

# **FINANCIAL INFORMATION & REVIEW ANNUAL REPORT AND ACCOUNTS FINANCIAL YEAR 2011-12**

**“Financial sustainability: make efficient and effective use of resources, improving our position year on year through strong financial management that delivers a recurrent financial surplus”**

**A Corporate Objective**

# **ANNUAL GOVERNANCE STATEMENT 2011/12**

## **AVON & WILTSHIRE MENTAL HEALTH PARTNERSHIP NHS TRUST**

### **1. Scope of responsibility**

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

My Executive members meet regularly with commissioners to review performance against contractual obligations.

These meetings review the services provided for the NHS and informs objectives for social care. I and the Trust have arrangements in place to work in partnership with primary care trusts (PCTs) and local authorities. There will be appropriate arrangements in place by the end of the calendar year with all local authorities, these will govern the operation of social care arrangements. These arrangements with partner organisations reflect the legal responsibility and accountability for joint delivery agreements relating to service delivery and finance.

In April 2012, there was a change in senior leadership of the Trust announced in which the Chair of the Trust had resigned and the Chief Executive had commenced a period of leave. The Trust has therefore appointed an interim Chair and Acting Chief Executive ahead of the relevant appointment arrangements.

### **2. The purpose of the system of internal control**

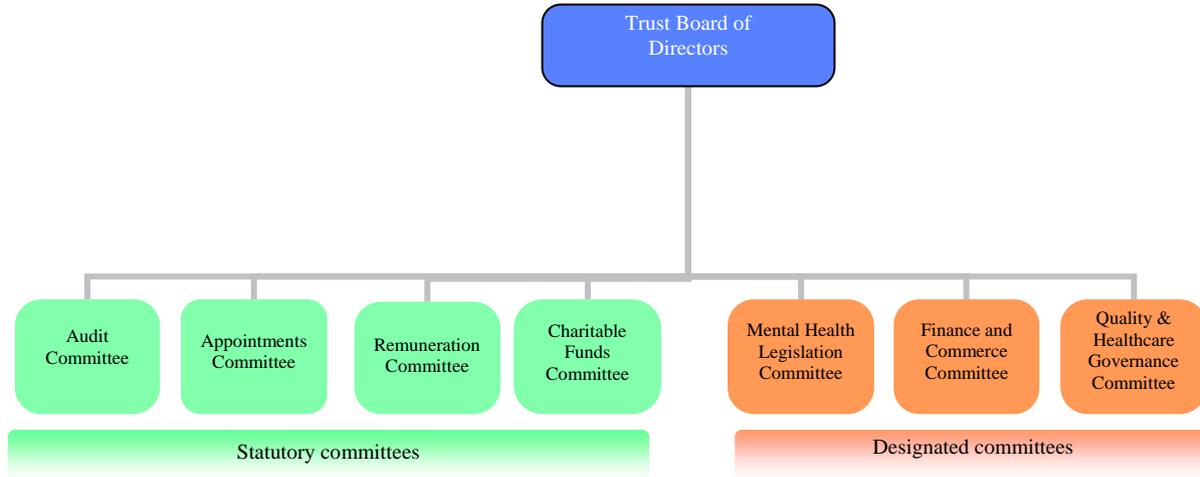
The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing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

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

The system of internal control has been in place in Avon & Wiltshire Mental Health Partnership NHS Trust for the year ended 31 March 2012 and up to the date of approval of the annual report and accounts.

### 3. The Governance Framework and Board Effectiveness

The Board Committee Structure for the Trust is shown below that highlights the statutory and designated Board Committee's of the Trust during 2011/12.



The Board committees are all chaired by non-executive directors with their membership being drawn from the members of the Board. The committees provide both statutory compliance through their roles and functions, as well as monitoring and scrutiny across the functions of the Trust. This gives the Board of Directors first-hand knowledge of the quality, standards and effectiveness of the Trust's services and levels of performance.

The committees have the following roles, functions and meeting cycles:

<b>Committee</b>	<b>Membership</b>	<b>Frequency</b>	<b>Principal Functions</b>
Audit	Three non-executive directors	Quarterly	To monitor, review and report to the Board on the suitability and efficacy of the Trust's provisions for governance, risk management and internal control
Appointments	Chair of the Board, Chief Executive and all non-executive directors	As required	To conduct the formal appointment to, and removal from, office of directors
Charitable Funds	Two executive directors and two non-executive directors	Twice annually	To monitor the application of all charitable funds on behalf of the Trust Board of Directors as Trustees of Charitable Funds
Finance and Commerce	Three non-executive directors and the Executive Director of Finance and Commerce and Deputy Chief Executive	Six times a year	To provide specialist financial and commercial scrutiny and oversight
Mental Health Legislation	Three non-executive directors	Six times a year	To exercise statutory duties associated with the Mental Health Act and the Mental Capacity Act
Quality and Healthcare Governance	Three non-executive directors, Chief Executive, Executive Director of People, and Executive Director of Nursing, Compliance, Assurance and Standards. Clinical directors, the Director of Operations, Deputy Director of Quality, and two Professional Council members are also invited.	Monthly	To monitor, review and report to the Board on risk and risk mitigation standards of quality, compliance and performance of Trust services
Remuneration	At least four non-executive directors	As required	To agree policy and frameworks for executive and senior officer remuneration

The Board has during 2011/12 agreed its own performance evaluation framework and as part of that ongoing work the Trust will commission an independent evaluation of the Board during the 2012/13 financial year. During 2011/12, the Trust has carried out an Internal Performance assessment of Board sub-committee's and this will continue with Internal and External validations being used for future years. There has also been external validation in terms of the Historic Due Diligence (HDD) refresh exercise that was completed in January 2012 and Strategic Health Authority (SHA) Board observation in February 2012. There has also been internal audit coverage on governance areas during the year as part of the annual audit planned work and the governance statement arrangements are then reviewed by External Audit. The Board has started work on assessing its compliance with the Corporate Governance Code during the year and will continue this work in 2012/13. It is currently not aware of any breaches of condition in relation to this code.

The Audit Committee has carried out various work during the year including reviewing progress against planned objectives and key areas and this has involved approval of financial statements, risks management reviews, review of assurance framework and the overseeing of the audit and fraud work programmes.

#### **4. Capacity to handle risk**

The Trust reviewed its risk management arrangements this year and the Trust Board approved a new strategy in March 2012 which has been made available to all staff. The strategy sets out the Trust's approach to risk identification, evaluation, treatment and exposure and sets objectives for the management of risk. The management of risk was overseen by the Quality and Healthcare Governance Committee which is chaired by the Trust Chair. Systems exist in the Trust for the identification, assessment and analysis of risk and the Trust uses its risk register to record and communicate risks. Each risk has an identified executive director owner and is assessed for probability of occurrence and impact. Different types of risk are measured with a common currency and significant/key risks have been defined and identified. A programme of action, management and control is required for each significant risk

Risks systematically identified, recorded, assessed and analysed include risks identified through the Trust's business planning processes, through its annual objective setting processes and risks arising from operational, project and governance issues. The corporate risk register is underpinned and informed by directorate and local risk registers and risk flows between these.

The Trust's arrangements for risk management is subject to an annual scrutiny by the Trust's Audit Committee and the risk register was presented to the Board at each of its meetings throughout the 2011/12 financial year. These arrangements were also validated by Internal Audit.

The promulgation of risk management activities throughout the Trust is largely supported by the seven management groups reporting to the Executive Management Team (EMT). These are the:

- Critical Incident & Overview Group (CIOG)
- Information Governance Management Group
- Modernisation and Workforce Management Group
- Safety Management Group
- Patient Experience, Environment, Partnership Management Group
- Quality and Effectiveness Management Group
- Finance Management Group
- Mental Health Legislation & Safeguarding Management Group

Additionally each Strategic Business Unit has responsibility for identifying and managing risks. The EMT reviews the Trusts risk register on a monthly basis prior to submission to the Board. Each risk register shows mitigating actions to safeguard against the emergence of a significant control failure.

The Trust has a range of risk management training opportunities for executives, clinicians, managers and staff including a programme of training in root cause analysis investigation techniques. Additionally the Trust provides general, clinical and specialist Information Governance training. The Trust has well embedded processes for considering, digesting and learning lessons from good practice recommendations identified from national guidance, audit processes, complaints, adverse incidents and other sources.

In 2011-12 a key risk was faced by the Trust in the ongoing need to make efficiency savings in a difficult financial climate while maintaining the achievement of Trust strategic objectives. Given the financial climate and the impact on public services it will be essential in the coming year and beyond to continue to plan and deliver efficiency and further savings in a timely manner and ensure that all quality and safety targets are still achieved. The Trust has processes to identify, monitor and manage these challenges and the achievement of savings targets remain under constant review by the Trust.

## 5. The risk and control framework

The risk management strategy sets out key strategic objectives for the management of risk. It defines individual Executive Management Team and committee responsibilities for risk management and establishes acceptable levels of authority for resolving risks. The Risk and Control framework have been chosen to deliver reasonable assurance for the prevention of risks, deterrent to risks arising (i.e. fraud deterrents) and management of both manifest and potential risks.

The risk management strategy additionally describes the Trust's risk management processes in detail and states how risks are identified, evaluated, registered and treated. The strategy is underpinned by a separate incident management policy which describes how incidents are reported and managed and identifies the processes that must be adopted in the event of a serious untoward event.

Serious untoward incidents are subject to close scrutiny by the Critical Incident Overview Group (CIOG) chaired by the Medical Executive Director and monitoring processes are in place to check that reporting and investigation timescales are achieved, that quality assurance processes are operating effectively and that identified learning is acted upon.

Any risks to data security are captured and recorded on the Trust's risk register and escalated to the Trust Board if necessary. Any incidents involving data security are captured on the Trust's incident report form and are managed and investigated in accordance with the incident management policy.

As part of its annual planning, the Trust Board agreed its key strategic and principal objectives as:

**a. Succeeding Together:** To contribute individually and collectively to our roles and responsibilities in delivering these Principal Objectives.

**b. Service Modernisation:** To continue the development of our services, providing modern, recovery focussed services that:

- Are personalised,
- Enhance choice,
- Change lives

**c. High Quality Care for All:** To exceed all externally set service and quality targets, stretching performance by developing meaningful outcome measures.

**d. Financial Performance:** To make the most efficient and effective use of resources, living within our financial means and continuing to deliver the 2011/12 Control Total.

**e. Engaging and Responding:** To shape our services in partnership, taking on board the views of users, carers, staff, commissioners and communities.

**f. Seamless Services Delivered in Partnership:** To ensure that internally we make the best use of all Trust synergies and resources, and that we harness our shared skills to work in partnership with other agencies to provide a holistic service that promotes well-being.

**g. Corporate Social Responsibility:** To invest in the future of our communities, promoting social inclusion, challenging stigma and fulfilling our duty to protect the environment.

**h. Fit for Future:** To make the best use of technology to improve ease of access to services, quality of delivery and efficiency

**i. Accessible and Reliable Information:** To further improve the quality and availability of information to inform service delivery and to support consumer choice

**j. Leading Development:** To continue our important leadership role, working with local, regional and national bodies in the development of policy and practice. The key risks relating to each principal objective were identified and actions were put in place to mitigate the risks, with controls to assure the Trust Board that mitigated actions had been taken. All of this information went into the Trust's assurance framework which was ratified by the Trust Board, following a special meeting of the Audit Committee to consider the framework in detail. The Board was provided with progress updates that included the effectiveness of the controls put in place and independent assurance that the objectives would be met. Independent assurances are identified from a range of sources, including internal and external audit reports, staff and patient survey results, as well as benchmark performance reports, etc.

The Trust's assurance framework provides evidence that the Trust had effective controls in place to manage identified risks to meet its objectives. The achievement of the objectives has been verified wherever possible by the sourcing of independent assurance.

Service users, carers and often local communities are engaged in understanding risks and managing them. Service users and carers are involved in many Trust activities and contribute to improving care planning and delivery processes linked to the care programme approach (CPA) and are influential in policy development. The risk register includes risks that the Trust shares or holds individually with other partners.

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

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

The Trust has undertaken a climate change risk assessment and has developed an Adaptation plan to support its emergency preparedness and civil contingency requirements, as based on the UK climate projections 2009 (UKCP09), to ensure that this organisations obligations under the climate change act are met.

In line with all providers of service for the NHS, the Trust has during the 2011/12 year been required to be registered with the Care Quality Commission (CQC). The Trust was first successfully registered by the CQC during the 2009/10 financial year to provide services under:

- Assessment or Medical Treatment for people detained under the Mental Health Act 1983
- Diagnostic and Screening Procedures
- Treatment of disease, disorder or injury

The Trust was registered with no conditions.

The Trust currently has outstanding moderate concerns in relation to suitability of one of its facilities. This has been given a high priority in the current capital programme with a feasibility study underway to identify alternative accommodation. In the meantime, mitigations have been put in place for the existing environment.

## 6. Review of effectiveness

As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review is informed in a number of ways. The Head of Internal Audit provides me with an opinion on the overall arrangements for gaining assurance through the Assurance Framework and on the controls reviewed as part of the internal audit work. Executive 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 internal self assessment processes undertaken in replacing the Auditor's Local Evaluation as well as a range of internal and external audits including accreditation at level one with Clinical Negligence Scheme for Trusts (CNST) standards. It has also been informed by the Trust's performance management strategy that has assessed performance against a range of core indicators as well as by the findings of surveys.

The Trust Board has been actively considering and reviewing its strategic and operational responses to the Health & Social Care Bill which became law on 27<sup>th</sup> March 2012. Central to this review has been the ongoing process of the Trust aspiring to become a Foundation Trust (FT) which has continued into 2011/12. The Trust in common with all other aspirant FT's will now be subject to a new national process from April 2012 overseen by the SHA until handover to the new DoH authority for support to non Foundation Trusts. As part of the assurance process following release of two homicide reports from 2007 in November 2011 through the SHA, the Trust has been subject to an independent governance review and we are currently working through the implications of that review.

This independent review has resulted in the need to focus on the following areas:

- key emergent themes covering the importance of consistently placing service user carer and experience at the heart of everything we do.
- decentralised decision making and increasing the emphasis on local service delivery
- improving clinical engagement in decision making and day to day operational management as well as addressing poor staff satisfaction.

The assessment of performance has included the following:

- Monthly executive performance management team meetings
- Information being made available to Strategic Business Unit's (SBUs) and holding of monthly performance reviews
- Executive Directors review and Quarterly reviews
- SBU's Monthly Performance Management Meetings undertaking exception reporting
- Management Groups of the Executive Management Team (EMT) namely:
  - Clinical Incident & Overview Group (CIOG);
  - Information Governance Management Group
  - Modernisation and Workforce Management Group
  - Safety Management Group
  - Patient Experience, Environment and Partnership Management Group.
  - Quality & Effectiveness Management Group
  - Finance Management Group
  - Mental Health Legislation & Safeguarding Management Group

I have received the Head of Internal Audit's Opinion. It gives significant assurance and states that 'based on the work undertaken in 2011/12, significant assurance can be given that there is a generally sound system of internal control, designed to meet the organisation's objectives, and that controls are being applied consistently'. The opinion highlights some weaknesses in the consistent application of

controls that put the achievement of specific objectives in Medicines Management at risk but these have not impacted on the significant assurance opinion being given for the year. The Trust is however ensuring that the planned actions to close this assurance loop are fully progressed and implemented by no later than mid year in the 2012/13 financial year.

I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Quality & Healthcare Governance Committee and the Audit Committee. A plan to address weaknesses and ensure continuous improvement of the system is in place.

The Trust has prepared its Quality accounts for 2011/12 and this gives a meaningful insight into how we are doing in relation to our aspirations, including an honest review of the progress we have made on the priorities we set last financial year and the work that remains for us to do.

Crucially, our Quality Account has been developed in partnership with our service users, carers, clinicians, managers, commissioners, local involvement networks (LINKs) and local authority health overview and scrutiny committees.

As part of the process the Acting Chief Executive and Interim Chair are required to sign and provide a statement on behalf of the Board to confirm to the best of their knowledge and belief they have complied with the necessary requirements in preparing the Quality Account.

The Acting Chief Executive and Interim Chair have signed a statement on behalf of the Board to confirm that directors have taken steps in preparing the Quality Account to satisfy themselves that:

- the Quality Accounts presents a balanced picture of the trust's performance over the period covered;
- the performance information reported in the Quality Account is reliable and accurate;
- there are proper internal controls over the collection and reporting of the measures of performance included in the Quality Account, and these controls are subject to review to confirm that they are working effectively in practice;
- the data underpinning the measures of performance reported in the Quality Account is robust and reliable, conforms to specified data quality standards and prescribed definitions, and is subject to appropriate scrutiny and review; and
- the Quality Account has been prepared in accordance with Department of Health guidance, subjected to external audit and is to be submitted by the agreed deadline of 30 June 2012.

The Trust Board has through its routine reporting processes and its work on corporate risks maintained a view of the overall position of the effectiveness of the system of internal control. The Audit Committee has embraced its wider assurance role, on behalf of the Trust Board and together with the Finance and Commerce Committee has reviewed and monitored the Trust's financial controls and assurance processes and commissioned and reviewed internal audit work.

The Quality & Healthcare Governance Committee has developed its wider role to manage risk and provide a comprehensive assurance mechanism to the Trust Board. Detailed work is undertaken by the Management Groups which report through to the EMT to the Audit Committee and the Trust Board addressing the safety, effectiveness, modernisation and workforce and patient experience, environment and partnership agenda. Through the work of the staff groups, such as:

JUC (joint union council)

A range of service users and carer networks;

Professional council;

Trust Medical Advisory Group

Trust Nursing Advisory Group; and

Local Trust Medical Advisory Group

the Trust has maintained input from staff, service users, carers and other stakeholders. The Trust also routinely communicates with a broad staff audience through a range of focus groups, monthly team briefs, executive walk-about and chief executive lunch events.

Finally, Executive and Non-Executive Directors, managers and clinicians all provide their personal input into the controls and risk management processes operating across the Trust.

My review confirms that Avon & Wiltshire Mental Health Partnership NHS Trust has a sound system of internal control that supports the achievement of its policies, aims and objectives.

Signed

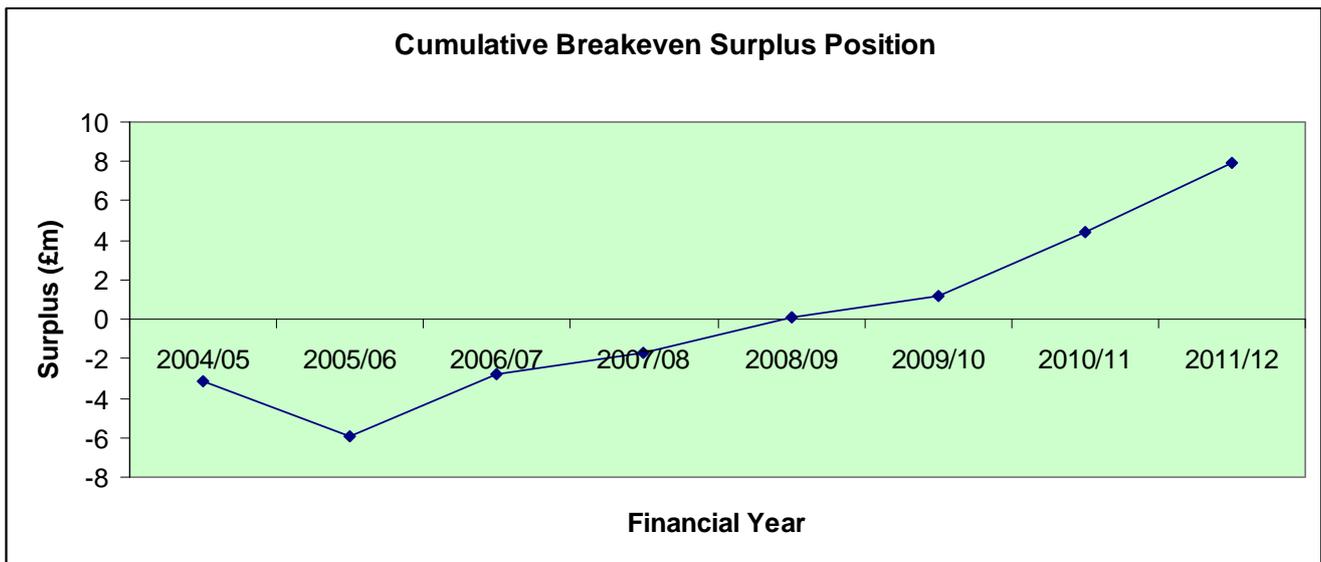
A handwritten signature in black ink that reads "P. Miller". The signature is written in a cursive style with a horizontal line underneath the name.

Acting Chief Executive Officer (on behalf of the Board)  
Date: 1 June 2012

# The Trust's performance in 2011/12 against the financial duties set by the Department of Health

## BREAK EVEN DUTY AND PERFORMANCE

The Trust has achieved its 2011-12 performance control total and adds further success to its cumulative breakeven performance shown below since coming out of historical deficit in 2008/09.



In the financial year 2011/12 the Trust has again applied some technical below the line adjustments to its financial position and this resulted in a retained surplus being reported in its Statement of Comprehensive Income that was after these adjustments. The Trust achieved a surplus of income over expenditure of £3,541k in the financial year 2011/12 when these below the line adjustments are added back.

The Trust has a duty to break even over a three or exceptionally a five year period. The Trust's performance against this duty is shown above with cumulative net surpluses relating to all years now totalling £7,959k.

## EXTERNAL FINANCING LIMIT

The External Financing Limit (EFL) is a control placed on the Trust to manage its cash position. It was designed to encompass all sources of funding available to a Trust, be that internal, external or from the Department of Health. This limit is set at the start of each financial year reflecting the Trust's plans to manage its cash. A negative EFL is equal to an increase in cash flow financing, an undershoot against this is a greater increase in cash than predicted. The Trust is permitted to undershoot against this target (retain more cash) but cannot overshoot the target (retain less cash). The EFL is an important component in the control of public expenditure and managing the EFL is a key financial duty of the Trust. During the 2011/12 financial year the Trust has succeeded in managing within its cash requirements and has again met this target. The Trust's EFL as set by the Department of Health was negative £2,520k (2010/11 negative £2,085k) and the Trust achieved an undershoot of £152k.

## CAPITAL RESOURCE LIMIT

The Capital Resource Limit (CRL) is the funding available to the Trust for capital expenditure. The Trust is required to stay within its CRL but is permitted to undershoot it. The Trust under spent the CRL by £3,347k mainly due to disposals not being reinvested in the capital envelope but instead retaining the sales proceeds as cash. The following table sets out the Trust's performance against this target.

<b>Capital Resource Limit</b>	<b>£000</b>
Capital Expenditure	4,758
Less NBV Disposals	(2,280)
Charge against CRL	2,478
CRL	5,825
CRL Undershoot	3,347*

\* consisting of:

Disposals not reinvested in capital	2,280
Authorised Reduction in capital spend	1,000
Undershoot on authorised capital envelope	67

## CAPITAL COST ABSORPTION RATE

The Trust is required to absorb the cost of capital at a rate of 3.5% of average relevant net assets and be within the materiality range of 3% to 4%. In 2011/12 the Trust was required to make a PDC Dividend payment based on actual average relevant net assets rather than forecasted. The cost of capital was therefore automatically 3.5% for the financial year.

## TREASURY POLICIES AND CASH

The Trust achieved a year end cash balance of £7,150k and did not take out any borrowings during the financial year.

Any temporary excess of cash during the financial year was deposited with the National Loans Fund Temporary Deposit Facility for which the Trust earns a rate of interest.

## PUBLIC SECTOR PAYMENT POLICY

The Trust is required to pay its non-NHS trade creditors in accordance with the governments Better Payment Practice Code. Government accounting rules state that “the timing of payment should normally be stated in the contract - where there is no contractual provision the Trust should pay within 30 days of receipt of goods and services or the presentation of a valid invoice, whichever is later”.

### Better Payment Practice Code (BPPC) Performance

	2011-12 Number	2011-12 £000	2010-11 Number	2010-11 £000
<b>Non-NHS Payables</b>				
Total Non-NHS Trade Invoices Paid in the Year	15,823	36,079	17,531	32,754
Total Non-NHS Trade Invoices Paid Within Target	15,104	35,191	16,782	31,886
Percentage of NHS Trade Invoices Paid Within Target	95.5%	97.5%	95.7%	97.3%
<b>NHS Payables</b>				
Total NHS Trade Invoices Paid in the Year	878	13,185	991	13,297
Total NHS Trade Invoices Paid Within Target	849	13,044	956	13,109
Percentage of NHS Trade Invoices Paid Within Target	96.7%	98.9%	96.5%	98.6%

The Trust has also signed up to the Prompt Payment Code, which is a payment initiative developed by Government with the Institute of Credit Management (ICM) to tackle the crucial issue of late payment and help small businesses. All SHAs, PCTs, NHS trusts and NHS foundation trusts should be adopting the principles incorporated within the Prompt Payment Code.

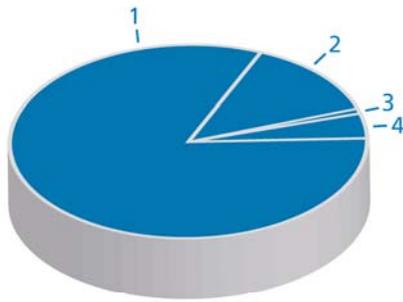
Avon & Wiltshire Mental Health Partnership NHS Trust have signed up to this code and endeavour to pay all valid undisputed non-NHS payables invoices within 10 days of receipt.

### EXTERNAL AUDIT WORK

The External Auditors of the Trust are the Audit Commission. The following services were provided in 2011/12:

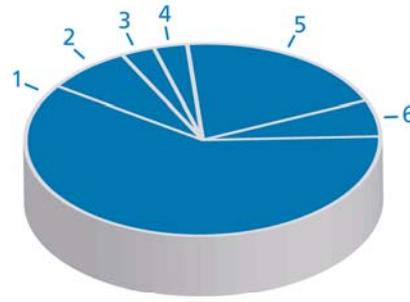
- Audit Services – the statutory annual audit fee for 2011/12 (£85k) covers work in relation to the financial statements.
- Further assurance Services – additional work on Quality Accounts audit was accrued for the financial year (£12k).

## Where the money comes from



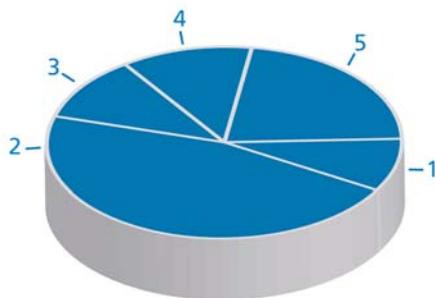
**Income 2011/12**

1. PCTs **82%**
2. Local auths **13%**
3. Non NHS other **1%**
4. Other Income **4%**



**Local authority  
Income 2011/12**

1. Swindon **60%**
2. Wilts **8%**
3. South Glos **3%**
4. North Somerset **3%**
5. Bristol City **20%**
6. Banes **6%**

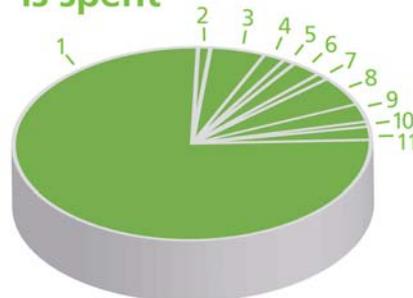


**PCT Income 2011/12\***

1. Banes **9%**
2. Bristol **46%**
3. North Somerset **11%**
4. South Glos **12%**
5. Wiltshire **22%**

*\*Note: Much of Swindon PCT income (circa £15.8m) is incorporated into the Swindon Borough Council (local authority analysis) below rather than being shown as PCT income (PCT income analysis) as funding is provided through joint commissioning arrangements with Swindon Primary Care Trust.*

## Where the money is spent



**Operating expenditure  
2011/12**

1. Staff costs **76%**
2. Services from all NHS **1%**
3. Clinical supplies **5%**
4. General supplies **2%**
5. Consultancy **1%**
6. Establishment **3%**
7. Transport **1%**
8. Premises **5%**
9. Depreciation **3%**
10. Research **1%**
11. Other aggregated **2%**

## Trust Board

The affairs of the Trust are overseen by a Board of Directors made up of Executive Directors (full time employees of the Trust) and Non Executive Directors (independent of the Executive who are appointed for their skills, experience and interests that they bring to the Trust).

Felicity Longshaw (resigned 25 <sup>th</sup> April 2012)	Chair
Laura McMurtrie	Chief Executive
Mike Roberts (until October 2011)	Non-Executive Directors
Anthony Gallagher (Interim Chair from 25 <sup>th</sup> April 2012)	
Alison Paine	
James McAuliffe (until February 2012)	
Susan Thompson	
Peter Greensmith	
Lee O'Bryan (from October 2011)	
Anthony McNiff (from March 2012)	
Paul Miller	Executive Director of Finance and Commerce & Deputy Chief Executive Acting Chief Executive (from 25 <sup>th</sup> April 2012)
Julie Thomas	Executive Director for People
Arden Tomison	Executive Medical Director & Director of Strategy
Lindsey Scott	Executive Director of Operations (until 25 <sup>th</sup> October 2011)
Andy Sylvester	Executive Director of Operations (from 25 <sup>th</sup> October 2011)
Hazel Baker	Executive Director of Nursing, Compliance, Assurance & Standards (NCAS)

### Trust Board Appointment and Employment Terms

The Chair and Non- Executive Directors of the Trust have been appointed by the Secretary of State for Health or through the Appointments Commission, with a term of office of up to four years. This could be renewed for a second four year term with the agreement of both parties.

The Chief Executive was appointed by a panel consisting of:

- the Chair and Non-Executive Directors of the Trust,
- the Chief Executive of the SHA,
- a Chief Executive of a neighbouring Trust,
- a service user,
- a carer representative and
- the Director of Human Resources.

All Executive Directors of the Trust for the year are on permanent contracts and have a notice period of six months.

In April 2012, there was a change in senior leadership of the Trust announced in which the Chair of the Trust had resigned and the Chief Executive had commenced a period of leave. The Trust has therefore appointed an interim Chair (Tony Gallagher) and Acting Chief Executive (Paul Miller) from 25<sup>th</sup> April 2012 ahead of the relevant appointment arrangements.

The Board Directors' remuneration statement is on pages (TBC).

## REMUNERATION REPORT

### Remuneration & Terms of Service Committee

The Remuneration Committee reviews the salaries of the Executive Directors and very senior management of the Trust. The Committee, Chaired by the Chair of the Trust, is made up of at least four members, all of whom are independent Non-executive Directors (i.e. shall not have been employed by the Trust in the three years preceding their appointment as Non-executive Director). A quorum consists of three members of the committee.

Only members of the Committee have the right to attend Committee meetings. However, other officers such as the Company Secretary, Chief Executive, and external advisers may be invited to attend for all or part of any meeting as and when appropriate and where no conflict of interest exists. The Committee, which meets at least quarterly, and as often as required, is served by the Executive Director for People.

The purpose of the Remuneration Committee is to agree policy and frameworks for Executive and Senior Officer Remuneration. The Committee:

- Agrees Terms of Employment and Service Contracts
- Agrees Terms for Termination of Employment over and above legal and contractual obligations
- Reviews redundancy and severance business cases to a value in accordance with the Scheme of Delegation

The duties of the Committee are to:

- Determine and agree with the Board the framework (or broad policy) for the remuneration and terms of service of the Chief Executive, the Executive Directors, and any other officers working under Very Senior Manager Terms and Conditions, having regard to the provisions of any applicable national agreement,
- Determine and approve, on behalf of the Board, any performance management processes for Executive Directors and Senior Managers,
- Determine, on behalf of the Board, the individual remuneration packages of Executive Directors where they are not covered by national agreements, and to decide all changes to Executive Director's remuneration and terms of service, paying due regard to current national guidance and contractual requirements,
- In determining such policy, take into account all factors which it deems necessary. The objective is to ensure that members of the executive and very senior management of the Trust are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Trust,
- Ensure that the Trust attracts and retains the high levels of skill necessary to undertake the full range of its responsibilities taking account of the market in which it is operates.
- Ensure that contractual terms on termination, and any payments made, are fair to the individual, and the Trust, that failure is not rewarded and that the duty to mitigate loss is fully recognised,
- Review and note annually the remuneration trends across the Trust,

- Ensure that all provisions regarding disclosure of remuneration, including pensions and benefits, are fulfilled,
- Obtain reliable, up-to-date information about remuneration in other Trusts. The Committee shall have full authority to commission any reports or surveys which it deems necessary to help it fulfil its obligations,
- Be responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee.

## Reporting

The Chair of the Committee reports formally to the Board on all proceedings and matters within the duties and responsibilities of the Committee.

An individual performance review (IPR) is held at the end of each year between the Executive Directors and the Chief Executive (or the Chair in the case of the Chief Executive's performance).

Signed by Accountable Officer:

A handwritten signature in black ink that reads "P Miller". The signature is written in a cursive style with a horizontal line underneath the name.

Paul Miller  
Acting Chief Executive  
1<sup>st</sup> June 2012

## Salary and Pension entitlements of senior managers

### A) Remuneration

Name and Title	2011-12			2010-11		
	Salary (bands of £5000) £000	Other Remuneration (bands of £5000) £000	Benefits in Kind (Rounded to the nearest £100)	Salary (bands of £5000) £000	Other Remuneration (bands of £5000) £000	Benefits in Kind (Rounded to the nearest £100)
Felicity Longshaw - Chair	20-25	0-5	0	20-25	0-5	0
Laura McMurtrie - Chief Executive	140-145	0-5	0	140-145	0-5	0
Paul Miller - Director of Finance & Commerce and Deputy Chief Executive	110-115	0-5	4500 <sup>1</sup>	110-115	0-5	4500 <sup>1</sup>
Julie Thomas - Director for People	95-100	0-5	0	95-100	0-5	0
Arden Tomison - Medical Director & Director of Strategy	80-85	90-95	0	75-80	85-90	0
Lindsey Scott - Director of Operations (until 25th October 2011) <sup>2</sup>	55-60	0-5	2600 <sup>1 2</sup>	45-50 <sup>3</sup>	0-5	900 <sup>1</sup>
Andy Sylvester - Director of Operations (from 25th October 2011) <sup>3</sup>	60-65	0-5	0	50-55 <sup>3</sup>	0-5	0
Hazel Baker - Director of Nursing, Compliance, Assurance & Standards (NCAS)	90-95	0-5	0	90-95	0-5	0
<b>Non Executive Directors</b>						
Mike Roberts (until 14th October 2011) <sup>2</sup>	0-5	0-5	0	5-10	0-5	0
Anthony Gallagher	5-10	0-5	0	5-10	0-5	0
Susan Thompson	5-10	0-5	0	5-10	0-5	0
Alison Paine	5-10	0-5	0	5-10	0-5	0
Peter Greensmith	5-10	0-5	0	0-5	0-5	0
James McAuliffe (until 29th February 2012) <sup>2</sup>	5-10	0-5	0	5-10	0-5	0
Lee O'Bryan (from 14th October 2011) <sup>2</sup>	0-5	0-5	0	*	*	*

Band of Highest Paid Directors Total Remuneration (£'000)

170-175

160-165

Median Total Remuneration

27,625

27,534

Ratio

6.2

6.0

Notes:

1. The benefit in kind relates to lease cars
2. Relates to Part year employment
3. Relates to part year directorship

Reporting Bodies are required to disclose the relationship between the remuneration of the highest paid director in their organisation and the median remuneration of the organisations workforce. The banded remuneration of the highest paid director of the Trust in the financial year 2011-12 was £170k-175k (2010-11 £160k-£165k). This was 6.2 times (2010-11 6.0 times) the median remuneration of the workforce, which was £27,625k (2010-11 £27,534k).

In 2011-12, no employees (2010-11 no employees) received remuneration in excess of the highest paid director. Remuneration ranged from £12,216k to £142,025k (2010-11 £13,653k to £142,025k). Total Remuneration includes salary, non-consolidated performance-related pay, benefits-in-kind as well as severance payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

The pay ratio above is based on the pay of 4,148 employees (2010-11 4,122 employees) and this includes agency staffing. There is therefore very little change to the number or composition of the general workforce that would lead to a material variance in explaining this ratio.

There has been immaterial change to the remuneration of the highly paid individual and this includes an assessment of basic pay and other taxable expenses or allowances.

The highest paid individual remains the same in analysing the ratio from year to year above.

There is a small effect of the impact of pay inflation which is a result of all staff earning £21,000 and under receiving a pay increase of £250. All other staff included in the calculation of the ratio above this pay salary were subject to a pay freeze that affected the majority of staff.

All the figures in the above table have been subjected to external audit.

## Salary and Pension entitlements of senior managers

### B) Pension Benefits

Name and title		Real increase in pension at age 60  (bands of £2500) £000	Real increase in lump sum at age 60  (bands of £2500) £000	Total accrued pension at age 60 at 31 March 2012  (bands of £5000) £000	Total accrued related lump sum at age 60 at 31 March 2012  (bands of £5000) £000	Cash Equivalent Transfer Value at 31 March 2012  £000	Cash Equivalent Transfer Value at 31 March 2011  £000
Laura McMurtrie	Chief Executive	0-2.5	0-2.5	55-60	175-180	1,290	1,187
Paul Miller	Director of Finance & Commerce and Deputy Chief Executive	0-2.5	0-2.5	40-45	120-125	721	626
Arden Tomison	Medical Director & Director of Business Strategy	0-2.5	2.5-5	85-90	265-270	0	1,744
Lindsey Scott	Director of Operations (until 25th October 2011)	0-2.5	(2.5)-(5)	35-40	105-110	675	629
Andy Sylvester	Director of Operations (from 25th October 2011)	(5)-(7.5)	(15)-(17.5)	35-40	105-110	764	965
Julie Thomas	Director for People	2.5-5	7.5-10	25-30	80-85	547	446
Hazel Baker	Director of Nursing, Compliance, Assurance & Standards (NCAS)	0-2.5	0-2.5	10-15	40-45	209	162

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

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capital value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits 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 to another scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure 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 from 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.

This reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, and contributions paid by the employee (including the value of any benefits accrued from additional years of pension service in the scheme at their own cost). The Trust has used a GAD Factor as at 31 March 2012 (3.1%) and this is different to that used at the start of the period (0%).

All the figures in the above table have been subjected to external audit.

**SUMMARY FINANCIAL STATEMENTS  
FINANCIAL YEAR 2011-12**

## **SUMMARY FINANCIAL STATEMENTS**

The summary financial statements are a summary of the information in the full accounts and may not contain sufficient information for the full understanding of Avon & Wiltshire Mental Health Partnership NHS Trust's financial position and performance. The full accounts are available on the Trust website or please contact the Financial Control Team at the address below.

Please write to Avon & Wiltshire Mental Health Partnership NHS Trust, Jenner House, Langley Park Estate, Chippenham, Wiltshire, SN15 1GG.

Or alternatively you can contact us by phone on 01249 468000.

The Summary Financial Statements were approved on behalf of the Board on 1 June 2012 and signed on its behalf by:

A handwritten signature in black ink that reads "P Miller". The signature is written in a cursive style with a horizontal line underneath the name.

Paul Miller  
Acting Chief Executive, 1 June 2012

# AVON & WILTSHIRE MENTAL HEALTH PARTNERSHIP NHS TRUST STATEMENT OF THE TRUST'S FINANCIAL ACTIVITY FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2012

## Statement of Comprehensive Income for year ended 31 March 2012

	2011-12 £000	2010-11 £000
Employee benefits	(138,846)	(141,775)
Other costs	(42,354)	(43,933)
Revenue from patient care activities	184,188	188,315
Other Operating revenue	8,002	7,627
<b>Operating surplus/(deficit)</b>	<b>10,990</b>	10,234
Investment revenue	27	32
Other gains and (losses)	277	0
Finance costs	(5,453)	(5,221)
<b>Surplus/(deficit) for the financial year</b>	<b>5,841</b>	5,045
Public dividend capital dividends payable	(3,571)	(3,439)
<b>Retained surplus/(deficit) for the year</b>	<b>2,270</b>	1,606
<b>Other Comprehensive Income</b>		
Impairments and reversals	(493)	(673)
Net gain/(loss) on revaluation of property, plant & equipment	2,683	3,015
Movements in other reserves eg Non NHS Pension Scheme <sup>1</sup>	(34)	34
<b>Total comprehensive income for the year</b>	<b>4,426</b>	3,982

<sup>1</sup>The movement in other reserves relates to movements held in the accounts for Local Government Pension Scheme cessation liability.

### Financial performance for the year

Retained surplus/(deficit) for the year	2,270
IFRIC 12 adjustment including IFRIC12 impairments <sup>2</sup>	1,140
Impairments non IFRIC 12 <sup>3</sup>	115
Adjustment in respect of donated asset elimination	16
<b>Adjusted retained surplus (deficit)</b>	<b>3,541</b>

The Trust's reported NHS financial performance position is derived from its Retained Surplus/(Deficit), but adjusted for the following:

<sup>2</sup> The revenue cost of bringing PFI assets onto the balance sheet (due to the introduction of International Financial Reporting Standards (IFRS) accounting in 2009/10) - NHS Trust's financial performance measurement needs to be aligned with the guidance issued by HM Treasury measuring Departmental Expenditure. Therefore, the incremental revenue expenditure resulting from the application of IFRS to PFI, which has no cash impact and is not chargeable for overall budgeting purposes, should be reported as a technical IFRIC12 adjustment as above. This additional cost is not considered as part of the organisation's operating position.

<sup>3</sup> Impairments to Fixed Assets 2011/12 due to a Modern Equivalent Asset (MEA) basis of valuation. An impairment charge is not considered part of the organisation's operating position.

**Statement of Financial Position as at  
31 March 2012**

	31 March 2012	1 April 2011 (restated)
	£000	£000
<b>Non-current assets:</b>		
Property, plant and equipment	158,544	161,441
Intangible assets	311	211
<b>Total non-current assets</b>	<b>158,855</b>	<b>161,652</b>
<b>Current assets:</b>		
Inventories	233	189
Trade and other receivables	6,974	9,395
Cash and cash equivalents	7,150	5,259
<b>Total current assets</b>	<b>14,357</b>	<b>14,843</b>
Non-current assets held for sale	920	0
<b>Total current assets</b>	<b>15,277</b>	<b>14,843</b>
<b>Total assets</b>	<b>174,132</b>	<b>176,495</b>
<b>Current liabilities</b>		
Trade and other payables	(13,740)	(19,504)
Provisions	(618)	(757)
Borrowings	(781)	(797)
<b>Total current liabilities</b>	<b>(15,139)</b>	<b>(21,058)</b>
<b>Non-current assets plus/less net current assets/liabilities</b>	<b>158,993</b>	<b>155,437</b>
<b>Non-current liabilities</b>		
Provisions	(1,200)	(1,289)
Borrowings	(47,367)	(48,148)
<b>Total non-current liabilities</b>	<b>(48,567)</b>	<b>(49,437)</b>
<b>Total Assets Employed:</b>	<b>110,426</b>	<b>106,000</b>
<b>FINANCED BY:</b>		
<b>TAXPAYERS' EQUITY</b>		
Public Dividend Capital	99,552	99,552
Retained earnings	(13,402)	(17,969)
Revaluation reserve	24,276	24,383
Other reserves	0	34
<b>Total Taxpayers' Equity:</b>	<b>110,426</b>	<b>106,000</b>

**Statement of Changes in Taxpayers' Equity  
For the year ended 31 March 2012**

	Public Dividend capital £000	Retained earnings £000	Revaluation reserve £000	Other reserves £000	Total reserves £000
Balance at 1 April 2011	99,552	(17,969)	24,383	34	106,000
Restated balance at 1 April 2011	99,552	(17,969)	24,383	34	106,000
<b>Changes in taxpayers' equity for 2011-12</b>					
Retained surplus/(deficit) for the year		2,270			2,270
Net gain / (loss) on revaluation of property, plant, equipment			2,683		2,683
Net gain / (loss) on revaluation of assets held for sale			0		0
Impairments and reversals			(493)		(493)
Movements in other reserves				(34)	(34)
Transfers between reserves		2,297	(2,297)	0	0
Net recognised revenue/(expense) for the year	0	4,567	(107)	(34)	4,426
<b>Balance at 31 March 2012</b>	<b>99,552</b>	<b>(13,402)</b>	<b>24,276</b>	<b>0</b>	<b>110,426</b>

**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED  
31 March 2012**

	2011-12 £000	2010-11 £000
<b>Cash Flows from Operating Activities</b>		
Operating Surplus/Deficit	10,990	10,234
Depreciation and Amortisation	5,654	5,174
Impairments and Reversals	891	1,196
Interest Paid	(5,410)	(5,214)
Dividend paid	(3,630)	(3,211)
(Increase)/Decrease in Inventories	(44)	(95)
(Increase)/Decrease in Trade and Other Receivables	2,421	(1,592)
Increase/(Decrease) in Trade and Other Payables	(5,552)	680
Provisions Utilised	(442)	(297)
Increase/(Decrease) in Provisions	180	(116)
<b>Net Cash Inflow/(Outflow) from Operating Activities</b>	<b>5,058</b>	<b>6,759</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest Received	27	32
(Payments) for Property, Plant and Equipment	(4,843)	(4,478)
(Payments) for Intangible Assets	(127)	(215)
Proceeds of disposal of assets held for sale (PPE)	2,557	0
<b>Net Cash Inflow/(Outflow) from Investing Activities</b>	<b>(2,386)</b>	<b>(4,661)</b>
<b>NET CASH INFLOW/(OUTFLOW) BEFORE FINANCING</b>	<b>2,672</b>	<b>2,098</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Loans repaid to DH - Working Capital Loans Repayment of Principal	0	(2,000)
Capital Element of Payments in Respect of Finance Leases and On-SoFP PFI and LIFT	(781)	(934)
<b>Net Cash Inflow/(Outflow) from Financing Activities</b>	<b>(781)</b>	<b>(2,934)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>1,891</b>	<b>(836)</b>
<b>Cash and Cash Equivalents ( and Bank Overdraft) at Beginning of the Period</b>	<b>5,259</b>	<b>6,095</b>
<b>Cash and Cash Equivalents (and Bank Overdraft) at year end</b>	<b>7,150</b>	<b>5,259</b>

## CHARITABLE FUNDS

Charitable funds arise from donations, subscriptions and bequests and must be accounted for independently of monies received from purchasers for the provision of health care. Charitable funds are very important to the Trust and provide additional benefits to patients and staff which could not otherwise be provided. The Avon and Wiltshire Mental Health Partnership NHS Trust is the Trustee for the charitable fund, registered charity number 1056576. The Trust Board is therefore fully accountable for the funds but has delegated some responsibilities to the Charitable Funds Committee. The Charitable Funds Committee is supported by the Audit Committee and a finance department representative. The main duties of the Charitable Funds Committee are to ensure that the funds are collected, spent and managed legally, ethically and in accordance with all relevant legislation. The Committee also recommends policy and procedural changes to the Trust Board in relation to Charitable Funds to ensure compliance with statutory changes. This includes fundraising, investment, expenditure and operational policies.

### Statement of Financial Activities for the year ended 31 March 2012

	2011/12	2010/11
	£000	£000
<b>Incoming resources</b>		
Donations	11	17
Activities from generating funds	1	1
Other Incoming Resources	2	3
Investment income	0	0
<b>Total incoming resources</b>	<b>14</b>	<b>21</b>
<b>Resources expended</b>		
Patients welfare and amenities	22	50
Staff welfare and amenities	7	10
Research	0	1
Miscellaneous	0	11
Governance Costs	7	9
<b>Total resources expended</b>	<b>36</b>	<b>81</b>
<b>Fund balances brought forward</b>	<b>305</b>	<b>365</b>
<b>Fund balances carried forward</b>	<b>283</b>	<b>305</b>
<b><u>Balance Sheet as at 31 March 2012</u></b>		
	2011/12	2010/11
	£000	£000
<b>Current Assets</b>	<b>291</b>	<b>322</b>
<b>Debtors</b>	<b>0</b>	<b>0</b>
<b>Total Net Assets</b>	<b>291</b>	<b>322</b>
<b>Creditors</b>	<b>(4)</b>	<b>(7)</b>
<b>Provisions</b>	<b>(4)</b>	<b>(10)</b>
<b>Total Net Assets Less Liabilities</b>	<b>283</b>	<b>305</b>
<b>Funds of the Charity</b>		
Restricted income funds	172	182
Unrestricted income funds	111	123
<b>Total Funds</b>	<b>283</b>	<b>305</b>