NHS
Gloucestershire Care Services
NHS Trust

Annual Report & Accounts

2016-17

Understanding you

NHS
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Care Services
NHS Trust

Annual Report and Accounts 2016/17

Gloucestershire Care Services NHS Trust

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Presented in accordance with the DH Group Manual for Accounts 2016/17

Contents

Annual Report and Accounts 2016/17

About this document

This document fulfils the Annual Reporting requirements for NHS trusts.

Copies of this document are available from our website www.glos-care.nhs.uk, by email from TrustSecretary@glos-care.nhs.uk or by writing to Trust Secretary, Gloucestershire Care Services NHS Trust, Edward Jenner Court, 1010 Pioneer Avenue, Gloucestershire Business Park Brockworth, Gloucester, GL3 4AW.

If you would like this report in a different format, such as large print, or need it in a different language, please contact the Trust Secretary

Foreword

Welcome from the Chair and Chief Executive

We are delighted to present our Annual Report and Accounts for 2016/17. It has been another year where we have seen significant progress and change - change in terms of how we are providing some of our services to better respond to local need, changes in systems to support care delivery and changes in people.

We can look back with pride and gratitude on another rewarding year for the Trust. As always, our successes have been the product of the compassion, care and commitment of our colleagues across the Trust. The dedication shown by great people across the organisation is a privilege to be part of.

The Annual Report provides an opportunity to show the progress we have made as we work to achieve our strategic objectives: to achieve the best possible outcomes for our service users; to understand the needs and views of our communities; to engagement in active partnerships; to support the development of our colleagues; and to manage public resources wisely.

At a time of well-reported financial pressure across the public sector we successfully met our financial targets, achieving a small planned surplus. This is to the great credit of all of our colleagues, and we do not underestimate the impact of this on our hard working teams. Within these constraints we also met or exceeded 24 of our 27 national performance targets which we believe is a great achievement and reflects our genuine desire to deliver great services and to do so within our means.

Throughout the year we have continued to build strong partnerships with those around us. This has included active participation in the Gloucestershire Strategic Forum, regular attendance at the Health and Care Overview and Scrutiny Committee and regular meetings with Healthwatch. We have also worked hard to build our wider community networks and are particularly proud of the work we have been able to progress in partnership with our BME communities in the county.

We have also been working with our NHS provider partners in Gloucestershire, the University of Gloucestershire and Health Education England to take forward exciting opportunities to develop our workforce. This has included the development of the new nursing associate training programme which will provide opportunities for career progression for health care assistants to transition into nursing. Added to this has been the work over the last year to prepare the Trust's apprenticeship scheme and we look forward to supporting new and existing colleagues to develop in their chosen careers.

Foreword

We have seen key changes in leadership at Board, following the retirement of former Chief Executive Paul Jennings at the end of December 2016. We would like to place on record our gratitude to Paul for his outstanding contribution to the Trust.

We also bid farewell to Director of Finance and Deputy Chief Executive Glyn Howells, whose financial expertise has kept the Trust in a stable position throughout his tenure. Now we look forward to working with Sandra Betney as she takes over the role. There have also been changes to our non-executive directors with the departures of Joanna Scott and Robert Graves, while welcoming Graham Russell to the Board.

In presenting our achievements in 2016/17, we also look forward and recognise the fantastic opportunities that lie ahead as we continue to work with our local communities and with our partners to improve the health and wellbeing. We know that it won't be easy and our continued success will be achieved through the dedication, hard work and resolve of our colleagues.

Finally, we would like to pay tribute to the volunteers who do such a tremendous job supporting the Trust and its service users. We have continued to receive wonderful support from the Leagues of Friends at each of our hospitals, and all our volunteers are so valuable in enriching the care and support we can provide.

Ingrid Barker, Chair

Katie Norton, Chief Executive

Performance Report

Chief Executive's Summary

Throughout 2016-2017 we have continued to maintain our focus on delivering high-quality, community-based care which is relevant to people's needs. The opportunity to realign our services to work more effectively with primary care has been central to much of our work, as well as supporting the introduction of a number of new services such as our Complex Leg Wound Service and the MacMillan Next Steps Programme.

A key priority has also been to support the wider system in the management of urgent care, which has included a review of our Minor Injury and Illness Units, the expansion of our Single Point of Clinical Access and our Rapid Response Service, and maximising the role of our community hospitals.

One of the Trust's most high-profile and challenging changes we have progressed over the past year was the review of our Minor Injuries and Illness Units to respond to the recommendations made by the Care Quality Commission (CQC) following their inspection in 2015. The review enabled us to work with local communities to develop options for change, which were subject to an extensive engagement exercise which resulted in more than 1,100 formal responses. Following the public engagement we have implemented a new model, with strengthened staffing and revised opening hours.

We have also used the feedback from the CQC inspection to drive forward other improvements, building on the good practice identified within the inspection where two thirds of the areas evaluated were rated as either "Good" or "Outstanding". It also informed our quality priorities for the year ensuring a comprehensive organisation-wide focus on providing caring, safe, responsive, effective and well-led services. We look forward to welcoming the CQC back to the Trust.

Listening into Action (LiA) has continued to play a key role in supporting our improvement ambitions and we were pleased to be awarded LiA accreditation in recognition of our commitment to allowing our colleagues to develop their own solutions to challenges as they arise.

The development of the *One Gloucestershire Sustainability and Transformation Plan* (STP) with our core partners has been a major achievement in 2016/17. It sets out our collective view on the challenges that Gloucestershire faces and the issues we need to tackle together so that local people can continue to access high quality, sustainable and safe, physical and mental health care.

Performance Report

A core part of the plan is the development of strengthened community based services which work alongside general practice. The Trust has been an enthusiastic leader of the development of new "PLACE based" models of care, with our Integrated Community Teams (ICTs) being at the vanguard of realigning their ways of working to support this.

In developing new models of care, and playing a full role as a partner in the One Gloucestershire STP we have not compromised on performance. While there is more detail of our performance later in this report, of note:

- No patients waited more than 6 weeks from referral for a diagnostic test
- Calls to our Single Point of Clinical Access (SPCA) increased 15% - from 38,767 in 2015/16 to 44,769 in 2016/17, with continued high levels of satisfaction among users of the service.
- Referrals to Rapid Response were up 13.4% year on year.
- 95.2% of Friends & Family Test respondents would be 'extremely likely' or 'likely' to recommend our services

It is always gratifying when our performance is being recognised beyond the Trust, and there have been many examples this year of such recognition – for example North Cotswolds Hospital Health & Wellbeing Fair received an award from the Community Hospitals Association; the Community Equipment Service Team won the outstanding engagement category at the Meeting the Challenge 2 Good Practice Event hosted by Gloucestershire County Council; and our Rapid Response Team has been shortlisted in the prestigious Patient Safety Awards 2017.

These awards build a picture of colleagues committed to improving the care and experience of our service users, an impression borne out each day in my work across the Trust.

Katie Norton

Katie Norton

Chief Executive

Performance Report

Who we are and what we do

Who we are

Gloucestershire Care Services is the main provider of NHS community-based health and care services across Gloucestershire, caring for a population of around 635,000 people. We serve the entirety of Gloucestershire, made up of the large urban communities of Gloucester and Cheltenham, sitting within a largely rural community from the Forest of Dean to the Cotswolds.

To support the people of Gloucestershire, the Trust employs more than 2,700 staff including nursing, medical and dental staff, allied healthcare professionals, as well as support service, administrative and clerical workers.

The Trust's vision, which defines its overarching ambition, is "To be the service people rely on to understand them and organise their care around their lives". This is further supported by the Trust's strapline "Understanding You".

The Trust's CORE values are Caring, Open, Responsible and Effective.

What we do

Our main role is to support people's health needs in the most appropriate place in the community.

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

Around 90% of all patient contact with the NHS happens in community or primary care settings (mostly GP services). So, whilst NHS community services may not always be as visible to the public as the larger acute hospitals, it is clear that they play a vital role in supporting many people with ongoing health problems. Community services are especially important in a county such as ours, covering diverse urban and rural areas, with increasing numbers of elderly people and others, including children and young people, with long-term health conditions.

We work in peoples' homes, community clinics, outpatient departments, community hospitals, schools and GP practices. We also provide in-reach services into acute hospitals, nursing and residential homes and social care settings.

We run the county's seven community hospitals, provide nursing, physiotherapy, reablement and adult social care in community settings, and run health visiting, school nursing and speech and language therapy services for children.

We also provide a number of specialist services including sexual health, heart failure, community dentistry, diabetes, intravenous therapy (IV), tissue viability and community equipment.

Performance Report

Our services during 2016/17 are set out below:

Adult Countywide and Specialist Services:

- Specialist Nursing
- Physiotherapy
- Occupational therapy
- Speech and language therapy
- Podiatry
- MSKCAT
- Independent Living
- Sexual Health
- Health Improvement *
- Community Dental

Children and Young People's Services:

- Health visitors
- Physiotherapy
- Occupational therapy
- Speech and language therapy
- Community nurses
- Complex care team
- School nurses

Community Hospitals:

- Inpatient rehabilitation
- Semi-acute care beds
- Outpatient appointments
- X-ray facilities
- Minor Injury and Illness Units

Integrated Community Teams:

- Social workers and reablement workers from Gloucestershire County Council working with the Trust's physiotherapists, community nurses and occupational therapists
- Helping manage complex or long term conditions at home
- Reducing unnecessary hospital admissions

* Provided by alternative provider from 1st January 2017

These clinical and care services are supported by a range of corporate services, including finance, human resources, information and performance, IT, governance, estates, hotel services, risk management, communications and service user experience team.

Accountability Report: Corporate Governance Report

Our Financial Performance

The Trust met all its financial targets in 2016/17, managing to maintain performance while delivering against a challenging cost improvement agenda.

Overall, in 2016/17 the Trust ended the year meeting its financial plan and control total, with a surplus of £2.2million against an income of just over £112m. This incorporated a £0.7million NHS-adjusted operational surplus as forecast. This was enhanced by Sustainability and Transformation Funding from the Department of Health in respect of the Trust's active engagement in the Sustainability and Transformation Plan activity. At the end of the financial year the Trust's cash balance was £8.3million.

The table below shows our sources of income and key areas of expenditure:

Source	Income £m	%
Gloucestershire Clinical Commissioning Group	95,0	84.0
NHS England	5,5	4.9
Gloucestershire Hospitals NHS Foundation Trust	5,5	4.9
Gloucestershire County Council	2,2	2.0
Other NHS Commissioners	2,4	2.2
Other	1,9	1.6

Service	Expenditure £m	%
Community Hospitals	34,7	31.0
ICTs	20,1	18.0
Countywide Services	15,7	14.0
Children and Young Peoples Services	13,2	12.0
Support Services	11,7	11.0
Sexual Health	7,0	6.0
Unscheduled Care	5,1	5.0
Nursing and Quality	2,9	3.0

The Trust met its Cost Improvement Programme (CIP), achieving £4million efficiency savings in operational and support services of which £3.2million are recurrent savings. A major factor in our ability to deliver our plan was the achievement of the significant reduction in agency staff costs which reduced by £2million to £1.7million. This was the result of a focused strategy to improve recruitment and retention to reduce vacancies and implement new systems to release time to care and improve utilisation of staff through the e-rostering system.

In 2016/17 the Trust's £3.5million capital spend was delivered in line with a revised plan agreed with NHS Improvement. This included investment in hospital refurbishment, particularly in Stroud and Cirencester hospitals and Information Technology solutions, for example equipment to support mobile working by children's nurses and district nurses.

Accountability Report: Corporate Governance Report

Our Delivery Performance

Overall, in 2016/17 the Trust had over 1.4 million contacts with service users, which equates to over 3,800 every day.

As an organisation we have a strong record of achievement in delivering our key objectives and targets and 2016/17 was no exception to this. We have fully achieved 90% of national targets and 92% of local targets were either fully achieved or significantly achieved.

Monitoring our activity and performance against a range of indicators – including national, contractual and local targets – is an important part of ensuring we deliver high quality services. Our performance in 16/17 is set out below, with previous year performance also provided.

	Performance Indicator	Target	Target Type	2016/17	2015/16
Data Quality – Supporting Safe Delivery of Care					
1	Completion of a valid NHS number field in data sets submitted to SUS – MIU		National	**98.5%**	98.4%
2	Completion of a valid NHS number field in data sets submitted to SUS – inpatient		National	**100%**	100%
3	Completion of a valid NHS number field in data sets submitted to SUS – outpatient		National	**99.3%**	99.8%
4	Completion of a valid NHS number field in social care data sets held by GCS		National	**97.1%**	83.7%
Mixed Sex Accommodation Breaches – NHS Constitution Pledge					
5	Sleeping Accommodation Breaches - Number of non-exempt same sex ward breaches	0	National	**0**	0
Infection Control - Supporting Safe Delivery of Care					
6	Number of post 48 hour Clostridium Difficile Infections	18	National	**13**	9
7	Number of MRSA cases	0	National	**1**	0
8	V-TE Risk Assessment - % of inpatients with assessment completed	95%	National	**96.4%**	87.8%
Safe Care					
9	Safety Thermometer - % Harm Free	95%	National	**94.0%**	95.3%
Community Hospital Performance					
10	Bed Occupancy - Community Hospitals	90%	Local	**98.5%**	96.6%
11	Delayed Transfers of Care (average number of patients each month)	10	Local	**10**	3

Accountability Report: Corporate Governance Report

	Performance Indicator	Target		2016/17	2015/16
Responsive					
12	Average of 4 discharges per day (weekends) – Inpatients	4	Local	**3.9**	4.4
13	Average of 11 discharges per day (weekdays) – Inpatients	11	Local	**9.3**	11.3
14	Cancelled Operations - No urgent operation should be cancelled for a second time	0	National	**0**	0
15	Number of patients who have had operations cancelled for non-clinical reasons that have not been offered another binding date within 28 days	0	National	**0**	0
16	Percentage of patients waiting less than 6 weeks from referral for a diagnostic test	>99%	National	**100.0%**	97.5%
17	Rapid Response - Number of referrals	3,130	Local	**2,993**	2,639
18	Single Point of Clinical Access (SPCA) % of calls abandoned	<5%	Local	**5.70%**	7.2%
19	SPCA % of calls resolved with agreed pathway within 20 mins	95%	Local	**96.4%**	93.2%
Responsive Care – Minor Injury and Illness Units					
20	Minor Injury and Illness Unit (MIIU) % seen and discharged within 4 Hours	95%	National	**99.6%**	99.8%
21	Trolley waits in the MIIU must not be longer than 12 hours	<12hrs	National	**0**	0
22	Total time spent in MIIU less than 4 hours (95th percentile)	<4hrs	National	**2:35**	2:20
23	MIIU Time to initial assessment for patients arriving by ambulance (95th percentile)	<15 m	National	**0:22**	0:17
24	All handovers between ambulance and MIIU must take place within 15 minutes with none waiting more than 30 minutes.	0	National	**0**	0
25	All handovers between ambulance and MIIU must take place within 15 minutes with none waiting more than 60 minutes.	0	National	**0**	0
26	MIIU - Time to treatment in department (median)	<60 m	National	**0:16**	0:21
27	MIIU - Unplanned re-attendance rate within 7 days	<5%	National	**3.4%**	4.4%
28	MIIU - % of patients who left department without being seen	<5%	National	**0.9%**	0.7%

Accountability Report: Corporate Governance Report

	Performance Indicator	Target	Target Type	2016/17	2015/16
Responsive Services – Adult and Specialised Services					
29	Speech and Language Therapy - % treated within 8 Weeks	95%	Local	**95.8%**	95.1%
30	Podiatry - % treated within 8 Weeks	95%	Local	**94.3%**	98.3%
31	Occupational Therapy Services - % treated within 8 Weeks	95%	Local	**91.3%**	87.0%
32	Adult Physiotherapy - % treated within 8 Weeks	95%	Local	**91.8%**	92.9%
33	Occasional Wheelchairs - % treated within 8 Weeks	95%	Local	**100.0%**	100.0%
34	Parkinson's Nursing - % treated within 8 Weeks	95%	Local	**99.2%**	100.0%
35	Diabetic Nursing - % treated within 8 Weeks	95%	Local	**98.2%**	97.9%
36	Bone Health Service - % treated within 8 Weeks	95%	Local	**99.7%**	99.8%
37	MSKCAT Service - % treated within 8 Weeks	95%	Local	**85.8%**	94.1%
38	HIV Service - % treated within 8 Weeks	95%	Local	**100.0%**	97.7%
39	Sexual Health - % of terminations carried out within 9 weeks and 6 days of gestation	80%	Local	**81.5%**	80.4%
40	Paediatric Speech and Language Therapy - % treated within 8 weeks	95%	Local	**97.4%**	93.6%
41	Paediatric Physiotherapy - % treated within 8 weeks	95%	Local	**95.6%**	99.3%
42	Paediatric Occupational Therapy - % treated within 8 weeks	95%	Local	**96.8%**	98.9%
43	MSKCAT Service - % of referrals referred on to secondary care	<30%	Local	**12.2%**	11.2%
44	MSKCAT Service - Patients referred to secondary care within 2 days of decision to refer onwards	100%	Local	**100.0%**	100.0%
45	MSKCAT Service - wait from referral for urgent patients to be seen not to exceed 2 weeks	95%	Local	**98.5%**	97.0%
46	Stroke ESD - Proportion of new patients assessed within 2 days of notification	95%	Local	**96.7%**	96.7%
47	Stroke ESD - Proportion of patients discharged within 6 weeks	95%	Local	**99.5%**	98.6%

Accountability Report: Corporate Governance Report

	Performance Indicator	Target	Target Type	2016/17	2015/16
Responsive Services – Children					
48	Newborn Hearing Screening Coverage	97%	National	**100.0%**	**100.0%**
49	Newborn Hearing Screens completed by 5 weeks (community sites) - Well babies	97%	National	**99.8%**	**99.4%**
50	HPV Immunisation coverage for girls aged 12/13 years old (Target for all 3 Immunisations to be completed) - **2nd immunisation**	75%	National	**88.1%**	**88.1%**
51	1st HPV Immunisation coverage for girls aged 12/13 years old (Target for all 3 Immunisations to be completed) - **1st immunisation**	75%	National	**90.2%**	**91.6%**
52	Percentage of children in Reception Year with height and weight recorded	85%	National	**98.5%**	**97.8%**
53	Percentage of children in Year 6 with height and weight recorded	95%	National	**96.1%**	**93.3%**

We remain committed to building on this strong performance, and in particular driving improvement in those areas which are not yet meeting national or local targets. Some examples of the ongoing work, and associated learning are summarised below.

Number of MRSA Cases

Over the year there was one case of MRSA. It related to a patient transferred to a community hospital following admission to the acute hospital. It was declared a Serious Incident Requiring Investigation and investigated to ensure any learning from the incident could be built into the Trust's practices. The Trust has in place processes to share with other providers Serious Incident Requiring Investigation information where system issues are identified.

Safety Thermometer - % harm free care

The Safety Thermometer is a national safety initiative launched in 2012. It allows teams to measure harm and the proportion of patients that are "harm-free" from the four most common and preventable causes - pressure ulcers, patient falls, venous thromboembolisms (blood clots) and urinary infections associated with catheters. The audit is undertaken on a monthly basis in community and in-patient clinical areas. The "harm free" percentage includes both "old harms" (broadly harms which were present when a patient was admitted to care or were developing) and "new harms" – harms which develop when the patient is receiving care (this may be care being received in the home). The measure is used in both community trusts and acute trusts.

Accountability Report: Corporate Governance Report

Over the year as a whole the Trust's % harm free care was 94%, 1% below target. This has been thoroughly investigated by the Professional and Clinical Effectiveness Directorate within the Trust. The greatest number of harms relate to pressure ulcers, and these have been identified as a quality priority for 2017/18. The Trust's overall % harm free care is being impacted by the proportion of "old harms" present when patients are admitted to the Trust's care (from September 16- February 2017 two thirds of harms being reported related to old harms). This Trust is working to reduce the number of new harms occurring and also working with system partners to consider ways to reduce harms system wide. The level of acuity and length of patient stay in care are factors which will be incorporated in this process.

Bed Occupancy – community hospitals

Occupancy of in-patient beds in the Trust's community hospitals is running at an average of 98.5% over the year, against a target of 90%. This reflects on-going increased demand across the local health and social care system, which countywide work on the One Gloucestershire – Sustainability and Transformation Plan is working to reduce in the longer term. In the shorter term regular reviews are undertaken by the Trust to ensure that increased occupancy levels are not impacting on levels of care. Safe staffing levels reflect increased occupancy levels to support this.

Average Number of Discharges from community hospitals, weekdays and weekends

The ability to discharge safely is constrained by the availability of other community based services such as reablement, independent domiciliary care and/or nursing and residential care. The Trust works with patients, families and health and social care partners to ensure effective patient discharge plans are in place before a patient is discharged to ensure their health and well being in the longer term. The Trust's performance in these areas is 3.9 against target of 4 patients discharged at weekends and 9.3 against a target of 11 patients discharged per day on weekdays.

Single Point of Clinical Access - % of calls abandoned

The Single Point of Clinical Access is a telephone based facility that supports healthcare professionals across Gloucestershire to ensure users are referred to the right place at the right time. Following a review of call abandoned patterns the Trust has realigned rosters to match peaks and troughs in demand to reduce percentage of calls abandoned.

Podiatry - % treated within 8 weeks (local target)

Performance for 2016/17 was 94.30% against a target of 95%. A recruitment process is on-going and additional clinics are being offered with a focus on long waiting patients to ensure the service returns to its performance in 2015/16 when it achieved a performance level of 98.3%.

Occupational Therapy Services - % treated within 8 weeks (local target)

Performance has improved from 87% in 2015/16 to 91.3% in 2016/17, but remains below target (95%). Resources are being realigned as part of the integrated community team reconfiguration around GP clusters which should improve performance.

Adult Physiotherapy - % treated within 8 weeks (local target)

The performance for 2017/16 is 91.8% against a target of 95%. An action plan has been implemented and performance in March reached 94.7%.

Accountability Report: Corporate Governance Report

Quality and Sustainability

The Trust Quality Account provides a detailed overview of the work progressed in 2016/17 to improve quality.

The Trust is also mindful of its role in supporting sustainability.

Quality

During 2016/17 we set quality priorities to improve performance in:

- Meeting the needs of service users in relation to learning disabilities, continence, equalities and end of life care;
- improving positive risk taking and record keeping

Progress against these is tracked in detail in our Quality Account, published separately.

Sustainability

In 2016/17 the Trust maintained activity to support environmental sustainability with ongoing work to reduce water usage, energy consumption and waste to landfill.

The Trust has completed its programme of renewable energy at its community hospitals and now has in place solar photovoltaic panels at six out of seven of its community hospitals. These benefit the Trust financially through energy savings and the Feed in Tariff and ensure that all these hospitals have some of their energy demands supplied through renewable energy.

The Trust's newest hospitals in North Cotswolds, Vale and Tewkesbury were classified as BREEAM excellent reflecting the building of sustainability into their development.

The Trust's head office is based in an open plan model building, Edward Jenner Court. The building is air conditioned and controlled by a building management system and lighting is automated. The building management system has been optimised to minimise the run time of the air handling systems to reduce electricity consumption.

The Trust is in the second year of the implementation of its new waste policy which means more waste is recycled and less is sent for incineration. Recycling awareness is promoted through waste posters which are disseminated throughput and the dissemination of recycling bins.

The Trust has smart screens available in its main meeting rooms and supports staff to use technology such as laptops and mobile devices to reduce printing, for example through setting printers to double sided and black and white copying. The Trust has in place electronic health records management systems which also reduce printing requirements and use of paper. These measures together have contributed to a reduction of stationery costs by 60% over the last year.

Accountability Report: Corporate Governance Report

The Trust's Community Hospitals provide in and out-patient services to enable patients to be seen closer to home, reducing travel and carbon emissions.

The Trust has in place schemes to promote green travel including car sharing schemes (10% of spaces at head office reserved for car sharing), use of a shuttle bus which helps reduce carbon emissions, bicycle use schemes for staff and provision of IT equipment to support mobile working to reduce unnecessary mileage. In 2016/17 the Trust reduced number of miles travelled by staff by over 39,000, a reduction of 1.5% against last year.

The Trust is working towards Mindful Employer status and has a range of initiatives in place including mindfulness training and health and hustle activities which encourage health and well-being. Over 160 staff take part in these activities, with numbers increasing regularly.

The Trust continues to increase its number of volunteers, with almost 400 volunteers now in place across the Trust supporting service users in a wide variety of ways.

Accountability Report: Corporate Governance Report

Patient Experience

We are constantly looking at opportunities to improving the experience of service users and carers. We are proud that over 95% of service users who respond to the Friends and Family Test would be likely or very likely to recommend our services. We gain huge value from feedback from service users and carers and this is used to help inform our work.

Friends and Family Test

The NHS Friends and Family Test (FFT) was created to help service providers and commissioners understand whether their patients are happy with the service provided, or where improvements are needed. It is a quick and anonymous way to give your views after receiving care or treatment across the NHS. Our performance for 2016/17 can be seen in the tables below:

Service	**2016/17**	2015/16
MIIU Response "likely" or "very likely" to recommend	**95.9%**	97%
Inpatients Response "likely" or "very likely" to recommend	**96.4%**	95.6%
Children and Young Peoples Service "likely" or "very likely" to recommend	**96.7%**	89.9%
Integrated Community Teams "likely" or "very likely" to recommend	**97.4%**	95.3%
County Wide and Specialist Nursing "likely" or "very likely" to recommend	**94.4%**	93.5%
Capacity Service % "likely" or "very likely" to recommend	**96.2%**	98.8%
Overall Response Rate "likely" or "very likely" to recommend	**95.2%**	95.2%

The compliments and complaints we receive are another valuable source of feedback about our services that we use to support our improvement plans. We have procedures in place to ensure we manage any complaints in line with national policy and in line with the Duty of Candour.

Feedback Categories	**2016/17**	2015/16
Compliments	**512**	333
Complaints	**73**	87
Concerns	**403**	315

Accountability Report: Corporate Governance Report

Supporting Colleagues

We want the Trust to be a great place to work for all colleagues and to support them to achieve their aspirations and goals. We know that everyone is working under increasing pressures and we want to do everything we can to help people manage their work life balance.

Staff Engagement

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

The results of the survey, which took place between October and December 2016, were published nationally on 7th March 2017 and can be found here:

https://www.england.nhs.uk/2016/02/staff-survey-results/

The Trust is comparable with other community trusts for recommending the organisation as a place to work. The overall staff engagement score for the Trust continues to be 3.78 which is average compared to trusts of a similar type. The outcomes of the survey have improved since the 2015 survey and we are building on this with a refreshed workforce and organisational plan for 2017/18 which will focus on areas where we performed below average.

Highlights from the survey were that:

- Care of patients/ service users is my organisation's top priority - 74% compared to a community trust average of 72%
- If a friend or relative needed treatment, I would be happy with the standard of care provided by this organisation - 75% compared to a community trust average of 73%
- Percentage of staff feeling unwell due to work related stress in the last 12 months -35% compared to a community trust average of 38%

Accountability Report: Corporate Governance Report

Investors in People (IIP) accreditation

Since 1991, IIP has set the standard for better people management. IIP's internationally recognised accreditation is held by 14,000 organisations across the world. The Standard defines what it takes to lead, support and manage people well for sustainable results.

The Trust was assessed against the IIP framework in February 2017. The balance of evidence from the online assessments, face-to-face interviews, documentary evidence and observation produced a final outcome which confirmed that the Trust meets all of the requirements for accreditation as an Investor in People.

The report stated "This is a very significant achievement, especially in light of the government imposed cost reduction targets, and the size and spread of the Trust and the diversity of services it provides." It was also highlighted that "The Trust continues to work in line with its values and in this aspect practice is not only Advanced, but very close to High Performing."

Listening into Action (LiA) kite mark

In October 2016, a scheme to give the Trust's front-line colleagues the power to improve services was formally accredited after three years of work.

Since 2013, the Trust has been using an approach called Listening into Action (LiA), which allows clinical staff to test and make changes which will improve the experience for service users.

Examples include providing support for carers at community hospitals and venues, new standards for end of life care, a redesign of complex care for children using parent feedback and a new system to give community nurses and therapists more time with patients, among dozens of staff-led schemes. That has resulted in formal accreditation for the Trust for LiA, which has been used at more than 60 NHS Trusts across the UK.

We were the first NHS community services provider in the country to receive the LiA Kite Mark, which recognises our commitment to improving both our services and our organisation by empowering our own colleagues to create change.

Accountability Report: Corporate Governance Report

The Directors' Report 2016/17

The Trust's Board of Executive and Non-Executive Directors is responsible for overseeing the development of strategic direction and compliance with all governance, probity and assurance requirements.

Details of the Trust's Chair, Chief Executive, Executive Directors and Non-Executive Directors are set out later in the annex to the Governance Statement, together with information on membership of the Trust's Board and its subcommittees.

Compliance Statement

A register of Directors' interests for the Trust is maintained and is available on the Trust's website or by request from the Trust Secretariat by contacting **TrustSecretary@glos-care.nhs.uk.**

The Trust has undertaken the necessary action to evidence that each Director has stated, that as far as he/she is aware, there is no relevant audit information of which the Trust's Auditors are unaware and he/she has taken all the steps that he/she ought to have taken as a Director, in order to make themselves aware of any relevant audit information, and to establish that the Trust's Auditors are aware of that information.

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

The Chief Executive of the NHS Trust Development Authority has designated that the Chief Executive should be the Accountable Officer to the Trust. The relevant responsibilities of Accountable Officers are set out in the Accountable Officers Memorandum issued by the Chief Executive of the NHS Trust Development Authority. These include ensuring that:

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

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

Accountability Report: Corporate Governance Report

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

I confirm that the annual report and accounts as a whole are fair, balanced and understandable and I take personal responsibility for the annual report and accounts and the judgements required for determining that it is fair, balanced and understandable.

Signed

Katie Norton
Chief Executive
26th May 2017

Accountability Report: Corporate Governance Report

Statement of Directors' Responsibilities in Respect of the Accounts

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

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

The Directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Trust and to enable them to ensure that the accounts comply with requirements outlined in the above mentioned direction of the Secretary of State. They are also responsible for safeguarding the assets of the Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

By order of the Board

Signed

Katie Norton

Katie Norton
Chief Executive
26th May 2017

Sandra Betney

Sandra Betney
Director of Finance
26th May 2017

Accountability Report: Corporate Governance Report

Governance Statement

Scope of responsibility

The Board of Directors (the Board) is accountable for risk management and internal control. As Accountable Officer, and Chief Executive of this Board, I have responsibility for maintaining a sound system of risk management and internal control that supports the achievement of the organisation's policies, aims and objectives. This includes risk management, counter-fraud and bribery, external audit, internal audit, and internal financial control.

I also have responsibility for safeguarding the public funds and the organisation's assets for which I am personally responsible, as set out in the Accountable Officer Memorandum.

As the Accountable Officer, I ensure the organisation works effectively, in collaboration with the NHS Improvement (Trust Development Authority), local authorities, local primary care, NHS and foundation trusts. I and the Trust, actively participate in relevant Chief Executive and partner fora, to deliver the expectations as stated in the NHS Constitution and NHS Mandate.

I acknowledge the Accountable Officer's responsibilities as set out in the Accountable Officer Memorandum and my responsibilities contained therein for the propriety and regularity of public finances in the Trust, for the keeping of proper accounts, for prudent and economical administration, for the avoidance of waste and extravagance, and for the efficient and effective use of all the resources in my charge.

Accountability Report: Corporate Governance Report

The Governance Framework of the Organisation

The Department of Health 2006 defined integrated governance as: "Systems, processes and behaviours by which Trusts lead, direct and control their functions in order to achieve organisational objectives, safety and quality of service and in which they relate to patients and carers, the wider community and partner organisations."

The structures, systems, processes and behaviours NHS bodies are expected to have for ensuring good governance include:

- Standing Orders, Standing Financial Instructions, Reservation of Powers to the Board and Scheme of Delegation.
- Requirement for a statutory board, and requirements on the committees that support the board.
- How line managers operate, including codes of conduct and accountability.
- Business planning.
- Procedural guidance for staff.
- Risk register and assurance framework.
- Internal audit.
- Scrutiny by external assessors including the Care Quality Commission, external audit and NHS Improvement.

As Accountable Officer I can confirm that these structures, systems, processes and behaviours are reflected in the Trust's Governance Framework

Compliance with the UK Corporate Governance Code

We are not required to comply with the UK Corporate Governance Code. However, we have reported on our corporate governance arrangements by drawing upon best practice available, including those aspects of the UK Corporate Governance Code we consider to be relevant to the Trust and best practice.

The Board Structure and Remit

Gloucestershire Care Services NHS Trust (GCS) is run by a unitary Board of Directors, with clear division of responsibilities between the Chair of the Board and the Chief Executive of the Trust, Non-Executive Directors and the Executive, including appropriate challenge on strategic development. The Board consists of the Chair, 6 Non-Executive Directors, and 4 voting Executive Directors. There are also two non-voting Directors (Chief Operating Officer and Director of Human Resources). Non-Executive Directors use the skills and experience gained from the private, public and voluntary sectors to help run the Trust, but do not have day-to-day managerial responsibilities within the Trust. Executive Directors are paid employees with clear areas of work responsibility within the Trust.

Accountability Report: Corporate Governance Report

The Board regularly meets in public, and details of the board meetings, including the public papers are available at: www.glos-care.nhs.uk

The Board held 6 formal board meetings in 2016/17 and has met a further 6 times in private.

The Board is responsible for the leadership, management and governance of the organisation and setting the strategic direction and supporting the development of organisational culture. Its meetings cover comprehensive items on quality, finance and strategy. At each meeting it considers the Board Assurance Framework, Quality and Finance.

The Board continually self-assesses its performance, evaluating its meetings and those of its committees at the conclusion of business. Further Board discussions have led to a board development programme which was supported by an external governance advisor. This has helped support effective integration of new Board members into Board working and supported a review of Committee roles and responsibilities to maintain focus. Internal Audit provided assurance on the governance processes in place.

Changes in Board Composition

There were the following changes in the composition of the board in the year:

Joanna Scott and Robert Graves resigned as Non-Executive Directors and we welcomed our new Non-Executive Director, Graham Russell.

Paul Jennings, Chief Executive, retired in December 2016 and Katie Norton, Chief Executive was in place from January 2017.

Glyn Howells, Director of Finance and Deputy Chief Executive, resigned in March 2017 and Sandra Betney took on this role from April 2017.

We thank Joanna Scott, Robert Graves, Paul Jennings and Glyn Howells for their contribution to our development.

Accountability Report: Corporate Governance Report

Board Committees

The Board is supported in its work by a number of sub-committees which include:

- ***Audit and Assurance Committee***, chaired by Non-Executive Director, Richard Cryer
- ***Charitable Funds Committee***, chaired by Non-Executive Director, Nicola Strother Smith.
- ***Finance Committee***, chaired by Non-Executive Director, Graham Russell. (Robert Graves until 31st January 2017).
- ***Quality and Performance Committee***, chaired by Non-Executive Director, Susan Mead.
- ***Remuneration and Terms of Service Committee***, chaired by Trust Chair, Ingrid Barker.
- ***Workforce and Organisational Development Committee***, chaired by Non-Executive Director, Nicola Strother Smith.

Each of the sub-committees reported directly to the Trust Board and:

- Monitored risk relating to their area of responsibility, ensuring the Board had a clear overarching understanding of the risks;
- Provided regular summary reports to the Board on their work for assurance and performance purposes.

Executive Directors are responsible for maintaining effective systems of control on a day-to-day basis. A full governance rationale has been developed providing terms of reference and escalation processes for all sub-committees and the Board, together with standing items, which are in turn encapsulated into programmes of business for each sub-committee and for the Board.

The table shown at Annex 1 of this Governance Statement sets out attendance levels by Executive and Non-Executive Directors at Trust Board meetings and at all sub-committees of the Board.

In addition the Trust Board is supported by the Your Care Your Opinion group which provides opportunities for two-way communication with service users and local communities. This enables the Board to benefit from the insight and experience of local people in the planning and delivery of services.

Accountability Report: Corporate Governance Report

Audit and Assurance Committee – met six times in 2016/17

The Audit and Assurance Committee is constituted in accordance with the provisions of the NHS Audit Committee Handbook 2014.

The Committee is responsible for providing assurance to the Board that an effective system of integrated governance, risk management and internal control, is in place across the whole of the organisation's activities (both clinical and non-clinical), that supports the achievement of the organisation's objectives. It has also overseen the audit of the 2016/17 accounts.

As part of these processes the Committee reviewed all reports from completed internal audit assignments for the 2016/17 work plan, which had been agreed by the Committee at the start of the year. The following table summarises the outcomes from those assignments:

Internal Audits 2016-17	Report Classification
Finance (focus on procurement & month end)	Low Risk
Corporate Governance Framework	Low Risk
Serious incidents Requiring Investigation	Low Risk
Governance Self-Assessment	Low Risk
Corporate Systems Rationalisation Programme	Medium Risk
Information Governance	Low Risk
Data Warehousing	Medium Risk
Estates and Facilities	Medium Risk
Communications	Medium Risk

Progress against recommendation actions is actively monitored by the Committee and the Internal Auditors have confirmed that actions are being completed within required timescales.

The Audit Committee has not identified any significant issues in the year 2016/17.

Charitable Funds Committee - met four times during 2016/17

Gloucestershire Care Services NHS Trust is the corporate trustee for charitable funds. The Board, on behalf of the Trust, is responsible for the effective overall management of charitable funds. The role of the committee is to oversee the management, investment and disbursement of charitable funds, as delegated, within the regulations provided by the Charities Commission and to ensure compliance with the laws governing NHS charitable funds and the wishes of the donors. The charitable funds seek to provide benefit to local service users and Trust colleagues.

Accountability Report: Corporate Governance Report

Remuneration and Terms of Service Committee – met eight times in 2016/17

The Committee is responsible for supporting the Board to ensure fairness, equity and consistency in remuneration practices on behalf of the Trust Board. The Committee oversaw the appointment of the Chief Executive Officer and Director of Finance and the remuneration, allowances and other terms and conditions of office of the Trust's Very Senior Managers (VSM).

Quality and Performance Committee – met six times during 2016/17

The Committee is responsible for providing clear assurance on all issues relating to clinical and professional care, clinical systems, clinical risk management and all prevailing regulatory standards relating to quality and safety. The Committee also reviews the Trust's service delivery activities and agrees and monitors action plans where remedial steps were considered necessary. During the year the Committee considered a range of key issues including clinical audit, safeguarding, end of life care, information governance, patient reported outcomes, research, incidents, complaints and performance.

Finance Committee – met six times during 2016-17

The Committee is responsible for providing detailed scrutiny of the Trust's financial matters, and agreeing and monitoring action plans where remedial plans are required to improve financial performance. The Committee is also responsible for advising the Board on business development opportunities and overseeing capital expenditure against the Trust's approved capital plan.

Workforce and Organisational Development **Committee –** met six times during 2016/17

The Committee is responsible for providing clear assurance on all aspects of workforce strategy, planning and organisational development to support the Trust achieving exemplar clinical and professional outcomes and experiences for service users and Trust colleagues. It also has particular responsibility for the development of a supportive and learning organisational culture that promotes the Trust's CORE values of being Caring, Open, Responsible and Effective.

Accountability Report: Corporate Governance Report

Performance

As Accountable Officer I can confirm that there are processes in place to ensure that the Board has oversight of key areas of performance to ensure that the Trust is meeting its statutory duties and functions.

Quality Performance

The Trust produces an annual Quality Account in line with Department of Health Guidance. This account looks back at performance in the last year and sets priorities for the following year. The Board approves the account prior to publication. Arrangements are in place via service delivery groups and trust wide groups to report quality and safety matters to the Quality and Performance Committee, which in turn reports to the Board. This includes progress against the priorities set out in the Quality Account.

The Trust has a Learning Assurance Framework to ensure incidents and serious incidents are followed up, thoroughly investigated and learnt from. In 2016/17 there were 21 serious incidents requiring investigation.

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

The Trust was inspected by the Care Quality Commission in June 2015 and was graded overall as "Requires improvement", with over two thirds of areas graded as either "Good" or "Outstanding". An Improvement Action Plan has now been implemented.

The Trust engages with service users through a range of forums and processes and continues to develop the contribution that volunteers make across our services.

Financial Performance

NHS Trusts are required to deliver statutory and other financial duties. For the year ended 31 March 2017, the Trust met these duties, as summarised below, and set out in more detail within the financial statements:

- to break-even on Income & Expenditure — achieved
- to maintain capital expenditure below a set limit — achieved

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

Checking the correct discharge of statutory functions is managed via the Trust risk management system. No areas of non-compliance have been identified. The Trust met its Agency cap which was set by NHS Improvement as a financial value of Agency Spend for the Year.

Accountability Report: Corporate Governance Report

Data Quality Performance

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

- Validation of data reports and results by service managers and systems users
- Planned internal audits of data by informatics staff.
- Electronic data validation e.g. missed mandatory fields and data out of permitted ranges.
- Performance data monitoring by Trust groups and committees and subsequent enquiries.
- Commissioner scrutiny of activity and quality data.
- User training on systems, e.g. clinical coding.

Information Governance Performance

There were no information personal data related incidents which required reporting to the information commissioner's office. The Trust has in place an Information Governance Steering Group which oversees compliance with the Information Governance Toolkit and implements improvement plans where required.

Fraud and Security Management

The Trust has in place arrangements to manage fraud and security. This includes the provision of Local Counter Fraud and Security Specialists. Annual work plans are formulated which are reported to the Audit and Assurance Committee. NHS Protect standards are used as benchmarks for performance. These are reported to the Audit and Assurance Committee and NHS Protect as required.

Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives of Gloucestershire Care Services NHS Trust, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

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

Accountability Report: Corporate Governance Report

At 31 March 2017 the Trust's major strategic risks and corresponding mitigations were:

Risk	Mitigation
Inability to both embed and maintain consistent care pathways across all Trust services, and also ensure that staff observe these at all times	NICE guidance provides information on best practice and is utilised to develop and refresh pathways. Some services are adopting a care pathway approach and this is being incorporated into the service specification. Work is underway to take this forward as a system clinical pathway programme.
Inability to observe robust record-keeping practices which may impact upon safety and care delivery	Standard Operating procedures developed. Training and audit processes in place to support robust processes.
Inability to maintain capacity, and match capacity to demand, which may impact upon service user and colleague safety, and the provision of continuous care	Development of Strategic demand and capacity tool. Patient flow management system in development.
Variable engagement practices with service users, families and carers, which may result in the public voice not being used to inform the Trust	Communication and Engagement Strategy in place. Programme of engagement activities in place.
Inability to develop or progress key strategic relationships across the county, and maintain the necessary pace of change, in order to successfully deliver the Sustainability and Transformation Plan and ensure joined-up collaborative services	Updated Sustainability and Transformation Plan submitted to NHSI. Gloucestershire Strategic Forum in place to oversee Sustainability and Transformation Plan.
Lack of up-to-date service specifications for Integrated Community Teams limits the Trust's ability to effectively plan and deliver to plan	Resource allocation model developed.
Inability to recruit and retain the right staff with the right skills in the right place which may have a detrimental impact upon the quality of provided care	Recruitment and selection processes reviewed. Targeted recruitment campaigns. Nurse Associate Programme launched.

Accountability Report: Corporate Governance Report

Risk	Mitigation
Inability to develop a culture that engages and motivates colleagues which may have a negative impact upon the Trust's reputation as an employer of choice	Workforce and Organisational Development Strategy and implementation plan in place. Listening into Action accreditation. Investors in People accreditation.
Inability to provide robust assurance that colleagues have the clinical skills to create a workforce with the necessary knowledge and expertise to deliver best care	Updated Trust development policy and processes implemented.
Insufficient leadership capacity and capability within the Trust which could have a detrimental impact upon service transformation and service user care	NHS Leadership Competency Framework in place. Leadership offer being developed with partners.

At the end of the financial year 2016/17, the Trust reviewed all its Trust-wide risks and has updated the Board Assurance Framework to reflect developments in the external environment.

The risk and control framework

The Trust has a risk management strategy, which makes it clear that managing risk is a key responsibility for the Trust and all staff employed by it. The Board receives regular reports that detail risk, financial, quality and performance issues and, where required, the action being taken to reduce identified high-level risks.

Full details of the Trust's approach to Risk Management is contained in the Trust's risk management strategy.

Guidance and training are provided to staff through specific risk management training, wider management training, policies and procedures, information on the Trust's intranet and feedback from audits, inspections and incidents. Included within all of this is sharing of good practice and learning from incidents. Information from a variety of sources is considered in a holistic manner to provide learning and inform changes to practice that would improve patient safety, and overall experience of using the Trust's services.

The risk management strategy sets out the key responsibilities for managing risk within the organisation, including the ways in which risk is identified, evaluated and controlled. It identifies strategic and operational risk and how both should be identified, recorded and escalated and highlights the open and honest approach the Board expects with regard to risk. The Trust's risk assessment policy describes the process for standardised assessment of risk including assessment of likelihood and consequence.

Accountability Report: Corporate Governance Report

The Board has identified the risks to the achievement of the Trust's objectives. The nominated lead for each risk has identified existing controls and sources of assurance that these controls operate effectively. Any gaps in controls have been identified and action plans put in place to strengthen controls where appropriate. The outcome of this process is articulated in the Board Assurance Framework (BAF) and this is presented to the Board for review and endorsement. In line with the Trust's risk management strategy, risks rated 12 or above (8 where there is patient safety/clinical risk identified) are escalated to the Board. All corporate risks are reviewed regularly by identified Board sub-committees and an escalation process is in place, as outlined in the risk management strategy.

Risk is assessed at all levels in the organisation from individual members of staff within service areas to the Board. This ensures that both strategic and operational risks are identified and addressed.

The Trust has in place a BAF, which sets out the principal risks to delivery of the Trust's strategic objectives. Executive Directors review the risk register and enter strategic risks onto the corporate risk register. In addition, other corporate risks scoring 12 or above (8 where there is patient safety/clinical risk identified), that have been reviewed by the relevant sub-committee, are escalated in line with the Trusts' escalations processes. The Executive Director with delegated responsibility for managing and monitoring each risk is clearly identified. The BAF identifies the key controls in place to manage each of the principal risks and explains how the Board is assured that those controls are in place and operating effectively. These include the monthly performance report, monthly finance report, minutes of the sub committees and assurances provided through the work of internal and external audit, the CQC and the NHS Litigation Authority.

Specific areas of risk such as fraud, corruption and bribery are addressed through specific policies and procedures and regular reports made to the Board via the Audit and Assurance Committee.

Review of the effectiveness of risk management and internal control

As Accountable Officer, I have responsibility for reviewing the effectiveness of the risk management processes. My review is informed in a number of ways. The Head of Internal Audit provides me with an opinion on the overall arrangements for gaining assurance through the Board Assurance Framework, and on the controls reviewed as part of the internal audit work.

The Head of Internal Audit's opinion is "**Generally satisfactory with some improvements required"** and highlighted that **"**The Trust has made progress in improving and strengthening its internal control environment during 2016/17. There has been a positive direction of travel in terms of the number and severity of issues noted in the course of our reviews." Action Plans are in place to take forward the required improvements.

Executive managers within the organisation, who have responsibility for the development and maintenance of the system of internal control, provide me with assurance.

The Assurance Framework itself provides me with evidence that the effectiveness of controls that manage the risks to the organisation achieving its principal objectives have been reviewed. My review is also informed by clinical audits, the Trust's External Auditors Opinion, Care Quality Commission (CQC) and the NHS Litigation Authority.

Accountability Report: Corporate Governance Report

I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Trust Board's subcommittees.

A plan to address weaknesses and ensure continuous improvement of the system is in place.

The Board's role is to determine the overall strategic direction and to provide active leadership of the Trust within a framework of prudent and effective controls, which enables risk to be assessed and managed.

Conclusion

There has been no evidence presented to myself or the Board to suggest that at any time during 2016/17, the Trust has operated outside of its statutory authorities and duties. In relation to our reporting of the Trust's corporate governance arrangements, we have drawn from the best practice

With the exception of the internal control issues that I have outlined in this statement, my review confirms that Gloucestershire Care Services NHS Trust has a generally sound system of internal control that supports the achievement of its policies, aims and objectives.

Signed:

Katie Norton

Katie Norton
Chief Executive

26th May 2017

Accountability Report: Corporate Governance Report

Annex 1 to Governance Statement

Attendance at Board meetings and Board sub-committees

The table below sets out meetings attended by each Board member during 2016/17.

Name	Position	Board *	Percentage Board Attendance	Audit & Assurance Committee	Charitable Funds Committee	Remuneration & Terms of Service Committee	Finance Committee	Quality and Performance Committee	Workforce and Organisational Development Committee	Date of any change
Ingrid Barker	Chair	6 (6)	100%	-	#	8	#	#	#	-
Robert Graves	Non-Executive Director Vice Chair	5 (5)	100%	6	4	6	5	-	-	Resigned 31/01/17
Susan Mead	Non-Executive Director Senior Independent Director	6 (6)	100%	6	-	5	5	6	-	
Paul Jennings	Chief Executive	4 (5)	80%	1**	-	**	-	-	-	Retired 31/12/16
Katie Norton	Chief Executive	2 (2)	100%	1**	-	**	-	-	-	Appointed 09/01/17
Glyn Howells	Deputy Chief Executive/Director of Finance	6 (6)	100%	***	4	-	5	2	-	Resigned 31/03/17
Richard Cryer	Non-Executive Director	6 (6)	100%	7	-	6	6	-	6	
Susan Field	Director of Nursing	5 (6)	83%	-	1	-	6	6	6	
Jan Marriott	Non-Executive Director	6 (6)	100%	7	-	4	-	6	6	
Dr Michael Roberts	Medical Director	6 (6)	100%	-	-	-	-	4	-	
Graham Russell	Non-Executive Director	4 (4)	100%	5	-	3	3	4	-	Appointed 01/08/16
Joanna Scott	Non-Executive Director	0 (2)	0%	-	-	0	-	0	3	Resigned 31/07/16
Nicola Strother Smith	Non-Executive Director	6 (6)	100%	1	4	8	-	5	6	
Candace Plouffe	Chief Operating Officer (non-voting)	6 (6)	100%	-	-	-	6	4	6	
Tina Ricketts	Director of Human Resources (non-voting)	5 (6)	83%	-	3	-	-	5	6	

*Figures in brackets show total number of Board meetings members could have attended in year
** attended meetings as required in role of Accounting Officer not as a member
*** attended by invitation as Director of Finance
# The Chair of the Board attends Board Committees on a rolling basis for assurance.

Accountability Report: Remuneration and Staff Report

Policy for the remuneration of Directors

The Trust's remuneration policy for Executive Directors observes the Department of Health's *Pay Framework for Very Senior Managers (VSMs) in Strategic and Special Health Authorities, Primary Care Trusts and Ambulance Trusts* (NB although this document dated July 2013 now references organisational forms and bodies no longer in existence, this is the latest available version of the guidance). The Trust's future remuneration policy for Executive Directors will observe these guidelines or any replacement guidelines.

Accordingly, in 2016/17, the pay for the Trust's Chief Executives was in line with that proposed within the *Pay Framework* for Primary Care Trust (PCT) Chief Executives i.e.it was based on a local population of 0.5million to 1.0million people, weighted for age and deprivation. Additionally, a 10% Recruitment and Retention Premium was agreed at the time of the outgoing Chief Executive's appointment in 2014-15 and a 2% Recruitment and Retention Premium was agreed at the time of the incoming Chief Executive's appointment in 2016/17.

Other Trust VSM Executive Directors whose salaries reflected some variation from the *Pay Framework* were

- the previous Director of Finance who received a 10% uplift above that recommended within the *Pay Framework*. This was as a result of salary being agreed with the former Gloucestershire PCT prior to the formation of Gloucestershire Care Services NHS Trust in March 2013. This has subsequently been confirmed by both the Trust's Remuneration and Terms of Service Committee and the Trust Development Agency's Remuneration Committee;
- the Director of Nursing who upon appointment in September 2015, received a 5% Recruitment and Retention Premium on VSM Salary, again this was confirmed by both the Trust's Remuneration and Terms of Service Committee and the Trust Development Agency's Remuneration Committee;
- the Chief Operating Officer who upon appointment in April 2016, received a 5% Recruitment and Retention Premium on VSM Salary, again this was confirmed by both the Trust's Remuneration and Terms of Service Committee and the Trust Development Agency's Remuneration Committee;
- The Director of Human Resources who received a 3% Recruitment and Retention Premium following review and transfer from Agenda for Change to VSM Framework, again this was confirmed by both the Trust's Remuneration and Terms of Service Committee and the Trust Development Agency's Remuneration Committee;

In terms of performance pay awards, the Trust abides by the Pay Framework. Based on this Framework the previous Director of Finance, following agreement by NHS Improvement, received a performance related bonus payment of £5,750.

In 2016/17 all Non-Executive Director payments were made in line with Department of Health guidelines.

Accountability Report: Remuneration and Staff Report

Directors' Remuneration (Audited)

The table below shows details about director remuneration for 2016/17

		Salary (Bands to £5,000)	Expense payments (taxable) total to Nearest £1,000	Performance pay and Bonuses (bands of £5,000)	Long term performance Pay and bonuses (bands of £5,00) £000	All pension-related Benefits (bands of £2,500)	Total (bands of £5,000)	Note
Ingrid Barker	Chair	20-25	1	-	-	-	20-25	-
Robert Graves	Non-Executive Director Vice Chair	5-10		-	-	-	5-10	Resigned 31/01/17
Susan Mead	Non-Executive Director Senior Independent Director	5-10	1	-	-	-	5-10	
Paul Jennings	Chief Executive	110-115	0	-	-	-	110-115	Retired 31/12/16
Katie Norton	Chief Executive	30-35	0	-	-	0-2.5	30-35	Appointed 09/01/17
Glyn Howells	Deputy Chief Executive/Director of Finance	115-120	0	5-10	-	0-2.5	120-125	Resigned 31/03/17
Richard Cryer	Non-Executive Director	5-10	1	-	-	-	5-10	
Susan Field	Director of Nursing	95-100	0	-	-	35-37.5	130-135	
Jan Marriott	Non-Executive Director	5-10	1	-	-	-	5-10	
Dr Michael Roberts	Medical Director	45-50	0	-	-	15-17.5	60-65	
Graham Russell	Non-Executive Director	0-5	0	-	-	-	0-5	Appointed 01/08/16
Joanna Scott	Non-Executive Director	0-5	0	-	-	-	0-5	Resigned 31/07/16
Nicola Strother Smith	Non-Executive Director	5-10	1	-	-	-	5-10	
Candace Plouffe	Chief Operating Officer (non-voting)	95-100	0	-	-	62.5-65	160-165	
Tina Ricketts	Director of Human Resources (non-voting)	85-90	0	-	-	30-32.5	115-120	

Accountability Report: Remuneration and Staff Report

Directors' Remuneration (Audited)

The table below shows details about director remuneration for 2015/16

		Salary (Bands to £5,000)	Expense payments (taxable) total to Nearest £1,000	Performance pay and Bonuses(bands of £5,000)	Long term performance Pay and onuses (bands of £5,00)	All pension-related Benefits (bands of £2,500	Total (bands of £5,000)	
Ingrid Barker	Chair	20-25	3	-	-	-	25-30	
Robert Graves	Non-Executive Director Vice Chair	5-10	2	-	-	-		
Susan Mead	Non-Executive Director Senior Independent Director	5-10	2	-	-	-		
Paul Jennings	Chief Executive	150-155	5	-	-	-	155-60	
Glyn Howells	Deputy Chief Executive/Director of Finance	115-120	1	-	-	25-27.5	145-150	
Richard Cryer	Non-Executive Director	5-10	2	-	-	-	10-15	
Susan Field	Director of Service Transformation/ Director of Nursing	95-100	2	-	-	37.5-40	135-40	
Jan Marriott	Non-Executive Director	5-10	1	-	-	-	5-10	
Dr Michael Roberts	Interim Medical Director	45-50	0	-	-	2.5-5	50-55	
Joanna Scott	Non-Executive Director	5-10	1	-	-	-	5-10	
Nicola Strother Smith	Non-Executive Director	5-10	1	-	-	-	5-10	
Candace Plouffe	Director of Service Delivery	85-90	1	-	-	32.5-35	120-125	
Tina Ricketts	Director of Human Resources	70-75	0	-	-	32.5-35	105-110	
Elizabeth Fenton	Director of Nursing & Quality	15-20	1	-	-	15-17.5	35-40	Left Trust July 2015
Jason Brown	Director of Corporate Governance	55-60	1	-	-	-	55-60	Left Trust Nov 2015
Dr Joanna Bayley	Medical Director	5-10	0	-	-	-	5-10	Left Trust May 2015
Duncan Jordan	Chief Operating Officer (On secondment Glos County Council	135-40	1	-	-	-	135-140	Left Trust March 2015
Ian Dreelan	Non-Executive Director	5-10	1	-	-	-		Left Trust March 2016

Accountability Report: Remuneration and Staff Report

Director Pension Contributions (Audited)

Pension Contributions for Executive Directors 2016-17.
Non-Executive Directors do not receive pensionable remuneration.

		Real increase in pension at Pension age (Bands of £2,500)	Real Increase in pension lump sum at pension age (bands of £2,500)	Total accrued pension at pension age at 31 March m 2017 (Bands of £5,00)	Lump Sum at pension age related to accrued pension at 31 March 2017 (bands of £5,000)	Cash Equivalent Transfer Value at April 2016 £000	Cash Equivalent Transfer Value at 31st March 2017 £000	Real increase in cash Equivalent Transfer Value £000	Employer's Contribution to stakeholder pension
Paul Jennings	Chief Executive	**Not Applicable**							
Katie Norton	Chief Executive	Joined the organisation January 2017							5
Glyn Howells	Deputy Chief Executive/ Director of Finance	0-2.50	0-2.5	5-10	0-5	79	82	3	17
Susan Field	Director of Nursing	0-2.50	2.5-5	25-30	75-80	436	478	41	14
Dr Michael Roberts	Medical Director	0-2.50	0-2.5	10-15	30-35	198	222	25	49
Candace Plouffe	Chief Operating Officer (non-voting)	2.5-5.0	5.0-10	15-20	45-50	234	294	60	14
Tina Ricketts	Director of Human Resources (non-voting)	0-2.5	2.5-5	10-15	40-45	213	244	31	12

Accountability Report: Remuneration and Staff Report

Notes – Definitions used in Pensions Contributions Table above

- **Cash Equivalent Transfer Values:** a Cash Equivalent Transfer Value (CETV) is the actuarially assessed capital value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme.

  The pension figures shown in the table above 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 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 NHS 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 and framework prescribed by the Institute and Faculty of Actuaries;

- **Real Increase CETV:** this reflects the increase in CETV effectively funded by the Trust. 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 scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Pay Multiples (Audited)

The Trust is required to disclose the relationship between the remuneration of its highest-paid Director and the median (average) remuneration of the organisation's workforce.

The midpoint of the banded remuneration of the highest paid Director in the Trust in the financial year 2016-17 was £142,499 (2015-6, £152,500). This was 5 times (2015-16 5.8 times) the median remuneration of the workforce, which was £26,302 (2015-16, £26,472).

In 2016-17, no employees (2015-16, also no employees) received remuneration in excess of the highest-paid Director. Remuneration ranged from £15,251to £142,499 (2015-16 £15,100 to £153,961).

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

In respect of the above, it is noted that there were no significant changes to the remuneration of the workforce in 2016-17. In general, staff salaries were increased by 1% in April 2016 in line with government policy. Senior managers and Executive Directors however were excluded from these arrangements, so did not receive any corresponding increase during the year.

Accountability Report: Remuneration and Staff Report

Staff Report (Audited)

Senior Managers' Analysis

The details of staff within the Trust at Agenda for Change Band 8A upwards (excluding Executive Directors) as at 31 March 2017, a number of whom are also providing clinical services, are shown below:

	2016/17		2015/16	
Banding	**WTE**	**Headcount**	**WTE**	**Headcount**
Band 8A	57.0	62	53.7	59
Band 8B	22.0	22	17.4	18
Band 8C	9.0	9	9.0	9
Band 8D	4.0	4	1.0	1
	92.0	**97**	**81.1**	87

Staff Numbers 2016-2017

The number of staff employed by the Trust in 2016/17 analysed by professional discipline (excluding staff on outward secondment) are shown below

	2016/17		2015/16	
Occupation	**WTE**	**Headcount**	**WTE**	**Headcount**
Administration & Estates Staff	424.0	507	412.5	496
Allied Health Professional	463.1	590	457.1	583
Ancillary Staff	89.8	137	87.4	135
Medical & Dental Staff	27.3	45	28.6	47
Nursing, Midwifery & Health Visiting Staff	1121.4	1393	1124.8	1408
Total	2125.7	2672	2110.4	2669

Accountability Report: Remuneration and Staff Report

Staff Composition (Audited)

The gender composition of the Trust is as follows:

	Male		Female		
Role	**Number**	**Percent**	**Number**	**Percent**	**Total**
Board Members	4	33%	8	67%	12
Senior Managers	21	22%	76	78%	97
All Other Staff	216	8%	2349	92%	2565

Main changes in gender composition were:

- An increase in female representation at Board from 62% in 2015/16 to 67% in 2016/17;
- A slight increase in female representation at senior management level from 82% in 2016/16 to 87% in 2016/17.

Trust Sickness Absence 2016 - 2017 (12 months to December 2016) Audited

Occupation	**12 month Sickness % Rate (12 months to Dec 2016)**
Administration & Estates Staff	2.89
Allied Health Professional	3.16
Health Care Assistants & Support Staff	5.27
Medical & Dental Staff	4.62
Nursing, Midwifery & Health Visiting Staff	5.24
Grand Total	**4.31**

This represents a 0.4 % reduction in sickness absence from the 12 month sickness rate to Dec 2015, (4.71%). The reduction in sickness was across all categories. Average number of working days lost was 9.7 (total days lost 20,053, reduced from 35,211 in 2015).

Accountability Report: Remuneration and Staff Report

Staff policies on disabled employees

The Trust is fully committed to ensuring equal opportunities, and this is reflected by its accreditation by Investors in People, confirmed for a further three year period in March 2017. It is also evidenced by the Trust's continued application of its Equality and Human Rights Policy, as well as its Recruitment and Selection Policy and Procedure, which together demonstrate that the Trust gives full and fair consideration for applications for employment by disabled persons, namely:

- all recruitment uses the NHS Jobs system in order to ensure that personal details are removed for the shortlisting stage;
- advertising seeks to attract suitably qualified, skilled and experienced candidates from all sections of the community and the existing workforce;
- the Trust operates a Guaranteed Interview Scheme, so that people with disabilities are guaranteed an interview as long as they meet the minimum criteria: in recognition of this work, the Trust holds Two Ticks and Mindful Employer status;
- appropriate training is available to ensure that those responsible for making selection decisions do not discriminate, consciously or unconsciously, when making such decisions;
- where there is an identified need, the Trust takes positive action to try and encourage a diverse range of applicants.

Equally, all people are treated fairly when in employment with the Trust i.e.

- the Trust actively avoids practices that would put a disabled person at a disadvantage, compared to those who are not disabled;
- the Trust makes reasonable adjustments at work, such as removing or altering a physical feature, or providing a reasonable means of avoiding such a feature, where it would put a disabled person at a substantial disadvantage, compared to those who are not disabled;
- the Trust provides auxiliary aids where a disabled person would otherwise be put at a substantial disadvantage, compared to those who are not disabled;
- all employees, irrespective of disability status, have access to regular supervision, an annual review of their performance, and a personal development plan which identifies their training needs: moreover, the reasons for choosing certain employees for training is clear and based on sound judgments.

In terms of career progression, everyone who applies for a promotion within the Trust receives fair treatment and is considered solely on their ability to do the job. Furthermore, no applicant is placed at a disadvantage by requirements or conditions that are not essential for the performance of the job.

Accountability Report: Remuneration and Staff Report

Equality Delivery System

In order to assure appropriate equity across its workforce, the Trust continued in 2016-17 to review its progress against the relevant components of the updated NHS Equality Delivery System (EDS2). In doing so, the Trust was encouraged to evaluate the impact of the nine criteria shown in the table below, upon groups of staff representing the nine protected characteristics outlined in the Equality Act 2010, namely age, sex, disability, sexual orientation, gender reassignment, marriage or civil partnership, pregnancy and maternity, race / ethnicity, or religion / belief.

A representative and supported workforce	Fair NHS recruitment and selection processes lead to a more representative workforce at all levels
	The NHS is committed to equal pay for work of equal value and expects employers to use equal pay audits to help fulfil their legal obligations
	Training and development opportunities are taken up and positively evaluated by all staff
	When at work, staff are free from abuse, harassment, bullying and violence from any source
	Flexible working options are available to all staff consistent with the needs of the service and the way people lead their lives
	Staff report positive experiences of their membership of the workforce
Inclusive leadership	Boards and senior leaders routinely demonstrate their commitment to promoting equality within and beyond their organisations
	Papers that come before the Board and other major Committees identify equality-related impacts including risks, and say how these risks are to be managed
	Middle managers and other line managers support their staff to work in culturally competent ways within a work environment free from discrimination

However, with the exception of the race/ethnicity which is described under the Workforce Race Equality Standard (WRES) below, the majority of Trust workforce information in 2016/17 was analysed at a more generalized level and therefore did not specifically assess outcomes upon people representing the nine protected characteristics. This was, in part, due to the fact that significant numbers of staff did not wish to disclose details of, for example, their disabilities, sexual orientation or religion, meaning that baseline data was not indicative of the workforce as a whole. The Trust continues to work to improve data reporting.

Accountability Report: Remuneration and Staff Report

Workforce Race Equality Standard

Compliance with the national Workforce Race Equality Standard (WRES) was first introduced in the NHS Standard Contract 2015-16, in response to clear evidence of race inequality in the NHS, and a strong correlation between race equality amongst staff and the quality / safety of provided care.

WRES requires NHS organisations to report annually against nine indicators.

In 2016-17, the Trust's submission was as follows:

Indicator	White colleagues	Black and Minority Ethnic (BME) colleagues
Percentage of Black and Minority Ethnic (BME) staff compared with the overall workforce		4.1% of the total workforce is from a BME background, split 3.5% non-clinical and 4.5% clinical
Relative likelihood of staff being appointed from shortlisting across all posts	2.20 times more likely to be appointed from shortlisting	-
Relative likelihood of staff entering the formal disciplinary process	-	2.21 times more likely to enter the formal disciplinary process
Relative likelihood of staff accessing non-mandatory training and Continuing Professional Development	Equally as likely to access non-mandatory training and Continuing Professional Development	
Percentage of staff experiencing harassment, bullying or abuse from service users, relatives or the public in last 12 months	28.14%	33.33%
Percentage of staff experiencing harassment, bullying or abuse from other staff in last 12 months	22.19%	25.00%
Percentage of staff believing that the Trust provides equal opportunities for career progression or promotion	91.73%	N/A (insufficient responses)
In the last 12 months, percentage of staff who have experienced discrimination from a manager/team leader or other colleague	4.12%	16.67%
Percentage difference between the Trust's Board voting membership and its overall workforce	-4.1% given that none of the Trust's voting members is from a BME background	

Accountability Report: Remuneration and Staff Report

The most significant findings from the above were as follows:

- the proportion of BME colleagues employed by the Trust in 2016 (4.1%) was largely comparable to the percentage of BME people in the Gloucestershire population (4.6%), although this is significantly lower than the proportion of BME people living in England as a whole (14.6%). Nevertheless, it is recognised that relatively few of these colleagues hold senior posts. As a result, the Trust is set to develop and embed talent management and career progression policies: equally, the Trust now advertises job vacancies not only upon the NHS Jobs website, but also within a range of targeted media and publications, such as the national website promoting Black History Month. The Trust is also working with other NHS organisations across the county to encourage community peers within local black and minority ethnic populations, to join a dedicated leadership programme with the aim of becoming Non-Executive Directors;

- in response to the suggestion that people from BME backgrounds appeared to be disadvantaged by both appointment and disciplinary processes, the Trust continues to review sample cases so as to identify, and thereafter address, any underlying issues;

- compared to 2015, there was a marked decrease in 2016 in the percentage of BME staff who experienced harassment, bullying or abuse from both patients/public and colleagues (equating to an overall reduction of 5.13% and 5.77% respectively): however, there still remained clear differences between the experiences of white and BME staff which the Trust continues to explore with colleagues;

- in 2016, there was no decrease in the percentage of BME staff reporting discrimination at work from either their line manager or other colleague: as a result, the Trust undertook a detailed Equalities Survey in December in order to better understand the issues behind the data, and thereby respond accordingly.

A further WRES data submission will be made in August 2017.

Expenditure on consultancy

In 2016-17, the Trust spent £205k on consultancy services. This enlisted the support of a number of external consultancy companies who provided specialist expert input into specific HR, IT, Finance and clinical governance issues, where such expertise did not exist within the Trust workforce at the time

Accountability Report: Remuneration and Staff Report

Off payroll engagements

As at 31 March 2017, the Trust employed no people whose charges exceeded £220 per day and whose contract had lasted longer than six months.

Off-payroll engagements as at 31 March 2016, for more than £220 per day and that had lasted longer than six months:

	Number
Number of existing engagements as of 31 March 2016	0
Of which, the number that have existed:	
for less than one year at the time of reporting	0
for between one and two years at the time of reporting	0
for between 2 and 3 years at the time of reporting	0
for between 3 and 4 years at the time of reporting	0
for 4 or more years at the time of reporting	0

Equally, the Trust employed no contractors at over £220 per day for a six month or longer period within the whole of 2016-17.

All new off-payroll engagements between 1 April 2016 and 31 March 2017, for more than £220 per day and that last longer than six months:

	Number
Number of new engagements, or those that reached six months in duration, between 1 April 2015 and 31 March 2016	0
Number of new engagements which include contractual clauses giving the Trust the right to request assurance in relation to income tax and National Insurance obligations	0
Number for whom assurance has been requested	0
Of which:	
assurance has been received	0
assurance has not been received	0
engagements terminated as a result of assurance not being received	0

In 2016-17 no Board members or senior officials of the Trust were paid off-payroll.

Accountability Report: Remuneration and Staff Report

Exit Packages (Audited)

In 2016-17, two exit payments were paid totalling £21,347 as shown below.

		*Cost of compulsory redundancies	Number of other departures agreed	Cost of other departures agreed	Total number of exit packages	Total cost of exit packages	Number of departures where special payments have been made	Cost of special payment element included in exit packages
	Number	£s	Number	£s	Number	£s	Number	£s
Less than £10,000	-	-	1	7,667	-	-	-	-
£10,000-£25,000	-	-	1	13,680	-	-	-	-
£25,001-£50,000	-	-	-	-	-	-	-	-
£50,001-£100,000	-	-	-	-	-	-	-	-
£100,001-£150,000	-	-	-	-	-	-	-	-
£150,001- £200,000	-	-	-	-	-	-	-	-
>£200,000	-	-	-	-	-	-	-	-
Totals	-	-	2	21,374	-	-	-	-

Redundancy and other departure costs were paid in accordance with the provisions of the Medical and Dental or Agenda for Change Schemes as appropriate. Exit costs are accounted for in full in the year of departure. In 2016-17, the Trust did not agree any early retirements, so there are no additional costs to be met. Ill-health retirement costs are met by the NHS Pensions Scheme and are not included in the table.

No non-contractual payments in lieu of notice were paid. No non-contractual severance payments were made following judicial mediation, and therefore none related to non-contractual payments in-lieu-of-notice.

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

I hereby confirm that the above Accountability Report is a true and accurate representation of Trust activities in 2016/17.

Katie Norton

Katie Norton
Chief Executive, 26th May 2017

Statement of Comprehensive Income for year ended 31 March 2017

	NOTE	Consolidated 2016-17 £000s	Consolidated 2015-16 £000s	2016-17 £000s	2015-16 £000s
Gross employee benefits	6.1	**(78,660)**	(79,268)	**(78,660)**	(79,268)
Other operating costs	4	**(29,561)**	(29,849)	**(29,258)**	(29,849)
Revenue from patient care activities	2	**109,995**	112,941	**109,995**	112,941
Other operating revenue	3	**2,899**	964	**2,629**	964
Operating surplus/(deficit)		**4,673**	4,788	**4,706**	4,788
Investment revenue	8	**16**	19	**16**	19
Finance costs		**0**	(4)	**0**	(4)
Surplus/(deficit) for the financial year		**4,689**	4,803	**4,722**	4,803
Public dividend capital dividends payable		**(2,513)**	(2,637)	**(2,513)**	(2,637)
Retained surplus/(deficit) for the year		**2,176**	2,166	**2,209**	2,166

Other Comprehensive Income

	2016-17 £000s	2015-16 £000s	2016-17 £000s	2015-16 £000s
Impairments and reversals taken to the revaluation reserve	**0**	(6,854)	**0**	(6,854)
Net gain/(loss) on revaluation of property, plant & equipment	**3,865**	0	**3,865**	0
Net actuarial gain/(loss) on pension schemes	**0**	703	**0**	703
Total comprehensive income for the year	**6,041**	(3,985)	**6,074**	(3,985)

Financial performance for the year

Retained surplus/(deficit) for the year	**2,176**	2,087	**2,209**	2,166
Impairments (excluding IFRIC 12 impairments)	**0**	**397**	**0**	397
Adjustments in respect of donated gov't grant asset reserve elimination *[if required]*	**100**	(62)	**100**	(62)
Adjusted retained surplus/(deficit)	**2,276**	2,422	**2,309**	2,501

The notes on pages 53 to 77 form part of this account.

Statement of Financial Position as at 31 March 2017

	NOTE	**Consolidated 31 March 2017**	Consolidated 31 March 2016	**31 March 2017**	31 March 2016
		£000s	£000s	**£000s**	£000s
Non-current assets:					
Property, plant and equipment	10	**80,521**	75,761	**80,371**	75,761
Intangible assets	11	**1,581**	1,256	**1,581**	1,256
Total non-current assets		**82,102**	77,017	**81,952**	77,017
Current assets:					
Inventories	12	**227**	225	**227**	225
Trade and other receivables	13.1	**7,009**	12,833	**6,928**	12,833
Cash and cash equivalents	14	**8,381**	6,112	**8,280**	6,112
Sub-total current assets		**15,617**	19,170	**15,435**	19,170
Total current assets		**15,617**	19,170	**15,435**	19,170
Total assets		**97,719**	96,187	**97,387**	96,187
Current liabilities					
Trade and other payables	15	**(11,703)**	(17,460)	**(11,544)**	(17,460)
Provisions	17	**(1,065)**	(23)	**(1,065)**	(23)
Total current liabilities		**(12,768)**	(17,483)	**(12,609)**	(17,483)
Net current assets/(liabilities)		**2,849**	1,687	**2,826**	1,687
Total assets less current liablilities		**84,951**	78,704	**84,778**	78,704
Non-current liabilities					
Trade and other payables	15	**0**	0	**0**	0
Provisions	17	**0**	0	**0**	0
Total non-current liabilities		**0**	0	**0**	0
Total assets employed:		**84,951**	78,704	**84,778**	78,704
FINANCED BY:					
Public Dividend Capital		**79,982**	79,982	**79,982**	79,982
Retained earnings		**875**	(1,334)	**875**	(1,334)
Revaluation reserve		**6,319**	2,454	**6,319**	2,454
Charitable Funds Reserve		**173**	0		
Other reserves		**(2,398)**	(2,398)	**(2,398)**	(2,398)
Total Taxpayers' Equity:		**84,951**	78,704	**84,778**	78,704

The notes on pages 53 to 77 form part of this account.

The financial statements on pages *50 to 77* were approved by the Board on 26th May 2017 and signed on its behalf by

Chief Executive: Date: **26/05/2017**

Katie Norton

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

	Public Dividend capital	Retained earnings	Revaluation reserve	Other reserves	Total reserves
	£000s	£000s	£000s	£000s	£000s
Balance at 1 April 2016	**79,982**	**(1,334)**	**2,454**	**(2,398)**	**78,704**
Changes in taxpayers' equity for 2016-17					
Retained surplus/(deficit) for the year		2,209			**2,209**
Net gain / (loss) on revaluation of property, plant, equipment			3,865		**3,865**
Net recognised revenue/(expense) for the year	**0**	**2,209**	**3,865**	**0**	**6,074**
Balance at 31 March 2017	**79,982**	**875**	**6,319**	**(2,398)**	**84,778**
Balance at 1 April 2015	**81,482**	**(3,531)**	**9,339**	**(3,101)**	**84,189**
Changes in taxpayers' equity for the year ended 31 March 2016					
Retained surplus/(deficit) for the year		2,166			2,166
Impairments and reversals			(6,854)		(6,854)
Transfers between reserves		31	(31)	0	0
PDC repaid in year	(1,500)				(1,500)
Net actuarial gain/(loss) on pension				703	703
Net recognised revenue/(expense) for the year	**(1,500)**	**2,197**	**(6,885)**	**703**	**(5,485)**
Balance at 31 March 2016	**79,982**	**(1,334)**	**2,454**	**(2,398)**	**78,704**

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

Consolidated

	Public Dividend capital	Retained earnings	Revaluation reserve	Charitable Funds Reserve	Other reserves	Total reserves
	£000s	£000s	£000s	£000s	£000s	£000s
Balance at 1 April 2016	**79,982**	**(1,334)**	**2,454**	**0**	**(2,398)**	**78,704**
Changes in taxpayers' equity for 2016-17						
Retained surplus/(deficit) for the year		2,209				**2,209**
Net gain / (loss) on revaluation of property, plant, equipment			3,865			**3,865**
Revaluation and impairment of Charitable fund assets Charitable Funds Adjustment				173		**173**
Net recognised revenue/(expense) for the year	**0**	**2,209**	**3,865**	**173**	**0**	**6,247**
Balance at 31 March 2017	**79,982**	**875**	**6,319**	**173**	**(2,398)**	**84,951**
Balance at 1 April 2015	**81,482**	**(3,531)**	**9,339**	**0**	**(3,101)**	**84,189**
Changes in taxpayers' equity for the year ended 31 March 2016						
Retained surplus/(deficit) for the year		2,166				2,166
Impairments and reversals			(6,854)			(6,854)
Transfers between reserves		31	(31)		0	0
PDC repaid in year	(1,500)					(1,500)
Revaluation and impairment of Charitable fund assets Charitable Funds Adjustment						0
Net actuarial gain/(loss) on pension					703	703
Net recognised revenue/(expense) for the year	**(1,500)**	**2,197**	**(6,885)**	**0**	**703**	**(5,485)**
Balance at 31 March 2016	**79,982**	**(1,334)**	**2,454**	**0**	**(2,398)**	**78,704**

Information on reserves

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

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

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

4 **Other reserves**
Other reserves are shown in respect of donated assets included on the trust balance sheet.

5 **Charitable Funds Reserve**
This balance represents the ring-fenced funds held by the NHS charitable funds consolidated within these accounts. These reserves are classified as restricted or unrestricted.

Statement of Cash Flows for the Year ended 31 March 2017

	NOTE	Consolidated **2016-17 £000s**	Consolidated 2015-16 £000s	**2016-17 £000s**	2015-16 £000s
Cash Flows from Operating Activities					
Operating surplus		**4,706**	4,788	**4,706**	4,788
Depreciation and amortisation	4	**2,387**	1,912	**2,387**	1,912
Impairments and reversals		**0**	397	**0**	397
Donated Assets received credited to revenue but non-cash	3	**0**	(139)	**0**	(139)
(Increase)/Decrease in Inventories		**(2)**	0	**(2)**	0
(Increase)/Decrease in Trade and Other Receivables		**5,905**	(2,449)	**5,905**	(2,449)
Increase/(Decrease) in Trade and Other Payables		**(6,238)**	8,869	**(6,238)**	8,869
Provisions utilised		**0**	(10)	**0**	(10)
Increase/(Decrease) in movement in non cash provisions		**1,042**	17	**1,042**	17
NHS Charitable Funds - net adjustments for working capital movements, non-cash transactions and non-operating cash flows		**(67)**	0	**0**	0
Net Cash Inflow/(Outflow) from Operating Activities		**7,733**	13,385	**7,800**	13,385
Cash Flows from Investing Activities					
Payments for Property, Plant and Equipment		**(2,612)**	(5,842)	**(2,612)**	(5,842)
Payments for Intangible Assets		**(576)**	(934)	**(576)**	(934)
Proceeds of disposal of assets held for sale (PPE)		**0**	600	**0**	600
Net Cash Outflow from Investing Activities		**(3,188)**	(6,176)	**(3,188)**	(6,176)
Net Cash Inflow before Financing		**4,545**	7,209	**4,612**	7,209
Cash Flows from Financing Activities					
Gross Temporary and Permanent PDC Repaid		**0**	(1,500)	**0**	(1,500)
PDC Dividend paid		**(2,416)**	(2,724)	**(2,416)**	(2,724)
NHS Charitable Funds - net cash flows relating to Financing activities					
Net Cash Outflow from Financing Activities		**(2,416)**	(4,224)	**(2,416)**	(4,224)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**2,129**	2,985	**2,196**	2,985
Cash and Cash Equivalents at Beginning of the Period		**6,280**	3,328	**6,112**	3,328
Effect of exchange rate changes in the balance of cash held in foreign currencies		**(28)**	(201)	**(28)**	(201)
Cash and Cash Equivalents at year end	**14**	**8,381**	6,112	**8,280**	6,112

NOTES TO THE ACCOUNTS

1. Accounting Policies

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

1.1 Accounting convention

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

Going Concern

These accounts have been prepared on a going concern basis
There are no material foreseeable uncertainties trhat impact the basis for this assumption.

1.2 Acquisitions and discontinued operations

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

1.3 Movement of assets within the DH Group

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

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

1.4 Charitable Funds

Under the provisions of IAS 27 Consolidated and Separate Financial Statements, the accounts of Gloucestershire Care Services Charitable Funds Charities which fall under common control with the trust have been consolidated within the entity's financial statements for 2016/17. In accordance with IAS 1 Presentation of Financial Statements, restated prior period accounts have not been presented as the impact is immaterial

As the charity has been consolidated from 1 April 2016 all notes reflect both Group and Trust amounts unless otherwise stated.

1.5 Pooled Budgets

The NHS trust has entered into a pooled budget with Gloucestershire Clincal Commisioning Group and Gloucestershire County Council (GCC). Under the arrangement funds are pooled under S75 of the NHS Act 2006 for community activities.

The pool is hosted by Gloucesatershire Clinical Commisioning Group (GCCG). Payments for services provided by the NHS trust are accounted for as income from GCCG. The NHS trust accounts for its share of the assets, liabilities, income and expenditure arising from the activities of the pooled budget, identified in accordance with the pooled budget agreement.

1.6 Critical accounting judgements and key sources of estimation uncertainty

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

1.6.1 Critical judgements in applying accounting policies

There were four key judgements applied in the preparation of the end of year accounts:

a. Revaluation of fixed assets

Following the full asset revaluation in 15/16 that same valuer was asked to desktop review and provide asn appropriate valuation to use as at 31/3/17. Based on their review a 3.8% uplift (after depreciation) was applied to all property values.
This resulted in an uplift of £3,865k that has been reflected in the year end asset value (and associated increases in PDC charge and depreciation against I&E of approximately £80k)

NOTES TO THE ACCOUNTS

b. Bad debt provision

A provision of £850k has been made in the closing balance sheet (2015/16 was £370k).
This includes provisions against NHS debt of £520k as it is old and unlikely to be recovered. The main amounts provided against (£320k) relate to out of county HIV service provision is with a number of other CCGs and NHSE

c. Tewkesbury Hospital completion costs

Agreement has now been reached with the contracter to put right the remaining concerns with the property.
This issue has therefore now been resolved and the risk has been mitigated.
A provision of £750k has been made in the accounts of the Trust (based on management estimate) to provide for the costs that it expects to incur while the worksd are carried out.

d. Dilapidations on leases

A provision of £300k is in the accounts based on an estimate provided by the estates team.

This figure has been provided as an estimate of the likely costs of returning properties earmarked for exit to same layout and condition on as when the leases commenced.
Exact value is unknown but the £300k represents managments best view of the likely cost to the trust.

1.6.2 Key sources of estimation uncertainty

Key areas of estimation uncertainty are as detailed in note 1.6.1 above regarding judgements applied in the preparation of the accounts.

1.7 Revenue

Revenue in respect of services provided is recognised when, and to the extent that, performance occurs, and is measured at the fair value of the consideration receivable. The main source of revenue for the trust is from commissioners for healthcare services. Revenue relating to patient care spells that are part-completed at the year end are apportioned across the financial years on the basis of *length of stay at the end of the reporting period compared to expected total length of stay/costs incurred to date compared to total expected costs.

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

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

1.8 Employee Benefits

Short-term employee benefits

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

Retirement benefit costs

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

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

Some employees are members of the Local Government Superannuation Scheme, which is a defined benefit pension scheme. The scheme assets and liabilities attributable to those employees can be identified and are recognised in the NHS trust's accounts. The assets are measured at fair value and the liabilities at the present value of the future obligations. The increase in the liability arising from pensionable service earned during the year is recognised within operating expenses. The expected gain during the year from scheme assets is recognised within finance income. The interest cost during the year arising from the unwinding of the discount on the scheme liabilities is recognised within finance costs. Actuarial gains and losses during the year are recognised in the General Fund and reported in the Statement of Changes in Taxpayers Equity

NOTES TO THE ACCOUNTS

The trust also offers a National Employment Savings Trust (NEST) pension scheme for employees for do not or cannot access the NHS pension scheme. The scheme is provided by NEST Corporation (www.nestpensions.org.uk) and the Trust contributes 1% of relevant salaries. The scheme is a defined contribution scheme.

1.9 Other expenses

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

1.10 Property, plant and equipment

Recognition

Property, plant and equipment is capitalised if:

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

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

Valuation

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

Revaluations of property, plant and equipment are performed with sufficient regularity to ensure that carrying amounts are not materially different from those that would be determined at the end of the reporting period. Current values in existing use are determined as follows:

- Land and non-specialised buildings – market value for existing use.
- Specialised buildings – depreciated replacement cost, modern equivalent asset basis.

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

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

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

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

Subsequent expenditure

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

NOTES TO THE ACCOUNTS

1.11 Intangible assets

Recognition
Intangible assets are non-monetary assets without physical substance, which are capable of sale separately from the rest of the trust's business or which arise from contractual or other legal rights. They are recognised only when it is probable that future economic benefits will flow to, or service potential be provided to, the trust; where the cost of the asset can be measured reliably, and where the cost is at least £5000.

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

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

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

1.12 Depreciation, amortisation and impairments

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

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

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

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

1.13 Donated assets

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

1.14 Government grants

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

1.15 Non-current assets held for sale

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

NOTES TO THE ACCOUNTS

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

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

1.16 Leases

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

The trust as lessee

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

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

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

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

The NHS trust as lessor

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

1.17 Inventories

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

1.18 Cash and cash equivalents

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

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

1.19 Provisions

Provisions are recognised when the NHS trust has a present legal or constructive obligation as a result of a past event, it is probable that the NHS trust will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the expenditure required to settle the obligation at the end of the reporting period, taking into account the risks and uncertainties. Where a provision is measured using the cash flows estimated to settle the obligation, its carrying amount is the present value of those cash flows using HM Treasury's discount rates.

Early retirement provisions are discounted using HM Treasury's pension discount rate of positive 0.24% (2015-16: positive 1.37%) in real terms. All other provisions are subject to three separate discount rates according to the expected timing of cashflows from the Statement of Financial Position date:

- A short term rate of negative 2.70% (2015-16: negative 1.55%) for expected cash flows up to and including 5 years
- A medium term rate of negative 1.95% (2015-16: negative 1.00%) for expected cash flows over 5 years up to and including 10 years
- A long term rate of negative 0.80% (2015-16: negative 0.80%) for expected cash flows over 10 years.

All percentages are in real terms.

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

NOTES TO THE ACCOUNTS

A restructuring provision is recognised when the NHS 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.

1.20 Clinical negligence costs

The NHS Litigation Authority (NHSLA) operates a risk pooling scheme under which the trust pays an annual contribution to the NHSLA, which in return settles all clinical negligence claims. The contribution is charged to expenditure. Although the NHSLA is administratively responsible for all clinical negligence cases the legal liability remains with the NHS trust. The total value of clinical negligence provisions carried by the NHSLA on behalf of the trust is disclosed at Note 17

1.21 Non-clinical risk pooling

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

1.22 Contingencies

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

1.23 Financial assets

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

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

Loans and receivables

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

Financial assets are initially recognised at fair value. Fair value is determined by reference to quoted market prices.

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

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

For financial assets carried at amortised cost, the amount of the impairment loss is measured as the difference between the asset’s carrying amount and the present value of the revised future cash flows discounted at the asset’s original effective interest rate.

NOTES TO THE ACCOUNTS

1.24 Financial liabilities

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

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

Financial guarantee contract liabilities

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

● The amount of the obligation under the contract, as determined in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* ; and

● The premium received (or imputed) for entering into the guarantee less cumulative amortisation.

1.25 Value Added Tax

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

1.26 Foreign currencies

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

1.27 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.

1.28 Public Dividend Capital (PDC) and PDC dividend

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

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

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

1.29 Losses and Special Payments

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

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

1.30 Subsidiaries

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

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

1.32 Research and Development

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

NOTES TO THE ACCOUNTS

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

The HM Treasury FReM does not require the following Standards and Interpretations to be applied in 2016-17. These standards are still subject to HM Treasury FReM interpretation, with IFRS 9 and IFRS 15 being for implementation in 2018-19, and the government implementation date for IFRS 16 still subject to HM Treasury consideration.

- IFRS 9 Financial Instruments – Application required for accounting periods beginning on or after 1 January 2018, but not yet adopted by the FReM: early adoption is not therefore permitted
- IFRS 15 Revenue from Contracts with Customers - Application required for accounting periods beginning on or after 1 January 2018, but not yet adopted by the FReM: early adoption is not therefore permitted
- IFRS 16 Leases – Application required for accounting periods beginning on or after 1 January 2019, but not yet adopted by the FReM: early adoption is not therefore permitted.

1.34 Gifts

Gifts are items that are voluntarily donated, with no preconditions and without the expectation of any return. Gifts include all transactions economically equivalent to free and unremunerated transfers, such as the loan of an asset for its expected useful life, and the sale or lease of assets at below market value.

2. Revenue from patient care activities

	2016-17 £000s	2015-16 £000s
NHS Trusts	**15**	44
NHS England	**3,907**	7,719
Clinical Commissioning Groups	**96,181**	92,479
Foundation Trusts	**5,917**	5,809
NHS Other (including Public Health England and Prop Co)	**0**	241
Additional income for delivery of healthcare services	**0**	1,500
Non-NHS:		
Local Authorities	**2,356**	2,786
Private patients	**1**	2
Overseas patients (non-reciprocal)	**7**	1
Injury costs recovery	**333**	482
Other Non-NHS patient care income	**1,278**	1,878
Total Revenue from patient care activities	**109,995**	112,941

3. Other operating revenue

	2016-17 £000s	2015-16 £000s
Education, training and research	**575**	616
Charitable and other contributions to revenue expenditure -non- NHS	**2**	10
Receipt of charitable donations for capital acquisitions	**0**	139
Sustainability & Transformation Fund Income	**1,596**	0
Income generation (Other fees and charges)	**456**	116
Rental revenue from operating leases	**0**	83
Total Other Operating Revenue	**2,629**	964
Charitable Funds Other Operating Income from Donations (shown for 16/17 only)	**270**	**0**
Group Total Other operating Income	**2,899**	**964**

Toal Operating Income

Total Trust operating revenue	112,624	113,905
Charitable Funds Income from Donations (shown for 16/17 only)	270	0
Group Total Operating Revenue	**112,894**	**113,905**

4. Operating expenses

	2016-17 £000s	2015-16 £000s
Services from other NHS Trusts	**0**	80
Services from other NHS bodies	**11**	12
Services from NHS Foundation Trusts	**4,578**	5,381
Total Services from NHS bodies*	**4,589**	5,473
Purchase of healthcare from non-NHS bodies	**1,632**	430
Purchase of Social Care	**151**	154
Trust Chair and Non-executive Directors	**59**	64
Supplies and services - clinical	**7,007**	7,683
Supplies and services - general	**2,693**	1,193
Consultancy services	**205**	50
Establishment	**4,364**	3,454
Transport	**220**	176
Business rates paid to local authorities	**782**	0
Premises	**3,788**	6,435
Hospitality	**2**	24
Insurance	**79**	126
Legal Fees	**53**	25
Impairments and Reversals of Receivables	**370**	196
Depreciation	**2,061**	1,874
Amortisation	**326**	38
Impairments and reversals of property, plant and equipment	**0**	397
Internal Audit Fees	**68**	57
Audit fees	**63**	50
Other auditor's remuneration [detail]	**3**	122
Clinical negligence	**260**	237
Education and Training	**479**	760
Other	**4**	831
Total Operating expenses (excluding employee benefits)	**29,258**	29,849
Employee Benefits		
Employee benefits excluding Board members	**77,869**	78,145
Board members	**791**	1,123
Total Employee Benefits	**78,660**	79,268
Trust Total Operating Expenses	**107,918**	**109,117**
Charitable Funds Operating Costs (Shown for 16/17 only)	303	0
Group Total Operating Costs	**108,221**	**109,117**

5. Operating Leases

5.1. Gloucestershire Care Services NHS Trust as lessee

	Land £000s	Buildings £000s	Other £000s	2016-17 Total £000s	2015-16 £000s
Payments recognised as an expense					
Minimum lease payments				**458**	412
Contingent rents				**900**	977
Total				**1,358**	1,389
Payable:					
No later than one year	**62**	527	145	**734**	734
Between one and five years	**192**	1,782	803	**2777**	2,777
After five years	**500**	3,679	256	**4435**	5,169
Total	**754**	**5,988**	**1,204**	**7,946**	8,680

6. Employee benefits

6.1. Employee benefits

	2016-17 Total £000s	2015-16 Total £000s
Employee Benefits - Gross Expenditure		
Salaries and wages	**64,832**	67,062
Social security costs	**5,474**	4,043
Employer Contributions to NHS BSA - Pensions Division	**8,248**	8,163
Other pension costs	**106**	0
Total employee benefits	**78,660**	79,268
Employee costs capitalised	**0**	0
Gross Employee Benefits excluding capitalised costs	**78,660**	79,268

6.2. Retirements due to ill-health

	2016-17 Number	2015-16 Number
Number of persons retired early on ill health grounds	**1**	11
	£000s	£000s
Total additional pensions liabilities accrued in the year	0	0

6.3 Pension costs

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

Local Government Pension Scheme (LGPS)

As part of the S75 Integrated Services arrangements, the Trust employs staff who were TUPEd from Gloucestershire County Council. As part of the TUPE transfer, former local authority staff could elect to remain in the LGPS. The LGPS is a defined benefit statutory scheme administered by the County Council in accordance with the LGPS (Benefits, Membership and Contributions) Regulations 2007; the LGPS (Administration) Regulations 2008 and the LGPS (Transitional Provisions) Regulations 2008. It is contracted out of the State Second Pension.

During the financial period 1 April 2016 to 31 March 2017, the Trust's pension contributions totaled £108k and employees' contributions totaled £27k.

Key Assumptions in actuarial valuation of assets and liabilities	31-Mar-17 %	31-Mar-16 %
Pension Increase Rate	2.40%	2.20%
Salary Increase Rate	2.70%	3.70%
Discount Rate	2.50%	3.90%

The fair value of employer assets of the whole fund as at 31 March 2017 is as shown below:

	31-Mar-17		31-Mar-16	
Assets	**£000s**	**%**	**£000s**	**%**
Equity Securities	1,398	18%	1,256	19%
Debt Securities	1,026	13%	1,050	16%
Private Equity	20	0%	19	0%
Real Estate	535	7%	519	8%
Investment Funds & Unit Trusts	4,563	60%	3,622	55%
Derivatives	6	0%	-1	0%
Cash and Cash Equivalents	111	1%	72	1%
	7,658	**100%**	**6,537**	**100%**

The details of the Trust's share of assets and the net position as included in the accounts are as follows:

	Assets £000s	Obligations £000s	Net liability £000s
Fair Value of employer assets	6,537	0	6,537
Present value of funded liabilities	0	-6,330	-6,330
Opening position at 31 March 2016	**6,537**	**-6,330**	**207**
Current service cost		-115	-115
Net interest			
Interest on plan assets	254	0	254
Interest cost on defined benefit obligation	0	-246	-246
Total net interest	254	-246	8
Total defined benefit cost recognised in Profit or Loss	254	-361	-107
Cashflow			
Participants contributions	27	-27	0
Employer contributions	108	0	108
Benefits paid	-181	181	0
Expected closing position	**6,745**	**-6,537**	**208**
Remeasurements			
Change in demographic assumptions	0	-5	-5
Change in financial assumptions	0	-1,526	-1,526
Other experience	0	463	463
Returns on assets excluding amounts included in net interest	913		913
Total remeasurements recognised in other comprehensive income	**913**	**-1,068**	**-155**
Fair value of employer assets	7,658	0	7,658
Present Value of funded liabilities	0	-7,605	-7,605
Closing position at 31 March 2017	**7,658**	**-7,605**	**53**
In Year Movement	**1,121**	**-1,275**	**-154**

The in year reduction in attributable net assets hasnt been reflected in the accounts of the trust. The Trust elected at 31/3/16 not to show the value of any attributable surplus pension scheme assets on its balance sheet as there is no scenario where these would become the property of the Trust.

7. Better Payment Practice Code

7.1. Measure of compliance

	2016-17 Number	2016-17 £000s	2015-16 Number	2015-16 £000s
Non-NHS Payables				
Total Non-NHS Trade Invoices Paid in the Year	**21,154**	**40,438**	28,330	29,213
Total Non-NHS Trade Invoices Paid Within Target	**19,352**	**36,450**	26,005	26,344
Percentage of NHS Trade Invoices Paid Within Target	**91.48%**	**90.14%**	91.79%	90.18%
NHS Payables				
Total NHS Trade Invoices Paid in the Year	**632**	**1,371**	380	**5,265**
Total NHS Trade Invoices Paid Within Target	**129**	**823**	191	**4,816**
Percentage of NHS Trade Invoices Paid Within Target	**20.41%**	**60.03%**	50.26%	91.47%

The Better Payment Practice Code requires the NHS body to aim to pay all valid invoices by the due date or within 30 days of receipt of a valid invoice, whichever is later.

8. Investment Revenue

	2016-17 £000s	2015-16 £000s
Rental revenue	**0**	0
Interest revenue		
Bank interest	**16**	19
Total investment revenue	**16**	19

9. Audit Costs

9.1. Other auditor remuneration

	2016-17 £000s	2015-16 £000s
Other auditor remuneration paid to the external auditor:		
1. Audit of accounts of any associate of the trust	**43**	45
2. Audit-related assurance services	**20**	5
3. Taxation compliance services	**0**	0
4. All taxation advisory services not falling within item 3 above	**0**	0
5. Internal audit services	**0**	0
6. All assurance services not falling within items 1 to 5	**0**	0
7. Corporate finance transaction services not falling within items 1 to 6 above	**0**	0
8. Other non-audit services not falling within items 2 to 7 above	**0**	0
Total	**63**	**50**

9.2. Limitation on auditor's liability

There is no limitation on auditor's liability for external audit work carried out for the financial years 2016/17 or 2015/16.

10.1. Property, plant and equipment

2016-17	Land	Buildings excluding dwellings	Dwellings	Assets under construction & payments on account	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Cost or valuation:									
At 1 April 2016	11,799	65,733	0	2,293	5,109	160	3,056	1,080	**89,230**
Additions of Assets Under Construction				74					**74**
Additions Purchased	0	0	0		498	0	1,840	394	**2,732**
Reclassifications	0	926	0	(926)	0	0	0	0	**0**
Revaluation	0	3,865	0	0	0	0	0	0	**3,865**
At 31 March 2017	**11,799**	**70,524**	**0**	**1,441**	**5,607**	**160**	**4,896**	**1,474**	**95,901**
Depreciation									
At 1 April 2016	0	10,248	0		1,894	69	813	445	**13,469**
Charged During the Year	0	905	0		528	23	498	107	**2,061**
At 31 March 2017	**0**	**11,153**	**0**	**0**	**2,422**	**92**	**1,311**	**552**	**15,530**
Net Book Value at 31 March 2017	**11,799**	**59,371**	**0**	**1,441**	**3,185**	**68**	**3,585**	**922**	**80,371**
Asset financing:									
Owned - Purchased	11,799	59,371	0	1,441	3,185	68	3,585	922	**80,371**
Total at 31 March 2017	**11,799**	**59,371**	**0**	**1,441**	**3,185**	**68**	**3,585**	**922**	**80,371**

Revaluation Reserve Balance for Property, Plant & Equipment

	Land	Buildings	Dwellings	Assets under construction & payments on account	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
At 1 April 2016	0	2,454	0	0	0	0	0	0	**2,454**
Movements	0	3,865	0	0	0	0	0	0	**3,865**
At 31 March 2017	**0**	**6,319**	**0**	**0**	**0**	**0**	**0**	**0**	**6,319**

Additions to Assets Under Construction in 2016-17

Land	0
Buildings excl Dwellings	42
Dwellings	0
Plant & Machinery	32
Balance as at YTD	**74**

Note that group total assets at 31/3/17 include land valued at £150k owned by Charitable funds

10.2. Property, plant and equipment prior-year

2015-16	Land	Buildings excluding dwellings	Dwellings	Assets under construction & payments on account	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Cost or valuation:									
At 1 April 2015	11,360	67,170	0	3,672	6,926	160	2,226	1,772	**93,286**
Additions of Assets Under Construction				1,984					**1,984**
Additions Purchased	600	705	0		13	0	101	13	**1,432**
Additions - Non Cash Donations (i.e. Physical Assets)	0	0	0	0	139	0	0	0	**139**
Reclassifications	250	1,633	0	(3,363)	489	0	455	176	**(360)**
Impairment/reversals charged to reserves	0	(397)	0	0	0	0	0	0	**(397)**
Impairments/reversals charged to operating expenses	(411)	(3,378)	0	0	(2,458)	0	274	(881)	**(6,854)**
At 31 March 2016	**11,799**	**65,733**	**0**	**2,293**	**5,109**	**160**	**3,056**	**1,080**	**89,230**
Depreciation									
At 1 April 2015	0	9,342	0		1,405	46	436	366	**11,595**
Charged During the Year	0	906	0		489	23	377	79	**1,874**
At 31 March 2016	**0**	**10,248**	**0**	**0**	**1,894**	**69**	**813**	**445**	**13,469**
Net Book Value at 31 March 2016	**11,799**	**55,485**	**0**	**2,293**	**3,215**	**91**	**2,243**	**635**	**75,761**
Asset financing:									
Owned - Purchased	11,799	55,485	0	2,293	3,021	91	2,243	635	**75,567**
Owned - Donated	0	0	0	0	194	0	0	0	**194**
Total at 31 March 2016	**11,799**	**55,485**	**0**	**2,293**	**3,215**	**91**	**2,243**	**635**	**75,761**

11. Intangible non-current assets

11.1. Intangible non-current assets

2016-17	IT - in-house & 3rd party software	Computer Licenses	Licenses and Trademarks	Patents	Total
	£000's	£000's	£000's	£000's	£000's
At 1 April 2016	**1,294**	**0**	**0**	**0**	**1,294**
Additions of Assets Under Construction					**0**
Additions Purchased	651	0	0	0	**651**
At 31 March 2017	**1,945**	**0**	**0**	**0**	**1,945**
Amortisation					
At 1 April 2016	**38**	**0**	**0**	**0**	**38**
Charged During the Year	**326**	**0**	**0**	**0**	**326**
At 31 March 2017	**364**	**0**	**0**	**0**	**364**
Net Book Value at 31 March 2017	**1,581**	**0**	**0**	**0**	**1,581**
Asset Financing: Net book value at 31 March 2017 comprises:					
Purchased	1,581	0	0	0	**1,581**
Donated	0	0	0	0	**0**
Total at 31 March 2017	**1,581**	**0**	**0**	**0**	**1,581**
Revaluation reserve balance for intangible non-current assets					
	£000's	**£000's**	**£000's**	**£000's**	**£000's**
At 1 April 2016	0	0	0	0	**0**
At 31 March 2017	**0**	**0**	**0**	**0**	**0**

11.2. Intangible non-current assets prior year

2015-16	IT - in-house & 3rd party software	Computer Licenses	Licenses and Trademarks	Patents	Total
	£000's	£000's	£000's	£000's	£000's
Cost or valuation:					
At 1 April 2015	0	0	0	0	**0**
Additions - purchased	934	0	0	0	**934**
Reclassifications	360	0	0	0	**360**
At 31 March 2016	1,294	0	0	0	1,294
Amortisation					
Charged during the year	38	0	0	0	**38**
At 31 March 2016	38	0	0	0	**38**
Net book value at 31 March 2016	**1,256**	**0**	**0**	**0**	**1,256**
Net book value at 31 March 2016 comprises:					
Purchased	1,256				**1,256**
Donated	0				**0**
Total at 31 March 2016	**1,256**	**0**	**0**	**0**	**1,256**

12. Inventories

	Drugs	Consumables	Loan Equipment	Other	Total	Of which held at NRV
	£000s	£000s	£000s	£000s	£000s	£000s
Balance at 1 April 2016	**0**	**225**	**0**	**0**	**225**	0
Additions	0	7,208	0	0	**7,208**	0
Inventories recognised as an expense in the period	0	(7,206)	0	0	**(7,206)**	0
Balance at 31 March 2017	**0**	**227**	**0**	**0**	**227**	**0**

13.1. Trade and other receivables

	Current		Non-current	
	31 March 2017	31 March 2016	**31 March 2017**	31 March 2016
	£000s	£000s	**£000s**	£000s
NHS receivables - revenue	**4,315**	5,992	**0**	0
NHS prepayments and accrued income	**820**	2,140	**0**	0
Non-NHS receivables - revenue	**1,598**	3,320	**0**	0
Non-NHS prepayments and accrued income	**893**	1,821	**0**	0
PDC Dividend prepaid to DH	**0**	40	**0**	0
Provision for the impairment of receivables	**(850)**	(480)	**0**	0
VAT	**152**	0	**0**	0
Total	**6,928**	12,833	**0**	0
Trust Total current and non current	**6,928**	12,833		
Included in NHS receivables are prepaid pension contributions:	**0**			
Charitable funds trade receivables (31/3/17 only)	**81**	0	**0**	0
Group Total Trade and Other Receivables	**7,009**	**12,833**	**0**	**0**

The great majority of trade is with NHS Clinical commisioning groups (CCGs), NHS England and Gloucestershire County Council . As these are funded by Government to buy NHS patient care services, no credit scoring of them is considered necessary.

13.2. Receivables past their due date but not impaired

	31 March 2017	31 March 2016
	£000s	£000s
By up to three months	**0**	2,485
By three to six months	**0**	1,959
By more than six months	**0**	2,480
Total	**0**	6,924

13.3. Provision for impairment of receivables

	2016-17 £000s	2015-16 £000s
Balance at 1 April 2016	**(480)**	(284)
Amount recovered during the year	**0**	284
(Increase)/decrease in receivables impaired	**(370)**	(480)
Balance at 31 March 2017	**(850)**	(480)

14. Cash and Cash Equivalents

	31 March 2017 £000s	31 March 2016 £000s
Opening balance	**6,112**	3,328
Net change in year	**2,168**	2,784
Closing balance	**8,280**	6,112
Made up of		
Cash with Government Banking Service	**8,278**	6,111
Cash in hand	**2**	1
Trust Total Cash and cash equivalents as in statement of cash flows	**8,280**	6,112
Charitable funds Bank Balance with Government Banking Service (31/3/17 only)	101	0
Group Total Cash and cash equivalents as in statement of cash flows	**8,381**	**6,112**

15. Trade and other payables

	Current		Non-current	
	31 March 2017 £000s	31 March 2016 £000s	**31 March 2017 £000s**	31 March 2016 £000s
NHS payables - revenue	**2,416**	5,964	**0**	0
NHS payables - capital	**950**	0	**0**	0
NHS accruals and deferred income	**94**	(482)	**0**	0
Non-NHS payables - revenue	**1,686**	4,065	**0**	0
Non-NHS payables - capital	**883**	1,511	**0**	0
Non-NHS accruals and deferred income	**4,146**	4,312	**0**	0
Social security costs	**813**	1,650		
PDC Dividend payable to DH	**57**	0		
VAT	**0**	(53)	**0**	0
Tax	**499**	492		
Payments received on account	**0**	1	**0**	0
Total	**11,544**	17,460	**0**	0
Trust Total payables (current and non-current)	**11,544**	**17,460**		
Charitable Funds Trade and Other Payables (31/3/17 only)	**159**	**0**		
Group Total payables (current and non-current)	**11,703**	**17,460**		
Included above:				
outstanding Pension Contributions at the year end	**1,119**	980		

16. Deferred income

	Current		Non-current	
	31 March 2017 £000s	31 March 2016 £000s	**31 March 2017 £000s**	31 March 2016 £000s
Opening balance at 1 April 2016	**220**	220	**0**	0
Deferred revenue addition	**0**	0	**0**	0
Transfer of deferred revenue	**0**	0	**0**	0
Current deferred Income at 31 March 2017	**220**	220	**0**	0
Total deferred income (current and non-current)	**220**	220		

17. Provisions

		Comprising:		
	Total	**Early Departure Costs**	**Legal Claims**	**Other**
	£000s	**£000s**	**£000s**	**£000s**
Balance at 1 April 2016	**23**	0	23	0
Arising during the year	**1,065**	0	15	1,050
Reversed unused	**(23)**	0	(23)	0
Balance at 31 March 2017	**1,065**	**0**	**15**	**1,050**
Expected Timing of Cash Flows:				
No Later than One Year	**1,065**	0	15	1,050
Later than One Year and not later than Five Years	**0**	0	0	0
Later than Five Years	**0**	0	0	0

Amount Included in the Provisions of the NHS Litigation Authority in Respect of Clinical Negligence Liabilities:

As at 31 March 2017	452
As at 31 March 2016	228

Other provisions arising in year amount to £1,050k

This figure relates to two separate costs that management consider to be quantifiable and likely to arise in the foreseeable future.

a. Tewkesbury Hospital completion costs

Agreement has now been reached with the contractor to complete the remaining works on the property.
A provision of £750k has been made in the accounts of the Trust (based on management estimate) to provide for the costs that it expects to incur during the period from June to September 2017.

b. Dilapidations on leases

A provision of £300k is in the accounts based on an estimate provided by the estates team.
The amount is an estimate of the likely costs of returning properties earmarked for exit to same layout and condition on as when they were originally occupied by the trust
Exact value is unknown but the £300k represents managements best view of the likely cost to the trust.

18. Analysis of charitable fund reserves

	31 March 2017
	£000s
Restricted / Endowment Funds	148
Non-Restricted Funds	25
	173

The accounts of the Gloucestershire Care Services NHS Trust Charities were consolidated during 161/7 with those of the trust to create the group figures shown in the statement of financial position.

Non-restricted funds are accumulated income funds that are expendable at the discretion of the trustees in furtherance of the charity's objects. Unrestricted funds may be earmarked or designated for specific future purposes which reduces the amount that is readily available to the charity.

Restricted funds may be accumulated income funds which are expendable at the trustee's discretion only in furtherance of the specified conditions of the donor and the objects of the charity. They may also be capital funds (e.g. endowments) where the assets are required to be invested, or retained for use rather than expended.

19. Events after the end of the reporting period

No events have occurred since the balance sheet date that require adjustment or disclosure.

20. Related party transactions

During the year none of the Department of Health Ministers, Trust board members or members of the key management staff, or parties related to any of them, has undertaken any material transactions with the Trust

The Department of Health is regarded as a related party. During the year the Trust has had a significant number of material transactions with the Department, and with other entities for which the Department is regarded as the parent

CCGs
NHS Foundation Trusts
NHS Trusts
NHS Litigation Authority
NHS Business Services Authority

In addition, the Trust has had a number of material transactions with Gloucestershire County Council in respect of joint commisioning of services.

The Trust has also received revenue and capital payments from a number of charitable funds, certain of the trustees for which are also members of the Trust board.

21. Losses and special payments

The total number of losses cases in 2016-17 and their total value was as follows:

	Total Value of Cases £s	Total Number of Cases
Special payments	3,099	8
Total losses and special payments and gifts	3,099	8

The total number of losses cases in 2015-16 and their total value was as follows:

	Total Value of Cases £s	Total Number of Cases
Special payments	14265	11
Total losses and special payments	14,265	11

22. Financial performance targets

The trust was formed on 1 April 2013 so no figures are avaialble prior to that date

22.1. Breakeven performance

	2013-14 £000s	2014-15 £000s	2015-16 £000s	2016-17 £000s
Turnover	108,980	114,111	113,905	112,624
Retained surplus/(deficit) for the year	(3,024)	1,386	2,166	2,209
Adjustment for:				
Timing/non-cash impacting distortions:				
Adjustments for impairments	5,845	0	397	0
Adjustments for impact of policy change re donated/government grants assets	(165)	122	(62)	100
Absorption accounting adjustment	(650)	0	0	0
Break-even in-year position	**2,006**	**1,508**	**2,501**	**2,309**
Break-even cumulative position	**2,006**	**3,514**	**6,015**	**8,324**

	2013-14 %	2014-15 %	2015-16 %	2016-17 %
Materiality test (I.e. is it equal to or less than 0.5%):				
Break-even in-year position as a percentage of turnover	1.84	1.32	2.20	2.05
Break-even cumulative position as a percentage of turnover	1.84	3.08	5.28	7.39

22.2. Capital cost absorption rate

The dividend payable on public dividend capital is based on the actual (rather than forecast) average relevant net assets based on the pre audited accounts and therefore the actual capital cost absorption rate is automatically 3.5%.

22.3. External financing

The Trust is given an external financing limit which it is permitted to undershoot.

	2016-17 £000s	2015-16 £000s
External financing limit (EFL)	(185)	(4,173)
Cash flow financing	(2,196)	(4,485)
External financing requirement	**(2,196)**	(4,485)
Under/(over) spend against EFL	**2,011**	312

22.4. Capital resource limit

The Trust is given a capital resource limit which it is not permitted to exceed.

	2016-17 £000s	2015-16 £000s
Gross capital expenditure	3,457	4,489
Less: book value of assets disposed of	0	(600)
Less: donations towards the acquisition of non-current assets	0	(139)
Charge against the capital resource limit	**3,457**	3,750
Capital resource limit	3,887	4,350
(Over)/underspend against the capital resource limit	**430**	600

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF DIRECTORS OF GLOUCESTERSHIRE CARE SERVICES NHS TRUST

We have audited the financial statements of Gloucestershire Care Services NHS Trust for the year ended 31 March 2017 on pages 50 to 77 under the Local Audit and Accountability Act 2014. These financial statements have been prepared under applicable law and the accounting policies directed by the Secretary of State with the consent of the Treasury as relevant to NHS Trusts in England. We have also audited the information in the Remuneration and Staff Report that is subject to audit.

This report is made solely to the Board of Directors of Gloucestershire Care Services NHS Trust, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our audit work has been undertaken so that we might state to the Board of the Trust, as a body, those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Board of the Trust, as a body, for our audit work, for this report or for the opinions we have formed.

Respective responsibilities of Directors, the Accountable Officer and auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 23, the Directors are responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements.

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

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

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in November 2016, as to whether the Trust had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for

taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Trust put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2017.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Trust had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of the Trust as at 31 March 2017 and of the Trust's expenditure and income for the year then ended; and
- have been properly prepared in accordance with the accounting policies directed by the Secretary of State with the consent of the Treasury as relevant to NHS Trusts in England.

Opinion on other matters

In our opinion:

- the parts of the Remuneration and Staff Report subject to audit have been properly prepared in accordance with the accounting policies directed by the Secretary of State with the consent of the Treasury as relevant to NHS Trusts in England; and
- the other information published together with the audited financial statements in the Annual Report and Accounts is consistent with the financial statements.

Matters on which we are required to report by exception

We are required to report to you if:

- in our opinion the governance statement does not comply with the Department of Health Group Accounting Manual 2016/17; or
- we refer a matter to the Secretary of State under section 30 of the Local Audit and Accountability Act 2014 because we have reason to believe that the Trust, or an officer of the Trust, is about to make, or has made, a decision which involves or would involve the body incurring unlawful expenditure, or is about to take, or has begun to take a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency; or
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014; or
- we make a written recommendation to the Trust under section 24 of the Local Audit and Accountability Act 2014; or
- we are not satisfied that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2017.

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

Certificate

We certify that we have completed the audit of the accounts of Gloucestershire Care Services NHS Trust in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

Rees Batley
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
66 Queen Square
Bristol
BS1 4BE

1 June 2017