St Andrew's HEALTHCARE

Annual Report 2016/ 2017

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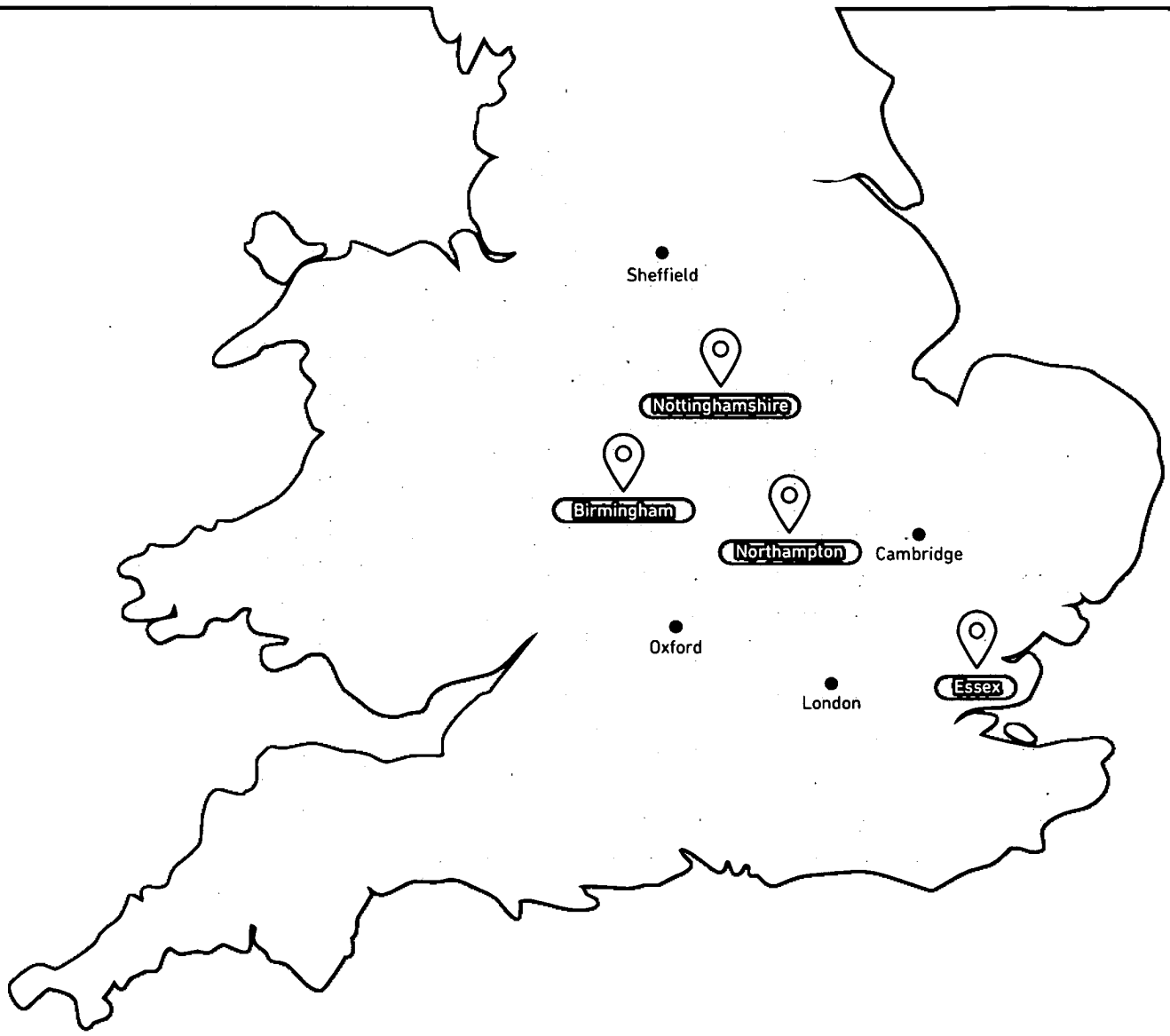

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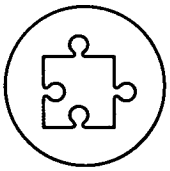
› The UK's leading mental healthcare charity

St Andrew's is a charity providing specialist mental healthcare for patients with some of the most complex and challenging mental health needs in the UK.

The six 'pathways'

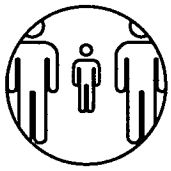


Autistic Spectrum Disorder (ASD)

Since 2008 St Andrew's has provided a national secure service specialising in ASD for adults, including those with Asperger's. Our multi-disciplinary teams have extensive knowledge and skills which enables them to provide patient centred care.

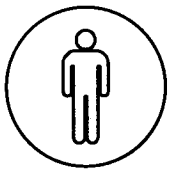
Learning Disability

Our learning disability service offers specialist treatment to reduce challenging behaviour. Our programmes are adapted to meet the needs of learning disability patients, with a strong emphasis on supporting a move back to the community or to the least restrictive environment possible.



Child and Adolescent (CAMHS)

Our national secure service for children and adolescents is the largest of its kind in the UK, leading the field in complex mental health, neurodevelopmental needs and autistic spectrum disorder. We offer a multi-disciplinary approach to assessment and treatment to assist our patients through our comprehensive care pathway.



Men's Mental Health

We care for adult men aged 18+ requiring secure or non-secure services for their mental illness. Our team of challenging behaviour and clinical experts provide comprehensive care pathways for the most complex and difficult to treat patients.

Neuropsychiatry

Our neuropsychiatry services deliver tailored care in specialist pathways for patients with acquired brain injury, complex dementia and Huntington's disease, across three interwoven therapeutic streams (Behavioural, Cognitive and Functional). By reducing challenging behaviour we can optimise engagement and achieve the right balance of care and containment.

Women's Mental Health

An established national service providing gender sensitive pathways for women aged 18+ with mental illness and personality disorder. Our comprehensive pathways care for patients with Personality Disorder, Psychosis and related mental illness utilising activities, therapies and services designed with women in mind.

We care for patients across six 'pathways': Men's Mental Health, Women's Mental Health, Child and Adolescent Mental Health Services (CAMHS), Neuropsychiatry, Autistic Spectrum Disorder and Learning Disability.

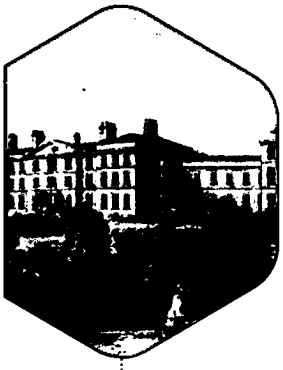
The majority of our patients are referred to us by the NHS. Our aim is to develop innovative ways to help patients recover, creating a package of care and treatment designed around each individual, their preferences and needs. We focus on physical and spiritual wellbeing as well as mental health.

In support of this, we provide

- occupational and creative therapies including arts, horticulture, ceramics, woodwork, textiles and catering.
- dedicated sports, physiotherapy and exercise therapy specialists as part of the multidisciplinary team.
- vocational skills and experience through the Charity's Workbridge facility.

History

For over 178 years St Andrew's Healthcare has been caring for patients with mental health issues. In more recent times, the Charity has built a reputation for transforming the lives of those with the most challenging mental health illnesses.



1838

St Andrew's opens

Our history as a charity begins in 1838 with the opening of a hospital at Northampton offering 'humane' care to the mentally ill

1860

450 patients now being cared for by 40 nurses

St Andrew's grows rapidly, having originally been built to look after just 70 people

1941

St Andrew's School of occupational Therapy

The St Andrew's School of Occupational Therapy is established in Northampton

1948

NHS is formed

The National Health Service is formed. St Andrew's seeks exemption and is allowed to function outside the NHS, maintaining its charitable status

1967

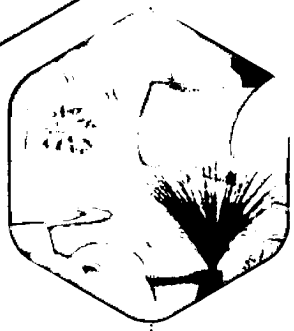
Launch of St Andrew's school of nursing

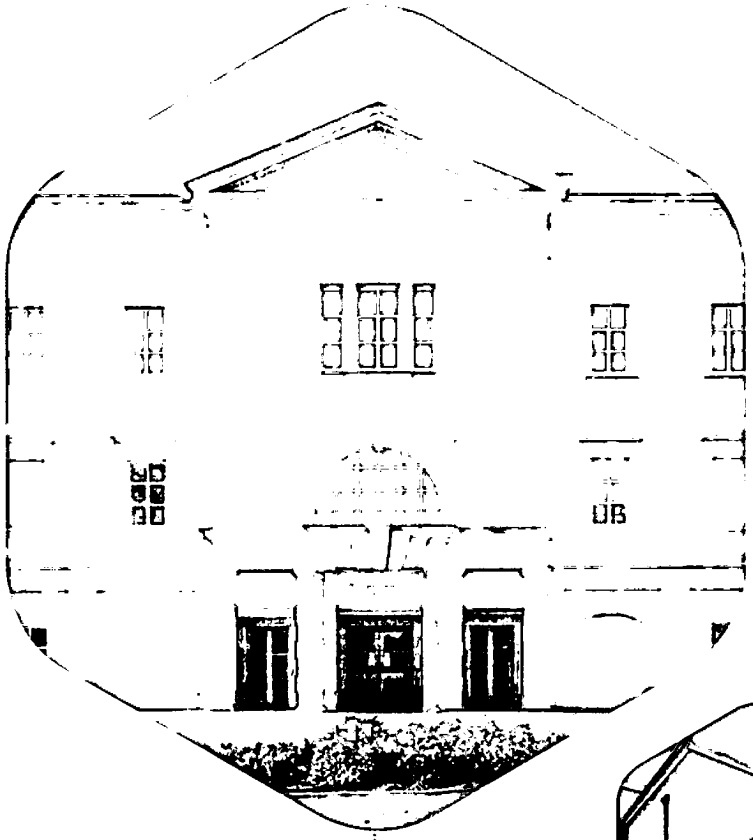
St Andrew's launches its own school of nursing, specialising in mental healthcare

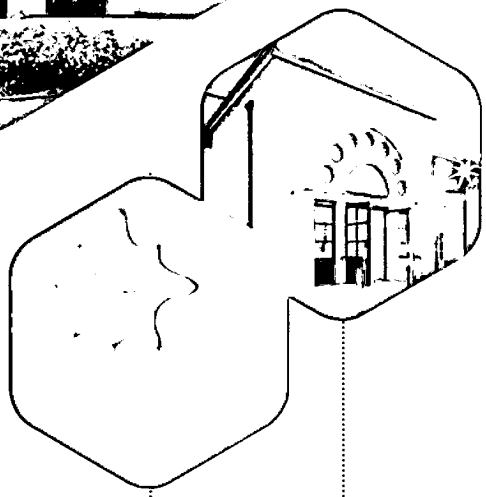
1983

Princess Diana opens Spencer House

Princess Diana opens Spencer House, a new unit in Northampton, near her family home. The wing is named after her father, Earl Spencer







2000

New service in Essex

St Andrew's launches services from a new site in Essex

2008

Sensory therapy

We take the lead among major healthcare providers by introducing sensory therapy for patients

2009

New Birmingham site

We launch services for men at our new site in Birmingham

2010

New Notts site

A new St Andrew's site in Nottinghamshire opens, specialising in Learning Disability and Autistic Spectrum Disorder

2011

William Wake House

We open William Wake House, a brand new facility in Northampton with 132 beds

2013

St Andrew's College

Our school for patients aged 13-18, achieves an 'Outstanding' Ofsted report

2017

FitzRoy House opens

We open a new building to house our Child and Adolescent Mental Health service, FitzRoy House, caring for up to 110 young people

› Our vision and values

Our **Vision** is to transform lives by delivering world class mental healthcare services. We aspire to offer the best possible outcomes for patients and make a positive difference to the wellbeing of our patients, their families and carers.

Our **Values** underpin everything we do. Our people **CARE**. We believe in treating patients, their carers and families with **C**ompassion, we are **A**ccountable and do what we say we will do. We **R**espect our patients and each other, acting with integrity, and we continue to innovate and learn to strive for **E**xcellence.

Throughout the year, we celebrate those members of staff who demonstrate our CARE values, recognising the difference their commitment makes to patient care.

Our CARE Awards culminate in an Annual Awards ceremony which acknowledges the year's outstanding achievements across the Charity.

At this year's event, our team of Volunteers were the recipients of the CEO's Award in recognition of the 16,000 hours a year they dedicate to spending time with our patients and using their skills to enhance the lives of others.

Gil Baldwin presenting the CEO's Award at the 2017 Annual Awards The recipients were Voluntary Services

Key facts: 2016/17

660 vocational sessions for patients were held each week

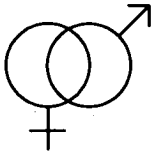
The Charity provided care for **1,439** patients

£30m

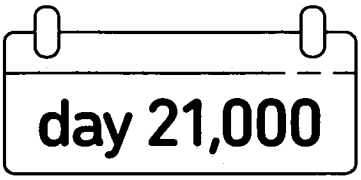
St Andrew's invested £30 million in the development of new facilities, the enhancement of current wards, buildings and other capital additions

Outstanding

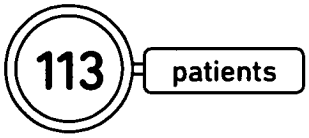
St Andrew's College, an integral part of the CAMHS pathway, was rated as **'Outstanding'** by Ofsted for the second time



5 new units opened last year, within our Women's and Men's mental health services



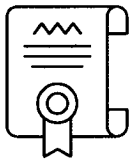
Staff completed a total of 21,000 days of learning - that's 4.6 days per person



actively took part in research conducted/funded by St Andrew's to advance treatments in mental healthcare

We invested £2.7 million on staff learning and development

St Andrew's was named 'Mental Health Hospital of the year' at the 2016 **Laing Buisson Awards**



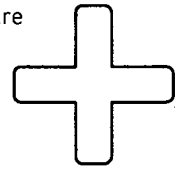
Ranked 43rd in the index of Top 100 employers

St Andrew's was named one of Britain's most inclusive employers in the Stonewall Equality Index, ranking 15 places higher than the previous year. We are now 43rd in the index of Top 100 employers

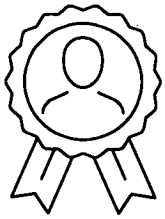
23% reduction in restraints

St Andrew's invested **£0.5 million** in staff training to reduce restrictive practices resulting in a 23% reduction in restraints

St Andrew's was recognised by Health Education England for its **award winning ASPIRE programme**, which supports the career development of Healthcare Assistants to become qualified Nurses



St Andrew's was awarded the **Investors in People Silver Award**, demonstrating its outstanding commitment to putting people first



The Charity's catering team won the **'Oscar'** of the catering industry – **The Catey Award**

500 job roles

The Charity supported 21 professions in over 500 different job roles

Chairman's Statement

I would like to thank all staff and all those associated with the Charity for their hard work, compassion and dedication over the last year.

The environment in which we are all working grows ever tougher, but I am confident that together we can continue to improve outcomes for those patients who are in particular need of our specialist services. The financial challenges facing the NHS mean that we have to continue to keep pace with increasing expectations of the care we provide, while keeping our costs under tight control.

Indeed, it is our stated strategy to be a leader in improving outcomes for our patients, while continuing to offer the NHS excellent value for money. To meet this challenge successfully our CEO, Gil Baldwin, has assembled a new team in the three years since he joined us.

We now have the leadership skills and business foundations in place to deliver the Charity's strategic goals.

However, as you will hear from Gil, there is still plenty to do to make our vision a reality. While we have made good progress so far we can do more to improve outcomes for patients and help get them closer to home more quickly.

Our role is to take those with the most challenging mental health conditions and to help them move back into the community and their homes as quickly as possible, but in a way that is safe and sustainable for them.

The time this takes varies enormously depending on their individual diagnoses and all our energies are aimed at minimising this time for each individual patient.

The coming year is an important one for St Andrew's and I have great confidence that Gil and his team will deliver on the Charity's ambitious plans.

Peter Winslow, Chairman

CEO's Statement

Our focus this year has been to continue to build our position as a world-class provider of specialist mental healthcare. We're making good progress in a number of areas, but there is still some way to go as we work towards our 2020 strategic plan.

The focus of the year has been to develop outcome measures so that we can demonstrate a patient's recovery, which has allowed us to deepen our specialisation and expertise in our different services. This has gone hand in hand with the development of our new CAMHS Service; a collection of bespoke services housed in a single building, FitzRoy House, to allow all children and adolescents access to outstanding educational and therapeutic facilities.

No year is without its challenges, however. Our Birmingham and Nottingham hospitals are currently rated 'Good' by our main regulator, the Care Quality Commission ("CQC"), but the CQC's inspections of our Northampton and Essex sites in 2016/17 concluded that our services require improvement. We have made great strides since the previous inspection by the CQC, and reduced the number of improvement areas significantly, but there is clearly still work to be done to achieve the high standards that are expected by the CQC and that we have set for ourselves on a consistent basis.

On a positive note, we were encouraged by observations from inspectors relating to the quality of our care and the dedication of our staff. Our focus now is on ensuring that we deal with the issues raised by the CQC and continuing to embed robust and effective practices into our everyday approach and activities. We have clear action plans in place to achieve this. I was encouraged by the outcome of the focused CQC inspection in February which looked at our restrictive practices.

It was pleasing to note their comment that "staff interacted with patients in a caring and respectful manner, and demonstrated an understanding of individual need. Most patients told us staff were helpful and caring, and two carers we spoke with were happy with the care and treatment provided", recognising the hard work, training and extraordinary dedication of our staff.

The Transforming Care agenda and other national initiatives have been a focus of politicians, the media and the public. There is heightened discussion around community services, provision of secure in-patient services and even redesign of the Mental Health Act. Last year, St Andrew's made significant investment in support of Transforming Care by developing step-down facilities which enable patients to transition from secure services to a community environment.

Our latest acquisition is a six-bed residential facility near our Nottingham hospital, designed specifically for those living with Autistic Spectrum Disorder (ASD) and/or Learning Disabilities. Known as Winslow, it creates a seamless journey for those patients who are inappropriately placed in other hospitals and complements our range of step-down facilities across all of our care pathways.

Our increased investment in these facilities demonstrates our commitment to transforming the lives of our patients by helping them move back into the community when the time is right for them to do so. In addition, we have forged partnerships with the NHS, Mencap and the National Autistic Society (NAS) to build and develop new community based housing and services.

Looking ahead, while the strategy and vision remain the same for the Charity, we are actively working towards a revised clinical and organisational model which will deliver improved outcomes for our patients underpinned by effective use of our resources. An outcomes framework has been developed which is centred on the personalisation of care, to deliver mental and physical healthcare treatments and therapies that best support each individual patient in St Andrew's. We believe that this transformation programme is industry-leading and will lay a strong foundation for the future not just of St Andrew's, but for the improved provision of mental healthcare more generally.

Throughout the year, a constant strength of the Charity has been the passion and commitment of all who work here; that is what makes it such a unique and inspirational organisation. I thank all our staff, carers, volunteers, fellow Trustees and Governors for their ongoing dedication to transforming lives.

Gil Baldwin, CEO

› Strategic Report

Market Environment

St Andrew's Healthcare has an excellent and well-deserved reputation as a provider of specialist mental healthcare for patients with the most complex needs.

The UK market for mental healthcare services sits at around £16bn per annum. Of that, the services provided in hospital account for £4.3bn per annum, with the balance of the services being provided in the community. The mental healthcare hospital market is satisfied by approximately 70% NHS providers and 30% independent providers, and as a registered charity, we have a unique position in the sector.

There is increasing recognition of the fact that more should be done to help those suffering from mental ill health in the UK. There is a significant funding gap in mental health research: for every patient with mental health challenges the country currently spends the equivalent of £8, for cancer it is 20 times higher at £178 per patient.

There is also a recognition that care should be provided in close proximity to home and with as little intervention as possible. This has led to the Care Closer to Home and Transforming Care agendas, which aim to move patients out of hospital and into a community setting.

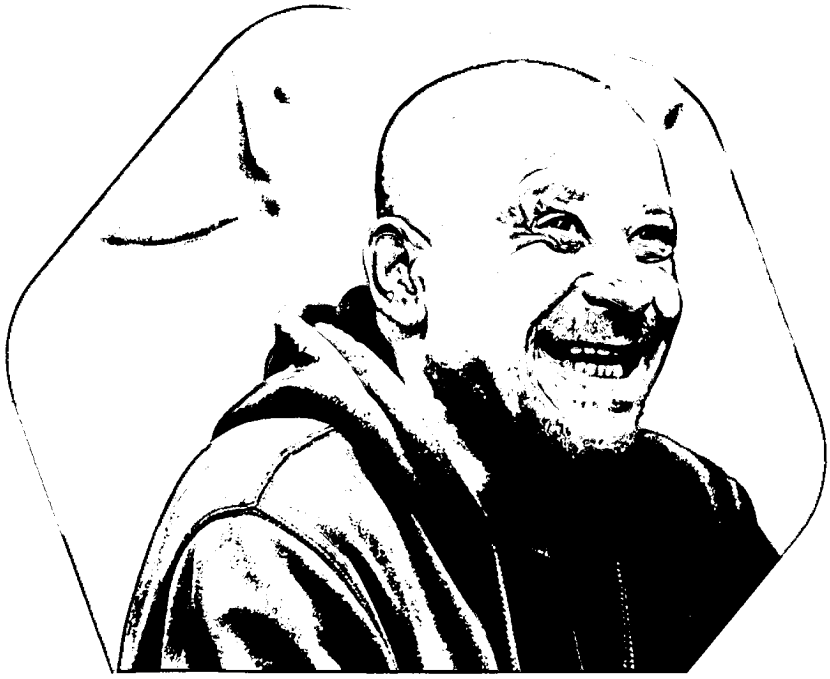
Whilst we recognise and support these initiatives, there will always be a need for some specialist inpatient services. Our aim for this patient group is to ensure appropriate care for each individual and, in the case of detained patients, appropriate security. At St Andrew's approximately two thirds of our patients are detained under criminal sections of the Mental Health Act, which sets out clear requirements for the security of this patient group.

The supply of mental healthcare hospital beds has been in long term decline and is not evenly spread across the country, making it more difficult to achieve the Care Closer to Home agenda. The impact for St Andrew's has increased since other independent providers have been through a period of significant consolidation and have started to invest in geographies of low bed provision.

The national agendas are reflected in our strategy, by way of continuing projects to bring these plans to fruition.

By way of example, we are collaborating with Birmingham and Solihull Mental Health NHS Foundation Trust and South Staffordshire and Shropshire NHS Foundation Trust to develop a transformational new model, 'Reach Out', which will be supported by a range of NHS, charitable and private sector providers.

We believe that our role in providing care and treatment for the most challenged patients is a vital and continuing one. Our role in Psychiatric Intensive Care (PICU) and in highly specialist mental health treatments is an essential bridge for people to get back to lower levels of security and closer to community settings.



Our Strategy

Our objective is to promote healing and relieve the suffering of people experiencing mental ill health. Throughout our history, we have been willing to challenge preconceptions and to take courageous decisions about how best to help some of society's most vulnerable people. It is a tradition we are proud of and plan to continue.

World-class

We aim to deliver world-class holistic care to people with the greatest needs. The care and treatment that we provide is tailored to the individual and delivered through specialist care pathways, bringing together people's physical, spiritual and mental healthcare. We are a national provider of mental healthcare services for the most challenging patients, helping them to achieve the best outcomes, both in terms of mental and physical health.

Innovation and research

We will drive innovation and research by learning from experts across the world, adopting best practice for our patients and working with others to discover new therapies and treatments. We will gather evidence to demonstrate which therapies work best for our patients.

Our work should be for the benefit of all with mental healthcare needs, so we will also share our knowledge with commissioners and other clinicians. To achieve these aims we will look to increase our level of charitable funding for research into mental healthcare.

Putting people first

We are putting people first by placing patients at the heart of what we do and we will involve them, their families and carers in every step of their care. We will focus on improving the outcomes that matter to patients, supporting their recovery so they can live fulfilling lives.

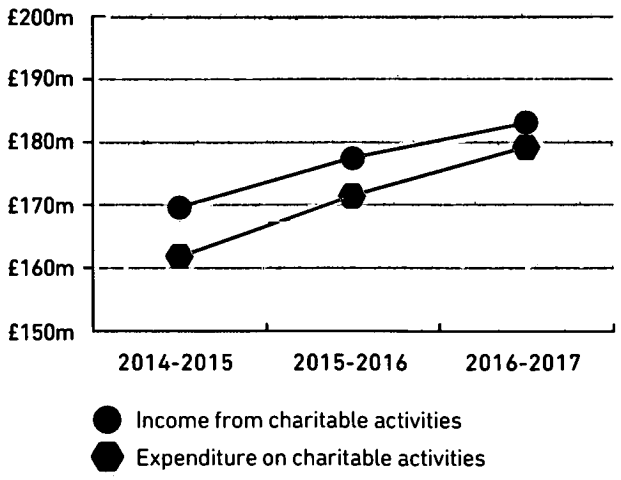
To achieve this we have to create the right environment for our staff, providing opportunities for them to flourish in their chosen career and enabling us to recruit people of the highest calibre to join the Charity.

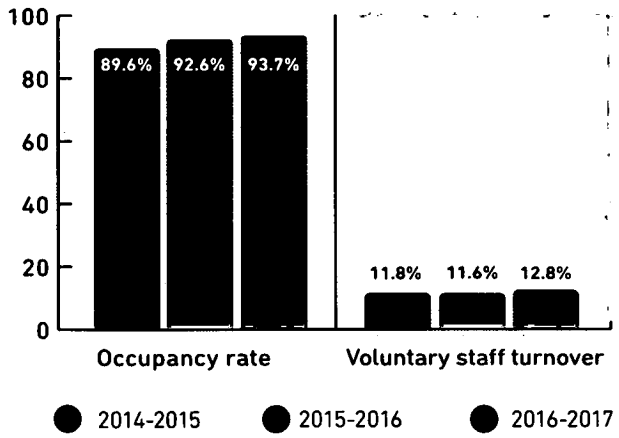
Tracking our progress

We have chosen 4 Key Performance Indicators (KPIs) to track our strategic progress:

- Income from charitable activities
- Expenditure on charitable activities
- Occupancy rate
- Voluntary staff turnover

These KPIs are distinct from our Strategic Targets. These specific aiming points for our strategy and our progress against them is set out in the next section. The table below sets out the trends in the 4 KPIs over the last 3 years.





Progress and Next Steps

We have made significant progress on our strategy during the year but recognise that there is still more to do.

Engagement

Target:
75% Engagement Score

FY16/17:
64%

The engagement level of our staff is critical to achieving our strategy. Our engagement target is to reach 75% by 2020. When we first measured engagement through a staff survey in Autumn 2015 we scored 59%. The same survey just over a year later found the level had increased to 64%. This indicates greater alignment between the aims of the Charity and those of the people who actually deliver the services to our patients.

Lives Transformed

Target:
1,500 Lives Transformed

FY16/17:
573 patients transfered to a lower level of security

We measure 'Lives Transformed' in terms of the number of patients who have progressed either to leave our care or move to a less restrictive, lower security environment. Our target for the year was 300 lives transformed, and we narrowly missed this with an actual figure of 273 patients.

Every patient has a unique and individual recovery journey and so it is difficult to make absolute predictions, but the implementation of the Transformation Programme described here is intended to deliver more 'lives transformed'.

CQC Rating

Target:
Outstanding CQC Rating across all sites

FY16/17:
Good/Requires Improvement

Engagement has been pivotal in significantly reducing the level of issues raised by the Care Quality Commission (CQC) in their visits to Essex and Northampton during the year. While the overall level of issues was reduced from previous visits, we recognise that we still have more to do to achieve our target of an Outstanding rating by 2020.

Investment Target

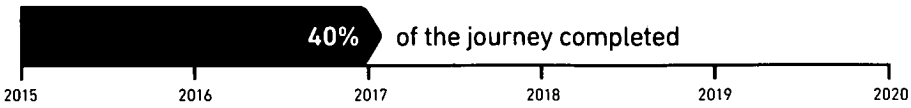
Target:
£100 Million Investment

FY16/17:
£53.1m

Our target is to generate a total of £100m of free cashflow from operating activities over 5 years.

Reaching this target is the key to achieving continued stability for the future and implementing our ambitious plans for research and development.

The total free cashflow generated for the financial year was £27.9m which, added to £25.2m in 2015/16, brings the total generated to £53.1m.



Transformation Programme

While we deliver great care in the main, we recognise that there is a lack of consistency in achieving the best possible outcomes for all our patients. We also need to measure patient outcomes more comprehensively, together with the amount we invest to achieve them.

To deliver this, we are moving to a value based care model where 'value' is measured as the best possible patient outcome for the best investment of all our resources. An Outcomes Framework, currently being developed, will focus on personalisation, mental health and physical health outcomes and is key to this change.

Successfully implementing this value-based care model will require a move to more de-centralised, empowered teams called Integrated Practice Units (IPUs). Our approach is to work with both clinical and non-clinical staff to make sure that the designs provide the best outcomes for our patients.

This agenda will be the major focus of our strategic activity for 2017/18 and we hope will deliver noticeable benefits for patients in a short timeframe.

Income/Funding

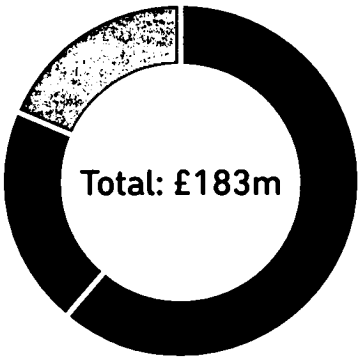
The income of the Charity reached record levels in 2016/17.

The Charity receives essentially all its income from NHS entities. We do from time to time receive donations, and in most of these cases the income is reserved for a particular cause.

Our single biggest source of funding is from NHS England (NHSE), which is the centralised body that places the most challenged patients with appropriate providers of care.

Our other main source of income is from Clinical Commissioning Groups (CCGs), who also commission our services for their patients with the most complex needs. We received income from 200 CCGs in financial year 2017 (200 in financial year 2016).

Income from charitable activities by funder



- NHS England £112.1m
- CCGs £45.6m
- Other £25.3m

In determining the best placement for a patient, each commissioner will take account of many factors including clinical and care skills, facilities, geographic suitability, the provider's track record and price.

The number of patients placed at St Andrew's is testament to the quality of our facilities, our treatment and care for patients and the skills, experience and compassion of our staff.

We are extremely conscious of our duty not only to provide the best outcomes for our patients but to do so in an efficient manner. Our strategic drive is to maximise the outcomes for every pound of cost invested in delivering those outcomes. We therefore aim to make a surplus and to invest 100% of that surplus back in to providing better outcomes for patients.

We also continue to invest in our buildings, to ensure that we can offer the best facilities and a broad range of options for our patients. In addition to the completion of Fitzroy House, we have also invested in a step-down facility, Winslow, close to our Nottingham site, where we are able to care for patients in a community setting. Focus has also been put on investment to improve our IT systems, to facilitate more efficient working. Vitally, this will also ensure robust underlying platforms and security so that our data is both manageable and well protected.

People, Education and Development

Staff development

St Andrew's has a culture of supporting individuals in their career development and is committed to ensuring staff have the skills needed to deliver excellent patient care and develop their roles within the Charity.

Outstanding leadership is the key to the future of St Andrew's. A practical toolkit for line managers has been developed to support and embed the behaviours from our established leadership development programmes.

In addition to bi-annual Leadership Events for the Charity's top 150 senior managers, the Charity invested £2.7m in staff learning and development opportunities. This year Investors in People recognised St Andrew's with a Silver Award.

To ensure we are able to attract the best nursing staff, we set up a bursary scheme in 2015. The scheme, known as ASPIRE, supports 20 members of staff per year to gain a nursing degree with a £15,000 bursary.

Academic placements

We welcome around 300 students to St Andrew's each year from a wide range of disciplines. These include medicine, psychology, nursing, occupational therapy and social work. St Andrew's also provides training in areas such as research, management experience and service development that other providers may find hard to deliver.

As a General Medical Council approved site for higher specialty training, we collaborate with Postgraduate Deaneries and Training Schemes around the country to ensure that clinical training at St Andrew's integrates with and enhances NHS training.

We offer a wide range of clinical placements including medium secure care, low secure care, forensic care, neuropsychiatry, caring for children and young people, plus women's specific services.

Diversity and engagement

St Andrew's celebrates the diversity of our workforce and values the enrichment that a diverse workforce brings to our Charity. We promote equality of opportunity in all aspects of employment, irrespective of disability, gender, race, religion or belief, age, sexual orientation, gender identity, marital or civil partnership status.

Workforce data is collected and monitoring reports are shared twice a year with the Board, our Equality, Diversity and Human Rights Steering Group, published on the staff intranet and shared with commissioners as part of contract compliance.

We regularly feature in the Stonewall Top 100 Equality Index, reaching 43rd position this year. We were named the most inclusive employer in the healthcare sector.

We have also achieved Gold Standard in the Race for Opportunity nationwide benchmark.

Education and learning for patients

Education and learning contribute to the recovery of our patients. Our staff help them work towards awards or qualifications.

Patients are supported by skilled staff across many workshops to build independence, respect, teamwork and trust; building skills, knowledge and self-esteem in a supportive environment. There are opportunities to gain accredited qualifications and development is supported by regular reviews and feedback.

Workbridge, at our Northampton site, gives patients an opportunity to work as part of a team, learning and developing work and life skills through a broad range of vocational activities to help them realise their potential in the community. Workbridge provides work experience in morning and afternoon sessions across:

- Catering
- Coffee shop
- Ceramics
- Contracting
- Horticulture
- Office skills
- Design and print
- Woodwork

As the patient's journey progresses, our Employment Support service supports patients to take their skills outside Workbridge and into meaningful paid or voluntary opportunities in the community.

Light and heavy industry workshops are also available within some facilities, including William Wake House and FitzRoy House, enabling patients to develop their creative skills and produce a wide range of items.

St Andrew's Patient Experience team gives patients the opportunity to get involved in the Charity's operations: from interviewing job candidates, welcoming new joiners at induction and through work experience. A number of patients have gone on to take paid employee roles within the Charity.

Education plays a vital role in recovery and we work with patients in all pathways to achieve academic and vocational qualifications.

Research

Research taking place at St Andrew's Healthcare has the potential to enhance the lives of people with mental illness, learning disability, autistic spectrum disorder, conduct disorder, substance abuse, neurodegenerative disorders and brain injury.

Innovation and the development of world-class practice, supported by research, is a key component of our strategy.

We have appointed a new head of research and development to drive our strategic goals in this area, together with a head of fundraising to support an expansion of our research capabilities. These two roles will be pivotal in enabling us to deliver groundbreaking therapies that we can share with the wider mental healthcare community.

St Andrew's offers a unique environment for academic training, thanks to its outstanding reputation for treatment and innovation in the field of mental healthcare.

An established Academic Department offers over 300 student placements each year in many disciplines. We have strong partnerships with the University of Cambridge, the University of Northampton, De Montfort University, the University of Birmingham, the University of Bedfordshire and the University of Buckingham. In 2016 we became a host site for Nursing degrees.

In addition to medical students, psychiatrists, nurses and psychologists, students in a wide range of further subjects are also hosted on placements; these include occupational therapy, social work, dietetics and speech and language therapy.

In 2016 we invested in the creation of a modern student centre for all those on placements, to facilitate networking and collaboration.

Quality

Our vision is to transform lives by delivering against three key objectives: to deliver world class care, develop innovative therapies and treatments, and to put people first.

In the last year we've made clear progress in each area. Highlights on the progress of the quality priorities that we set for 2016/17 include:

- Improvements in safe staffing, reducing our use of agency staff from 11% to 6% over the year, and recruiting more than 300 nurses to our wards.
- As part of our dedication to holistic healthcare we became smoke-free at every site – and created new fitness initiatives and weight management sessions for patients and staff.
- We've also delivered in reducing restrictive practices. Our Safewards pilot saw restraints on the wards involved falling by 32%, prone restraint by 38%, assaults by 18%, seclusion by 17% and rapid tranquilisation by 8%. Rolling out Safewards across the Charity is now a quality priority for the coming year.
- A major milestone was to create the Quality Strategy, pulling together existing areas of work to create a clear, outcome-focused roadmap that will mean safe and better quality care for all our patients.
- Our Quality and Safety Committee has made exceptional progress – not only creating the Quality Strategy, but in aligning each committee member to a key care domain: safe, effective, caring, responsive, well-led and quality improvement. Creating accountability in this way is helping us deliver against our KPIs. The Quality Strategy is a vital part of how we will put people first and deliver world class care in the coming months and years.

Financial Performance

Trading performance

The financial performance of the Charity in the year to 31 March 2017 was in line with the expectation of the Trustees and in line with our strategic plan. Total income rose by 3.3% to £205.6m, net income was £7.2m and net debt (borrowing less cash at bank) reduced by £1.8m to £27.3m.

Income from charitable activities, which excludes income from our subsidiaries (Three Shires Hospital LLP and Pavilion Clinic), was up £5.5m, or 3.1%, to £183m reflecting a record average bed occupancy of 853 beds at a occupancy rate of 93%. On average there was approximately a 1% increase in the day rate per bed but this inflation is unlikely to be sustainable.

Expenditure on charitable activities increased by £7.5m to £179.2m; however £2.9m of this increase related to the impairment of assets. Most of the impairment related to investments in two IT systems made in 2014/15 that were never brought into functional use and have now been superseded. These investments were made at a time of significant change and before the current leadership team established an IT strategy. Excluding this impairment. the underlying level of increase in cost was £4.6m, in line with the increase in patient numbers.

Net income from other trading activities was £5.7m, which reduced to £3.4m after the deduction of the minority interest.

This mostly reflects the 50% interest in Three Shires Hospital LLP (that took over the trade of 3SH Limited on 1 April 2016) that in turns owns 51% of the Pavilion Clinic. This performance is an improvement on the £2.8m delivered after minority interest last year.

Interest on borrowings was £1.9m, down slightly on last year's £2.0m, as a result of slightly lower borrowings. In the year net gains on investments were £1.6m as a result of improved stock market performance. Overall net income was £7.2m compared with £7.8m last year.

Cash generation

The net movement in funds of £6.1m actually represents a cash generation of £27.9m, when adjusted for the non-cash constituents and the movements in working capital (see note on page 46). This cash generation increased by a further £4.1m to £32.0m following adjustment for the movements in investments, minority interests, tax and interest paid. This £32.0m was used to fund £30.2m of capital expenditure, resulting in a cash surplus before the repayment of bank borrowings in the year of £1.8m.

The major capital projects in the year were the completion of FitzRoy £14.3m, IT infrastructure £5.0m and Winslow £2.4m.

The Charity realised a net £7.0m from sale of investments during the year. This consisted of a net sale of £5.8m of stock market investments and the sale for £1.2m of land.

Balance sheet

The Charity has a strong balance sheet with reserves that increased by £6.1m during the year to £240.0m. Net debt at the year-end of £27.3m was made up of £41.2m of borrowings and £13.9m of cash in the bank. In addition it had at the year-end £13.0m of investments, down from £18.9m last year as a result of the sale of a net £5.8m of investments.

During the year a refinancing programme was undertaken. As part of this programme it was decided to reduce investments but to keep a strategic reserve of at least £10m. The aim of the refinancing programme was to put in place flexible long term facilities at the lowest possible cost.

On 4 May 2017 the Charity completed a refinancing of its £41m Lloyds facility and replaced it with a £75m Revolving Credit Facility (RCF) with Barclays and HSBC. This RCF facility enables the Charity to draw down funds as and when required and is repayable in 5 years. The extra size of the facility allows headroom to deliver our strategic goals over that period.

Pensions

The Charity has a number of pension arrangements with all current schemes being defined contribution. However the closed defined benefit scheme remains a responsibility of the Charity. This has been valued at the year-end for accounting purposes, on the same principles as last year and the surplus in the scheme has fallen from £19.5m to £6.2m.

Despite an improvement in the value of the scheme assets, the fall in interest rates that determines the value of the liabilities, more than offset this. The three yearly actuarial scheme valuation was completed as of 31 March 2016.

As this uses different and more prudent assumptions for assessing the schemes liabilities the conclusion was an actuarial deficit of £7.7m. As part of this discussion the Charity has agreed to continue contributing £0.5m a year to make up this deficit.

Investment and reserves policy

The Charity has significant reserves of £240m that it uses to fund its long term capital development programme. The long term strategy may require an increase in borrowing that the Board will monitor closely and is restricted by bank convenants to three times Earnings before Interest, Tax, Depreciation and Amortisation.
The Board also has a policy of holding a long term investment reserve of at least £10m. These investments are managed by the Charity's Fund Manager on a discretionary basis without restriction.

Investment performance is measured against a composite benchmark aligned with St Andrew's objectives for the fund.

Post balance sheet event

As described above in the section on Balance Sheet, on 4 May 2017 the Charity completed a refinancing of its £41m Lloyds facility and replaced it with a £75m Revolving Credit Facility (RCF) with Barclays and HSBC.

Risks and uncertainties

Risks

The Charity has established processes for the identification, management and control of strategic, clinical and operational risks, likely to affect the achievement of the Charity's strategy and the delivery of value based outcomes for the Charity's patients.

The risk management process

The Board of Trustees has overall responsibility for the risk management process, with the effectiveness of the process being reviewed by the Audit and Risk Committee.

The Executive Leadership Team is responsible for the management of the Charity's material risks to the achievement of the Charity's strategy.

Material risks are measured against a materiality threshold which is set by, and reviewed regularly by, the Executive Leadership Team. Each of the material risks, and any changes to these risks, must be reviewed and agreed by the Executive Leadership Team, on a quarterly basis.

Risk registers are maintained by the clinical pathways and corporate functions to manage the risks to clinical or operational performance, and are reviewed through Pathway Quality and Risk Committees and senior management team meetings.

Operational risks may be escalated at any time to senior management and Charity's central risk management function.

Material risks

The Charity's assessment of material risks is applied relative to the objectives specified in the Charity's Five Year Strategy.

The material risks are presented as 'residual risks', based on the exposure presented by the risk, and the effectiveness of the relevant controls in place to mitigate the risk effects.

The principal material risks are presented in the table opposite.

Risk	Potential Impact	Mitigation	Assessment
Strategic Environmental Change	Competitor consolidation, new market entrants, focus on preventative treatments and growing purchaser power challenge the business model and delivery of the Strategy	Developing Clinical Modelling and Outcomes Strategic KPIs developed, monitored and used Developing innovative treatments and therapies	**Increasing Risk** Political and economic factors driving major changes in the healthcare economy
Cyber Risk and Resilience	Weaknesses in cyber security strategy and arrangements render information systems and applications vulnerable to attack, increase the risk of major systems disruption, data loss and 'ransom ware' attack.	Enhancing internal information security capabilities and skillsets Specialist technologies and capabilities Charity-wide campaign to raise awareness and personal ownership of information governance risks	**Increasing Risk** Increasing frequency and sophistication of cyber attacks
Reputation Management	Risk of significant short and long-term damage to the brand and credibility, due to media reports, adverse events, false rumours or the materialisation of risks	Proactive communications strategy with external stakeholders Active management and monitoring of social media Incident management frameworks and contingency planning	**Increasing Risk** Increasing focus on mental health from the media and the public, and on performance of health providers
Delivering Physical Healthcare	Insufficient depth and range of skills, capabilities and organisational constraints compromise the development and delivery of an effective integrated patient healthcare management strategy	Integrated planning and delivery of treatments to improve outcomes. Clinical modelling to deliver improve responsiveness and efficiency. Innovating with new technologies to deliver care. Integrating the patient's voice into clinical modelling	**Increasing Risk** More complex patients, increasing stakeholder expectations
Recruitment and Retention	Inability to recruit and retain sufficient numbers of clinical, management and strategy skillsets and expertise to deliver operational excellence and develop and implement the strategy	Training and skills development activities Enhanced pay benefits packages Engagement and motivation activities	**Stable Risk** Continuing challenge of attracting and retaining high performing talent
Positive Cultural Change	Failing to develop a positive, challenging organisational culture could inhibit the delivery of strategic objectives	Leadership development initiatives, including 'Living Leader' course, CARE values, positive communications Improvements to reward and benefits packages Personal and career development opportunities to drive motivation and commitment	**Stable Risk** Developing understanding and positive attitudes towards the Strategy and change
Management Information and Insight	Management information and reporting is inconsistent and incomplete negatively affecting the quality of management decision-making	Data-quality strategy to develop data-quality landscape Data and Analytics project team delivering data management and enhanced reporting Data governance, data quality, business intelligence, and analytics skills and capabilities	**Stable Risk** Stable data infrastructure to support future developments

› Structure Governance and management

Public benefit

The summary of the Charity's strategy and activities, and the patient group supported, explain how the public benefit requirement is satisfied by the Charity. The Trustees have due regard to the Charity Commission's commission's public benefit guidance when exercising any powers or duties to which the guidance is relevant.

Status and structure

St Andrew's Healthcare is registered in England and Wales as a company limited by guarantee and a registered charity.

The Charity is registered with the Care Quality Commission (CQC), holds a licence from NHS Improvement and is regulated by Ofsted.

The Chief Executive Officer, Chief Finance Officer and the Director of Nursing and Operations represent the Charity on the Board of Three Shires Hospital LLP. The Chief Executive Officer and the Chief Finance Officer are the directors of St Andrew's Group of Companies Limited and St Andrew's Property Management Limited (see note 14).

The Charity is governed by a Court of Governors, and a Board of Trustees. All Trustees are also directors of the company.

Court of Governors

The Charity's Articles of Association provide that the Charity may have up to 40 Governors, who are the Members of the Charity. In 2013 the category of Honorary Governor was introduced for those Governors who wish to remain involved in the Charity but play a less active role. There were 38 Governors and five Honorary Governors in role on 31 March 2017.

The Court of Governors meets three times a year, including for the Annual General Meeting, where the Governors receive the Annual Report and Accounts and elect or re-elect Trustees. The Board informs the Governors, at the Court of Governor meetings, about the Charity's recent performance and future development. Some of the Governors play an active role in the Charity through ward visits, and the review of complaints and patient engagement, which provides an important form of assurance to the Governors and helpful intelligence to the Executive Directors regarding current issues.

Some Governors also act as Mental Health Act Managers, and others are involved as directors of the Pension Trustee company. The Governors are kept up to date with the Charity's activities through regular newsletters and updates from the CEO.

The Board

The Charity is governed by a Board of Trustees. The Board oversees a robust governance framework, which is reviewed from time to time. The Board regularly reviews its own effectiveness, the last such review being carried out in 2015, with a further review due in July 2017.

Constitution of the Board

The Board comprises 11 Trustees, including six Non-Executive and five Executive Trustees. All Trustees are also Directors of the company. All Non-Executive Trustees, except Dr Michael Harris, are Governors of the Charity. Four new Trustees joined the Board during the year, and three left the Board. New Trustees took part in an induction process which included attendance at the staff induction, meetings with the Executive Team, discussions with senior management and visits to wards.

New Trustees are appointed for an initial three year term, that can be extended for a further three year term.

The Chairman and one of the Non-Executive Trustees, Stuart Richmond-Watson, have served as Trustees for longer than the timeframe recommended by the Corporate Governance Code. The skills and knowledge of both individuals are deemed by the Board to be exceptionally valuable to the Charity at this time, and making an exception to the Code is therefore justified.

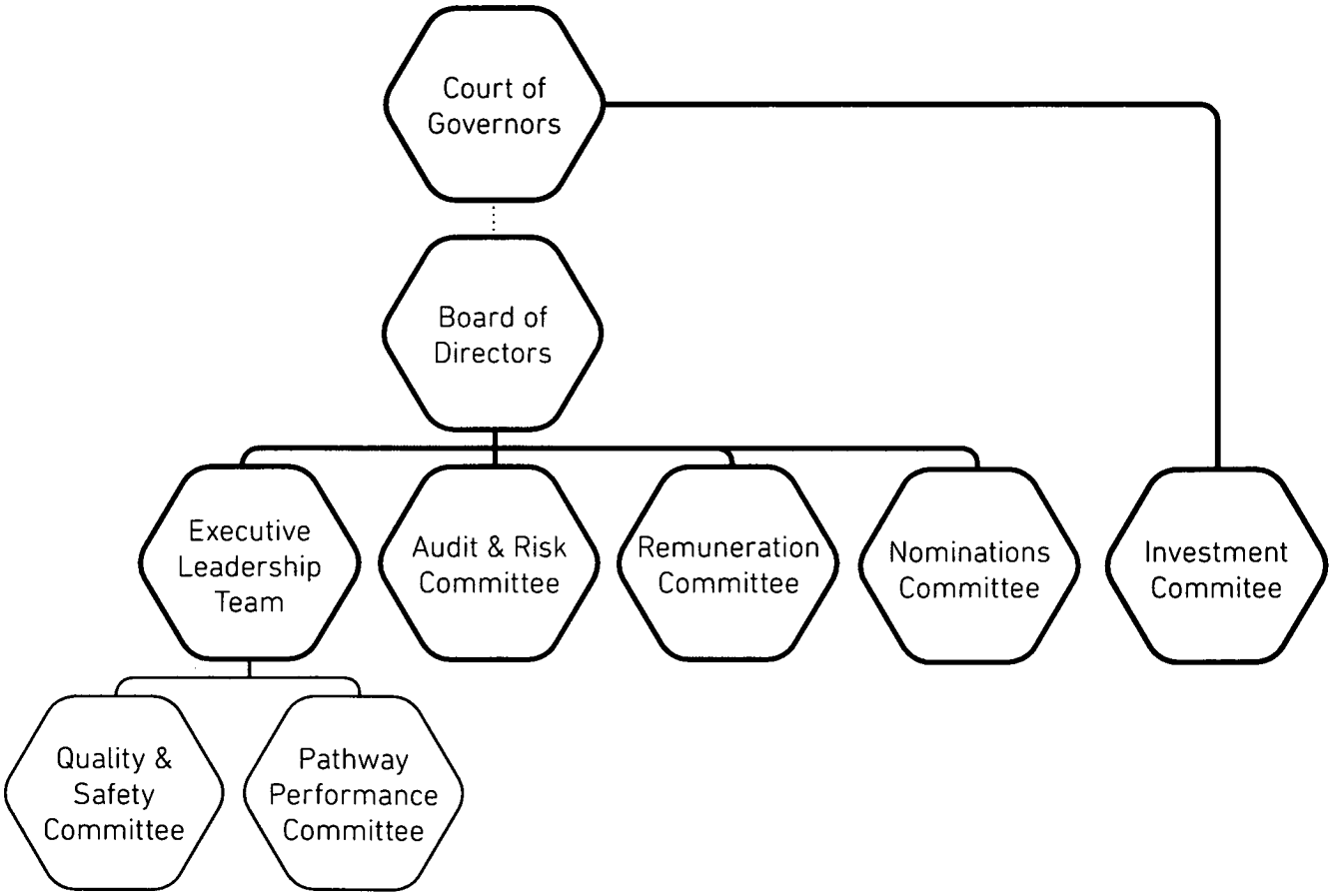
The Board considers the Non-Executive Trustees to be independent. All Non-Executive Trustees, save for Dr Michael Harris, have no financial or other business relationship with St Andrew's, offering their services on an unpaid and voluntary basis. The Non-Executive Trustees regularly meet independently of the Executive Trustees in order to review and evaluate the performance of the Board and associated committees.

Board responsibilities

The Board is responsible for the overall leadership of the Charity, and for approval and monitoring of the Charity's vision, values, purpose, long-term objectives and strategy. The Board meets six times a year, with a Board plan now in place to ensure timely discussion and approval of regulatory matters and discussion of key topics on a regular basis. The Board is supported by a number of committees, to which it delegates certain authorities. The day to day running of the Charity is the responsibility of the Executive Leadership Team.

Sub-committees

The current Sub-Committee structure is as follows:



› Committee structure

The following formally constituted Committees deal with specific aspects of St Andrew's affairs in accordance with their written terms of reference, which have recently been reviewed and updated.

The Audit and Risk Committee

The purpose of the Audit and Risk Committee is to assist the Board in the discharge of its responsibilities for financial reporting and corporate and quality control and to provide a forum for reporting by the internal and external auditors.

The Committee regularly reviews the Charity's risk management, financial reporting processes and internal control systems, and monitors the effectiveness of the internal audit function. During the year, the Committee focussed on the following specific areas, in addition to its regular activities: the resourcing of the Internal Audit function, the appointment of a third party Local Counter Fraud Specialist, business continuity management, the development of the Charity's approach to risk and risk management, clinical effectiveness and quality assurance structure and oversight and IT asset management and controls. The Committee also played a key role in the selection and appointment of external auditors.

The Committee is currently made up of two Non-Executive Trustees and two Governors who were appointed by the Board upon recommendation of the Nomination Committee. In addition the Chairman and Executive Directors are invited to attend meetings but are not Committee members.

The Committee met four times during the year.

The Remuneration Committee

The Remuneration Committee approves the overall policy for remuneration for all employees. It determines annually the pay and benefits packages of the Executive Leadership Team members and senior management, and agrees any settlement payments made to Executive Leadership Team members. The Remuneration Committee also determines on an ad hoc basis the pay and benefit packages of any Executive Leadership Team members appointed during the year.

No additional payments are made in consideration of the Executive Trustees performing the duties or holding accountability as a Trustee or Director of the Charity. No Executive Trustee has a non-executive or other position outside the Group that attracts remuneration.

There is an annual meeting cycle to review Executive total remuneration and market practice, and approve any Executive salary increases and annual bonus awards for the prior year.

The Committee also approves the overall annual bonus structure and performance conditions, reviews benefit provision and regularly reviews the remuneration policy.

In addition, during the year, AON Hewitt, as independent advisor to the Committee, has provided a review of competitor trends and a market review of Executive remuneration.

The Remuneration Committee is made up of four Non-Executive Trustees and reports to the Board.

The Committee met four times during the year.

Remuneration statement

As one of the largest mental health charities in the UK, St Andrew's has set a strategy and agenda for change that will not only improve the lives of the patients currently at St Andrew's, but will impact the development of treatment and care of patients with mental illness globally.

In order to achieve that ambition, it is imperative that the Charity attracts and retains individuals who can make a real contribution to the future of the Charity. As a result, the Nominations Committee and the Board have sought to engage senior leaders from many backgrounds, not limited to healthcare, who bring with them a range of skills and experiences that will support and drive the change needed to deliver the strategy and ambitious goals that have been set.

The Remuneration Policy, available on our website, sets the position for salaries for the Executive Leadership Team between the upper quartile for the largest charities and the NHS and the median for divisions and subsidiaries of private sector companies. In addition, bonus levels are set with reference to total compensation levels against this benchmark and to reflect the competitive market for talent in which St Andrew's, as a trading charity, operates. Remuneration for roles at the Executive level are benchmarked regularly, with the support of external advisers, using salary survey data from the charitable, private and public, and healthcare sectors. The remuneration policy is also reviewed regularly, with this activity planned for our 2017/18 financial year.

Other roles in the Charity are subject to an annual salary review. In 2017, the review set a new minimum hourly rate for all employees of £7.65, which is above the National Living Wage. This equates to an increase of 6.25% for the 385 permanent and WorkChoice employees at the lowest salary levels, and an increase of between 2.9% and 5.8% for another 1,300 staff. Other bands received 2% increase while management, senior clinicians the Executive Leadership Team received a 1.8% pay increase.

The Charity also operates a bonus scheme for all staff, based on the Charity's financial and quality performance together with individual performance. The Remuneration Committee determines the level of bonus payment for Executives, senior staff and all employees with input from external advisers.

The Nomination Committee

The purpose of the Nomination Committee is to make recommendations to the Board for new Governors, Executive and Non-Executive Trustees, Board and Governor Committees, and to nominate appropriate candidates for appointment to director positions for any of the Charity's Group companies. Non-Executive Trustees may either be nominated from the Governor community or identified through external search. In selecting suitable candidates, the Committee considers a range of factors, including relevant skills, experience and diversity. The Committee is also responsible for ensuring robust succession planning for Board and other senior clinical and non-clinical roles.

The Nomination Committee comprises four Non-Executive Trustees and one Governor.

The Committee met twice during the year.

The Investment Committee

The Charity has an Investment Committee which comprises four members appointed from the Governors, who are selected for their knowledge, experience and expertise in the investment arena. The Investment Committee advises but has no direct powers, and makes recommendations to the Board and to the Pension Scheme Trustee on the appointments of fund managers, investment strategy and other investment matters regarding the separate investment funds.

The Investment Committee currently comprises four Governors, one of whom is also a Non Executive Trustee. The Chairman of the Pension Trustee attends all of the Investment Committee meetings.

The Investment Committee met four times during the year.

Attendance at meetings

The number of Board meetings and Committee meetings, and attendance at each meeting where a Trustee /Governor was a member in the year to 31 March 2017 was as follows:

	Board of Directors	Audit & Risk Committee	Remuneration Committee	Nomination Committee	Investment Committee*
Number of Meetings	6	4	4	2	4
Executive Directors					
Gil Baldwin	6	4	4	2	
Martin Beer (from 04.07.16)	5	3			2
Thomas Harris (retired 08.07.16)	2	1			1
Dean Howells (from 29.07.16)	5	3			
Warren Irving (retired 28.02.17)	5				
Martin Kersey	6		4	2	1
Alice Parshall (from 27.05.16)	6				
Non Executive Directors					
Peter Winslow	6	2	4	2	
Stuart Richmond-Watson	6		4	2	4
Sir Peter Ellwood (retired 26.11.16)	3	2	2	1	
Frances Jackson	6	4	4	2	
Jane Forman Hardy	6				
Paul Parsons (from 03.03.17)	1		1		
Mike Harris	6	4			
Governors					
Robert Heygate		3			
Oliver Mackaness		4			
Tim Davy (from 15.09.16)		3			
David Laing				1	
Alec Foster					4
William Francklin					4
Crispin Holborow					2
Company Secretary					
Claire Carless (from 01.10.16)	4	2	2	1	1

Executive Leadership Team

The day to day responsibility for running the Charity is delegated by the Board to the Executive Leadership Team, which is made up of the Executive Trustees, the Director of IT and Business Change, the Director of Estates and Facilities and the General Counsel/Company Secretary. The Executive team meets weekly and focuses on development and delivery of the strategy, delivering value based outcomes for patients, ensuring robust financial management and compliance with all statutory and regulatory requirements. Decision making within the Charity is governed by a policy of delegated authority.

Quality and Safety Committee

The Quality and Safety Committee is a key committee of the Executive. Its focus is to develop and ensure implementation of the Quality Agenda for the Charity, measuring effectiveness against agreed KPIs and promoting a culture of open and honest reporting.

The Committee is chaired by the Executive Director of Nursing and Operations, with the Chief Medical Officer and other clinical and non-clinical staff in attendance.
Dr Michael Harris is also a member of the Committee.

Pathway Performance Committee

The Pathway Performance Committee's role is to ensure that the Charity is well managed on a day to day basis across the full range of operational activities, by the establishment and maintenance of effective systems and processes to deliver, from the patients' perspective, safe, caring, effective, responsive and well led services.

The Committee is chaired by the Executive Director of Nursing and Operations, and is attended by the Service Directors for each of the Pathways, along with representatives from other key functions.

Statement of Trustees' Responsibilities

The Trustees (who are also the directors of St Andrew's Healthcare for the purposes of company law) are responsible for preparing the Trustees' annual report and financial statement in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The Trustees are pleased to present their annual directors' report together with the consolidated financial statements of the Charity and its subsidiaries for the year ending 31 March 2017 which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

Company law requires the Charity Trustees to prepare financial statements for each year which give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure of the charitable group for that period.
In preparing the financial statements, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently
- Observe the methods and principles in the Charities SORP
- Make judgements and estimates that are reasonable and prudent
- State whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charity will continue in business

The financial statements comply with the Charities Act 2016, the Companies Act 2006, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK (FRS102) (effective 1 January 2015).

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Charity and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Charity and the group and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the Charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In so far as the Trustees are aware at the time of approving our Trustees' annual report:

- there is no relevant information, being information needed by the auditor in connection with preparing their report, of which the group's auditor is unaware, and
- the Trustees, having made enquiries of fellow directors and the group's auditor that they ought to have individually taken, have taken all steps that he/she is obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The directors who served during the year and up to the date of signing are disclosed on page 26.

The Annual Report is signed on behalf of the Trustees by:

Peter Winslow CBE (Chairman)

Date: 21 July 2017

› The Board of Trustees

The Board of Trustees is made up of six Non- Executive Trustees and five Executive Trustees. The Executive Trustees are also members of the Executive Leadership Team.

Peter Winslow

Peter Winslow, CBE, was Group Chief Executive of BGL Group Limited from 1997 to July 2013 and is currently Executive Chairman since taking on the role in 2013. Peter qualified as a chartered accountant and prior to joining BGL was CEO of Harper Collins UK. Having served as a Governor at St Andrew's Healthcare from 2005, Peter joined the Board in 2007 and became Chairman in 2014. He was awarded a CBE in the 2012 New Year's Honours List in recognition of his contribution to Financial Services.

Appointed as a Trustee:
27 July 2007

Stuart Richmond-Watson

Stuart Richmond-Watson is a Director and Fund Manager at LaSalle Investment Management, part of the JLL Group. Stuart has worked at JLL his entire career. Stuart joined St Andrew's as a Governor in 1987.

Appointed as a Trustee:
30 July 2004

Frances Jackson

Frances Jackson has been involved in the not-for-profit sector for many years following a career in finance at Citicorp. She has served in a number of capacities at national and local levels, was a member of the Independent Monitoring Board at HMP Grendon and Springhill and is currently Chairman of the Trustees of the Institute for Food, Brain and Behaviour.

Appointed as a Trustee:
25 July 2014

Jane Forman Hardy

Jane Forman Hardy is a director of a family business and a non-practicing solicitor. Jane has previously served as a member of the Parole Board and the Mental Health Act Commission (now Care Quality Commission) and was formally a member of the Independent Monitoring Board HMP Nottingham. Jane became a Governor of St Andrew's in 2008.

Appointed as a Trustee:
25 July 2014

Dr Michael Harris

Mike Harris is a consultant psychiatrist. He has previously held executive roles at St Andrew's Healthcare and Nottinghamshire Healthcare, and acted as a sub dean of the Royal College of Psychiatrists. Mike is currently chair of Improving Lives and vice chair of The Lucy Faithfull Foundation.

Appointed as a Trustee:
31 July 2015

Paul Parsons

Paul Parsons was formerly senior partner of Greenwoods Solicitors, having practiced as a solicitor for over 30 years, and a member of the Independent Monitoring Board at HM Prison Woodhill. He is a trustee of the Northamptonshire Community Foundation and a governor of Blakesley C of E Primary School. Paul joined St Andrew's as a Governor in September, 2016.

Appointed as a Trustee:
03 February 2017

› The Executive Leadership Team

The Executive Leadership Team is made up of the following members:

Gil Baldwin MBE, Chief Executive Officer and Trustee

Responsibilities: Gil is responsible for leading the development and implementation of the Charity's vision, strategy and values, and for the day to day management and operation of the Charity. He acts as a liaison between the Board and management and plays a key role in external stakeholder engagement.

Appointed as a Trustee:
25 July 2014

Martin Beer, Chief Finance Officer and Trustee

Responsibilities: Martin's role encompasses both financial and commercial responsibilities. He drives robust financial processes and controls to ensure both short and long term financial sustainability for the Charity.

Appointed as a Trustee:
04 July 2016

Dr Alice Parshall, Chief Medical Officer and Trustee

Responsibilities: As Chief Medical Officer, Alice is responsible for leading and implementing the clinical direction of the Charity. She provides medical oversight, expertise and leadership to ensure the delivery of world class value based outcomes for patients. Alice is the Responsible Officer for the Charity.

Appointed as a Trustee:
27 May 2016

Dean Howells, Executive Director of Nursing and Operations and Trustee

Responsibilities: Dean's role encompasses providing professional leadership to the nursing workforce and Allied Health Professionals alongside operational delivery of safe and effective care via the clinical pathway structure. Dean is also responsible for ensuring regulatory compliance with the CQC and other key stakeholders. Dean is the Charity's Caldicott Guardian, Director of Safeguarding and Director for Infection, Prevention and Control.

Appointed as a Trustee:
29 July 2016

Martin Kersey, HR Director and Trustee

Responsibilities: Martin is responsible for setting the strategy for, and implementing, all people based activities in the Charity from a strategic and operational perspective. This includes resource planning and recruitment, development and training and the development of the reward strategy for the Charity. Martin also has responsibility for communications, Workbridge, staff and patient education and St Andrew's College.

Appointed as a Trustee:
17 November 2014

Claire Carless, General Counsel and Company Secretary

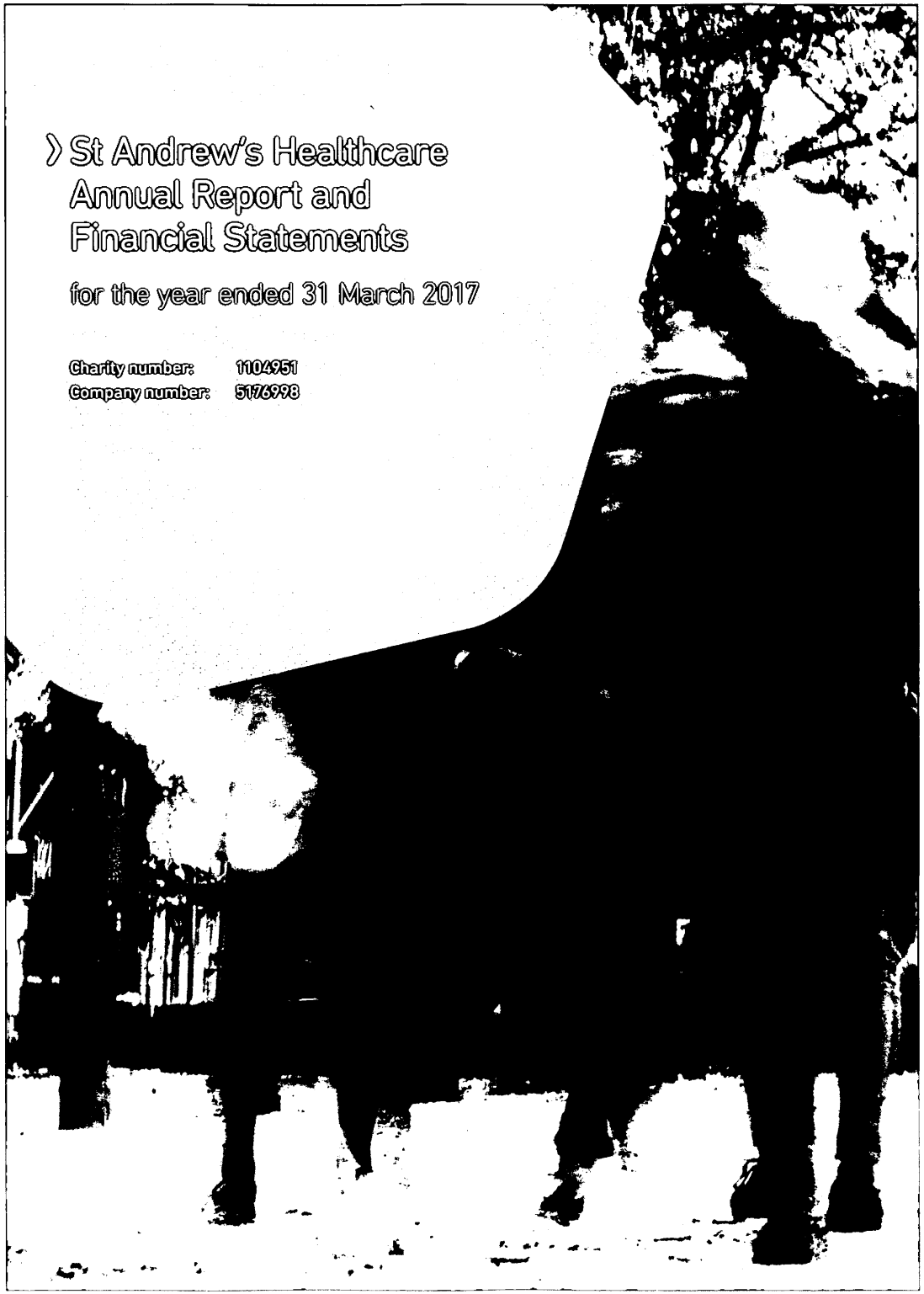
Responsibilities: Claire is responsible for managing legal risk and ensuring appropriate governance for the Charity. Her role also encompasses the audit function (both internal audit and quality assurance), risk management and the Mental Health Act administration team.

Appointed as Company Secretary:
03 October 2016

St Andrew's Healthcare Annual Report and Financial Statements

for the year ended 31 March 2017

Charity number: 1104951
Company number: 5176998



Reference and Administrative Details

Registered Name	St Andrew's Healthcare
Charity number	1104951
Company number	5176998
Principal and Registered office	Cliftonville Road Northampton Northamptonshire NN1 5DG
Non-Executive Trustees	Peter Winslow CBE, Chairman Stuart Richmond-Watson, Vice Chairman Sir Peter Ellwood CBE (Resigned 26.11.16) Frances Jackson Jane Forman Hardy Dr Mike Harris Paul Parsons (Appointed 03.02.17)
Executive Trustees	Gil Baldwin MBE, Chief Executive Officer Warren Irving, Chief Operating Officer (Resigned 28.02.17) Thomas Harris, Chief Finance Officer (Resigned 03.10.16) Martin Beer, Chief Finance Officer (Appointed 04.07.16) Martin Kersey, Director of Human Resources Dr Alice Parshall, Chief Medical Officer (Appointed 27.05.16) Dean Howells Director of Nursing and Operations (Appointed 29.07.16)

Governors

The Rt Revd Donald Allister
Lady Braye - Honorary
James Charrington
John Church CBE
William Church
Tim Davy
Sir Peter Ellwood
Deirdre Fenwick
Lord Charles FitzRoy
Jane Forman-Hardy
Simon Forster
Alec Foster
Nick Fothergill
William Francklin
Dr Martin Gaskell
Nick Heygate (Appointed 29.07.16)
Robert Heygate
Mary Hodges
Crispin Holborow
Frances Jackson
David Laing
Amanda Lowther
John McCall
James Mackaness
Oliver Mackaness
The Marquess of Northampton - Honorary
Paul Parsons
Ian Pasley-Taylor - Honorary
Lavinia Perry
Rupert Perry
Lady Proby
Sir John Robinson Bt.
Stuart Richmond-Watson
Stephen Schilizzi
Adrian Spooner
Sir James Spooner
Charles Stopford Sackville
Lady Tennant
Joan Tice - Honorary
Charles Wake
Johnny Wake
Major Sir Hereward Wake, Bt., MC -Honorary
Peter Winslow

Company Secretary

Thomas Harris (Resigned 03.10.16)
Claire Carless (Appointed 03.10.16)

External Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cornwall Court
19 Cornwall Street
Birmingham B3 2DT

Bankers

Lloyds Bank plc
125 Colmore Row
Birmingham B3 3SF

Investment Managers

Smith & Williamson Investment Management Limited
25 Moorgate
London EC2R 6AY

Independent auditors' report to the members of St Andrew's Healthcare

Report on the financial statements

Our opinion

In our opinion, St Andrew's Healthcare's group financial statements and parent charitable company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 March 2017 and of the group's incoming resources and application of resources, including its income and expenditure and of the group's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the consolidated and company balance sheets as at 31 March 2017;
- the consolidated statement of financial activities and the consolidated income and expenditure account for the year then ended;
- the consolidated cash flow statement for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the trustees have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Annual Report, including the Strategic Report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Trustees' Annual Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Trustees' Annual Report. We have nothing to report in this respect.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Trustees' remuneration

Under the Companies Act 2006 we are required to report if, in our opinion, certain disclosures of trustees' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the Trustees

As explained more fully in the Trustees' Responsibilities Statement, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Charity's members and trustees as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). 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 group's and the parent charitable company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the trustees; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the trustees' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report 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. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.

Gillian Hinks
(Senior Statutory Auditor)

for and on behalf of
PricewaterhouseCoopers LLP
Chartered Accountants and
Statutory Auditors

East Midlands

July 2017

(a) The maintenance and integrity of the St Andrew's Healthcare website is the responsibility of the Trustees; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

(b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Consolidated Statement of Financial Activities (including consolidated income and expenditure account)

For year ending 31 March 2017

	Note	Restricted Funds 2017 £m	Unrestricted Funds 2017 £m	Total 2017 £m	Restricted Funds 2016 £m	Unrestricted Funds 2016 £m	Total 2016 £m
Income from:							
Donations		0.2	-	**0.2**	0.5	0.2	**0.7**
Charitable activities	4	-	183.0	**183.0**	-	177.5	**177.5**
Other trading activities	5	-	22.1	**22.1**	-	20.3	**20.3**
Investments	6	-	0.3	**0.3**	-	0.6	**0.6**
Total income		0.2	205.4	**205.6**	0.5	198.6	**199.1**
Expenditure on:							
Charitable activities	7	(0.1)	(179.1)	**(179.2)**	(0.2)	(171.5)	**(171.7)**
Other trading activities		-	(16.4)	**(16.4)**	-	(15.9)	**(15.9)**
Interest payable and similar charges		-	(1.9)	**(1.9)**	-	(2.0)	**(2.0)**
Minority interest share	8	-	(2.3)	**(2.3)**	-	(1.6)	**(1.6)**
Total expenditure:		(0.1)	(199.7)	**(199.8)**	(0.2)	(191.0)	**(191.2)**
Taxation	9	-	(0.2)	**(0.2)**	-	(0.3)	**(0.3)**
Net gains on investments	16	-	1.6	**1.6**	-	0.2	**0.2**
Net income		0.1	7.1	**7.2**	0.3	7.5	**7.8**
Other recognised gains/(losses)							
Actuarial gains/(losses) on defined benefit pension schemes	22	-	(1.1)	**(1.1)**	-	0.8	**0.8**
Net movement in funds		0.1	6.0	**6.1**	0.3	8.3	**8.6**
Reconciliation of funds:							
Total funds brought forward		1.4	232.5	**233.9**	1.1	224.2	**225.3**
Dividends paid		-	-	**-**	-	-	**-**
Total funds carried forward		1.5	238.5	**240.0**	1.4	232.5	**233.9**

The statement of financial activities includes all gains and losses recognised in the year.

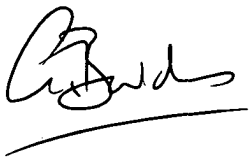
All income and expenditure derive from continuing activities.

› Consolidated Balance Sheet as at 31 March 2017

	Note	Restricted Funds 2017 £m	Unrestricted Funds 2017 £m	Group 2017 £m	Restricted Funds 2016 £m	Unrestricted Funds 2016 £m	Group 2016 £m
Fixed assets							
Intangible assets	15	-	9.3	**9.3**	-	10.7	**10.7**
Tangible assets	15	1.1	256.4	**257.5**	0.9	246.8	**247.7**
Investments	16	-	13.0	**13.0**	-	18.9	**18.9**
		1.1	278.7	**279.8**	0.9	276.4	**277.3**
Current assets							
Stock		-	0.8	**0.8**	-	0.8	**0.8**
Debtors falling due after one year	17	-	-	**-**	-	-	**-**
Debtors falling due within one year	17	-	14.3	**14.3**	-	15.2	**15.2**
Cash at bank and in hand	18	0.4	13.5	**13.9**	0.5	15.5	**16.0**
		0.4	28.6	**29.0**	0.5	31.5	**32.0**
Current liabilities							
Creditors falling due within one year	19	-	(28.1)	**(28.1)**	-	(31.6)	**(31.6)**
Net current assets		**0.4**	**0.5**	**0.9**	**0.5**	**(0.1)**	**0.4**
Total assets less current liabilities		1.5	279.2	**280.7**	1.4	276.3	**277.7**
Creditors falling due after one year	19	-	(37.5)	**(37.5)**	-	(41.1)	**(41.1)**
Net assets excluding pension liability		1.5	241.7	**243.2**	1.4	235.2	**236.6**
Defined benefit pension liability	22	-	(0.7)	**(0.7)**	-	(0.6)	**(0.6)**
Net assets		**1.5**	**241.0**	**242.5**	**1.4**	**234.6**	**236.0**
Funds		1.5	235.3	**236.8**	1.4	227.2	**228.6**
Revaluation reserve		-	3.9	**3.9**	-	5.9	**5.9**
Pension reserve		-	(0.7)	**(0.7)**	-	(0.6)	**(0.6)**
Total funds of the Charity		1.5	238.5	**240.0**	1.4	232.5	**233.9**
Minority interest		-	2.5	**2.5**	-	2.1	**2.1**
Total funds		1.5	241.0	**242.5**	1.4	234.6	**236.0**

The notes on pages 39 to 56 are an integral part of the financial statements.

The financial statements on pages 35 to 38 were approved by the Board of Directors on 21 July 2017 and signed on their behalf by:



Peter Winslow CBE (Chairman) **Gil Baldwin MBE** (Chief Executive Officer)

Members of the Board of Directors of St Andrew's Healthcare Company number: 5176998

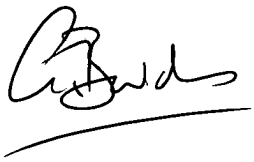
Company Balance Sheet as at 31 March 2017

	Note	Restricted Funds 2017 £m	Unrestricted Funds 2017 £m	Company 2017 £m	Restricted Funds 2016 £m	Unrestricted Funds 2016 £m	Company 2016 £m
Fixed assets							
Intangible assets	15	-	8.8	**8.8**	-	10.2	**10.2**
Tangible assets	15	1.1	258.7	**259.8**	0.9	249.2	**250.1**
Investments	16	-	29.5	**29.5**	-	35.4	**35.4**
		1.1	**297.0**	**298.1**	**0.9**	**294.8**	**295.7**
Current assets							
Stock		-	0.3	**0.3**	-	0.4	**0.4**
Debtors falling due after one year	17	-	-	-	-	1.3	**1.3**
Debtors falling due within one year	17	-	10.1	**10.1**	-	10.7	**10.7**
Cash at bank and in hand	18	0.4	11.6	**12.0**	0.5	12.5	**13.0**
		0.4	**22.0**	**22.4**	**0.5**	**24.9**	**25.4**
Current liabilities							
Creditors falling due within one year	19	-	(24.7)	(24.7)	-	(27.1)	(27.1)
Net current (liabilities) / assets		0.4	(2.7)	**(2.3)**	0.5	(2.2)	**(1.7)**
Total assets less current liabilities		1.5	294.3	295.8	1.4	292.6	294.0
Creditors falling due after one year	19	-	(37.1)	**(37.1)**	-	(41.1)	**(41.1)**
Net assets excluding pension liability		1.5	257.2	258.7	1.4	251.5	252.9
Defined benefit pension liability	22	-	(0.7)	**(0.7)**	-	(0.6)	**(0.6)**
Net assets		1.5	256.5	**258.0**	1.4	250.9	**252.3**
Funds		1.5	247.7	**249.2**	1.4	240.0	**241.4**
Revaluation reserve		-	9.5	**9.5**	-	11.5	**11.5**
Pension reserve		-	(0.7)	**(0.7)**	-	(0.6)	**(0.6)**
Total funds of the Charity		1.5	256.5	**258.0**	1.4	250.9	**252.3**

The Charity has taken advantage of the exemption in section 408 of the Companies Act from disclosing its individual statement of financial activity. Its net income before other recognised gains was £6.8m (2016: £10.3m).

The notes on page 39 to 56 are an integral part of the financial statements.

The financial statements on pages 35 to 38 were approved by the Board of Directors on 21 July 2017 and signed on their behalf by:



Peter Winslow CBE (Chairman) **Gil Baldwin MBE** (Chief Executive Officer)

Members of the Board of Directors of St Andrew's Healthcare Company number: 5176998

Consolidated Cash Flow Statement for year ending 31 March 2017

	Total 2017 £m	Total 2016 £m
Net cash from operating activities	**27.9**	**25.2**
Taxation paid	(0.2)	(0.3)
Net cash generated from operating activities	**27.7**	**24.9**
Cash flows from investing activities		
Dividends, interest and rent from investments	(1.6)	(1.4)
Purchase of property, plant and equipment	(30.2)	(38.1)
Proceeds from sale of investments	9.5	1.2
Movement in cash balance held in investment portfolio	0.5	(0.9)
Purchase of investments	(2.5)	(1.9)
Net cash used in investing activities	**(24.3)**	**(41.1)**
Cash flows from financing activities		
Repayments of borrowing	(3.9)	(2.1)
Proceeds from issue of minority interest members' equity	0.3	-
Dividends paid to minority interests	(2.3)	(1.4)
Cash inflows from new finance lease obligations	0.4	-
Net cash provided used in financing activities	**(5.5)**	**(3.5)**
Change in cash and cash equivalents in the reporting period	(2.1)	(19.7)
Cash and cash equivalents at the beginning of the reporting period	16.0	35.7
Cash and cash equivalents at the end of the reporting period	**13.9**	**16.0**

Reconciliation of net income to net cashflow from operating activities

	Total	Total
Net movement in funds for the reporting period per the statement of financial activities	6.1	8.6
Taxation	0.2	0.3
Pretax income for the reporting period	**6.3**	8.9
Depreciation and amortisation charge	15.5	14.9
Impairment of fixed assets	2.9	0.2
(Gains)/losses on investments	(1.6)	0.1
Dividends, interest and rents from investments	1.6	1.4
(Increase)/decrease in stocks	-	(0.1)
(Increase)/decrease in debtors	0.9	(3.0)
Increase/(decrease) in creditors	(0.1)	1.1
Increase/(decrease) in defined benefit pension liability (EFRBS)	0.1	0.1
Minority Interest	2.3	1.6
Net cash generated from operating activities	**27.9**	**25.2**

› Notes to the Financial Statements

1 General information

St Andrew's Healthcare ("the Charity") is registered in England and Wales as a Charity and as a company limited by guarantee. The address of its registered office is Cliftonville Road, Northampton, Northamptonshire NN1 5DG.

The Charity has no share capital and is limited by guarantee. Each of the members has a liability to £1 should there be a deficit of assets after meeting liabilities on winding up.

2 Accounting policies

Basis of preparation

The financial statements of the Charity, which is a public benefit entity under FRS 102, have been prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with FRS 102 (Charities SORP FRS 102), the Companies Act 2006 and the Charities Act 2011.

These financial statements are prepared on a going concern basis, under historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value.

The Charity has taken advantage of the exemption in section 408 of the Companies Act from disclosing its individual statement of financial activities.

The Charity has taken advantage of the exemption in FRS 102 from preparing its individual statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in these financial statements, includes the Charity's cash flows.

Basis of consolidation

The Group consolidated financial statements include the financial statements of the Charity and all of its subsidiary undertakings:

- St Andrew's Healthcare, the Charity;
- St Andrew's Group of Hospitals Limited, a subsidiary of St Andrews Healthcare Limited (the original Charity, dormant since 2009)
- St Andrews Property Management Limited, a wholly owned subsidiary of St Andrew's Healthcare;
- 3SH Limited (formerly known as Three Shires Hospital Limited), a subsidiary of St Andrews Property Management Limited;
- Three Shires Hospital LLP, a subsidiary of St Andrews Property Management Limited;
- The Pavilion Clinic Limited, a subsidiary of 3SH Limited;

All the subsidiaries of the Charity are incorporated in the United Kingdom, and have a year end of 31 March. Uniform accounting policies have been adopted across the Group. All intra-Group transactions, balances, income and expenses are eliminated on consolidation. New subsidiaries included in the Group for the first time are consolidated from the date of acquisition.

As St Andrews Property Management Limited is a wholly owned subsidiary, the Charity has taken advantage of the exemption contained in FRS 102 and has therefore not disclosed transactions or balances with that entity.

Income

Income is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Donated funds are recognised on receipt. Donated services from our volunteers are not included within t he financial statements. Volunteers perform various roles, mainly involving therapeutic activities and befriending patients. Volunteer contribution was the equivalent of 8 full-time staff (2016: 9).

Income from Charitable activities largely consists of fees for the provision of services and facilities to our service users. This is recognised when the service has been provided, the Charity has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

Income from other trading activities consists of income generated by subsidiary undertakings through provision of goods and services and income generated by the Charity in respect of its garden centre and coffee shop. This income is recognised to the extent that the service has been provided, or the significant risks and rewards of ownership have transferred to the buyer in the case of goods, receipt is probable and the income can be reliably measured.

Investment income in relation to dividends and interest is recognised when receivable.

Expenditure

Expenditure is accounted for on an accruals basis and is classified under headings that aggregate costs related to that category.mLiabilities are recognised when an obligation exists, it is probable that settlement will be required, and the amount can be measured or estimated reliably.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred, or capitalised as part of the cost of the related asset, where appropriate.

Employee benefits

The Group provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and pension plans.

i. Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

ii. The group operates a number of annual bonus plans for employees. An expense is recognised when the Group has a legal or constructive obligation to make payments under the plans as a result of past events, and a reliable estimate of the obligation can be made.

iii. The Group has two types of pension schemes, defined contribution and defined benefit. The assets of these are held separately from each other and those of the Group in independently administered funds.

   a. A defined contribution plan is a pension plan under which contributions are paid into a separate entity. Once the contributions have been paid the Group has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet.

   b. A defined benefit plan defines the pension benefit that the employee will receive on retirement, dependent upon several factors. The defined benefit scheme was closed to new entrants from 1 April 2003 and closed to future accrual from 31 March 2012. The fair value of plan assets and liabilities are measured in accordance with FRS 102 by independent actuaries. Any surplus of assets over liabilities is not recognised as the Charity is not entitled to a refund of any of the surplus. The cost of the plans recognised in the Statement of Financial Activity comprises

      i. The cost of benefit changes, curtailments and settlements

      ii. Net interest cost

      iii. Administrative costs

      iv. Re-measurements

Investments

Investments are stated at market value at the balance sheet date, (investment properties are re-valued by a chartered surveyor annually). Net investment gains and losses arising from revaluation and disposals during the year are shown as "net gains/(losses) on investment" within the consolidated statement of financial activities.

Investments in subsidiary companies are held at cost.

Stock

Stock is included at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in, first out basis.

Service users' funds

The Charity holds cash in current accounts on behalf of service users. The asset (being the amount held at the bank) is shown within other debtors and the liability (being the offsetting amount payable to service users) is shown within other creditors.

Cash at bank and in hand

Cash at bank and in hand includes cash and any short term highly liquid investments which are not volatile in value and have a short maturity of three months or less from the date of acquisition or deposit.

Financial instruments

The Charity only has financial assets and liabilities of the kind that qualify as basic financial instruments.

i) Basic financial assets are recognised at cost (being transaction price) and subsequently measured at fair value. For trade and other receivables, cash and bank balances, their settlement value (net of any discount offered or provision for doubtful debt) is used to determine fair value. For investments in equity instruments which are not subsidiaries, market value is used to determine fair value.

ii) Basic financial liabilities, including trade and other payables and bank loans, are initially recognised at transaction price. Bank loans are subsequently carried at amortised cost, using effective interest rate method. All other financial liabilities are subsequently measured at fair value, which is determined by their settlement value.

Any changes in fair value are recognised in the Statement of Financial Activity.

Fixed assets

Items classified as fixed assets are those which cost more than £5,000 per item or group of items and provide an on-going economic benefit (by generating income or contributing to the Charity's objectives) for more than one year. Cost includes the purchase price of the asset, expenses attributable to bringing the asset to working condition, and any capitalised borrowing costs.

Tangible fixed assets

Tangible fixed assets are measured at cost less accumulated depreciation and any recognised provision for impairment. Depreciation is calculated to write down the cost of assets to their residual values, over their expected useful lives, on a straight-line method, on the following bases:

New buildings
50 years

New building fit-out
3 years

Building extensions
25 years

Building refurbishments
10 or 15 years (major refurbishments)

Fixtures, fittings, machinery and equipment
3 to 5 years (or the lease term if shorter)

Motor vehicles
5 years (or the lease term if shorter)

Land and assets in the course of construction are not depreciated.

Intangible fixed assets

i. Software is measured at cost less accumulated depreciation and any recognised provision for impairment. Software is depreciated in equal instalments over its estimated useful economic life (3 to 5 years). Software assets in the course of construction are not depreciated.

ii. Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Profit and loss account over its useful economic life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

Funds

Unrestricted funds are available to spend as the Trustees see fit, in accordance with the objectives of the Charity.

Restricted funds are donations which the donor has specified are to be solely used for particular areas of the Charity's work.

3 Key accounting estimates and judgements

In the application of the Company's accounting policies, which are described in note 2, management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. 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.

Control of Three Shires Hospital LLP

Assessing whether the Group controls Three Shires Hospital LLP requires judgement. St Andrews Property Management Limited holds 50% of the issued share capital of the company and the group has a controlling interest in this company through the provisions of a LLP members' agreement giving the Group the power to appoint the Chairman and under certain circumstances, exercise a casting vote. The Group considers that this demonstrates control of Three Shires Hospital LLP.

Control of 3SH Limited

Assessing whether the Group controls 3SH requires judgement. St Andrews Property Management Limited holds 50% of the issued share capital of the company and the group has a controlling interest in this company through the provisions of a shareholders' agreement giving the Group the power to appoint the Chairman and under certain circumstances, exercise a casting vote. The Group considers that this demonstrates control of 3SH.

Provision for doubtful debts

Trade debtors less provision for doubtful debts are based on an assessment of the age of debts, reflecting historical experience, adjusted for known issues around specific debtors.

Depreciation

When calculating depreciation, residual value of all fixed assets (with the exception of land) is assumed to be zero, as it is expected that, given the purpose built nature of the significant assets and the frequently changing environment of regulations for the built environment, that at the end of the expected useful life the buildings would not have any further value. This is reviewed and adjusted annually if appropriate.

Defined benefit pension scheme

The value of the assets and liabilities of this scheme is estimated by independent qualified actuaries. Any surplus of assets over liabilities is not recognised on the balance sheet because there is no expectation of future economic benefit from it, given no agreement is in place with the pension Trustees that provides for this surplus to be returned to the group or for reduced contributions to be made.

Key management personnel

Key management personnel are defined as those individuals who are members of the Board of Trustees and therefore have authority and responsibility for planning, directing and controlling the activities of the Charity.

4 Income from charitable activites

Relates entirely to providing care for service users.

5 Income from other trading activities

	2017 £m	2016 £m
Three Shires Hospital LLP - healthcare activities	19.2	-
3SH Limited - healthcare activities	-	17.6
The Pavilion Clinic - healthcare activities	2.5	2.3
Other - healthcare related services	0.3	0.3
Rental income	0.1	0.1
	22.1	**20.3**

6 Investment income

	2017 £m	2016 £m
Dividends	0.3	0.4
Interest	-	0.2
	0.3	**0.6**

7 Expenditure on charitable activities

	2017 £m	2016 £m
Staff costs		
Wages and salaries	118.0	116.8
Social security costs	10.2	9.8
Other pension costs	4.5	5.0
Training	0.8	0.8
Other	1.2	1.1
Facilities and residents' amenities	12.7	11.9
Administration	12.5	11.0
Advertising	0.2	0.1
Depreciation, amortisation and impairment	17.9	14.4
Operating lease costs – plant and machinery	0.2	0.2
External governance costs		
External statutory audit	0.1	0.1
External legal advice	0.9	0.5
Total for the Group and the Charity	179.2	171.7

Staff costs include: £1.3m (2016: £2.5m) in relation to redundancy and termination payments where individuals were notified during the financial year. £0.4m is accrued at year end (2016: £0.7m).

Also included within expenditure on other trading activities are staff costs of £2.4m (2016: £1.7m). Group wages and salaries were £120.2m (2016: £118.3m), social security costs were £10.3m (2016: £9.9m) and group pension costs were £4.6m (2016: £5.1m). Company wages and salaries were £118.3m, company social security were £10.2m and company pension costs were £4.5m.

The external statutory audit fee is for both the group and the company.

8 Minority interest share

	2017 £m	2016 £m
Minority interest in Three Shires Hospital LLP	1.8	-
Minority interest in 3SH Limited	-	1.2
Minority interest in The Pavilion Clinic Limited	0.5	0.4
	2.3	**1.6**

9 Taxation

The Charity is exempt from taxation in respect of income and capital gains received within categories covered under Part 11 Chapter 3 Corporation Tax Act 2010 or section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes.

The Charity's subsidiaries are subject to corporation tax and deferred tax in the same way as commercial organisations. The taxation charge of £0.2m (2016: £0.3m) represents the Group's share of tax suffered by joint ventures and subsidiary companies.

The tax charge on the profit on ordinary activities of the subsidiaries was:

	2017 £m	2016 £m
Current tax:		
UK corporation tax	0.2	0.7
Adjustments in respect of prior year	-	(0.4)
Total current tax	0.2	0.3
Tax on profit on ordinary activities of subsidiaries	**0.2**	**0.3**

Factors affecting tax charge

The tax assessed for the year is the same as (2016: lower than) the standard rate of corporation tax in the UK of 20% (2016: 20%) The differences are explained below:

	2017 £m	2016 £m
Profit on ordinary activities of subsidiaries before tax	4.5	3.4
Less profit subject to personal income tax	(3.7)	-
Profits subject to corporation tax	**0.8**	**3.4**

Profit on ordinary activities multiplied by standard rate of UK corporation tax of 20% (2016: 20%)	0.2	0.7
Effects of:		
Adjustments to tax in respect of prior periods	-	(0.4)
Consortium relief	-	(0.3)
Charge for consortium relief provided	-	0.3
Total tax charge for the year	**0.2**	**0.3**

10 Staff numbers

The average monthly numbers of employees (including Trustees employed on a service contract) were:

Consolidated Group		Charitable Company	
2017 FTE	2016 FTE	2017 FTE	2016 FTE
4,174	3,761	3,882	3,586

11 Emoluments analysis

The number of employees whose total employee benefits excluding pension contributions for the year fell in each band of £10,000 from £60,000 upwards is as follows:

	2017 Number	2016 Number
£60,000 to £70,000	37	26
£70,001 to £80,000	18	18
£80,001 to £90,000	11	24
£90,001 to £100,000	9	9
£100,001 to £110,000	17	7
£110,001 to £120,000	13	4
£120,001 to £130,000	8	12
£130,001 to £140,000	6	11
£140,001 to £150,000	7	9
£150,001 to £160,000	5	5
£160,001 to £170,000	3	3
£170,001 to £180,000	7	4
£180,001 to £190,000	2	2
£190,001 to £200,000	1	3
£200,000 to £210,000	1	1
£210,001 to £220,000	-	1
£220,001 to £230,000	1	1
£230,001 to £240,000	2	-
£250,001 to £260,000	1	1
£260,001 to £270,000	-	1
£270,001 to £280,000	-	1
£320,001 to £330,000	1	-
£430,001 to £440,000	1	1
	151	144

12 The cost of key management personnel

During the year, the only Non-Executive Trustee to receive remuneration was M Harris as below. No other Non-Executive received any remuneration in their role as Non-Executive Trustee, or any reimbursed expenses from the Charity (2016: £nil expenses in total paid to any Trustees).

The Board have recognised the need to attract and retain able executives to manage the day to day affairs of the Group. The pay of senior executives is determined by the Remuneration Committee, who benchmark these remuneration packages with those paid by the NHS and peers within the Charity, as well as the broader independent sector with whom it competes and similar sized commercial organisations from which it recruits.

		Salaries / fees	Annual Bonus [1]	Pension [2]	Other Benefits	Total	Expenses
		£'000	£'000	£'000	£'000	£'000	£'000
2017							
P Winslow		-	-	-	-	-	-
S Richmond-Watson		-	-	-	-	-	-
P Ellwood		-	-	-	-	-	-
F Jackson		-	-	-	-	-	-
J Forman Hardy		-	-	-	-	-	-
M Harris		20	-	-	-	**20**	3
P Parsons		-	-	-	-	-	-
Non-Executive Director Total		20	-	-	-	**20**	3
G Baldwin	Chief Executive Officer	328	43	-	62	**433**	7
W Irving	Chief Operating Officer [6]	298	17	25	8	**348**	1
T Harris	Chief Finance Officer and Interim Company Secretary [5,6]	65	-	8	2	**75**	-
M Beer	Chief Finance Officer [6]	149	16	-	25	**190**	-
A Parshall	Chief Medical Officer [3]	177	19	-	29	**225**	-
M Kersey	HR Director	150	16	19	10	**195**	-
D Howells	Executive Director of Nursing & Operations [6]	125	14	16	7	**162**	-
Executive Directors who are not Trustee Directors [4]		201	14	-	22	**237**	1
Executive Director Total		1,493	139	68	165	**1,865**	9
C Carless	Company Secretary [5,6]	83	8	-	14	**105**	-
Total		**1,596**	**147**	**68**	**179**	**1,990**	**12**
2016							
P Winslow		-	-	-	-	-	-
S Richmond-Watson		-	-	-	-	-	-
P Ellwood		-	-	-	-	-	-
F Jackson		-	-	-	-	-	-
J Forman Hardy		-	-	-	-	-	-
M Harris		18	-	-	-	**18**	-
Non-Executive Director Total		18	-	-	-	**18**	-
G Baldwin	Chief Executive Officer	328	99	53	9	**489**	5
W Irving	Chief Operating Officer	170	43	27	8	**248**	2
F Mason	Chief Medical Officer [3]	204	40	-	8	**252**	-
T Harris	Chief Finance Officer and Interim Company Secretary	202	51	25	9	**287**	1
M Kersey	HR Director	150	38	19	15	**222**	2
L Boswell	Director of Nursing & Quality	102	25	13	8	**148**	-
Executive Directors who are not Trustee Directors [4]		255	19	-	9	**283**	-
Executive Director Total		1,411	315	137	66	**1,929**	10
C Auty	Company Secretary [5]	155	-	27	3	**185**	-
Total		**1,584**	**315**	**164**	**69**	**2,132**	**10**

12 The cost of key management personnel (continued)

Subnotes

1 Annual bonus relates to performance during the financial year, paid in June following the relevant year-end. Bonus payments are based upon the performance of the Charity, the quality of the services and individuals' performance.

2 Relates to contributions made to the defined contribution scheme.

3 F Mason commenced a secondment role to research international best practice from 1 November 2015 and resigned as an Executive Director on 2 January 2016. The role of Chief Medical Officer was covered on an interim basis by Alice Parshall, who subsequently took the role on a permanent basis and was appointed as a Trustee Director on 27th May 2016 (see subnote 4).

4 L Ross, Director of Business Change & IT and A Parshall, Interim Chief Medical Officer (2016 only).

5 C Auty resigned as of 31 July 2015. T Harris, Chief Finance Officer, acted as Interim Company Secretary from then to the appointment of Claire Carless on 3 October 2016.

6 The following were appointed or resigned part way through the year ending 31 March 2017, year so remuneration was appropriately pro-rated:

M Beer, appointed 4 July 2016

D Howells, appointed 29 July 2016

C Carless, appointed 3 October 2016

W Irving, resigned 28 February 2017 (his salary / fees includes £0.1m in respect of a termination payment)

T Harris, resigned 3 October 2016

13 Related party transactions

Three Shires Hospital LLP leases the Three Shires Hospital buildings from St Andrew's Healthcare and has a management agreement with BMI to run the Three Shires Hospital.

On 1 April 2016 Three Shires Hospital LLP acquired the trade and assets of 3SH Limited (formerly known as Three Shires Hospital Limited) at net book value. All trading activity of 3SH Limited has transferred to Three Shires Hopsital LLP.

Some of the Trustees of St Andrew's Healthcare are also Partnership Board Directors of Three Shires Hospital LLP.

The Group has not entered into any material transactions with related parties or Trustees during the year (2016: nil).

Trading with Three Shires Hospital LLP during the year was as follows:

	2017	2016
	£m	£m
Sales (rental income)	1.3	-
Debtor	-	-

Trading with the 3SH Limited during the year was as follows:

	2017	2016
	£m	£m
Sales (rental income)	-	1.3
Debtor	-	-

14 Subsidiary undertakings

All subsidiary undertakings are registered in England and Wales

The Trustees believe that the carrying value of the investments is supported by their underlying net assets.

St Andrews Property Management Limited manages construction projects and certain non-core sporting and recreational facilities for the Group. The Charity owns 100% of the two £1 ordinary shares of the company.

The Charity is an ultimate shareholder of Three Shires LLP. St Andrews Property Management Limited owns 250,000 £1 shares amounting to 50% of the issued share capital of the company with the remaining share capital being held by BMI Healthcare Limited. The Group has a controlling interest in this company through the provisions of the LLP members' agreement giving the Group the power to appoint the Chairman and under certain circumstances, exercise a casting vote.

The Charity is an ultimate shareholder of 3SH Limited (formerly known as Three Shires Hospital Limited). St Andrews Property Management Limited owns one £1 share amounting to 50% of the issued share capital of the company with the remaining share capital being held by BMI Healthcare Limited. The Group has a controlling interest in this company through the provisions of a shareholders' agreement giving the Group the power to appoint the Chairman and under certain circumstances, exercise a casting vote.

On 1 April 2016 Three Shires Hospital LLP purchased the assets and liabilities of 3SH Limited at book value. Three Shires Hospital LLP operates an acute medical surgical hospital situated in the grounds of St Andrew's Healthcare in Northampton (previously operated by 3SH Ltd).

The Pavilion Clinic Limited provides a diagnostic centre of excellence in a dedicated environment, with consulting and physiotherapy services provided by Three Shires Hospital. It trades as Imaging @ Three Shires. Three Shires LLP has the controlling interest and holds 51% of the issued ordinary share capital (the remainder is held by Global Diagnostics Limited).

St Andrew's Group of Hospitals Limited is a dormant company which is 100% owned by the Charity. Net assets are £2.

The financial performance for the subsidiary undertakings, prior to the elimination of intercompany balances and transactions, included within the consolidated financial statements is as follows:

	St Andrews Property Management Limited		**Three Shires Hospital LLP**		**3SH Limited**		**The Pavilion Clinic Limited**	
Company number	2798380		OC398963		5072004		6061941	
Registered office	Cliftonville Road Northampton Northamptonshire NN1 5DG		Bmi Healthcare House 3 Paris Garden Southwark London SE1 8ND		Bmi Healthcare House 3 Paris Garden Southwark London SE1 8ND		Bmi Healthcare House 3 Paris Garden Southwark London SE1 8ND	
	2017 £m	**2016 £m**	**2017 £m**	**2016 £m**	**2017 £m**	**2016 £m**	**2017 £m**	**2016 £m**
Income	11.9	29.7	19.8	-	-	18.2	2.5	2.3
Expenditure	(11.9)	(29.7)	(16.0)	-	-	(15.5)	(1.6)	(1.6)
Tax	-	-	-	-	-	(0.2)	(0.2)	(0.1)
Net Income	-	-	3.8	-	-	2.5	0.7	0.6
Fixed assets	3.6	2.6	1.8	-	-	2.1	0.7	0.8
Current assets	2.2	6.5	6.5	-	-	5.7	0.6	0.6
Liabilities due within one year	(1.6)	(3.6)	(4.0)	-	-	(3.9)	(0.4)	(1.0)
Liabilities due after one year	-	(1.3)	-	-	-	(0.1)	(0.4)	-
Net assets	4.2	4.2	4.3	-	-	3.8	0.5	0.4

15 Tangible and intangible assets

Consolidated Group	Freehold land and buildings	Assets under construction	Fixtures, fittings, machinery & equipment	Motor vehicles	Total tangible assets	Software	Software Assets under construction	Goodwill	Total intangible assets
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Cost									
At 1 April 2016	250.3	36.1	23.6	0.7	**310.7**	12.6	2.2	1.4	**16.2**
Additions	15.5	1.6	5.5	0.1	**22.7**	0.4	3.7	-	**4.1**
Disposals	(0.5)	-	(0.3)	-	**(0.8)**	(4.6)	-	-	**(4.6)**
Reclassification	33.3	(34.9)	1.6	-	**-**	1.8	(1.8)	-	**-**
As at 31 March 2017	**298.6**	**2.8**	**30.4**	**0.8**	**332.6**	**10.2**	**4.1**	**1.4**	**15.7**
Accumulated depreciation									
At 1 April 2016	48.2	-	14.4	0.4	**63.0**	4.6	-	0.9	**5.5**
Charge for the year	8.1	-	4.2	0.1	**12.4**	3.1	-	-	**3.1**
Disposals	(0.1)	-	(0.2)	-	**(0.3)**	(2.2)	-	-	**(2.2)**
At 31 March 2017	**56.2**	**-**	**18.4**	**0.5**	**75.1**	**5.5**	**-**	**0.9**	**6.4**
Net book value at 31 March 2017	**242.4**	**2.8**	**12.0**	**0.3**	**257.5**	**4.7**	**4.1**	**0.5**	**9.3**
Net book value at 31 March 2016	202.1	36.1	9.2	0.3	**247.7**	8.0	2.2	0.5	**10.7**

Assets in the course of construction for tangible assets in the prior year primarily related to the construction of new healthcare facilities which have been completed during the year end.

The net book value of tangible fixed assets includes £0.1m (2016: £0.1m) in respect of assets held under hire purchase agreements.

Also included are restricted fixed assets, see note 21.

Charitable Company	Freehold land and buildings	Assets under construction	Fixtures, fittings, machinery & equipment	Motor vehicles	Total tangible assets	Software	Software Assets under construction	Goodwill	Total intangible assets
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Cost									
At 1 April 2016	250.2	37.9	19.1	0.7	**307.9**	12.6	2.2	-	**14.8**
Additions	16.3	0.4	5.2	0.1	**22.0**	0.4	3.7	-	**4.1**
Disposals	(0.5)	-	(0.3)	-	**(0.8)**	(4.6)	-	-	**(4.6)**
Reclassification	36.5	(37.5)	1.0	-	**-**	1.8	(1.8)	-	**-**
As at 31 March 2017	**302.5**	**0.8**	**25.0**	**0.8**	**329.1**	**10.2**	**4.1**	**-**	**14.3**
Accumulated depreciation									
At 1 April 2016	46.3	-	11.1	0.4	**57.8**	4.6	-	-	**4.6**
Charge for the year	7.9	-	3.7	0.1	**11.7**	3.1	-	-	**3.1**
Disposals	(0.1)	-	(0.1)	-	**(0.2)**	(2.2)	-	-	**(2.2)**
At 31 March 2017	**54.1**	**-**	**14.7**	**0.5**	**69.3**	**5.5**	**-**	**-**	**5.5**
Net book value at 31 March 2017	**248.4**	**0.8**	**10.3**	**0.3**	**259.8**	**4.7**	**4.1**	**-**	**8.8**
Net book value at 31 March 2016	203.9	37.9	8.0	0.3	**250.1**	8.0	2.2	-	**10.2**

16 Investments

Consolidated Group	As at 31 March 2016		Purchases	Sales	Cash	As at 31 March 2017	
	Cost	Market value	Cost	Cost	Movement	Cost	Market value
	£m	£m	£m	£m	£m	£m	£m
Stock market investments	13.0	17.3	2.5	(5.9)	(0.5)	9.1	12.6
Well Vale Estates investment property	-	1.6	-	-	-	-	0.4
Total investment assets	**13.0**	18.9	**2.5**	**(5.9)**	**(0.5)**	**9.1**	**13.0**
Surplus of market value over cost		5.9					3.9
Less: prior year surplus excluding amounts realised		(5.2)					(2.7)
Unrealised gain/(loss) on revaluation of investments in year		0.7					1.2
Realised gain/(loss) on disposal of investments in year		(0.5)					0.4
Net gain		0.2					**1.6**

Charitable Company	As at 31 March 2016		Purchases	Sales	Cash	As at 31 March 2017	
	Cost	Market value	Cost	Cost	Movement	Cost	Market value
	£m	£m	£m	£m	£m	£m	£m
Stock market investments	13.0	17.3	2.5	(5.9)	(0.5)	9.1	12.6
Well Vale Estates investment property	-	1.6	-	-	-	-	0.4
Three Shires Hospital investment property	10.9	16.5	-	-	-	10.9	16.5
Total investment assets	**23.9**	35.4	**2.5**	**(5.9)**	**(0.5)**	**20.0**	**29.5**
Surplus of market value over cost		11.5					9.5
Less: prior year surplus excluding amounts realised		(10.8)					(8.3)
Unrealised gain/(loss) on revaluation of investments in year		0.7					1.2
Realised gain/(loss) on disposal of investments in year		(0.5)					0.4
Net gain		0.2					**1.6**

All investment assets are held primarily to provide an investment return for the Group. The general reserve investments are listed securities on recognised stock exchanges and comprise 66% UK securities with a market value of £8.4m (2016: 68%, £11.8m) and 34% non-UK securities with a market value of £4.2m (2016: 32%, £5.5m). The Well Vale Estates comprise farming lands of approximately 43 acres (2016: 79 acres). During the year 36 acres of the Well Vale Estate was sold for £1.2m which is the cause of the movement in the year of market value.

The Three Shires Hospital investment property relates to the Hospital rented by 3SH Limited (see note 13).

As a result of the difference between cost and valuation on investments, there is a revaluation reserve of £3.9m (2016: £5.9m) held within unrestricted funds on the Consolidated Group balance sheet and £9.5m (2016: £11.5m) held within unrestricted funds on the Charitable Company balance sheet. Investment properties are valued by specialist independent valuers. Well Vale estates were valued by Berry's Chartered Surveyors and Valuers regulated by RICS in 2017 and Three Shires Hospital was valued by GVA Grimley Limited regulated by RICS in 2016.

17 Debtors

	Consolidated Group		Charitable Company	
	2017	2016	2017	2016
	£m	£m	£m	£m
Amounts owed by group undertakings	-	-	-	1.3
Amounts falling due after more than one year	-	-	-	1.3
Trade debtors	6.0	7.2	4.1	4.8
Amounts owed by related undertakings	1.9	0.9	-	-
Prepayments and accrued income	2.6	2.6	2.4	2.4
Other debtors	3.8	4.5	3.6	3.5
Amounts falling due within one year	**14.3**	**15.2**	**10.1**	**10.7**

The Charity advanced a loan of £1.3m to St Andrews Property Management Limited to enable it to acquire 50% of the shares in 3SH Limited. The loan bears interest at 7.2% for the first 20 years from 8 April 2004 and then 3.25% above National Westminster Bank base rate and was repaid on 31st March 2017.

The Charity entered into a revolving loan agreement with St Andrews Property Management Limited to enable it to finance the purchase and development of sites. The total facility is for £45m and the amount outstanding as at 31 March 2017 was £nil (2016: £nil) and is at a variable interest rate of 4% per annum above the Bank of England base rate of 0.5%.

Included within other debtors is cash held at bank by St Andrew's Healthcare on behalf of service users' of £3.5m (2016: £3.4m). There is an offsetting liability within other creditors.

Amounts owed by related undertakings are unsecured, interest free and have no fixed date of repayment.

18 Cash at bank and in hand

Included within cash are balances in current accounts and short term deposit accounts.

19 Creditors

	Consolidated Group		Charitable Company	
	2017	2016	2017	2016
	£m	£m	£m	£m
Bank loans	(4.0)	(4.0)	(4.0)	(4.0)
Trade creditors	(4.0)	(4.1)	(2.0)	(2.2)
Amounts owed to group undertakings	-	-	(1.9)	(0.3)
Other creditors	(4.7)	(4.3)	(4.6)	(4.2)
Obligations under finance lease and hire purchase contracts	(0.1)	-	-	-
Taxation and social security	(3.0)	(2.7)	(2.7)	(2.6)
Accruals and deferred income	(12.3)	(16.5)	(9.5)	(13.8)
Creditors falling due within one year	(28.1)	(31.6)	(24.7)	(27.1)
Bank loans (falling due between 1 and 5 years)	(37.2)	(41.1)	(37.1)	(41.1)
Obligations under finance lease and hire purchase contracts	(0.3)	-	-	-
Creditors falling due after one year	**(37.5)**	**(41.1)**	**(37.1)**	**(41.1)**

Included within other creditors are balances in respect of service users' monies of £3.5m (2016: £3.5m).

There is £41.1m term loan fixed at 1.85% plus 1.85% margin in place with Lloyds Bank to finance capital development. Annual repayments are £4.0m. The loan is secured by first legal charges over the Charity's freehold property at Clare House, North Benfleet, Essex; Cliftonville House Northampton; Nene Centre, Northampton; Dogpool Lane, Birmingham; and Sherwood Oaks, Mansfield. The net book value of these properties is £68.1m (2016: £69.2m).

Subsequent to year end the Charity has taken the opportuntiy of good financial markets to refinance the Lloyds facility with a £75m revolving credit facility with Barclays and HSBC. This not only provides for current working capital needs but also enables the Board to fulfil its strategic ambitions over the next 5 years. The facility is secured on a proportion of the Charity's land and building portfolio (see pg 19) Post Balance Sheet Events).

20 Commitments

At the year end, the Company had future minimum lease payments under non-cancellable operating leases for assets as follows:

	Consolidated Group		Charitable Company	
	2017	2016	2017	2016
	£m	£m	£m	£m
Falling due:				
Within one year	0.2	0.2	0.1	0.2
Between one and five years	0.4	0.6	0.4	0.6
Later than five years	-	-	-	-
	0.6	0.8	0.5	0.8

Contractual commitments in relation to the acquisition of tangible and intangible fixed assets are £3.2m at year end (2016: £14.3m).

21 Restricted funds

	Funds 1 April 2016	Income	Expenditure	Funds 31 March 2017	Cash	Fixed Assets
	£m	£m	£m	£m	£m	£m
Huntingdon's disease fund: For the care and wellbeing of people with Huntingdons disease	0.5	-	(0.1)	0.4	0.3	0.1
FitzRoy fund: Contribution to FitzRoy, a residential facility for adolescents with mental disability	0.8	0.2	-	1.0	-	1.0
Other:	0.1	-	-	0.1	0.1	-
Total	**1.4**	**0.2**	**(0.1)**	**1.5**	**0.4**	**1.1**

22 Pensions

Defined contribution pension scheme (Standard Life)

Standard Life run two schemes on behalf of St Andrew's.

1. The Auto Enrolment Scheme where the employer's contributions are currently set at a minimum of 1% of basic salary. The employee rate is also a minimum of 1% of basic salary to qualify for the employer's contribution in line with the Auto Enrolment regulations.
2. The Group Personal Pension Scheme (GPP). Members are encouraged to transfer to the Charity's GPP scheme with a minimum employer's contribution of 4% and minimum employee contribution of 3%. This scheme also provides life insurance of 3 x salary for active employees.

The Charity's contributions are charged to the statement of financial activities each year during the period in which the employee is an active member of the scheme. The costs of administering the scheme and providing for death in service cover are met by the Group.

The pension charge for the year for these schemes was £3.4m (2016: £3.2m). As at 31 March 2017 there was an accrual of £0.9m (2016: £0.5m) for these schemes.

Defined benefit pension scheme (St Andrew's Healthcare Pension Scheme)

The last full actuarial valuation was carried out as at 31 March 2016 by a qualified independent actuary. The Charity pays £0.5m per annum to meet the expenses of the scheme. After discussions between the Trustee and St Andrew's Healthcare, a Recovery Plan was agreed. The Recovery Plan follows the actuarial valuation of the Scheme, which revealed a shortfall in the assets, when measured against the Scheme's Technical Provisions, of £7.7m. It will be reviewed, and may be revised, following the Trustee's next valuation under section 224 of the Pensions Act 2004, or earlier if the Trustee and Employer agree. Steps to be taken by St Andrew's Healthcare to ensure that the statutory funding objective is met as follows:

- Pay the balance of the amounts held in an Escrow account of £1m into the Scheme (subsequently paid).
- To correct the remaining shortfall, pay a £0.5m contribution each Scheme year to 31 March 2020.

22 Pensions (continued)

Financial year ending on	31 March 2017 £m	31 March 2016 £m
Change in defined benefit obligation		
Defined benefit obligation at end of prior year	164.2	190.1
Cost (excluding Interest)		
(Gain) / loss on curtailments / changes / introductions	0.3	0.3
Interest Expense	5.7	6.1
Benefit payments from plan assets	(8.9)	(11.4)
Remeasurements		
Effect of changes in assumptions	35.5	(19.3)
Effect of experience adjustments	(2.6)	(1.6)
Benefit obligation at end of year	**194.2**	**164.2**
Change in fair value of plan assets		
Fair value of plan assets at end of prior year	183.7	198.9
Interest income	6.4	6.4
Total employer contributions	2.0	0.5
Benefit payments from plan assets	(8.9)	(11.4)
Administrative expenses paid from plan assets	(0.6)	(1.0)
Remeasurements		
Return on plan assets (excluding interest income)	17.8	(9.7)
Fair value of plan assets at end of year	**200.4**	**183.7**
Change in asset ceiling		
Asset ceiling at end of prior year	19.5	8.8
Interest income	0.7	0.3
Remeasurements		
Changes in asset ceiling (excluding interest income)	(14.0)	10.4
Asset ceiling at end of year	**6.2**	**19.5**
Amounts recognised in the statement of financial position		
Defined benefit obligation	194.2	164.2
Fair value of plan assets	200.4	183.7
Funded status	(6.2)	(19.5)
Effect of asset ceiling	6.2	19.5
Net defined benefit liability (asset)	**-**	**-**

The defined benefit surplus has been restricted to zero on the statement of financial position, as no refund has been agreed with the pension scheme Trustees.

22 Pensions (continued)

Financial year ending on	31 March 2017 £m	31 March 2016 £m
Cost relating to defined benefit plans		
Cost		
(Gain)/loss on curtailments/changes/introductions	0.3	0.3
Net interest cost		
Interest expense	5.7	6.1
Interest (income) on plan assets	(6.4)	(6.4)
Interest expense on effect of (asset ceiling)	0.7	0.3
Total net interest cost	-	-
Administrative expenses and/or taxes	0.6	1.0
Cost relating to defined benefit plans included in Statement of Financial Activity	0.9	1.3
Remeasurements (recognised in other recognised gains/losses)		
Effect of changes in assumptions	35.5	(19.3)
Effect of experience adjustments	(2.6)	(1.6)
(Return) on plan assets (excluding interest income)	(17.8)	9.7
Changes in asset ceiling (excluding interest income)	(14.0)	10.4
Total remeasurements included in Statement of Financial Activity	1.1	(0.8)
Total cost related to defined benefit plans recognised in Statement of Financial Activity	2.0	0.5
Net defined benefit liability (asset) reconciliation		
Cost relating to defined benefit plans included in SOFA	0.9	1.3
Total remeasurements	1.1	(0.8)
Cash flows - employer contributions	(2.0)	(0.5)
Net defined benefit liability (asset) as of end of year	-	-
Plan assets		
Fair value of plan assets		
Cash and cash equivalents	17.6	18.8
Equity instruments	126.8	120.6
Debt instruments	18.2	16.4
Other	37.8	27.9
Total	200.4	183.7
Actual return on plan assets	24.2	(3.3)

22 Pensions (continued)

Significant actuarial assumptions	31 March 2017	31 March 2016
	£m	£m
Weighted-average assumptions to determine defined benefit obligations		
Discount rate	2.50%	3.55%
Pensions-in-payment increase rate	3.10%	2.85%
Deferred pension increase rate	2.15%	1.90%
Price inflation rate	3.15%	2.90%
Post-retirement mortality assumption	S2 light tables CMI_2015_1.25%	S2 light tables CMI_2015_1.25%
Assumed life expectancy on retirement at age 65		
Retiring today (member age 65)	23.4	23.4
Retiring in 25 years (member age 40 today)	25.1	25.0
Expected cash flows for following year	£m	£m
Expected employer contributions	1.0	0.5
Provision in respect of an unfunded employer-financed retirement benefits scheme (EFRBS)		
Discounted present value of EFRBS:	(0.7)	(0.6)

23 Financial instruments

	Consolidated Group		Charitable Company	
	2017	2016	2017	2016
	£m	£m	£m	£m
Financial assets at fair value				
Trade debtors	6.0	7.2	4.1	4.8
Other debtors	8.3	8.0	6.0	7.2
Cash and short term deposits	13.9	16.0	12.0	13.0
Stock market investments	12.6	17.3	12.6	17.3
Investment in property	0.4	1.6	16.9	18.1
	41.2	50.1	51.6	60.4
Financial liabilities measured at fair value				
Trade creditors	(4.0)	(4.1)	(2.0)	(2.2)
Accruals and deferred income	(12.3)	(16.5)	(9.5)	(13.8)
Other creditors	(7.7)	(7.0)	(9.2)	(7.1)
Amortised Bank loans	(41.2)	(45.1)	(41.1)	(45.1)
Obligations under finance lease and hire purchase contracts	(0.4)	-	-	-
	(65.6)	(72.7)	(61.8)	(68.2)

Registered Charity Number 1104951
Individuals pictured are models and are used for illustrative purposes only