

Annual Report and Summary of Accounts 2004/2005



2004/2005

MISSION STATEMENT

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

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2004/2005

REVIEW OF THE YEAR BY THE CHAIRMAN AND CHIEF EXECUTIVE

We are delighted to introduce our Annual Report, which outlines our many achievements, challenges and changes in 2004/2005.

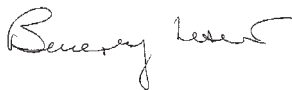
The start of the year saw the publication of the Healthcare Commission's report for our Trust. This followed a routine review of our acute services, which began in October 2003 and concluded in May 2004. We cannot understate the amount of time and work that went into preparing the evidence for this review and we would like to thank all staff who were involved. The report highlighted a number of areas of good practice including our nurse-led ward at South Shore Hospital, which was singled out as an example that the rest of the NHS can learn from. The successful introduction of Modern Matrons was also noted. The report also highlighted some areas for improvement, which we were already aware of, and a significant amount of progress has been made over the last 12 months in these areas.

In the summer we were delighted to be awarded three stars in the Government's performance ratings – the highest rating that hospitals can achieve. It is a clear recognition of the effort, hard work and skill from all staff over the last year.

Patient and public involvement has also been high on our agenda. By working in partnership with patients and the public we can gain a better understanding of how services need to be changed and developed to meet their needs. We have formed an excellent working relationship with our PPI Forum and Patients Panel members who have added tremendous insight and value to the improvement of our services. We look forward to working with them in the future.

In terms of our performance, we managed to achieve all of our targets. However, it was an extremely difficult year and we anticipate that 2005/2006 will be equally as challenging.

We pay tribute to all our staff for their trojan efforts this year and thank all of them for their continuing commitment.



Beverly Lester
Chairman



Roy Male
Chief Executive

2004/2005

THE TRUST

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

The key features of the Trust in 2004/05 are as follows:-

- Income in excess of £183,000 million.
- Employment of approximately 4,504 staff.
- Treatment of 10,821 elective in-patients.
- Treatment of 35,805 emergency in-patients.
- Treatment of 30,970 day case patients.
- Treatment of 68,796 new out-patients.
- Treatment of 159,737 follow-up out-patients.
- 87,769 accident and emergency attendances.
- 3,076 births.
- Total bed complement of 1,190.
- Regional Centre for Cardiac Services.
- Recognised Cancer Unit.

The Trust manages all the hospital sites on the Fylde Coast as follows:-

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

Other services include:-

- National Artificial Eye Service
- Blenheim House Child Development Centre

2004/2005

THE TRUST

Victoria Hospital is a large acute hospital that treats in-patients, day cases and out-patients from across Blackpool, Fylde and Wyre. The Accident and Emergency Department is one of the busiest in the country with more than 87,760 attendances during 2004/05. The hospital has 801 beds and employs 3,699 members of staff. It provides a wide range of services from maternity to care of the elderly, and from cancer services to heart surgery and is one of four hospitals in the North West that provides specialist Cardiac Services to patients from Lancashire and South Cumbria.

Clifton Hospital is a community hospital that provides sub-acute and fast-stream in-patient and day hospital care for older people, rehabilitation and respite care for the disabled and an active out-patient service. The hospital has an underlying emphasis on rehabilitation with the ultimate aim of maximising the social, physical, psychological, emotional and spiritual well being of its patients. A purpose designed Renal Unit is to be provided in May 2005 to replace the facilities currently provided at Devonshire Road Hospital.

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

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

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

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

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

The National Artificial Eye Service is managed and controlled by the Trust but operates nationwide. The developments during the year include:-

- Improved facilities for patients and staff in Bury St Edmunds, Hastings, and Liverpool.
- Commissioning of special equipment to improve the production of half-sphere eyes.
- Completion of the range of single use impression trays for cosmetic shell eyes.
- Digital imaging techniques currently under evaluation in two centres.

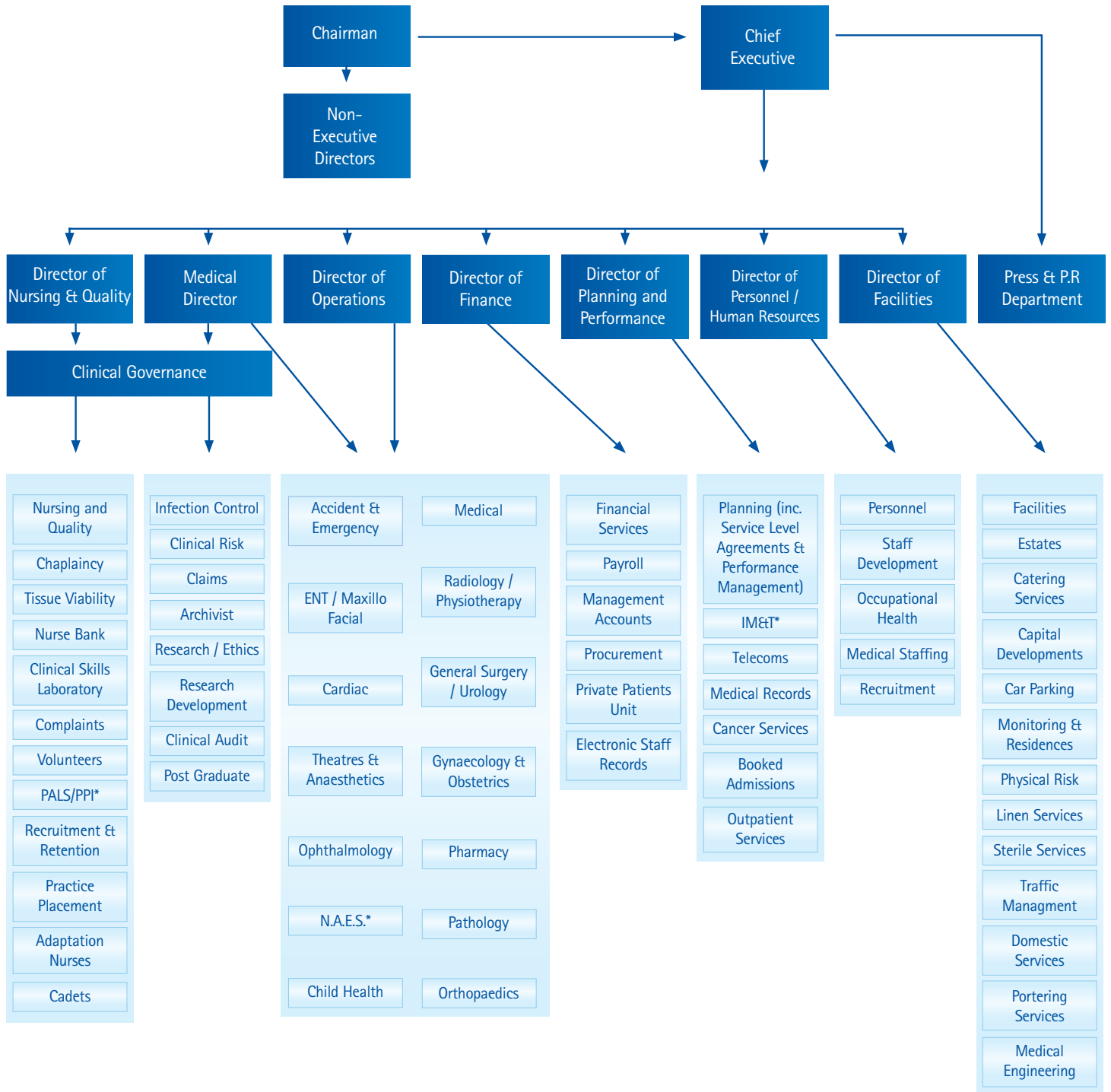
The lack of a suitable IT system for patient appointments continues to hamper efficiency as does the non-availability of funding for service developments. The service is currently up to establishment in its orbital prosthetic staffing and structural changes to the management team has started to produce benefits in clinic booking flexibility and patient services delivery.

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

2004/2005

THE TRUST BOARD

Trust Structure



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

*N.A.E.S. = National Artificial Eye Service

*IM&T = Information Management and Technology

2004/2005

THE TRUST BOARD

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

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

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

Management Changes

Following the resignation of Dr Tony Andrews as Director of Operations in April 2004, Mr Aidan Kehoe joined the Trust on 26th April 2004 from the University Hospital Birmingham NHS Trust.

Mr Tim Evans, Director of Finance, will leave the Trust at the end of June 2005 to take up the post of Director of Finance at Bolton Primary Care Trust. Mr Tim Welch, from City and Hackney Teaching PCT, has been appointed as his successor and will take up post with effect from 3rd August 2005.

2004/2005

THE TRUST BOARD

Membership Of The Trust Board



Beverly Lester



Jimmy Armfield



Christine Breene



Michael Carr



Michael Brown



Paul Olive



Roy Male



Tim Evans



Dr Peter Hayes



Mandie Sunderland



Peter Dewdney



Mike Gallagher

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

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

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

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

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

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

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

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

Dr Peter Hayes – Medical Director, was the Medical Director at the Victoria Hospital Trust for eight years. He is a Consultant Physician at Victoria Hospital, a position he has held for more than 24 years.

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

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

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

2004/2005

THE TRUST BOARD



John Lyons



Aidan Kehoe

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

Aidan Kehoe – Director of Operations, joined the Trust on 26th April 2004. He was previously the Divisional General Manager at the University Hospital Birmingham NHS Trust. His principal responsibility is the day to day management of the Trust's operational services and resources.

Declarations Of Interest

Miss Beverly Lester – Chairman

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

Mr Jim Armfield – Non Executive Director (Vice Chairman)

President – Age Concern (Blackpool).
Vice President – Lancashire Outward Bound Association.
Governor – Arnold School (Blackpool).
Treasurer/Organist – St Peter's Church, Blackpool.
Member – Cathedral Council, Blackburn.
Sports Broadcaster – BBC Radio 5 Live.
Technical Consultant – Football Association/Professional Football Association.

Mrs Christine Breene – Non-Executive Director

Vice Chairman – Blackpool, Fylde and Wyre Blind Society Employment Committee.
Governor – Blackpool Sixth Form College.

Mr Michael Brown – Non-Executive Director

Vice Chairman – North & Western Lancashire Business Link.
Governor – Blackpool & The Fylde College.
Governor – Baines School.
Director – Cana TXX Gas Storage Ltd.
Director – Eccleston Services Ltd.

Mr Michael Carr – Non Executive Director

Chairman – Development Control (Planning) Committee, Blackpool Borough Council.
Member – Blackpool Borough Council (Clifton Ward).
Member – Lancashire Combined Fire Authority.
Member – Association of Labour Councillors.

Mr Paul Olive – Non Executive Director

Nil.

Mr Roy Male – Chief Executive

Nil.

Mr Tim Evans – Director of Finance

Nil.

Dr Peter Hayes – Medical Director

Out-Patient Clinics (ten per year) – Fylde Coast Hospital.

Mrs Mandie Sunderland – Director of Nursing and Quality

Nil.

Mr Peter Dewdney – Director of Planning and Performance

Nil.

Mr Mike Gallagher – Director of Facilities

Patientline shares (minor shareholder: 896 shares in total – less than 1%).

Mr John Lyons – Director of Human Resources

Nil.

Mr Aidan Kehoe – Director of Operations (from 26th April 2004 to date)

Nil.

Dr Tony Andrews – Director of Operations (from 1st April 2003 to 16th April 2004)

Nil.

2004/2005

THE TRUST BOARD

Trust Objectives 2004/2005

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

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

2. Enhance our patient services by:

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

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

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

5. Ensure the follow through of actions to improve quality of care based on the outcome of patient surveys and the Healthcare Commission report.

6. Take all steps to ensure rigorous financial control and return to income and expenditure balance over the approved recovery period.

2004/2005

THE TRUST BOARD

Trust Achievements

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

The key targets that the Trust achieved in 2004/05 are as follows:-

Waiting Time Targets:-

- ✓ Maintained a maximum waiting time of 17 weeks for an out-patient appointment and reduced the number of patients waiting over 13 weeks from 522 in April 2004 to 6 in March 2005.
- ✓ Maintained a maximum waiting time of 9 months for in-patient treatment and reduced the number of patients waiting over 6 months from 779 in April 2004 to 193 in March 2005.
- ✓ Achieved a maximum 3 month wait for revascularisation.
- ✓ Achieved a maximum 4 hour wait in A & E from arrival to admission or transfer or discharge for 98% of patients.
- ✓ Achieved a maximum 2 week wait for Rapid Access Chest Pain Clinics.
- ✓ Delivered a 10% point increase in the proportion of people suffering from a heart attack who received thrombolysis within 60 minutes of calling for professional help.

Access Targets:-

- ✓ Offered all patients who had their operation cancelled on the day of admission or surgery (for non-clinical reasons) a binding date within 28 days.
- ✓ Achieved 50% full booking of patient appointments across out-patients and elective surgery.

Cancer Services:-

- ✓ Maintained a 2 week maximum wait from urgent GP referral to first out-patient appointment for all urgent suspected cancer referrals.
- ✓ Achieved 31 day maximum waiting time from diagnosis to treatment for breast, testicular, acute leukaemia and children's cancers.
- ✓ Achieved 62 day maximum waiting time from urgent referral to treatment for breast cancer patients.

Environment & Quality:-

- ✓ Achieved a reduction of 3% in MRSA levels from the 2003/04 baseline.

2004/2005

THE TRUST BOARD

Remuneration Committee

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

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

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

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

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

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

Membership of the Remuneration Committee:-

- Mr M Brown – Chairman
- Miss B Lester
- Mr J Armfield
- Mrs C Breene
- Mr P Olive
- Mr M Carr
- Mr J Lyons – Secretary

Two meetings of the Remuneration Committee took place during 2004/2005.

THE TRUST BOARD

Audit Committee

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

- To review the establishment and maintenance of an effective system of internal control and risk management, in particular, the adequacy of:
 - All risk and control related disclosure statements, together with any accompanying Head of Internal Audit statement, prior to endorsement by the Board.
 - The structures, processes and responsibilities for identifying and managing key risks facing the organisation.
 - The policies for ensuring that there is compliance with relevant regulatory, legal and code of conduct requirements as set out in the Controls Assurance Standards and other relevant guidance.
 - The operational effectiveness of policies and procedures.
 - The policies and procedures for all work related to fraud and corruption as set out in Secretary of State Directions and as required by the Directorate of Counter Fraud Services.
- Internal Audit
 - Consider the appointment of the internal audit service, the audit fee and any questions of resignation and dismissal.
 - Review the internal audit programme, consider the major findings of internal audit investigations (and management's response), and ensure co-ordination between the Internal and External Auditors.
 - Ensure that the Internal Audit function is adequately resourced and has appropriate standing within the organisation.
- External Audit
 - Consider the appointment of the External Auditor, as far as the Audit Commission's rules permit.
 - Discuss with the External Auditor, before the audit commences, the nature and scope of the audit, and ensure co-ordination, as appropriate, with other External Auditors in the local health economy.
 - Review External Audit reports, including value for money reports and annual audit letters, together with the management response.
- To review the annual financial statements before submission to the Board, focusing particularly on:
 - Changes in, and compliance with, accounting policies and practices.
 - Major judgmental areas.
 - Significant adjustments resulting from the audit.

The Terms of Reference for the Audit Committee will be reviewed by the Committee on 6th July 2005 and will be submitted to the Trust Board on 27th July 2005.

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

Membership of the Audit Committee:-

Mr P Olive – Chairman
 Mrs C Breene
 Mr M Carr
 Miss J A Oates – Secretary

Four meetings of the Audit Committee took place during 2004/2005.

2004/2005

TRUST COMPLIANCE

Public Meetings

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

Eight Trust Board Meetings have been held in public during 2004/2005.

Statement of Internal Control

The Statement of Internal Control has been prepared and is shown on page 37 of this report.

Clinical Governance Directorate

Clinical Governance Reporting Arrangements

Following the formation of a Directorate of Clinical Governance in 2003, there have been many developments in Clinical Governance during 2004/05.

The Trust complied with the Clinical Governance Reporting arrangements. Following the Healthcare Commission review in March 2004, a detailed action plan was formulated and agreed by the Healthcare Commission and the Strategic Health Authority. Many of the actions have been completed and work is continuing to complete the remainder. These plans have been monitored by the Strategic Health Authority and by the Internal Audit Department.

Systems have been developed for the management of Clinical Effectiveness Guidelines and there is a comprehensive database for these.

Strategies, policies, procedures, guidelines and protocols are all subject to clear validation, ratification and review processes and are also maintained on a comprehensive database.

Risk Management Systems have continued to develop and the Trust became an early reporter to the National Patient Safety Agency's National Reporting and Learning System.

The Trust retained Level 1 CNST (Clinical Negligence Scheme for Trusts) status at its review in October 2004. With regard to Maternity CNST Standards, the Trust achieved CNST Level 1 in March 2004 and the next assessment is scheduled for 2nd March 2006.

The "Standards for Better Health" have informed the Trust's work in Clinical Governance during the latter part of the year and preparations are underway to enable the Trust to meet the standards in 2005/2006.

Complaints

The Trust received a total of 475 complaints during the year, an increase of 12.8% on the period 1st April 2003 to 31st March 2004. The majority of complaints were resolved by the Directorate carrying out their own internal investigation. In an endeavour to resolve complaints that were complex, sensitive or multi-departmental in nature, meetings were held with the complainant. Approximately 90% of complaints received were resolved within the 20 working day rule. Any responses that exceeded this timeframe were due to either further investigations being necessary or a meeting being arranged. As a result of complaints, several new patient leaflets have been produced.

Of the 475 complaints received, there were 21 requests for Independent Review which equates to 4%. Four Independent Review requests prior to 1st August 2004 were considered by the Trust Convenor; two were turned down, one was returned to local resolution and one was granted a review. Since 1st August 2004, the Healthcare Commission has made the Trust aware of 17 requests for Independent Review. Two have been returned for local resolution and one has been turned down. The Trust is awaiting further clarification on the remaining 14.

TRUST COMPLIANCE

Quality Improvements

Essence of Care

- All clinical areas now have nutritional link nurses who are responsible for monitoring and addressing nutritional issues at ward level. Each ward has a nutritional resource file to ensure practice is evidence based. Work is on-going to address the use of hand-wipes for immobile patients in conjunction with infection control.
- The communication benchmark is now complete and a comprehensive report of all the data collated has been formulated. An action plan is to be identified in relation to these results and those of the national patients survey.

Development of Services/Quality Improvements

- Appointment of a total of 18 Matrons Trust wide and 2 Nurse Consultants.
- Development of a nurse led endoscopy service.
- Nurse/criteria led discharge is to be piloted within surgery between February and August 2005.
- Development of criteria led services within the medical and cardiac directorates are in the early planning stages. Future plans will include gynaecology areas and midwifery led services in order to improve the quality of service for patients.
- Development of a 'validation of care' tool that will be implemented by Matrons on a rolling programme throughout the year to continuously monitor standards of clinical care.
- Appointment of a Consultant Nurse for Older People who has organised training and development programmes for nursing staff regarding the issues surrounding the care of older patients.
- Appointment of a Consultant Nurse for Breast Care who has developed, amongst other initiatives, nurse led clinics to support patients with breast cancer.

Patient and Carer Information

- In collaboration with the Patient and Public Involvement Forum, and following additional survey work with patients and visitors, the Trust has developed and agreed a Visitors Charter. This has also built upon previous work around Essence of Care and Privacy and Dignity with patients and visitors.
- As a result of other work with patients and visitors, the Trust is piloting the introduction of Protected Mealtimes for patients in hospital. This has also been influenced by previous work around Essence of Care and Food and Nutrition.
- The Patient Advice and Liaison Service (PALS) Information Centre continues to ensure availability of up to date information around a great number of areas of health and social care. The PALS works closely with Social Care to resolve problems for patients and carers.
- The Trust has implemented a toolkit for preparing Patient Information Leaflets and an electronic system for online design within agreed templates. The leaflets are assessed by a panel of over 60 lay volunteers prior to printing.
- The Trust has implemented Interpreting Services through contracts with Languageline Interpreting Services. There is also a first line database of staff with language skills, who may be used in the first instance for non-medical interpretation. This is well used and is popular with staff as it gives the opportunity for maintenance of skills.
- The Trust contracts with Co-Sign for sign language interpreting and a similar database of staff is currently being set up around basic signing whilst awaiting arrival of the Co-Sign interpreter.
- There is the opportunity for leaflet and document translation, should this be required.

2004/2005

TRUST COMPLIANCE

Development of Services Involving Other Agencies Including Volunteers

- Learning Disability procedures have been developed in collaboration with the local Learning Disability Network of PCT, Secondary Care and Social Services. Learning Disability link nurses have been appointed for all wards and departments, and training is in development with the Local Authority. Consultants in Orthopaedics, Medicine and General Surgery have been approached to be leads for Learning Disability. Patient Information Leaflets are also being adjusted into an appropriate Learning Disability format by the Local Authority.
- The Trust works closely with the Patient and Public Involvement (PPI) Forum, which is represented on a number of groups, such as the Equality and Diversity Group, the PPI Steering Committee, and the PALS Advisory Committee. They are also involved in work around Improving Partnerships for Health and planning work for new builds such as the Cardiac Centre and the Twin Day Case Theatre.
- The Trust has also recruited a Patients Panel which is currently undergoing some training on interviewing patients and other types of internal survey work. The former Patient Survey Team has been merged with the Patients Panel which is involved in work around Essence of Care and the National Service Framework for Older People.
- As a result of Patient Surveys, improvements have been made to pain relief across the organisation, provision of information in A & E, communication training for staff, and facilities for parents on the Children's Wards.
- There is a large cohort of volunteers (over 600), working across a variety of groups. The Trust has signed up to the local Compact agreement within Blackpool, and a number of our volunteers work in the Rehabilitation Units as mobile librarians, talking and playing cards etc with the in-patients, and providing extra stimulation when the patients' own relatives are not present.
- The Trust Equality and Diversity Committee and the PPI Steering Committee have representatives from key local groups such as Age Concern, Disability Services, Shelter, Drug and Alcohol Abuse, and the Muslim Community. There is an Equality and Diversity Strategy, with associated procedures available in all areas.

Emergency Preparedness

The Trust has in place robust systems in the event of a major incident. The Major Incident Plan is reviewed annually, is regularly tested, and is fully compliant with "Handling Major Incidents: An Operational Doctrine" and all other NHS guidance on major incident preparedness and planning.

Research and Development - "Today's Research- Tomorrow's Care"

The Trust continues to expand its research capability and activity. Capability has been developed by increasing staff training and involvement in research. A programme of research nurse development is under way. There are active collaborations between the Trust and the University of Central Lancashire in research into image processing (Radiology), nutrition, arthritis and the University of Liverpool in research into heart disease and the University of Nottingham in research into colon cancer. The Trust has publicised its research locally and held its first Blackpool Research Symposium.

Research activity is strengthened by our clear policy for research governance together with strong encouragement by the R & D Department of new research projects. The R & D Department continues to award a £10,000 Research Bursary annually which has successfully supported locally developed Trust projects on anaesthesia, diabetes and ischaemic heart disease.

The Trust employs the equivalent of six whole time research nurses and three research registrars contributing to national Research Council collaborations, pharmaceutical industry-sponsored studies and local projects. Blackpool has a lead role in three NHS North West programmes of research; "Innovation and Development in Cardiac Care", "Improving Outcomes in Haematological Disease" and "Improving Standards in Women's Healthcare". Trust researchers have published 18 papers in peer-reviewed medical journals during the year on a wide variety of topics.

Research-active hospitals are more attractive to high quality staff and deliver better quality care and it is our intention to increase our research profile in 2005/06.

TRUST COMPLIANCE

Human Resources Directorate

Staffing Improvements

The whole-time equivalent of staff employed in all clinical staff groups has increased during the financial year whilst the overall number of staff employed in administration and management has reduced.

Staff Involvement

Staff involvement principles have underpinned the whole Agenda for Change implementation and this new way of working is reaping benefits with greater co-operation and a joint sense of purpose in other areas. Information sharing and consultation continues to take place through the established Joint Negotiating and Consultative Committee (JNCC) mechanism and through other joint working initiatives such as the Improving Working Lives Steering Group.

Development on Organisation Wide Quality Issues

Joint training with staff representatives has been introduced to enhance the people management skills of all those with management responsibility. The HR Strategy has been developed with the aim of making the Trust the employer of choice in the local area. The achievement of the Improving Working Lives Standard at Practice Level has enabled the Trust to move forward to achieving the higher level of Practice Plus.

Staff Opinion Survey

The Staff Opinion Survey was conducted in Autumn 2004 and indicated some significant improvements and achievements when compared with the 2003 survey. In particular, 100% of respondents indicated that they had received training in the previous year (compared with 92% in 2003 and compared to a national average of 92%); the number of respondents who had felt pressured into working additional hours had reduced from 89% in 2003 to 61% in 2004 (against a national average of 64%); and the number of staff having been appraised in the past 12 months had increased from 42% to 68% (against a national average of 62%).

Equality Statement

The Trust has an Equal Opportunities Policy and trains managers in best practice. The Trust has developed a Race Equality Scheme and has an action plan to ensure compliance with the recent legislative changes.

Disability Discrimination Act

The Trust has a Policy on the Employment of Disabled Persons and has achieved the Two Tick Symbol in relation to its recruitment practices. Training and the introduction of E-Recruitment have further diminished the chances of discrimination in this area. The Occupational Health Department routinely advises on disability issues and the way in which posts can be re-designed to cater for those employees affected by disability.

Occupational Health

The Occupational Health Department continues to provide valuable advice and counselling to managers and employees on all matters relating to health at work. Expert advice is also provided to inform Trust-wide policy issues relating to a safer working environment.

2004/2005

TRUST COMPLIANCE

Facilities Directorate

Health and Safety

The total number of workplace incidents remained almost the same as the previous year. The reduction in the more major type of injury suffered by staff members was off-set by a small increase in the less traumatic type of injury. These included a reduction in the top four injury types, with an increase in the more office based injuries such as trapping fingers in desk drawers and being struck by a falling object such as notes or files stored on shelving when being retrieved.

Two sub-groups of the Health and Safety Committee have been set up to consider ways of reducing the two major causes of injury to staff during the previous year. The work of these sub-groups is on-going and it is envisaged that it may take many months of work to reduce the number of incidents to a tolerable level.

The top four incidents continue to be:-

Category of Incident	2003/4 Year	Position	2004/5 Year	Position
Contact – Clinical Sharp	160	1	135	1
Lifting or Carrying	110	2	115	2
Slips, Trips and Falls	105	3	83	3
Struck Against Something	93	4	71	4

These figures are encouraging and indicate that the work carried out by the two sub-groups of the Health and Safety Committee has been successful.

The appointment of the Assistant Physical Risk Adviser has enabled more involvement in training, including holding training sessions and roadshows in community hospitals.

Department risk registers are well established and many risks are now being incorporated into the Trust's overall risk register.

It is envisaged that many of the Controls Assurance Standards will be incorporated into the new Standards for Better Health.

Many new or revised regulations have been introduced or appear on the statute books, including revised COSHH regulations and the Working at Height regulations, and training will focus on these new regulations to ensure Trust compliance.

Environmental Improvements

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

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

Victoria Hospital

- Wards 14 and 15 Upgrading
- Aster Ward Replacement Heating
- Obstetric Theatre Cooling

Community Hospitals

- Fleetwood Hospital Redevelopment

2004/2005

TRUST COMPLIANCE

Single Sex Accommodation

The Trust operates within Department of Health guidelines on the use of mixed sex wards and specific attention is paid to the provision of adequate single sex accommodation in new developments, for example, the Cardiac Centre.

The only mixed sex ward within the Trust is a 7 bed bay at Victoria Hospital used for elective surgery.

Patients' views on mixed sex wards are audited annually and there is a robust policy and standards with guidance notes for staff.

Capital Investment Activity

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

The Trust is allocated a sum of money each year for such capital investment and the following is a summary of some of the key schemes in progress during 2004/05 :-

Scheme	Expenditure During 2004/05 £ million
Cardiac Centre Development	18.31
Fleetwood Hospital Phase 3 Redevelopment	0.60
Capital – Other Schemes	3.64
Medical Equipment	1.06
Twin Day Case Theatres	1.36
Temporary Cardiac ICU Beds	0.49
Additional Cardiology Imaging Laboratory	0.28
Sterile Services Decontamination	0.22
Women's Unit Power Supply	0.18
Second CT Scanner	0.17
Wards 14/15 Floors	0.15
East Park Drive Traffic Lights	0.09
Aster Ward Replacement Heating	0.06
Cardiology Day Ward Relocation	0.04
Obstetric Theatre Cooling	0.02
Total	26.67

Included in these schemes is the £5.8 million Twin Day Case Theatres scheme at Blackpool Victoria Hospital which will increase the capacity of the Trust to carry out day case surgery.

Private Finance Initiatives (PFI) and Proposals

The Trust has entered into an agreement with Fresenius Medical Care Services as its preferred supplier for a fully managed renal dialysis service. This includes the provision of a purpose designed building on the Clifton Hospital site to replace the facilities currently provided at Devonshire Road Hospital. The new unit will increase the current dialysis capacity from 6 to 12 stations and will be operational from May 2005.

The Trust expects to meet the cost of major equipment required for the new Cardiac Centre development from non-exchequer sources. A number of financial options will be explored to determine how this can be best achieved.

2004/2005

TRUST COMPLIANCE

Planning and Performance Directorate

NHS Plan Standards

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

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

The Trust had a short notice* cancellation rate of 2.05% in 2004/05, compared with 2.2% in 2003/04, which reflects the high bed occupancy. The Trust is continuing to work towards reducing the number of short notice cancellations.

* cancelled on the day of admission/operation.

Waiting Lists

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

For all operations:

Target: To ensure a reduction in the number of over 6-month in-patient waiters from the March 2004 baseline

Main Specialty	Number waiting over 6 months as at March 04	Number waiting over 6 months as at March 05	
General Surgery	177	67	Target Achieved
Urology	44	2	
Orthopaedics	350	60	
ENT	64	46	
Ophthalmology	2	0	
Oral Surgery	0	0	
Cardiothoracic Surgery	0	0	
Anaesthetics	0	0	
General Medicine	0	1	
Haematology	22	0	
Cardiology	0	0	
Dermatology	0	0	
Rheumatology	0	0	
Gynaecology	54	17	
TOTAL	713	193	

2004/2005

TRUST COMPLIANCE

For first out-patient appointment:

Target: To progress towards achieving a maximum wait of 13 weeks for an out-patient appointment by August 2005
(Local Target)

Main Specialty	Numbers waiting over 13 weeks as at March 04	Numbers waiting over 13 weeks as at March 05	
General Surgery	13	0	Target Achieved
Urology	0	0	
Orthopaedics	29	0	
ENT	47	0	
Ophthalmology	5	0	
Oral Surgery	0	0	
Orthodontics	0	0	
Neurosurgery	0	0	
Plastic Surgery	1	0	
Cardiothoracic Surgery	0	0	
Anaesthetics	11	6	
General Medicine	46	0	
Haematology	0	0	
Cardiology	13	0	
Dermatology	0	0	
Nephrology	1	0	
Neurology	8	0	
Rheumatology	0	0	
Paediatrics	0	0	
Obstetrics	0	0	
Gynaecology	11	0	
TOTAL	185	6	

Target: no patient waiting over 3 months for revascularisation surgery within Cardiac Services - ACHIEVED

Target: no patient waiting over 3 months for cataract surgery within Ophthalmology - ACHIEVED.

2004/2005

TRUST COMPLIANCE

Partnership Arrangements

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

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

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

- With Patients – the Trust works closely with patients, their carers and the local community to develop services and to ensure they are involved in the decision making process.
- With Primary Care Trusts – the Trust collaborates closely with Primary Care Trusts to ensure a joint view of the necessary investment and priorities for the local health community.
- With Other Hospitals – the Trust works closely with neighbouring hospitals to ensure local delivery of services where appropriate and speedy referral to specialist centres.
- With Education Providers – the Trust continues to develop partnerships to promote the general education and development of all staff.
- With the Strategic Health Authority – the continued development of close partnership working to ensure essential capital investment in services and infrastructure.
- With Staff – a culture which values openness, integrity, staff participation, respect for others and a commitment to the success of the Trust.

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

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

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

2004/2005

TRUST COMPLIANCE

Local Health Strategy

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

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

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

The local delivery plan focuses on: -

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

Public Health

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

Code of Practice on Openness

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

- Annual Report
- Business Plan
- Information Leaflets

Other Specific Requirements for the Trust:-

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

2004/2005

FINANCIAL REVIEW

Financial Duties

We met all three of the statutory financial duties set for us by legislation and direction of the Secretary of State for Health in our third year of operation. We:

- o Operated within our net cash limit of £14.8 million;
- o Broke even on our Income and Expenditure account with a small surplus of £84 thousand;
- o Absorbed a 3.6% return on capital assets in our costs.

On capital spend (which is a non-statutory financial target) we exceeded our in-year capital spend allowance (Capital Resource Limit) by £2.6 million. However, this reflects progress four to six weeks ahead of target on building our two major capital schemes. As both the Cardiac Centre and Twin Day Case Theatre projects are expected to come within overall budget on completion, we will underspend by £2.6 million in future years. The Department of Health's allocation will therefore catch up with our progress on implementing the schemes.

A significant gain was made on disposing of part of the site that housed the old Wesham Hospital. Administrative buildings and the rehabilitation unit were not sold. The gain was used to achieve in-year balance of £2.8 million as part of a planned Cost Improvement Programme and £1.2 million as a windfall gain. Some of the overall gain was also used to repay and/or avoid planned brokerage in-year and to meet the administrative cost of disposing of the asset. In addition, £4.1 million was brokered forward to support the Trust's financial position in 2005/06.

Looking Forward

The Trust achieved financial balance within the 2004/05 year, but benefited from a number of one-off income streams and non-recurrent measures. We still have a lot of work to do to get back onto a truly sound financial footing.

The Finance Director will therefore continue to lead a significant Financial Recovery Plan. This will need to be rooted in modernisation and changing clinical practice and processes to deliver the substantial increases in income for activity delivered and reduction in our cost base required over the coming years.

Staff will be assimilated on to the new Agenda for Change pay scales and an estimate of the costs has been reserved for in the plans for the 2005/06 year.

The Trust as a whole will need to respond positively to the demands of the new "Payment by Results" funding system for NHS Trusts. This is to be introduced gradually over the next three years. It will eventually mean that most of our income is generated only because we produce the right activity to meet patient requirements and service targets. If we do this at the right cost we will be in financial balance.

In the coming year the Trust will implement the national Electronic Staff Record system and will commence the implementation of a new financial ledger package.

The completion of the new Cardiac Centre and the Twin Day Case Theatre complex will present new financial challenges as we use these important assets to provide more and better healthcare.

2004/2005

FINANCIAL REVIEW

Capital Investment

We invested a record £26.67 million in capital projects during the year. The capital projects funded by this investment were:

Capital Project	Spend £ Million
Cardiac Centre	18.31
Twin Day Case Theatre	1.36
Essential Infrastructure	1.32
Phase V (final settlement)	1.13
Medical Equipment	1.06
Health and Safety, Fire Precaution and other statutory and regulatory work	0.96
Pharmacy Computer System, IT Infrastructure and other Information Technology Investment	0.54
Cardiac Intensive Care Unit	0.49
Other Capital Projects	1.50
Total Capital Spend	26.67

The Trust's £45 million Cardiac Centre proceeded ahead of schedule to such an extent that funding for the scheme in year fell behind spend. However, the allocation will catch up in future years and the scheme is still forecast to be finished within the total £45 million budget. Completion of the building in February 2006 will be followed by a significant commissioning period.

After some delay in approval the Twin Day Case Theatre scheme is now proceeding well and again is slightly ahead of funding.

The Estates Department was also able to complete some essential infrastructure improvements, including heating and cooling systems in key clinical areas, power supply upgrades and essential flooring work.

A final settlement was negotiated by the Facilities Director on the Phase V building, which has now been in use for some time. This confirms finally that the Phase V scheme was completed within budget as well as to time.

The Medical Equipment investment included a Cardiac Laboratory funded by the New Opportunities Fund, a further increase in the electric beds introduced into the majority of Trust premises in previous years, flexible scopes, laryngoscopes, an ultrasound machine, an anaesthetic machine, and many other items of essential medical equipment.

2004/2005

FINANCIAL REVIEW

Financial Efficiency

Although an excellent in-year record, too much of this improvement was due to one-off measures and gains. In order to regain financial stability, we need to achieve a much higher element of enduring cost savings.

Prompt Payment

The "Better Payment Practice Code" requires the Trust to pay all valid invoices by a due date, or within 30 days of receipt of the goods or a valid invoice, whichever is the later. We were able to pay 91% of invoices by value within the Government's prompt payment target. Interest amounting to £2 thousand was paid as a result of claims made under this legislation. Details of compliance with the code are given on page 35.

Senior Managers' Pay

The Trust again restricted the pay inflation of its senior managers to 3.225%. This figure is in line with the inflation increase in nursing salaries in the year. Details of senior managers remuneration are given on page 33.

Indemnity Insurance

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

Management Costs

The year on year increase in management costs was £771 thousand or 11.14%. A very large percentage of this increase is explained by the standard inflation rise of 3.225% and an increase in employers superannuation rates from 7% to 14% of superannuable pay.

The costs have therefore effectively stood still in real terms while the Trust has continued to expand its responsibilities and functions. As a three star NHS Trust we do not have a Management Cost target.

The management and administration costs are detailed on page 35.

Local Pay Bargaining

During the year the Trust completed the introduction of the new Consultant Contract. All but a handful of medical consultants who have chosen to remain on the old contractual terms are now employed on the new contract terms.

Terms and conditions of staff inherited from predecessor organisations have now been harmonised in all significant respects.

Preparatory work was undertaken by the personnel function on the difficult task of implementing the Agenda for Change pay policy locally. A significant provision has been made for backdating Agenda for Change terms to October 2004 in line with the national agreement. The scale of this agreement was estimated by using a forecast based on the assimilation to new pay scales completed to date. The provision arrived at is a best estimate of cost at this stage, but actual costs may be higher or lower.

2004/2005

FINANCIAL REVIEW

Accounting Policies

The financial statements have been prepared in accordance with the 2004/05 NHS Trusts Manual for Accounts. The accounting policies contained in the manual follow UK Generally Accepted Accounting Practice (UK GAAP) and HM Treasury's Resource Accounting Manual to the extent that it is appropriate for the NHS.

There have been no material departures from the accounting policies directed by HM Treasury during the year.

Value For Money Activities

The Trust is committed to achieving Value For Money in the services it provides. The Trust's Cost Improvement Programme in the year of £6.59 million enabled the Trust to provide its services at a lower price base. Schemes which provided reductions in costs were numerous and included:

- o A reduction in the Trust's established staff numbers.
- o Planned profits on the sale of assets.
- o Procurement savings through negotiating lower prices.
- o Directorate cost reductions.
- o Reduced maintenance spend.
- o Freeze on furniture spending.

Income Generation

During the financial year the Trust continued to provide a linen and laundry service to other organisations and commercial companies. This work generated an income which contributed to the overall funding of the Trust.

Auditors

The Trust's External Auditors are PricewaterhouseCoopers based at 101 Barbirolli Square, Manchester, M2 3PW. Costs were as follows:-

Assurance (audit)	£145,590
Other Services	<u>NIL</u>
	<u>£145,590</u> (excluding VAT and Audit of Charitable Funds)

2004/2005

SUMMARY FINANCIAL STATEMENTS 2004/05

The following Summary Financial Statements are extracted from the 2004/05 Annual Accounts of the Blackpool, Fylde and Wyre Hospitals NHS Trust. Information on obtaining a full set of accounts is available on the back page of this report.

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED

31 March 2005

	2004/05 £000	2003/04 £000
Income from activities	167,686	159,007
Other operating income	16,686	14,269
Operating expenses	<u>(190,118)</u>	<u>(169,613)</u>
OPERATING (DEFICIT) SURPLUS	(5,746)	3,663
Cost of fundamental reorganisation/restructuring	0	0
Profit (loss) on disposal of fixed assets	<u>11,441</u>	<u>(6)</u>
SURPLUS (DEFICIT) BEFORE INTEREST	5,695	3,657
Interest receivable	359	539
Interest payable	(2)	0
Other finance costs - unwinding of discount	(47)	(43)
Other finance costs - change in discount rate on provisions	<u>0</u>	<u>(105)</u>
SURPLUS (DEFICIT) FOR THE FINANCIAL YEAR	6,005	4,048
Public Dividend Capital dividends payable	<u>(5,921)</u>	<u>(4,977)</u>
RETAINED SURPLUS (DEFICIT) FOR THE YEAR	<u>84</u>	<u>(929)</u>

2004/2005

SUMMARY FINANCIAL STATEMENTS 2004/05

NOTE TO THE INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED

31 March 2005

	£000	2003/04 £000
Retained surplus/(deficit) for the year	84	(929)
Financial support included in deficit for the year – internally generated	0	(950)
Retained surplus/(deficit) for the year excluding financial support	<u>84</u>	<u>(1,879)</u>

Financial support is income provided wholly to assist in managing financial problems. Internally generated financial support is financial support received from within the local health economy, consisting of the area of responsibility of Cumbria and Lancashire Strategic Health Authority.

During 2004/05, the Trust:

- received no financial support from the Strategic Health Authority;
- re-paid the financial support received in 2003/04; and
- offered financial support to the value of £4.1 million to the Strategic Health Authority, and which will be returned to the Trust in 2005/06.

The Trust is statutorily required to have a financial recovery plan in place because of a cumulative deficit in terms of break-even performance. The Trust is in the process of agreeing such a plan with the Strategic Health Authority.

2004/2005

SUMMARY FINANCIAL STATEMENTS 2004/05

BALANCE SHEET AS AT

31 March 2005

	£000	31 March 2004 £000
FIXED ASSETS		
Intangible assets	0	0
Tangible assets	184,096	157,122
Investments	0	0
	<u>184,096</u>	<u>157,122</u>
CURRENT ASSETS		
Stocks and work in progress	3,205	3,427
Debtors	13,526	6,728
Investments	0	0
Cash at bank and in hand	179	179
	<u>16,910</u>	<u>10,334</u>
CREDITORS: Amounts falling due within one year	<u>(19,989)</u>	<u>(13,084)</u>
NET CURRENT ASSETS (LIABILITIES)	<u>(3,079)</u>	<u>(2,750)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>181,017</u>	<u>154,372</u>
CREDITORS: Amounts falling due after more than one year	0	0
PROVISIONS FOR LIABILITIES AND CHARGES	<u>(2,332)</u>	<u>(826)</u>
TOTAL ASSETS EMPLOYED	<u>178,685</u>	<u>153,546</u>
FINANCED BY:		
TAXPAYERS' EQUITY		
Public dividend capital	143,325	128,566
Revaluation reserve	37,226	27,490
Donated asset reserve	3,927	3,764
Income and expenditure reserve	(5,793)	(6,274)
TOTAL TAXPAYERS EQUITY	<u>178,685</u>	<u>153,546</u>

The financial statements were approved by the Audit Committee on 6th July 2005 and confirmed by the Trust Board on 13th July 2005.

Signed on its behalf by:



13th July 2005 Chief Executive

2004/2005

SUMMARY FINANCIAL STATEMENTS 2004/05

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED

31 March 2005

	£000	2003/04 £000
Surplus for the financial year before dividend payments	6,005	4,048
Unrealised surplus on fixed asset revaluations/indexation	9,263	10,384
Increases in the donated asset and government grant reserve due to receipt of donated and government grant financed assets	1,348	465
Reductions in the donated asset and government grant reserve due to the depreciation, impairment and disposal of donated and government grant financed assets	(315)	(336)
	—	—
Total recognised gains and losses for the financial year	16,301	14,561
Prior period adjustment	0	(5,019)
	—	—
Total gains and losses recognised in the financial year	<u>16,301</u>	<u>9,542</u>

2004/2005

SUMMARY FINANCIAL STATEMENTS 2004/05

CASH FLOW STATEMENT FOR THE YEAR ENDED

31 March 2005

	£000	2003/04 £000
OPERATING ACTIVITIES		
Net cash inflow from operating activities	7,185	14,288
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE:		
Interest received	372	526
Interest paid	(2)	(148)
Interest element of finance leases	<u>0</u>	<u>0</u>
Net cash inflow from returns on investments and servicing of finance	370	378
CAPITAL EXPENDITURE		
(Payments) to acquire tangible fixed assets	(23,420)	(10,682)
Receipts from sale of tangible fixed assets	7,027	82
(Payments) to acquire intangible assets	0	0
Receipts from sale of intangible assets	0	0
(Payments to acquire)/receipts from sale of fixed asset investments	<u>0</u>	<u>0</u>
Net cash (outflow) from capital expenditure	(16,393)	(10,600)
DIVIDENDS PAID		
	<u>(5,921)</u>	<u>(4,977)</u>
Net cash (outflow) before management of liquid resources and financing	(14,759)	(911)
MANAGEMENT OF LIQUID RESOURCES		
(Purchase) of current asset investments	0	0
Sale of current asset investments	0	0
Net cash inflow from management of liquid resources	<u>0</u>	<u>0</u>
Net cash (outflow) before financing	(14,759)	(911)
FINANCING		
Public dividend capital received	<u>14,759</u>	<u>911</u>
Net cash inflow from financing	<u>14,759</u>	<u>911</u>
Increase in cash	<u><u>0</u></u>	<u><u>0</u></u>

2004/2005

SUMMARY FINANCIAL STATEMENTS 2004/05

SALARY AND PENSION ENTITLEMENTS OF SENIOR MANAGERS

A) Remuneration

Name and Title	2004-05			2003-04		
	Salary	Other Remuneration	Benefits in Kind	Salary	Other Remuneration	Benefits in Kind
	(bands of £5000)	(bands of £5000)	Rounded to the nearest	(bands of £5000)	(bands of £5000)	Rounded to the nearest
	£000	£000	£100	£000	£000	£100
B Lester - Chairman	20-25			20-25		
PR Male - Chief Executive	115-120			110-115		
TH Evans - Director of Finance	80-85		2,700	75-80		3,500
T Andrews - Director of Operations (resigned 30.4.04)	5-10		200	75-80		
A Kehoe - Director of Operations (appointed 26.4.04)	60-65		2,300			
PJ Hayes - Medical Director	25-30	95-100		25-30	95-100	
PJ Dewdney - Director of Planning & Performance	65-70		4,300	65-70		2,700
A Sunderland - Director of Nursing and Quality	75-80		5,400	45-50		2,500
J Mottershead - Acting Director of Nursing and Quality (1.9.03 - 30.11.03)	0			0-5		
J Lyons - Director of Human Resources	70-75			65-70		
MJ Gallagher - Director of Facilities	70-75		2,600	65-70		2,700
JC Armfield - Non-Executive	5-10			5-10		
C Breene - Non-Executive	5-10			5-10		
M Carr - Non-Executive	5-10			5-10		
PA Olive - Non-Executive	5-10			5-10		
GE Essex - Crosby - Non-Executive (resigned 30.9.03)	0			0-5		
M Brown - Non-Executive (appointed 1.3.04)	5-10			0-5		

T Andrews, Director of Operations, resigned on 30th April 2004. A Kehoe was appointed as Director of Operations on 26th April 2004. Benefits in kind represents the provision of lease cars.

2004/2005

SUMMARY FINANCIAL STATEMENTS 2004/05

SALARY AND PENSION ENTITLEMENTS OF SENIOR MANAGERS

B) Pension Benefits

Name and title	Real increase in pension and related lump sum at age 60	Total accrued pension and related lump sum at age 60 at 31 March 2005 ##	Cash Equivalent Transfer Value at 31 March 2005	Cash Equivalent Transfer Value at 31 March 2004	Real Increase in Cash Equivalent Transfer Value	Employers Contribution to Stakeholder Pension
	(bands of £2500) £000	(bands of £5000) £000	£000	£000	£000	To nearest £100
PR Male - Chief Executive	#	#	#	#	#	#
TH Evans - Director of Finance	#	#	#	#	#	#
T Andrews - Director of Operations	#	#	#	#	#	#
A Kehoe - Director of Operations	#	#	#	#	#	#
PJ Hayes - Medical Director	#	#	#	#	#	#
PJ Dewdney - Director of Planning & Performance	#	#	#	#	#	#
A Sunderland - Director of Nursing and Quality	#	#	#	#	#	#
J Lyons - Director of Human Resources	#	#	#	#	#	#
MJ Gallagher - Director of Facilities	#	#	#	#	#	#

Permission to disclose withheld.

This represents the accrued pension as at the Balance Sheet date at normal retirement age. The Executive Directors have stated that they feel the basis of this calculation to be hypothetical and therefore potentially misleading. All Executive Directors are members of the NHS Pension Scheme and details of the operation of this scheme can be obtained from the NHS Pensions Agency, Broadway, Fleetwood, Lancashire, or from the Agency's website at www.nhs.gov.uk.

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

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capital value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme, or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which the disclosure applies. The CETV figures, and from 2004-05 the other pension details, include the value of any pension benefits in another scheme or arrangement which the individual has transferred to the NHS pension scheme. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

Real Increase in CETV reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

2004/2005

SUMMARY FINANCIAL STATEMENTS 2004/05

MANAGEMENT COSTS

	£000	2003/04 £000
Management costs	7,689	6,918
Income	184,372	173,276

Management costs are defined as those on the management costs website at www.dh.gov.uk/PolicyAndGuidance/OrganisationPolicy/FinanceAndPlanning/NHSManagementCosts/fs/en.

BETTER PAYMENT PRACTICE CODE - MEASURE OF COMPLIANCE

	Number	£000
Total bills paid in the year	55,190	73,837
Total bills paid within target	48,319	66,861
Percentage of bills paid within target	88%	91%

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

RELATED PARTY TRANSACTIONS

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

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

Mr MJ Gallagher, Director of Facilities for Blackpool, Fylde and Wyre Hospitals NHS Trust, has a minor shareholding in Patientline Limited. All transactions in the year between the Trust and Patientline Limited were conducted as arms length transactions under normal commercial terms.

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

Blackpool PCT	Morecambe Bay PCT	NHS Logistics
Burnley Pendle and Rossendale PCT	Preston PCT	National Blood Authority
Chorley and South Ribble PCT	Wyre PCT	Greater Manchester Workforce
Fylde PCT	Lancashire Care NHS Trust	Development Confederation

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

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

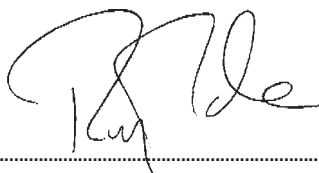
2004/2005

SUMMARY FINANCIAL STATEMENTS 2004/05

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

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

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



13th July 2005Chief Executive

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

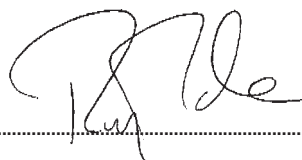
The Directors are required under the National Health Services Act 1977 to prepare accounts for each financial year. The Secretary of State, with the approval of the Treasury, directs that these accounts give a true and fair view of the state of affairs of the Trust and of the income and expenditure of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

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

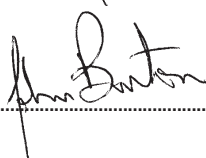
The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Trust and to enable them to ensure that the accounts comply with the requirements outlined in the above mentioned direction of the Secretary of State.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

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

By order of the Board



13th July 2005Chief Executive



13th July 2005Acting Finance Director

2004/2005

SUMMARY FINANCIAL STATEMENTS 2004/05

STATEMENT OF DIRECTORS' RESPONSIBILITY IN RESPECT OF INTERNAL CONTROL

Scope of responsibility

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

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

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

The purpose of the system of internal control

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

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

The system of internal control has been in place in Blackpool, Fylde and Wyre Hospitals NHS Trust for the whole year ended 31st March 2005 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

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

2004/2005

SUMMARY FINANCIAL STATEMENTS 2004/05

The risk and control framework

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

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

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

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

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

There are no significant gaps in controls assurance. There are a small number of limited gaps in the areas of Bed Capacity and Clinical Infrastructure and actions are being taken to address gaps.

Review of effectiveness

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

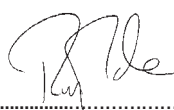
Executive managers within the organisation who have responsibility for the development and maintenance of the system of internal control provide me with assurance. The Assurance Framework itself provides me with evidence that the effectiveness of controls that manage risks to the organisation achieving its principle objectives have been reviewed. My review is also informed by the interim systems audit and reports on control issues and by the SHA approved action plan which we have developed following the CHI review undertaken in February and March 2004.

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

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

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

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



13th July 2005..... Chief Executive Officer

2004/2005

SUMMARY FINANCIAL STATEMENTS 2004/05

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

We have examined the summary financial statements set out on pages 28 to 35.

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

Respective responsibilities of directors and auditors

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

Basis of opinion

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

Opinion

In our opinion the summary financial statements are consistent with the statutory financial statements of the Trust for the year ended 31 March 2005 on which we have issued an unqualified opinion.



Signature:

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Date: 13th July 2005

PricewaterhouseCoopers LLP
Manchester

Notice of the Trust's Annual Public Meeting

The Annual Public Meeting of the Blackpool, Fylde & Wyre Hospitals NHS Trust will be held on Wednesday, 28th September, 2005, at 6.00 pm in the Lecture Theatre, Health Professionals Education Centre, Victoria Hospital.

Obtaining the Trust's Full Accounts

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

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

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

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

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