Blackpool Fylde and Wyre Hospitals NHS Foundation Trust

Annual Plan 2009 - 2010

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1.1 Chairman and Chief Executive's summary of the year

We are very proud of the progress we have made towards achieving our vision over the last 12 months. Our vision was developed in 2006, in conjunction with our staff and health community partners and is set out below:

Throughout the year the four key themes have been the principles by which we have set organisational goals and measured our progress. To ensure delivery of our vision a number of key actions, with outcome measures, have been agreed by the Board of Directors. Below is a summary of the progress we have made in each area during the year:

- **To achieve top 10% performance across the NHS for all key performance indicators**
  During the year we made significant progress in maintaining our performance in a number of key areas. We were one of the best performing Trust's nationally for delivery of A&E 4 hour target in 2008/9 and have maintained delivery of the 18 week wait target since December 2007. Following the introduction of a number of major initiatives toward the end of the last financial year the Trust has delivered a vastly improved performance in relation to health care acquired infections, which are now well below the target performance agreed with commissioners. In addition we have made significant progress in a range of other areas, resulting in us being named as one of the CHKS Top 40 Hospitals.

- **To provide high quality care, as demonstrated by being a top 10% performing Trust**
  In 2008 the Board of Directors moved their focus onto quality of patient care. Investment took place in implementing all the clinical measures set out in the Saving Lives and 100,000 Lives programmes and we were part of the first wave of the NHS North West Advancing Quality Programme. During the year the Trust implemented a mortality project to identify and take action on issues that impact upon mortality rates. The success of this is seen in a reduction in our Hospital Standardised Mortality Rate from 103 (100 being the average) in 2007/8 to 93 for the period April 2008 – March 20098. this change included a re-benchmarking exercise by CHKS in January 2009. These measures have had a real impact on the quality of care patients receive.

- **To achieve financial surplus to support future service investment and development**

In 2007/8 the Trust delivered a £3.8m surplus, £2.4m over plan. This year we have delivered a surplus of £6.3m, £1.9m over plan. A large part of our success has been a programme of reviewing the way we deliver services, in conjunction with staff, and redesigning patient pathways to remove waste, thereby delivering improved services for patients and reducing costs.

- **To enhance staff involvement in the future direction of the Trust through implementation of the Blackpool Way**
  A review of the impact of the Blackpool Way identified huge progress in a number of areas, which are making a significant contribution to the Trust's overall vision. It also identified areas for further work. The Trust's response to this has been to establish a programme to look at stress in the workplace, which has been commended by the Health and Safety Executive. An in house leadership and coaching programme has also been launched aimed at middle managers. During the year we have continued to develop a continuous improvement culture within the organisation, using lean methodologies. Over 120 members of staff participated directly in lean projects during 2008/9 with over 40 achieving a recognised qualification in service improvement methodology.

As a Foundation Trust we are keen to use our freedoms to work much more closely with the local community, through partnership working with our Council of Governors and our membership. The Council of Governors has made an important contribution towards the achievement of our objectives and in helping to determine our priorities for the coming year. This has been achieved through holding Governor workshops, development days focussing on specific topics and governor representation on committees, such as the Information Governance Committee.

During the year the Trust continued to invest in the development of services for our local population. In April 2008 we became one of two Bowel Cancer Screening Centres serving Lancashire and South Cumbria, we extended our cardiac surgery capacity to ensure delivery of the 18 week performance target and we opened a Children's Assessment Unit to provide rapid assessment and treatment for sick children. We have continued to develop our future investment plans with work starting in November 2008 on the phased development of a Women's and Children's Unit and plans being finalised for the Phase VI surgical development which began in March 2009.

The last 12 months saw two longstanding and valued members of the executive team leave the Trust, with our Director of Nursing moving to a new post and our Director of Estate and Facilities retiring. Their contribution to the development of the Trust, particularly over the last two years, has been greatly appreciated. We are delighted to have made two excellent appointments to these posts and the new incumbents will bring new experience and a set of skills which will complement those of the executive team.

Overall we view 2008/9 as a very successful year for the Trust. We have consolidated our financial position to ensure we can fund future planned developments. We have delivered a high level of operational performance and continued to develop existing services and invest in new services for our local population. At the same time we have developed a focus on quality that will underpin service redesign and ensure that patients receive the level of care they expect and deserve. These achievements have been made through engaging and working with our staff to ensure that we meet our vision of Blackpool being, 'a great place to work'.

1.2 Summary of financial performance

1.2.1 Income and Expenditure

The Trust has achieved an overall net surplus of £6.3m as at 31st March 2009. This represents an overachievement against plan (as submitted to Monitor) of £1.9m.

The summarised Income and Expenditure performance for the year is included in table 1.1 below.

Table 1.1 Income & Expenditure 2008/09

	2007/08 £'m	2008/09 £'m
Income	235.8	252.3
Expenditure	(208.8)	(232.9)
EBITDA	**27.0**	**19.4**
Profit / loss on asset disposals	0.0	1.5
Impairment	(8.3)	(2.5)
Depreciation	(8.9)	(5.8)
Net interest	0.8	1.1
PDC dividend	(6.9)	(7.4)
Surplus	**3.8**	**6.3**
EBITDA margin	**11.5%**	**7.7%**
I&E margin	**5.1%**	**3.5%**

The following table highlights the variances in financial performance to the 2008/09 Annual Plan as submitted to Monitor.

Table 1.2 Income & Expenditure 2008/09 – variance to plan

	Plan £'m	Actual £'m	Variance £'m
Income			
Clinical income	218.5	229.0	10.4
Non-clinical income	17.6	23.3	5.7
Total income	**236.1**	**252.3**	**16.2**
Expenditure			
Pay costs	(147.2)	(149.5)	(2.3)
Non-pay costs	(73.5)	(83.4)	(9.9)
EBITDA	**15.4**	**19.4**	**4.0**
Profit / loss on asset disposals	1.4	1.5	0.1
Impairment	0.0	(2.5)	(2.5)
Depreciation	(5.7)	(5.8)	(0.1)
Net interest	0.8	1.1	0.4
PDC dividend	(7.4)	(7.4)	0.0
Surplus	**4.4**	**6.3**	**1.9**
EBITDA margin	**6.5%**	**7.7%**	
I&E margin	**1.9%**	**3.5%**	

The following has driven the variances seen above:

- Clinical Income:
  - Higher than planned elective and outpatient income to meet and maintain 18 week access target;
  - Increased non-elective income consistent with national trend; and
  - Higher than planned income relating to critical care and PbR excluded drug and devices income.

- Non-Clinical Income:
  - Additional income relating to the Trust hosting the NW Leadership Academy.

- Pay Costs:
  - Higher than anticipated costs relating to higher than planned activity levels;

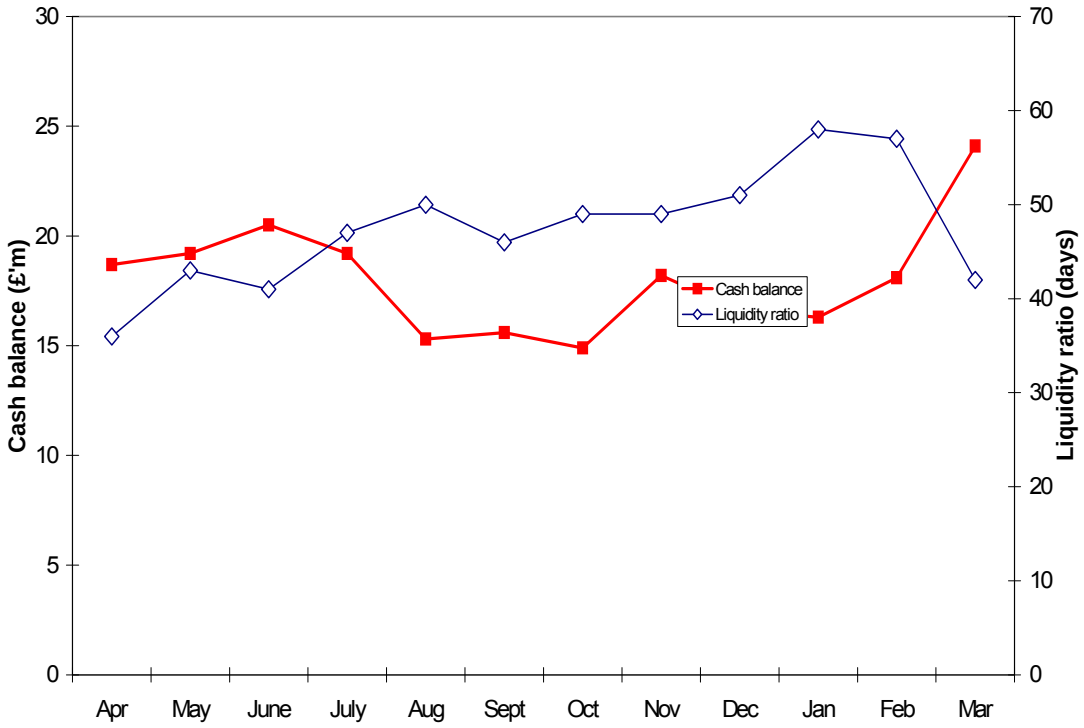
- Non-Pay Costs:
  - Higher than anticipated costs relating to higher than planned activity levels;
  - Additional expenditure relating to the Trust hosting the NW Leadership Academy; and
  - Net beneficial impact of £1.0m from balance sheet items.

- Impairment:
  - Asset revaluation relating to the economic downturn.

1.2.2 Liquidity

The Trust's financial plans for the year were developed on the basis that it would not have to utilise the working capital facility agreed with Barclays Bank. The chart below demonstrates how the cash balance and liquidity ratio have varied across the year.

Chart 1.1 Movement in cash balance 2008/09



The cash balance has remained consistently healthy throughout the financial year not withstanding the £5m investment in the Yorkshire Bank in July 2008.

In line with the cash balances, the liquidity ratio has also been consistently good and reflects the management of working capital balances. The accumulated cash will contribute to the significant capital investment plan in 2009/10.

The cash flow statement overleaf summarises the key elements to the Trust's cash position.

Table 1.3 2008/09 Cash flow statement

	2007/08 £'m	2008/09 £'m
EBITDA	27.0	19.4
Movements in working capital	30.6	1.5
Cash flow from operations	**57.6**	**20.9**
Capital Expenditure	(7.8)	(12.1)
Cash receipt from asset sales	0.0	1.5
Investment	0.0	(5.0)
Cash flow before financing	**49.9**	**5.3**
Interest received	0.8	0.9
Public Dividend Capital received	2.2	1.4
Public Dividend Capital repaid	(22.6)	
Dividend paid	(6.9)	(7.4)
Net cash inflow	**23.4**	**0.2**
Opening cash balance	0.2	23.9
Closing cash balance	**23.6**	**24.1**

The underlying cash position, taking into account the £5million investment in the Yorkshire Bank, is strong. The Trust continues to invest in capital infrastructure, with some minor slippage in 2008/09 in advance of major investment in 2009/10.

1.2.3 Balance Sheet

The underlying financial strength of the Trust has improved in year as demonstrated by a healthy balance sheet. The Trust continued to improve its infrastructure and invested £9.6m (of which £1.4m was funded through Public Dividend Capital) in fixed assets during the year.

The summary balance sheet for the year is included in table 1.4.

Table 1.4 Balance sheet 2008/09

	2007/08 £'m	2008/09 £'m
Fixed assets	**188.5**	**184.1**
Cash	23.9	24.1
Other current assets	13.0	17.0
Total current assets	**36.9**	**41.1**
Current liabilities	(27.7)	(26.9)
Other assets	1.4	1.8
Provisions	(3.2)	(2.2)
Total assets employed	**195.9**	**197.9**
Public Dividend Capital	139.6	141.0
Income & expenditure reserve	3.5	10.1
Other reserves	52.8	46.8
Total funds employed	**195.9**	**197.9**

The 2007/08 balance sheet has been restated due to a revaluation of opening land and building assets. This resulted in a reduction of fixed assets of £5m, which was reflected by an impairment of £5.3m charged to the income and expenditure reserve. The balance was charged to other reserves.

The year on year changes in the balance sheet reflect the following:

- Included in other current assets in 2008/09 is the £5m Yorkshire Bank investment.
- As at 31st March 2009 a further valuation of land and buildings took place, which reflected the impact of the economic downturn. This reduced asset values by £8.4m reflected by a reduction in revaluation reserve of £5.9m and a £2.5m impairment charge to income and expenditure. In conjunction with additions of £9.6m and depreciation of £5.7 this resulted in a reduction in fixed assets of £4.4m.
- The income and expenditure reserve movement reflects the £6.3m surplus achieved in 2008/09.

The Trust capital plan has significant investment factored into 2009/10 in excess of £30m. The current cash balance of £24.1m plus returned investment of £5m will be a significant contributor to this plan.

1.2.4 Private Patient Cap

In accordance with the terms of its Authorisation, the Trust must not exceed its predetermined private patient cap. The private patient cap is the proportion of income generated from treating private patients compared to total patient related income compared with the 2002/03 baseline level.

The table below summarises 2008/09 performance.

Table 1.5 Private patient cap

	2008/09	2002/03
Private patient income (£'m)	1.5	3.2
Total patient related income (£'m)	229.0	151.5
Private patient proportion (%)	**0.7%**	**2.1%**

The private patient cap was not breached in 2008/09. The Trust had £3.3m headroom before the cap would have breached.

1.3 Summary of operational performance

The Trust has maintained its excellent operational performance during 2008/9, delivering all national and local performance targets. This was particularly pleasing during the period October to December 2008 when the Trust saw an increase in emergency medical admissions of 55% on the previous year. Robust winter plans and operational management processes meant the Trust was one of the few hospitals in the North West to maintain delivery of the A&E 4 hour target and deliver a full programme of elective surgery, with no patients being cancelled due to a lack of beds. A summary of our performance against key operational performance targets is given below:

18 weeks Referral to Treatment

In December 2007 the Trust became one of only three NHS Acute Trust's to deliver an 18 week wait for patients, from referral to treatment, a full 12 months in advance of the national target set by the Department of Health. Since this time we have delivered the performance target month on month. Despite this achievement work on shortening waiting times for patients has continued during the year with pathways being redesigned for the benefit of patients. This makes us well placed to maintain performance into the future, in line with the requirements of the Operating Framework High Quality Care for All 2009/10.

Emergency Access Targets

During the year the Accident and Emergency Department delivered a performance well in advance of the national target, with over 99% of patients being treated, admitted or discharged within 4 hours of arrival. The department also delivered a local target of 70% of patients being treated, admitted or discharged within 3 hours of arrival. As previously stated the Trust was one of the very few hospitals to deliver the 4 hour performance during the traditional 'winter pressures' period.

Cancer Plan Access Targets

The Trust delivered all Cancer Plan targets during the year with 100% of patients being seen within 2 weeks of a fast track cancer referral. In excess of 99% of patients diagnosed with cancer

had their treatment within 31 days of that treatment being agreed and in excess of 95% of cancer fast track patients being diagnosed and treated within 62 days of referral.

A great deal of work took place during the year to build on the above success, in readiness for the introduction of the new Going Further on Cancer Waits performance targets. The new targets will not be announced until May 2009 however. the Trust believes it is well placed to deliver the required level of performance.

Health Care Acquired Infection

Following the introduction of a number of major initiatives toward the end of the last financial year the Trust has delivered a vastly improved performance in relation to health care acquired infections. Between April 2008 and March 2009, 9 cases of MRSA and 315 cases of C Diff were recorded, well below the target performance agreed with commissioners. A high proportion of these cases were community acquired and diagnosed when patients were admitted to hospital. A great deal of work is taking place with health community partners to tackle the community element of health care acquired infections.

Improving Patient Care

During the year the Trust has continued to work with healthcare partners to deliver on its commitment, to implement service changes approved as part of the public consultation, 'Improving Patient Care'. This has seen us redesigning clinical pathways to improve services for patients, reduce hospital length of stay and increased day case rates for hospital based procedures.

During the year the Trust implemented a mortality project, with seven workstreams, to identify issues that may be impacting upon hospital mortality rates. Following implementation of a wide range of actions we have reduced our Hospital Standardised Mortality Rate from 103 (100 being the average) in 2007/8 to 93 for the period April – March 2009. We will be continuing our work in this area via a Mortality Board, which will focus on implementing a structured approach to monitoring and improving mortality across all clinical specialties.

1.4 Other Major Issues

Bowel Cancer Screening

In April 2008 the Trust was successful in achieving accreditation as a Bowel Cancer Screening Centre for the 1.3m catchment population of Blackpool, Fylde and Wyre, Preston, Blackburn and Burnley. This was an important development for both the local population and the endoscopy unit as it has supported other developments, such as the introduction of endoscopic ultrasound and capsule endoscopy. The success of the Bowel Cancer Screening Service has been dramatic with 40 people being diagnosed with cancer and receiving treatment, thereby improving clinical outcomes through earlier intervention.

Audiology Services

During the year the Trust identified, within audiology, a significant risk to the delivery of its operational performance. The most complex audiology cases i.e. those usually referred to ENT, fall within the 18-week performance target and the Trust has been achieving this standard. However, from March 2008 all audiology assessments were required to be undertaken within six weeks to comply with national diagnostic waiting times. The Trust had a significant backlog of patients who had self referred for an upgrade from an analogue to a digital hearing aid and these patients became part of the 6 week diagnostic category. Working with the Department of Health a programme of action was identified including:

- Offering all patients on the waiting list the choice of being fitted with their hearing aid by an Independent Sector provider.

- Reallocation of resources from under utilised clinics to maximise throughput in the department.
- A review of administration processes to improve patient flow.
- The use of locum staff to increase capacity to treat patients requiring an upgrade from analogue to digital hearing aids.

These actions, together with other measures have seen waiting times in audiology tumble to a maximum 4 weeks wait for assessment and 5 weeks for fitting of hearing aids.

Winter Planning

For the second successive year the Trust demonstrated that it had undertaken, in collaboration with out Health Community partners, robust winter planning. During the period of the winter plan we experienced a 10% increase in A&E attendances and a 55% increase in emergency admissions to the hospital compared to last year. However we were able to maintain our A&E 4 hour wait performance throughout the whole of the period, we had no cancellations of elective work due to bed availability and we accommodated all patients in recognised bed spaces which maintained their privacy and dignity. All staff within the Trust worked extremely hard to deliver the winter plan and there was a clear commitment to joint working across all areas. We believe that the principle that underpinned the success of the winter plan is that surgical beds are ring fenced and cannot be used to accommodate medical patients. This ensured that medical patients were cared for on medical wards, had robust treatment and care plans and had shorter lengths of stay than they would otherwise have had. This allowed flow to be maintained throughout the hospital.

Equity and Diversity

During the year the Trust took forward its duty to promote equality and diversity – both within its clinical services – with each division producing a portfolio of its equality and diversity work and with its workforce through work on the Staff Survey.

The Trust will continue to develop its commitment to equality and diversity under the Trust's Equality, Diversity and Human Rights Steering Group.

2 Future business plans

The Trust's strategic direction, as set out in the Annual Plan 2008/9 and our vision and values, as agreed by the Trust Board in April 2006, underpin the content of this Annual Plan. Over the last 12 months we have undertaken a great deal of work to develop our approach to delivering our vision and this is reflected in the strategic and service developments set out in this document.

2.1 Strategic Overview

The Board of Directors recognise that the Trust operates in a changing environment and that a number of external factors impact upon our future business plans. These include the:

- Operating Framework 09/10
- NHS, Next Stage Review 'High Quality Care For All'
- Financial and Market Context
- Patient choice and plurality of providers

We believe that our vision and future business plans accommodate the impact of these factors and are aligned with the direction of travel for the wider NHS. This is described in more detail later in this section.

2.1.1 Trust Vision and Values

The Trust's vision statement was developed, with the support for our staff and healthcare partners, in early 2006 and was endorsed by the Board of Directors in April 2006.The Trust's vision is based on 4 key themes:

To deliver this vision a number of key actions, with outcome measures, have been agreed by the Board of Directors. In summary they are:

- To achieve top 10% performance across the NHS for all key performance indicators such as health care acquired infections, length of stay and day case rates.

- To provide high quality care, as demonstrated by being a top 10% performing Trust and offer competitive waiting times for our population, through the delivery and maintenance of an 18 week pathway from referral to treatment.

- To achieve financial surplus to support future service investment and development, whilst delivering high quality accessible services through redesigning patient pathways to eliminate waste and reduce costs.

- To enhance staff involvement in the future direction of the Trust through implementation of the Blackpool Way. This will support a more team based approach to continuous improvement of patient pathways.

Whole Health Community Vision

Between June and September 2006, the Health Community undertook a public consultation, titled 'Improving Patient Care' to ask patients about the future configuration of health services on the Fylde Coast. There was strong public support for the vision set out in the consultation document and this resulted in the following Health Community vision being agreed:

- Deliver excellence in patient and customer care
- Support the delivery of locally based community services, where appropriate
- Provide services from facilities that support the efficient delivery of patient care in the 21st century
- Support Blackpool, Fylde and Wyre Hospitals NHS Foundation Trust in providing high quality services that patients will choose to use
- Ensure that all locations are attractive places for patients and staff working there

The alignment of the Trust Vision and the Health Community Vision has meant that we have been able to work together to develop health services on the Fylde Coast for the benefit of patients. Two new Primary Care Centres are to come on line in 2009, with a further two in the development stage. This has allowed the Trust to plan to move services nearer to patients and develop new models of care as set out in the service development section of this document. This will support the Trust in delivering best in NHS care and being the first choice provider of health care on the Fylde Coast.

2.1.2 Strategic Developments

Quality Framework

On 30th June 2008 the Department of Health published Lord Darzi's Next Stage Review, 'High Quality Care For All'. This report set out the conclusion of a wide ranging review involving, 2,000 frontline clinicians, local health and social care staff, with thousands more staff, involved across the country. The review also involved direct consultation with patients and members of the public. The Thrust of the Darzi review is the development of a health service that empowers staff and give patients choice. This is with the aim of ensuring that health care is personalised and fair, there is access to the most effective treatments, that systems are safe and that patients are helped to stay healthy. Darzi cited quality as being at the heart of the NHS and advocated front line staff being enabled to initiate and lead change that improves quality of care for patients. This approach is what lies at the heart of the Blackpool Way. In response to the report the Trust reviewed the quality and service improvement work being undertaken across the organisation and sought to bring this together into a 'quality framework' for the organisation. Following

consultation with staff, the Board of Directors approved a quality framework in November 2008 and this sets ambitious targets, in the following areas, over the next three years.

- Improve our hospital standardised mortality rate from 103 (100 being the average) to 73 by 2011/12
- Conform to best practice by fully implementing Advancing Quality, 100,000 Lives and Saving Lives interventions.
- Reduce avoidable harms by 50% by year 2011/12.
- Improve the patient experience, evidenced by improving our rating in the national patient satisfaction survey by 5 points per year, over the next 3 years.

To achieve these ambitious targets we have put in place a programme of work, the delivery of which will be performance managed. Each individual project within the programme will contribute to the overall delivery of our goal.

Interim Clinical System

The Board of Directors have identified that if we are to deliver our vision of providing best in NHS care for our patients, and meeting the challenging targets set out in the quality framework, we require an information system that provides real time, high quality clinical information. The implementation of an Interim Clinical System will allow clinical information to be recorded, collated, analysed and reported, with the focus on outcomes and the quality of the care being delivered. The system will provide real time information to monitor and improve on the effectiveness and efficiency of care, thereby improving clinical quality.

An outline business case has been presented to the Board of Directors, making the 'five case model' (strategic, economic, financial, commercial and management) for the development. The Board of Directors have approved the purchase of an Interim Clinical System, outside of the national IT procurement programme and a successful supplier will be identified by September 2009.

Continuous Improvement

In late 2006 the Trust launched the 'Blackpool Way', one of the key objectives being to change the culture of the organisation to one of continuous improvement. Lean Thinking was identified as a methodology that could be used to support the continuous improvement pillar of the Blackpool Way and over the last 2 years a number of continuous improvement events have taken place to test this. These have demonstrated that:

- There is complete alignment with Lean Methodologies, the Blackpool Way and the Trust's vision.
- The ability of lean thinking to empower, motivate and improve staff morale cannot be over estimated.
- Sustainability of lean thinking, once a project is complete, needs to be addressed at the outset.
- There is a need to develop "lean leaders" as part of any programme to ensure sustainability and self-sufficiency within the organisation.
- Continuous improvement needs to have more of a focus on organisational priorities and this requires a more structured approach to targeting continuous improvement events and goal setting.

- There is complete alignment between providing best quality care and delivering outstanding value for money for the taxpayer i.e. best care costs less.

Following a consultation with staff, the Board of Directors approved a tender exercise to select a strategic partner to work with the Trust for the next 3 years on implementing lean methodologies and taking forward the continuous improvement element of the Blackpool Way. Work will begin in June 2009, with a number of large scale continuous improvement projects, focussed on priority areas for the organisation.

The Blackpool Way

The trust's commitment to delivering best in NHS care through an enlightened approach to managing and leading people and developing a fully engaged workforce remains paramount. This approach, known as The Blackpool Way, is our brand, celebrating our unique identity and aimed at securing continuous improvement in quality of services for our patients.

A review of the Blackpool Way during 2008 identified areas where we were making great progress in the four key strands of the Blackpool Way, namely, promoting the importance of excellent management and leadership styles, good communication, recognition of good work and continuous improvement. During 2009/10 the Blackpool Way will continue to be pursued with vigour in all areas and at all levels of the organisation.

Workforce Development

During 2009/10 the trust workforce strategy will focus on delivering against the seven factors outlined in the "World Class" HR model developed in conjunction with NHS North West. The seven factors are:

- Getting the basics right
- Supporting people management
- Achieving desired results for the business
- A Compelling Employee proposition
- Business alignment and integration
- Proactive leadership of the People Agenda
- Creating Value, innovating and demonstrating impact

Using this framework the Trust will continue to deliver workforce improvements to ensure both increased patient satisfaction and deliver fully on 'being a great place to work' as set out in our vision.

There will be a new focus on employer branding and recruitment and retention of hard to fill posts.

The appraisal system will be further refined to ensure full and timely participation with a greater emphasis on delivery of plans for staff training and development.

The trust will continue to focus on the staff well-being agenda through the trust wide stress reduction project, tackling excessive hours of working, causes of long term as well as short term absence and full delivery of working time regulations. Staffing requirements and workforce plans will continue to be actively reviewed and adjusted as required.

Medical School Development

The collaboration between the Trust and Liverpool University School of Medical Education began formally in September 2008, with the first cohort of 24 student doctors arriving at Blackpool Victoria Hospital. These students are in their fourth year of study and will be resident on-site for the whole of their academic year. In the next academic year, 2009/10, the number of resident fourth year students will increase to 48 and many of the original cohort will remain to complete their fifth year of study.

As part of the medical school development, existing building stock, including the Healthcare Professionals Education Centre and two blocks of residences have been upgraded, with work being completed prior to the first cohort of students arriving in September 2008. During the coming year income associated with the students will be invested in clinical services where teaching takes place, primarily in consultant job plans and supportive clinical posts. This will develop the infrastructure to support the delivery of training and education.

Hosting medical students is an important element of the Trust's recruitment and retention strategy for clinical staff. Evidence shows that hosting large numbers of students for periods of their training increases the likelihood of them choosing to return to the hospital to continue their careers. We expect to see the benefits of this approach flow through into recruitment in the next few years.

Fit for Foundation

The Trust's direction of travel is to allow Clinical Divisions to pursue excellence by granting a degree of 'earned autonomy' based on performance. This approach is similar to the development of 'devolved business units' that exist in commercial organisations. Our five Clinical Divisions (Cardiac, Medicine, Surgery, Women's and Children's, Clinical Support) are the heart of the Trust, with all other services supporting them in delivering clinical care.

On the 1st April 2009 the clinical divisions of Surgery and Cardiac were 'licensed' by the Board of Directors. This means that they will enjoy a model of regulation similar to that of Foundation Trust's that works on the basis of risk ratings for governance, finance and mandatory services with a 'light touch' approach taken if key targets are met and strong planning and control is demonstrated. Since being 'licensed' the two divisions are monitored on their performance via a set of primary targets that are reported to the Board of Directors on a monthly basis. Divisions are also required to make a monthly declaration confirming the expected performance against all primary targets, together with an any action plans in place to correct any adverse variances against performance targets.

In June 2009 an assessment of our remaining three clinical divisions, Medicine, Women's and Children's and Clinical Support will take place. This will ensure that each Division is capable of handling a greater degree of autonomy in terms of its governance and controls, and that they received appropriate corporate support to allow them to manage their service effectively.

The Local Competitive Situation and Development of Commercial Opportunities

The competitive situation for the Trust has improved since Foundation Trust status was achieved. There is limited local competition for the Trust's services, this was further strengthened by the delivery the 18 week waiting time target earlier than other local providers. However other local providers are now at 18 weeks for the majority of services, and hence waiting times are no longer

the competitive advantage they once were. The Trust has therefore strengthened its marketing efforts and continues to strive for better quality services to maintain its current service base.

Two major independent sector contacts, for cataract and magnetic resonance imaging services, come to an end in June 2009 In negotiation with local commissioners this work is to be repatriated back into the trust. Plans are being finalised to accommodate the increase in workload in these areas.

In addition the Trust has embarked on a Joint Venture arrangement with a local GP practice for the provision of local integrated healthcare services. The results of a recent service bidding exercise for Equitable Access to Primary Care will be known soon, with any resulting services starting in the autumn or winter of 2009; also recognizing that any future development opportunities will be subject similar open market competition.

Practice Based Commissioning continues to be developed on the Fylde Coast with consortiums now in place covering Blackpool and the remainder of the Fylde Coast. The Trust will be seeking to develop strong links with these consortia, once they have their management structures in place. In addition the Trust has moved to appoint a Primary Care Adviser who is a General Practitioner within the North Lancashire PCT area.

The Trust continues to scan the horizon to identify potential competitors for the services it is providing. At present there are no competitive threats identified that are likely to have a significant influence or put at risk our forward plans.

Developing our Marketing and Competitive Capability

The Board of Directors approved a corporate approach to the development of Divisional based marketing strategies in October 2008. The details of these individual strategies and specific action plans continue to be developed with divisions, and a Divisional Marketing Group was established early in 2009 to coordinate this work across the Trust. This group will prioritise marketing efforts of the Clinical Divisions to ensure maximum benefit from their activities and amalgamate this function to become part of the normal business development work of the Trust.

In addition the Marketing Sub Committee of the Board, Chaired by a Non Executive Director with representation by Governor members with marketing experience, will continue to ensure that we tailor our future plans and objectives to meet the known needs and wishes of patients, commissioners and general practitioners.

Contracting

The Trust has signed a three year legally binding contract with commissioners, Blackpool PCT acting as Co-ordinating Commissioner. The activity levels set out in the contract reflect the activity levels contained in the long term finance model submitted with the Integrated Business Plan. However, discussions are ongoing with commissioners regarding the increase in emergency medical admissions that have been experienced in 2008/9 and activity levels required to maintain an 18 week waiting time. The outcome of these discussions will be built into this years contract. Discussions with the Specialist Commissioner regarding Cardiac and Haematology activity have been concluded with activity levels being agreed to ensure maintenance of the 18 week performance target.

This years contract includes the Commissioning for Quality and Innovation (CQUIN) payment framework to support the vision set out in High Quality Care for All. The framework requires a

proportion of providers' income to be made conditional on quality and innovation. Discussions have been concluded with commissioners regarding the linking of payment for this element of the contract to specific local quality goals.

Relationship with Commissioners and Stakeholders

The Trust continues to build on the joint working that has taken place with Commissioners in recent years. This joint working has delivered great improvements to patient care, most notably an agreed and implemented plan for the configuration of health care services across the Fylde Coast and the delivery of an 18 week wait from referral to treatment for patients, 12 months in advance of the national target. Trust Executives meet regularly with their PCT counterparts, including Board to Board meetings, to discuss and agree strategy and review progress on operational plans. The Trust is also a key contributor to the Blackpool Overview and Scrutiny Committee playing a role in promoting and improving health in the local population.

Corporate Citizenship

The Trust is committed to being a good corporate citizen. A continual review of our operations takes place to determine how we can minimize the environmental impact of our activities. During 2008 the Trust has progressed a number of initiatives with this aim. These include:

- Reduction in the Trust's emissions of CO2 through an Energy Grant Scheme to install a combined heat and power plant
- Changes to waste management to increase the level of waste recycled.
- Reduced vehicle usage through encouraging staff, patients and visitors to use more sustainable and healthy means of transport to and from our sites.

During the coming year we will continue to implement improvements, in particular the Energy Grant Scheme will be completed with the Trust receiving benefit from all elements by September 2009. The Trust has also appointed an Energy Technician to implement the Carbon Reduction Strategy. One of the Energy Technician's first tasks will be to review present energy management at all Trust sites and develop, in conjunction with the Environment officer, proposals for consideration by the Board of Directors.

2.2 Service Development Plans 2009/10

Improving the Patient Experience

In line with Lord Darzi's next stage review, 'High Quality Care For All' the Trust was keen to develop measures of quality, from the perspective of both the organisation and our patients. To achieve this the introduction of standardised processes has been required to ensure equity in assessment, and therefore allow comparison between clinical areas. To this end we have been a national leader in developing a set of nursing clinical indicators to measure the quality of nursing care and the patient experience. Seven indicators were piloted across ten wards (representing all Divisions), these were:

- patient observations
- pain management assessment
- falls assessment
- tissue viability assessment
- nutritional assessment

- medication assessment
- infection prevention

The initial pilot has demonstrated that it is possible to use care indicators to assess standards of clinical care and patient experience. By providing wards with audit information regarding their performance, good practice can be celebrated and individual areas can also identify where action needs to be taken to improve nursing care and the patient experience.

We will shortly be implementing a process for auditing the quality of care in the seven key areas and this will be used on each ward every month. Part of this process will be to acknowledge and celebrate good practice, with team efforts awards being developed for the best performing area and most improved area. Information from the audits will also be used to provide ongoing assurance to the Board of Directors that we are delivering a quality service to our patients. Over the next year we aim to ensure that all wards and departments deliver a high quality of nursing care to patients, by achieving 95% compliance with the seven nursing indicators we have set.

Phase VI – Surgical Development

Following consideration of a business case in June 2008 the Board of Directors approved the development of a new surgical block, Phase VI. It is important that this development is not seen as merely a new building but as an opportunity to develop clinical practice and meet patient expectations. Therefore a clear set of objective have been set including:

- supporting the adoption of best practice surgical techniques
- optimising bed and theatre utilisation
- bringing together fragmented surgical services, to simplify the patent journey
- providing a high quality environment that promotes and protects patients privacy and dignity
- enhancing the Trust's infection prevention policy and procedures
- delivering services in a facility that meets patients expectations
- promoting the Trust as the provider of choice in the local health economy
- enhancing the Trust's ability to attract and retain high calibre staff from all disciplines
- facilitating flexible training and workforce models

Since September 2008, enabling works have been taking place to facilitate the main building work which will start in March 2009. Work is planned to take 27 months with the building being commissioned in Summer 2011.

Urgent Care Centre

The local health community have agreed the business case for the development of the Urgent Care Centre on the Victoria Hospital site. The Centre will bring together the existing Accident and Emergency Unit (A&E), Mental Health services and the General Practitioners out-of-hours service to one location operating 24 hours a day, 365 days a year. The aim of the new service will be to direct patients to the service most appropriate for their healthcare needs, thereby providing a more streamlined and effective service.

An audit of A&E patients has suggested the Urgent Care Centre will divert 25% of A&E patients to Primary Care, which is more appropriate for their clinical care. The audit indicates that 2,000 non-elective admission spells could be avoided.

Planning permission for the development has been obtained and work will start on site in May 2009, with a phased programme of works that includes improvements to the A& E department. Work will complete April 2010.

Women's and Children's Development

In November 2008 work began on the phased development of an integrated Women's and Children's Unit. The work involves a capital scheme to consolidate outdated, paediatric services into a purpose built facility combined with the current Women's Unit and Neonatal Intensive Care Unit. This development will provide a catalyst to drive service change and efficiencies, as described below:

- Introduction of ambulatory gynaecology – this will see treatments offered in an ambulatory setting, creating opportunities to both grow market share and improve efficiency by reducing demand for expensive theatre capacity.
- Paediatric staffing – the bringing together of children's wards into one area will give efficiencies through economies of scale.
- Reduced length of stay for Women's and Children's services – this will mean a requirement for fewer inpatient beds.
- Provision of a dedicated Foetal Assessment and Triage Unit – this will be managed by midwives and will reduce the need for overnight stays.
- Compliance with NSF standards - the new facility provides the opportunity to move the majority of non-medical children's services into accommodation designed to meet the needs of children.
- Improved Postnatal Support through the development of a transitional care unit – this will allow mothers and babies to remain together whilst the baby undergoes treatments such as IV antibiotics or phototherapy.
- Provide an infrastructure to deliver one-stop services – this will cover assessment and treatments for Post Menopausal Bleeding, Foetal Assessment and Early Pregnancy Assessment.

Work is to undertaken in phases, over the next 36 months, to allow services to continue to be delivered. Full completion of the scheme is planned for 2012.

Cardiac Expansion

Following an expansion of Cardiac facilities, to ensure delivery of an 18 week pathway within Cardiothoracic surgery, the Trust is planning to extend the range of services it provides to deliver local services for patients. Lancashire and South Cumbria patients currently access a number of services at Tertiary Centres in Liverpool and Manchester and therefore the cost of this expansion can be met by additional income generated under Payment by Results. Our plans include:

- Expanding the existing Primary Angioplasty service, for patients who have suffered a heart attack, into a Network wide service. This will involve a revision to existing on call systems to provide 24 hour 7 day a week cover.
- The Trust has appointed a Cardiologist with a special interest in heart failure. The new appointee will take the clinical lead in developing heart failure services, in response to the poor review of service by the Health Care Commission and below national average implantation rate of ICDs and biventricular pacemakers.
- The Trust has support from the Specialist Commissioner to develop an Electrophysiology Service to prevent patients having to travel to Manchester and Liverpool to receive treatment.

We will be seeking to make an appointment to a new post during the year to lead on the development of this service.

- During 2008 the Board of Directors gave approval to undertake a limited pilot in the introduction of transapical and percutaneous valve replacements. To date the results have been very positive. The Specialist Commissioner will be seeking to place contracts with Tertiary Centres to provide this service during the coming year and the Trust is well placed to bid for this work.

Cancer Reform Strategy – Going Further on Cancer Waits

The Cancer Reform Strategy, Going Further on Cancer Waits was published in 2008 and set a range of new performance targets for cancer. These new targets will be introduced on a phased basis from 1 January 2009, however the performance standard will not be known until toward the end of May 2009. The new performance measures have been introduced to:

- Deliver equity for all cancer patients
- Ensure that more patients benefit from the success of the existing cancer waiting times standards
- Deliver a service that better meets patients' expectations
- Make the calculation of waiting times more meaningful for patients by aligning it more fully with their actual experience
- Deliver a service that better meets patients' expectations
- Collection of data to support service improvement & clinical outcomes

The Trust has undertaken a great deal of work to refine patient pathways to meet the anticipated new performance standards. This work has included undertaking cancer awareness workshops with staff groups to identify actions they feel should be taken to improve care for cancer patients. Work will continue throughout 2009/10 to improve pathways and consolidate operational performance in this area.

Out of Hospital Care

The proposal to move services from hospital into the community was tested during our public consultation, 'Improving Patient Care'. The outcome of the consultation was that patients and the public told us that they wanted to see services delivered in the community closer to their homes. The consultation put forward proposals to develop Primary Care Centres on the Fylde Coast to facilitate this change. The first of these centers is due to be opened in June 2009 with the second opening in autumn 2009. The Trust is in discussion with commissioners and local patient groups regarding the services they want to be provided in the new centers. This gives us the opportunity to develop pathways across primary and secondary care and consolidate our position as the first choice provider of healthcare on the Fylde Coast.

Stroke Plan

Major developments have taken place over the last 12 months. We now have a Specialist Stroke Unit with Acute and Rehabilitation Services on one site. The Transient Ischaemic Attack clinic is provided 5 days a week, with plans to deliver a 7 day a week service. New patient pathways ensure that patients with a potentially preventable stroke are seen and receive prompt treatment with medication and surgical intervention. These measures will substantially reduce the number of patients suffering stroke on the Fylde Coast.

The health community will be looking to build on these developments over the coming year to improve access to thrombolysis, providing a 24 hour 7 day a week service for stroke sufferers. This will involve developing out of hours diagnostic services to provide round the clock CT scanning for patients who have had a stroke. A Health Community action plan has been developed to deliver these ambitious targets and ensure compliance with all performance measures in the Stroke Strategy.

Falls Service

A major area of concern in relation to patient safety is the number of slips, trips and falls that occur, involving patients. A patient falling in hospital is the most common patient safety incident reported to the National Patient Safety Agency. Although the majority of falls cause no harm, falls without injury can lead to poor mobility and lack of confidence. Between April 2007 and April 2008 2,359 patients experienced a slip, trip or fall while in hospital. The Trust has implemented a Falls Project, via the Quality Framework, with the aim of reducing the number of falls by 25% over the next year. This work is taking place on two levels:

Implementation of best practice

The Surgical Division has made a concerted effort over recent months to reduce the number of patient falls through:

- Staff awareness on all acute surgical wards
- Patient information on how to protect themselves from falling.
- Improved staffing levels in some areas
- Route Cause analysis on all patient falls to identify trends and to gain the patients perspective on why they fell
- Placing patients who are at risk of falling in a more observable site on the ward.

This project is still in its early stages and further work is taking place however we are developing plans to spread this work to all wards and clinical areas within the trust.

A review of services available for Falls patients

A community wide group has been established to review services available for patients who fall, or are at risk of falling. The outcome of the work of this group, due in February 2009, will inform the development of services and health community wide patient pathways of care.

Infection Prevention

Health care acquired infection continues to be high on the agenda, being one of the 5 key priorities in the Operating Framework, High Quality Care for All 2009/10. The Board of Directors identified Infection Prevention as the number one clinical priority for 2008/09 and challenging targets for the reduction of health care acquired infections were agreed with local commissioners. We have delivered on these targets with 9 cases of MRSA and 315 cases of C Diff being recorded Between April 2008 and May 2009. Health care acquired infections remains our number one clinical priority and the Trust has extended MRSA screening currently in place for emergency admissions to hospital, to patients coming into hospital for elective procedures. Whilst we have in place excellent performance management arrangements for health care acquired infections we are not complacent and will continue to monitor the application of best practice and investigate as serious untoward incidents all cases of MRSA. Learning from these incidents will help us develop

our practice and further reduce the number of health care acquired infections. The eradication of health care acquired infections will not only provide a safer service for patients, it will also help us consolidate our position as first choice provider of healthcare on the Fylde Coast.

Mandatory Services

There are no proposed changes to the Trust's mandatory services as set out in appendix 1.

3 Operating resources required to deliver service development

3.1 Income and Expenditure

3.1.1 Overview

The Trust plans to continue to build upon the robust financial position and processes that were developed in the previous three years. To enable the development proposals set out in Section 2, the Trust's financial strategy requires that surpluses continue to be delivered across 2009/10 to 2011/12 supported by an appropriate level of borrowing.

The plans have been developed against the backdrop of the economic downturn and whilst modest levels of growth are expected in the NHS for the next two years of the plan, the level of new resource available from 2011/12 is expected to be severely reduced from recent levels.

The first year of the plan also sees the introduction of a new tariff structure following the introduction of HRG version 4 and the Trust's financial plans have been developed within the scope of these changes.

In addition, the adoption of International Financial Reporting Standards (IFRS) has also been incorporated into our financial plans.

The Trust plans for its financial risk rating not to fall below level 3 in totality, with the aim of strengthening performance across all financial criteria.

The financial values in the plan are inclusive of the Trust's investment plans and supporting borrowing. Further detail on the financial risks facing the Trust are outlined in section 4.

3.1.2 Clinical income

The basis for setting the clinical income plan is the activity projections agreed with PCTs as part of the contracting round for 2009/10 and are the first plans to be developed under the HRG version 4 coding structure.

The main assumptions underpinning forecast levels of activity include:

- 2008/09 forecast outturn is the baseline activity commissioned;
- Underlying elective growth at 1.5% per annum;
- Reductions in non-elective and A&E activity resulting from the Urgent Care Centre will be initiated in 2010/11;
- Consolidation of growth in cardiac services to ensure delivery of the 18-week target in this area; and
- Consolidation of activity in non-cardiac specialties to ensure maintenance of the 18-week target in these areas.

Only service developments that have Commissioner Approval have been included in the Trust's proposals.

The impact of the above assumptions are included in table 3.1 which summarises the Trust's clinical activity forecasts for 2009/10 to 2011/12 as agreed with the Trust's Commissioners.

Table 3.1. Clinical activity forecasts

	Plan 2008/09 000's	Actual 2008/09 000's	Current Plan 2009/10 000's	2010/11 000's	2011/12 000's
Elective spells	46.2	50.3	60.7	61.6	62.5
Non-elective spells	40.6	43.8	42.7	38.2	38.2
Outpatients attends	275.6	285.4	349.5	349.5	349.5
A&E attends	92.5	91.2	92.1	67.5	67.5

The NHS Operating Framework, published in December 2008, sets out the framework within which the income from the above activity levels will be priced. Income projections will therefore need to be revised to take these into account.

The Operating Framework has introduced Tariffs priced using the HRG version 4 activity classification system and the Trust has worked closely with its commissioners to ensure that this is successfully introduced. In particular the following significant changes have been agreed:

- Daycase and elective tariffs have been disaggregated and outpatient procedure prices have been aligned to daycase tariffs. This change has resulted in approximately 10,000 outpatient procedure attendances being reclassified from outpatients to elective spells.

- Diagnostic imaging has been unbundled from the outpatient tariff, with the publication of non-mandatory tariffs. This change has resulted in an additional 74,000 diagnostic attendances being included in the outpatient classification.

- Removal of the non-elective threshold, which enabled a financial risk share of non-elective admissions in previous financial years.

Tariff inflation has now been reduced from last year's plan of 2.3% to 1.7% although a further 0.5% is available if the Trust delivers against Commissioning for Quality and Innovation (CQUIN) payment framework targets. These have been agreed with the Trust's Commissioners.

In future years the level of inflationary increase is expected to decrease further reflecting the current economic outlook for the country. The Operating Framework indicates that the Tariff inflationary uplift will be 1.2% in 2010/11. The Trust's current planning assumption for 2011/12 and beyond is that there will be no additional inflationary increases.

Non-PbR services have been priced using locally agreed prices including the appropriate inflationary uplift as above.

Table 3.2 Clinical income projections

	Plan 2008/09 £'m	Actual 2008/09 £'m	2009/10 £'m	Current Plan 2010/11 £'m	2011/12 £'m
Elective	52.3	56.2	60.1	61.7	62.6
Non-elective	72.9	72.9	74.8	73.7	73.7
Outpatients	29.6	30.4	31.5	31.9	31.9
A&E	7.1	7.0	7.6	5.8	5.8
Other	49.6	55.2	58.8	59.8	59.8
MFF	3.4	3.6			
NHS Clinical income	215.0	225.3	232.7	232.9	233.8
Non-NHS clinical income	3.6	3.7	3.6	3.7	3.7
Total clinical income	218.5	229.0	236.3	236.5	237.5

The above values are incorporated into the contract agreed with Blackpool PCT (who acts as the Trust's host PCT).

The private patient proportion remains constant and will continue not to breach the 2.1% cap.

3.1.3 Non-clinical income

The basis for setting the non-clinical income plan is the 2008/09 recurrent income outturn maintained into the future but adjusted for planned levels of non-recurrent income.

All non-clinical income has been uplifted by the appropriate inflation rate as outlined above.

Table 3.3 Non-clinical income forecast

	Plan 2008/09 £'m	Actual 2008/09 £'m	2009/10 £'m	Current Plan 2010/11 £'m	2011/12 £'m
Education	6.1	11.0	10.5	10.6	10.6
Research & Development	0.7	1.0	0.7	0.7	0.7
Other	10.9	11.3	11.8	11.7	11.5
Total	17.6	23.3	22.9	23.0	22.8

3.1.4 Pay

Over 66% of the Trust's operating costs relate to the workforce. The main increases in pay costs are due to:

- pay award of 1.5% for medical staff and 2.4% for all other staff equating to £3.4m;
- incremental drift costs of £1.5m;
- discretionary points of £0.2m;
- consultant contract £0.2m;
- working time directive compliance of £0.5m; and
- agenda for change unsocial hours £0.2m.

In addition resources have also been identified to support the achievement and maintenance of the 18-week target and initiatives to improve the quality of provision.

Where possible the assumed impact of these increases has been applied directly to budgets for the start of the financial year. If this is not possible specific reserves have been developed.

3.1.5 Non-pay

The Trust has a well established non-pay review process. Resources have been identified to support forecast additional costs including those relating to energy, drugs and the impact of the introduction of NICE recommendations.

Other non-pay cost increases which have been provided for (and are not inflation related). These include providing for the costs associated with the continued investment in the Trust's IM&T infrastructure, in particular the implementation of an Interim Electronic Patient Record outside the National Programme for IT (£2.4m).

Table 3.4 summarises the Trust's operational expenditure forecast for the period of this Annual Plan.

Table 3.4 Operating expenditure forecast

	Plan 2008/09 £'m	Actual 2008/09 £'m	Current Plan 2009/10 £'m	2010/11 £'m	2011/12 £'m
Pay costs	(147.2)	(149.5)	(160.0)	(153.7)	(152.0)
Drug costs	(14.2)	(15.7)	(17.4)	(19.1)	(20.8)
Other operating costs	(59.3)	(67.7)	(64.7)	(63.9)	(64.0)
Total	(220.7)	(232.9)	(242.1)	(236.7)	(236.8)

Included within the forecast operational expenditure position above, additional resources have been identified in respect of the underlying elective growth at 1.5% per annum with reductions in resources identified in respect of the impact of the Urgent Care Centre.

3.1.6 Other

In addition to the pay and non-pay reviews non-operational costs have been reviewed. Interest payable will be incurred commencing in 2009/10, this relates to the drawdown of the £25m of approved borrowing to finance major capital investment. The interest receivable forecast has been significantly reduced to reflect current market conditions.

The expenditure profile includes the impact of the Trust's development proposals, although the full impact of these plans will not be incurred until 2011/12.

3.1.7 Cost improvement plans

As per the Operating Framework the Trust is planning to deliver a 3% cost improvement in 2009/10 and a minimum of 4% for the following two years.

The Trust has an excellent track record of delivering efficiency savings. During the last two years the Trust has delivered savings of £6.5m in 2007/08 and £6.6m in 2008/09.

Significant progress has already been made in the identification and delivery of efficiencies for 2009/10. Proposed cost improvements have been identified by Divisions as per the following table.

Table 3.5 Cost improvement forecast

	Plan 2008/09 £'m	Actual 2008/09 £'m	2009/10 £'m	Current Plan 2010/11 £'m	2011/12 £'m
Medical	0.8	0.8	1.3	1.9	1.9
Surgical	0.9	0.9	1.2	1.9	1.9
Clinical Support Services	0.7	0.8	1.1	1.6	1.6
Cardiac	0.8	0.8	1.0	1.5	1.5
Women's & Children's	0.3	0.4	0.5	0.7	0.7
Facilities	1.0	1.0	0.9	1.4	1.4
Corporate	1.8	1.8	0.8	1.2	1.3
Total	6.3	6.6	6.7	10.2	10.3
% of operating costs	**3%**	**3%**	**3%**	**4%**	**4%**

The Trust will continue to develop the schemes required to deliver this level of efficiency identified above, with particular focus on delivering the Quality Framework, implementation of an interim clinical information system and the Trust's continuous improvement strategy as outlined in section 2.

In addition efficiencies from procurement initiatives and implementation of the workforce strategy will continue to be pursued.

3.1.8 Continuing to develop a business culture

In 2007/08, the Trust developed Service Line Reporting to support the development of a business culture across the organisation. EBITDA trading performance is now the primary financial indicator by which Divisional performance is assessed.

In order to support the development of a more business-minded, autonomous Divisions, as set out in the Fit for Foundation programme in section 2, the Medefinance system continues to be developed. This will provide more timely, accurate and transparent information to frontline clinicians and managers.

The finance team has been working closely with managers and clinicians to implement the new system. Supporting the Trust's priority to improve the quality of service delivery, the development of the system has been refocused to create a balanced scorecard for both Divisions to monitor their performance against Fit for Foundation indicators and Clinical Directors to assess performance at Specialty level. The latter has been piloted by the Trauma & Orthopedic Clinical Director with indicators developed across three broad areas, namely Quality, Operational Performance and Finance.

3.2 Investment and disposal strategy

The Trust will continue to invest in its infrastructure through the delivery of a robust capital programme that will support its business requirements. In addition to using internally generated resources to service the ongoing renewal programme, the Board of Directors of Directors have considered, at its meetings of 7th and 21st May 2008, three major capital investments across the period of this Annual Plan.

For each of these schemes business cases have been developed and the financial implications considered both individually and together in order to determine the level of borrowing required. To confirm that all the financial consequences of these projects have been identified the financial modeling has been extended beyond the three years of the Annual Plan.

Detailed descriptions of these schemes are included in section 2 of the Annual Plan, with the financial consequences outlined below:

- **Phase VI – Surgical Centre**

The Surgical Centre scheme will cost £39.8m (including equipment costs) with investment across 2008/09 to 2011/12. The current proposals will have a £1.5m impact upon the Trust's Income & Expenditure position, although the full impact of this will only be incurred in 2011/12. The Division has developed proposals to ensure that these increased costs are recovered.

At £39.8m this is a material transaction as defined by the Compliance Framework. A separate self-declaration confirming arrangements that the Board of Directors has undertaken to satisfy itself that the proposals are robust has been completed and forwarded to Monitor. The Trust's proposal was submitted to Monitor's Compliance Committee and reviewed by them on 13th May 2009.

- **Urgent Care Centre**

The Urgent Care Centre scheme will invest £3.1m across 2009/10 and 2010/11. The proposal will potentially reduce both A&E and non-elective activity and plans have been developed to ensure that there is not impact upon the Income & Expenditure performance of the Trust.

The additional revenue cost of capital will be met by Commissioners.

Note that Blackpool PCT supported this development by providing £1.5m to support the required investment in 2007/08.

- **Women & Children**

The Women & Children's business case pulls together a number of schemes that will result in the investment of £12.8m across 2008/09 to 2013/14. Through forecast additional income and operational efficiencies the proposal will deliver a small surplus by 2013/14.

In addition a separate business case for an Interim Clinical Information System was considered by the Trust's Investment Committee on 12th November 2008. This case continues to be progressed with a competitive procurement being progressed under the Additional Supply Capability and Capacity (ASCC) arrangements developed by the Department of Health. Implementation is planned during 2009/10 and the Trust's financial plans reflect this.

The following table summarises the Trust's capital investment plans for the next three years.

Table 3.6 Capital investment

	Plan 2008/09 £'m	Actual 2008/09 £'m	2009/10 £'m	Current Plan 20010/11 £'m	2011/12 £'m
Investment in new infrastructure					
Phase VI	2.5	2.9	18.6	15.5	3.2
Urgent Care Centre	0.8	0.2	2.9	0.1	
Women & Children	0.9	1.2	4.9	4.5	2.3
Interim EPR			5.3		
Energy scheme	1.5	0.7	0.2		
Investment to improve existing infrastructure	4.5	4.4	6.8	4.9	4.9
Total	10.2	9.4	38.7	25.0	10.4

It has been assumed that no Public Dividend Capital will be available and that any additional resource required, above internally generated resources, will be met from external borrowing.

The Trust is liaising with the Foundation Trust Financing Facility to confirm arrangements but the current planning assumption is that £25m of borrowing will be required across 2009/10 and 2010/11.

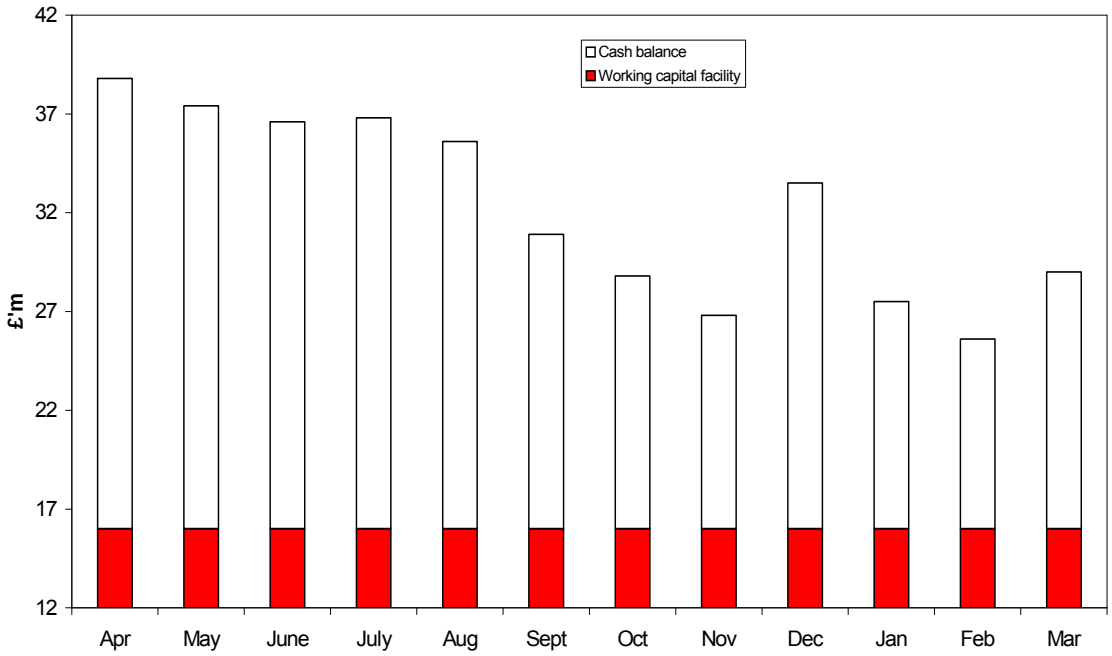
3.3 Financing and working capital strategy

The Trust plans to maintain sufficient liquidity across the period to ensure that the Trust does not fall below a level 3 financial risk rating. The Trust plans to have a cash balance at 31st March 2010 of £13.0m.

In addition the Trust has a committed working capital facility of £16m in place with Barclays. This facility expires on 30th November 2009 and a replacement facility will be agreed prior to this date. The Trust does not plan to utilise this borrowing facility.

A summary of cash balances and available liquidity headroom for 2009/10 is shown in the chart below.

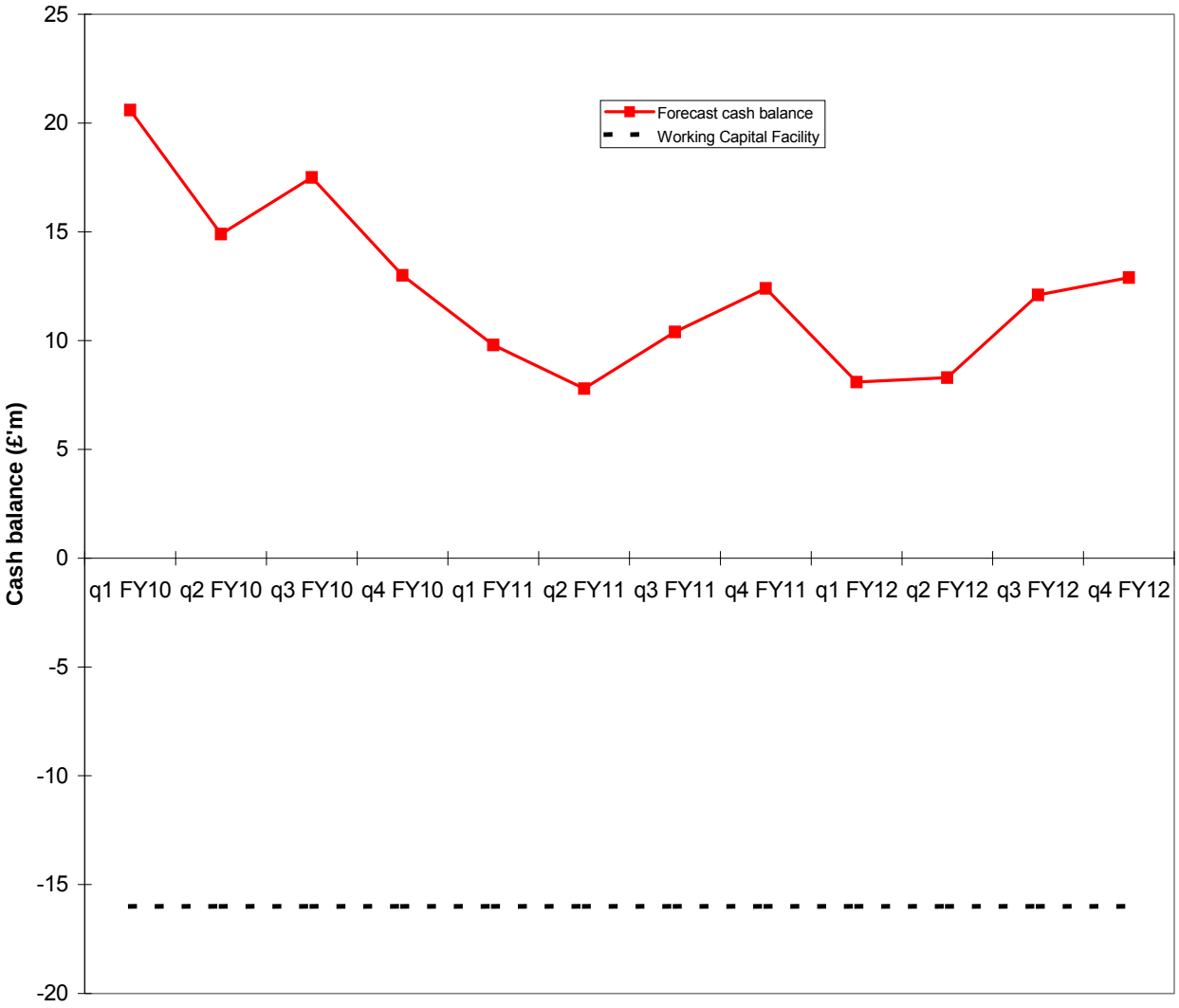
Chart 3.2 Liquidity forecast 2009/10



In order to maintain this balance additional borrowing of £25m will be required in 2009/10 and 2010/11 in order to resource the Phase VI development. The Trust has agreed a £25m loan with the Foundation Trust Financing Facility. The initial drawdown will be in the third quarter of 2009/10 and will be repaid across 25 years.

The next chart demonstrates the cash balance across the three years of the Annual Plan after the impact of the proposed investment in the Phase VI development.

Chart 3.3 Liquidity forecast 2009/10 to 2011/12 including the impact of phase VI investment.



3.4 Summary of key assumptions

A summary of the key financial metrics is provided in the table below.

Table 3.7 Summary key financial plans

	Current plan		
	2009/10	**2010/11**	**2011/12**
	£'m	**£'m**	**£'m**
Income	259.3	259.5	260.3
Operating costs	(242.1)	(236.7)	(236.8)
EBITDA	17.1	22.9	23.4
Depreciation	(7.3)	(8.6)	(9.5)
Net interest	0.1	(0.9)	(1.1)
Other	(7.3)	(7.6)	(7.8)
Net surplus	2.7	5.8	5.0
EBITDA margin %	6.6%	8.8%	9.0%
Change in working capital	(3.4)	0.9	(1.1)
Cash flow from operations	13.4	23.5	22.1
Capital expenditure	38.7	25.1	10.4
Year end cash balance	13.0	12.4	12.9
Cost improvement plans	6.7	10.2	10.3

Full income and expenditure account, balance sheet and cash flow statements are presented in the attached appendices.

3.5 Financial risk rating

The Trust's forecast performance is measured against Monitor's Compliance Framework. In terms of financial risk performance is assessed against four major criteria and associated metrics and assesses the likelihood of a breach in authorisation. The rating system is scored 1 to 5 with one being the lowest rating (most risk) and five being the best or least risk rating.

The following table summarises the Trust's forecast performance against the metrics. In 2009/10 and 2010/11 the Trust is forecast to achieve the requirement for a level 3 rating. In 2011/12 the Trust is forecast to achieve the requirement for a level 4 rating.

Table 3.8 Financial risk rating

Criteria	**Metric**	**Target**	**2009/10**	**2010/11**	**2011/12**
Achievement of plan	EBITDA % Achieved	>70%	100%	100%	100%
Underlying performance	EBITDA Margin	>5%	6.6%	8.8%	9.0%
Financial efficiency	Rate of Return on Assets	>3%	4.3%	5.5%	5.0%
	I&E Surplus Margin	>1%	1.0%	2.2%	1.9%
Liquidity	Liquidity Ratio	>15 days	15 days	14 days	18 days
	Risk Rating Forecast		3	3	4

3.6 Prudential Borrowing Code

Monitor has developed the Prudential Borrowing Code (PBC) to determine the extent of borrowing that can be made by a Foundation Trust. This is known as the Prudential Borrowing Limit (PBL).

The PBC has been updated, as at 1 April 2009, to take into account the adoption of IFRS by Foundation Trusts as this potentially adds to the balance sheet additional long-term borrowing such as finance leases and PFI financing.

There will now be two tiers to the long-term borrowing limit, a tier 1 limit set by Monitor based on our Annual Plan and as per the ratios in the table below and a tier 2 limit for affordable major investments. To access a Tier 2 limit a Foundation Trust must formally apply to Monitor and comply with the conditions set out in the PBC.

Based on the table below the Trust is within the tolerances for a Tier 1 Borrowing Limit.

Table 3.9 Prudential borrowing code ratios forecast performance.

Table 3.9 Prudential borrowing code ratios

	Threshold	2009/10	2010/11	2011/12
Minimum Dividend Cover	>1x	2.6x	3.3x	3.2x
Minimum Interest Cover	>3x	18.2x	12.9x	11.6x
Minimum Debt Service	>2x	18.2x	12.9x	7.6x
Maximum Debt Service to Revenue	<3%	0.4%	0.7%	1.2%

As shown in table 3.9 the Trust meets all the PBC ratios after the impact of the proposed borrowing.

4. Risk Analysis

Consideration has been given to the potential areas of risk which face the organisation over the next three years under three main headings:

- Governance risk
- Mandatory services risk
- Financial risk

Discussion has taken place with the Board of Directors to assess the key strategic risks and identify the measures that are being taken to mitigate these risks. These risks are reviewed by the Board of Directors on a quarterly basis by way of the Board Assurance Framework.

4.1 Governance Risk

4.1.1 Governance commentary

The Board of Directors is confident that the Trust will remain compliant in 2009/10 with the compliance framework. Delivery of infection prevention targets is seen as a high-risk area and a robust performance management framework has been introduced by the Trust to mitigate this risk. This framework delivered the required level of performance in 2008/9. In addition the Trust has chosen to focus on four specific areas with clear performance targets. These four areas are in relation to improved hospital mortality rates, conformance to best practice, reducing avoidable harms and improving the patient experience.

In relation to the seven elements of compliance in respect of governance the position is as follows:

Legality of constitution
The legality of the constitution remains and there are no planned changes to the constitution.

Growing representative membership
The Foundation Trust has continued to evaluate the membership in terms of size and constituency since gaining authorisation on 1st December 2007. The Trust has an effective membership strategy, as set out in section 6, which includes plans to maintain and increase the membership of the Foundation Trust for 2009/10. This is not considered an area of risk for the organisation.

The Council of Governors continue to work enthusiastically and cohesively. It has been proactive in developing membership and reflecting on ways to enhance its operation and effectiveness.

Board roles and structures
The Board of Directors is satisfied that its working and governance arrangements are appropriate and effective in undertaking its role. Revised risk management procedures by way of an updated risk management strategy and associated documents have been developed which define and clarify the Board of Directors direct role in ensuring compliance.

The membership of the Board of Directors will change during 2009/10 with the appointment of the current Chief Executive to the Chief Executive post at University Hospital of South Manchester NHS Foundation Trust. The Trust will be liaising closely with Monitor regarding the

process for the appointment of replacement to the post. Appropriate deputising arrangements are in place to ensure continuity whilst recruitment takes place.

Service performance against targets and core national standards
The Board is confident that its systems for managing performance against targets and core national standards are robust and will promptly identify potential problems and take appropriate action to respond. A plan is in place to ensure that the Trust will remain compliant with all core standards within the Standards for Better Health Framework and performance management arrangements are in place to deliver all national targets.

The Board receives a monthly Business Monitoring Report, covering all aspects of operational performance, as part of the Performance Management Framework.

Clinical quality
The Trust received a rating of 'Fair' for quality of services from the Healthcare Commission in 2007/08. Since this assessment the Trust has strengthened its performance management structure in relation to Healthcare Commission standards and has introduced a process to deliver top 10% performance for clinical quality. It is the intention of the Trust to focus on the quality of services we are offering to our patients. A quality framework has been developed which sets out the approach this work will take, the measures the Board of Directors have identified as being key to delivering quality care and how success in these areas will be measured.

The Trust registered with the Care Quality Commission on 6th February 2009 to make a statement about our current and future compliance with the new healthcare associated infection (HCAI) regulations and arrangements for meeting the compliance criteria of the hygiene code. The Care Quality Commission has assessed the Trust's application and carried out initial cross-checks against known information sources. The CQC Registration Panel has notified the Trust of its registration classification (the 'recommendation'), and has decided to grant our application for registration unconditionally. This information has been made available to the public during the year. The CQC will monitor the Trust's HCAI performance during the year and will carry out an inspection where needed.

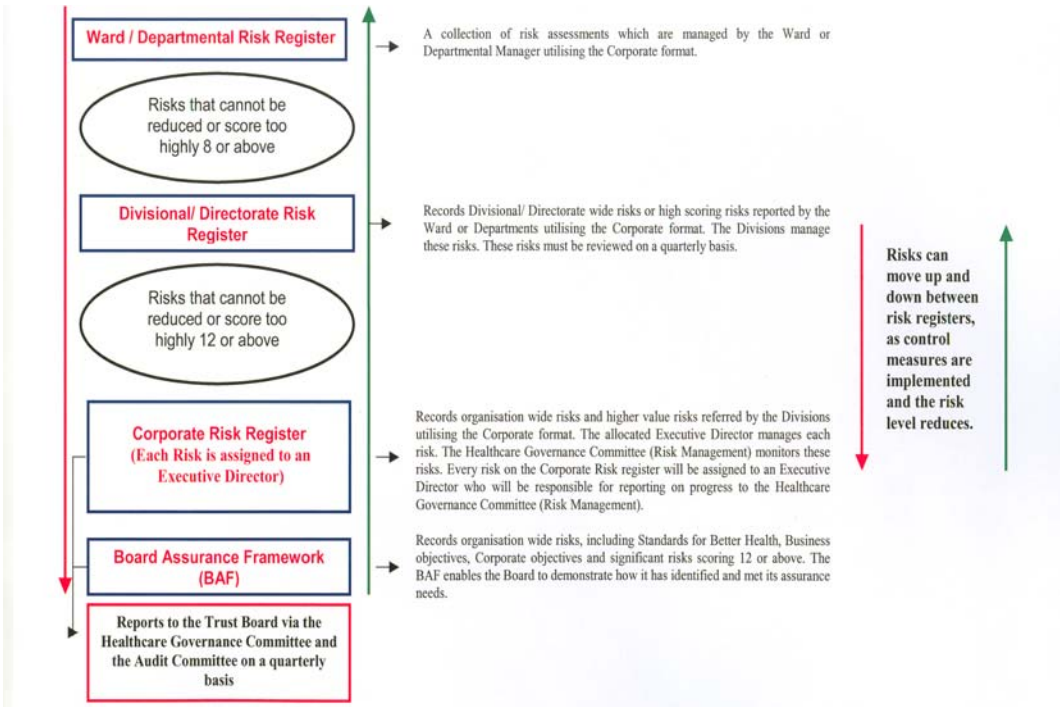
With effect from the 31st March 2009, the Trust will continue to implement the MRSA Screening Operational Assurance Framework.

Effective risk and performance management
The Trust was successful in attaining the Clinical Negligence Scheme for Trusts for Maternity standards Level 2 in May 2007. An Action Plan has been developed to achieve Level 3 no later that July 2010.

The Trust was successful in attaining level 2 General National Health Service Litigation Authority (NHSLA), Risk Management standards in September 2008. Work is ongoing to embed existing risk management systems across the Trust and to progress towards level 3 compliance.

Effective risk assessment arrangements are in place. Divisional, Directorate and Departmental Risk Registers have been developed and are reflected within the Corporate Risk Register. Risks are regularly reviewed and quantified by the Divisional Boards and the Healthcare Governance Committee on a quarterly basis. The Corporate Risk Register and the Board Assurance Framework are considered and presented to the Audit Committee and Board of Directors on a quarterly basis. Key strategic risks, controls assurance and gaps in assurance are identified.

The Trust's risk management framework is set out below:



Co-operation with NHS bodies and local authorities

The NHS Foundation Trust continues to work closely with key commissioners, stakeholders and Local Authorities. Regular meetings are held with our main commissioners of Blackpool Primary Care Trust and North Lancashire Primary Care Trust in relation to the monitoring of in year performance.

Information Governance and Identifying and Managing Risks

The Information Governance Committee identifies and manages information risks, which reports to the Healthcare Governance Committee. The Finance Director who is also the nominated Board Lead for Information Governance Risk and the Senior Information Risk Owner for the Trust, chairs the Information Governance Committee. There has been one serious untoward incident classified at a severity rating of 2 in line with the information governance untoward incident classification, which involved data loss.

The Trust achieved 84% compliance with the Information Governance Toolkit assessment for 2008/09 and the Trust has in place measures to maintain this target for 2009/10.

4.1.2 Significant Governance Risks

The most challenging issue for the Trust remains the elimination of Health Care Acquired Infections. A range of initiatives have been implemented by the Trust, which will continue to have a positive impact on infection prevention in the coming year. These include:

- A robust performance management structure.
- Expanding screening of patients on admission.
- Robust antibiotic prescribing policies and procedures.
- Implementation of interventions specified in the 100,000 lives and Saving Lives initiatives that are proven to reduce health care acquired infections.
- All staff signing an infection prevention pledge.
- All staff attending an infection prevention 'roadshow'.
- Ongoing monthly reporting of performance to the Board of Directors.
- A major publicity campaign to raise awareness of the risk of infection both amongst staff and public.

The Trust will continue to work with and support Blackpool Primary Care Trust and North Lancashire primary Care Trust to influence the incidence of community acquired infection and prevent the transfer of infection into hospital.

4.2 Mandatory Services Risk

There are no foreseeable service changes that threaten the delivery of mandatory services provided by the Trust, nor are there any issues of accreditation that threaten the viability of a service in 2009/10.

The Trust continues to work with the Cumbria and Lancashire Cancer Network to implement Improving Outcomes Guidance for Cancer Patients, particularly in the area of head and neck cancer. This will involve ongoing collaboration and networking of services with other local service providers.

The Trust has developed a robust set of business continuity and contingency plans to ensure that services can continue to be provided in the event that a catastrophic event takes place which impacts upon patient services. These plans have been cascaded throughout the organisation and where appropriate have been fully tested. There is also a major incident plan in place, including the eventuality of a flue pandemic, which dovetails with regional major incident plans. This plan has been thoroughly tested, through a regional exercise, during January 2009.

4.3 Financial Risk

The Trust, as part of the wider NHS and Public Sector, will be entering a period of potentially considerable financial volatility across the next three years and beyond.

There are a number of risks to the financial stability of the Trust and, whilst this is not an exhaustive listing, these include:

- Income risks

There will be a number of 'challenges' to the Trust's income base, including the impact of the continuing development of HRG 4, significantly reduced annual tariff uplits (and the potential for negative growth from 2011/12) and threats to the level of activity provided by the Trust in the form of new entrants, reductions in market share and PCT diversionary schemes.

- Expenditure risks

Whilst at the same time as expecting the Trust's income base to come under increasing pressures, the costs of providing healthcare are expected to continue to increase, not least through the increase in developments in and application of new drugs and technology.

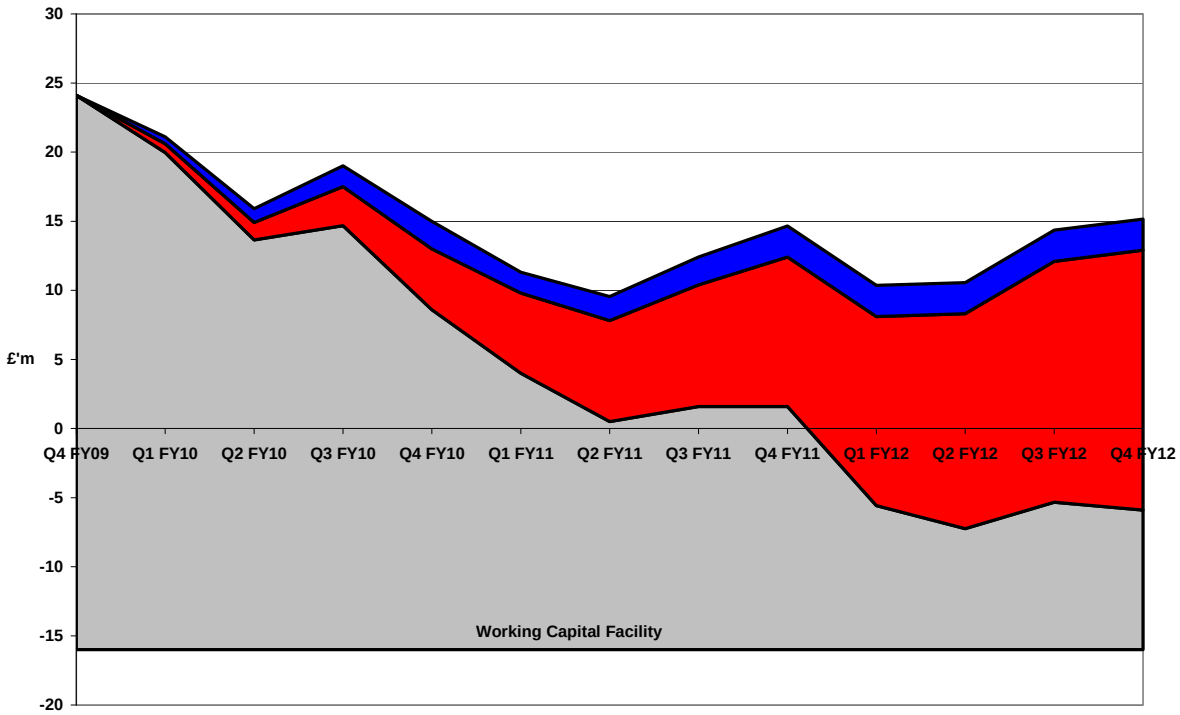
In addition the Trust will be expected to continue to deliver increasing levels of efficiency.

- Cash risks

The income and expenditure risks above will place pressure on the Trust's forecast cash position. In addition if the Trust's large investment plans are not controlled effectively further pressure on the Trust's cash position may develop.

The Trust has modelled the impact of these risks (both upside and downside) to stress side its cash forecast across the next three years. The results are summarised in the following chart.

Chart 4.1 Stress test of cash forecast



4.3.1 Managing Financial Risk

4.4 Risk of other non-compliance with Terms of Authorisation

The Board of Directors is not aware of any non-compliance issues within the terms of Authorisation.

4.5 Risk Register

The Trust has a robust approach to risk management, and the Board Assurance Framework ensures that the Board is clear on the principle risks facing the organisation and how these are being managed. The top risks, in the area of governance, mandatory services and finance are set out below:

Board Assurance Framework Reference	Key Controls	Further Progress
• BAF 01 Achieve Infection Prevention Targets.	• Infection Control Policy incorporating Isolation precautions. • Structured Educational programmes for all health care workers.	• Rolled out Clean your hands campaign, Year one, two and three. Commenced roll out Year four. • Hand Hygiene Champions in place, audits underway in line with the example observation tool from University Hospitals Lewisham. • Each of the Divisions undertake Infection Prevention and control risk assessments locally and investigate against identified local risks.
BAF 59 • Reduce the Risk of Acquiring an MRSA Bacteraemia .	• MRSA Policy and Procedure in place. Screening of High risk Groups as per MRSA Policy. • Treat known positive patients with MRSA decolonization treatment on admission. • Isolate and barrier nurse patients who are known MRSA positive. • Universal screening of all emergency admissions barrier nursed when result known to be positive. • Polymase Chain Reaction 2 hour test for MRSA Universal Screening of all in-patient elective surgery. • Screening of High-risk patients for day case. • Aseptic Technique Training and Competencies Package. • Aseptic Non Touch Technique commenced, currently being successfully rolled out across the Trust. Over 950 clinical staff have been trained. • Central Line Insertion	• Auditing the outcome, and review risk assessments on a quarterly basis. • To continue monthly meetings with PCT's to discuss MRSA Bacteraemia identifying areas for improvement and ways to reduce levels. • MRSA Bacteraemias reported to Divisional Meetings on a monthly basis. • Route Cause Analysis conducted on each new MRSA Bacteraemia. • Incident Reporting Meetings to be held with relevant parties following any MRSA Bacteraemia and Root Cause Analysis conducted and action plan to be formulated. • Monthly Hand Hygiene audits completed aiming for 95% compliance. • Hand Hygiene Compliance presented to each Division on a monthly basis • Hand Hygiene Champions auditing other areas from January 2009. • All day cases as stipulated by the

	Procedure adopted across the Trust. • Blood Culture Procedure to be rolled out across the Trust. • New skin disinfection now on all wards and departments to decontaminate the skin prior to blood cultures being taken, peripheral line insertion and central line insertion. • Teaching and Education through Mandatory Training, Clinical Updates and Link Personnel Programme. • Saving Lives Programme adopted and Implemented. • MRSA Bacteraemia data inputted onto the HealthCare Associated Infection Data Capture System on a monthly basis.	Department of Health to be screened for MRSA prior to admission by April 2009 • Saving Lives audits are conducted quarterly. The Hospital Infection Prevention and Control Committee monitor the results. • Introduction of MRSA Screening Operational Assurance Framework which will take effect from the 31st March 2009.
• BAF 60 Reduce the Risk of Acquiring an Clostridium Difficile.	• The Clostridium Difficile Policy and Procedure have been reviewed and the Clostridium Difficile Guidelines are in place available on the intranet. • Patients who have positive faecal specimens to be barrier nursed in a side room or cohorted in a bay. • Antibiotic 5-Day Stop Policy in place from November 2007. • Clostridium Difficile Action Plan is currently reviewed and monitored quarterly. • Teaching and Education through Mandatory Training, Clinical Updates and Link Personnel Programme. • Clostridium Difficile data inputted onto the Health Care Associated Infection Data Capture System on a monthly basis.	• Daily and weekly cleaning rotas in place to ensure cleaning is completed. • Awareness and education of Clostridium Difficile has been raised within the Trust, this needs to continue. • Importance of cleaning of equipment and the environment re-enforced. • A commode audit has taken place results presented to Matrons and Head Nurses. • All staff to use of Vernacare tape on all equipment but especially commodes to ensure cleaning has occurred, is dated and signed. • Monthly meetings with PCT's, to discuss and identify issues around Clostridium Difficile - discussing ways in which to reduce levels. • Clostridium Difficile results presented to the Divisions on a monthly basis. Actions to be taken to reduce Clostridium Difficile levels, which are discussed and monitored by each Division and the Board. • Route Cause Analysis conducted

		on each new Clostridium Difficile result. • Compliance with Antibiotic formulary audited by Antibiotic Pharmacist.
• BAF 70 To Reduce the Mortality Rates Within The Trust	• High Mortality rates are discussed at the Trust Board and actions are taken. • 100,000 lives campaign, Saving Lives Campaign, and Pay for Quality initiatives. • Mortality rates are tracked and discussed at performance meetings. • Average time for fractured neck of femur patients to attend Theatre has been reduced to 42 hours, thus reducing the mortality rate. • Acute Myocardial Infarct patients are managed within the Cardiac Division thus providing quicker access to services. The Trust is a pilot site for primary angioplasty. • A three-month Mortality Audit has been undertaken to review the death rate within 48 hours of admission to Medicine. • The Liverpool Care Pathway for the dying is being rolled out, this will ensure that patients are given the option of spending their last days in a familiar home environment.	• Monitor mortality rates at Performance Meetings and the Board. • Present three month Audit Data to the Board, ensure that an action plan is developed and actions monitored. • All Divisions to review and understand their mortality rates and develop action plans and share good practice. • Continue to build on the 100,000 Lives campaign and use other National initiatives to improve performance.
• BAF 61 Secure Data When Transferred Off Site	• The Trust has various Policies and Procedures relating to the manual and electronic transfer of information. • Laptop users have to sign an acceptable use Policy. The Trust is assessing the use of high-level encryption of all removable devices with identity data on them.	• Action Plan has been put in place to address bulk transfers initially and then all Transfers. This will be monitored at the Information Governance Committee. Regular progress reports will be presented via the risk register to the Healthcare Governance Committee and the Board

5. Declarations and self-certification

5.1 Board Statements

In the event that an NHS foundation trust is unable to fully self certify, it should not tick the relevant tickbox. It must provide a commentary (using the section provided at the end of this declaration) explaining the reasons for the absence of full self certification and the action it proposes to take to address it. Monitor may adjust the relevant risk rating if there are significant issues arising and this may increase the frequency and intensity of monitoring for the NHS foundation trust.

Clinical quality

The board of directors is required to confirm the following:

☑ The board is satisfied that, to the best of its knowledge and using its own processes (supported by Care Quality Commission information and including any further metrics it chooses to adopt), its NHS foundation trust has, and will keep in place, effective arrangements for the purpose of monitoring and continually improving the quality of healthcare provided to its patients' and

☑ The board will self certify annually that, to the best of its knowledge and using its own processes, it is satisfied that plans in place are sufficient to ensure ongoing compliance with the Care Quality Commission's registration requirements.

Service performance

The board of directors is required to confirm the following:

☑ The board is satisfied that plans in place are sufficient to ensure ongoing compliance with all existing targets (after the application of thresholds) and national core standards, and a commitment to comply with all known targets going forwards;

Risk management

The board of directors is required to confirm the following:

☑ Issues and concerns raised by external audit and external assessment groups (including reports for NHS Litigation Authority assessments) have been addressed and resolved. Where any issues or concerns are outstanding, the board is confident that there are appropriate action plans in place to address the issues in a timely manner;

√ All recommendations to the board from the audit committee are implemented in a timely and robust manner and to the satisfaction of the body concerned;

√ The necessary planning, performance management and risk management processes are in place to deliver the annual plan;

√ A Statement of Internal Control ("SIC") is in place, and the NHS foundation trust is compliant with the risk management and assurance framework requirements that support the SIC pursuant to the most up to date guidance from HM Treasury (see http://www.hm-treasury.gov.uk); and

√ The Trust has achieved a minimum of Level 2 performance against the requirements of their Information Governance Statement of Compliance (IGSoC) in the Department of Health's Information Governance Toolkit; and

√ All key risks to compliance with its Authorisation have been identified and addressed.

Compliance with the Terms of Authorisation

The board of directors is required to confirm the following:

√ The board will ensure that the NHS foundation trust remains compliant with their Authorisation and relevant legislation at all times;

√ The board has considered all likely future risks to compliance with their Authorisation, the level of severity and likelihood of a breach occurring and the plans for mitigation of these risks; and

√ The board has considered appropriate evidence to review these risks and has put in place action plans to address them where required to ensure continued compliance with their Authorisation.

Board roles, structure and capacity

The board of directors is required to confirm the following:

√ The board maintains its register of interests, and can specifically confirm that there are no material conflicts of interest in the board;

☑ The board is satisfied that all directors are appropriately qualified to discharge their functions effectively, including setting strategy, monitoring and managing performance, and ensuring management capacity and capability;

☑ The selection process and training programmes in place ensure that the non-executive directors have appropriate experience and skills;

☑ The management team has the capability and experience necessary to deliver the annual plan; and

☑ The management structure in place is adequate to deliver the annual plan objectives for the next three years.

Signature

In capacity as Acting Chief Executive & Accounting Officer

Signature

In capacity as Chairman

Signed on behalf of the board of directors, and having regard to the views of the governors.

6. Membership

6.1 Membership Report

Blackpool, Fylde and Wyre Hospitals NHS Foundation Trust was authorised as a Foundation Trust on 1st December 2007. This report looks at the work done between 1st April 2008 and 31st March 2009 to build and retain the membership of the Foundation Trust.

6.1.1 Analysis of Current Membership

Table 6.1 Analysis of current membership

Membership Report for Blackpool Fylde and Wyre Hospitals from 01/04/2008 to 31/03/2009

Public constituency	***Last year (2008/2009)***
As at start (April 1)	4,499
New Members	805
Members leaving	255
At year end (March 31)	5,049
Staff constituency	***Last year (2008/2009)***
As at start (April 1)	5,072
New Members	1,542
Members leaving	1,793
At year end (March 31)	4,821
Patient constituency	***Last year (2008/2009)***
As at start (April 1)	0
New Members	0
Members leaving	0
At year end (March 31)	0
Public constituency	***Number of members***
Age(years):	
0 - 16	37
17 - 21	207
22+	4,456
Ethnicity:	
White	4,368
Asian	50
Black	15
Mixed	13
Other	14
Socio-economic groupings:	
ABC1	4,008
C2	645
D	89
E	295
Gender analysis:	
Male	3,002
Female	2,016
Patient constituency	***Number of members***
Age(years):	
0 - 16	0
17 - 21	0
22+	0

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6.2 Membership Commentary

Over the past year, the Trust has seen its membership continue to prosper and grow.

Public Members

All members of the public who are 16-years-old or over and who live within the boundaries of Blackpool, Fylde and Wyre Borough Councils, or the wider catchment area of Lancashire and South Cumbria, for which we provide tertiary cardiac and haematology services, are eligible to become members. Other members of the public who do not fall into these categories, either due to age or place of residence, are eligible to become affiliate members of the Trust.

Staff Members

Staff who work for the Trust automatically become members unless they choose to opt out. These include:

● Staff who are employed by the Foundation Trust under a contract of employment which has no fixed term or has a fixed term of at least 12 months, and

● Staff who have been continuously employed by the Foundation Trust under a contract of employment

Trust volunteers are eligible to become members under the public constituency.

Growth of Public Members

The number of public members has grown steadily over the last 12 months, with 805 being recruited in total. The public membership now stands at 5,049. In our Membership Strategy, we highlighted that we would have 8,000 public members in total within the first three years of becoming a Foundation Trust and we are on target to achieve this. We also set ourselves the goal of recruiting 1,000 of these new members in the first year of being an FT.

Recruitment of Members

A number of initiatives have taken place throughout the year to encourage new public members. These include:

● Mailshots to employees of major local businesses such as Leisure Parcs PLC, Fylde Borough Council, Blackpool Tesco, Blackpool Asda and Council for Voluntary Services.

● Recruitment stands at summer events for the public such as summer fetes and open days.

● Radio and newspaper advertising campaigns including invites to presentations.

● Development of the online membership section of the website, advertising membership incentives including consultations, events and discounts, with a membership card from local businesses.

● Distribution of recruitment posters and leaflets to GP surgeries throughout the Fylde Coast.

● A re-design of recruitment materials to make them more attractive and user friendly, as well as Freepost, to encourage people to return them.

● Presentations at outside meetings such as the Senior Voice Forum and Blackpool Rotary Club.

We have been concentrating, as a Trust, on building a strong membership which we can utilise and we now want to concentrate on increasing our membership over the next two years to hit our target of 8,000 new public members within the first three years year of being a Foundation Trust. We have planned a number of recruitment initiatives for the coming year which will complement the work undertaken in 2008/9. These include:

● Mailshot to around 5,000 members of the public who live in under-represented geographical areas of our membership and further directed mailing campaigns.

● Involve volunteers of the hospital handing out leaflets and discussing membership with visitors.

● Going to meetings being held in the community to discuss membership with a wider audience.

● Including leaflets in appointment letters to patients.

● Encouraging members of the public to see the benefit of being part of the Trust, through bigger and more varied recruitment events.

Retention of Members

It is particularly important to the Trust to not only build its membership, but to ensure that the membership is being fully utilised. When people become members they are sent a welcome pack with information on members, their discount card and a copy of the previous newsletter.

Numerous initiatives have taken place throughout the last year to retain our existing members. We have continued to produce and expand the newsletter 'Your Hospitals', which keeps members informed on current developments within the Trust, gives information on the Council of Governors, asks members their opinions on a wide range of topics and details the wide variety of local services and businesses that they can get discount from with their membership card.

Monthly membership seminars have been held which have become more popular with each one. Around 50-60 members now attend the events which have been given on a wide range of topics including, stroke, medical education, osteoporosis, balance service, the future of cardiac imaging, healthcare associated infections and obstructive sleep apnoea.

A section of the newsletter has been named 'Consultation Corner' and this gains valuable opinions from members on a wide variety of topics. The information is collated and used to influence decisions that are made about the Trust services. In the December issue of 'Your Hospitals', members were asked what they would like to hear about in future seminars, what time of day would be useful to them to be able to attend events and these details will now be utilised for the year ahead.

The Membership Committee, which consists of a group of Governors from staff, public and appointed constituencies, has been discussing and actioning ideas to involve our current membership and make members feel an influential part of the Trust.

A dedicated membership hotline is in place which allows the Membership Office to interact with members directly and answer enquiries and ideas.

A group of around 10 members were also involved in a consultation on Caring for Dignity. Numerous members filled in a consultation form in the newsletter and online and a random selection of around 10 were asked to come in for discussion sessions on the topic. The information they gave was then collated and used in a report for the Board of Directors on this topic.

All members were invited to the Annual Members' and Public Meeting which was a formal meeting to discuss the Trust, its developments, future services and membership.

The Governors have also held a set of meetings in the local community, during November 2008, for existing members, and members of the public who were interested in joining. The meetings started with a presentation on our Foundation Trust status, future developments of the Trust and the involvement of our membership with those developments. There was then time afterwards for members to meet the governors who represent their constituencies.

Membership Representation

One of the key elements that we want to bring to our membership is that it is representative of the community that we serve. We have in particular been looking at ways of growing our young membership, as this is under-represented. We are about to embark on a series of presentations in colleges and schools across the Fylde Coast. We have been doing work to promote membership with Beacon Hill school and are in the middle of discussions to involve the pupils with our hospitals through membership to promote them being good citizens of the community. Under age members can now become affiliate members, which will turn to full membership on their sixteenth birthday.

6.3 Council of Governors

The Trust's Constitution sets out the following composition for the Council of Governors:

APPOINTED GOVERNORS		ROLE
Principal Commissioning Primary Care Trust's NHS Blackpool (1) NHS North Lancashire (1)	**2**	To represent main Trust commissioners and key NHS economy partners.
Principal Local Councils Blackpool Council (1) Lancashire County Council (1)	**2**	To represent key local non-NHS Local Health Economy partners.
Principal University University of Central Lancashire	**1**	To ensure strong teaching and research partnership and to represent other University interests.
Principal Patient Representative Body Previously the Patient and Public Involvement Forum and in future LINKS	**1**	To reinforce the representation of patients' views and interests.
Voluntary Sector	**1**	To engage and assist the Trust in identifying

		needs of local community.
Lancashire Care Trust	**1**	To ensure representation of partner organisation providing mental health services on many of our sites.
Lancashire Business Link	**1**	To engage and assist the Trust in dialogue with local developments and businesses.
Blackpool Regeneration Project	**1**	To engage and assist the Trust in dialogue with local developments and businesses.
Total Appointed Governors	**10**	

STAFF ELECTED GOVERNORS To represent:		**ROLE**
Class 1 - Medical Practitioners	**1**	To assist the Trust in developing its services and ensure active representation from those who deliver the services.
Class 2 - Nursing and Midwifery Staff	**2**	As above.
Class 3 - Clinical Support Staff	**1**	As above.
Class 4 - Non-Clinical Staff	**1**	As above.
Total Elected Staff Governors	**5**	

PUBLIC ELECTED GOVERNORS To represent:		**ROLE**
Constituencies specified in Annex One of the Constitution and consisting of:		Representing an estimated 93% of patients who are resident in the shaded area of Annex One.
Area 1 Blackpool	**8**	
Area 2 Wyre	**4**	
Area 3 Fylde	**3**	
Area 4 Lancashire & South Cumbria	**1**	Representing approximately 4% of patients who are resident in the wider environs of Cumbria and Lancashire.
Total Public and Patient Elected Governors	**16**	

Total Membership of Council of Governors	
Appointed Governors	**10 (currently one vacancy)**

Staff Governors (elected)	**5**
Public and Patient Governors (elected)	**16 (currently one vacancy)**
Total	**31**

Last year's Annual Plan outlined two changes to the Council of Governors since the creation of the Foundation Trust. There have been two further changes as follows:-

In July 2008, Councillor Ivan Taylor replaced Mr Tony Shaw as the Appointed Governor for Blackpool Primary Care Trust.

In August 2008, Mrs Samantha Woodhouse replaced Mrs Karen Harte as an Elected Staff Governor for Nursing and Midwifery.

There is currently a Public Governor vacancy in the Blackpool Constituency as a result of Mrs Maureen Horn being removed from the Council, in accordance with the Trust's Constitution, for failure to attend three consecutive meetings of the Council of Governors.

The replacement for the existing Appointed Governor vacancy will be confirmed following the establishment of the Local Involvement Networks (LINks) in the area.

The Trust can confirm that elections have taken place in accordance with the election rules, as set out in the Foundation Trust's Constitution.

The Term of Office for Governors is 2 years or 3 years.

Membership of the Trust's Council of Governors is set out below:

Name	Constituency/Organisation	Term of Office
Public Governors		
John Butler	Blackpool	3 years
Michael Hodkinson	Blackpool	3 years
Vacant Position	Blackpool	3 years
Michael Carr	Blackpool	2 years
Clifford Chivers	Blackpool	3 years
Hannah Harte	Blackpool	2 years
Chris Thornton	Blackpool	2 years
Cerise Fleming	Blackpool	2 years
Carol Gradwell	Fylde	2 years
Godfrey Hirst	Fylde	3 years
Anne Smith	Fylde	3 years
Peter Askew	Wyre	3 years
Patricia Fish	Wyre	2 years
Jean Marsh	Wyre	2 years
Austin McNally	Wyre	3 years
Bill Holmes	Lancashire and South Cumbria	2 years
Staff Governors		
Dr Tom Kane	Medical and Dental	3 years

Sam Woodhouse (from August 2008)	Nursing and Midwifery	3 years
Andrew Goacher (from April 2008)	Nursing and Midwifery	2 years
Tina Daniels	Non-Clinical Support	3 years
Richard Day	Clinical Support	2 years
Appointed Governors		
Councillor Ivan Taylor (from July 2008)	Blackpool Primary Care Trust	N/A
Dr Frank Atherton	North Lancashire Primary Care Trust	N/A
Councillor Roy Haskett	Blackpool Council	N/A
County Councillor Penny Martin (from May 2008)	Lancashire County Council	N/A
Doug Garrett	Re Blackpool	N/A
Vacant Position	Patient & Public Involvement Forum/LINks	N/A
Councillor Ramesh Gandhi	Council for Voluntary Service	N/A
Denise Wilson	Lancashire Care Trust	N/A
David Slater	Business Link North West	N/A
Eileen Martin	University of Central Lancashire	N/A

Formal meetings of the Council of Governors are held on a quarterly basis and the scheduled meeting dates are as follows:

- 30th January 2009
- 1st May 2009
- 7th August 2009
- 6th November 2009

A Board/Governor Development Event was held on 19th November 2008 which included presentations about Patient Safety and Quality, Annual Health Check Third Party Commentary and Capital Schemes.

A Governors Training Event took place on 12th December 2008 which included presentations about the NHS Next Stage Review (Darzi Report), Funding of the NHS and Governor Engagement with Members.

There are currently two Governor Sub-Committees, namely the Nominations Committee and the Membership Committee, comprising 3 and 14 Governors respectively.

Governors are also involved in a number of Trust Committees, namely the Marketing Strategy Group, Information Governance Committee, Charitable Funds Committee, Patient Environment Action Team, Healthy Transport Committee, Equality and Diversity Committee, Patient Experience Committee and Phase VI Reference Group.

Three of the Governors attended Monitor's Governors Conference in March 2008 and two of the Governors attended the North West Governors Forum in November 2008.

7. Financial projections

The financial projections will be presented in a separate spreadsheet include income and expenditure, balance sheet and cash flow.

8. Supporting schedules

8.1 Schedule 2 – Mandatory Goods and Services

These are submitted in separate spreadsheets.

8.2 Schedule 3

These are submitted in separate spreadsheets.

8.3 Membership schedules

These are submitted in separate spreadsheets.