



Annual Report and
Summary of Accounts
2003 / 2004

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MISSION STATEMENT

*"To Provide Our Patients With
The Highest Quality Healthcare
In The Most Effective Way"*

REVIEW OF THE YEAR BY THE CHAIRMAN AND CHIEF EXECUTIVE

This year the Trust has consolidated the progress made last year. It has been a year of increased activity but we still achieved our targets. We place on record our grateful thanks to our extremely hard-working clinicians, staff and management at all levels.

The services we offer our patients continued to develop, in particular:-

- ✓ The nurse-led ward at South Shore Hospital which is run entirely by our nurses to provide continuing care for those patients who no longer require nursing in an acute setting or need rehabilitation but are not quite fit enough to be discharged. This is proving to be an extremely successful service which is much appreciated by the patients and does relieve pressure on beds.
- ✓ We have commenced building our £45 million Cardiac Unit. We were pleased to welcome the Secretary of State for Health, Dr John Reid, who performed the "turf cutting" ceremony in March. The unit, which will double our capacity to provide cardiac services, will open in 2006.
- ✓ We continued to appoint Modern Matrons to a full complement of 19. We believe the Matrons are a positive force for change who have been instrumental in improving our patients' experiences as demonstrated by the fact that complaints about patient care have reduced by 45% - a tremendous achievement given our increased level of activity.
- ✓ We opened our refurbished Delivery Suite in November 2003 at a cost of £750,000 which provides 8 spacious delivery rooms, a triage area, reception area, waiting room and offices.
- ✓ We succeeded in our bid for a second CT Scanner. Thank you to all our local MPs who lobbied for this so actively. This equipment is essential if we are to reduce our waiting lists and length of stay and it is already having a positive impact.
- ✓ With the generous support of the Lofthouse Foundation, we have commenced an ambitious re-development of Fleetwood Hospital. This will modernise our facilities and enable us to offer endoscopy services not presently available, a greater range of out-patient services and improved x-ray facilities.

Monitoring and accreditation are now an accepted part of the modern NHS and we are pleased to report that on each occasion we met the relevant criteria:-

- 1) CNST (Clinical Negligence Scheme for Trusts)
- 2) RPST (Risk Pooling Scheme for Trusts)
- 3) Accreditation of Pathology Services
- 4) IWL (Improving Working Lives)
- 5) IIP (Investors In People)
- 6) Library Services
- 7) PEAT (Patient Environment Action Team)
- 8) Awarded 2 Star Status

In all of the above we exceeded the relevant standard and our staff were complimented upon their hard work and desire to provide timely, high quality, services in clean and safe facilities.

In terms of the financial performance of the Trust, we managed to achieve three of the four financial duties. However, it was an extremely difficult year and we anticipate that 2004/05 will be even more challenging.



Beverly Lester
Chairman



Roy Male
Chief Executive

THE TRUST

The Blackpool, Fylde and Wyre Hospitals NHS Trust was established on 1st April 2002.

THE KEY FEATURES OF THE TRUST ARE:-

- ✓ Annual income in excess of £173 million.
- ✓ Employment of approximately 4,500.
- ✓ 80,000 in-patients and day cases treated each year.
- ✓ 89,000 accident and emergency attendances each year.
- ✓ 270,000 out-patient attendances each year.
- ✓ Bed complement of 1,137.
- ✓ Regional Centre for Cardiac Services.
- ✓ Recognised Cancer Unit.

THE TRUST MANAGES ALL THE HOSPITAL SITES ON THE FYLDE COAST AS FOLLOWS:-

- ✓ Victoria Hospital
- ✓ Bispham Hospital
- ✓ Clifton Hospital
- ✓ Devonshire Road Hospital
- ✓ Fleetwood Hospital
- ✓ Lytham Hospital
- ✓ Rossall Hospital
- ✓ South Shore Hospital
- ✓ Wesham Hospital

OTHER SERVICES INCLUDE:-

- ✓ National Artificial Eye Service
- ✓ Blenheim House Child Development Centre
- ✓ Student Grants Unit



Lytham Hospital

Victoria Hospital is a large acute hospital that treats more than 73,000 day-case and in-patients and more than 177,000 out-patients from across Blackpool, Fylde and Wyre each year. The Accident and Emergency Department is one of the busiest in the country with more than 89,000 attendances every year. The hospital has 754 beds and employs more than 3,000 members of staff. It provides a wide range of services from maternity to care of the elderly, and from cancer services to heart surgery and is one of four hospitals in the North West that provides specialist Cardiac Services to patients from Lancashire and South Cumbria.

Clifton Hospital is a community unit that provides sub-acute and fast-stream in-patient and day hospital care for older people, rehabilitation and respite care for the disabled and an active out-patient service. The hospital has an underlying emphasis on rehabilitation with the ultimate aim of maximising the social, physical, psychological, emotional and spiritual well being of its patients.

South Shore Hospital is a community unit that serves residents from Blackpool, Wyre and Fylde who require in-patient or out-patient care. The hospital has 101 beds across five wards (including a Nurse Led Ward) offering rheumatology, rehabilitation and orthopaedic surgery services. The hospital is home to the Trust's only dedicated rheumatology in-patient ward and the X-Ray Department has a Bone Densitometry Unit, complete with state-of-the-art equipment to scan bone density and measure the risk of fractures from osteoporosis.

Devonshire Road Hospital is a centrally located community unit that offers both in-patient and out-patient facilities to residents of Blackpool and its surrounding areas. The hospital houses the Fylde Coast's centre for dermatology services and it also has a Renal Dialysis Unit and a Clinical Skills Laboratory.

Fleetwood Hospital is a community unit that serves residents from Wyre and surrounding areas requiring in-patient, day case and out-patient care. The unit has 27 beds across a number of surgical specialties, including General Surgery, Urology, Orthopaedics and Podiatric Surgery. A number of beds at the hospital are available for use by the GPs of Fleetwood to provide in-patient care for their own patients and those transferred following treatment from Victoria Hospital.

Lytham Hospital is a community unit that serves residents from across the Fylde coast who require in-patient or out-patient care. The unit has 28 beds offering acute services for in-patients and day cases in a number of specialties, including General Surgery, Urology, Orthopaedics and Podiatric Surgery. A number of beds are available for use by the GPs of Lytham St Annes to provide in-patient care for their own patients and those transferred following treatment from Victoria Hospital. A new Out-Patient Department has recently been opened which provides 6 new treatment rooms and 3 consultation rooms.

Rossall, Bispham and Wesham Hospitals Rehabilitation Units are purpose-built 40-bedded units that provide rehabilitation, recovery and continuing care services to older people from across the Fylde Coast. Wesham and Rossall also provide day hospital facilities.

The National Artificial Eye Service (NAES) has almost 30,000 patient contacts each year, which result in 5,000 prostheses being manufactured, 1,000 of which are for new patients. The service is managed and controlled by the Blackpool, Fylde and Wyre Hospitals NHS Trust, but it operates nation-wide and has its own specialist large print web site that provides information about the service and guidance for artificial eye patients. This can be found at www.naes.nhs.uk. The organisation is certified to international quality standard ISO9001.2000 and also produces artificial eyes for Scotland, Wales and Northern Ireland. In 2003/04 a new range of single use impression trays was introduced which are designed and manufactured in-house as part of an improvement in patient services.

Blenheim House is a Child Development and Family Support Centre for children across Blackpool, Wyre and Fylde who have physical or learning needs. The Centre forms part of the Trust's Department of Child Health. It aims to provide assessment, on-going intervention and family support for pre-school children in a friendly and informal environment.

The Student Grants Unit, which is based at Plymouth Road, Blackpool, provides a national service processing bursary applications for Health Professionals. It ensures the prompt and accurate assessment, review and payment of NHS funded bursaries and the clinical placement travel and accommodation expenses applied for by NHS commissioned students enrolled on pre-registration Health Professional courses at universities in England. The Student Grants Unit transferred to the NHS Pensions Agency on 1st April 2004.

THE TRUST BOARD

The Trust is managed by a Trust Board comprising a Chairman, five Non-Executive Directors and five Executive Directors. The Chairman is appointed by the Secretary of State and is responsible for ensuring that the specific roles of the Non-Executive Directors and Executive Directors are brought together in a constructive partnership to take forward the business of the organisation.

The Non-Executive Directors are appointed by the NHS Appointments Commission on behalf of the local community and have a responsibility to ensure that the Board acts in the best interests of the public and that it is fully accountable to the public for the services provided by the organisation and the public funds it uses.

The Executive Directors are appointed through open competition and in accordance with the Trust's recruitment and selection policies and procedures and NHS Executive guidance.

MANAGEMENT CHANGES

There were two resignations from amongst the Non-Executive Directors and the Executives Directors during the year; namely Mr Graham Essex-Crosby who served as a Non-Executive Director from May 2002 until September 2003 and Dr Tony Andrews who was appointed to the post of Director of Operations in April 2003 and left the Trust in April 2004 to assume the role of Chief Executive at King's Lynn and Wisbech Hospitals NHS Trust.

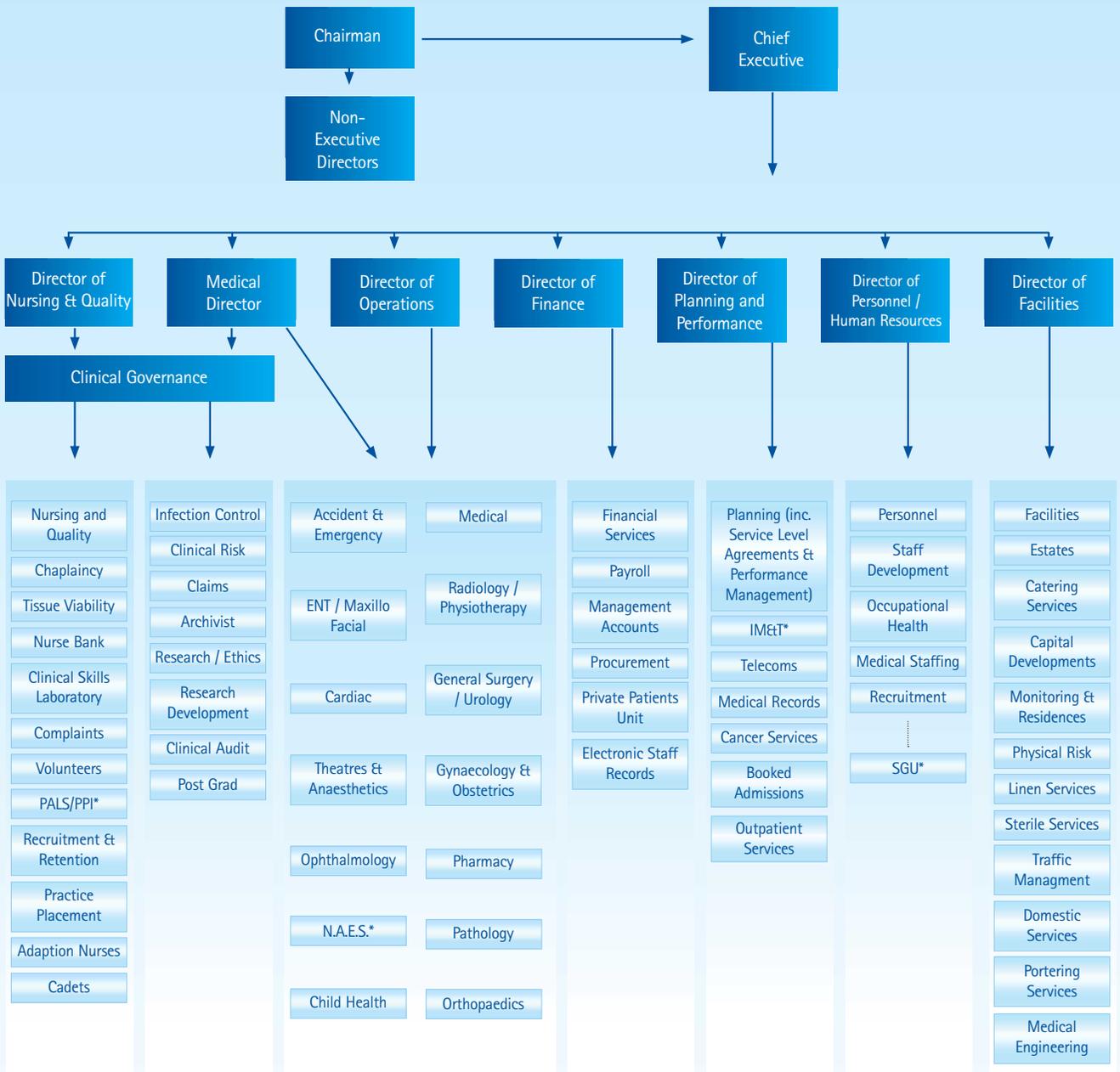
Mr Essex-Crosby's successor is Mr Michael Brown who was appointed from 1st March 2004.

Dr Andrews' successor, Mr Aidan Kehoe, joined the Trust on 26th April 2004 from the University Hospital Birmingham NHS Trust.



Staff Nurse
Pat Tracey in
the lounge at the
Nurse Led Therapy
Unit with
Joe Chambers

TRUST STRUCTURE



*PALS/PPI = Patient Advice and Liaison Service / Patient and Public Involvement

*NA.E.S. = National Artificial Eye Service

*IM&T = Information Management and Technology

*SGU = Student Grants Unit



Beverly Lester



Jimmy Armfield



Christine Breene



Michael Carr



Michael Brown



Paul Olive



Roy Male



Tim Evans



Dr Peter Hayes



Mandie Sunderland



Peter Dewdney



Mike Gallagher



John Lyons



Tony Andrews

MEMBERSHIP OF THE TRUST BOARD

Beverly Lester – Chairman, was previously the Chairman of the Community Trust for four years and a former Non-Executive Director of the Victoria Hospital Trust. She is also a partner in a law firm and is a part-time Chairman in the Independent Tribunal Service.

Jim Armfield, OBE – Non-Executive Director (Vice Chairman), served as a Non-Executive Director of the Community Trust for nine years. He has enjoyed a long career in football, playing for England and Blackpool, and he currently works as a technical consultant for the Football Association.

Christine Breene – Non-Executive Director, was a manager for Marks and Spencer for more than 23 years, working in areas such as finance and human resources. She was a Non-Executive Director of the Community Trust for two years.

Michael Carr – Non-Executive Director, spent almost forty years working for British Rail before taking early retirement in 1993 and has served as a Councillor for the Clifton Ward for Blackpool Borough Council since 1995. He was a Non-Executive Director of the Victoria Hospital Trust for nearly five years.

Paul Olive – Non-Executive Director, was the Finance Director of Stanley Leisure PLC from 1984 – 1998 and his responsibilities included internal audit, information and technology, and personnel and training.

Graham Essex-Crosby – Non-Executive Director (resigned September 2003), has 35 years local government experience. He worked as Chief Executive of Blackpool Borough Council for eight years up to 2002 and, prior to this, was the Director of Finance and Assistant Borough Treasurer.

Mr Michael Brown – Non-Executive Director (appointed March 2004), is a qualified Solicitor and was the Chief Executive of Wyre Borough Council for 15 years prior to his retirement in 2003.

Roy Male, CBE – Chief Executive, was the Chief Executive at Addenbrooke's NHS Trust for four years. He has held many positions including Assistant Hospital Secretary, District Personnel Officer, Director of Personnel and Deputy Chief Executive.

Tim Evans – Director of Finance (Deputy Chief Executive), was the Director of Finance at the Victoria Hospital Trust for five years. Prior to that he was Director of Finance in Barrow.

Dr Peter Hayes – Medical Director, was the Medical Director at the Victoria Hospital Trust for eight years. He is a Consultant Physician at Victoria Hospital, a position he has held for more than 23 years.

Mandie Sunderland – Director of Nursing and Quality, was the Director of Nursing at the Victoria Hospital Trust from January 2001. She was previously the Director of Nursing at Halton General Hospital.

Peter Dewdney – Director of Planning and Performance, was the Director of Planning and Information at the Victoria Hospital Trust for four years, having previously worked in the Finance Department.

Mike Gallagher – Director of Facilities, was the Director of Facilities at the Victoria Hospital Trust for eight years and, prior to that, he was the Director of Estates for the Blackpool Wyre and Fylde Health Authority from 1989 – 1994.

John Lyons – Director of Personnel/Human Resources, was the Director of Personnel for the Victoria Hospital Trust for eight years. Previously, he was Regional Head of Personnel for the North Western Regional Health Authority from 1984 – 1994.

Tony Andrews – Director of Operations (resigned April 2004), joined the Trust on 1st April 2003 from Norfolk, Suffolk and Cambridgeshire Health Authority. He moved into management after a successful clinical career in genetics.

DECLARATIONS OF INTEREST

Miss Beverly Lester – Chairman

Partner.....Cooper, Law & Lester Solicitors
 Chairman (part-time).....Independent Tribunal Service
 Governor.....Carters Charity Primary School
 Trustee.....Thornton Horse Club.

Mr Jim Armfield – Non Executive Director (Vice Chairman)

President.....Age Concern (Blackpool)
 Vice President.....Lancashire Outward Bound Association
 School Governor.....Arnold School (Blackpool)
 Member.....Cathedral Council
 Sports Commentator.....BBC Radio
 Technical Consultant.....Football Association.

Mrs Christine Breene – Non-Executive Director

Vice Chairman.....Blackpool, Fylde and Wyre Blind Society Employment Support Committee.

Mr Michael Carr – Non Executive Director

Chairman.....Development Control (Planning) Committee
 Member.....Blackpool Borough Unitary Council (Clifton Ward)
 Member.....Lancashire Combined Fire Authority.

Mr Graham Essex-Crosby – Non-Executive Director (until September 2003)

Chairman of Governors.....Blackpool and The Fylde College
 Vice President.....Blackpool, Fylde and Wyre Blind Society
 Director.....Craywell Consulting Ltd.

Mr Paul Olive – Non Executive Director

Nil.

Mr Michael Brown

Vice Chairman.....North & Western Lancashire Business Link
 Governor.....Blackpool & The Fylde College
 Governor.....Baines School
 Director.....Canatxx Gas Storage Ltd.

Mr Roy Male – Chief Executive

Nil.

Mr Tim Evans – Director of Finance (Deputy Chief Executive)

Nil.

Dr Peter Hayes – Medical Director

Monthly Out-Patient Clinic at Fylde Coast Hospital.

Mrs Mandie Sunderland – Director of Nursing and Quality

Nil.

Mr Peter Dewdney – Director of Planning and Performance

Nil.

Mr Mike Gallagher – Director of Facilities

Patientline Shares (896 in total).

Mr John Lyons – Director of Personnel

Nil.

Dr Tony Andrews – Director of Operations

Nil.

TRUST OBJECTIVES 2003/04

1. With our partners, improve the healthcare available to our local population by:

- ✓ Working with PCTs, Social Services Departments and others to devise new ways of working and to provide high quality, timely and integrated services.
- ✓ Stimulating collaboration with other Acute Trusts to optimise the provision of acute care in our area.
- ✓ Achieving demonstrable benefit from the acute and community hospital resources within the new Trust.

2. Enhance our patient services by:

- ✓ Implementing what we learn from consulting our patients and local population on their needs and preferences, and from seeking feedback on their experiences.
- ✓ Seeking ways of improving procedures and approaches to work, which are original and radical.

3. Develop the new Board into a cohesive team and develop a shared vision and values through wide involvement of partners, patients and staff, leading to the publication of the Trust's Strategic Direction Statement.

4. Over the medium term, seek to achieve improved resourcing in infrastructure and to develop capacity – human and physical – to deliver the service targets within the NHS plan.

5. Focus on the development of staff and promote and develop an inclusive, supportive culture where staff can be proud of the care given to patients and can develop and be fulfilled.

TRUST ACHIEVEMENTS

Each year hospitals are set a number of targets aimed at reducing waiting times and improving patient care.

The key targets that the Trust achieved in 2003/04 are as follows:-

- ✓ Achieved a maximum 9 month wait for in-patient or day case treatment.
- ✓ Achieved a 6 month maximum wait for cataract surgery.
- ✓ Achieved a maximum 6 month wait for revascularisation.
- ✓ Achieved a maximum wait of 17 weeks for first routine out-patient appointment.
- ✓ Achieved the 30 minute wait target in out-patient clinics for 86% of patients.
- ✓ Achieved 100% compliance with the target for patients to be seen within 2 weeks of urgent GP referral for suspected cancer.
- ✓ Achieved re-accreditation as an Investors in People organisation.
- ✓ Achieved a high score for hospital cleanliness and hospital food.
- ✓ Improved the booking process for patient appointments.
- ✓ Appointed Modern Matrons across all specialties in accordance with HSC 2001/10.

REMUNERATION COMMITTEE

The Trust's Remuneration Committee acts in relation to the following matters:-

- ✓ To determine, as delegated by the Trust Board, appropriate remuneration and terms of service for the Chief Executive, other Executive Directors and the Directors of Facilities, Operations and Personnel including:-
 - All aspects of salary (including any performance related elements).
 - Provisions of other non-pay benefits including pensions.
 - Arrangements for termination of employment and other contractual terms.
- ✓ To determine, as delegated by the Trust Board, the remuneration and terms of service of the Chief Executive, other Executive Directors and the Directors of Facilities, Operations and Personnel to ensure that they are fairly rewarded for their individual contribution to the Trust having proper regard to the Trust's circumstances and performance and to the provisions of any national arrangements for such staff where appropriate.
- ✓ To monitor and evaluate the performance of the Chief Executive (via the Chairman) and to monitor and evaluate the performance of other Executive Directors and the Directors of Facilities, Operations and Personnel (via the Chief Executive).
- ✓ To advise on and oversee appropriate contractual arrangements for the Chief Executive, other Executive Directors and Directors of Facilities, Operations and Personnel including the proper calculation and scrutiny of termination payments taking account of such national guidance as is appropriate.

The remuneration of Non-Executive Directors is determined by the Secretary of State. The remuneration of Executive Directors and the Directors of Facilities, Operations and Personnel is determined by the Remuneration Committee.

The Committee received comparative information on salary levels for Executive Director posts and established salary ranges which facilitate the recruitment and retention of high calibre individuals. Progression within the ranges is dependent upon performance as determined by the Remuneration Committee and the salary ranges were increased by the same amount, i.e. 3.225%, awarded to other staff groups.

There are no other elements of remuneration such as 'bonuses' or additional pension contributions, with the exception of a lease car scheme or payment for business miles at Whitley rates. The Trust's lease car scheme is available to Executive Directors but there are no other benefits paid to Executive Directors.

The appointment of the Executive Directors (including the Chief Executive) are permanent and individuals are required to give six months notice to terminate their contract of employment. Similarly the Trust is required to give the Executive Directors (including the Chief Executive) six months notice of termination of their employment contract.

Membership of the Remuneration Committee:-

- ✓ Mr G Essex-Crosby – Chairman (resigned September 2003)
- ✓ Mr M Brown – Chairman (appointed March 2004)
- ✓ Miss B Lester
- ✓ Mr J Armfield
- ✓ Mrs C Breene
- ✓ Mr P Olive
- ✓ Mr M Carr

One meeting of the Remuneration Committee took place during 2003/2004.

AUDIT COMMITTEE

The Trust's Audit Committee has the following responsibilities:-

- ✓ To review the establishment and maintenance of an effective system of internal control and risk management, in particular, the adequacy of:
 - All risk and control related disclosure statements, together with any accompanying Head of Internal Audit statement, prior to endorsement by the Board.
 - The structures, processes and responsibilities for identifying and managing key risks facing the organisation.
 - The policies for ensuring that there is compliance with relevant regulatory, legal and code of conduct requirements as set out in the Controls Assurance Standards and other relevant guidance.
 - The operational effectiveness of policies and procedures.
 - The policies and procedures for all work related to fraud and corruption as set out in Secretary of State Directions and as required by the Directorate of Counter Fraud Services.

- ✓ Internal Audit
 - Consider the appointment of the internal audit service, the audit fee and any questions of resignation and dismissal.
 - Review the internal audit programme, consider the major findings of internal audit investigations (and management's response), and ensure co-ordination between the Internal and External Auditors.
 - Ensure that the Internal Audit function is adequately resourced and has appropriate standing within the organisation.

- ✓ External Audit
 - Consider the appointment of the External Auditor, as far as the Audit Commission's rules permit.
 - Discuss with the External Auditor, before the audit commences, the nature and scope of the audit, and ensure co-ordination, as appropriate, with other External Auditors in the local health economy.
 - Review External Audit reports, including value for money reports and annual audit letters, together with the management response.
 - To review the annual financial statements before submission to the Board, focusing particularly on:
 - Changes in, and compliance with, accounting policies and practices.
 - Major judgemental areas.
 - Significant adjustments resulting from the audit.

The Trust's External Auditors are PricewaterhouseCoopers LLP based at 101 Barbirolli Square, Manchester, M2 3PW.

Membership of the Audit Committee:-

- ✓ Mr P Olive – Chairman
- ✓ Mr M Carr
- ✓ Mr G Essex-Crosby (until September 2003)
- ✓ Mrs C Breene (from September 2003)

Three meetings of the Audit Committee took place during 2003/2004.

TRUST COMPLIANCE

CLINICAL GOVERNANCE

REVISED ARRANGEMENTS

The Clinical Governance arrangements were restructured during the year resulting in the formation of a Directorate of Clinical Governance. This combines the various departments providing clinical governance support and facilitation to the Trust and is headed jointly by the Medical Director and the Director of Nursing and Quality.

REPORTING ARRANGEMENTS

The Trust complied with the Clinical Governance Reporting arrangements and submitted to the Strategic Health Authority by the due dates the Clinical Governance Report 2002/2003, the plans for 2003/2004 and the half yearly report for 2003/2004.

Copies of these documents can be obtained from Rose Anderson, Head of Clinical Governance, Blackpool, Fylde and Wyre Hospitals NHS Trust, Victoria Hospital, Whinney Heys Road, Blackpool, FY3 8NR.

STAFFING IMPROVEMENTS

Our staffing levels have increased by 71 whole time equivalents during the year as follows:-

Medical & Dental	+ 0.5
Nursing & Midwifery	+ 19.57
Professional & Technical	+ 19.39
Support	- 10.22
Admin & Clerical	+ 32.22
Senior Managers	+ 17.9

In addition, the quality of our workforce has been improved with the introduction of an additional nine modern matrons, making a total of 19.

STAFF INVOLVEMENT

The Trust has well developed consultative and negotiating committees covering all staff and additional committees specifically for consultant medical staff and non-consultant career grade doctors.

Staff are informed of developments in the Trust through a range of initiatives; Team Briefing, Communicate Magazine, Health and Safety Committee, Learning and Development Committee and the Chief Executive's monthly "Talkback" sessions with groups of staff.

Information on key performance targets such as finance and patient access to services are contained in Team Briefing

and at regular meetings between Executive Directors and Departmental Managers.

Staff involvement is one of the criteria against which the improving Working Lives Initiative is assessed. As a consequence, Directorate Improving Working Lives Action Teams are considering how staff involvement can be enhanced.

DEVELOPMENTS ON ORGANISATION WIDE QUALITY ISSUES

The Trust is committed to the training and development of its staff and during the last year has supported staff in many ways.

More than 250 staff, who are not professionally qualified, accessed Learning Accounts to fund work-related study at local colleges. The courses included Deaf Awareness, Information Technology, Medical Terminology and GCSEs.

A further 300 staff passed National Vocational Qualifications (NVQs) at different levels in care and customer services.

One of the most popular in-house courses has been the European Computer Driving Licence (ECDL). Following awareness-raising roadshows across the hospitals, more than 450 staff applied to attend the course. By the end of March 2004 almost 200 staff had attended and successfully completed their ECDL examination.

The Trust is also committed to rewarding staff for their achievements. A total of 140 staff were nominated to attend the annual Staff Achievement Ceremony, which was held at Victoria Hospital in January 2004, and were presented with a certificate from the Chairman of the Trust.

EQUALITY STATEMENT

The Trust has an agreed Equal Opportunities Policy and a Race Equality Policy. These have been agreed with staff side representatives and managers and the staff are aware of their responsibilities through publicising these policies and including their content in training events.

The Trust is seeking to increase the proportion of females in its consultant workforce but this is hampered by a shortage of suitably qualified female candidates.

The Trust's workforce has a greater proportion of staff from ethnic minorities than the proportion of such groups in the local community. In total the Trust employs staff from 56 different nationalities.

Efforts are underway to ensure that staff from groups which are under represented at a senior level in the NHS are given career development opportunities through initiatives such as mentoring by Executive Directors.

DISABILITY DISCRIMINATION ACT

The Trust has a policy on the Employment of Disabled Persons which assists managers in recruiting people with disabilities and in managing a situation when an existing employee becomes disabled. This policy is complemented by the Redeployment Policy which supports employees who, because of their disability, can no longer undertake the job they are employed to do and therefore a more appropriate role must be found.

The Trust has been successful in retaining the "two ticks" symbol in its recruitment processes and operates a guaranteed interview scheme for disabled candidates who meet the criteria for each job. The Trust works in conjunction with Job Centre Plus in attracting disabled employers.

These policies and schemes are supported by an active Occupational Health Department which provides advice on the abilities and adjustments necessary to employ people with disabilities. Through all stages the HR Managers are available to advise managers on how to make appropriate adjustments to job roles.

The Trust actively supports and complies with the requirements of the Disability Discrimination Act.

OCCUPATIONAL HEALTH

The Trust employs a Consultant in Occupational Health supported by a number of specialist nurses. The department provides a full occupational health service including counselling to Fylde Coast employees. It also provides a service to other local employers, including local authorities and education institutions. The income derived from providing this service to other employers has been used to fund additional posts, for example, a Specialist Registrar in Occupational Health, as well as contributing to the Trust's overall income position.

HEALTH AT WORK IN THE NHS

The Trust continues to support the health, safety and well being of its workforce via the Consultant-Led Occupational Health Service and the Safety and Security Adviser. Staff can access the confidential counselling service and other initiatives, such as smoking cessation advice, are also available.

The Trust has a healthy transport plan to encourage physical exercise amongst staff and healthy eating options are provided in the staff restaurant. Health and safety training is a key priority and all staff are required to attend events such as a fire lecture. A Back-Care Co-Ordinator is employed to minimise the risk of musculo-skeletal injuries.

HEALTH AND SAFETY PERFORMANCE

The total number of work related incidents increased from 517 in 2002/03 to 558 in 2003/04.

The main types of incident were as follows:-

Category of Incident	2002	Position	2003	Position
Contact – Clinical Sharp	89	2	158	1
Lifting or Carrying	113	1	101	2
Slip, Trip or Fall on Level	80	3	79	3
Struck Against Something Fixed	76	4	76	4

It is clear that more needs to be done to reduce the substantial increase in needlestick injuries. Instances of the incorrect disposal of clinical sharps are now routinely reported to the offending ward or department.

An alternative system for the disposal of sharps is currently on trial, in addition to which the Trust has increased its training of staff in the correct procedures for clinical waste disposal.

Owing to the Control of Asbestos Regulations 2002, a new Asbestos Register has been introduced. This has been complemented by a series of asbestos awareness sessions which were designed to introduce a general awareness of asbestos issues together with an explanation of how the Trust intends to manage the presence of asbestos within its sites.

Additional risk management staff have been appointed to implement new procedures, policies and documentation throughout the Trust.

Risk assessments have now been incorporated in approximately 60% of departments and risk registers established at local, directorate and corporate level.

Risk awareness within the Trust has been improved by providing departmental and community based training.

An audit of the Controls Assurance Standards (21 in total) confirmed that the Trust's performance had either reached or exceeded the national minimum standards.

ENVIRONMENTAL IMPROVEMENTS

The Trust attaches substantial importance to the necessity for minimum environmental standards to be achieved and maintained. These are incorporated into the Trust's capital investment programme.

The following schemes were undertaken and incorporated substantial improvements into the patient environment:-

Victoria Hospital

- ✓ Wards 14 and 15 Upgrading
- ✓ Rehabilitation (Physiotherapy) Scheme Refurbishment
- ✓ Delivery Suite Upgrading
- ✓ New Swing Ward
- ✓ Disability Discrimination Act Compliance

Community Hospitals

- ✓ Fleetwood Hospital Re-Development
- ✓ New Nurse Led Ward – South Shore Hospital
- ✓ Disability Discrimination Act Compliance

SINGLE SEX ACCOMMODATION

There is only one mixed sex ward within the Trust which is a seven bedded bay at Victoria Hospital used for elective surgery.

Patients' views on mixed sex wards are audited annually and there is a robust policy and standards (both of which were recently updated) with guidance notes for staff.

CAPITAL INVESTMENT ACTIVITY

Capital expenditure is normally defined as the procurement and replacement of physical assets, for example, buildings, equipment and vehicles, together with any directly associated professional fees.

CARDIAC CENTRE DEVELOPMENT

Work started on the £45m Cardiac Centre scheme at Blackpool Victoria Hospital in November 2003. This scheme not only replaces existing accommodation currently allocated to Cardiology and Cardiothoracic services, but will also provide additional facilities to allow an increase in the total number of patients seen by approximately 100%.

RENAL DIALYSIS SERVICE

The Trust has very recently entered into an agreement with Fresenius Medical Care Services as its preferred supplier for a fully managed renal dialysis service. This includes the provision of a purpose designed building on the Clifton Hospital site to replace the facilities currently provided at Devonshire Road Hospital. The new unit will increase the current dialysis capacity from six to 12 stations and should be operational by early 2005.

COMPLAINTS

For the year 2003/2004 the Trust received 421 complaints, which is an increase of 3.6% on the same period in 2002/2003. The percentage of written complaints resolved within the specified timescale of 20 working days was 68%, an increase of 41% compared to 2002/0003.

In trying to achieve local resolution of patient complaints, the Trust, wherever possible, will endeavour to meet with the complainant to discuss their areas of concern.

The Trust received 21 requests for Independent Review; none were granted, 10 were turned down and 7 were referred back to local resolution. The Trust's Convenor is currently considering 4 of the requests. A decision has been made within the required timescales for 37% of the requests received. It is nationally recognised that it is particularly difficult to achieve these targets and this system will be changed under the new NHS Complaints Procedure due to be published in 2004.

The Complaints Department has worked closely with the Director of Nursing and the Staff Development Department in analysing complaints and feeding into the Essence of Care benchmarks, thus trying to improve the service given to our patients. One particular area that has seen a lot of attention is that of communication. It was quite clear from complaint investigations that the users of our service needed to benefit from better communication from Trust staff and a new one-day workshop has been implemented to address this. The workshop also ties into the Essence of Care benchmark for communication. The Complaints Manager and the Staff Development Department run the programme. There is also a team of staff who facilitate smaller workshops across the Trust which cover the principles of the communication benchmark.

EMERGENCY PLANNING

The Trust has in place a major incident plan which is fully compliant with 'Handling Major Incidents: An Operational Doctrine' and accompanying NHS guidance on major incident preparedness and planning.

QUALITY IMPROVEMENTS

The Trust now has a total of 19 Matrons in post in the following clinical areas:-

- ✓ Nurse Led Ward
- ✓ Critical Care
- ✓ Surgery (3)
- ✓ Orthopaedics
- ✓ Accident & Emergency/Medical Admissions Unit
- ✓ Cardiothoracic Surgery
- ✓ Medicine (11)

These posts are starting to have a positive impact upon the leadership of nursing and the quality of the patient experience.

Following the Ward Housekeeper Project, 3 Ward Housekeepers were appointed in June 2003 and the staff on Ward 20 and Ward 35 have found these posts to be invaluable, freeing up clinical time for clinical tasks. It is anticipated that these new posts will be rolled out to all other appropriate wards and areas within the Trust by 2006.

The Nurse Led Ward opened at South Shore Hospital on 1st August 2003, initially utilising 10 of the available 20 beds. As staff recruitment continued, it was possible to open all 20 beds from 1st December 2003. There is currently an average occupancy level of 90% plus, taking 'stepdown' patients from acute care who are medically stable and no longer require an acute bed. It is planned to develop the service in 2004/5 by admitting 'step-up' patients from Primary and Community Care.

PATIENT AND CARER INFORMATION

- ✓ The Trust is in the process of improving the quality of information for patients and carers. Following Department of Health Guidelines, a toolkit has been launched for staff which ensures that good quality patient information can be produced. The toolkit includes guidelines on producing information for different patient groups, ie. children, people with sight difficulties, learning difficulties, older people etc.
- ✓ To compliment the toolkit, a number of templates have been produced to ensure NHS identity guidelines are met when producing such information. Service users will also be involved in ensuring the information meets the needs of patients and carers.
- ✓ The Trust is in the process of setting up a mechanism where all draft leaflets have to be approved by both the Clinical Governance Department and the Readers Panel comprising service users.
- ✓ The Patient Advice and Liaison Service (PALS) Information Centre was launched on the Victoria Hospital site in October 2003. The Centre contains a large amount of health related information for patients, carers and staff. There are weekly visits by a number of local voluntary groups who supply specific information or support. These include Age Concern, Department of Work and Pensions, Disability Advice Services.
- ✓ Audio tapes of PALS specific information are produced by the local Society for the Blind. Directorates will be encouraged to support this local voluntary group in the production of other information for the blind or partially sighted.
- ✓ The PALS Information Centre has a hearing loop system and a digital imaging reader is being trialled.

- ✓ Children are currently involved in the development of PALS information designed specifically for children and young people.

- ✓ The Trust has a website which includes up-to-date information about the Trust including latest Press Releases. There is also information about the various departments and services at our hospitals together with directions to the hospitals, eg maps, bus and rail timetables. Patients were involved in devising the content of the website.

- ✓ The Trust has published a newspaper-style annual report to highlight the Trust's achievements over the past 12 months. Last year, 30,000 copies were distributed to supermarkets, libraries, council offices, hospitals, GP surgeries, dentists and opticians across Blackpool, Fylde and Wyre.

- ✓ Press Releases are regularly sent out to highlight our achievements, service changes, developments, key appointments etc.

DEVELOPMENT OF SERVICES INVOLVING OTHER AGENCIES INCLUDING VOLUNTEERS

- ✓ Age Concern is regularly involved in issues such as staff training, equality and diversity, patient and public involvement, and new service developments.
 - ✓ The local "Shelter" Chief Officer is involved in the Diversity Steering Group.
 - ✓ There are representatives of the local Muslim community on the Diversity Steering Group.
 - ✓ There is disability representation on both the Diversity and the Patient and Public Involvement Steering Groups.
 - ✓ Some hospital volunteers are involved in the Signposting Working Group.
 - ✓ The Volunteer Survey Team regularly assists with patient surveys, which have resulted in changes around privacy/dignity and food/nutrition.
 - ✓ The recent visiting survey assisted by our volunteer team has resulted in some changes to visiting practices in some areas.
 - ✓ The PALS reports are circulated to all three local Primary Care Trusts as well as the Lancashire Care Trust. It will also be circulated to the Patient and Public Involvement Forums and Service Users and the PPI Forums will be represented on the PALS Advisory Committee.
- #### **ESSENCE OF CARE**
- During the last year the Trust has continued to improve patient care and the patient experience by implementing the 'Essence of Care' benchmarks.

In December, a Trust-Wide 'Privacy and Dignity Policy' was launched and reference was made to this in the Department of Health's 'Choice' document illustrating that this is an area of best practice. This has also been highlighted at a national 'Patient Experience' event held at the Department of Health in February where the Trust was represented. The policy itself is being operationalised at ward level via the Modern Matrons.

In addition, quality improvements have been made as follows:

- ✓ A trial was undertaken using pegs to attach bed curtains together to maintain patient privacy and dignity and the evaluation was very positive. Each clinical area will now ensure that these are used on a daily basis and this will be evaluated to measure the extent of usage.
- ✓ Issues around food and nutrition have been addressed. A 'coloured tray' pilot, identifying patients who are nutritionally at risk/who may require assistance with eating, has been undertaken. There has been very positive feedback and the Trust is currently looking at the feasibility of rolling this out with the support of the Catering and Dietetic Departments.
- ✓ A pilot has been undertaken using individual packets of hand wipes to give to patients who are unable to access hand washing facilities prior to their meals. Some wards are considering implementing this for immobile patients.
- ✓ A new nutritional assessment tool has been developed together with guidelines in partnership with the dietitians. Two nutritional link nurses have been identified in each clinical area to help support the roll out of this initiative, once training has been received.
- ✓ A 'validation of care' tool has been developed which is to be trialed in a number of clinical areas, following audit approval.

NHS PLAN STANDARDS

The Trust is making good progress towards achieving the standards of the NHS Plan. The nine key targets are as follows:-

- ✓ 12 hour waits for emergency admission via A & E (post decision to admit).
- ✓ All cancers: 2 week wait.
- ✓ Financial management.
- ✓ Hospital cleanliness.
- ✓ Improving Working Lives.
- ✓ Out-patient and elective (in-patient and day case) booking.
- ✓ Out-patients waiting longer than the standard.
- ✓ Patients waiting longer than the standard for elective admission.
- ✓ Total time in A & E: 4 hours or less.

The Trust achieved all the key targets with the exception of financial management.

The Trust had a short notice* cancellation rate of 2.2% in 2003/04 which reflects the high bed occupancy. The Trust is working towards reducing the number of short notice cancellations.

* cancelled on the day of admission/operation.

PARTNERSHIP ARRANGEMENTS

The Trust operates as part of a wider health and social care community. Our key partners include:-

- ✓ Patients
- ✓ General Practitioners
- ✓ Primary Care Trusts
- ✓ Local Authorities
- ✓ Voluntary Bodies
- ✓ All our staff

The Trust delivers its ambitious plans for patients and staff through a range of important partnerships, both within and outside the NHS as follows:-

- ✓ With Patients – the Trust works closely with patients, carers and the local community to develop services and ensures they are involved and participate in the decision making process.
- ✓ With Primary Care Trusts – the Trust collaborates closely with the Primary Care Trusts to ensure a joint view of the necessary investment and priorities for services.
- ✓ With Other Hospitals – the Trust works closely with neighbouring hospitals who provide services not represented within Blackpool and the Fylde Coast to ensure local delivery of services where appropriate and speedy referral to specialist centres.
- ✓ With Education Providers – the Trust continues to develop partnerships to promote the general education and development of all staff.
- ✓ With the Strategic Health Authority – the continued development of close partnership working to ensure essential capital investment in services and infrastructure.
- ✓ With Staff – the creation of a culture which values openness, integrity, staff participation, respect for others and a commitment to the success of the Trust.

The Trust is committed to working in partnership with Local Authorities in order to strengthen the links between health, education, employment and other causes of social deprivation.

The Trust has effective working relationships with Lancashire County Council and Blackpool Borough Council and effective arrangements are in place for the transfer of care provided by joint Local Authority/Trust funding.

An Integrated Discharge Team is in place comprising Social Workers and Senior Nurses, jointly funded by Lancashire County Council, Blackpool Borough Council and the Trust. The Trust's Patient Care Manager manages the team, with Social Workers remaining professionally accountable to Social Services Managers. The activities include the management of all discharge arrangements, with Senior Nurses being able to arrange five day packages of care for patients. The key benefits of this service are a reduction in delayed discharges and timely provision of packages of care. The future developments include an out-of-hours service and an expansion of the service to include Mental Health Liaison, with the Lancashire Care Trust joining the team as a fourth partner.

LOCAL HEALTH STRATEGY

The Blackpool, Fylde and Wyre Hospitals NHS Trust provides acute, general medical and elderly services for: -

- ✓ An increasing population.
- ✓ A significantly higher than average elderly population.
- ✓ A lower than average ethnic mix.
- ✓ Above average mortality rates.
- ✓ An average (but varied) socio-economic status.
- ✓ High, scattered, deprivation levels.
- ✓ A high annual influx of visitors.
- ✓ An above average number of seasonal workers.

The main health problems of the population include ischemic heart disease, strokes and chronic obstructive pulmonary disease.

The local delivery plan focuses on: -

- ✓ Improving access to all services.
- ✓ Improving services and outcomes in cancer, coronary heart disease and older people.
- ✓ Reducing health inequalities.

PUBLIC HEALTH

In conjunction with the Strategic Health Authority, the Trust is actively involved in clinical performance monitoring together with all other hospitals within this Authority, in comparison with a national benchmarking database.

CODE OF PRACTICE ON OPENNESS

Published information is readily available to the public regarding the services offered by the Trust. Such documents include:-

- ✓ Annual Report.
- ✓ Business Plan.
- ✓ Information Leaflets.

Other Specific Requirements for the Trust:-

- ✓ Personal Health Records.
- ✓ Complaints.
- ✓ Provision of Information.
- ✓ Charging for Information.

PUBLIC MEETINGS

The Trust holds an Annual Public Meeting to discuss the Annual Report and Accounts. Details of the next meeting can be obtained from the back of this report.

Eight Trust Board Meetings have been held in public during 2003/2004.



Mother Rebecca Smith with baby Nicole and midwife Ann Gregory in the new Delivery Suite at Blackpool Victoria Hospital

WAITING LISTS

The Trust achieved the national standards for waiting lists which are:-

Target: No patient waiting over 9 months for surgery by 31st March 2004

MAIN SPECIALTY	Number waiting over 9 months as at March 03	Number waiting over 9 months as at March 04	TARGET ACHIEVED
General Surgery	107	0	✓
Urology	2	0	✓
Orthopaedics	205	0	✓
ENT	57	0	✓
Ophthalmology	7	0	✓
Oral Surgery	0	0	✓
Cardiothoracic Surgery	0	0	✓
Anaesthetics	0	0	✓
General Medicine	1	0	✓
Haematology	0	0	✓
Cardiology	23	0	✓
Dermatology	0	0	✓
Rheumatology	0	0	✓
Paediatrics	2	0	✓
Gynaecology	3	0	✓
TOTAL	407	0	✓

Target: No patient waiting over 17 weeks for first routine out-patient appointment

MAIN SPECIALTY	Number waiting over 17 weeks as at March 03	Number waiting over 17 weeks as at March 04	TARGET ACHIEVED
General Surgery	0	0	✓
Urology	1	0	✓
Orthopaedics	47	0	✓
ENT	39	0	✓
Ophthalmology	12	0	✓
Oral Surgery	34	0	✓
Orthodontics	0	0	✓
Neurosurgery	0	0	✓
Plastic Surgery	0	0	✓
Cardiothoracic	0	0	✓
Anaesthetics	9	0	✓
General Medicine	15	0	✓
Haematology	0	0	✓
Cardiology	1	0	✓
Dermatology	1	0	✓
Nephrology	0	0	✓
Neurology	21	0	✓
Rheumatology	0	0	✓
Paediatrics	0	0	✓
Obstetrics	1	0	✓
Gynaecology	18	0	✓
Total	199	0	✓

Target: No patient waiting over 6 months for revascularisation surgery within Cardiac services - ACHIEVED

Target: No patient waiting over 6 months for cataract surgery within Ophthalmology - ACHIEVED

FINANCIAL REVIEW

FINANCIAL DUTIES

In its second year of operation the NHS Trust met three of the four financial duties set for it by statute or by direction of the Secretary of State for Health. We:

- ✓ made the required rate of return on the land, buildings, and equipment we use to provide healthcare by achieving a 3.4% return against a target of between 3.0% and 4.0%;
- ✓ operated within our net cash limit of £911 thousand by using external financing of exactly £911 thousand in the year;
- ✓ invested £10.6 million in new capital assets which was within our allowed Capital Resource Limit of £10.604 million.

We did not achieve the fourth duty as the Trust struggled to contain its revenue spending within the income which it generated. We:

- failed "Break Even" on our Income and Expenditure account by reporting a deficit of £929 thousand after meeting all costs from an income of £173 million;

The financial deficit was achieved after the receipt of £950 thousand of planned financial support in respect of the new Consultant Contract.

The Income and Expenditure target was missed despite a series of measures taken to control costs. Failure of this target automatically requires the Trust to develop a recovery plan to regain financial balance and report a cumulative break even taking a run of years together. A Financial Recovery Plan has now been agreed across the Fylde Health Community. This plan is currently being implemented.

LOOKING FORWARD

The Trust will continue to invest to develop services to meet the increasing challenge of providing better access to high quality modern health services in the context of the NHS Plan.

The building of the £45 million Cardiac Centre scheme will continue, and a £5 million Day Case Theatre development will be substantially completed. Capacity plans in the context of a Local Development Plan agreed across the Fylde Health Community will aim to reduce maximum waiting times for surgery to six months by the end of the year.

The Finance Department will make technical preparations for the new funding system of "Payment by Results". Under this policy the Trust will be paid at standard tariff for the activity it provides.

The Finance Director will also lead the continuous development and implementation of a Financial Recovery Plan with the aim of restoring the financial equilibrium which the Trust and its predecessor bodies had achieved in recent years.



"Phase V" Blackpool Victoria Hospital

CAPITAL INVESTMENT

We spent £10.6 million on capital projects and equipment over the year. This capital was invested in:

Capital Item	Spend £ Million
Cardiac Centre Development	3.41
Central Sterile Supplies Capacity	0.94
Second CT Scanner	0.72
Fluoroscopy (X Ray) Room	0.37
Other Medical Equipment	1.20
Maternity Unit (Delivery Suite) Upgrade	0.48
Information Management Et Technology Infrastructure	0.50
Information Management Et Technology Clinical Computer Systems	0.12
Refurbishment of Wards 14 and 15	0.41
Conversion of "old" A&E Department	0.53
Social Work Department Annex S	0.22
Statutory and Regulatory Work	0.31
Other Capital	1.39
Total Spend	10.60

The year saw a substantive start to the Trust's £45 million Cardiac Centre scheme. Enabling work was completed, the site cleared and foundations laid. The scheme is being implemented to time and to budget. Completion will allow the Trust to meet challenging National Service Framework targets for access to secondary and tertiary cardiac services.

A major scheme was largely implemented to ensure the Trust's Central Sterile Services Department (CSSD) complies with the relevant standards and protocols for processing instruments.

Significant parts of the imaging services provided within the Trust were increased (second CT Scanner), replaced (new fluoroscopy room) or modernised (digital imaging system enhancements included in the IM&T spend).

The Trust's Delivery Suite was brought into the 21st century with a fundamental upgrade and refurbishment, which was completed following a start in 2002/03.

In addition the Trust continued to invest significantly in the replacement of medical equipment, meeting statutory obligations, and maintaining and refurbishing key areas of its estate.

FINANCIAL EFFICIENCY

Over the financial year we achieved a Cost Improvement Programme of £2.86 million, representing 1.8% of our opening income budget.

A national exercise is carried out annually to collect information on the relative costs of NHS Trusts. This "Reference Cost" exercise shows, procedure by procedure, how our costs compare to other providers but also gives us an overall "index" number. The index number expresses our actual total costs in comparison to costs that could be expected of an average hospital for the activity we generate. In 2003 we were attributed an index number of 100 reflecting our 2002/03 performance. This index is exactly the expected index for an average performance of 100. However the Trust was carrying significant additional costs for rehabilitation services inherited on re-organisation. These services do not generate additional activity. As we contract separately for rehabilitation services, in 2004/05 we will expect our index number to move below average reflecting our true financial efficiency.

PROMPT PAYMENT

The Better Payment Practice Code requires the Trust to aim to pay all our valid invoices by the due date or within 30 days of receipt of the goods or a valid invoice, whichever is the later. We were able to pay 91.97% of our invoices by value within the Government's prompt payment target. No claims were made against the Trust for the late payment of commercial debt. Details of compliance with the code are given on page 29.

SENIOR MANAGERS PAY

The Trust restricted the pay inflation of its senior managers to 3.225%. This figure was in line with the inflation increase in nursing salaries in the year. Details of senior managers remuneration are given on page 28.

INDEMNITY INSURANCE

The Trust has issued appropriate indemnity to the Non-Executive Directors of the Trust in accordance with Health Circular 1998/010. The Trust carries appropriate liability cover with the NHS Litigation Authority for Directors and Officers in respect of action brought against the Board or its Directors.

MANAGEMENT COSTS

Details of management and administration costs are given on page 29. The management cost target for the year was set by the Department of Health at 7.2%. This increase recognises the cost impact of significant changes in the superannuation costs for all staff in addition to normal pay inflation.

The Trust failed to meet this benchmark as its management costs increased by 12.35%. However the Trust made decisions in the first half of the year in the absence of a target. This is because the target applies only to Trusts with 0 to 2 stars in the star rating exercise. Trusts with a 3 star rating operate without a management cost target. This Trust moved from a 3 star rating to a 2 star rating during the year being measured.

The increase in management costs also occurred in areas which do not imply inefficiency on the Trust's part.

Board costs increased by £147 thousand but in its first year the Trust had no Director of Operations but an established post, and an acting Chief Executive and acting Finance Director for five months. Whilst obviously cheaper, these were not desirable situations in the longer term.

Estates management costs increased by £120 thousand, but this was merely a technical change of category as existing staff were moved during a re-organisation into marginally better paid Senior Manager posts from senior administration and clerical posts. These were not increased costs but merely shifted costs.

An investment in governance (better clinical quality control) resulted in the creation of new Senior Manager posts with the appointment of an Archivist, Clinical Risk Manager, Senior Pharmacists, two Associate Medical Directors and a Deputy Information Manager. This investment was necessary to achieve a better level of clinical governance and was discussed and agreed in advance with Commissioners. Although the posts appear as an increased management cost, they merely reflect the relatively poor governance infrastructure inherited by the Trust on its formation.

LOCAL PAY BARGAINING

During the year the Trust introduced the new Consultant Contract, agreeing the Contract in principle with the Consultant body and implementing it in detail with the majority of its individual medical Consultants. Some further work in 2004/05 will see all but a handful of Consultants contracted on new terms. Further progress was also made in harmonising the terms and conditions of staff inherited from different predecessor organisations. The Trust also agreed and introduced new pay scales for its Senior Managers below Director level.

ACCOUNTING POLICIES

The financial statements have been prepared in accordance with the 2003/04 NHS Trusts Manual For Accounts. The accounting policies contained in the manual follow UK generally accepted accounting practice for companies (UK GAAP) to the extent that it is appropriate to the NHS. During the financial year there was a change in the Treasury's discount rate from 6% to 3.5% effective from 1st April 2003. The effect of this change resulted in a restatement of opening provisions of £105 thousand recognised on the Income and Expenditure Statement as 'other finance costs'.

VALUE FOR MONEY ACTIVITIES

The Trust is committed to achieving value for money in the services it provides. The Trust's Cost Improvement Programme in the year of £2.86 million enabled the Trust to provide its services at a lower price base. Schemes which provided reductions in costs were numerous and included:-

- Reduction of costs within individual Directorates.
- Improved purchasing of consumables by the Procurement Department.
- Reduction in the recruitment advertising budget.
- Establishment of the Nurse Led Ward.
- Property rates review.

INCOME GENERATION

During the financial year the Trust continued to provide a linen and laundry service to other organisations and commercial companies. This work generated a turnover of £215 thousand which provided a contribution to the overall funding of the Trust.

SEPARATE BUSINESSES OF THE TRUST

In addition to providing health services we host the National Artificial Eye Service (NAES) and the Student Grants Unit (SGU).

The NAES provides a healthcare service nationally. Its income, spend, and assets are included in figures given in our key financial statements.

In contrast the SGU provides a non-healthcare service albeit to student health professionals. Only the £0 thousand net surplus of the SGU is included in our financial statements. The table below shows the very high value of the SGU's income and spending. The SGU is a relatively small operational organisation which calculates entitlement and pays student grants for all student nurses, all Allied Health Professionals in training, and also pays medical tuition fees. The great bulk of expenditure recorded below represents the flow of these grants to students. The SGU effectively acts as an agency receiving this money from the Department of Health and paying it on to students. This also differentiates the SGU from the rest of our services where money is predominantly spent directly on operating activity. The segmental analysis below indicates the scale of this operation:

	Health Care £000	Student Grants Unit £000	Total £000
Income	173,276	369,209	542,485
Expenditure	174,205	369,209	543,414
Surplus (Deficit)	(929)	0	(929)
Net assets	144,658	0	144,658

From 1st April 2004, the management of, and responsibility for, the Student Grants Unit was passed to the NHS Pensions Special Health Authority. The Trust continues to provide some support services for a management fee.

SUMMARY FINANCIAL STATEMENTS 2003/2004

The following Summary Financial Statements are extracted from the 2003/2004 Annual Accounts of the Blackpool, Fylde and Wyre Hospitals NHS Trust. Information on obtaining a full set of accounts is available on page 34.

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED

31 March 2004

	2003/04 £000	2002/03 £000
Income from activities:		
Continuing operations	159,007	151,547
Other operating income		
Continuing operations	<u>14,269</u>	<u>13,313</u>
Total Income	173,276	164,860
Operating expenses:		
Continuing operations	<u>(169,613)</u>	<u>(157,599)</u>
OPERATING SURPLUS		
Continuing operations	3,663	7,261
Loss on disposal of fixed assets	<u>(6)</u>	<u>(91)</u>
SURPLUS BEFORE INTEREST	3,657	7,170
Interest receivable	539	192
Interest payable	0	0
Other finance costs - unwinding of discount	(43)	(35)
Other finance costs - change in discount rate on provisions	<u>(105)</u>	<u>0</u>
SURPLUS FOR THE FINANCIAL YEAR	4,048	7,327
Public Dividend Capital dividends payable	<u>(4,977)</u>	<u>(7,265)</u>
RETAINED (DEFICIT)/SURPLUS FOR THE YEAR	<u>(929)</u>	<u>62</u>
NOTE TO THE INCOME AND EXPENDITURE ACCOUNT		
Deficit for the year	(929)	
Less financial support included in deficit for the year (Note 1)	<u>950</u>	
Deficit for the year excluding financial support	<u>(1,879)</u>	

Note 1: Planned financial support from Cumbria Et Lancashire Strategic Health Authority relating to the implementation of the Consultant Contract.

BALANCE SHEET AS AT

31 March 2004

	31 March 2004 £000	As restated 31 March 2003 £000
FIXED ASSETS		
Intangible assets	0	0
Tangible assets	157,122	143,400
Investments	<u>0</u>	<u>0</u>
	157,122	143,400
CURRENT ASSETS		
Stocks and work in progress	3,427	2,396
Debtors	6,728	5,923
Cash at bank and in hand	<u>179</u>	<u>179</u>
	10,334	8,498
CREDITORS: Amounts falling due within one year	<u>(13,084)</u>	<u>(7,688)</u>
NET CURRENT LIABILITIES	<u>(2,750)</u>	<u>810</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	154,372	144,210
CREDITORS: Amounts falling due after more than one year	0	0
PROVISIONS FOR LIABILITIES AND CHARGES	(826)	(1,159)
TOTAL ASSETS EMPLOYED	<u>153,546</u>	<u>143,051</u>
FINANCED BY:		
TAXPAYERS' EQUITY		
Public dividend capital	128,566	127,655
Revaluation reserve	27,490	17,039
Donated Asset reserve	3,764	3,419
Income and expenditure reserve	<u>(6,274)</u>	<u>(5,062)</u>
TOTAL TAXPAYERS EQUITY	<u>153,546</u>	<u>143,051</u>

The financial statements were approved by the Audit Committee on 13th July 2004 and confirmed by the Trust Board on 28th July 2004.

signed on its behalf by ;



13th July 2004.....Chief Executive

STATEMENT OF TOTAL RECOGNISED GAINS & LOSSES FOR THE YEAR ENDED

31 March 2004

	2003/04 £000	2002/03 £000
Surplus (deficit) for the financial year before dividend payments	4,048	7,327
Fixed asset impairment losses	0	0
Unrealised surplus (deficit) on fixed asset revaluations/indexation	10,384	17,148
Increases in the donated asset and government grant reserve due to receipt of donated and government grant financed assets	465	1,769
Reductions in the donated asset and government grant reserve due to the depreciation, impairment and disposal of donated and government grant financed assets	(336)	(430)
Additions/(reductions) in "other reserves"	<u>0</u>	<u>0</u>
Total recognised gains and losses for the financial year	14,561	25,814
Prior period adjustment		
- Pre-95 early retirement		(105)
- Pre establishment fixed asset impairments *	<u>(5,019)</u>	<u>0</u>
Total gains and losses recognised in the financial year	<u>9,542</u>	<u>25,709</u>

* The prior period adjustment relates to the economic impairment of the Wesham Park Hospital which the Trust inherited on the 1st April 2002 as a result of the local health economy reconfiguration. Although the conditions giving rise to the impairment existed prior to the transfer to the Trust, this was not recognised within the formal valuation in error.

CASH FLOW STATEMENT FOR THE YEAR ENDED

31 March 2004

	2003/04 £000	2002/03 £000
OPERATING ACTIVITIES		
Net cash inflow from operating activities	14,288	11,424
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE:		
Interest received	526	184
Interest paid	<u>(148)</u>	<u>(35)</u>
Net cash inflow from returns on investments and servicing of finance	378	149
CAPITAL EXPENDITURE		
Payments to acquire tangible fixed assets	(10,682)	(9,166)
Receipts from sale of tangible fixed assets	<u>82</u>	<u>0</u>
Net cash outflow from capital expenditure	(10,600)	(9,166)
DIVIDENDS PAID		
	<u>(4,977)</u>	<u>(7,265)</u>
Net cash outflow before management of liquid resources and financing	(911)	(4,858)
MANAGEMENT OF LIQUID RESOURCES		
Purchase / Sale of current asset investments	<u>0</u>	<u>0</u>
Net cash outflow before financing	(911)	(4,858)
FINANCING		
Public dividend capital received	911	4,858
Public dividend capital repaid (not previously accrued)	0	0
Public dividend capital repaid (accrued in prior period)	0	0
Loans received	0	0
Loans repaid	0	0
Other capital receipts	0	0
Capital element of finance lease rental payments	0	0
Cash transferred from/to other NHS bodies	<u>0</u>	<u>0</u>
Net cash inflow from financing	<u>911</u>	<u>4,858</u>
Increase (decrease) in cash	<u><u>0</u></u>	<u><u>0</u></u>

SALARY AND PENSION ENTITLEMENTS OF SENIOR MANAGERS

Name and Title	Salary	Other Remuneration	Golden hello/ compensation for loss of office	Real increase in pension at age 60	Total accrued pension at age 60 at 31/03/04 **	Benefits in kind
	£000	£000	£000	£000	£000	£
2003/04						
BJ Lester - Chairman	20 - 25			*	*	
PR Male - Chief Executive	110 - 115			*	*	
TH Evans - Director of Finance	75 - 80			*	*	3,500
T Andrews - Director of Operations (appointed 01/04/03)	75 - 80			*	*	
PJ Hayes - Medical Director	25 - 30	95 - 100		*	*	
PJ Dewdney - Director of Planning & Performance	65 - 70			*	*	2,700
A Sunderland - Director of Nursing & Quality	45 - 50			*	*	2,500
J Mottershead - Acting Director of Nursing & Quality (from 01/09/03 - 30/11/03)	0 - 5			*	*	
J Lyons - Director of Human Resources	65 - 70			*	*	
MJ Gallagher - Director of Facilities	65 - 70			*	*	2,700
JC Armfield - Non Executive	5 - 10					
C Breene - Non Executive	5 - 10					
M Carr - Non Executive	5 - 10					
GE Essex-Crosby - Non Executive (resigned 30/09/03)	0 - 5					
PA Olive - Non Executive	5 - 10					
M Brown - Non Executive (appointed 01/03/04)	0 - 5					
2002/03						
BJ Lester - Chairman	20 - 25			*	*	
PR Male - Chief Executive (appointed 30/9/02)	50 - 55			*	*	
DM Gill - Chief Executive (resigned 16/5/02)	10 - 15			*	*	3,800
TH Evans - Acting Chief Executive (from 17/5/02-29/9/02)	5 - 10			*	*	
TH Evans - Director of Finance	70 - 75			*	*	4,400
JW Barton - Acting Director of Finance (from 17/5/02-29/9/02)	5 - 10			*	*	
PJ Hayes - Medical Director	25 - 30	90 - 95		*	*	
PJ Dewdney - Director of Planning & Information	60 - 65			*	*	4,500
A Sunderland - Director of Nursing & Quality	60 - 65			*	*	3,500
J Lyons - Director of Human Resources	60 - 65			*	*	
MJ Gallagher - Director of Facilities	60 - 65			*	*	3,500
JC Armfield - Non Executive (appointed 16/05/02)	0 - 5					
C Breene - Non Executive (appointed 23/05/02)	0 - 5					
M Carr - Non Executive	5 - 10					
GE Essex-Crosby - Non Executive (appointed 20/05/02)	0 - 5					
PA Olive - Non Executive (appointed 23/05/02)	0 - 5					

* Permission to disclose with-held.

** This represents the accrued pension as at the Balance Sheet date at normal retirement age. The Executive Directors have stated that they feel the basis of this calculation to be hypothetical and therefore potentially misleading. All Executive Directors are members of the NHS pension scheme and readers are referred to Note 1.10 of the full Accounts for details of the operation of this scheme. Further details can be obtained from the NHS Pensions Agency, Broadway, Fleetwood, Lancs, or from the Agency's web site at www.nhspa.gov.uk .

Benefits in Kind represents the provision of lease cars.

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

MANAGEMENT COSTS

	2003/04 £000	2002/03 £000
Management costs	6,918	6,158
Income	173,276	164,856

Management costs are as defined in the document 'NHS Management Costs 2002/03' which can be found on the internet at <http://www.doh.gov.uk/managementcosts>.

The management costs target for 2003/04 set by the Department of Health was a year on year increase of 7.2%. The actual increase was 12.35% and therefore the target was exceeded.

PUBLIC SECTOR PAYMENT POLICY BETTER PAYMENT PRACTICE CODE - MEASURE OF COMPLIANCE

	Number	£000
Total bills paid in the year	56,943	54,897
Total bills paid within target	50,421	50,490
Percentage of bills paid within target	88.55%	91.97%

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

RELATED PARTY TRANSACTIONS

Blackpool, Fylde & Wyre Hospitals NHS Trust is a body corporate established by order of the Secretary of State for Health.

During the year none of the Board Members or members of the key management staff or parties related to them has undertaken any material transactions with Blackpool, Fylde & Wyre Hospitals NHS Trust.

Mr M J Gallagher, Director of Facilities, has a minor shareholding in Patientline Ltd. All transactions in the year between the Trust and Patientline Ltd were conducted as arms length transactions under normal commercial terms.

The Department of Health is regarded as a related party. During the year Blackpool, Fylde & Wyre Hospitals NHS Trust has had a significant number of material transactions with the Department, and with other entities for which the Department is regarded as the parent Department. These entities are listed below:

Blackpool PCT
 Chorley & South Ribble PCT
 Greater Manchester Workforce Development Confederation
 Morecambe Bay PCT
 NHS Logistics
 Preston PCT
 Cumbria and Lancashire Strategic Health Authority

In addition, the Trust has had a number of material transactions with other Government Departments and other central and local Government bodies. Most of these transactions have been with Blackpool Borough Council in respect of business rates and council tax.

The Trust has also received revenue and capital payments from a number of charitable funds, for which some of the Trustees are also members of the NHS Trust Board.

STATEMENT OF THE CHIEF EXECUTIVE'S RESPONSIBILITIES AS THE ACCOUNTABLE OFFICER OF THE TRUST

The Secretary of State has directed that the Chief Executive should be the Accountable Officer to the Trust. The relevant responsibilities of Accountable Officers, including their responsibility for the propriety and regularity of the public finances for which they are answerable, and for keeping of proper records, are set out in the Accountable Officers' Memorandum issued by the Department of Health.

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



13th July 2004.....Chief Executive

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

The Directors are required under the National Health Services Act 1977 to prepare accounts for each financial year. The Secretary of State, with the approval of the Treasury, directs that these accounts give a true and fair view of the state of affairs of the Trust and of the income and expenditure of the Trust for that period. In preparing those accounts, the directors are required to :

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

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

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

By order of the Board



13th July 2004.....Chief Executive



13th July 2004.....Finance Director

STATEMENT OF DIRECTORS' RESPONSIBILITY IN RESPECT OF INTERNAL CONTROL

SCOPE OF RESPONSIBILITY

The Board is accountable for internal control. As Accountable Officer, and Chief Executive of this Board, I have responsibility for maintaining a sound system of internal control that supports the achievement of the organisation's policies, aims and objectives.

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

I foster a cohesive working relationship with Fylde Coast Primary Care Trusts by meeting weekly at Chief Executive level. Weekly officer level meetings underpin the Trust's Service and Financial Framework.

I also meet with all Chief Executives in the Cumbria and Lancashire Strategic Health Authority.

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

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

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

The system of internal control has not been in place in Blackpool, Fylde and Wyre Hospitals NHS Trust for the whole year ended 31st March 2004, but was in place by 31st March 2004 and up to the date of approval of the annual report and accounts.

CAPACITY TO HANDLE RISK

- I lead the risk management process as Chair of the Trust's Risk Management Committee.
- Risk training in the Trust is co-ordinated through the committee process and includes Fire, Resuscitation and Health and Safety Training targeted at appropriate staff.

THE RISK AND CONTROL FRAMEWORK

The Risk Management Strategy is Board approved, covers all risks and is subject to annual review. Staff responsible for risk management are identified as well as the system for identifying, managing and controlling individual risk. Risks are identified from risk assessment and untoward incident reports.

Risk management is embedded in the activity of the organisation via induction training, regular training and ad hoc training when need is identified. An untoward incident reporting system is in place and the incidents are entered onto a database for analysis. Root cause analysis is undertaken and identified changes in practice are implemented.

The corporate risk structure consists of clinical and non-clinical committees, which report to the Risk Management Committee.

The Risk Management Committee links to the Audit Committee and also reports direct to the Trust Board.

An established communications framework is in place in the form of a serious untoward major incident reporting policy, and cross community emergency planning arrangements are in place.

The Assurance Framework has identified gaps in control relating to finance, operational and clinical areas and an action plan has been established to address these.

REVIEW OF EFFECTIVENESS

As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review is informed in a number of ways.

The head of internal audit provides me with an opinion on the overall arrangements for gaining assurance through the Assurance Framework and on the controls reviewed as part of the internal audit work.

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

The Assurance Framework itself provides me with evidence that the effectiveness of controls that manage risks to the organisation achieving its principle objectives have been reviewed.

My review is also informed by the interim systems audit and reports on control issues, and a CHI review undertaken in February and March 2004.

I have been advised on the implications of the results of my review of the effectiveness of the system of internal control by the Risk Management Committee.

The Trust has developed and maintains a corporate risk register. This is used as a mechanism for ensuring that risks are identified and quantified and actions taken to address them are prioritised.

The process applied in maintaining and reviewing effectiveness of the system of internal control is:

- The Risk Management Committee manages the Controls Assurance Framework which is agreed in conjunction with Executive Directors. The Risk Management Committee minutes are presented to the Trust Board.
- The Risk Management Committee produces an annual report which is presented to the Audit Committee to provide assurance on controls.
- The relevant clinical and non-clinical sub committees report directly to the Risk Management Committee.
- Internal Audit review controls assurance portfolios and the effectiveness of the system of internal control to the Trust Board to assist in the review of effectiveness.



13th July 2004 Chief Executive Officer

INDEPENDENT AUDITORS' REPORT TO BLACKPOOL, FYLDE AND WYRE HOSPITALS NHS TRUST ON THE SUMMARY FINANCIAL STATEMENTS

We have examined the summary financial statements set out on pages 24 to 29.

This report is made solely to the Board of Blackpool, Fylde and Wyre Hospitals NHS Trust in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 54 of the Statement of Responsibilities of Auditors and of Audited Bodies, prepared by the Audit Commission.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors are responsible for preparing the Annual Report. Our responsibility is to report to you our opinion on the consistency of the summary financial statements with the statutory financial statements. We also read the other information contained in the Annual Report and consider the implications for our report if we become aware of any mis-statements or material inconsistencies with the summary financial statements.

BASIS OF OPINION

We conducted our work in accordance with Bulletin 1999/6 'The auditor's statement on the summary financial statements' issued by the Auditing Practices Board for use in the United Kingdom.

OPINION

In our opinion the summary financial statements are consistent with the statutory financial statements of the Trust for the year ended 31 March 2004 on which we have issued an unqualified opinion.



Signature:.....19th July 2004

PricewaterhouseCoopers LLP

Manchester

NOTICE OF THE TRUST'S ANNUAL PUBLIC MEETING

The Annual Public Meeting of the Blackpool, Fylde & Wyre Hospitals NHS Trust will be held on Wednesday, 29th September, 2004, at 6.00 pm in the Lecture Theatre, Health Professionals Education Centre, Victoria Hospital.

Obtaining the Trust's Full Accounts

A copy of the Trust's full set of Accounts can be obtained by writing to:-

Miss J A Oates
Secretary to the Trust
Blackpool, Fylde & Wyre Hospitals NHS Trust
Trust Headquarters
Blackpool Victoria Hospital
Whinney Heys Road
Blackpool,
Lancashire
FY3 8NR

The supply of a full set of Accounts will be subject to an administrative fee of £5.00.

If you have any comments on our Annual Report or would like any further information, please write to:-

Mr R Male
Chief Executive
Blackpool, Fylde & Wyre Hospitals NHS Trust
Trust Headquarters
Blackpool Victoria Hospital
Whinney Heys Road
Blackpool
Lancashire
FY3 8NR



The Macmillan
Windmill Unit at
Blackpool Victoria
Hospital

NOTES:

Blackpool, Fylde & Wyre Hospitals 
NHS Trust