

Annual Report and Summary of Accounts 2005/2006



2005/2006

VISION AND VALUES



Our Vision

Blackpool, Fylde and Wyre Hospitals
NHS Trust

- To offer 'best in NHS' care for our patients
- To be the first choice for the residents of the Fylde Coast and beyond
- To offer outstanding value for money for the taxpayer
- To be a great place to work



Our Values

Blackpool, Fylde and Wyre Hospitals
NHS Trust

- We put patients at the heart of what we do
- We respect each other and prize teamwork
- We put our customers' needs first
- We praise more than blame
- We have a 'can do' attitude
- We embrace change for the better
- We communicate, communicate, communicate

2005/2006

CONTENTS	PAGE
REVIEW OF THE YEAR BY THE CHAIRMAN	4
REVIEW OF THE YEAR BY THE CHIEF EXECUTIVE.....	5
TRUST PROFILE	6
TRUST VISION.....	10
TARGET PERFORMANCE	11
STRATEGY FOR THE FUTURE DELIVERY OF HEALTH CARE ON THE FYLDE COAST	12
THE TRUST BOARD.....	15
TRUST OBJECTIVES 2005/06.....	19
TRUST COMPLIANCE	20
AUDIT REPORT.....	21
REMUNERATION REPORT.....	23
FINANCIAL REVIEW	24
SUMMARY FINANCIAL STATEMENTS 2005/2006.....	26
AUDITOR'S REPORT.....	38

2005/2006

REVIEW OF THE YEAR BY THE CHAIRMAN

I am delighted to introduce our Annual Report for 2005/2006 which includes information about the Trust, including its profile, performance and objectives.


I would like to thank Roy Male, who retired as our Chief Executive in November 2005, for his hard work during his three years in post. The Trust achieved all its aims under his stewardship and again achieved 3 star status.

I would also like to welcome Julian Hartley who joined the Trust as Chief Executive in December 2005 and has already made significant improvements within a short timescale.

2005/06 was a year of extreme hard work by everyone. This resulted in the retention of 3 star status. We opened the new Renal Unit at Clifton Hospital which has provided vastly improved facilities for patients and much better working conditions for staff. Significant progress was made in building the Lancashire Cardiac Centre and the Day Surgery Unit. We also began to realise the scale of the fundamental improvements to be made to place the Trust on a firm financial footing in order to move to Foundation Trust status.

The cost improvements drive forward plans to modernise services and facilities for the benefit of patients. Some of the plans formed in 2005/06 are paying great dividends in this year, for example, far fewer cancelled operations and shorter lengths of stay in hospital and, of course, a tremendous increase in day case surgery.

The Board is committed to promote the best possible hospital services for the communities of the Fylde Coast, working in partnership with our colleagues in the PCTs, Social Services and Local Authorities. We cannot do this without the hard work, support and engagement of our clinicians, managers, staff and volunteers and I thank all of them for their valuable contribution and commitment.



Beverly Lester
Chairman

2005/2006

REVIEW OF THE YEAR BY THE CHIEF EXECUTIVE

I was delighted to be appointed as your new Chief Executive last year, and since taking up my post eight months ago I have been impressed by the commitment and dedication of staff.

There is no doubt that the Trust faces major challenges at present, the most critical being our very poor financial position. As a result we have to take difficult decisions, which affect a number of members of staff. This is not an easy time for the Trust but we must face up to our problems if we are to achieve success in the future.

I am confident that with the continuing hard work and dedication of our staff we will succeed. I have been heartened by the major improvements already made, where we have streamlined services and delivered improved patient care. The contribution of staff to developing the Trust's Vision and Values has been very encouraging as these set out our future direction and the values we aim to uphold.

The last year has also been a time of development and success. The opening of the new Day Surgery Unit and the completion of the Lancashire Cardiac Centre have significantly improved our facilities for patients and staff. In addition, we have met all our key patient access targets against a backdrop of increasing demand.

I want to take this opportunity to thank everyone for their hard work over the year, and thank you in advance for the work needed to overcome our current challenges and ensure a successful future for the Trust.



Julian Hartley
Chief Executive

2005/2006

TRUST PROFILE

The Blackpool, Fylde and Wyre Hospitals NHS Trust was established on 1st April 2002 following the merger of Blackpool Victoria Hospital NHS Trust and Blackpool, Wyre and Fylde Community Health Services NHS Trust.

The Trust comprises Blackpool Victoria Hospital, which is the main District General Hospital for the Fylde Coast, and eight other community hospitals, as well as the National Artificial Eye Service and the Blackpool Child Development Centre.

The Trust serves a population of approximately 330,000 residents of Blackpool, Fylde and Wyre and approximately 16 million holiday-makers who visit the area every year.

The key features of the Trust in 2005/06 are as follows:-

- Income in excess of £185,000 million.
- Employment of approximately 4400 staff.
- Treatment of 85,000 in-patients and day case patients.
- Treatment of 300,000 out-patients.
- 85,000 accident and emergency attendances.
- 2,965 births.
- Total bed complement of 1,195.
- Regional Centre for Cardiac Services.
- Recognised Cancer Unit.

Figure 1- Location Map of Blackpool, Fylde and Wyre



2005/2006

TRUST PROFILE

The Trust provides a comprehensive range of services to the population of the Fylde Coast which include:-

- 24 Hour Accident and Emergency Facilities
- Anaesthetics
- Child Health
- Ear, Nose and Throat Surgery
- General Medicine, including Elderly Care
- General Surgery and Urology
- Gynaecology
- Intensive, High Dependency and Coronary Care
- Maternity Services
- Ophthalmology
- Oral Surgery
- Orthopaedics
- Support Services for diagnosis and treatment including Pathology, X-Ray, Physiotherapy, Occupational Therapy and Specialist Nurses

Figure 2: Location of Hospitals on the Fylde Coast



2005/2006

TRUST PROFILE

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

- Victoria Hospital – 819 beds
- Bispham Hospital – 40 beds
- Clifton Hospital – 97 beds
- Devonshire Road Hospital – 10 beds
- Fleetwood Hospital – 12 beds and day case unit
- Lytham Hospital – 17 beds and day case unit
- Rossall Hospital – 40 beds
- South Shore Hospital – 102 beds
- Wesham Hospital – 40 beds

Other services include:-

- Blenheim House Child Development Centre
- National Artificial Eye Service
- Poulton Office

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 85,000 attendances during 2005/06. 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 tertiary centres in the North West that provides specialist Cardiac Services to patients from Lancashire and South Cumbria, a catchment population of 1.6 million. A purpose built Day Surgery Unit opened in April 2006 and a new £52 million Cardiac Centre opened in July 2006.

Clifton Hospital is a community unit that provides sub-acute and fast-stream in-patient 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 opened in May 2005, to replace the renal services previously provided at Devonshire Road Hospital. In addition, a new development combining rheumatology services (to be transferred from South Shore Hospital) and dermatology services (to be transferred from Devonshire Road Hospital) will be relocated to Clifton Hospital towards the end of 2006.

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

Devonshire Road Hospital is a centrally located community unit which currently provides both in-patient and out-patient dermatology services. Plans are in place to relocate existing services from this site during 2006.

Fleetwood Hospital is a community unit that serves residents from Wyre and surrounding areas requiring in-patient, day case and out-patient care. The unit has beds in a number of surgical specialties, including General Surgery, Urology, Orthopaedics and Podiatric Surgery. A number of beds at the hospital are available for use by the GPs of Fleetwood to provide in-patient care for their own patients and those transferred following treatment from Victoria Hospital. There is also an Out-Patient Department which houses 7 consulting suites, one of which has been adapted for audiology use. All in-patient and day case surgery (with the exception of Podiatry) was subsequently transferred to Victoria Hospital in April 2006.

2005/2006

TRUST PROFILE

Lytham Hospital is a community unit 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 houses 6 treatment rooms and 3 consultation rooms. All in-patient and day case surgery was subsequently transferred to Victoria Hospital in April 2006.

Rossall, Bispham and Wesham Hospital Rehabilitation Units are purpose-built units that provide rehabilitation, recovery and continuing care services to older people from across the Fylde Coast. Rossall also provides day hospital facilities which includes the provision of a Falls Service for the Fylde Coast.

The Nurse Led Ward was transferred from South Shore Hospital to the Bispham Rehabilitation Unit in May 2006.

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. There are 7 consultant clinics each month and a genetics clinic and paediatric neurology clinic every 3 months. In addition, orthoptic clinics are held periodically as required.

The National Artificial Eye Service is managed and controlled by the Trust but operates nationwide. Approximately 30,000 patients are treated each year and approximately 1,000 new patients are referred each year. There are more than 70 clinics in England and the service provides on-going aftercare and maintenance for approximately 40,000 patients throughout the country.

Poulton Office is based at Furness Drive, Poulton, and includes Trust staff from various administrative departments, for example Management Accounts, Payroll and Information Management and Technology.

It is possible that, subject to the outcome of the public consultation, some of the services referred to above may change or be relocated to other sites. Further details about the proposals can be obtained from the consultation document entitled "Improving Patient Care" which is available from our website: www.bfwhospitals.nhs.uk

2005/2006

TRUST VISION

The Trust requires a clear vision for its future development which is widely shared and understood. The range of policy changes in the NHS at present is challenging and our staff require a compelling vision of how we will thrive and prosper in the new NHS. In addition we require a set of values which guide our behaviour and ensure the patient is at the centre of our concerns.

The Trust's vision is:-

- To offer the "best in NHS" care for our patients.
- To be the first choice for the residents of the Fylde Coast and beyond.
- To offer outstanding value for money for the taxpayer.
- To be a great place to work.

The Trust's values are:-

- We put patients at the heart of what we do.
- We respect each other and prize teamwork.
- We put our customers' needs first.
- We praise more than blame.
- We have a "can do" attitude.
- We embrace change for the better.
- We communicate, communicate, communicate.

The Trust's aim is to achieve this vision through the following goals:-

- ✓ Supporting people in the community so that we only admit people to hospital who need to be treated in hospital.
- ✓ Achieving best value for money through making better use of our facilities.
- ✓ Performing more operations as day cases where appropriate.
- ✓ Ensuring patients do not stay in hospital longer than is needed.
- ✓ Developing services for patients with long term conditions in community settings so they can be treated close to or in their homes and hospital admissions can be reduced or prevented.
- ✓ Valuing and developing our staff.

Delivery of the above vision will provide the following benefits for patients:-

- ✓ Local health services, designed to meet the needs of the population of the Fylde Coast.
- ✓ Better health and well-being for the population in general.
- ✓ Support for people with long term health conditions, helping them to get the most out of life.
- ✓ High quality care, delivered by the right healthcare professionals when and where it is needed.
- ✓ More services provided through primary care and based in the community.
- ✓ Better access to key diagnostic tests.
- ✓ Reduced waiting times for treatments.
- ✓ Shorter hospital stays.
- ✓ Fewer unnecessary hospital admissions.
- ✓ Greater involvement of the public in the planning and delivery of local health services.

2005/2006

TARGET PERFORMANCE

The Trust considers itself to be a high performer against NHS targets, achieving 3 star status in each of the last two years. In 2005/6 the Trust achieved a maximum 13 week wait for first out-patient appointment and a maximum 6 month wait for elective admission. These were achieved four months ahead of the nationally agreed timescales of 31st December 2005. In a number of areas, for example cataract surgery and revascularisation, a maximum 13 week wait for elective procedures was achieved. Full details of performance against NHS Plan and Cancer Plan standards are shown below:

Waiting Times	Target	Mar-06
Out-Patients	No patient waiting over 13 weeks for first out-patient appointment by August 2005 (Local Target)	Achieved & Maintained
Elective In-Patients & Day Cases	No patient waiting over 6 months by August 2005 (Local Target)	Achieved & Maintained
Revascularisation Surgery within Cardiac Services	No patient waiting over 3 months	Maintained
Cataract Surgery within Ophthalmology	No patient waiting over 3 months	Maintained
Choice of Scan (Phase 1)	Maximum waiting time of 26 weeks for CT & MRI Scans by November 2005 (or choice of earlier scan at alternative provider to be offered at 20 weeks)	Achieved & Maintained
Cancer	<p>1) Maintain a 2-week maximum wait from urgent GP referral to first out-patient appointment for 100% of urgent suspected cancer referrals.</p> <p>2) A maximum waiting time of two months (62 days) from urgent referral to treatment for 95% of patients diagnosed with cancer from December 2005.</p> <p>3) A maximum waiting time of one month (31 days) from diagnosis to treatment for 98% of patients diagnosed with cancer from December 2005.</p>	<p>99.99%</p> <p>94.30%</p> <p>99.70%</p>

2005/2006

STRATEGY FOR THE FUTURE DELIVERY OF HEALTH CARE ON THE FYLDE COAST

The Health Community is currently out to Public Consultation regarding proposals for the future delivery of health care on the Fylde Coast. The impact of these proposals on the Acute Trust sites are detailed below:-

Blackpool Victoria Hospital

The Trust will continue to develop Victoria Hospital as a centre of excellence for people who require care in a hospital setting. This is supported by the following developments currently taking place or planned to take place:-

- Lancashire Cardiac Centre - the opening of the new £52 million Lancashire Cardiac Centre in July 2006 will provide residents of Cumbria and Lancashire with access to the most modern cardiac services within the country.
- Day Surgery - the opening of the £5.7 million Day Surgery Unit in April 2006 will provide an additional 14 day case trolleys which will enable the Trust to move to a model of care where day case surgery is provided as the norm rather than the exception.
- Urgent Care Centre - it is proposed that an integrated out of hours service is developed on the Victoria Hospital site which would be run jointly by staff from the Hospital, PCT, Fylde Coast Medical Services, social care and Lancashire Care Trust (mental health). This will provide a one-stop shop where, following a single assessment, either by telephone or in person, they would be directed to the service that would best meet their needs.
- Cancer Services - Blackpool has been chosen as the Haematology Tertiary Referral Centre for the Lancashire and South Cumbria Cancer Network. This will result in existing facilities to provide specialist haematological treatments being expanded at Victoria Hospital. The new Centre will be operational by September 2007.

Community Services:-

Clifton Hospital - this hospital will continue to develop as a centre for chronic disease management, rehabilitation and diagnostics. Work is underway to transfer dermatology services from Devonshire Road Hospital and rheumatology services from South Shore Hospital to a new unit at Clifton Hospital, resulting in an increase of 12 beds. This unit will specialise in chronic disease management and will be supported by the provision of a new x-ray centre and the development of a resource facility for patient education and support.

Lytham Hospital - it is proposed that a new Primary Care Centre is developed, subject to planning permission, on the Lytham Hospital site. The new centre will allow a greater range of services to be provided. It will incorporate the diagnostic, out-patient and x-ray facilities which are currently provided at the hospital, as well as a health docking port to enable mobile services such as MRI and mammography to visit the site, a pharmacy, a café and health library/resource centre and additional car parking spaces.

Fleetwood Hospital - it is proposed that the Fleetwood Hospital site provides a wider range of community services for local people. Proposed services include diagnostics, such as x-ray, scopes and possibly MRI scans, consultant-led out-patient clinics, pre hospital admission assessments, specialised primary care services, foot and ankle surgery and other minor surgery that can be carried out by health care practitioners in the community.

South Shore Hospital - due to clinical safety and staff training issues that have been highlighted by the Healthcare Commission and Royal College of Orthopaedics, it is proposed to move services from South Shore Hospital. South Shore is one of two possible sites identified for re-development as a state-of-the-art Primary Care Centre. This will provide an enhanced range of community facilities for the local population.

2005/2006

STRATEGY FOR THE FUTURE DELIVERY OF HEALTH CARE ON THE FYLDE COAST

Rehabilitation Services – across the Fylde Coast there are three 40-bedded Rehabilitation Units located at Bispham, Rossall and Wesham. These units currently provide services for patients following their stay at Victoria Hospital. The high number of rehabilitation beds for a population the size of the Fylde Coast is unprecedented. At the same time the Fylde Coast has insufficient capacity within the Intermediate Care Services available, meaning the only option for low level health or social needs is an admission to hospital. There is a need to develop intermediate care facilities and the existing three units will be used to support rehabilitation and intermediate care across the Fylde Coast.

Relating our Strategy to Local Health Needs

In common with the rest of the UK, the Fylde Coast population is ageing. As a retirement area, the Fylde Coast already has a higher proportion of elderly residents. The Office of National Statistics data suggests that between 2005 and 2015, there will be an 18.6% increase in the over 65 population and a 39% increase between 2005 and 2025 for this age group.

Many people are living longer due to better nutrition, healthier environments and improved health care treatments. Older people, however, are often living with one or more long term conditions, such as Asthma, Diabetes, and Coronary Heart Disease. The health economy has to plan services to meet the increasing demand for management and treatment in these condition areas. Many patients with long term conditions can be treated safely in the community, or even their own homes, preventing unnecessary visits to hospital.

Doctors are increasingly specialising in particular areas of medicine or surgery. This means better results for patients, but it also means we need to work to ensure we have the right staff in the right place at the right time.

A new law (European Working Time Directive) is restricting the working hours of all staff, including doctors. We need to find new ways of working, as a Health Economy, in order that we can continue to provide the level and range of services without incurring substantial additional costs.

As a Health Economy we have a duty to ensure that we provide the best possible care and services for our population, not just now but also in the future. We need to provide high quality, effective health and social care that meets the needs of patients and which is based on sound clinical evidence. As a result we will need to review our services to meet the changing needs of our patients and deal with gaps in service provision. As a Health Economy we also need to promote good health as well as treating illness and carry out more work in the community around advice and education.

Factors Affecting Development and Future Performance

A number of National Policy initiatives have been considered and responded to by the Trust in the last financial year. These include:-

The introduction of Patient Choice – patients are now offered a choice of where they can receive their hospital treatment, at the point they are referred by their GP. The Trust's response to this is to continue to provide high quality services whilst looking to develop new choices for patients who wish to continue to receive their care on the Fylde Coast.

The role of the independent sector in the provision of health care – this is being expanded in line with Government policy. A national procurement programme is currently taking place which will see the independent sector providing a range of health care services, including on the Fylde Coast. The Trust is working to influence these developments and will work with the independent sector to deliver locally based health care. This will be through partnership working and potentially the provision of independent sector services from NHS premises.

The Government White Paper – the document "Our Health, Our Care, Our Say", sets out the direction for health care in the future. The White Paper highlights the need for us to:-

2005/2006

STRATEGY FOR THE FUTURE DELIVERY OF HEALTH CARE ON THE FYLDE COAST

- Develop a range of prevention and screening services so that we can treat people earlier in their illness to improve the outcome of treatments and minimise disability.
- Review the services provided in a hospital and identify those that should be provided in other local settings.
- Review the care of patients to be undertaken outside hospitals, both in community based settings and the home.

These issues form part of the Public Consultation currently taking place.

The Strategic Health Authority has recently undertaken a Public Consultation across Cumbria and Lancashire relating to 'Commissioning a Patient Led NHS'. The aim of the consultation was to achieve a configuration of commissioning organisations which would provide:-

- Better engagement with local clinicians in the design of services.
- Faster, universal roll out of practice locality based commissioning, their role to include:-
 - Designing improved patient pathways.
 - Commissioning community based services that are more convenient for patients.
 - Holding a budget for purchasing care from providers.
- Greater congruence of PCT and Local Government boundaries.
- Services through a range of providers rather than direct provision through the PCT.

In April 2006, as a result of the consultation, the Strategic Health Authority identified the new configuration of commissioning organisations. This will result in the creation of 6 PCTs serving Cumbria and Lancashire as follows:-

- Blackpool PCT
- Blackburn with Darwen PCT
- Cumbria PCT
- Lancaster, Fylde and Wyre PCT
- Burnley, Pendle, Rossendale, Hyndburn and Ribble Valley PCT
- West Lancashire, South Ribble, Chorley and Preston PCT

The Trust's response to these changes is to initially maintain established links with Blackpool PCT. Following reconfiguration, the Trust will look to develop new working relationships with the newly created Lancaster, Fylde and Wyre PCT. This will be achieved through joint working and by building on existing working practices that have been shown to be effective. The Trust will also be making the case for Blackpool PCT to be the lead commissioner where appropriate to ensure a local perspective is maintained in relation to commissioning of services.

2005/2006

THE TRUST BOARD

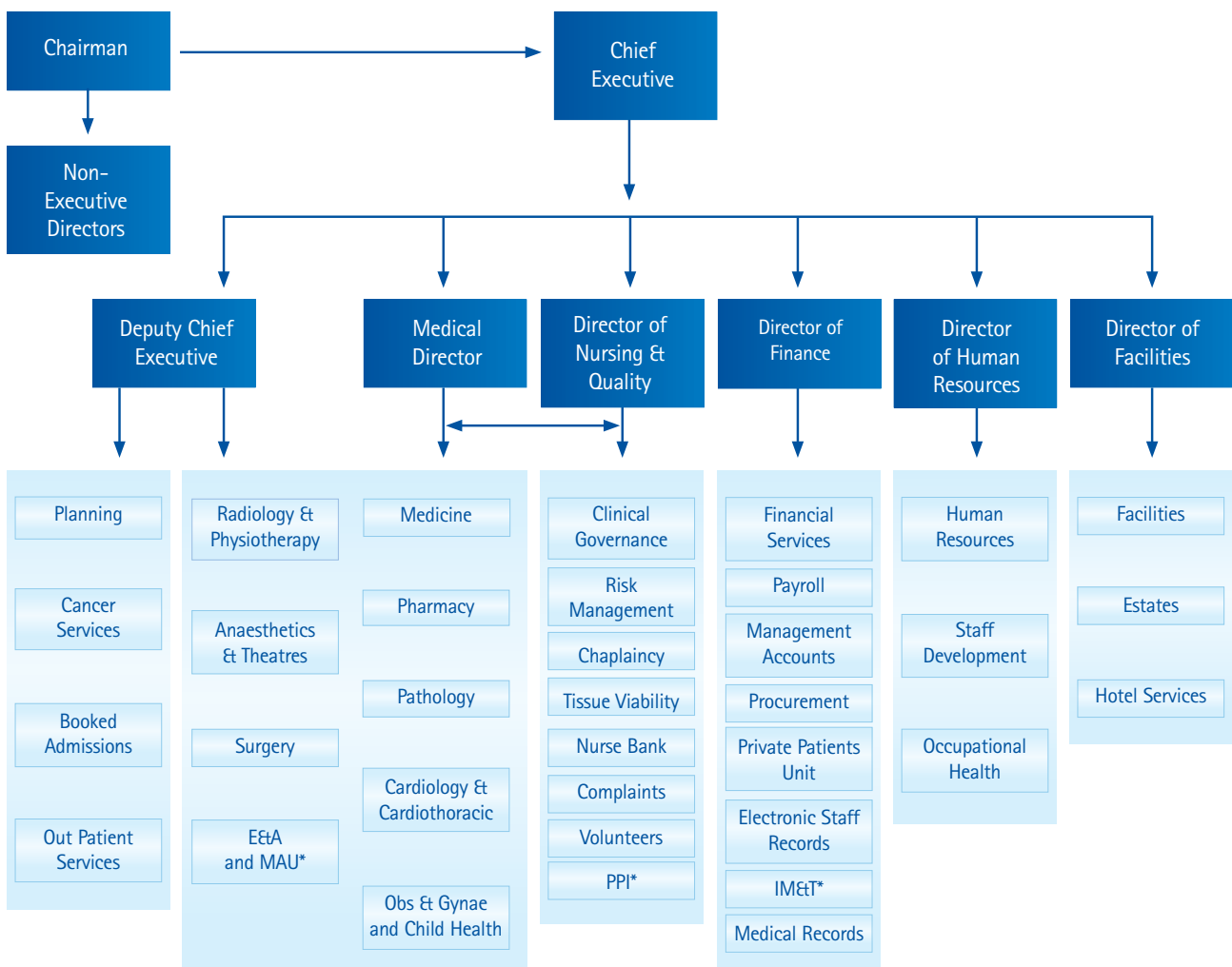
Trust Management Structure

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.

Trust Structure



*E&A and MAU = Emergency & Access and Medical Admissions Unit

*PPI = Patient and Public Involvement

*IM&T = Information Management and Technology

2005/2006

THE TRUST BOARD

Management Changes

Following the resignation of Mr Tim Evans as Director of Finance in June 2005, Mr Tim Welch joined the Trust on 3rd August 2005 from City and Hackney Teaching Primary Care Trust. Mr Julian Hartley was appointed Chief Executive of the Trust following the resignation of Mr Roy Male in November 2005. Mr Hartley joined the Trust on 12th December 2005 from Tameside and Glossop Primary Care Trust. Mr Aidan Kehoe was appointed Deputy Chief Executive at the end of January 2006. This is a new post combining the posts of Director of Operations and Director of Planning/Performance.

Membership Of The Trust Board



Beverly Lester

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 a qualified solicitor and is a partner in a law firm.

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.



Jimmy Armfield



Christine Breene

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. He was a Non-Executive Director of the Victoria Hospital Trust for nearly five years.



Michael Carr



Michael Brown

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. He has more than 20 years of local government experience.

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.



Paul Olive



Roy Male

Roy Male, CBE – Chief Executive (until 30.11.05), 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.

Julian Hartley – Chief Executive (from 12.12.05), was the Chief Executive at Tameside and Glossop PCT for three years and prior to that he was the Director of Planning and Operations at North Tees and Hartlepool NHS Trust.



Julian Hartley

2005/2006

THE TRUST BOARD



Tim Evans

Tim Evans – Director of Finance (until 30.6.05), was the Director of Finance at the Victoria Hospital Trust for five years. Prior to that he was Director of Finance in Barrow.

Tim Welch – Director of Finance (from 3.8.05), was the Director of Finance at City and Hackney PCT for two years.



Tim Welch

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 25 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.



Mandie Sunderland



Dr Peter Hayes

Peter Dewdney – Director of Planning and Performance (until 31.1.06), was the Director of Planning and Information at the Victoria Hospital Trust for four years, having previously worked in the Finance Department.

Aidan Kehoe – Deputy Chief Executive (from 1.2.06), was the Director of Operations at the Trust from April 2004 and prior to that he was the Divisional General Manager at the University Hospital Birmingham NHS Trust.



Aidan Kehoe



Peter Dewdney

Other Executive Directors

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

John Lyons – Director of 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.



John Lyons



Mike Gallagher

Mr Andrew Foster replaced Mr John Lyons as Director of Human Resources and Organisational Development on 1st May 2006.

Dr Paul Kelsey, Consultant Haematologist at the Trust, replaced Dr Peter Hayes, Consultant Physician, as the Trust's Medical Director on 1st July 2006.

The term of office for two of the Non-Executive Directors, Mr Jim Armfield and Mr Michael Carr, expired in May 2006. The Appointments Commission appointed Mr Peter Hosker and Mr Bill Robinson as their replacement with effect from 1st July 2006.

2005/2006

THE TRUST BOARD

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

Director – Business Link West and North Lancashire.
 Board Member – Blackpool & The Fylde College.
 Director – Canatxx Gas Storage Ltd.

Mr Michael Carr – Non Executive Director

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

Mr Paul Olive – Non Executive Director

Trustee – Age Concern, Fylde and Blackpool.

Mr Roy Male – Chief Executive (until 30.11.05)

Independent Member – Standards Committee, Lancashire
 Combined Fire Service
 Lay Member – ILEX Disciplinary Tribunals

Mr Julian Hartley – Chief Executive (from 12.12.05)

Nil.

Mr Tim Evans – Director of Finance (until 30.6.05)

Nil.

Mr Tim Welch – Director of Finance (from 3.8.05)

Nil.

Dr Peter Hayes – Medical Director

Private 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 (until 31.1.06)

Nil.

Mr Aidan Kehoe – Deputy Chief Executive

(from 1.2.06)

Nil.

Mr Mike Gallagher – Director of Facilities

Patientline shares (minor shareholder – less than 1% – total of
 896 shares – total value £750)

Mr John Lyons – Director of Human Resources

Nil.

2005/2006

TRUST OBJECTIVES 2005/06

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 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 and develop new financial strategies to respond to the changing NHS regimes (Choice, Booking, Payment By Results).
7. Review the Trust's medium term strategy and, following consultation, publish a new strategic vision document.

2005/2006

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 2005/2006.

Social and Community Services

The Trust takes its responsibilities of working with the local community seriously. Initiatives relating to the progression of this agenda include:

- The Trust has over 500 volunteers from a variety of organisations who provide invaluable and much appreciated services to patients. All our volunteers are supported by a full induction programme and training opportunities.
- The Trust is a member of the Blackpool Compact Agreement together with the local voluntary sector, Primary Care Trust, Police, Fire Service, Social Services and Blackpool Council. The aim of the Compact is to clarify the relationship between Public Organisations and the Community Voluntary Sector by recognising the sector's desire for greater security, the organisation's desire for genuine accountability and the user's desire for the delivery of good quality services.
- Working relationships with the local Patients' Forum is extremely positive. Forum members sit on many of the Trust's Committees and have provided input to monitoring the quality of the Trust's services in several 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.

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.

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 legislative changes.

2005/2006

AUDIT REPORT

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

Internal Control and Risk Management

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 to the Trust's objectives.
- The policies for ensuring that there is compliance with relevant regulatory, legal and code of conduct requirements as set out in the Standards for Better Health 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.

To receive and consider the Annual Report of the Risk Management Committee and continue to report to that Committee any items which come to its notice which are considered to be of material risk.

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, reports to those charged with governance (under ISA (UK&I) 260) and annual audit letters, together with the management response.

2005/2006

AUDIT REPORT

Financial Reporting

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.
- Transparency in presentation and disclosure of key financial transactions and items.
- Significant adjustments resulting from the audit.

Reporting of Performance

Consider the external auditor's qualitative assessment of the Trust's arrangements to secure economy, efficiency and effectiveness in its use of resources (the ALE assessment) and the implications of this for:-

- The corresponding external audit opinion on the use of resources.
- The organisation's Assurance Framework and any declarations made by the Trust in respect of the Standards for Better Health.
- The Healthcare Commission's new Annual Assessment process.

The Terms of Reference for the Audit Committee were reviewed by the Committee on 6th July 2005 and were approved by 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 2005/2006.

2005/2006

REMUNERATION REPORT

The membership of the Trust's Remuneration Committee includes all six Non-Executive Directors as follows:-

Mr Michael Brown - Chairman
Miss Beverly Lester
Mr Jim Armfield
Mrs Christine Breene
Mr Michael Carr
Mr Paul Olive
Mr John Lyons - Secretary

Two meetings of the Remuneration Committee took place during 2005/06.

The Committee establishes pay ranges and progression within those pay ranges for executive director posts and for director posts which report to the Chief Executive.

The Committee establishes the ranges for director posts by reference to the annual pay awards made to other NHS Staff Groups and by comparison with pay information for similar posts in acute Trusts of the same size and complexity. The Trust participates in the annual salary survey for senior NHS posts conducted by NHS Partners and this information is presented to the Committee to enable comparison of pay ranges. The Committee recognises the need to ensure that salaries remain competitive within NHS comparators to aid recruitment and retention without payments which exceed those made in similar Trusts.

Progression within the salary ranges is determined by an assessment of performance against personal objectives. The Chairman assesses the performance of the Chief Executive and recommends salary progression as appropriate. The Chief Executive assesses the performance of those Directors who report to him and recommends salary progression as appropriate. There are six points on the salary ranges for the executive directors and directors who report to the Chief Executive. Progression through these six points is wholly dependent on appraisal and assessment of performance against objectives.

All executive directors and directors who report to the Chief Executive are employed on open-ended contracts of employment (i.e. not fixed-term) and all have notice periods of six months.

Termination payments are made in accordance with the provisions set out in the standard NHS terms and conditions of service and the NHS superannuation scheme as applied to all staff and contractual period of notice.

During the year 2005/06 the posts of Director of Operations and Director of Planning and Performance were disestablished and a new post of Deputy Chief Executive was established. This resulted in the redundancy of the former Director of Planning and Performance. The postholder is working for the Strategic Health Authority during the period of notice, which expires on 31 October 2006. If the postholder has not secured suitable alternative NHS employment before this date there will be an entitlement to redundancy compensation calculated in accordance with the provisions of the former General Whitley Council as provided for in the contract of employment. This payment will fall in the year 2006/07. There have been no other significant awards to senior managers.

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 remuneration of Non-Executive Directors is determined by the Secretary of State and was £5,673 in 2005/06.

The following tables provide details of the remuneration and pension benefits for senior managers in 2005/06.

Date: 26 July 2006  Chief Executive

2005/2006

FINANCIAL REVIEW

The Trust has met its statutory financial duties and achieved the following results:-

- Broke even when comparing income and expenditure, and generated a small surplus of £7K.
- Operated within our net cash limit of £21.9M.
- Absorbed a 3.4% return on capital assets in our costs.

On capital expenditure the Trust underspent by £2.6M compared with the available resources. This reflects a requirement to recover a capital overspend of £2.6M incurred in 2004/05. The Trust invested £25M in capital projects during the year, with the main expenditure being incurred on the new Lancashire Cardiac Centre and the Twin Day Case Theatres. Both of these projects will be commissioned and formally opened during 2006/07.

The balanced income and expenditure position has only been achieved by the use of significant non-recurrent resources. This includes £4.1M from the sale of Wesham Hospital in 2004/05 and £1.8M of support received from Blackpool PCT as part of an agreed recovery plan for the year. In addition the Trust identified internal recurrent cost improvements of £3.7M.

Summarised financial statements are included on pages 26 to 37 of this report. The Trust's financial statements have been prepared in accordance with the 2005/06 NHS Trusts Manual for Accounts. The accounting policies contained in the manual follow UK Generally Accepted Activity Practice (UK GAAP) to the extent that it is appropriate for the NHS.

The Trust's External Auditors are PricewaterhouseCoopers based at 101 Barbirolli Square, Manchester, M2 3PW. Their assurance (audit) work cost the Trust £183K.

There are a number of other measures against which the Trust's financial performance is assessed.

a) Prompt Payment

The "Better Payment Practice Code" requires the Trust to pay all undisputed 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 81% of invoices within the Government's prompt target. This is a deterioration on the position achieved in 2004/05. No payments were made during the year under the Late Payment of Commercial Debts (Interest) Act 1998.

Details of compliance with the code are given on page 33.

b) Senior Managers Pay

The Trust restricted the pay inflation of its Senior Managers to 3.225%. This figure is in line with the inflation increase agreed nationally for staff in 2005/06.

Details of Senior Managers remuneration are given on page 31.

c) Management Costs

Management costs for the year were £8,487K or 4.1% of the income generated by the Trust. This is in line with the % of income from 2004/05.

The management and administration costs are detailed on page 33.

2005/2006

FINANCIAL REVIEW

Looking Forward to 2006/07

The Trust took part in a Community Wide Diagnostic between January and March 2006 to determine its readiness to become a Foundation Trust. As part of this process the Trust developed a long-term financial model to forecast the financial health of the organisation from 2006/07. This identified a shortfall of £22M between income and expenditure that results from the following three main areas:-

- Underlying deficit brought forward of £10M.
- Increased costs associated with the new Cardiac Centre of £4M.
- Impact of the full introduction of payment by results and changes to the Market Forces Factor of £8M.

To achieve financial balance in 2006/07 therefore represents a very significant challenge to the Trust. A new Financial Recovery Plan has been developed and was approved by the Trust Board at its meeting in June 2006. In addition the following have been put in place to support delivery:-

- A Board level Finance Committee has been established that will oversee and make recommendations on financial strategy and review financial performance.
- A Turnaround Team has been established and a Turnaround Director has been appointed to lead the team.
- A new finance ledger has been introduced and mechanisms for financial control revised and strengthened.

2005/2006

SUMMARY FINANCIAL STATEMENTS 2005/06

The following Summary Financial Statements are extracted from the 2005/06 Annual Accounts of the Blackpool, Fylde and Wyre Hospitals NHS Trust. Information on obtaining a full set of accounts is available on page 39.

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED

31 March 2006

	2005/06 £000	2004/05 £000
Income from activities	189,026	167,686
Other operating income	16,391	16,686
Operating expenses	<u>(199,154)</u>	<u>(190,118)</u>
OPERATING (DEFICIT) SURPLUS	6,263	(5,746)
Cost of fundamental reorganisation/restructuring	0	0
Profit (loss) on disposal of fixed assets	<u>0</u>	<u>11,441</u>
SURPLUS (DEFICIT) BEFORE INTEREST	6,263	5,695
Interest receivable	405	359
Interest payable	0	(2)
Other finance costs - unwinding of discount	(52)	(47)
Other finance costs - change in discount rate on provisions	<u>(176)</u>	<u>0</u>
SURPLUS (DEFICIT) FOR THE FINANCIAL YEAR	6,440	6,005
Public Dividend Capital dividends payable	<u>(6,433)</u>	<u>(5,921)</u>
RETAINED SURPLUS (DEFICIT) FOR THE YEAR	<u>7</u>	<u>84</u>

2005/2006

SUMMARY FINANCIAL STATEMENTS 2005/06

NOTE TO THE INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED

31 March 2006

	31 March 2006	31 March 2005
	£000	£000
Retained surplus for the year	7	84
Financial support included in retained surplus/(deficit) for the year – Internally Generated	2,647	0
Retained surplus/(deficit) for the year excluding financial support	<u>(2,640)</u>	<u>84</u>

Financial support is income provided wholly to assist in managing the NHS Trust's financial position. 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 2005/06, the Trust:

- received financial support of £1.8 million as part of an agreed recovery plan, repayable in 2006/07.
- received agreed financial support of £0.847 million to compensate for PbR transitional loss.

2005/2006

SUMMARY FINANCIAL STATEMENTS 2005/06

BALANCE SHEET AS AT

31 March 2006

	31 March 2006 £000	31 March 2005 £000
FIXED ASSETS		
Intangible assets	324	0
Tangible assets	205,102	184,096
Investments	<u>0</u>	<u>0</u>
	205,426	184,096
CURRENT ASSETS		
Stocks and work in progress	3,213	3,205
Debtors	16,231	13,526
Investments	0	0
Cash at bank and in hand	<u>181</u>	<u>179</u>
	19,625	16,910
CREDITORS: Amounts falling due within one year	<u>(19,442)</u>	<u>(19,989)</u>
NET CURRENT ASSETS (LIABILITIES)	183	(3,079)
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>205,609</u>	<u>181,017</u>
CREDITORS: Amounts falling due after more than one year	0	0
PROVISIONS FOR LIABILITIES AND CHARGES	<u>(1,744)</u>	<u>(2,332)</u>
TOTAL ASSETS EMPLOYED	<u><u>203,865</u></u>	<u><u>178,685</u></u>
FINANCED BY:		
TAXPAYERS' EQUITY		
Public dividend capital	165,173	143,325
Revaluation reserve	41,646	37,226
Donated asset reserve	2,832	3,927
Income and expenditure reserve	<u>(5,786)</u>	<u>(5,793)</u>
TOTAL TAXPAYERS EQUITY	<u><u>203,865</u></u>	<u><u>178,685</u></u>

The financial statements were approved by the Trust Board on 28th June 2006

Signed on its behalf by:

Date: 28 June 2006  Chief Executive

2005/2006

SUMMARY FINANCIAL STATEMENTS 2005/06

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED

31 March 2006

	2005/06 £000	2004/05 £000
Surplus for the financial year before dividend payments	6,440	6,005
Fixed asset impairment losses	0	0
Unrealised surplus on fixed asset revaluations/indexation	3,461	9,263
Increases in the donated asset and government grant reserve due to receipt of donated and government grant financed assets	194	1,348
Reductions in the donated asset and government grant reserve due to the depreciation, impairment and disposal of donated and government grant financed assets	0	(315)
	—————	—————
Total recognised gains and losses for the financial year	10,095	16,301
Prior period adjustment	0	0
	—————	—————
Total gains and losses recognised in the financial year	<u>10,095</u>	<u>16,301</u>

2005/2006

SUMMARY FINANCIAL STATEMENTS 2005/06

CASH FLOW STATEMENT FOR THE YEAR ENDED

31 March 2006

	2005/06 £000	2004/05 £000
OPERATING ACTIVITIES		
Net cash inflow from operating activities	9,319	7,185
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE:		
Interest received	405	372
Interest paid	0	(2)
Interest element of finance leases	<u>0</u>	<u>0</u>
Net cash inflow from returns on investments and servicing of finance	405	370
CAPITAL EXPENDITURE		
(Payments) to acquire tangible fixed assets	(25,587)	(23,420)
Receipts from sale of tangible fixed assets	450	7,027
(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	(25,137)	(16,393)
DIVIDENDS PAID		
	<u>(6,433)</u>	<u>(5,921)</u>
Net cash (outflow) before management of liquid resources and financing	(21,846)	(14,759)
MANAGEMENT OF LIQUID RESOURCES		
(Purchase) of current asset investments	0	0
Sale of current asset investments	<u>0</u>	<u>0</u>
Net cash inflow from management of liquid resources	<u>0</u>	<u>0</u>
Net cash (outflow) before financing	(21,846)	(14,759)
FINANCING		
Public dividend capital received	<u>21,848</u>	<u>14,759</u>
Net cash inflow/(outflow) from financing	21,848	14,759
Increase/(decrease) in cash	<u>2</u>	<u>0</u>

2005/2006

SUMMARY FINANCIAL STATEMENTS 2005/06

SALARY AND PENSION ENTITLEMENTS OF SENIOR MANAGERS

A) Remuneration

Name and Title	2005-06			2004-05		
	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		
J Hartley - Chief Executive (appointed 12.12.05)	35-40					
PR Male - Chief Executive (resigned 30.11.05)	85-90			115-120		
A Kehoe - Deputy Chief Executive (appointed 1.2.06); Director of Operations (appointed 26.4.04 and resigned 31.1.06)	70-75		3,300	60-65		2,300
T Welch - Finance Director (appointed 3.8.05)	60-65					
TH Evans - Finance Director (resigned 30.6.05)	20-25		500	80-85		2,700
T Andrews - Director of Operations (resigned 30.4.04)	0		0	5-10		200
PJ Hayes - Medical Director	35-40	105-110		25-30	95-100	
PJ Dewdney - Director of Planning & Performance (to 31.1.06)	75-80		3,900	65-70		4,300
A Sunderland - Director of Nursing & Quality	75-80		6,100	75-80		5,400
J Lyons - Director of Human Resources	80-85			70-75		
MJ Gallagher - Director of Facilities	80-85		3,000	70-75		2,600
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		
M Brown - Non-Executive	5-10			5-10		

Benefits in kind represent the provision of lease cars

2005/2006

SUMMARY FINANCIAL STATEMENTS 2005/06

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 2006	Cash Equivalent Transfer Value at 31 March 2006	Cash Equivalent Transfer Value at 31 March 2005	Real Increase in Cash Equivalent Transfer Value	Employers Contribution to Stakeholder Pension
	(bands of £2,500) £000	(bands of £2,500) £000	£000	£000	£000	To nearest £100
J Hartley – Chief Executive (appointed 12.12.05)	2.5-5	92.5-95	261	219	8	0
PR Male – Chief Executive (resigned 30.11.05)	#	#	N/A	#	N/A	0
A Kehoe – Deputy Chief Executive	2.5-5	55-57.5	177	0	13	0
T Welch – Finance Director (appointed 3.8.05)	25-27.5	52.5-55	130	73	26	0
TH Evans – Finance Director (resigned 30.6.05)	7.5-10	130-132.5	463	314	25	0
PJ Hayes – Medical Director	32.5-35	235-237.5	N/A	923	N/A	0
PJ Dewdney – Director of Planning & Performance (to 31.1.06)	7.5-10	92.5-95	334	276	29	0
A Sunderland – Director of Nursing & Quality	7.5-10	72.5-75	226	190	22	0
J Lyons – Director of Human Resources	10-12.5	132.5-135	N/A	N/A	N/A	0
MJ Gallagher – Director of Facilities	12.5-15	147.5-150	602	523	46	0

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.

Permission to disclose withheld.

2005/2006

SUMMARY FINANCIAL STATEMENTS 2005/06

MANAGEMENT COSTS

	2005/06 £000	2004/05 £000
Management costs	8,487	7,689
Income	205,400	184,372

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 non-NHS trade invoices paid in the year	53,795	73,761
Total non-NHS trade invoices paid within target	43,419	63,247
Percentage of non-NHS trade invoices paid within target	81%	86%
Total NHS trade invoices paid in the year	1,633	18,661
Total NHS trade invoices paid within target	1,335	17,652
Percentage of NHS trade invoices paid within target	82%	95%

The Better Payment Practice Code requires the Trust to aim to pay undisputed 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 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 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 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	Fylde PCT	Morecambe Bay PCT
Burnley Pendle and Rossendale PCT	Greater Manchester Strategic Health Authority	NHS Litigation Authority
Chorley and South Ribble PCT	Hyndburn and Ribble Valley PCT	NHS Logistics
Cumbria and Lancashire Strategic Health Authority	Lancashire Care NHS Trust	Preston PCT
		Wyre PCT

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.

2005/2006

SUMMARY FINANCIAL STATEMENTS 2005/06

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.

Date: 28 June 2006  Chief Executive

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

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

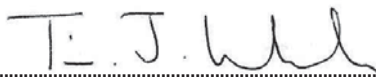
- apply on a consistent basis accounting policies laid down by the Secretary of State with the approval of the Treasury
- make judgements and estimates which are reasonable and prudent
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and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

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Trust and to enable them to ensure that the accounts comply with 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

Date: 28 June 2006  Chief Executive

Date: 28 June 2006  Finance Director

2005/2006

SUMMARY FINANCIAL STATEMENTS 2005/06

STATEMENT ON INTERNAL CONTROL 2005/06

1. 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 across the Cumbria and Lancashire Strategic Health Authority on a monthly basis.

2. The Purpose of the System of Internal Control

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

The system of internal control is based on an on-going process designed to:

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

The system of internal control has been in place in Blackpool, Fylde and Wyre Hospitals NHS Trust for the year ended 31st March 2006 and up to the date of approval of the annual report and accounts.

3. Capacity to Handle Risk

I lead the risk management process as Chair of the Trust's Risk Management Committee, which meets on a quarterly basis.

Risk Management training in the Trust is co-ordinated through the committee process and includes Fire, Resuscitation, Clinical Risk Management/Patient Safety, Health and Safety and Security training which is targeted at appropriate staff.

The Trust fosters an environment where individuals are treated in a fair and just way, and where lessons are learned rather than blame being attributed.

2005/2006

SUMMARY FINANCIAL STATEMENTS 2005/06

4. The Risk and Control Framework

The Risk Management Strategy is Board approved, covers all risks and is subject to an annual review. Staff accountable and responsible for risk management are clearly identified as well as the system for identifying, managing, evaluating and controlling individual risk. Risks are identified from risk assessments and from the analysis of untoward incidents.

Risk management is embedded in the activity of the organisation via induction training, regular risk management 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 the Clinical Governance Committee and also reports direct to the Trust Board.

An established communications framework is in place in the form of a Major Incident Plan, and cross community emergency planning arrangements are in place.

The elements of the Assurance Framework are monitored and reviewed quarterly by the Risk Management Committee followed by the Trust Board. This provides the evidence to support the Statement of Internal Control.

There are no significant gaps in control. However, the Trust initially identified problems on implementing the Electronic Staff Record (ESR) system and an action plan was devised, and remedial action has been taken during the year to address the issues raised by the action plan. The Trust has made positive progress in relation to this.

I have to highlight the major financial risks facing the Trust in 2006/07. As a consequence of an inadequate financial recovery plan for 2005/06 (also criticised by the Trust's external auditors) the Trust faces a deficit of £24 million before cost improvement initiatives. In response, the Trust Board has put the following controls in place:-

- A Board level Financial Committee has been established to oversee and make recommendations on financial strategy and review financial performance;
- During 2006, a revised Financial Recovery Plan has been produced and approved by the Board which describes how the Trust will restore financial balance by the end of 2007/08. In addition, the Trust has received the support of the SHA and its main commissioners to achieve breakeven in 2006/07;
- An enhanced performance framework, including the use of robust benchmarking data, has been put in place within the Trust.
- A Turnaround Team has been established that will support the achievement of cost improvements across the Trust;
- A Turnaround Director has been appointed by the Trust who will lead the Turnaround Team.

Public Stakeholders, which includes Fylde Coast Primary Care Trusts, Blackpool Overview and Scrutiny Committee, Lancashire Overview and Scrutiny Committee and the PPI Forum, are consulted on service developments and changes.

These Public Stakeholders are identified within the Board Assurance Framework; this ensures that they are involved in managing the risks which impact upon them.

2005/2006

SUMMARY FINANCIAL STATEMENTS 2005/06**5. 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 audit systems and received reports on control issues from the Head of Internal Audit and External Audit.

I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Trust Board, Risk Management Committee, Audit Committee and the Clinical Governance Committee.

A plan to address weaknesses and ensure continuous improvement of the system is in place.

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

- The Strategic Health Authority (SHA) monitors and reviews the portfolio of evidence in relation to the implementation of Clinical Governance and Standards for Better Health to assist in the review of effectiveness of the system of internal control. This also ensures continuous improvement of the system in place.
- The Trust Board also monitors and reviews the effectiveness of the Board Assurance Framework on a quarterly basis.
- The Audit Committee reviews the establishment and maintenance of an effective system of internal control and risk management. Both the Audit Committee minutes and Annual Report are presented to the Trust Board.
- The Risk Management Committee manages and reviews the Board Assurance Framework, which is agreed in conjunction with Executive Directors. The Risk Management Committee minutes are presented to the Trust Board. The Risk Management Committee produces an annual Risk Management 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 and the Clinical Governance Committee.
- Internal Audit reviews the Board Assurance portfolios and the effectiveness of the system of internal control for the Trust Board to assist in the review of effectiveness.

Date: 28 June 2006



..... Chief Executive

2005/2006

AUDITOR'S REPORT

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

We have examined the summary financial statements for the year ended 31 March 2006 which comprise the Income and Expenditure Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Cashflow Statement and the related notes. We have also audited the information in the Trust's Remuneration Report that is described as having been audited.

This report, including the opinion, has been prepared for and only for 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 36 of the Statement of Responsibilities of Auditors and of Audited Bodies prepared by the Audit Commission. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report, including the Remuneration Report. Our responsibility is to audit the part of the Remuneration Report to be audited and to report to you our opinion on the consistency of the summary financial statements within the Annual Report with the statutory financial statements. We also read the other information contained in the Annual Report and consider whether it is consistent with the audited summary financial statements. This other information comprises only Directors' report, Financial Review and the unaudited part of the Remuneration Report. We consider the implications for our report if we become aware of any misstatements or material inconsistencies with the summary financial statements. Our responsibilities do not extend to any other information.

Basis of opinion


We conducted our work in accordance with Bulletin 1999/6 'The auditors' statement on the summary financial statement' issued by the Auditing Practices Board.

Opinion

In our opinion:

- the summary financial statements are consistent with the statutory financial statements of the Trust for the year ended 31 March 2006; and
- the part of the Remuneration Report to be audited has been properly prepared in accordance with the accounting policies directed by the Secretary of State as being relevant to the National Health Service in England.

Signature:



PricewaterhouseCoopers LLP
101 Barbirolli Square
Lower Mosley Street
Manchester
M2 3PW

Date: 03 August 2006

2005/2006

Notice of the Trust's Annual Public Meeting

The Annual Public Meeting of the Blackpool, Fylde & Wyre Hospitals NHS Trust will be held on Tuesday, 26th September, 2006, at 6.00 pm at the North Euston Hotel, The Esplanade, Fleetwood.

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

If you require a copy of this document in large print, Braille, audio or a different language please call 01253 306856.

