2012 or 31 March 2011.

#### 18.3 Operating Leases

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

Obligations under operating leases issued by the Trust comprise	2012 £000s	2011 £000s	2010 £000s
<b>Land &amp; Buildings</b>			
Not later than 1 year	27	34	39
Later than 1 year and not later than 5 years	107	107	114
Later than 5 years	55	82	109
	<b>189</b>	<b>223</b>	<b>262</b>
<b>Other</b>			
Not later than 1 year	0	0	0
Later than 1 year and not later than 5 years	0	0	0
Later than 5 years	0	0	0
	<b>0</b>	<b>0</b>	<b>0</b>

## **SOUTH EASTERN HEALTH AND SOCIAL CARE TRUST**

### **NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012**

#### **NOTE 19 COMMITMENTS UNDER PFI AND OTHER SERVICE CONCESSION ARRANGEMENT CONTRACTS**

##### **19.1 Off balance sheet (SoFP) PFI and other service concession arrangements schemes**

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

##### **19.2 On balance sheet (SoFP) PFI Schemes**

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

# **SOUTH EASTERN HEALTH AND SOCIAL CARE TRUST**

## **NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012**

### **NOTE 20 OTHER FINANCIAL COMMITMENTS**

The Trust did not have any other financial commitments at either 31 March 2012, 31 March 2011 or 31 March 2010.



## **SOUTH EASTERN HEALTH AND SOCIAL CARE TRUST**

### **NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012**

#### **NOTE 21 FINANCIAL GUARANTEES, INDEMNITIES AND LETTERS OF COMFORT**

Because of the relationships with HSC Commissioners, and the manner in which they are funded, financial instruments play a more limited role within Trusts in creating risk than would apply to a non public sector body of a similar size, therefore Trusts are not exposed to the degree of financial risk faced by business entities. Trusts have limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day to day operational activities rather than being held to change the risks facing the Trusts in undertaking activities. Therefore the HSC is exposed to little credit, liquidity or market risk.

The Trust does not have any financial instruments, apart from note 12 Trade Receivables, note 13 Cash Balances and note 14 Trade Payables.

## **SOUTH EASTERN HEALTH AND SOCIAL CARE TRUST**

### **NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012**

#### **NOTE 22 CONTINGENT LIABILITIES**

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

	<b>2012</b> <b>£000s</b>	<b>2011</b> <b>£000s</b>	<b>2010</b> <b>£000s</b>
Clinical negligence	1,564	1,273	1,432
Public Liability	0	0	0
Employers' Liability	1	1	5
Accrued Leave	0	0	0
Injury Benefit	0	0	0
Other	0	0	0
Total	<b>1,565</b>	<b>1,274</b>	<b>1,437</b>

## **SOUTH EASTERN HEALTH AND SOCIAL CARE TRUST**

### **NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012**

#### **NOTE 23 Related Party Transactions**

The South Eastern Health and Social Care Trust is an arms length body of the Department of Health, Social Services and Public Safety and as such the Department is a related Party with which the HSC body has had various material transactions during the year. The Trust has received income during the year of £509 million (£489million 2010/11).

The Trust is required to disclose details of material transactions with individuals who are regarded as related parties consistent with the requirements of IAS 24 Related Party Disclosures. This disclosure is recorded in the Trust's Register of Interests which is maintained by the Office of the Chief Executive and is available for inspection by members of the public.

During the year, none of the board members, members of the key management staff or other related parties has undertaken any material transactions with the South Eastern Health and Social Care Trust.

Mr Neil Guckian, Director of Finance and Estates, is the brother of the Chairman of the Western Health and Social Care Trust. During the 2011/12 financial year the Trust entered into £160k (£109k 2010/11) of material transactions for goods and services received from the Western Trust. The Trust also entered into £20k (£141k 2010/11) of material transactions for goods and services provided to the Western Trust. At 31 March 2012, the Trust owed £54k (£16k 2010/11) to the Western Health and Social Care Trust and was owed £0k (£397k 2010/11) by the same Trust.

#### **NOTE 24 THIRD PARTY ASSETS**

The Trust held £2,133,164 cash at bank and in hand at 31/3/12 which relates to monies held by the Trust on behalf of patients. This has been excluded from the cash at bank and in hand amounts reported in the accounts. A separate audited account of these monies is maintained by the Trust.

# **SOUTH EASTERN HEALTH AND SOCIAL CARE TRUST**

## **NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012**

### **NOTE 25 FINANCIAL PERFORMANCE TARGETS**

#### **25.1 Revenue Resource Limit**

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

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

	<b>2012 Total £000s</b>	<b>Restated 2011 Total £000s</b>
HSCB	464,198	443,207
PHA	2,990	1,902
SUMDE & NIMDTA	6,840	6,965
DHSSPS ( excludes non cash)	1,052	634
Other Government Departments	0	0
Non cash RRL (from DHSSPS)	34,978	32,172
Adjustment for income received re Donations/Government grants/Lottery funding for non-current assets	(70)	(89)
<b>Total Agreed RRL</b>	<b>509,988</b>	<b>484,791</b>
<b>Total Revenue Resource Limit to Statement Comprehensive Net Expenditure</b>	<b>509,988</b>	<b>484,791</b>

#### **25.2 Capital Resource Limit**

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

	<b>2012 Total £000s</b>	<b>Restated 2011 Total £000s</b>
Gross Capital Expenditure	24,698	34,656
(Receipts from sales of fixed assets)	(206)	(8)
Net capital expenditure	24,492	34,648
Capital Resource Limit	24,504	34,650
Overspend/(Underspend) against CRL	(12)	(2)

# **SOUTH EASTERN HEALTH AND SOCIAL CARE TRUST**

## **NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012**

### **NOTE 25.3 Financial Performance Targets**

The Trust is required to ensure that it breaks even on an annual basis by containing its net expenditure to within 0.25 % of RRL limits

	<b>2011/12 £000s</b>	<b>Restated 2010/11 £000s</b>
Net Expenditure	(509,882)	(484,747)
RRL	509,988	484,791
Surplus / (Deficit) against RRL	106	44
Break Even cumulative position(opening)	122	78
Break Even Cumulative position (closing)	228	122

### **Materiality Test:**

	<b>2011/12 %</b>	<b>Restated 2010/11 %</b>
Break Even in year position as % of RRL	0.02%	0.01%
Break Even cumulative position as % of RRL	0.04%	0.03%

# **SOUTH EASTERN HEALTH AND SOCIAL CARE TRUST**

## **NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012**

### **NOTE 26 LOSSES & SPECIAL PAYMENTS**

	<b>TYPE OF LOSS</b>	<b>NO. OF CASES</b>	<b>VALUE £000s</b>
1	Cash Losses - Theft, fraud etc	5	0
2	Cash Losses - Overpayments of salaries, wages and allowances	4	1
3	Cash Losses – Other causes (including unvouched and incompletely vouched payments)	10	5
4	Nugatory and fruitless payments		
	i. Abandoned capital Schemes		
	ii. Late Payment of Commercial Debt	1	2
	iii. Other	5	2
5	Bad debts and claims abandoned	62	45
6	Stores and Inventory Losses - Theft, fraud, arson (whether proved or suspected) etc		
	i. Bedding and linen		
	ii. Other equipment and property		
7	Stores and Inventory Losses - Incidents of the service (result of fire, flood, etc)		
8	Stores and Inventory Losses - Deterioration in store		
9	Stores and Inventory Losses - Stocktaking discrepancies		
10	Stores and Inventory Losses - Other causes		
	i. Bedding and linen		
	ii. Other equipment and property		
11	Compensation payments (legal obligation)		
	i. Clinical Negligence	82	2,510
	ii. Public Liability	6	30
	iii. Employers Liability	40	338
12	Ex-gratia payments - Compensation payments (including payments to patients and staff)	26	11
13	Ex-gratia payments - Other payments		
14	Extra statutory payments		
15	a. Losses sustained as a result of damage to buildings and fixtures arising from bomb explosions or civil commotion.	3	4
	b. Damage to vehicles	4	1
	<b>TOTAL</b>	<b>248</b>	<b>2,949</b>

Three cases settled for in excess of £250,000 (including costs) in 2011/12. These cases settled for £514,000, £311,000 and £252,000 (inclusive of costs).

The Trusts Preliminary Advisory Group on clinical negligence has reviewed the outcome of these cases and any lessons learnt have been considered and addressed.

#### **26.1 Special Payments**

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

## **SOUTH EASTERN HEALTH AND SOCIAL CARE TRUST**

### **NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012**

#### **NOTE 27 POST BALANCE SHEET EVENTS**

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

#### **NOTE 28 DATE AUTHORISED FOR ISSUE**

The Accounting Officer authorised these financial statements for issue on 27<sup>th</sup> June 2012.

**SOUTH EASTERN HEALTH AND SOCIAL CARE TRUST**  
**PATIENTS'/ RESIDENTS MONIES ACCOUNTS**  
**FOR THE YEAR ENDED 31 MARCH 2012**



## **STATEMENT OF TRUSTS RESPONSIBILITIES IN RELATION TO PATIENTS/RESIDENTS MONIES**

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

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

## **SOUTH EASTERN HEALTH AND SOCIAL CARE TRUST**

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

I certify that I have audited South Eastern Health and Social Care Trust's account of Monies held on behalf of Patients/Residents for the year ended 31 March 2012 under the Health and Personal Social Services (Northern Ireland) Order 1972, as amended.

#### **Respective responsibilities of the Trust and auditor**

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

#### **Scope of the audit of the account**

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

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the financial transactions conform to the authorities which govern them.

#### **Opinion on Regularity**

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

#### **Opinion on account**

In my opinion:

- the account properly presents the receipts and payments of the monies held on behalf of the patients and residents of South Eastern Health and Social Care Trust for the year ended 31 March 2012 and balances held at that date; and

- the account has been properly prepared in accordance with the Health and Personal Social Services (Northern Ireland) Order 1972, as amended and Department of Health, Social Services and Public Safety directions issued thereunder.

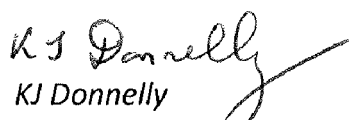
#### **Matters on which I report by exception**

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

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

#### **Report**

I have no observations to make on this account.

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

27 June 2012

# SOUTH EASTERN HEALTH AND SOCIAL CARE TRUST

YEAR ENDED 31 MARCH 2012

## ACCOUNT OF MONIES HELD ON BEHALF OF PATIENTS/RESIDENTS

Previous Year	RECEIPTS		
£	Balance at 1 April 2011	£	£
896,373	1. Investments (at cost)	903,752	
990,310	2. Cash at Bank	1,151,264	
1,500	3. Cash in Hand	<u>2,000</u>	2,057,016
2,171,489	Amounts Received in the Year		2,353,476
7,379	Interest Received		4,517
<u>4,067,051</u>	<b>TOTAL</b>		<u>4,415,009</u>

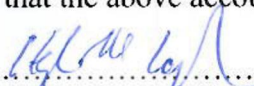
PAYMENTS			
2,010,035	Amounts paid to or on Behalf of Patients/Residents		2,281,845
	Balance at 31 March 2012		
903,752	1. Investments (at Cost)	908,269	
1,151,264	2. Cash in Bank	1,222,895	
2,000	3. Cash in Hand	<u>2,000</u>	2,133,164
<u>4,067,051</u>	<b>TOTAL</b>		<u>4,415,009</u>

Cost Price	Schedule of investments held at 31 March 2012	Nominal Value	Cost Price
£		£	£
903,752	Investment		908,269

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

..........Director of Finance  
 .....15/6/12.....Date

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

..........Chief Executive  
 .....15/6/12.....Date

ISBN Number

.....