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Blackpool Fylde and Wyre Hospitals NHS Foundation Trust

Annual Report and Accounts

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Chairman and Chief Executive's Statement

We are delighted to share with you the 2008/2009 Annual Report for Blackpool, Fylde and Wyre Hospitals NHS Foundation Trust – our first full year as a Foundation Trust.

We have had an extremely successful year and made significant progress in key areas such as patient safety and quality, which are making a real difference to patients.

One of the greatest achievements we have seen is our huge reduction in healthcare acquired infections. A major drive across the Trust has led to an 80% reduction in MRSA and 35% fall in clostridium difficile. We are now one of the best performing Trusts in the North West and were the proud winners of a national award for the use of a new rapid screening test for MRSA. You can read more about the fantastic work being done in this important area in the pages of this annual report.

We are extremely proud of the work that has gone on across the Trust to ensure the services we provide are as efficient as they can be and we ended the year with a £6m surplus. Our strong financial performance, coupled with the flexibilities of Foundation Trust status, means we are able to invest £50m over the next few years on major multi-million pound schemes including a new Women's and Children's Unit, a Surgical Unit and an Urgent Care Centre – all which will improve services and quality of care for our patients.

Many new developments have taken place during 2008. We were delighted to welcome the Lord Lieutenant of Lancashire, Lord Shuttleworth, to officially open our new £1.5m Gastroenterology Unit in October 2008. This new facility is providing a much improved environment for staff and patients and houses the very latest technology.

Our Pharmacy Department has also benefited from state-of-the-art technology with the launch of our 'robot' automated pharmacy service. This fantastic new system improves safety, reduces dispensing errors and frees up pharmacy staff to spend more time on the wards.

Once again we achieved all of our performance targets which aim to ensure patients are seen and treated as quickly and as efficiently as possible. We have some of the shortest waiting times in the country and have continued to meet the 18-week target. A significant achievement in this area is the work that has been done to reduce waiting times for audiology.

We would particularly like to mention the achievement of the four-hour A&E target, as despite it being one of the busiest winters on record we not only achieved this difficult target but were one of the best performing Trusts in the North West.

We recognise that the pressures we have faced have been extremely challenging for our staff and we would like to thank every member of staff for their continued hard work and dedication.

Huge progress has been made in implementing The Blackpool Way ensuring all staff feel valued and respected and that their achievements are rewarded and recognised. This was acknowledged in our reaccreditation as an Investors in People organisation and through the significant improvements we have seen in the results of this year's Staff Survey.

We also saw a steady rise in the results of the Patients Survey which recognises the work we have been doing across the Trust to ensure our patients receive the highest standards of care.

There have been a number of changes to the Board of Directors this year. Chief Executive, Julian Hartley, was seconded to the University of South Manchester Hospital NHS Foundation Trust from March 30th 2009 and was appointed to the substantive position of Chief Executive of UHSM on May 9th 2009. We would like to thank Julian for the fantastic work he has done at the Trust during the three and a half years he has been here. Since his appointment, the Trust has significantly improved its financial position, successfully achieved Foundation Trust status and improved its performance in all areas.

Mike Gallagher, Director of Facilities, has taken well-earned retirement after working in the NHS for more than 35 years and Mandie Sunderland, Director of Nursing and Quality, has moved to a new role as Director of Nursing for the Heart of England NHS Foundation Trust. We would like to wish them both well for the future and thank them for the positive contributions they have made during their time at Blackpool. We have since made two new appointments - Director of

Facilities, Robert Bell, and Director of Nursing and Quality, Marie Thompson. We look forward to working with them on the exciting challenges ahead.

We would like to thank our dedicated team of volunteers who give up their time to support us. In particular we would like to thank the League of Friends for their very generous donation of £250,000 towards the new multi-million pound Women's and Children's Unit and also the former Mayor and Mayoress of Blackpool, Councillor Robert and Gaynor Wynne, for their energy and enthusiasm in raising more than £500,000 towards the Blackpool's A Knockout Appeal to enable children to have MRI scans locally. We look forward to seeing their efforts come to fruition when we launch this brand new service over the coming months.

Whilst much has been achieved this year we know that there are still further improvements we can make in order to deliver 'Best in NHS' care for all of our patients, however, we know with the dedication of our staff and the continued support of our Governors, Members and volunteers, we can look forward to more great things in 2009/2010.



Beverly Lester

Beverly Lester,
Chairman



Aidan Kehoe

Aidan Kehoe,
Acting Chief Executive



“ Thank you to everyone on Ward 19 for the very caring attention and nursing I received while I was in hospital. I was on Ward 19 during Christmas and received excellent nursing. The nurses were all friendly and happy and I couldn't have wished for better care. A big “thank-you” to everyone involved. ”

Mrs Sheila Clegg



Hospital Highlights

The Trust is continually making progress on all its sites to improve the quality of services and enhance the patient experience. Here is just a small selection of notable milestones from the past year:

Lifesaving Cardiac Care

A new service at the Lancashire Cardiac Centre is helping to save lives of heart attack sufferers from around the county. People who have a heart attack can now access potentially life saving treatment 24 hours a day at the Lancashire Cardiac Centre.

The centre has extended its coronary angioplasty service, also known as Primary Percutaneous Coronary Intervention, to ensure people who suffer a heart attack can be treated within 90 minutes at any time of day or night, seven days a week.

Dr Grahame Goode, Consultant Cardiologist, said: "For the patient suffering a heart attack speed of treatment really does matter. This fast-track treatment means that a patient can now have their artery unblocked within 90 minutes of having a heart attack. Being able to treat a patient so quickly prevents further damage to the heart and leads to better overall recovery."

Support for Breastfeeding Mums

A new scheme has been launched to support breastfeeding mums.

'Star Buddies' is a breastfeeding peer support initiative supported by the Hospitals Trust, Blackpool Primary Care Trust, Blackpool Council and The Breastfeeding Network (BfN). The 'Star Buddies' are all mums from the local area who have breastfed their own children and would like to pass on their skills and experience to other mums.

The buddies, who have all completed an accredited training programme, provide support to new mums on the post-natal wards at Victoria Hospital by offering a listening ear and providing practical help and support.





Improvements in Bowel Surgery

The Trust has recently introduced the concept of “enhanced recovery” for major bowel surgical patients and is leading the way in care for patients both before and after their operations. The concept is based on evidence based practice which promotes a regime supporting the patient being optimised for theatre pre surgery, to ensure nutritional levels are improved, and encourages mobilisation on the first day following surgery.

The Trust is one of only a few in the country that is using this new research and it has already produced some excellent results.

The length of stay in hospital is reduced to 3-4 days from 10 and feedback shows it vastly improves the patient experience.

Stroke Services

Further improvements have been made to stroke services over the past 12 months. The rapid access Transient Ischaemic Attack (TIA) service has been extended to daily clinics which will greatly reduce the risk of having a stroke which is at its highest in the first 48 hours after a TIA.

The service means any patient who has suffered a suspected TIA can be referred directly to the service for diagnosis, investigation and treatment by a stroke specialist.

Stroke consultant Dr Jim McIlmoyle, said: “This new system of enabling GPs to speak directly to a stroke specialist about patients with high risk TIA or minor stroke will hopefully result in these patients being assessed and treated within 24 hours of symptom onset.”

Expansion of Cardiophysiology

Patients are already feeling the benefit of the expansion of Cardiac Physiology Services at Blackpool Victoria Hospital. The Cardiac Investigation Unit (CIU) has recently introduced Cardiac Physiologist led services for a range of diagnostic tests.

Developments include a monthly one-stop paediatric cardiac clinic for Echo cardiogram which means that patients, and their parents, get results straight away, and a one-stop Adult Congenital Heart Disease (ACHD) clinic so that local patients no longer have to travel to Liverpool or Manchester. The Pacing Cardiac Physiologists also set up a remote follow-up clinic last July, allowing patients with complex devices, such as Implantable Cardiac Defibrillators (ICD), to send readings down the phone instead of having to come to clinic every time they have a cardiac event.

CIU Manager, Angela Reed, said: “A Cardiac Physiologists role has evolved dramatically over the past few years. They have taken on many roles traditionally performed by doctors and have developed the skills required to perform these tests.”

First Consultant Midwife

Blackpool Victoria Hospital is one of the first in the county to appoint a consultant midwife. Nicola Parry has been appointed to oversee and develop the work of the Trust's 120 midwives who help more than 3,000 women a year deliver babies in the area.

She said: "Midwifery services are changing and this Trust is leading the way. The Trust is looking at a host of improvements to facilities and services including updating the buildings to include two additional delivery rooms and developing a midwife led unit with home from home facilities. Improvements to the pregnancy assessment unit to make sure women are treated appropriately and promptly are also being made."

Developments in Laparoscopic Surgery

The Trust has increased the use of laparoscopic surgical intervention for hernia repair, cholecystectomy, major bowel resection and upper gastrointestinal procedures.

This is a development that similar to other advances in surgery makes a major difference to the patient and the Trust has invested £250,000 in a laparoscopic stacking system, instrument trays and a specialist operating table.

The intervention decreases the length of stay in hospital from 10 days to approximately 2-3 days and as the procedures are minimally invasive, produce less scarring for the patient and significantly reduce the risk of post operative complications to aid and improve the patient experience.

Opening of Gastroenterology Unit

The Lord Lieutenant of Lancashire, Lord Shuttleworth, officially opened Victoria Hospital's £1.5m Gastroenterology Unit in October 2008. The new unit has double the capacity of the old unit – enabling the Trust to increase the work it carries out and reduce waiting times.

Other new developments include the introduction of Endoscopic Ultrasound which allows staging of oesophageal cancer, gastric cancer and pancreatic cancer. Previously patients would have had to travel to Liverpool for this procedure.

The introduction of Capsule Endoscopy has also enabled patients to access this service at Blackpool, instead of having to travel to Liverpool or Sheffield. This procedure involves swallowing a small capsule which gives high resolution video images giving fast and accurate diagnosis of diseases of the bowel.

Dr Chris Shorrock, Consultant Gastroenterologist and Divisional Director of Medicine, said: "This new unit has helped us to transform Gastroenterology services. Not only have we been able to introduce exciting new developments such as endoscopic ultrasound and capsule endoscopy, we have managed to significantly reduce waiting times."





New Specialist Midwives

The Trust has focused a great deal on improving the specialisms and skills of its staff to provide enhanced care for women. There is now a dedicated Diabetes Midwife and a specialist Substance Abuse Midwife who both help provide a higher standard of care to women who often feel vulnerable. They provide individuals with a high level of support at a time when they need it most.

Endoscopic Vein Harvesting

Heart patients across Lancashire and South Cumbria are benefiting by the success of a pioneering surgical technique which dramatically reduces scarring and speeds up recovery.

Surgeons at the Lancashire Cardiac Centre have been trialling Endoscopic Vein Harvesting, a procedure to remove healthy veins from the leg for use in heart bypass surgery. Patients have been the first in the North West to receive the treatment.

Consultant Cardiothoracic Surgeon, Joseph Zacharias, has been carrying out the trial with Surgical Care Practitioner, Nadene Blakeman. He said: "The results have been fantastic and patients are delighted. As well as being much better for patients in terms of scarring and recovery, it also benefits the hospital too. The nursing staff will have to spend far less time dressing the wounds and there is far less risk of infection."

New Services for Breast Care

The introduction of breast reconstruction for ladies following mastectomy is a new service which the Trust introduced in early 2009. This service will expand over the coming months and will enable ladies to have reconstructive surgery at the same time as their mastectomy and prevents them having to travel to Royal Preston Hospital.

The Trust is also pioneering the introduction of familial breast clinics to support families with a potential risk of developing breast cancer. The service means women from Cumbria and Lancashire who are concerned about a genetic link to breast cancer can be referred to the clinic for assessment and if needed, advice and counselling from specially trained experts.

Trust one of UK's 'Top Hospitals'

Patients being treated at the Fylde's hospitals can be reassured that the care they receive is of the highest quality as the Trust has been listed in the Top 40 Hospitals in the annual hospitals awards run by CHKS. Hospitals are rated on 20 key performance indicators which are critical to delivering high quality patient care. These include waiting times, mortality rates, length of stay, hospital readmissions and infection rates.

Developments in Cardiac Surgery

The Cardiac Division has introduced a new technique called Transcatheter Aortic Valve Implantation (TAVI). This procedure allows a valve to be placed inside the heart via one of the major arteries near the groin or collarbone. Up to 30% of patients with aortic stenosis (narrowing of the outflow valve of the heart) do not undergo aortic valve replacement as they have significant other medical or surgical conditions and are deemed too high risk and the only other option is the TAVI technique.

A multi disciplinary team, made up of cardiologists, surgeons, anaesthetists, vascular surgeons and a radiologist, assess the patient in the hope they can use the technique. The procedure is shorter than open heart surgery and patients spend less time in intensive care subsequently.

Consultant Cardiologist, Dr David Roberts, said: "With this procedure we are trying to achieve the same result as conventional aortic valve surgery but in very high risk patients. There are probably around 15 centres in the UK using this technique so it's relatively limited. Successful TAVI offers a better quality of life for our patients, better exercise capacity and increased mobility."





“ I write to you to express my full admiration of you and your dedicated team in the Cardiac Unit at Blackpool Victoria Hospital. This letter is my chance to say a big thank you to all in the Cardiac Centre following my father's heart attack in October last year. The care and treatment he received, both as an in-patient and out-patient, was truly fantastic.

The professionalism and care that he received from all units, including the rehabilitation team, was second to none. ”

Anthony Callison, Warton

Directors' Report

Over the past 12 months we have established ourselves as a leading Foundation Trust through strong leadership and robust financial management. We have achieved all of our performance targets, improved the overall patient experience and have seen many exciting new services and developments take shape.

This section includes information about our Trust and the services we provide as well as our achievements in more detail including:

- Improving the patient experience
- Valuing our staff
- Our performance against key targets
- Our finances
- Our plans for the future

Our Trust

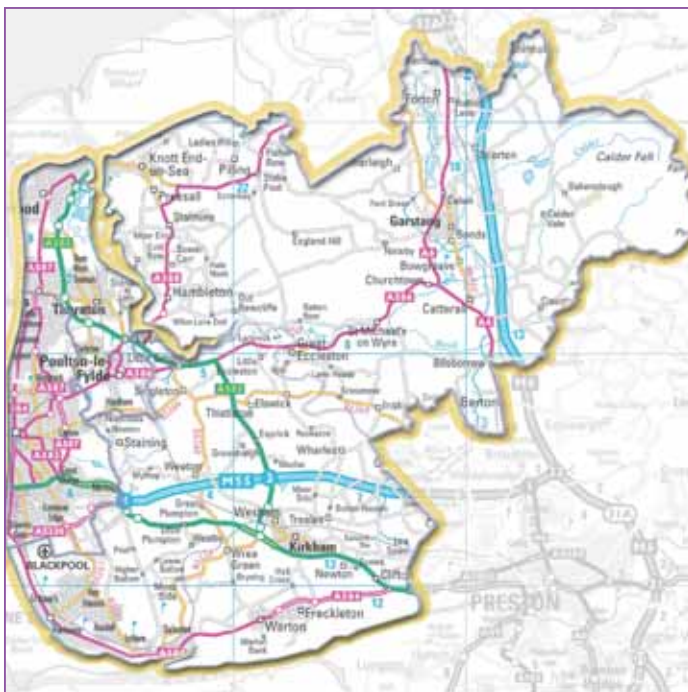
The Blackpool, Fylde and Wyre Hospitals NHS Foundation Trust was established on December 1st 2007 under the National Health Service Act 2006.

The Trust comprises:

- Blackpool Victoria Hospital - the main District General Hospital
- Clifton Hospital
- Fleetwood Hospital
- Rossall Hospital Rehabilitation Unit
- Wesham Hospital Rehabilitation Unit
- Bispham Hospital Rehabilitation Unit
- The National Artificial Eye Service
- Blackpool Child Development Centre

The Trust has three main commissioners; Blackpool Primary Care Trust, North Lancashire Primary Care Trust and, for Cardiac services, the North West Specialist Commissioner. Further information on the funding streams of the Trust is provided in the financial review section of this report.

There are extremely good transport links from Blackpool to the rest of the North West. The M55 motorway links Blackpool with the M6 motorway, and therefore enables easy access to the major cities of Manchester and Liverpool, as well as the major conurbation of East Lancashire.



Location Map of Blackpool, Fylde and Wyre

Our Vision

The Trust's vision was approved by the Board of Directors in April 2006 following consultation with staff.

The work of the Trust continues to be guided by the vision which is based on four key themes:

- To offer 'Best in NHS' care for our patients
- To be the first choice provider 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 Services


Blackpool Victoria Hospital is an extremely busy District General Hospital and also provides tertiary Haematology and Cardiac services. We are one of four specialist Cardiac Centres in the North West of England, providing services to a catchment population of 1.6m across Lancashire and South Cumbria. Cardiac services are provided from one of the most modern facilities available in the country; our patients having benefited from the opening of a new £52m state of the art Cardiac Centre in April 2006. The Trust also opened a new Tertiary Haematology Centre in September 2007 for patients with haematological cancers from across Lancashire and South Cumbria.

Our Trust serves a population of approximately 344,000 residents of the boroughs of Blackpool, Fylde and Wyre. In addition, as a tourist centre, Blackpool receives 11 million visitors annually and this results in a high number of attendances at A&E. We employ 4,524 staff, have a turnover in excess of £200m per year and have 948 beds. Between April 1st 2008 and March 31st 2009 we treated approximately 104,000 day-cases and in-patients (elective and non elective), 273,390 outpatients and had 91,176 A&E attendances. Renal, Oncology and Neurology services are provided on site by clinicians from the Lancashire Teaching Hospitals NHS Foundation Trust. We employ assets to the value of approximately £184m to facilitate our services.

The Trust also hosts the National Artificial Eye Service. This service provides a manufacturing and fitting service for the supply of ocular and facial prostheses to all eligible patients throughout England. This is provided from a number of centres around the country and each one of those has a number of outreach clinics associated with it, giving local access.

The Trust has seen a steady growth in all areas of activity over recent years and this trend is projected to continue. However, it is projected that demand management programmes in primary care, including the development of an Urgent Care Centre, will help to stem any increase in demand in the acute sector.



A photograph of two female nurses in blue scrubs working in a hospital ward. They are looking down at a large chart or form on a table. One nurse is holding a small white container. The background shows typical hospital equipment and a clean environment.

" Thanks to all the lovely nurses, doctors and theatre staff who looked after me while I had my operation. I chatted a lot and was really nervous but you all made my time on the ward really easy and put my nerves to bed. I can't thank you enough for your support and kindness and you all work so hard. Please pass on my thanks to everyone. "

Samantha Taylor, Blackpool

Our Patients

Improving the Patient Experience

The patient experience is continuing to improve for patients at the Fylde's Hospitals. The majority of patients rated their overall hospital care 'good' or 'excellent' in the 2008 Inpatient Survey.

The survey of 850 patients who experienced our hospitals between June and August 2008 were asked a series of questions relating to their admission, hospital and ward, doctors and nurses, care and treatment, operations and procedures, leaving hospital and their overall experience.

The Trust is delighted to have seen improvements in all areas when compared to the results for 2007. These include:

- 81% of patients said they were always treated with respect and dignity while they were in hospital.
- 81% rated doctors and nurses working together as excellent or very good.
- 82% of patients rated their care as excellent or very good.

Improving the Patient Environment

Every year the Trust receives a visit by the Patient Environment Action Team (PEAT) to assess its standards for patients, staff and visitors and once again the Trust scored extremely highly in all areas.

The Trust scored 'excellent' across all of its hospital sites for the quality of the environment, privacy and dignity and food, with the exception of Victoria Hospital which scored good in relation to the score for the environment. Patient environment issues are very important to the Trust and work will continue to ensure the current high standards are maintained and improved upon.



Learning from patients

We actively encourage comments from our patients who have experienced our hospital services so that we can learn lessons and make constant improvements.

The Trust received 399 formal complaints between April 1st 2008 and March 31st 2009. This equates to 0.014% of all hospital attendances. The Trust achieved 98.94% of complaint responses within the 25-day response target.

The main categories of concerns raised in complaints are clinical care, delays in appointments, communication and staff attitude. Divisions have provided a full written response as required and implemented action plans. Complaint trends are discussed at the Learning from Incidents and Risk Committee.

The Healthcare Commission considered 34 complaint reviews during the same period, 11 of which were referred back to the Trust for further local resolution. Of the remaining 23 cases, 10 are under review via the second stage process, six were not upheld, four were upheld and have been dealt with by the Trust following final recommendations made by the Healthcare Commission and three cases are still ongoing. No cases have been forwarded to the Ombudsman from the Healthcare Commission.

Enhancing Patient Safety

Ensuring patient safety is one of our key priorities. The Trust is part of the third wave of Trusts involved in the Leading Improvement in Patient Safety (LIPS) programme led by the Institute for Innovation and Improvement. Patient safety has the full support and commitment of the Trust Board. Staff engagement in the patient safety agenda is vital, and to ensure the commitment is demonstrated and spread throughout the Trust, and to raise every employee's awareness of safety, the Trust Board held on January 28th 2009 was dedicated to launching the LIPS programme within the Trust.

The Executive Directors undertake patient safety walkabouts throughout the Trust. The aim is to give patients and staff at the front-line the opportunity to discuss issues of quality and patient safety with the Trust Board. The issues raised are then discussed by Executive Directors and plans formulated to help support departments in developing improved patient services.

Regular feedback is provided for the front line staff relating to the safety walkabouts carried out within their areas.



PALS

The Patient Advice and Liaison Service (PALS) has been operational for six years and continues to be a valuable and popular service. Between April 1st 2008 and March 31st 2009, PALS handled 1,452 cases relating to the Blackpool, Fylde and Wyre Hospitals NHS Foundation Trust. Of these cases, 1,652 separate issues have been addressed and the main themes are as follows:

Information	337 cases
Administration	275 cases
Waiting Times	260 cases
Treatment Issues	250 cases
Communication	229 cases

PALS is central to the Trust's commitment in providing opportunities for patients to influence every level of healthcare services. It is by listening to the experience of service users that gaps in services are identified and consideration given to make sure there is no repetition. Concerns raised are a key indicator in the quest to maintain standards to the highest quality and bring about service improvements.



It has been a year of change for PALS, with line management changes for the second time in two years. There is now a full complement of PALS Officers who are doing an excellent job in addressing issues which arise from patients, carers, relatives and staff about the service provided at the Trust, with the aim being to help in bringing about improved working practices. Divisional Links have recently been set up to work more closely with divisions on issues arising from PALS enquiries, comments and concerns.





“ Can we express our gratitude to the ultimate professional care that our daughter received. The care on the ward was second to none with every member of every team absolutely first class. They could not have done enough for us. Nothing was too much and even when they were busy they were still willing to help. Our daughter is no longer suffering due to your dedication to helping people get better. ”

John and Karen Hay, Stanah

Our Staff

The Blackpool Way

We have made significant progress in embedding 'The Blackpool Way' across the organisation ensuring staff feel valued and respected and that their work is rewarded and recognised. A formal review of the Blackpool Way has been carried out in the past few months. Executive directors led focus groups open to all staff around the four pillars of the Blackpool Way, namely, Communication, Recognition, Management and leadership style and Continuous Improvement. The aim of the sessions was to seek the workforce's views on progress and elicit their ideas for next steps. The sessions were well attended and have resulted in a next steps booklet which has been sent to all staff with the aim of further accelerating the Blackpool Way approach throughout the organisation.

Celebrating Success Awards

We held our second Celebrating Success Awards which culminated in a Celebration Ball in November 2008. The event was extremely successful and popular with 541 staff attending the black tie event in the Tower Ballroom. The event was supported by the local media and we were fortunate to receive sponsorship

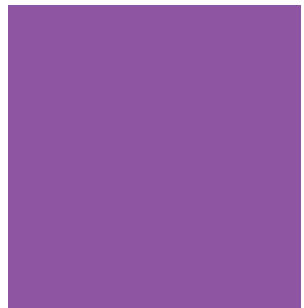
for this event from several businesses. Awards of £500 were presented to the winners of the Service Transformation Award, Inspirational Leader Award, Patient's Award, Unsung Hero, Partnership Award and Team of the Year and £1,000 to the winner of the Chairman's Award to further develop their winning projects.

Investors in People

We were delighted to be reaccredited against the Investors in People Standard for a further 12 months from November 2008 – confirming our commitment to the ongoing development of our staff. The assessors congratulated the Trust on the improvements that had been made in people management since the last assessment. The Trust's approach to staff appraisal, leadership development and evaluation of learning all received special mention.

Staff Survey

Our performance in the national Staff Survey was excellent. We achieved a 61% response rate, one of the highest in England for an acute trust. Overall, for the third year running, our results showed significant improvement, with 47 questions in the survey scoring significantly



better than a year previously and worse on just two questions. In addition, our scores were amongst the best performing 20% of acute trusts nationally in numerous areas in the survey, including staff satisfaction, intention to leave, quality of appraisal and support from immediate managers. Our results reflect the sustained commitment to staff engagement that has characterised the Blackpool Way since its inception in 2006.

Staff Achievements Ceremony

In September 2008 we held a Staff Achievements Ceremony where staff who have worked for the Trust for 20 years or more or had received a qualification in the previous 12 months were presented with certificates. The ceremony followed the Annual Members meeting and was attended by more than 200 staff and members of the public. 132 members of staff received Long Service Awards and 127 staff were awarded achievement certificates. Awards were also presented to the League of Friends at Wesham, Clifton, Rossall and Fleetwood for their long association and commitment to the Trust.

Equality and Diversity

We actively promote equality and diversity good practice. We work hard to create and sustain a culture and implement practices that recognise, respect and value difference, for the benefit of

our patients, our staff and our members.

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

Under the auspices of our Equality, Diversity and Human Rights committee we work to an annual action plan that ensures all seven key strands of the equality legislation and good practice are implemented, namely around race, gender, disability, age, sexual orientation, Faith and religious belief and trans gender issues. The Trust's values support this and our aim is to be both a healthcare provider and an employer of choice. A number of human resources policies have been reviewed and updated during the year to ensure they reflect best practice in this respect. Equality Impact Assessment of policies is well established.

We are proud to use the 'two tick' disability symbol on our recruitment materials, which signals our positive approach to employing people with disabilities. To support this, we have provided managers with guidance to ensure that they understand the requirements of the Disability Discrimination Act and are better able to support disabled staff, including anyone who becomes disabled during the course of their employment.



Appraisal

The staff appraisal process was overhauled in 2008. As a result, over 85% of staff received an appraisal and personal development plan during the last 12 months. Feedback from the staff survey and Investors in People demonstrate that the new system is working much better both in terms of ensuring timely appraisal and linking this clearly to organisational priorities and objectives. Further improvements are planned for 2009/10.

Sickness Absence

Sickness absence rates fell for the second year in succession, down to 4.7% for the year ending March 2009. During the past 12 months further work has been done to reduce sickness absence through a focus on managers training and back to work interviews for short term sickness, and on reducing work related stress, to try to tackle longer term sickness. The work on stress has been undertaken in partnership with the Health and Safety Executive. The 2008 staff survey results indicate a significant reduction in both complaints of work related stress and workplace bullying which it is hoped will result in further improvements in attendance.

The table below shows the progress we have made over the past three years.

Working Time Directive

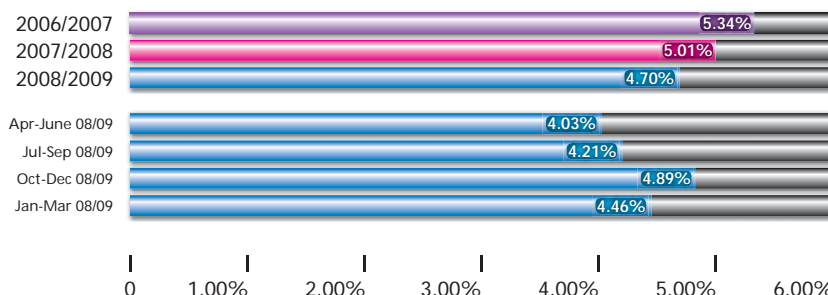
The 48 hour maximum working week for all doctors in training was implemented from August 2008, one whole year ahead of the legal requirement.

Training and Development

The last 12 months has seen a significant expansion in the training and development opportunities available to staff. The Trust ran its first senior clinical leaders development programme in January 2009 aimed at developing the next generation of medical and service leaders. The Trust has joined the North West mentoring scheme offering the opportunity for all staff to be mentored. In addition the trust agreed to support the roll out over two years, of the 'Being with Patients' programme, aimed at improving the customer care skills of all front line staff.

The arrival of undergraduate medical students from Liverpool University has seen a significant improvement in both the content of and the infrastructure to support medical education and multidisciplinary training throughout the Trust. The partnership with Liverpool is an exciting one. Initial feedback from students has been superb and all staff are benefiting from the improvements to the learning environment

Sickness Absence Performance



including library facilities which this development has facilitated.

The Trust has continued to develop new roles and ways of working with a further cohort of 25 trainee assistant practitioners commencing. The Trust continues to be an active partner in the Blackpool cadet scheme, hosting 36 cadets, on the two year programme. Recognising its wider social responsibility the Trust has engaged with Job Centre Plus through the Working for Health and experience programme, by offering to host 15 trainees in six month long work placements aimed at getting local people off benefit and into careers in health and social care. Through the skills for life agenda and the joint investment framework the trust has significantly increased access to NVQ's and training for staff in numeracy and literacy.

The Trust has been reviewing mandatory training including induction. The decision to make Equality and Diversity training mandatory for all staff was taken during the year.



Health and Safety - A Safe Working Environment

It is important for staff, as well as patients and visitors, that we place a high priority on health and safety in the workplace. During the year, we have continued to develop an excellent working relationship with our link inspector from the Health and Safety Executive (HSE), building on the implementation of our work plan.

As part of this commitment, staff are attending more training in Health and Safety than in previous years. Training includes statutory duties in relation to Health and Safety, Risk Management and Chemical Safety (COSH). In addition, line managers have completed training awareness in the requirements of the RIDDOR Regulations, (Reporting of Diseases, Injuries and Dangerous Occurrences Regulations). The Trust continues to promote the importance of reporting any incidents or potential incidents to all staff so that we can investigate and learn any lessons.

The Trust has a Health and Safety and Environmental Governance Committee, which is made up of clinical and non clinical groups, trade unions and staff. The Committee meets six times a year to receive reports from all areas and provides an opportunity for managers and staff to raise concerns and issues appertaining to Health and Safety. The Committee also sets annual health and safety performance targets for improvement in specific areas and tracks and monitors progress at each of its meetings. The table overleaf shows how we have performed over the past two years.

No	Performance Target	2007/ 2008	2008/ 2009	In-year performance 2008/2009					
		Total	Total	Apr- May	Jun- Jul	Aug- Sept	Oct- Nov	Dec- Jan	Feb- Mar
1	To reduce incidents of violence to staff	113	199	21/12	21/18	18/14	25/26	17/10	9/8
2	To reduce Needle stick Injuries	151	147	16/13	13/11	7/15	14/13	11/8	9/17
3	To reduce Slips, Trips and Falls by 30% by 2010	102	90	5/12	8/8	8/6	7/10	8/4	8/6
4	To reduce Manual Handling Incidents	90	149	16/13	12/9	9/14	19/13	16/15	8/5
5	To reduce accidents to staff	571	618	58/51	50/47	41/50	58/54	58/50	49/52

Security management

As part of the overall Counter Fraud and Security Management Services, the Trust Local Security Management Specialist (LSMS) has trained over 970 Staff members in Conflict Resolution over the past two years. As a reflection on the results of the increased training, the work of the Security Officers and our partnership with Lancashire Constabulary, assaults on staff are falling.

A joint Safety and Security Open Day in November 2008, was held to raise awareness of Safety and Security aspects which was attended by many staff and was supported by Lancashire Constabulary, the Health and Safety Executive and some specific Security and Computer Workstation supply Companies.

Occupational Health

Our Occupational Health Service employs a team of doctors, nurses, counsellors and support staff who provide a comprehensive occupational health service to Trust managers and staff. Services range from pre-employment screening of new staff to assessments of fitness to work following serious illness or injury. There are also regular work related health checks, vaccination and immunisation programmes, and advice on reducing risks in the workplace. A particular focus this year, following feedback from our staff survey and in response to performance data, has been training and awareness to improve the management of sickness absence and to reduce stress in the workplace.



" To everyone on Ward 18. Many thanks for looking so well after Jean during her 10 weeks on your ward.

All her family had noted all the kindly care and attention shown to Jean during this time. We know Jean would have liked us to say thank you so please accept our gratitude. "

Jean Rydings and family



Our Finances

Income and Expenditure Performance

The Trust has performed very strongly financially in its first full year as a Foundation Trust in 2008/09, delivering a surplus of £6m.

The Trust had planned to achieve a surplus of £4.4m in 2008/09 and the over achievement in surplus is a result of:

- The Trust undertaking additional activity above contracted levels, resulting in increased income.
- The successful delivery of the cost improvement programme.
- Interest received on cash deposits.
- The unexpected recovery of prior year income.
- The ring-fencing of resources to support the implementation of an Interim Clinical Information system.

The surplus delivered will be used to further develop the Trust's services and to resource the Trust's capital investment plans.

Table 1 below compares the 2008/09 actual performance to the 2008/09 plan.

Table 1

	Plan £'m	Actuals £'m	Variance £'m
Total income	236.1	253.6	17.5
Expenses	(220.7)	(234.4)	(13.7)
EBITDA*	15.4	19.1	3.7
Depreciation	(5.7)	(5.8)	(0.1)
Impairment	0.0	(2.5)	(2.5)
PDC**	(7.4)	(7.4)	0.0
Profit on disposal	1.4	1.5	0.1
Interest receivable	0.8	1.1	0.4
Surplus	4.4	6.0	1.6

* Earnings before interest, tax, depreciation and amortisation.

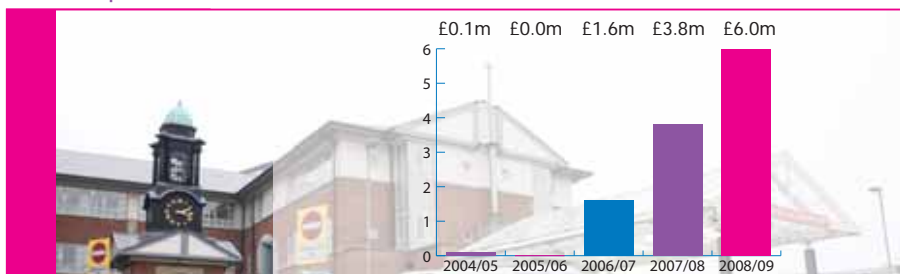
** Public Dividend Capital

This strong financial performance reflects the robust financial processes and procedures that have been introduced across the last few years, in particular those to continue to delivering efficiently. £6.6m of efficiency savings were delivered in 2008/09 reflecting the efficiency requirement inherent in the National Tariff for the period. The Trust will continue to drive down

costs in future years, to ensure that it can both meet anticipated financial risks and fund our capital investment plans.

The Trust's financial performance has continued to improve across the last five years from 2004/05 to 2008/09. Surplus performance is summarised in the Chart 1 below.

Chart 1: Surplus Performance



The improvement in financial performances reflects the increases in income the Trust has earned across this period as a result of growth in patient activity. This is due to both increases

in activity to deliver improved waiting times to achieve the 18 week waiting time target but also a year on year increase in non-elective activity. These increases are shown in the Charts 2 to 4 below.

Chart 2: Completed Patient Spells

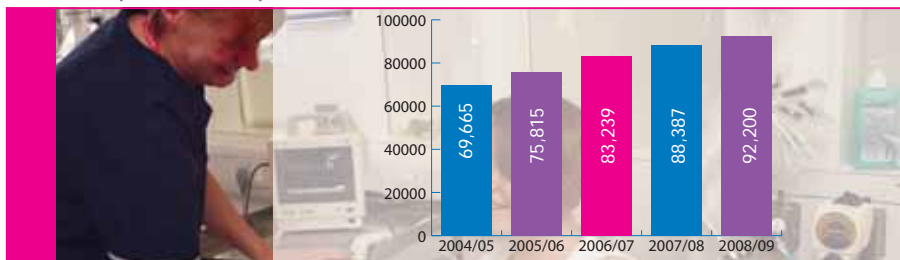


Chart 3: Outpatient Attendances

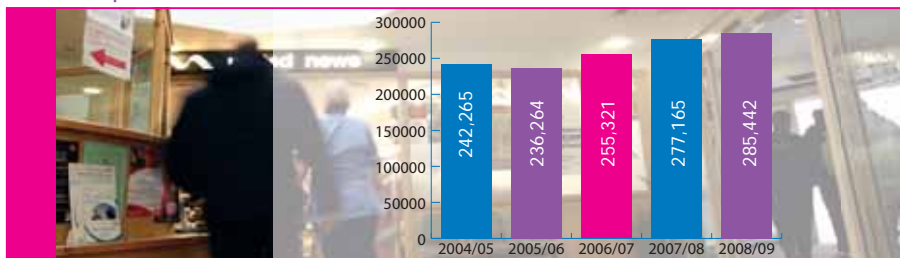
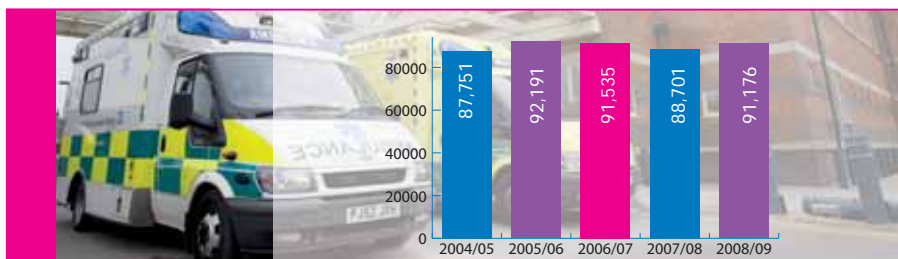


Chart 4: A&E Attendances

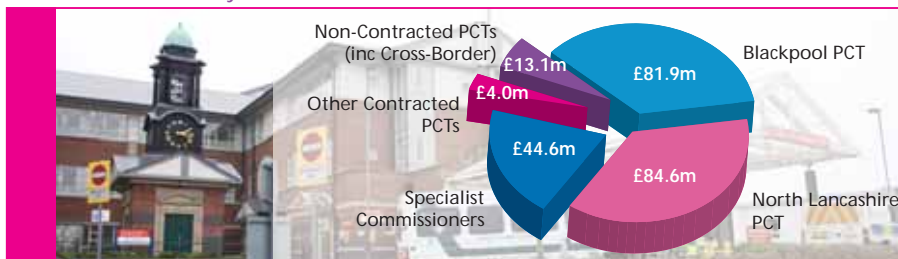


Income from providing clinical services to NHS patients, as above, represents the majority of the Trust's income £228.2m or 90%. The provision of these services is covered by contracts with Primary Care Trusts and other NHS commissioners.

The terms of these contracts are agreed locally between the Trust and commissioners based on the national contract published by the Department of Health and priced using the National Tariff or locally agreed prices as appropriate.

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Chart 5: Clinical Income by Commissioner 2008/2009



For 2009/10 a new national tariff is to be introduced utilising HRG version 4. Whilst this potentially increases the volatility in the tariff across the NHS, the Trust has worked closely with its main commissioners to fully understand the potential impacts and develop strategies to mitigate potential impacts.

In addition to the NHS Clinical income described above, the Trust receives a number of other income streams. The trend in this income is summarised in Chart 6 and performance in 2008/09 is summarised in Chart 7.

Chart 6: Non-NHS Clinical/Non-Clinical Income 2004/05 to 2008/09

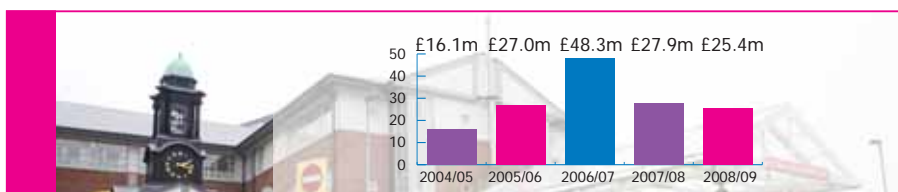
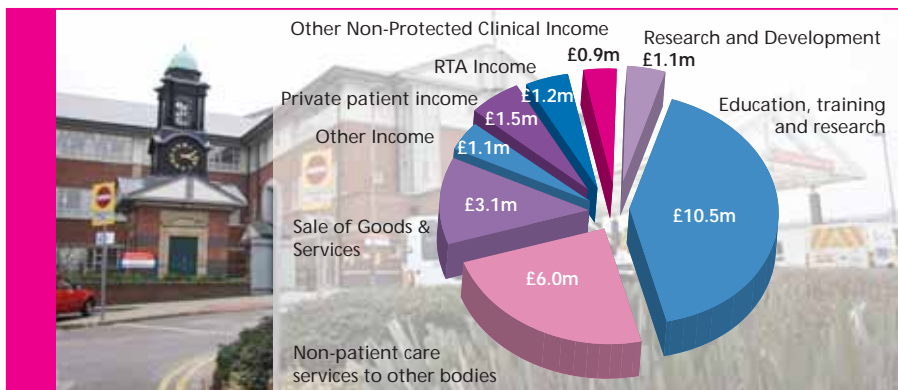


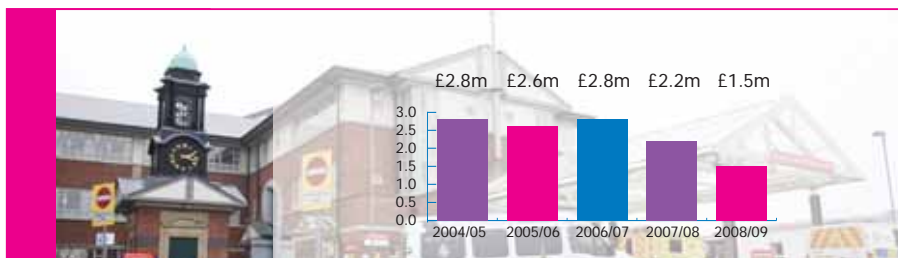
Chart 7: Non-NHS Clinical/Non-Clinical Income by type.



These income streams equated to £25.4m or 10% of the total income earned for the year. Of this £21.8m or 8.6% relates to the provision of other services not directly related to healthcare, including catering and car park income. Any surplus from these services help reduce the cost of patient related activities.

Under the terms of the Trust's authorisation as a Foundation Trust, the proportion of total patient related income of the Trust in any financial year derived from patient charges should not exceed that generated in the 2002/03 financial year. The results for the period are summarised in the following table with the trend in private patient income shown in Chart 8.

Chart 8: Private Patient Income 2004/05 – 2008/09

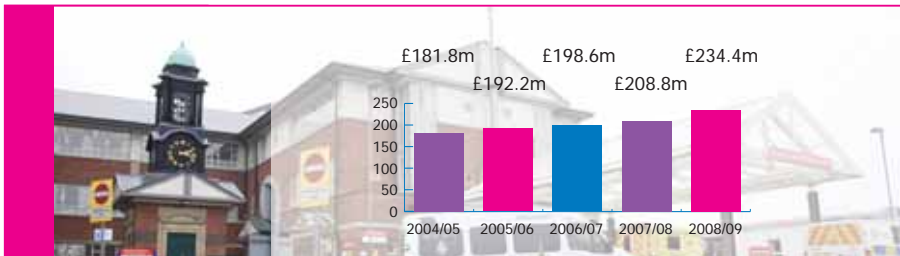


The level of private patient income is decreasing as a proportion of total patient income, reflecting the improvement in waiting times and

the reduction in private healthcare insurance in the current economic climate.

Chart 9 shows the increase in expenditure over the same five year period.

Chart 9: Expenditure



Whilst there has been year on year growth in expenditure (the majority of which relates to the increased costs associated with additional activity to delivery waiting time targets and inflationary pressures such as annual pay awards) the rate of growth is lower than that for income and reflects the Trust's success in delivery of improved value for money and efficiency savings.

Performance to deliver savings is closely monitored at divisional level with a number of schemes and associated timescales identified. There have been a number of themes to delivering efficiencies including more effective procurement, reconfiguration of services and the application of lean methodologies.

The processes for delivering efficiencies will be built upon in 2009/10 to ensure that the Trust's cost base is effectively controlled.

During the year the Trust spent £10.4m on management costs, which represents 4.1% of total income. By comparison, in 2007/08, management costs as a percentage of total income was 4.0%.

Management costs are defined as those on the management costs website at www.dh.gov.uk/PolicyandGuidance/OrganisationalPolicy/FinanceandPlanning/NHSManagmentCosts/fs/en.

Senior employees remuneration is set out on page 89 in the Remuneration Report section of this report.



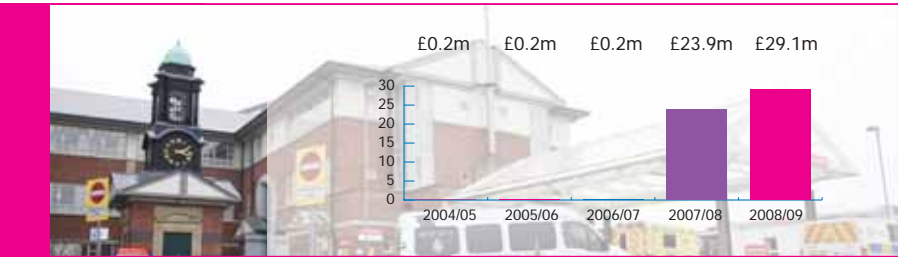
Cash Flow and Balance Sheet

The Trust's cash balance at the end of the financial year was £29.1m against a forecast balance of £18.8m. The increase reflects the improvement in the surplus position identified above and the need identified in year to set aside resources to invest in a Interim Clinical

Information System.

Chart 10 summarises the Trust's year end cash balances across the last five years. Note that this reflects from 2007/08, the Trust's ability, as a Foundation Trust, to retain cash balances at year-end.

Chart 10: Year-end Cash Balances



The above values are inclusive of £5m invested in the Yorkshire Bank from July 4th 2008 for a year.

any of this facility in 2008/09 and does not expect to across the next three years.

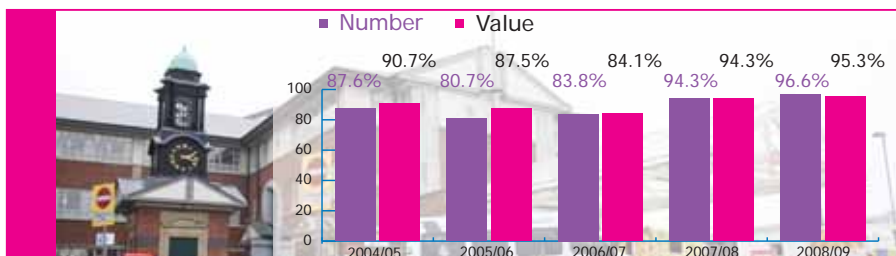
As a Foundation Trust, the Trust is required to ensure that it has enough liquidity to support its working capital requirements. To ensure this the Trust has agreed with Barclay's Bank plc a £16m working capital facility. The Trust did not utilise

To comply with best practice the Trust is required to pay 95% of undisputed invoices within 30 days of receipt. The table below summarises the performance for 2008/09 and Chart 12 shows the trend for the last five years.

	Number	£'000
Total Non-NHS trade invoices paid in the year	64,338	89,436
Total Non-NHS trade invoices paid within target	62,368	86,350
Percentage of Non-NHS trade invoices paid within target	96.9%	96.5%

	Number	£'000
Total NHS trade invoices paid in the year	2,300	25,250
Total NHS trade invoices paid within target	1,991	23,030
Percentage of NHS trade invoices paid within target	86.6%	91.2%

Chart 12: Percentage of trade invoices paid within target



In addition the Trust, as part of the public sectors role to support the private sector in the economic downturn, has been aiming to pay small and medium size enterprises within 10 days. This approach was introduced in November 2008 and performance has improved to paying 96% within 10 days. The Trust will continue to support its suppliers across 2009/10.

No interest was paid to suppliers under the late payment of Commercial Debts (Interest) Act 1998.

The Trust invested over £9m in capital schemes during 2008/09. Expenditure during the period included the following investments;

	£'m		£'m
Base Capital	4.4	Urgent Care Centre	0.2
Surgical Centre	2.9	Energy Scheme	0.7
Women's & Children's	1.2	Total	9.4

The majority of the above expenditure was funded from internally funded resources with £1.4m provided from Public Dividend Capital.

From 2009/10 the Trust will continue to invest in its renewal programme that will modernise and improve facilities and equipment.

In addition the Board of Directors has considered the following additional schemes:

- Urgent Care Centre
- Surgical Centre
- Women's and Children's services

- Interim Clinical Information System

The largest of these is the £40m surgical centre, the full business case for which was approved on March 25th 2009.

To facilitate these the Trust will have to utilise part of its Prudential Borrowing Limit (see below) to ensure that sufficient cash flow is available. To this end the Trust has successfully negotiated a loan for £25m with the Foundation Trust Financing Facility, with the loan agreement approved on March 7th 2009.

Performance against the Prudential Borrowing Code

As a NHS Foundation Trust, the Trust, has greater freedoms to borrow money in order to finance capital investment as described above.

The limits on the amount the trust can borrow and the conditions that it must meet to demonstrate that the levels of borrowing are affordable are set out in the Prudential Borrowing Code (PBC), published by Monitor. The PBC sets out five minimum financial ratios that the Trust must meet

if it is to undertake any borrowing.

The maximum cumulative borrowing or Prudential Borrowing Limit (PBL) that the Trust may make is set by Monitor with reference to the Trust's annual financial risk rating (see below). The Trust has a planned financial risk rating of 4 and as a result a PBL of £67.5m. The borrowing agreed with the Foundation Trust Financing Facility is therefore within this limit.

In 2008/09 the Trust did not have any borrowing. Trust performance against the PBC ratios is summarised in the adjacent table.

	Target	2008/09 annual performance	2008/09 Plan
Maximum debt/asset ratio	<15%	0	0
Minimum dividend cover	>1	2.8	2.6
Minimum interest cover	>3	0	0
Minimum debt service	>2	0	0
Maximum debt to service revenue	<3%	0	0

Performance Against Monitor's Compliance Framework

As a Foundation Trust, the Trust is required to demonstrate that it is operating within Monitor's Compliance Framework. The Framework sets out Monitor's approach to regulating Foundation Trusts using a risk based methodology.

A key element of the framework sets out the approach by which the level of financial risk facing the Trust is assessed and the likelihood that the Terms of Authorisation will be breached.

A Foundation Trust that has a high risk of breaching the financial element of their Terms of Authorisation would achieve a financial risk rating of 1. A low risk would achieve a financial risk rating of 5.

Based on its Annual Plan submission the planned risk rating was assessed a risk rating of 4. Actual performance is a risk rating of 5 and the table below summarises the Trust's performance against the Compliance Framework metrics.

	Target (level 4 risk)	2008/09 plan	2008/09 Annual Performance	2007/08 Annual Performance
EBITDA % achieved	>85%	100%	123.9%	100.0%
EBITDA margin	>9%	5%	7.5%	11.1%
Rate of return on assets	>5%	6%	8.1%	7.7%
I&E surplus margin	>2%	3%	3.4%	4.1%
Liquid ratio	>25 days	35 days	48 days	41 days

The Trust will continue to build upon the strong financial base that it has developed and has planned for a £2.9m surplus in 2009/10. This supports the Trust's strategy to deliver surpluses so that the cash generated can be invested in improving its infrastructure and the quality of services provided to patients.

At its meeting of March 25th 2009, the Board of Directors considered its Annual Plan for 2009/10 and supporting financial plans for 2009/10 to 2011/12. These plans are based on prudent activity assumptions that have been agreed with commissioners, combined with expenditure budgets that have taken into account the likely

cost risks in this period and the requirement for 3% efficiencies as set out in the NHS Operating Framework for 2009/10 and 4% from 2010/11.

On the basis of these plans the Board of Directors has a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason that Trust has adopted the going concern basis in preparing the accounts.

The Trust's main accounting policies, including policies for pensions, that are used to prepare the accounts are set out in Annex E to this report. Details of the Directors remuneration is included

in the Remuneration Report. The format of the accounts and the supporting accounting policies were reviewed by the Trust's Audit Committee at its meeting on February 3rd 2009.

In the opinion of the Directors there are no Post Balance Sheet events.

The Board of Directors is not aware of any relevant audit information that has been withheld from the Trust's auditors, and members of the Board take all of the necessary steps to make themselves aware of the relevant information and to ensure that this is passed to the external auditors as appropriate.

The Board is not aware of any circumstances where market value of fixed assets is significantly different to carrying value as described in the Trust's financial statements. The Trust's auditors have provided an opinion on our 2008/09 accounts, which is outlined at Annex D.

Financial Instruments

The Trust does not have any listed capital instruments and is not a financial institution. Due to the nature of the Trust's Financial Assets/ Financial Liabilities, book value also equates to fair value. All Financial Assets and Financial Liabilities are held in sterling.

Credit Risk

The bulk of the Trust's commissioners are NHS, which minimises the credit risk from these customers. Non-NHS customers do not represent a large proportion of income and the majority of these relate to bodies which are considered low risk - e.g. universities, local councils, insurance companies, etc. The Trust has a cash investment with the Yorkshire Bank of £5m deposited on July 4th 2008 for 12 months at a fixed rate of interest. The Yorkshire Bank market rating as at the balance sheet date continues to be strong therefore minimising credit risk.

Liquidity Risk

The Trust's net operating costs are incurred under service agreements with local Primary Care Trusts, which are financed from resources voted annually by Parliament. The Trust largely finances capital expenditure through internally generated funds and from loans that can be taken out up to an agreed borrowing limit. The borrowing limit is

based upon a risk rating determined by Monitor, the Independent Regulator for Foundation Trusts and takes account of the Trust's liquidity. All of the Financial Assets and Financial Liabilities are recoverable within one year. The Trust is therefore not exposed to significant liquidity risk.

Market Risk

All of the Trust's financial liabilities carry nil or fixed rate of interest. In addition the only element of the Trust's financial assets that is currently subject to variable rate is cash held in the Trust's main bank account and therefore the Trust is not exposed to significant interest rate risk.

Cost Allocation and Charging Requirements

The Trust has complied with the cost allocation and charging requirements set out in HM Treasury and Office of Public Sector Information Governance.

External Auditors

The Council of Governors has approved the continued appointment of PricewaterhouseCoopers as the Trust's external auditors until March 31st 2009. PricewaterhouseCoopers were paid £86K in respect of statutory audit fees.

The Trust limits work done by the external auditors outside the audit code to ensure independence is not compromised. In 2008/09 our external auditors also carried out IFRS and waiting list reviews at a cost of £45K.

Counter Fraud

The NHS Counter Fraud and Security Management Service has set out the framework within which the NHS plans to minimise losses through fraud. The Trust's local policy complements the national and regional initiatives and sets out the arguments for the reporting and the elimination of fraud.

The finance director is nominated to make sure that the Trust's requirements are discharged and is aided by a Local Counter Fraud Specialist (LCFS). The LCFS developed a plan that aimed to proactively reduce fraud and create an anti-fraud culture supported by appropriate deterrence and prevention measures. Progress against the plan is regularly reported to the Audit Committee.



“ Each and every member of your team was most kind, gentle and gave me confidence. Many were unknown names to me but they put me at my ease and I am grateful for their medical attention. The family atmosphere provided in the hospital was a credit to all involved. ”

Our Performance

The Trust maintained its excellent operational performance during 2008/9, delivering all national and local performance targets. This was particularly pleasing during the period October to December 2008 when the Trust saw an increase in emergency medical admissions of 55% on the previous year.

Robust winter plans and operational management processes meant the Trust was one of the very few hospitals in the North West to maintain delivery of the A&E four hour target and deliver a full programme of elective surgery, with no patients being cancelled due to a lack

of beds. A summary of our performance against key operational performance targets and core standards is given below. A more detailed report on our performance is outlined overleaf and in our Quality Report at Annex A.

Performance against National Quality Standards

Quality Standard	2007/08	2008/09
18 week referral to treatment times	Achieved	Achieved
All cancers: one month diagnosis to treatment (including new cancer strategy commitment)	Achieved	Achieved
All cancers: two month GP urgent referral to treatment (including new cancer strategy commitment)	Achieved	Achieved
All cancers: two week wait	Achieved	Achieved
Time to reperfusion for patients who have had a heart attack	Achieved	Achieved
Incidence of MRSA Bacteraemia	Failed	Achieved
Incidence of Clostridium Difficile	Failed	Achieved
Delayed transfers of care (target <3.5%)	Achieved	Achieved
Total time in A&E (target 98% of patients to be admitted, transferred or discharged within 4hrs)	Achieved	Achieved
Inpatients waiting longer than the 26 week standard	Achieved	Achieved
Outpatients waiting longer than the 13 week standard	Achieved	Achieved
Patients waiting longer than three months (13 weeks) for revascularisation	Achieved	Achieved
Waiting times for Rapid Access Chest Pain Clinic	Achieved	Achieved
Cancelled operations and those not admitted within 28 days	Achieved	Achieved

18 weeks Referral to Treatment

In December 2007 the Trust became one of only three NHS Acute Trust's to deliver an 18 week wait for patients, from referral to treatment, a full 12 months in advance of the national target set by the Department of Health. Since this time we have delivered the performance target month

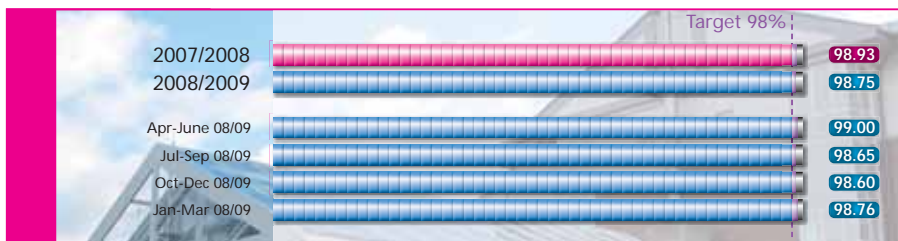
on month. We are building on this achievement to shortening waiting times for patients, with pathways being redesigned for the benefit of patients. This makes us well placed to maintain performance into the future.

Emergency Access Targets

During the year the Accident and Emergency Department delivered a performance well in excess of the national target, with over 99% of patients being treated, admitted or discharged within four hours of arrival. The department also delivered a local target of 70% of patients being

treated, admitted or discharged within three hours of arrival. As previously stated the Trust was one of the very few hospitals to deliver the four hour performance during the traditional 'winter pressures' period.

A&E 4 hour target



Cancer Plan Access Targets

The Trust delivered all Cancer Plan targets during the year with 100% of patients being seen within two weeks of a fast track cancer referral. In excess of 99% of patients diagnosed with cancer had their treatment within 31 days of that treatment being agreed and in excess of 95% of cancer fast track patients being diagnosed and treated within 62 days of referral.

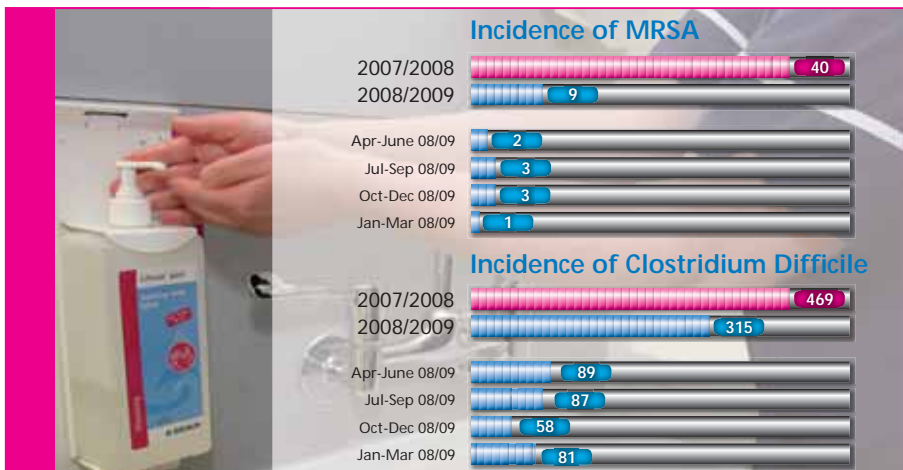
A great deal of work took place during the year to build on the above success, in readiness for the introduction of the new Going Further on Cancer Waits performance targets. The new targets will not be announced until the end of March 2009 however the Trust believes it is well placed to deliver the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



Healthcare Acquired Infections

Following the introduction of a number of major initiatives toward the end of the last financial year the Trust has delivered a vastly improved performance in relation to health care acquired infections. Between April 2008 and March 2009, nine cases of MRSA and 315 cases of Clostridium Difficile were recorded, well below the target

performance agreed with commissioners. A high proportion of these cases were community acquired and diagnosed when patients were admitted to hospital. A great deal of work is taking place with health community partners to tackle the community element of health care acquired infections.



Improving Patient Care

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

In July 2008 the Trust implemented a mortality project, with seven workstreams, to identify

issues that may be impacting upon hospital mortality rates. Following implementation of a wide range of actions we have reduced our Hospital Standardised Mortality Rate from 103 (100 being the average) from April 1st 2007 to March 31st 2008 to 93 for the period April 1st 2008 to March 31st 2009. We will be continuing our work in this area via a Mortality Board, which will focus on implementing a structured approach to monitoring and improving mortality across all clinical specialties.

Bowel Cancer Screening Centre

In April 2008 the Trust was successful in achieving accreditation as a Bowel Cancer Screening Centre for the 1.3m catchment population of Blackpool, Fylde and Wyre, Preston, Blackburn and Burnley. This was an important development for both the local population and the endoscopy unit as it has supported other developments, such as the introduction of endoscopic ultrasound and capsule endoscopy. The success of the Bowel Cancer Screening Service has been dramatic with 33 people being diagnosed with cancer and receiving treatment, thereby improving clinical outcomes through earlier intervention.



Audiology Services

During the year the Trust undertook a major piece of work to improve waiting times for patients who had requested an upgrade from an analogue to a digital hearing aid. The result of this was approximately 1,200 patients having

a hearing aid upgrade between the beginning of November and the end of January 2009. This has seen waiting times in audiology tumble to a maximum four weeks wait for assessment and five weeks for fitting of hearing aids.

Winter Planning

For the second successive year the Trust demonstrated that it had undertaken, in collaboration with our Health Community partners, robust winter planning. During the period of the winter plan we experienced a 10% increase in A&E attendances and a 55% increase in emergency admissions to the hospital compared to last year. However we were able to maintain our A&E four hour wait performance throughout the whole of the period. We had no cancellations of elective work due to bed availability and we accommodated all patients

in recognised bed spaces which maintained their privacy and dignity. All staff within the Trust worked extremely hard to deliver the winter plan and there was a clear commitment to joint working across all areas. We believe that the principle that underpinned the success of the winter plan was ensuring that medical patients were cared for on medical wards, had robust treatment and care plans and had shorter lengths of stay than they would otherwise have had. This allowed flow to be maintained throughout the hospital.

Core Standards Declaration

The Trust has declared to the Care Quality Commission that it is fully compliant with the 24 core standards for better health.

Information Governance Risks


Following recent guidance, the Trust is required to assess and report information risks and data losses in a standard format provided by Monitor. For the year ending 2008/09 the Trust had 22 information security related incidents to report. These were classified on the information security risk scale from 0-2. Only incidents classified as a severity rating of 3-5 need to be reported as a serious untoward incident and reported to Monitor and the Information Commissioner. During the reporting period there were no serious untoward incidents in the severity rating of 3-5 involving data loss or confidentiality breach.

The Trust take all incidents very seriously and these are investigated in the same way as clinical incidents so that we learn lessons and take action to prevent similar issues occurring.

Future business plans

The Trust's strategic direction, as set out in the Annual Plan 2008/9 and our vision and values, as agreed by the Trust Board in April 2006, underpin the work programme for 2009/10. Over the last 12 months we have undertaken a great deal of work to develop our approach to delivering our vision and this is reflected in the Delivering our Plans section of this document.





"I would like to applaud the work and dedication of the staff at the Macmillan Unit at Blackpool Victoria Hospital who monitored and subsequently treated my condition, a condition that is now thankfully, in full remission. I have nothing but praise for the professionalism and confidence that the consultants showed. Their explanations as to what may happen and the effects the treatments helped to reassure me – a born worrier. I must also commend the registrars, nurses, receptionists, pharmacy staff and the WRVS lady Rita, all of whom acted with great professionalism and kindness. "

Mrs P Twiss, St Annes

Delivering Our Plans

Improving the Patient Experience

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

Seven indicators were piloted across 10 wards (representing all Divisions), these were:

- Patient observations.
- Pain management assessment.
- Falls assessment.
- Tissue viability assessment.
- Nutritional assessment.
- Medication assessment.
- Infection prevention.

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

We will shortly be implementing a process for auditing the quality of care in the seven key areas and this will be used on each ward every month. Part of this process will be to acknowledge

and celebrate good practice, with team efforts awards being developed for the best performing area and most improved area. Information from the audits will also be used to provide ongoing assurance to the Board of Directors that we are delivering a quality service to our patients.

Over the next year we aim to ensure that all wards and departments deliver an even higher quality of nursing care to patients, by achieving 95% compliance with the seven nursing indicators we have set.



Women's and Children's Development

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

- Introduction of ambulatory gynaecology – this will see treatments offered in an ambulatory setting, creating opportunities to both grow market share and improve efficiency by reducing demand for expensive theatre capacity.
- Paediatric staffing – the bringing together of children's wards into one area will give efficiencies through economies of scale.
- Reduced length of stay for Women's and Children's services – this will mean a requirement for fewer inpatient beds.
- Provision of a dedicated Foetal Assessment and Triage Unit – this will be managed by midwives and will reduce the need for overnight stays.
- Compliance with NSF standards - the new facility provides the opportunity to move the majority of non-medical children's services into accommodation designed to meet the needs of children.

- Improved Postnatal Support through the development of a transitional care unit – this will allow mothers and babies to remain together whilst the baby undergoes treatments such as IV antibiotics or phototherapy.
- Provide an infrastructure to deliver one-stop services – this will cover assessment and treatments for Post Menopausal Bleeding, Foetal Assessment and Early Pregnancy Assessment.

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



Urgent Care Centre

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

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

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

Phase VI – Surgical Development

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

- Supporting the adoption of best practice surgical techniques.
- Optimising bed and theatre utilisation.
- Bringing together fragmented surgical services, to simplify the patient journey.
- Providing a high quality environment that promotes and protects patients privacy and dignity.
- Enhancing the Trust's infection prevention policy and procedures.
- Delivering services in a facility that meets patients expectations.

- Promoting the Trust as the provider of choice in the local health economy.
- Enhancing the Trust's ability to attract and retain high calibre staff from all disciplines.
- Facilitating flexible training and workforce models.

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



Cardiac Expansion

The Trust is planning to extend the range of cardiac services it provides to deliver local services for patients. Lancashire and South Cumbria patients currently access a number of services at Tertiary Centres in Liverpool and Manchester and therefore the cost of this expansion can be met by additional income generated under Payment by Results. Our plans include:

- Expanding the existing Primary Angioplasty service, for patients who have suffered a heart attack, into a Network wide service. This will involve a revision to existing on call systems to provide 24 hour seven day a week cover.
- The Trust has appointed a Cardiologist with a special interest in heart failure. The new appointee will take the clinical lead in developing heart failure services, in response to the poor review of service by the Health

Care Commission and below national average implantation rate of ICDs and biventricular pacemakers.

- The Trust has support from the Specialist Commissioner to develop an Electrophysiology Service to prevent patients having to travel to Manchester and Liverpool to receive treatment. We will be seeking to make an appointment to a new post during the year to lead on the development of this service.
- During 2008 the Board of Directors gave approval to undertake a limited pilot in the introduction of transapical and percutaneous valve replacements. To date the results have been very positive. The Specialist Commissioner will be seeking to place contracts with Tertiary Centres to provide this service during the coming year and the Trust is well placed to bid for this work.

Cancer Reform Strategy – Going Further on Cancer Waits

The Cancer Reform Strategy, Going Further on Cancer Waits was published in 2008 and set a range of new performance targets for cancer. The new performance measures have been introduced to:

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

- Deliver a service that better meets patients' expectations.
- Collection of data to support service improvement and clinical outcomes.

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

Out of Hospital Care

The proposal to move services from hospital into the community was tested during our public consultation, 'Improving Patient Care'. The outcome of the consultation was that patients and the public told us that they wanted to see services delivered in the community closer to their homes. The consultation put forward proposals to develop Primary Care Centres on the Fylde Coast to facilitate this change. The first

of these centres opened in April 2009 with the second opening in autumn 2009. The Trust is in discussion with commissioners and local patient groups regarding the services they want to be provided in the new centres. This gives us the opportunity to develop pathways across primary and secondary care and consolidate our position as the first choice provider of healthcare on the Fylde Coast.



Stroke Plan

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

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

Falls Service

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

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

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

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

A community wide group has been established to review services available for patients who fall, or are at risk of falling.



Infection Prevention

Health care acquired infection continues to be high on the agenda, being one of the five key priorities in the Operating Framework, High Quality Care for All 2009/10. The Board of Directors identified Infection Prevention as the number one clinical priority for 2008/09 and challenging targets for the reduction of health care acquired infections were agreed with local commissioners. We have delivered on these targets with nine cases of MRSA and 315 cases of clostridium difficile being recorded between April 2008 and March 2009.

Health care acquired infections remains our number one clinical priority and the Trust has plans to extend MRSA screening currently in place for emergency admissions to hospital, to patients coming into hospital for elective procedures. Whilst we have in place excellent performance management arrangements for health care acquired infections we are not complacent and will continue to monitor the application of best practice and investigate as serious untoward incidents all cases of MRSA. Learning from these incidents will help us develop our practice and further reduce the number of health care acquired infections, providing a safer service for patients.

Relationship with Commissioners and Stakeholders

The Trust continues to build on the joint working that has taken place with Commissioners in recent years. This joint working has delivered great improvements to patient care, most notably an agreed and implemented plan for the configuration of health care services across the Fylde Coast and the delivery of an 18 week wait from referral to treatment for patients,

12 months in advance of the national target. Trust Executives meet regularly with their PCT counterparts, including Board to Board meetings, to discuss and agree strategy and review progress on operational plans. The Trust is also a key contributor to the Blackpool Overview and Scrutiny Committee playing a role in promoting and improving health in the local population.



Corporate Citizenship

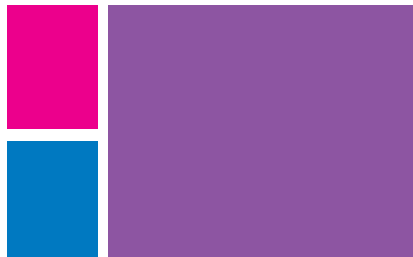
The Trust is committed to being a good corporate citizen. A continual review of our operations takes place to determine how we can minimize the environmental impact of our activities. During 2008 the Trust has progressed a number of initiatives with this aim. These include:

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

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



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"Thank you to all the midwives, care assistants and doctors on Ward B. You all took great care of me during my stay on the ward and made the decision to deliver our baby at the right time. He is doing well thanks to all of you. You do a wonderful job and we will always be thankful to you."

Michelle Laird, Blackpool



Our Future Plans

Strategic Overview

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

- Operating Framework 2009/10.
- NHS, Next Stage Review 'High Quality Care For All'.
- Financial and Market Context.
- Patient choice and plurality of providers.

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

Whole Health Community Vision

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

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

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



Quality Framework

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

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

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

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

Interim Clinical Solution

The Board of Directors have identified that if we are to deliver our vision of providing best in NHS care for our patients, and meeting the challenging targets set out in the quality framework, we require an information system that provides real time, high quality clinical information. The implementation of an Interim Clinical Solution will allow clinical information

to be recorded, collated, analysed and reported, with the focus on outcomes and the quality of the care being delivered. The system will provide real time information to monitor and improve on the effectiveness and efficiency of care, thereby improving clinical quality. A business case for the purchase of the system has been approved by the Board of Directors.



Continuous Improvement

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

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

Following a consultation with staff, the Board of Directors approved a tender exercise to select a strategic partner to work with the Trust for the next three years on implementing lean methodologies and develop a continuous improvement culture within the Trust. Work began in April 2009, with a number of large scale continuous improvement projects, focussed on priority areas for the organisation.

The Blackpool Way

The Trust's commitment to delivering best in NHS care through an enlightened approach to managing and leading people and developing a fully engaged workforce remains paramount.



This approach, known as The Blackpool Way, is our brand, celebrating our unique identity and aimed at securing continuous improvement in quality of services for our patients.

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



Workforce Development

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

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

Using this framework the Trust will continue to deliver workforce improvements to ensure both increased patient satisfaction and deliver fully

on 'being a great place to work' as set out in our vision.

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

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

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

Medical School Development

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

As part of the medical school development, existing building stock, including the Healthcare Professionals Education Centre and two blocks of residences have been upgraded, with work being completed prior to the first cohort of students

arriving in September 2008. During the coming year income associated with the students will be invested in clinical services where teaching takes place, primarily in consultant job plans and supportive clinical posts. This will develop the infrastructure to support the delivery of training and education.

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





Fit for Foundation

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

The proposed approach is that, the Board of Directors 'license' each Division once they are assured they are sufficiently strong in terms of leadership governance, finance, quality and workforce. Once licensed the divisions will enjoy a model of regulation similar to that of Foundation Trusts that works on the basis of risk ratings for governance, finance and mandatory services with a 'light touch' approach taken if key targets are met and strong planning and control is demonstrated. Before pursuing this approach the Clinical Divisions and Corporate Departments have been going through an assessment process to ensure that each Division is capable of handling a greater degree of autonomy in terms of its governance and controls, and that they receive appropriate corporate support to allow them to manage their service effectively.

Having 'licensed' a Division it then benefits from a scheme of delegation, which offers certain freedoms and benefits. The purpose of this approach is to strengthen organisational performance, by incentivising Divisions to develop, grow stronger and deliver excellence. The timetable for Fit for Foundation plans for all Divisions being licensed was April 1st 2009. Following assessment the Cardiac Division and Surgical Division were licensed in April 2009 with the other divisions being deferred to July 1st 2009. The reasons for deferment have been made explicit to the divisions, and mutually agreed action plans to address identified issues have been developed.

From the April 1st 2009 those Clinical Divisions that are licensed will be monitored on their performance via a set of primary targets that will be reported to the Board of Directors on a monthly basis. Divisions will also be required to make a monthly declaration confirming the expected performance against all primary targets and criteria, together with an any action plans in place to correct any adverse variances against particular targets. The Board of Directors will have the ability to intervene based on any concerns raised from the monthly monitoring, with specific intervention being agreed to fit the particular circumstances of the case.

The Local Competitive Situation and Development of Commercial Opportunities

The competitive situation for the Trust has improved since Foundation Trust status was achieved. There is limited local competition for the Trust's services, this was further strengthened by the delivery the 18 week waiting time target earlier than other local providers. However other local providers are now at 18 weeks for the majority of services, and hence waiting times are no longer the competitive advantage they once were. The Trust has therefore strengthened its marketing efforts and continues to strive for better quality services to maintain its current service base.

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

In addition the Trust has embarked on a successful Joint Venture arrangement with a local GP practice to provide local integrated healthcare services. These services will start in the autumn or winter of 2009.

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

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

Developing our Marketing and Competitive Capability

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

amalgamate this function to become part of the normal business development work of the Trust.

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

Contracting

The Trust has signed a three year contract with Blackpool PCT, acting as Co-ordinating Commissioner. Discussions are ongoing with commissioners regarding the increase in emergency medical admissions that have been experienced in 2008/9 and activity levels required to maintain an 18 week waiting time.

The outcome of these discussions will be built into this year's contract. Discussions with the Specialist Commissioner regarding Cardiac and Haematology activity have been concluded with activity levels being agreed to ensure maintenance of the 18 week performance target.

Risk Analysis

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

- Governance risk
- Mandatory services risk
- Financial risk

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

Governance Risk

The Board of Directors is confident that the Trust will remain compliant in 2009/10 with the compliance framework. Delivery of infection prevention targets is seen as a high-risk area and a robust performance management framework has been introduced by the Trust to mitigate this risk. This framework delivered the required level of performance in 2008/9. In addition the Trust has chosen to focus on four specific areas with

clear performance targets. These four areas are in relation to improved hospital mortality rates, conformance to best practice, reducing avoidable harms and improving the patient experience.

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



Legality of constitution

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

Growing representative membership

The Foundation Trust has continued to evaluate the membership in terms of size and constituency since gaining authorisation in December 2007. The Trust has an effective membership strategy, which includes plans to maintain and increase membership for 2009/10. This is not considered an area of risk for the organisation. The Council of Governors continue to work

enthusiastically and cohesively. It has been proactive in developing membership and reflecting on ways to enhance its operation and effectiveness.

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Board roles and structures

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

The membership of the Board of Directors will not change during 2009/10 unless an established member of the Board serves notice. In the event that there were to be any changes to the Executive Directors of the Board, appropriate deputising arrangements are in place to ensure continuity.

Service performance against targets and core national standards

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

arrangements are in place to deliver all national targets.

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



Clinical quality

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

The Trust registered with the Care Quality Commission on February 6th 2009 to make

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

With effect from the March 31st 2009, the Trust has introduced the MRSA Screening Operational Assurance Framework.

Effective risk and performance management

The Trust was successful in attaining the Clinical Negligence Scheme for Trusts for Maternity standards Level 2 in May 2007. An Action Plan has been developed to achieve Level 3 with a scheduled assessment date for quarter three in December 2009.

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

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

Co-operation with NHS bodies and local authorities

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



Significant Governance Risks

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

- A performance management structure.
- Expanding screening of patients on admission.
- Implementation of interventions specified in the 100,000 lives and Saving Lives initiatives that are proven to reduce healthcare acquired infections.
- All staff signing an infection prevention pledge.

- All staff attending an infection prevention 'roadshow'.
- Ongoing monthly reporting of performance to the Board of Directors.
- A major publicity campaign to raise awareness of the risk of infection both amongst staff and public.

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

Mandatory Services Risk

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

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

and networking of services with other local service providers.

The Trust has developed a robust set of business continuity and contingency plans to ensure that services can continue to be provided in the event that a catastrophic event takes place which impacts upon patient services. These plans have been cascaded throughout the organisation and where appropriate have been fully tested.





“ My wife was admitted for an operation on a carotid artery and we would ask that everyone involved both during, and after, her treatment are given our highest praise and gratitude for the excellent manner in which she was treated. ”

The professionalism of your staff was evident at every turn. At the pre-op the operation was carefully clearly explained by the staff nurse, anaesthetist and doctor. The operation went according to plan and the after care in the High Dependency Unit was superb and the teamwork and happiness was so evident. ”

Ian and Margaret Nichol

Directors' Report

Board of Directors

The business of the Foundation Trust is to be managed by the Board of Directors, who shall exercise all the powers of the Foundation Trust, subject to any contrary provisions of the 2006 Act as given effect by the constitution.

The Board of Directors is responsible for providing strong leadership to the Trust. Responsibilities include:

- Setting of strategic aims and objectives, taking into account the views of the Council of Governors.
- Ensuring robust assurance, governance and performance management arrangements in place to ensure the delivery of identified objectives.
- Ensuring the quality and safety of healthcare services, education, training and research and applying the principles and standards of robust clinical governance.
- Ensuring that the Trust complies with the terms of authorisation, its constitution, mandatory guidance as laid down by the independent regulator, Monitor and other relevant contractual or statutory obligations.
- The Trust's Constitution sets out the types of decisions that are required to be taken by the Board of Directors. The assurance framework identifies those decisions that are reserved by the Board of Directors and those that can be delegated to its Trust Managers. The Constitution also describes which decisions are to be reserved for the Council of Governors.

The Board of Directors comprises seven Non-Executive Directors (including the Chairman) and six Executive Directors (including the Chief Executive).

There were changes to the Board of Directors in 2008/09 due to the retirement of Mr Mike Gallagher, Director of Facilities, in October 2008

and the resignation of Mrs Mandie Sunderland, Director of Nursing and Quality, with effect from November 2008. In addition, Julian Hartley, Chief Executive, was seconded to the University Hospital of South Manchester NHS Foundation Trust (UHSM) from March 30th 2009 for a 12-week period. Julian Hartley was appointed to the substantive position of Chief Executive of UHSM on May 8th 2009. Aidan Kehoe was appointed Acting Chief Executive and Harry Clarke Acting Director of Operations with effect from March 30th 2009.

Mrs Marie Thompson was appointed as the Director of Nursing and Quality on February 2nd 2009 and Mr Robert Bell was appointed as the Director of Facilities on March 16th 2009.

In addition, Mr Michael Brown was re-appointed as a Non-Executive Director to serve a three year term of office from December 1st 2008 to November 30th 2011.

As a self-governing Foundation Trust, the Board of Directors has ultimate responsibility for the management of the Trust but is accountable for its stewardship to the Trust's Council of Governors and Members. In addition, the Trust's performance is scrutinised by Monitor (the Regulator for Foundation Trusts) and by the Healthcare Commission (Care Quality Commission from April 1st 2009).

The Non-Executive Directors are appointed by the Trust's Council of Governors and, in terms of the Trust's Constitution, they must form the majority of the Directors.

The Board considers that it has an appropriate balance of expertise and experience and has access to specialist advice as required.

The Chairman has committed to spend three days per week on Trust business and the Non-Executive Directors are committed to spend four days per month on Trust business.

The Board of Directors meets on a monthly basis and the Board Agenda is produced to ensure that sufficient time is devoted to strategic, operational and financial matters. There have been ten formal Board Meetings, one Board Seminar and three additional Board Meetings during 2008/09.

There are five Sub-Committees of the Board as follows:

- Audit Committee
- Charitable Funds Committee
- Healthcare Governance Committee
- Human Resources and Organisational Development Committee
- Remuneration Committee

In addition, a Marketing Strategy Group has recently been established which is chaired by one of the Non-Executive Directors and includes three Governors within its membership.

Attendance at the Board of Directors Meetings and the five Board Sub-Committees is summarised in the following table:

Board of Directors and Committee Meeting Attendance

	Board	Audit	Healthcare Governance	HR & OD * Governance	Remuneration
Number of Meetings	14	6	4	6	4
Beverly Lester	14		2	5	4
Paul Olive	12	5			3
Chris Breene	13	6		6	3
Michael Brown	13	3			4
Peter Hosker	9	4			0
Bill Robinson	12	5		6	1
Malcolm Faulkner	9	4			
Julian Hartley	14		3	5	
Aidan Kehoe	13		2		
Tim Welch	13		4	3	
Mandie Sunderland (from 1.4.08. to 27.11.08.)	8		3	2	
Julia Langwade (from 28.11.08. to 1.2.09.)	2			1	
Marie Thompson (from 02.02.09. to 31.03.09.)	2			1	
Dr Paul Kelsey	10		2	0	
Nick Grimshaw	12		2	6	
Mike Gallagher (from 1.4.08 to 24.10.08)	7		1		
Barry McEwan (from 27.10.08. to 13.03.09.)	5		2		
Robert Bell (from 16.03.09. to 31.03.09.)	1				

* Human Resources and Organisational Development

 These Board Members are not required to attend as they are not members of the committee.

The work of the Sub-Committees is evaluated on an annual basis against agreed work programmes, with summary reports and minutes provided to the Board of Directors.

A performance assessment of the Board of Directors is due to be undertaken early in 2009/10 which will include a review of performance against agreed objectives, personal skills and competencies and progress with personal development plans.

All Directors have declared their relevant and material interests.

The Register of Interests is available for inspection by members of the public via the Foundation Trust Secretary at the following address:

Address: Trust Headquarters
Victoria Hospital
Whinney Heys Road
Blackpool
FY3 8NR

Telephone: 01253 306856

Email: judith.oates@bfwhospitals.nhs.uk

Compliance with the NHS Foundation Trust Code of Governance

The creation of Foundation Trusts has led to the requirement for a framework for corporate governance, applicable across the Foundation Trust Network. This is to ensure that standards of probity prevail and that Boards operate to the highest levels of corporate governance.

Monitor, the independent regulator of NHS Foundation Trusts, has produced the NHS Foundation Trust (FT) Code of Governance. This code consists of a set of Principles and Provisions and may be viewed on Monitor's website at www.monitor.nhsft.gov.uk/publications.php?id=930.

Foundation Trusts are required to report against this code each year in their Annual Report, on the basis of either compliance with the Code provisions, or, an explanation where they do not.

The compliance statement below reflects the Trust's declaration as to compliance with the Code as stated in the latest Annual Report 2008/09.

The Board of Directors considers that, the Trust has, throughout the 2008/09 reporting year, applied the principles and met the requirements of the Code of Governance. A paper has been submitted to the Audit Committee and the Board of Directors to provide assurance of compliance with the Code of Governance.



Profile of the Board

Voting members of the Board of Directors:-

Beverly Lester (Chairman) – term of office from 1.11.05 to 31.10.09 (second term)

Experience:

- Former Chairman of Blackpool, Wyre and Fylde Community Health Services NHS Trust
- Former Partner in Law Firm
- Former Deputy District Judge
- Part time Tribunal judge of the Tribunals Judiciary
- Trustee of the Ladies Sick Poor Association
- Governor of Carters Primary School
- Member of Blackpool Council's Children's Trust Board
- Member of the Court – University of Central Lancashire
- Trustee of Thornton Horse Club

Qualification:

- Qualified Solicitor – LL.B



Paul Olive (Non-Executive Director and Deputy Chairman) – term of office from 20.5.06 to 19.5.10 (second term)

Experience:

- Former Finance Director of Stanley Leisure plc
- Former Non-Executive Director of Crown Leisure plc
- Former Governor of Blackpool Sixth Form College
- Former Trustee of Age Concern
- Trustee of the Ladies Sick Poor Association

Qualification:

- Chartered Accountant – Fellow Institute of Chartered Accountants



Chris Breene (Non-Executive Director) – term of office from 20.5.06 to 19.5.10 (second term)

Experience:

- Former Non-Executive Director of the Blackpool, Wyre and Fylde Community Health Services NHS Trust
- Former Manager for Marks and Spencer
- Vice Chairman of the Employment Committee for Blackpool, Wyre and Fylde Blind Society
- Former Member of the Blackpool Partnership Against Crime Community Group
- Former Governor of Blackpool Sixth Form College



Michael Brown (Non-Executive Director) – term of office from December 1st 2008 to November 30th 2011 (second term)

Experience:

- Former Chief Executive of Wyre Borough Council
- Former Board Member - LAWTEC
- Former Board Member - Lancashire Learning & Skills Council
- Former Vice Chairman of Business Link Lancashire
- Former Member of Blackpool and the Fylde College Governing Body
- Former Governor of Baines School
- Chairman of Wyre Housing Association
- Managing Director of Eccleston Services Ltd
- Director of Canatxx Gas Storage Ltd
- Chairman of Regenda Group

Qualification:

- Qualified Solicitor – LL.B



Peter Hosker (Non-Executive Director) – term of office from 1.7.06 to 30.6.10

Experience:

- Former Senior Partner at Naphthens Solicitors
- Part time Tribunal Judge of the Tribunals Judiciary
- Chairman of the AvenCentral Regeneration Partnership in Preston
- Select Vestryman of the Churches of St John the Evangelist and St George the Martyr in Preston.
- Director of The Select Vestry of Preston Charity Ltd
- Former Trustee of the British Red Cross in Lancashire
- Vice Patron of Deafway
- Governor and Trustee and former Chairman of the Kirkham Educational Foundation and Kirkham Grammar School

Qualification:

- Qualified Solicitor – LL.B (Hons)



Bill Robinson (Non-Executive Director) – term of office from 1.7.06 to 30.6.10

Experience:

- Former Director of Finance at South Ribble Borough Council
- A Vice President of Lancashire County Cricket Club
- Former Chairman of the Lancashire Youth Cricket Coaching Committee
- Honorary Treasurer of the Lancashire Cricket Board
- Director/Trustee to the British Commercial Vehicle Museum Trust
- Trustee of Lancashire Youth Cricket Trust
- Member of the Audit Committee of the England and Wales Cricket Board

Qualification:

- Chartered Public Finance Accountant – C.P.F.A



Malcolm Faulkner (Associate Non-Executive Director) – term of office from 1.6.07 to 31.5.11

Experience:

- Former Independent Consultant
- Former Director of United Utilities
- Former Chairman of Norweb
- Former MD of Norweb Energy and Telecommunications Division
- Former Commercial Director of Norweb plc

- Director of Space New Living

Qualification:

- B.Sc. (Hons) M.Sc. Electrical Engineering
- Diploma in Management Studies
- Chartered Engineer



Julian Hartley (Chief Executive) – appointed in December 2005

Experience:

- Former Chief Executive of Tameside and Glossop Primary Care Trust
- Former Director of Planning and Operations at North Tees and Hartlepool NHS Trust
- Joined NHS as National Trainee of the NHS General Management Training Scheme
- Non-Executive Director of Skills for Health
- Trustee of National Association of Assistants in Surgical Practice

- Chairman of the NHS North West Leadership Academy
- Board Member of National Technology Adoption Hub

Qualifications:

- Master of Business Administration
- Certificate in Healthcare Marketing
- Certificate in Managing Health Services



Aidan Kehoe (Deputy Chief Executive) – appointed in April 2004

Experience:

- Former Director of Operations at Blackpool, Fylde and Wyre Hospitals NHS Trust
- Former Divisional Manager at University Hospital Birmingham NHS Trust
- Joined NHS as National Trainee of the NHS General Management Training Scheme

Qualifications:

- Qualified Chartered Accountant – Institute of Chartered Accountants (ACA)
- Diploma in Health Service Management (Dip HSM)
- B.sc (Hons) – Managerial and Administrative Studies



Tim Welch (Director of Finance) – appointed in August 2005

Experience:

- Former Director of Finance at City and Hackney Teaching PCT
- Former Deputy Director of Finance at City and Hackney Teaching PCT
- Joined NHS as Financial Management Trainee

Qualifications:

- Chartered Public Finance Accountant
- BSc (Hons) – Biochemistry



Dr Paul Kelsey (Medical Director) – appointed in June 2006

Experience:

- Consultant Haematologist at Blackpool, Fylde and Wyre Hospitals NHS Trust
- Former Senior Registrar in Haematology – North West Rotational Training Scheme

- Director of Fylde Pathology Ltd

Qualifications:

- M.B.,B.S. (Hons) – Pathology
- MRCP (UK)
- MRCPPath



Nick Grimshaw (Director of Human Resources and Organisational Development) – appointed in May 2007

Experience:

- Former Director of Human Resources at Tameside and Glossop Acute Services NHS Trust
- Former Director of Human Resources at Greater Manchester Workforce Development Confederation
- Former Director of Human Resources at North Manchester Healthcare NHS Trust

Qualifications:

- BA - English and History
- Post Graduate Diploma in Management
- Post Graduate Diploma in Personnel (MCIPD)



Mandie Sunderland (Director of Nursing and Quality) – appointed in January 2001, resigned in October 2008

Experience:

- Former Director of Nursing and Patient Services at Halton General Hospital NHS Trust
- Former Nursing Officer for Quality at the NHS Executive, Department of Health

Qualifications:

- Registered General Nurse
- MSc Health Professional Practice (Nursing)
- Post Graduate Certificate in Education (ENB Approved Registered Nurse Tutor)
- BSc Health Care Studies
- Diploma in Management



Marie Thompson (Director of Nursing and Quality) - appointed in February 2009

Experience:

- Registered General Nurse. Former Deputy Director of Nursing and Governance for Wrightington, Wigan and Leigh Hospitals NHS Trust
- 20 years nursing experience in a variety of roles and excellent track record in professional and operational leadership

Qualifications:

- Registered General Nurse
- MSc Human Resource Leadership
- BSc Hons Nursing Studies
- Post Graduate Certificate in Education
- Post Graduate Diploma Management Studies



Non-voting members of the Board of Directors:-

Mike Gallagher (Director of Facilities) – appointed in July 1989, retired in October 2008

Experience:

- Former Director of Facilities at Blackpool Victoria Hospital NHS Trust
- Director of Estates at Blackpool, Wyre and Fylde Health Authority
- Deputy Director of Estates at Wigan Health Authority

Qualifications:

- PhD in Environmental Management
- MSc in Facilities Management
- Royal Institution of Chartered Surveyors
- Chartered Institute of Building



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Robert Bell (Director of Facilities and Estates) – appointed in March 2009

Experience:

- Head of Technical Services for Ocado (Waitrose) Ltd.
- Technical Services Director for Tibbett & Britten Ltd.
- Principal Technical Officer for Merseyside Police Authority.

Qualifications:

- Bachelor of Science Degree in Mechanical Engineering
- Chartered Engineer
- Member of the Chartered Institute of Building Services Engineers.
- Associated Member of the Institute of Mechanical Engineers.





“ Until my recent discharge from your Centre I was an in-patient on ward 38 following a double CABG. I write to congratulate you as nursing lead of a remarkable organisation, which I was privileged to experience at first hand, passing seamlessly from theatre, CITU, HDU to the eventual blessed serenity of Room 8.

With very few exceptions I have seldom found so many dedicated and knowledgeable professionals working in such a small unit within the NHS. As you would doubtless expect, those working as staff nurse and ward sisters were your brightest stars and I could not commend them more highly. ”

David Beaumont, Waddington

Council of Governors

The Council of Governors was formed with effect from December 1st 2007 in accordance with the National Health Service Act 2006 and the Trust's Constitution. The Council of Governors is responsible for representing the interests of NHS Foundation Trust members and partner organisations in the local health economy.

The roles and responsibilities of the Council of Governors, which are to be carried out in accordance with the constitution and the Foundation Trust's terms of Authorisation, are:

- To appoint or remove the Chairman and the other non-executive Directors.
- To approve an appointment (by the non-executive Directors) of the Chief Executive.
- To decide the remuneration and allowances, and the other terms and conditions of office, of the non-executive Directors.
- To appoint or remove the Foundation Trust's auditor.
- To appoint or remove any other external auditor appointed to review and publish a report on any other aspect of the Foundation Trust's affairs.
- To be presented with the annual accounts, any report of the auditor on them and the annual report.
- To provide their views to the Board of Directors when the Board of Directors is preparing the document containing information about the Foundation Trust's forward planning.
- To respond as appropriate when consulted by the Board of Directors in accordance with this constitution.
- To undertake such functions as the Board of Directors shall from time to time request.
- To prepare and from time to time review the Foundation Trust's membership strategy and its policy for the composition of the Council of Governors and of the non-executive Directors and when appropriate to make recommendations for the revision of this constitution.

The Council of Governors and the Board of Directors continue to work together to develop an effective working relationship.

The Council of Governors comprises a total of 31 Governors, including 15 Public Governors (from the constituencies of Blackpool, Fylde, Wyre and Lancashire & South Cumbria), five Staff Governors (from the Trust) and 10 Appointed Governors (from a range of key stakeholder organisations). The elected Governors are appointed for either two years or three years and the term of office for the Appointed Governors is at the discretion of the nominating organisation.



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

APPOINTED GOVERNORS	ROLE
Principal Commissioning Primary Care Trusts 2 NHS Blackpool (1) NHS North Lancashire (1)	To represent main Trust commissioners and key NHS economy partners.
Principal Local Councils 2 Blackpool Council (1) Lancashire County Council (1)	To represent key local non-NHS Local Health Economy partners.
Principal University 1 University of Central Lancashire	To ensure strong teaching and research partnership and to represent other University interests.
Principal Patient Representative Body 1 Previously the Patient and Public Involvement Forum and in future LINKs	To reinforce the representation of patients' views and interests.
Voluntary Sector 1	To engage and assist the Trust in identifying needs of local community.
Lancashire Care Trust 1	
Lancashire Business Link 1	
Blackpool Regeneration Project 1	
Total Appointed Governors 10	

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

PUBLIC ELECTED GOVERNORS to represent:-	ROLE
Area 1 – Blackpool 8	To represent patients and the public who are residents in Blackpool, Fylde and Wyre and the wider Lancashire and Cumbria area.
Area 2 – Wyre 4	
Area 3 – Fylde 3	
Area 4 Lancashire & South Cumbria 1	
Total Public and Patient Elected Governors 16	

TOTAL MEMBERSHIP OF COUNCIL OF GOVERNORS: 31

There have been a few changes to the Council of Governors during 2008/09 as follows:

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

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

There were three changes to public governors due to the resignation of Mrs Patricia Fish (Wyre) and Mr Michael Carr (Blackpool) and due to Mrs Maureen Horn (Blackpool) being removed from the Council, in accordance with the Trust's constitution, for failure to attend three consecutive meetings of the Council and Governors.

By-elections for these Governor vacancies took place in March/April 2009 and the results were as follows:-

Blackpool Constituency –
Mr Eric Allcock and Mr Arthur Roe

Wyre Constituency –
Mr Ramesh Gandhi

The replacements for the existing Appointed Governor vacancies will be confirmed following the establishment of the Local Involvement Networks (LINKs) in the area and following receipt of a nomination from NHS North Lancashire.

The Term of Office for Governors is two years or three years.



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

Name	Constituency/Organisation	Term of Office	Attendance
Public Governors		Years	
John Butler	Blackpool	3	3
Michael Hodgkinson	Blackpool	3	2
Maureen Horn (removed July 2008)	Blackpool	3	0
Michael Carr (resigned January 2009)	Blackpool	2	2
Clifford Chivers	Blackpool	3	3
Hannah Harte	Blackpool	2	3
Chris Thornton	Blackpool	2	3
Cerise Fleming	Blackpool	2	1
Carol Gradwell	Fylde	2	2
Godfrey Hirst	Fylde	3	2
Anne Smith	Fylde	3	2
Peter Askew	Wyre	3	3
Patricia Fish (resigned January 2009)	Wyre	2	1
Jean Marsh	Wyre	2	3
Austin McNally	Wyre	3	3
Bill Holmes	Lancashire and South Cumbria	2	2
Staff Governors			
Dr Tom Kane	Medical and Dental	3	1
Sam Woodhouse (from August 2008)	Nursing and Midwifery	3	1
Andrew Goacher (from April 2008)	Nursing and Midwifery	2	3
Tina Daniels	Non-Clinical Support	3	0
Richard Day	Clinical Support	2	3
Appointed Governors			
Councillor Ivan Taylor (from July 2008)	NHS Blackpool (PCT)	N/A	1
Dr Frank Atherton (resigned January 2009)	NHS North Lancashire (PCT)	N/A	0
Councillor Roy Haskett	Blackpool Council	N/A	2
County Councillor Penny Martin	Lancashire County Council	N/A	1
Doug Garrett	Re Blackpool	N/A	2
Pamela Parr (resigned June 2009)	LINKs (formerly the Patient and Public Involvement Forum)	N/A*	0
Councillor Ramesh Gandhi	Council for Voluntary Service	N/A	2
Denise Wilson	Lancashire Care Trust	N/A	1
David Slater	Business Link North West	N/A	2
Eileen Martin	University of Central Lancashire	N/A	1

* (from May 2008)

Total attendance at Council of Governors Meetings is out of a possible three.

Attendance at Council of Governors Meetings

The Chief Executive, Deputy Chief Executive and Finance Director routinely attend meetings of the Council of Governors and the Non-Executive Directors attend on a rotational basis.

During 2008/09, the Council received regular updates from the Chief Executive plus regular performance, finance and membership reports. Presentations were also given to the Council about the work of the Medical Division, Site Developments at Victoria Hospital, Energy Conservation/Refuse Disposal/Recycling, the Complaints Process, the Role of the Audit Committee, the Core Standards Declaration 2007/08 and the work of the Catering Department.

Meetings of the Council of Governors took place on the following dates in 2008/09:-

- July 4th 2008
- October 6th 2008
- January 14th 2009



Attendance at Council of Governors Meetings

In accordance with its statutory powers, the Council of Governors also confirmed the re-appointment of Mr Michael Brown as a Non-Executive Director from December 1st 2008 to November 30th 2011.

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

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

Governors also visited various hospital wards and departments including the Cardiac Centre, the proposed area for the Phase VI Development, the Pharmacy Department, the Out-Patient Department, the Gastroenterology Department and Clifton Hospital.

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

Governors attended other events during 2008/09 as follows:-

November 2008 –

North West Governors Forum – two Governors

March 2009 –

Foundation Trust Network/Foundation Trust Governors' Association – six Governors.



There are currently two Governor Sub-Committees, namely the Nominations Committee and the Membership Committee, comprising three and 14 Governors respectively. Attendance at these meetings is detailed below:

Governor Attendance – Nominations Committee					
Number of Meetings	1				
Godfrey Hirst	1	Doug Garrett	1	Peter Askew	1

Governor Attendance – Membership Committee					
Number of Meetings	5				
Anne Smith	4	Jean Marsh	4	Richard Day	3
John Butler	5	Austin McNally	5	Karen Harte (until July 2008)	2
Michael Hodgkinson	5	Bill Holmes	3	Maureen Horn (until July 2008)	0
Hannah Harte	5	Cerise Fleming	2	Michael Carr (until January 2009)	0
Patricia Fish	2	Councillor Roy Haskett	2		

Governors are required to comply with the Trust's Code of Conduct and to declare interests that are relevant and material to the Council.

All Governors have read and signed the Trust's Code of Conduct which includes a commitment to actively support the NHS Foundation Trust's vision and values and to uphold the Seven Principles of Public Life, determined by the Nolan Committee.

All Governors have declared their relevant and material interests and the Register of Interests is available for inspection by members of the public via the Foundation Trust Secretary at the following address:-


Address: Trust Headquarters
Victoria Hospital
Whinney Heys Road
Blackpool
FY3 8NR

Telephone: 01253 306856

Email: judith.oates@bfwhospitals.nhs.uk

Any member of the public wishing to make contact with a member of the Council of Governors should, in the first instance, contact the Foundation Trust Secretary.



A photograph of a woman and a man in a hospital corridor. The woman, on the left, has blonde hair and is wearing a black long-sleeved top and black trousers. She is holding a large grey folder and a pen. The man, on the right, is bald with glasses and is wearing a blue short-sleeved scrub top and dark trousers. He is also looking at the folder. In the background, there is a hospital bed with a monitor and some medical equipment.

“ A big thank-you to the staff on Ward 35 at the Victoria Hospital. Their kindness and patience was wonderful. I thought each and every member of staff was marvellous and I met so many lovely nurses. ”

Dorothy Clarke, Layton

Membership

Members of the public and Trust staff are invited to participate in NHS Foundation Trust status by becoming members. Over the past 12 months the Trust has seen its membership continue to prosper and grow. Eligibility for membership is as follows:

Public Members

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

- Staff who are employed by the Foundation Trust under a contract of employment which has no fixed term or has a fixed term of at least 12 months.
- Staff who have been continuously employed by the Foundation Trust under a contract of employment.

Growth of Public Members

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

Staff Members

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

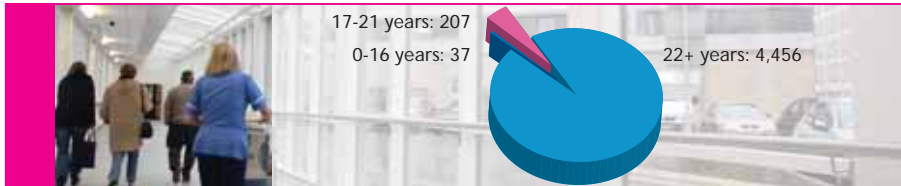


The table below shows a breakdown of our membership by public and staff constituency.

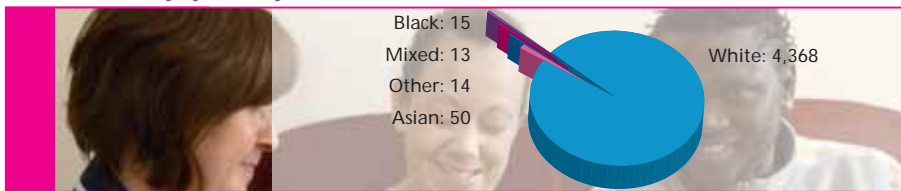
<i>Public constituency</i>		<i>Last year (2008/2009)</i>
As at start (April 1)		4,499
New Members		805
Members leaving		255
At year end (March 31)		5,049
<i>Staff constituency</i>		<i>Last year (2008/2009)</i>
As at start (April 1)		5,072
New Members		1,542
Members leaving		1,793
At year end (March 31)		4,821

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

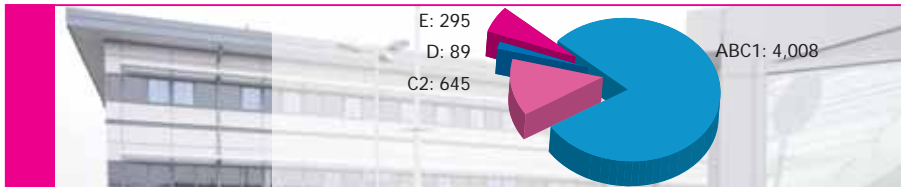
Public Constituency by Age



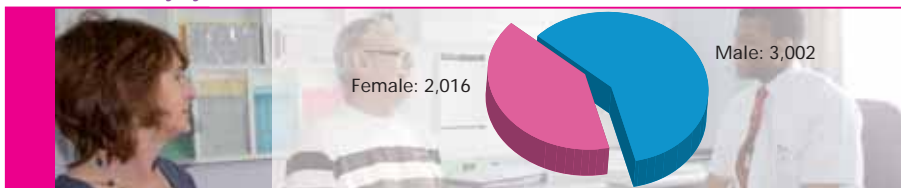
Public Constituency by Ethnicity



Public Constituency by Socio-economic Grouping



Public Constituency by Gender



Recruitment of Members

Over the past 12 months we have been concentrating on building a strong membership which we can utilise, and we now intend concentrating on increasing our membership over the next two years to achieve our target of 8,000 new public members within the first three years of becoming a Foundation Trust.

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

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

- Mailshots to those postcodes within the catchment area where membership take-up was low.
- Recruitment stands at community events for the public, such as summer fetes and open days, and stands at local 6th form colleges.
- Radio and newspaper advertising campaigns.
- Development of online membership section of the website.
- Recruitment of hospital volunteers dedicated to promoting membership in our hospitals.
- Distribution of recruitment posters and leaflets to GP surgeries throughout the Fylde Coast.
- Re-design of recruitment materials, making them more attractive and user friendly, and setting up a Freepost address to encourage feedback.
- Presentations at external meetings, such as the Senior Voice Forum and Blackpool Rotary Club.
- Advertising via various mediums including the 'Talking Newspaper' for those with impaired vision and local authority publications.

members on key issues such as privacy and dignity and visiting hours.

- Monthly members' seminars on topics including infection prevention, diabetes, childhood illnesses, cardiac imaging and sleep apnoea.
- A Membership Committee meets quarterly to discuss and action ideas to engage with our members.
- A dedicated membership hotline and dedicated members email address is in place which allows the Membership Office to interact with members directly and to answer any enquiries and discuss their ideas and suggestions.
- 'Meet your Governors' sessions have been held in all constituencies.



Retention of Members

The Trust is keen to grow a representative membership and improve interaction and engagement with its members. Numerous initiatives have taken place throughout the year to retain our existing members.

- New members are sent a welcome pack and their membership discount card.
- All members receive 'Your Hospitals' a quarterly newsletter. A new feature is 'Consultation Corner' to gather feedback from

Membership Representation

We are keen to ensure our membership is representative of the community that we serve.

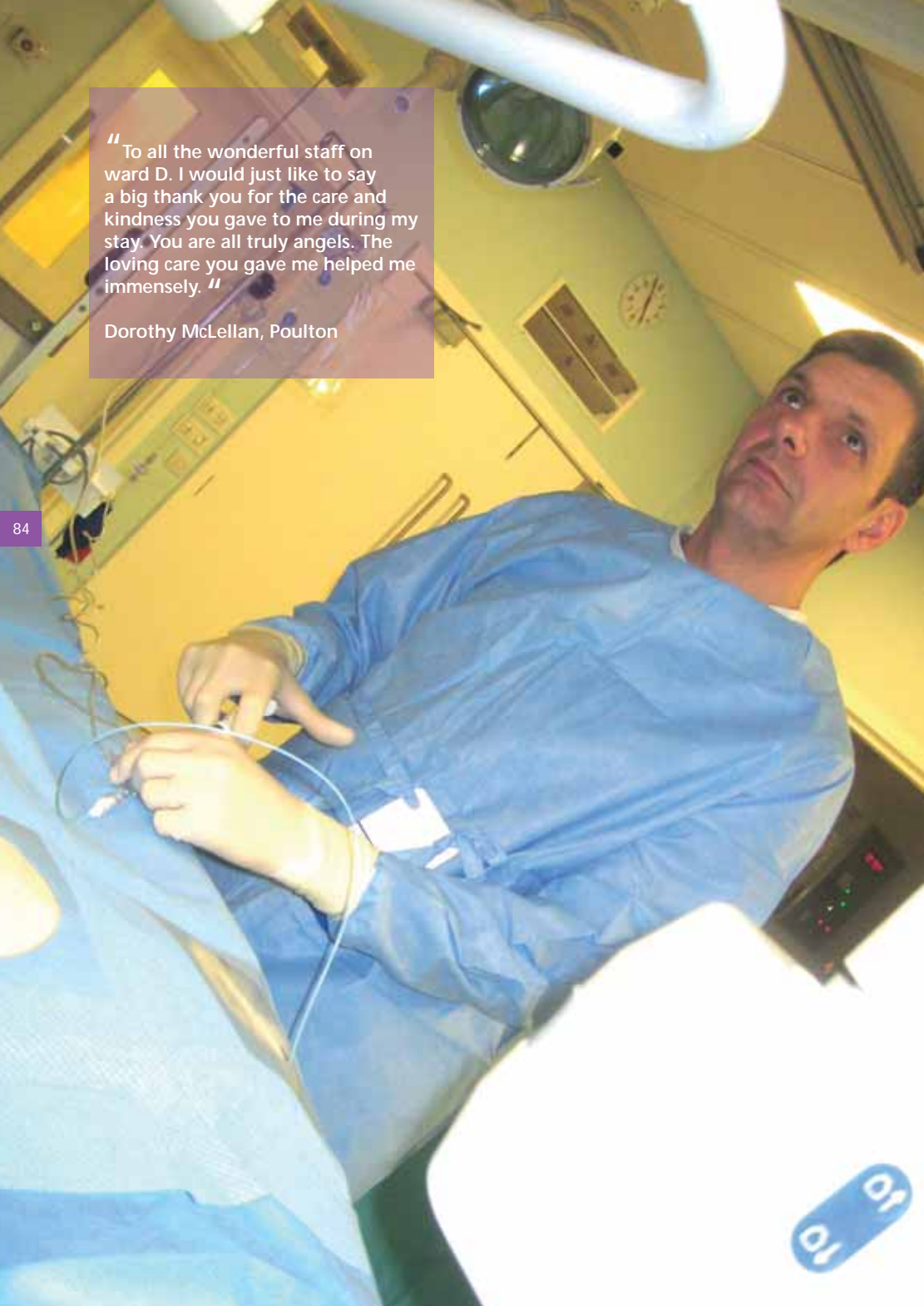
We have in particular been looking at ways of growing our young membership. A number of presentations have taken place at local 6th forms and colleges which have led to the successful recruitment of young members.

A 5,000 direct mail campaign has also taken place targeting postcode area where we are currently underrepresented.



" To all the wonderful staff on ward D. I would just like to say a big thank you for the care and kindness you gave to me during my stay. You are all truly angels. The loving care you gave me helped me immensely. "

Dorothy McLellan, Poulton





Audit Committee

Role of the Audit Committee

The role of the Audit Committee is to provide to the Board of Directors an independent and objective review over the establishment and maintenance of effective systems of integrated governance, risk management and internal control across the organisation's activities (both clinical and non-clinical) that supports the achievement of the Trust's objectives. It also provides assurance on the independence and effectiveness of both external and internal audit and ensures that standards are set and compliance with them is monitored in the non-financial and non-clinical areas of the Trust that fall within the remit of the Committee. The Audit Committee is significantly instrumental in reviewing the integrity of the Annual Financial Accounts and related External Auditor's Reports thereon. In addition it reviews the Statement of Internal Control prepared by the Chief Executive in his role as the Accounting Officer.

The Council of Governors has approved the continued appointment of PricewaterhouseCoopers as the Trust's external auditors until March 31st 2009. PricewaterhouseCoopers were paid £86K in respect of statutory audit fees.

The Trust limits work done by the external auditors outside the audit code to ensure independence is not compromised. In 2008/09 our external auditors also carried out IFRS and waiting list reviews at a cost of £45K.

Composition of the Audit Committee

The Committee operates in accordance with the Terms of Reference agreed by the Board of Directors on June 25th 2008 and has met on six occasions during the year ended March 31st 2009. Each member's attendance at these meetings complied with the criterion for frequency of attendance as set out in the Audit Committee's Terms of Reference.

The Committee Membership comprises all the Non-Executive Directors of the Board (with the exclusion of the Chairman) and is chaired by Paul

Olive, FCA. The Board considers Paul Olive to have recent and relevant financial experience following his role as a former Financial Director of a FTSE listed company.

In addition to the Committee members, standing invitations are extended to the Director of Finance, External and Internal Audit representatives, the Local Counter Fraud Officer and the Associate Director of Governance (now the Associate Director of Corporate Affairs). In addition other officers have been invited



to attend the Audit Committee where it was felt that to do so would assist the Committee to effectively fulfill its responsibilities; these included the Chief Executive, the Assistant Director of Finance and the Clinical Governance Risk Manager. Administrative support has been provided throughout the year by Miss Judith Oates, Foundation Trust Secretary.

Audit Committee Activities Financial

As a result of the Trust attaining Foundation Trust status with effect from December 1st 2007, the Committee had to review two sets of Financial Statements, Auditor's Reports and Statements of Internal Control – these related to the interim accounts of the Acute Trust for the period to November 30th 2007 and the first accounts of the Foundation Trust for the period December 1st 2007 to March 31st 2008. These statements and reports were received at meetings held on April 11th 2008, May 8th 2008 and June 9th 2008.

In addition, reports on the progress towards the adoption of IFRS (International Financial Reporting Standards) by the Trust on the preparation of its future accounts were considered at meetings on September 5th 2008 and November 11th 2008, together with policies concerning capital expenditure. It was also decided at the meeting in November 2008 to continue with the Auditors Local Evaluation (ALE) tool in relation to the financial reporting systems even though, as a Foundation Trust, this was not mandatory.

Internal Control and Risk Management Systems

Throughout the year the Committee has received regular reports from both Internal and External Audit in relation to the adequacy of the systems of internal control and also received regular reports from the Associate Director of Governance (now the Associate Directorate of Corporate Affairs) on the robustness of risk management arrangements throughout the Trust. Specifically the Committee has gained assurance by reviewing the Governance

Briefing Report, Standards for Better Health Core Standards, Divisional Risk Registers, the Corporate Risk Register and the Board Assurance Framework.

The Trust Statements of Internal Control were considered at the meeting held on May 8th 2008 and recommended to the Board for approval.

External Audit

The Trust's External Auditors, PricewaterhouseCoopers LLP (PwC) were re-appointed as Auditors of the Trust at the Council of Governors Meeting held on March 5th 2008. Their reappointment for 2009/10 will be considered following the conclusion of the 2008/09 audit. The Committee has reviewed the work and findings of the External Auditors by:-

- Discussing and agreeing the scope and cost of audit detailed in the Annual Plan for 2008/9.
- Considering the extent of co-ordination with, and reliance on, Internal Audit.
- Receiving and considering reports derived from the Annual Plan and monitored and followed up management responses to the issues raised.
- Receiving and considering the Annual Audit Letters at its meeting on September 5th 2008, which were presented to the Board of Directors at its meeting on September 24th 2008.
- Receiving and considering reports outside the scope of audit and agreeing the fees thereof.

Members of the Audit Committee have also met in private with External Audit representatives so as to allow discussion of matters in the absence of executive officers.

Internal Audit

The Committee has reviewed and considered the work and findings of Internal Audit by:

- Discussing and agreeing the nature and scope of the Annual Internal Audit Plan.

- Receiving and considering progress against the plan presented by the Chief Internal Auditor and the reports consequent thereon.
- Receiving reports on the Assurance Framework, Risk Management System and Standards for Better Health.

At its meeting on May 8th 2008, the Committee received the Head of Internal Audit Opinion which gave "significant assurance that there was a generally sound system of internal control" for the year ended March 31st 2008.

Towards the end of the current financial year the Trust's current Internal Auditors, North West Internal Audit Services (NWIAS), merged with Manchester, Salford, Trafford and East Cheshire Internal Audit Services (MSTEC). The Chairman of the Audit Committee and the Finance Director met with the new Managing Director of the enlarged group on March 6th 2009 to review quality and 'value for money' issues of these services.

Other Matters

In addition to the matters outlined in this report, the following areas/issues were reviewed by the Committee during the year:

- Risk Management Annual Report.
- Local Counter Fraud Specialist Reports and Annual Report.
- Review and receive minor amendments to the Committees Terms of Reference.
- Approval of the 2007/8 Audit Committee Annual Report.
- Review by PwC of the Audit Committee's effectiveness.
- Presentation by the Chairman of the Audit Committee, together with PwC, to the Council of Governors on November 14th 2008 on the role of the Audit Committee.
- Continuing review of Clinical Audit staffing levels.
- Review of Standing Orders, Reservation and Delegation of Powers and Standing Financial

Instructions consequent upon the attainment of Foundation Trust Status.

- Review of a report by PwC on Waiting List Management.
- Continuing review of the training needs of Audit Committee Members.
- Review of the policy on 'Raising Concerns' (whistle-blowing).

Conclusion

2008/9 was an interesting year for the Audit Committee following the granting of Foundation Trust status to the Trust on December 1st 2007. Continued attention was directed towards governance issues and, in particular, the incidence of risk management throughout the Trust and to ensuring that the Divisional Risk Registers were firmly embedded throughout the organisation.

Looking Ahead

Looking ahead to 2009/10 particular emphasis must be given to the changing financial climate and its effect on the finances of the Trust. In addition substantial capital developments are planned to improve patient care with the attendant controls necessary over capital expenditure procedures.

Forward planning measures and budgetary controls, the embedding of service line reporting and the development of electronic patient records are all areas to be reviewed over the forthcoming year.

The year ahead therefore looks challenging and I take the opportunity to thank my fellow Audit Committee Members for their help and assistance during the year covered by this report.



Paul Olive
Chairman of the Audit Committee



" I am writing to thank you for the kindness, care and attention your staff showed to me during my recent hospital stay. Everyone from the doctors, nurses, porters and cleaners were friendly, courteous and polite and made my stay as comfortable as possible. "

Marjorie Ingham, Lytham

Remuneration Report

The following information within the Remuneration Report is not subject to audit.

The membership of the Trust's Remuneration Committee includes all six Non-Executive Directors, plus the Chairman, and is chaired by Mr Michael Brown.

Membership of the Remuneration Committee:-

Mr Michael Brown – Chairman of the Committee
Mrs Christine Breene
Mr Malcolm Faulkner
Mr Peter Hosker
Miss Beverly Lester
Mr Paul Olive
Mr Bill Robinson
Mr Nick Grimshaw/Miss Judith Oates - Secretary

Four meetings of the Committee took place during 2008/09 with attendances as follows:-

April 29th 2008:-

Mr M Brown/Mrs C Breene/Miss B Lester/Mr P Olive/Mr B Robinson/Mr N Grimshaw.

September 5th 2008:-

Mr M Brown/Mrs C Breene/Mr M Faulkner/Miss B Lester/Mr P Olive/Mr J Hartley/Miss J A Oates.

November 17th 2008:-

Mr M Brown/Miss B Lester/Mr B Robinson/Mrs C Breene (via telephone)/Miss J A Oates.

December 10th 2008:-

Mr M Brown/Miss B Lester/Mr P Olive/Mr B Robinson/Mr J Hartley/Miss J A Oates.

The Committee establishes pay ranges, progression and pay uplift arrangements for Executive Director posts and for other Director posts that report to the Chief Executive and the Deputy Chief Executive.

The Committee undertakes its duties by reference to national guidance, pay awards made to other staff groups through national awards and by obtaining intelligence from specialists in pay and labour market research.

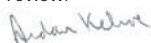
At a meeting in April 2007, the Remuneration Committee requested a report on directors' pay assisted by the provision of benchmarking data with other NHS employing organisations. The Trust commissioned a review of Chief Executives and Directors salaries from Hay Group and obtained comparative information from NHS Foundation Trusts and Acute Trusts across the country.

This information was considered by the Remuneration Committee in April 2008 and, as a result, the salaries of the executive team were adjusted. The Chief Executive's salary was set by reference to market forces data. The responsibilities of the executive team were each then assessed and their salaries adjusted to an approximate percentage of the Chief Executive's pay based on the extent of their overall job weight. No additional cost of living rise was awarded in 2008/09.

The Chairman of the Board of Directors assesses the performance of the Chief Executive and the Chief Executive and the Deputy Chief Executive assess the performance of the other directors. All Executive Directors and other Directors who report to the Chief Executive and Deputy Chief Executive are employed on substantive contracts of employment, ie 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 conditions of service and NHS pension scheme as applied to all staff.

The following tables provide details of the remuneration and pension benefits for senior managers for the period April 1st 2008 to March 31st 2009. These tables are subject to audit review.



Aidan Kehoe,
Acting Chief Executive

Remuneration

Values subject to audit review

Annual Accounts 2008/09

Salary and Pension entitlement of senior managers

A) Remuneration

Name and title	Year ended to 31st March 2009		
	Salary (bands of £5000)	Other Remuneration (bands of £5000)	Benefits in Kind rounded to the nearest £100
	£000	£000	£
B Lester - Chairman	45 - 50		
J Hartley - Chief Executive	160 - 165	10 - 15#	
A Kehoe - Deputy Chief Executive	120 - 125		3,200*
T Welch - Director of Finance	120 - 125		
P Kelsey - Medical Director	30 - 35	150 - 155	
A Sunderland - Director of Nursing and Quality (to 28/11/08)	70 - 75		1,800*
J Langwade - Acting Director of Nursing and Quality (28/11/08 to 01/02/09)	10 - 15		
M Thompson - Director of Nursing and Quality (from 02/02/09)	15 - 20		
MJ Gallagher - Director of Facilities (to 24/10/08)	60 - 65		2,200*
BR McEwan - Acting Director of Facilities (27/10/08 to 13/03/09)	40 - 45		
R Bell - Director of Facilities (from 16/03/09)	0 - 5		
N Grimshaw - Director of HR & OD	105 - 110		
C Breene - Non-Executive	10 - 15		
PA Olive - Non-Executive	15 - 20		
M Brown - Non-Executive	10 - 15		
P Hosker - Non-Executive	10 - 15		
WG Robinson - Non-Executive	10 - 15		
MG Faulkner - Associate non-exec director	10 - 15		

*The non-cash payments relate to lease cars.

#The Chief Executive serves as a Non-Executive at Skills for Health and receives earnings relating to that Non-Executive appointment.



Pension Benefits

Values subject to audit review

Annual Accounts 2008/09

Salary and pension entitlements of senior managers (continued)

B) Pension benefits

Name and title	Real increase in pension at age 60 (bands of £2500)	Total accrued pension at age 60 (bands of £5000)	Real increase in related lump sum at age 60 (bands of £2500)	Related lump sum at age 60 at 31 March 2009 (bands of £5000)	Cash Equivalent transfer value at 31 March 2009 (bands of £1000)	Cash Equivalent transfer value at 31 March 2008 (bands of £1000)	Real increase in Cash Equivalent transfer value (bands of £1000)
	£000	£000	£000	£000	£000	£000	£000
J Hartley Chief Executive	2.5 - 5	40 - 42.5	10 - 12.5	120 - 122.5	580 - 581	426 - 427	100 - 101
A Kehoe Deputy Chief Executive	0 - 2.5	27.5 - 30	5 - 7.5	82.5 - 85	475 - 476	341 - 342	87 - 88
T Welch Director of Finance	0 - 2.5	22.5 - 25	5 - 7.5	67.5 - 70	289 - 290	208 - 209	53 - 54
P Kelsey Medical Director	0 - 2.5	60 - 62.5	5 - 7.5	185 - 187.5	1,347 - 1,348	982 - 983	238 - 239
A Sunderland Director of Nursing and Quality (to 28/11/08)	0 - 2.5	30 - 32.5	0 - 2.5	92.5 - 95	507 - 508	387 - 388	51 - 52
J Langwade Acting Director of Nursing and Quality (28/11/08 to 01/02/09)	0 - 2.5	17.5 - 20	0 - 2.5	52.5 - 55	311 - 312	201 - 202	13 - 14
M Thompson Director of Nursing and Quality (from 02/02/09)	0 - 2.5	17.5 - 20	0 - 2.5	57.5 - 60	288 - 289	185 - 186	10 - 11
N Grimshaw Director of Human Resources	5 - 7.5	30 - 32.5	20 - 22.5	92.5 - 95	492 - 493	301 - 302	128 - 129
MJ Gallagher Director of Facilities (to 24/10/08)	0 - 2.5	50 - 52.5	5 - 7.5	155 - 157.5	0	836 - 837	0
B McEwan Acting Director of Facilities (27/10/08 to 13/03/09)	0 - 2.5	32.5 - 35	5 - 7.5	97.5 - 100	800 - 801	471 - 472	83 - 84
R Bell Director of Facilities (from 16/03/09)	0 - 2.5	0 - 2.5	0 - 2.5	0 - 2.5	0	0	0

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

There were no awards made to past senior managers.

There have been no amounts payable to third parties for services of a senior manager.

The Trust has not provided compensation payable to former senior managers.

The Chief Executive serves as a Non-Executive at Skills for Health and receives earnings relating to that Non-Executive appointment.

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 and any other 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 years of pension service in the scheme at their own cost. CETV's are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

Real increase in CETV - this 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 from the start and end of the period.



Nominations Committee

The Nominations Committee is a formally constituted Sub-Committee of the Council of Governors and comprises the Trust Chairman and three Governors and is chaired by Miss Beverly Lester.

Membership of the Nominations Committee:

Miss Beverly Lester –
Trust Chairman (Chairman)

Mr Peter Askew –
Elected Governor (Wyre Constituency)

Mr Doug Garrett –
Appointed Governor (ReBlackpool)

Canon Godfrey Hirst –
Elected Governor (Fylde Constituency)

There has been one meeting of the Nominations Committee during 2008/09 and all members were present.

The Nominations Committee has the following responsibilities:-

Recruitment and Appointment of Non-Executive Directors:-

- To agree the skill mix and process for the appointment of Non-Executive Directors, in accordance with the Trust's Terms of Authorisation and Monitor requirements.
- To draw up person specifications for each of these posts to take account of general and specific requirements in terms of roles and responsibilities.
- To determine a schedule for advertising, shortlisting, interview and appointment of candidates with requisite skills and experience. This will include identification of appropriate independent assessors for appointment panels.
- To recommend suitable people for appointments to be ratified by the Council of Governors.

Terms and Conditions – Chair and Non-Executive Directors:-

- To recommend salary arrangements and related terms and conditions for the Chairman and Non-Executive Directors for agreement by the Council or Governors.

Performance Management and Appraisal:

- To agree a process for the setting of objectives for Non-Executive Directors, subsequent appraisal by the Trust Chairman and feedback to the Council of Governors.
- To agree a mechanism for the evaluation of the Trust Chairman, which would be led by the Senior Independent Director.
- To address issues related to Board development and to ensure that plans are in place for succession to posts as they become vacant so that a balance of skills and experience is maintained.





Annex A

Quality Report

Chief Executive's Review of the Year

In April 2006 the Trust Board endorsed the Trust's vision and values that had been developed with our staff. These were:

- 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.

Over the last two years great progress has been made in delivering on our Visions and Values. This has been achieved by the implementation of our Organisational Development Programme, The Blackpool Way, which focuses on engaging staff and harnessing their potential. This progress was recognised in April 2008 when the Trust was named as one of the Top 40 Hospitals in the country by CHKS, an external benchmarking company. The awards recognise outstanding achievement in the areas of patient safety, quality of care and data quality.

In November 2008 the Board of Directors approved the Trusts Quality Framework which brings together key quality initiatives that have been implemented over the last two years. Although great progress had been made with these initiatives the Quality Framework set out ambitious new targets with the objective of moving the Trust to delivery of 'Best in NHS' Care. The document details the approach this work will take, the measures the Board of Directors have identified as being key to its delivery and how success in these areas will be measured. This approach gives an organisational focus to our key quality measures and will ensure that we continue our journey towards delivering the 'Best in NHS' Care.



Aidan Kehoe,
Acting Chief Executive



The table below gives the details of the quality improvement priorities.

Quality Improvement Priorities	Quality Improvement Performance/Outcome Measures
Patient Safety	Improved hospital mortality rates
	Reducing infection rates by 50% over the next 3 years
	Reducing avoidable harms through the following strands of work: <ul style="list-style-type: none"> Global Trigger Tool to be used to measure adverse events Falls Reduction project Reducing Medication errors by 50% by 2011/12
Clinical Effectiveness	Conformance to best practice through application of the following interventions to improve patient outcomes: <ul style="list-style-type: none"> Phase 1 site for the North West Advancing Quality initiative that seeks compliance with best practice in five clinical areas Members of the 100,000 lives and Saving Lives programme Identifying measurable indicators of best practice resulting in reduced mortality and improved patient experience
Patient Experience	Improving the patient experience which will be measured through an improvement in patient satisfaction rating for the quality of services Customer care programme launched to improve performance and customer satisfaction Improving local patient experience survey results Nursing care indicators used to assess and measure standards of clinical care and patient experience Seeking patients views to improve end of life care



Progress to date on quality Initiatives

Performance since the Trust was awarded Foundation Trust status on 1st December 2007 has been excellent with key operational performance targets being delivered for the benefit of patients. These include:

Improved waiting times from referral to treatment

On December 31st 2007 the Trust became one of only three NHS Acute Trusts to deliver an 18 week wait for patients, from referral to treatment. This was a full 12 months in advance of the national target set by the Department of Health. During 2008/9 we have consistently maintained this high level of performance and have undertaken work in a number of areas to reduce waiting times still further.

Emergency Access

During the year the Accident and Emergency Department delivered a performance well in advance of the national target with over 99% of patients being treated, admitted or discharged within four hours of arrival. The department also delivered a local target of 70% of patients being treated, admitted or discharged within three hours of arrival.

For the second successive year the Trust demonstrated that it had undertaken, in collaboration with our Health Community partners, robust winter planning. During the period of the winter plan we experienced a 10% increase in A&E attendances and a 55% increase in emergency admissions to the hospital compared to last year. Despite these increases we continued to be one of the highest level performers in the country for emergency access targets.

Access to Cancer Care

The Trust delivered all Cancer Plan targets during the year. 100% of patients were seen within two

weeks of a fast track cancer referral, in excess of 99% of patients diagnosed with cancer had their treatment within 31 days of that treatment being agreed and in excess of 95% of cancer fast track patients were diagnosed and treated within 62 days of referral.

The Trust has put in place improved pathways to deliver the new Going Further on Cancer Wait targets which came into effect on the January 1st 2009. Performance against targets will be announced in May 2009.

Health Care Acquired Infection

A reduction of 77% in the number of MRSA case recorded for the period April 2008 to February 2009, compared with the same period last year. This gives a total of eight cases (including community acquired cases) for the year. Our progress with CDiff infection (CDI) is also excellent with a 33% reduction on the same time last year. We are currently introducing a number of initiatives to further improve performance.

Our approach to continuous improvement

In 2007 the trust launched the Blackpool Way which gave a commitment to delivering best in NHS care through an enlightened approach to managing and leading people and developing a fully engaged workforce. The Blackpool Way is our brand, celebrating our unique identity and aimed at securing continuous improvement in quality of services for our patients.

One of the key drivers of the 'Blackpool Way' is to develop a fully engaged workforce where individuals and teams have greater influence and

autonomy in driving the Trust towards best in class performance. Over the past 18 months there have been many examples of staff in divisions and departments seizing the initiative and delivering improvements in patient care. These have demonstrated the enormous potential for further improvement if staff were equipped with a set of service improvement tools and techniques.

We have organised a number of continuous improvement events over the last 12 months, using Lean Thinking methodology. The starting point for lean thinking is a recognition that in any process only a small percentage of the time and effort expended actually adds value to the patient. By recognising this, non-value added activities can be identified and removed and the quality of service delivered to patients improved.

The core of lean thinking is that true improvement derives from engaging the potential of every person in the organisation to improve their processes and managers must ensure that the conditions for maximising value added activities are sustained. This approach is entirely consistent with the Blackpool Way and the work we have done has demonstrated that lean methodologies are the perfect vehicle for advancing the continuous improvement pillar of the Blackpool Way.

To carry forward this work we are committed to entering into a long term partnership with a nationally recognised leader in Lean Thinking in order that we can introduce a sustained programme of spread for lean methodologies and develop lean leaders within the organisation. This will be key to us delivering on our goals as we aim to use a continuous improvement approach to deliver change in each of the areas we have identified.

Our Quality Improvement Priorities

In his recent review of the NHS, 'High Quality Care for All', Lord Darzi identified quality of care as the priority for the NHS. He defined high quality care as being, as safe and effective as possible, with patients treated with compassion, dignity and respect. As well as clinical quality

and safety, quality means care that is personal to each individual. In response to this our Quality Framework sets ambitious targets in the following four key areas:

- improved hospital mortality rates
- conformance to best practice
- reducing avoidable harms
- improving the patient experience

In order to achieve our goals we have established a programme of work that corresponds to each of the four areas we are targeting. Each individual scheme within the programme will contribute to one, or more, of the overall performance targets we have set i.e. improved hospital mortality rates, conformance to best practice, reducing avoidable harms and improving patient quality. In addition we will be seeking to deliver these improvements through the use of the Blackpool Way, engaging with staff and supporting them to implement changes that will have a positive impact on patient care. The rational for choosing these areas is given below:

Improved hospital mortality rates

HSMR (Hospital Standard Mortality rates) compare the actual number of deaths within a Trust with the expected, or predicted, number of deaths. The prediction takes into account factors such as the age and sex of patients, their diagnosis, whether the admission was planned or an emergency, and the length of stay. The Trust has worked with an independent benchmarking company over the last four years to track hospital mortality rates and take action where rates have been seen as high. In October 2008 the Trust had a HSMR score of 103. We believe that we can improve on this and achieve a 10 point reduction in our HSMR, year on year for the next 3 years. We have therefore set ourselves the goal of delivering a HSMR of 73 by the financial year 2011/12. Based on 2007/8 HSMR data achieving our goal will result in 573 fewer deaths occurring in hospital per year.

Conformance to best practice

We want to provide the best possible care for our patients. Clinical research has demonstrated that for a wide range of clinical conditions, there are known interventions that will improve outcomes for patients. We are a wave one site for the North West Advancing Quality initiative that seeks to ensure compliance with best practice in five clinical conditions. We are also members of the 100,000 lives and Saving Lives programmes. We will also be working with our clinical teams to identify measures they consider to be indicators of best practice. These will be monitored and reported to the Board of Directors to provide assurance that we are providing, 'best in NHS care'. The results of this will be seen in reduced mortality and improved patient outcomes.

Reducing avoidable harms

As part of its five million lives campaign The Institute for Healthcare Improvement set out the definition of medical harm as:

Unintended physical injury resulting from, or contributed to, by medical care (including the absence of indicated medical treatment), that requires additional monitoring, treatment of hospitalisation, or that results in death. Such injury is considered harm whether or not it is considered preventable, resulting from a medical error, or occurred within a hospital.

In 2000, the Department of Health report, *An Organisation with a Memory*, estimated there were 850,000 adverse events per year in UK hospitals, equating to 10% of hospital admissions. This was corroborated in a 2005 study by the Australian office of the auditor general. This study used findings from research in Australia and overseas which indicated that around 10% of patients experience an adverse event while in the hospital system, and that around 50 per cent of adverse events may be preventable.

By applying findings from the above studies to the Trusts 85,000 admissions per year (including day cases) we have calculated that we will

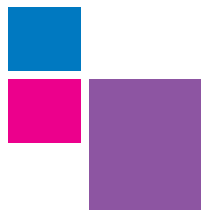
experience in the region of 8,500 adverse events per year. Though not all of these will result in direct harm to patients, we recognise that they may have a significant impact on patients physically and/or psychological well being, in addition to their perception of the quality of care they receive. The Trust has therefore set itself a goal of reducing adverse incidents and preventable harms by 50% by year 2011/12 of this programme.

Improving the patient experience

Following extensive research involving patients, the public and NHS staff the Department of Health issued the following definition of patient experience in November 2003:

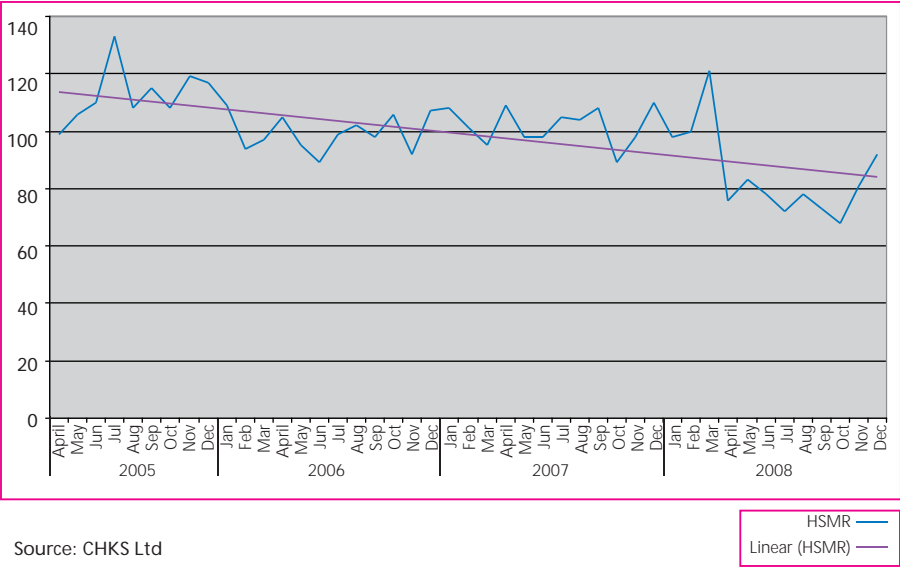
We want an NHS that meets not only our physical needs but our emotional ones too. This means: getting good treatment in a comfortable, caring and safe environment, delivered in a calm and reassuring way having information to make choices, to feel confident and to feel in control being talked to and listened to as an equal; being treated with honesty, respect and dignity. Analysis of survey data undertaken as part of this study revealed that the emotional experience of patients is a key driver for overall satisfaction.

Each year a survey of patient satisfaction is undertaken across the whole of the NHS and the results collated. The results of the 2008 survey show that our performance can improve and with the programme we are embarking on we will be looking to improve our satisfaction rating for the quality of patient services by five points per year, over the next three years, with the aim of achieving top 10% performance for all indicators by 2011/12.



Improved hospital mortality rates

Hospital HSMR April 2005 to December 2008



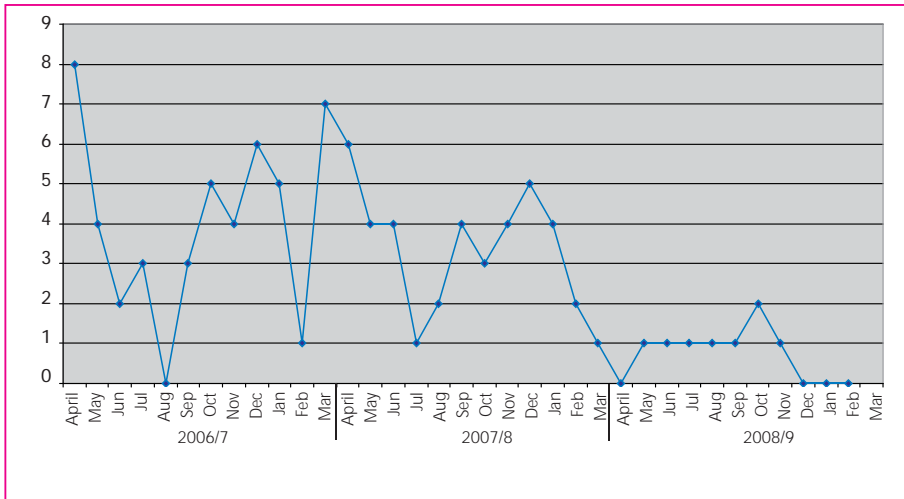
It is a sad fact that patients die in hospital however we have a responsibility to ensure that the care that we give minimizes these events and that preventable harms are not contributing to our mortality rate. Over the last two years we have implemented change in a number of areas to improve our mortality rates, as shown below. However, we believe that a Trust wide consistent approach to tackling mortality is needed to deliver our goal of preventing 573 deaths in our hospital.

Following discussion with other Trusts, acknowledged as leaders in this area, we have implemented a performance management structure, designed in consultation with clinical teams, to give the Board of Directors assurance that where poor systems and processes are impacting upon patient care and mortality, action is being taken to deal with them. This involves a regular review of patient mortality within each speciality and the development of action plans to address issues that arise.



Infection Prevention

Incidence of MRSA 2006 to 2009



Research has shown that hospital infection rates are a major contributor to hospital mortality. In 2007/8 we had 40 cases of MRSA and 469 cases of C-Diff. We have introduced the following measures with the aim of reducing infection rates by 50% over the next three years.

- Signing of an infection prevention pledge by all staff, backed by clinical leaders in the organisation.
- A series of infection prevention 'roadshows', given by Executive Directors and attended by every member of staff in the Trust.
- Introduction, and monitoring, of a strict uniform and hand hygiene policy.
- A major media campaign aimed at both public and staff.



- Introduction of a new performance management framework.
- Extension of the 'Deep Clean' programme.

These measures have resulted in excellent progress in this area as demonstrated above.

The Trust will continue to look for and implement latest practice while at the same time auditing compliance with the above measures. To support achievement of our goal we have undertaken to have all cases of MRSA investigated by a team of Executive Directors and the Clinical Team involved to establish what additional measures can be put in place to prevent further infections. We have already seen a dramatic reduction in the number of cases of MRSA and C Diff since the start of the year and we will continue to drive this improvement.

Conformance to best practice

Advancing Quality

The Trust is a phase 1 site for the North West SHA Advancing Quality Programme. The programme focuses on delivery of a range of interventions for each of the following conditions.

Acute Myocardial Infarction
Coronary Artery Bypass Graft
Heart Failure
Community Acquired Pneumonia
Hip and Knee Replacements

Research by Premierinc has shown that consistent application of these interventions has substantially improved patient outcomes resulting in fewer deaths, fewer hospital readmissions and shorter hospital lengths of stay.

At the present time approximately 70% of the measures are in place with plans well advanced to implement the remaining 30%. Applying all the interventions will support our goals of reducing hospital mortality, reducing preventable harms and improving patient outcomes, thereby improving the quality of their experience. Approximately 2,700 patients a year will benefit from this programme.

100000 Lives/ Saving lives

These two initiatives, launched by the Institute for Healthcare Improvement and Department of Health, have been adopted by the Trust. As with the Advancing Quality Programme they deploy evidence-based interventions with the aim of reducing patient harm. The outcome from implementing these measures will be:

- Early identification and treatment of patients with worsening conditions.
- Improving outcomes for patients who have suffered a heart attack.
- Reduced infection due to central line insertion
- Reduced surgical infections.
- Elimination of ventilator associated pneumonias in critical care.

- Reducing the risk of microbial contamination.
- Reducing the incidence of catheter related bloodstream infection.
- Reducing the incidence of surgical site infection.

All patients will benefit from these changes. We have put in place mechanisms to audit both compliance and impact on patient care of implementing these two initiatives and we will be monitoring their contribution to reducing mortality rates and reducing preventable harm. In addition to the above the Trust will be seeking to implement best practice as set out in the 'Map of Medicine' and NICE guidelines.

Reducing avoidable harms

As previously stated we estimate that we have in the region of 8,500 adverse events per year. We want to reduce these by 50% over the next three years. The following strands of work will assist us in achieving this goal.

Global Trigger Tool

To date the Trust's efforts to detect and deal with adverse events have focused on reporting and tracking of errors. However, research published by the Institute for Healthcare Improvement has shown that only 10 to 20 percent of errors are reported and of those, 90 to 95 percent cause no harm to patients. The Trust has therefore decided to adopt the IHI Global Trigger Tool to measure adverse events. This is an easy-to-use method for accurately identifying adverse events and measuring the rate at which they occur. It also provides information on whether changes being made, in response to adverse incidents, are improving safety. We have been accepted onto a national programme which will support us, through training, in the implementation of the Global Trigger Tool.

Starting in February 2009 the Trust implemented a monthly review of 20 sets of case notes using the Global Trigger Tool. This will support identification of unreported adverse events and areas where there is the potential for adverse events to occur, the level of harm associated with

these and areas for improvement. Through using the tool we anticipate a 15% contribution to our target of reducing avoidable harms by 50% over the next three years.

Falls reduction

A major area of concern in relation to patient safety is the number of slips, trips and falls that occur, involving patients. A patient falling in hospital is the most common patient safety incident reported to the National Patient Safety Agency. Although the majority of falls cause no harm, even falls without injury can lead to poor mobility and lack of confidence. Between April 2007 and April 2008 2,359 patients experienced a slip, trip or fall while in hospital.

The Surgical Division has made a concerted effort over the last three months to reduce the number of patient falls. As a result the number of falls has reduced significantly from 40 falls in March to 12 falls in June. This has been achieved by:

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

This project is still in its early stages and further work is taking place however we are developing plans to spread this work to all wards and clinical areas within the trust. The objective of this work will be to reduce the number of patient slips, trips and falls by 25% over the next year.

Medication errors

Patient medicines not being reconciled on admission, transfer and discharge is recognised as a high risk factor in medication incidents occurring. We currently have a well developed medicine management governance framework

through the Medicine Management committee which is responsible for producing, approving and regularly reviewing all trust policies and guidance in relation to the prescribing, administration and monitoring of medicines to promote safe medication practice. In addition a Medication Incident Review Group is in place. This is a multi disciplinary group which meets bi monthly to review all reported untoward incidents involving medicines. The group is responsible for monitoring trends, developing action plans and making recommendations to minimise the risk of subsequent errors and ensure that lessons are learned throughout the organisation.

To further promote safe medicines management we are putting in place a number of changes including:

- The development of ward based pharmacy teams.
- Extending automation within the pharmacy to minimise picking errors.
- Development of training packages to promote safe and effective prescribing and administration of medications. Competencies and assessment packages for staff have also been developed.
- Appointment of a medicine reconciliation pharmacist to investigate the reduction in medication incidents occurring as a result of changes introduced and ongoing audits.

Between March and June 2007 we recorded 130 medication incidents. However we believe that this reflects an element of under reporting and that the number of incidents will increase as reporting mechanisms improve. We anticipate therefore that the measures set out above will, in the first instance, lead to an increase in the number of reported medication errors however this will provide information to enable us to tackle the issue more effectively. We have therefore set ourselves the goal of reducing the number of medication by 50% by 2011/12.



Improving the patient experience

Summary of Patient Survey results 2007

Overall

Did you feel you were treated with respect and dignity while you were in the hospital?

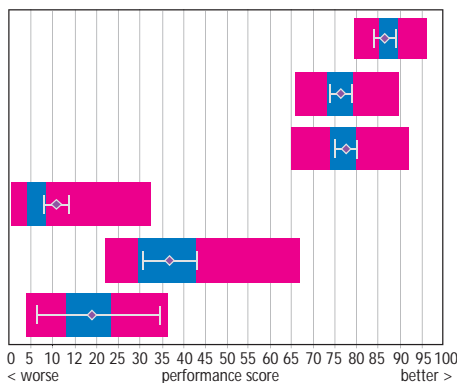
How would you rate how well the doctors and nurses worked together

Overall, how would you rate the care you received?

While in hospital, were you ever asked to give your views on the quality of your care?

Did you see any posters or leaflets explaining how to complain about the care you received?

If you wanted to complain, did hospital staff give you the information you needed to do this?



In line with the report of Lord Darzi, we want to ensure that our patients have a favourable experience when they come into our hospitals, measured through an improvement in our patient satisfaction rating for the quality of services by five points per year, over the next three years, with the aim of achieving top 10% performance for all indicators by 2011/12. The table above shows the overall patient satisfaction rate with services at our hospitals in 2007, the white diamond indicating the Trust's performance.

Patients are sometimes reluctant to tell us what they think about our services. For example a review of the NHS complaints system commissioned by the Department of Health in 2006 found that:



- there is a reluctance to make formal complaints – experiences have to be very bad before people are prepared to come forward with their views.
- the complaints system is not widely understood and is perceived as lengthy and bureaucratic.
- some patients are particularly hesitant about making complaints because they think that this could have serious consequences for their relation with their doctor.
- positive feedback tends to be given informally rather than through formal channels.

Therefore, in order to understand what our patients want and how they perceive the care they receive, we must improve the way we communicate with them and put in place systems to receive feedback. The following actions will support us in achieving our goal.



Customer care

We recognise that to achieve our goals we need to overhaul the provision of training in communication skills and customer care. Whilst communication skills already feature as an integral part of a number of training programmes provided by the trust we aim to ensure that in future all training programmes specifically consider patient and customer care principles. There are clear opportunities in the areas of mandatory and clinical skills training programmes to implement this almost immediately.

In addition, the trust will look to commission a programme of customer care training based on the 'Being With Patients' programme which has already been trialled with some nurse leaders. This training will utilise patient experience and address essential aspects of care including privacy and dignity, equality, communication and customer care in a way that supports as well as challenges staff. We have already undertaken consultation work with patients regarding privacy and dignity and we have plans to take this forward over the coming year, including progress in reducing mixed sex accommodation.

Recognising the key role of team leaders and service managers in improving service quality the trust will also be providing enhanced clinical leadership programmes and invest in training to develop a coaching culture in which colleagues are able to provide effective, valuable, timely feedback in order to continuously improve performance and customer satisfaction.

Communicating with our patients

The Trust has consistently sought the views of patient and visitors via the "Matrons Surveys", covering a range of areas relating to services and patient care. We have recognised however that the areas covered need to be broadened to give us richer information regarding patient experience and therefore we have designed a new process to provide information on patient experience. The Patient Experience Survey focuses on four key areas:

- The ward environment and infection prevention
- The staff at the hospital
- Your care and treatment
- Leaving the hospital

The questions chosen have been used in the national patient surveys, undertaken by the Healthcare Commission and the Picker Institute, and the same scoring system has been adopted. This will allow tracking of common themes in the national survey and the Trust's own local surveys. To cater for differences between wards / departments some variation on questions has been adopted resulting in five versions of the Patient Experience Survey covering:

- Inpatients (acute and community)
- Maternity wards
- Paediatric wards
- Emergency wards / departments
- Outpatients

Data from the surveys will be used to create reports at clinic level, departmental level and divisional level and these will be used to address any local issues that are identified.

Nursing care

In line with Lord Darzi's Next Stage Review, the Trust was keen to develop measures of quality, from the perspective of both the organisation and our patients. To achieve this the introduction of standardised processes was required to ensure equity in assessment, and therefore allow comparison between clinical areas. To this end we have been a national leader in developing a set of nursing clinical indicators to measure the quality of nursing care and the patient experience. Seven indicators were piloted across ten wards (representing all Divisions) in February 2008, these were:

- patient observations
- pain management assessment
- falls assessment



- tissue viability assessment
- nutritional assessment
- medication assessment
- infection prevention

The initial pilot has demonstrated that it is possible to use care indicators to assess standards of clinical care and patient experience. By providing wards with audit information regarding their performance, good practice can be celebrated and individual areas can also identify where action needs to be taken to improve nursing care and the patient experience. We are currently developing additional metrics and over the next year we will be adding quality standards regarding privacy and dignity.

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

End of life care

We believe that seeking the views of patients and respecting their wishes on the type and place they receive their end of their life care is extremely important. At the present time too many people die in hospital as the choices available to them are not made known or there is no infrastructure in the community to support them. We are taking the following actions within the hospital setting to deal with this situation and are in discussion with colleagues in Primary Care, with local patient groups, as to how we can develop services to support patients who wish to die at home.

Discussion now take place with patients and their carers regarding how and where they want their end of life care to be delivered. These discussions use the Liverpool Care Pathway for the dying. Regular reviews in the use of the tool are undertaken to assess its use, effectiveness and the quality of record keeping. An audit is being completed on the pathway of patients who die in hospital to identify learning and areas for action.

The Trust has a Bereavement Care Development Officer who leads on establishing and spreading best practice within our hospitals. We also have bereavement counsellors on site, with links to Hospice Bereavement Support and Counselling Services.

Dialogue is taking place between Trinity Hospice Medical Director and the Clinical Decision Unit's Consultant Physician to devise a pathway for junior doctors to follow when palliative or terminal patients are admitted into the hospital as an emergency.

We are currently constructing an End Of Life Care intranet site. This will include information for health professionals within the Trust on the Gold Standard Framework, Preferred Priorities of Care and the Liverpool Care Pathway.

Over the next two years we will be working with our healthcare partners to implement the End of Life care Strategy. As part of this we will ensure that we implement the Liverpool Care Pathway for the dying for all of our terminally ill patients and wherever possible patients will be supported to receive their end of life care in their chosen setting.





Performance of the Trust against National Quality Standards

Quality Standard	2007/08	2008/09
18 week referral to treatment times	The December 2008, 90% admitted and 95% non-admitted target, achieved December 2007	Targets achieved and sustained.
All cancers: one month diagnosis to treatment (including new cancer strategy commitment)	100%	100%
All cancers: two month GP urgent referral to treatment (including new cancer strategy commitment)	Qtr 1 – 96% Qtr 2 – 96% Qtr 3 – 98% Qtr 4 – 97%	Qtr 1 – Qtr 2 – 98% Qtr 3 – 98% Qtr 4 – 86% estimated against new cancer strategy commitment
All cancers: two week wait	100% seen within 2 weeks	100% seen within 2 weeks
Time to reperfusion for patients who have had a heart attack	Achieved – 84.51% of patients treated within 60 mins of calling for help	Achieved 92.98% of patients treated within 60 mins of calling for help
Incidence of MRSA Bacteraemia	40 cases (target <26)	9 cases (target <26)
Incidence of Clostridium Difficile	469 cases (target <453)	315 cases (target <385)
Delayed transfers of care (target <3.5%)	2.17%	2.49%
Total time in A&E (target 98% of patients to be admitted, transferred or discharged within 4hrs)	98.93%	98.75%
Inpatients waiting longer than the 26 week standard	Achieved – 0 patients waited in excess of 26 weeks	Achieved – 0 patients waited in excess of 26 weeks
Outpatients waiting longer than the 13 week standard	Achieved – 0 patients waited in excess of 13 weeks	Achieved – 0 patients waited in excess of 13 weeks
Patients waiting longer than three months (13 weeks) for revascularisation	Achieved – 0 patients waited in excess of 13 weeks	Achieved – 0 patients waited in excess of 13 weeks
Waiting times for Rapid Access Chest Pain Clinic	Achieved – 0 patients waited in excess of 2 weeks	Achieved – 0 patients waited in excess of 2 weeks
Cancelled operations and those not admitted within 28 days	0.57% cancelled	0.47% cancelled

Disclosure of Standards for Better Health – Core Standards Declaration within the SIC

The Trust is fully compliant with the 24 core standards for better health.

Monitoring External Reviews, Assessments and Accreditations

In 2008, the Trust was committed to developing a system and process that provides good coordination and evaluation of the work of external agency visits, inspections and accreditations. This will bring increased benefits to both the Trust and the review bodies and it will help minimise the burden on the Trust by reducing overlap and allow potential gaps in assurance to be identified and addressed. It is seen as part of the organisation's internal control system and provides assurance to the Board to make use of the work of the many external reviewers and ensure the whole process is efficient.

To carry forward this work, the Trust is committed to improving the process for managing and responding to the recommendations arising from external agency visits, inspections and accreditations. This is required to ensure that there is a centrally held, internally audited,

record of all external agency visits, inspections and accreditations together with their reports and action plans, which is kept updated and monitored within specified time-scales.

To further improve this process the Trust are putting in place a number of changes including a nominated lead for coordinating and reporting on all external agency visits, inspections and accreditations whose duties would include to:

- Maintain a schedule of review dates (external agency visits, inspections and accreditations).
- Maintain action plans to implement any recommendations made as a result of reviews.
- Ensure action plans are reviewed regularly and evaluated by the nominated committee/group.
- Liaise with the nominated lead for each specific external agency visit, inspection or accreditation.
- Ensure that the organisation-wide risk register is populated with risks identified from external agency visits, inspections and accreditations.

The following information on P109 identifies some of the external agency visits, inspections and accreditations undertaken in the last twelve months.



External Agency Assessment	Outcome of Assessment	Monitoring Committee
Care Quality Commission - Hygiene Code Registration	The Trust has recently received notification from the Care Quality Commission that the Trust have been registered unconditionally regarding compliance with the hygiene code.	Board of Directors
PEAT Inspection	The Trust received excellent Patient Environment Action Team (PEAT) results in March 2009	Board of Directors
Healthcare Commission Children's Service Mapping Exercise	The Trust have recently been involved in a children's service mapping exercise and the requested data was submitted to the Healthcare Commission in February 2009.	Board of Directors
Healthcare Commission Children's Follow Up Review	The Trust have recently been involved in a children's service follow up review. An action plan has been developed and submitted to the Healthcare Commission in February 2009.	Board of Directors
Healthcare Commission Hygiene Code Inspection	The Trust received a visit from the Healthcare Commission on the 17th and 18th December 2008 who inspected the Trust regarding compliance with the Health Act 2006. The Trust achieved full compliance with the Hygiene Code apart from duty 4f. Work has been undertaken to achieve full compliance and the Trust has put systems and processes in place to further demonstrate compliance with the revised Health Act Code of Practice in line with the findings from the Healthcare Commission inspection.	Clinical Governance Committee / Board of Directors
Investors in People Accreditation	The Trust has been successfully re-accredited for a further twelve months as Investors in People organisation following an assessment held during the week of the 24th November 2008. The lead assessor was highly complimentary about the progress made in the last twelve months. Improvements were noted regarding the appraisal process, delivery of training linked to identify priorities, such as infection prevention and the work undertaken with staff around 'skills for life'.	Board of Directors
NHSLA	The Trust achieved NHSLA (General) Level 2 Risk Management Standards and achieved 50/50 on the 16th September 2008	Healthcare Governance Committee
Local Supervising Authority Inspection	An external inspection was undertaken in September 2008. The Trust received a good report and two main actions arising from it were firstly, the Trust to consider financial remuneration for supervisors and secondly, the business case for staff was not picked up in every area. An action plan is in the process of being developed which will be submitted to the Clinical Governance Committee for monitoring.	Clinical Governance Committee
National Artificial Eye Service - British Standards Institution - 6 monthly external audit for certification to ISO9001-2001	The National Artificial Eye Service successfully passed an external audit for certification to ISO9001-2001 in September 2008	Clinical Governance Committee
Health and Safety Environment	The Trust had a Food Hygiene Regulations Visit in June 2008 with a positive outcome and no further actions required.	Annual Catering and Environmental Health Officer Committee
Environmental Agency and the Counter Terrorist and Police Special Branch Inspection.	The Radiology Department was visited on the 18th June 2008 for a routine 18-month visit and no issues of concern were raised.	Clinical Governance Committee
The Human Tissue Authority (HTA) Inspection	Further to the external inspection, which was undertaken on the 29th April 2008. A number of recommendations were made, an action plan has been developed and a lead manager identified. All actions were completed at the end of September 2009.	Clinical Governance Committee

Annex B

Statement of the Chief Executive's responsibilities as the Accounting Officer of Blackpool, Fylde and Wyre Hospitals NHS Foundation Trust

The National Health Service Act 2006 ("2006 Act") states that the Chief Executive is the Accounting Officer of the NHS Foundation Trust. The relevant responsibilities of Accounting Officer, including their responsibility for the propriety and regularity of the public finances for which they are answerable, and for the keeping of proper accounts, are set out in the Accounting Officers' Memorandum issued by the Independent Regulator of NHS Foundation Trusts ("Monitor").

Under the 2006 Act, Monitor has directed the Blackpool, Fylde and Wyre Hospitals NHS Foundation Trust to prepare, for each financial year, a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of Blackpool, Fylde and Wyre Hospitals NHS Foundation Trust and of its income and expenditure, total recognised gains and losses and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the NHS Foundation Trust Financial Reporting Manual and in particular to:

- observe the Accounts Direction issued by Monitor, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis

- state whether applicable accounting standards as set out in the NHS Foundation Trust Financial reporting Manual have been followed, and disclose and explain any material departures in the financial statements, and
- prepare the financial statements on a going concern basis

The Accounting Officer is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the NHS Foundation Trust and to enable him to ensure that the accounts comply with requirements outlined in the above mentioned Act. The Accounting Officer is also responsible for safeguarding the assets of the NHS Foundation Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

To the best of my knowledge and belief, I have properly discharged the responsibilities set out in Monitor's NHS Foundation Trust Accounting Officer Memorandum.



Aidan Kehoe,
Acting Chief Executive



Annex C

Statement in respect of Internal Control 2008/2009

1. Scope of Responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the NHS Foundation Trust's policies, aims and objectives, whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me. I am also responsible for ensuring that the NHS Foundation Trust is administered prudently and economically and that resources are applied efficiently and effectively. I also acknowledge my responsibilities as set out in the NHS Foundation Trust Accounting Officer Memorandum.

From the 1st April 2008, the Accounting Officer in post was Julian Hartley. However, from the 30th March 2009, the Accounting Officer in post was Aidan Kehoe.

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 ongoing process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives of Blackpool, Fylde and Wyre Hospitals NHS Foundation Trust, to 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 Foundation Trust for the year ended 31st March 2009 and up to the date of approval of the annual report and accounts.

2.1 Compliance with the NHS Pension Scheme Regulations

As an employer with staff entitled to membership of the NHS Pension Scheme control measures are in place to ensure all employer obligations contained within the Scheme Regulations are complied with. This includes ensuring that deductions from salary, employer's contributions and payments in to the Scheme are in accordance with the Scheme rules, and that member Pension Scheme records are accurately updated in accordance with the timescales detailed in the Regulations.

3. Capacity to Handle Risk

3.1 Leadership

As Accounting Officer, I have overall accountability and responsibility for Risk Management within the Trust. I lead the Risk Management process as Chair of the Trust's Healthcare Governance Committee, which meets on a quarterly basis.

The Director of Nursing and Quality provides leadership at Board level for the implementation of Clinical Governance and Risk Management. The Director of Finance is designated as the accountable and responsible officer for managing financial risk in the Trust. The Trust Risk Management Strategy clearly defines the responsibilities of individual Executive Directors specifically and generally. The Risk Management Strategy applies to all employees and requires an active lead from managers at all levels to ensure risk management is a fundamental part of the total approach to quality, corporate and clinical governance, performance management and assurance.

3.2 Training

To ensure the successful implementation and maintenance of the Trust's approach to risk management, staff at all levels are appropriately trained in incident reporting and carrying out a risk assessment. An ongoing risk management training programme has been developed which includes Health and Safety, Clinical Risk Management, Patient Safety, Fire Safety, Conflict Resolution Resuscitation, Moving and Handling, Child Protection, Infection Prevention and Information Governance training which is mandatory for staff as identified in the training needs analysis which is within the Learning and Development Strategy.

The Learning from Incidents and Risks Committee comprising senior staff, meets on a monthly basis to ensure concerns identified from incidents, claims, and complaints are investigated to ensure that lessons are learned and as a method of sharing good practice. 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.

4. The Risk and Control Framework

4.1 Key Elements Of The Risk Management Strategy

The Risk Management Strategy is Board approved, covers all risks and is subject to an annual review to ensure it remains appropriate and current. 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. The Risk Management Strategy is cross referenced to a series of related risk management documents, for example, The Patient Safety Strategy; Investigating an Untoward Incident and Serious Incident Reporting Procedure etc. The Risk Management Strategy is available to all staff via the Document Library on the Trust intranet.

4.2 How Risk Management Is Embedded In The Activity Of The Trust

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

Risk Management is embedded within the Trust through key committees identified in the Corporate Governance Structure and consists of clinical and non-clinical committees, which report to the Healthcare Governance Committee.

The Healthcare Governance Committee links to the Audit Committee and the Clinical Governance Committee and also reports direct to the Board.

The Board Assurance Framework has been in place during 2008/09. The Assurance Framework:

- Covers all of the Trust's main activities.
- Identifies the corporate objectives and targets the Trust is striving to achieve.
- Identifies the risks to the achievement of these objectives and targets.
- Identifies the system of internal control in place to manage the risks.
- Identifies and examines the review and assurance mechanisms, which relate to the effectiveness of the system of internal control.
- Records the actions taken by the Board to address control and assurance gaps.
- Covers the core standards on which the Trust has been required to declare its compliance during 2008/09.

The Healthcare Governance Committee considers significant risks and if appropriate, recommends their inclusion on the Corporate Risk Register and/or Board Assurance Framework. The Board considers significant risks and approves their inclusion on the Board Assurance Framework and Corporate Risk Register.

Risk prioritisation and action planning is informed by the corporate objectives which have been derived from internal and external sources of risk identified from national requirements and guidance, complaints, claims, incident reports and audit findings. This also includes any other sources of risk derived from Ward, Departmental, Directorate and Divisional risk assessments, which feed up to Divisional and Corporate level management.

Action plans are developed for unresolved risks and the rating of risks is adapted from the Australian Risk Management Process.

Lead Executive Directors and Lead Managers are identified to deal with the gaps in control and assurance and are responsible for developing action plans to address the gaps. The Board Assurance Framework serves to assure the Board of Directors that the organisation is addressing its risks systematically. The action plan arising from each risk also serves as a work plan for the Lead Manager to ensure mitigation against risks and closure of any gaps in control or assurance.

The elements of the Board Assurance Framework are monitored and reviewed on a quarterly basis by the Healthcare Governance Committee and the Audit Committee followed by the Board of Directors. This provides evidence to support the Statement on Internal Control.

The Audit Committee is a sub-committee of the Board of Directors and provides independent assurance on aspects of governance, Risk Management and internal controls. The Finance Director and the Associate Director of Corporate Affairs are also members of the Healthcare Governance Committee and provide Governance and Risk Management assurance to the Audit Committee at each of its meetings, thus ensuring an integrated risk management approach.



4.3 How Public Stakeholders are Involved in Managing Risks

Public Stakeholders, which include Blackpool Primary Care Trust, North Lancashire Primary Care Trust, Blackpool Overview and Scrutiny Committee, Lancashire Overview and Scrutiny Committee, Blackpool Local Safeguarding Children's Board, Learning Disability Partnership Board and Local Involvement Networks (LINK), are consulted on service developments and changes.

Issues raised through the Trust's Risk Management processes that impact on partner organisations, for example, Blackpool Primary Care Trust, North Lancashire Primary Care Trust, and Lancashire Care NHS Trust, would be discussed in the appropriate forum so that action can be agreed.

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

4.4 Information Governance and Identifying and Managing Risks

The Information Governance Committee identifies and manages information risks, which reports to the Healthcare Governance Committee. The Finance Director who is also the nominated Board Lead for Information Governance Risk and the Senior Information Risk Owner for the Trust, chairs the Information Governance Committee. The Trust achieved 84% compliance with the Information Governance Toolkit assessment for 2008/09 and the Trust plans to maintain this target for 2009/10.

For the year ending 2008 - 2009 the Trust had 22 information security related incidents to report. These were classified on the information security risk scale from 0 - 2. Only incidents classified as a severity rating of 3 - 5 need to be reported as a serious untoward incident and reported to Monitor and the Information Commissioner. Table 1 provides a summary which relates to incidents with a classification scale of 0 - 2.

SUMMARY OF OTHER PERSONAL DATA RELATED INCIDENTS IN 2008-09		
Category	Nature of Incident	Total
I.	Loss of inadequately protected electronic equipment, devices or paper documents from secured NHS premises.	2
II.	Loss of inadequately protected electronic equipment, devices or paper documents from outside secured NHS premises	0
III.	Insecure disposal or inadequately protected electronic equipment, devices or paper documents	5
IV.	Unauthorised disclosure	3
V.	Other	12

4.5 Compliance with Equality, Diversity and Human Rights Legislation

Control measures are in place to ensure that all organisation's obligations under equality, diversity and human rights legislation are complied with.

4.6 Disclosure of Standards for Better Health – Core Standards Declaration within the SIC

The Trust is fully compliant with the core standards for better health.

5 Review of Economy, Efficiency and Effectiveness of the Use of Resources

The Trust has robust arrangements in place for setting objectives and targets on a strategic and annual basis. These arrangements include ensuring the financial plan is affordable, ensuring delivery of Cost Improvement requirements, compliance with the terms of authorisation and coordination of individual objectives with corporate objectives as identified in the Integrated Business Plan. This is also identified in the Annual Plan. Performance against objectives are monitored and actions identified through a number of channels:

- Approval of the annual budgets by the Board of Directors.

- Monthly reporting to the Board on key performance indicators covering finance, activity and human resources targets.
- Weekly reporting to the Executive Team on key influences on the Trust's financial position including activity and workforce indicators.
- The Divisions play an active part in ongoing review of financial performance including Cost Improvement delivery.
- Periodic performance management of Divisions by the Executive Team covering performance on key areas.
- Periodic reporting to Monitor and compliance with the terms of authorisation.

The Trust also participates in initiatives to ensure value for money for example:

- Value for money is an important component of the internal and external audit plans that provides assurance to the Trust regarding processes that are in place to ensure effective use of resources.
- The Trust subscribes to a national benchmarking organisation (CHKS) that provides comparative information analysis on patient activity and clinical indicators. This is used for the risk management process and to identify where improvements can be made.
- The Trust's self-assessment declaration of compliance against the twenty-four Core 'Standards for Better Health' demonstrates continuous improvement against the standards. Supporting evidence is available for all members of the Board to review as a source of assurance.

The Trust has a standard assessment process for future business plans to ensure value for money and to ensure that full appraisal processes are employed when considering the effect on the organisation. Procedures are in place to ensure all strategic decisions are considered at Board level.

6 Review of Effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the Executive Directors within the NHS Foundation Trust who have responsibility for the development and maintenance of the system of internal control framework, and comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board, the Audit Committee and the Healthcare Governance Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

In describing the process that has been applied in maintaining and reviewing the effectiveness of the system of internal control I have detailed below some examples of the work undertaken and the role of the Board of Directors, the Audit Committee, Healthcare Governance Committee, Internal Audit and External Audit in this process:

- The Annual Risk Management Report and the Clinical Governance Reports, which evidence action on all aspects of governance including, risk management.
- The Board Assurance Framework itself provides me with evidence of the effectiveness of controls that manage the risks to the organisation.
- The Board of Directors, Audit Committee, and the Healthcare Governance Committee have advised me on the implications of the result of my review of the effectiveness of the system of internal control. These committees also advise outside agencies and myself on serious untoward events.
- All the relevant committees within the Corporate Governance Structure have a clear timetable of meetings and a clear reporting structure to allow issues to be raised.
- A plan to address weaknesses and ensure continuous improvement of the system is in place.
- The Board of Directors also monitors and reviews the effectiveness of the Board Assurance Framework on a quarterly basis.
- The Healthcare Governance Committee manages and reviews the Board Assurance Framework, which is agreed in conjunction with Executive Directors. The minutes of the Healthcare Governance Committee are presented to the Board of Directors. The Healthcare Governance Committee produces an annual Risk Management report, which is presented to the Audit Committee followed by the Board of Directors to provide assurance on controls.
- The Audit Committee reviews the establishment and maintenance of an effective system of Integrated Governance, Risk Management and internal control across the whole of the organisation's activities (both clinical and non-clinical) that supports the achievement of the organisation's objectives. The Audit Committee reviews the Board Assurance Framework on a quarterly basis.
- Internal Audit reviews the Board Assurance Framework and the effectiveness of the system of internal control as part of the internal audit work to assist in the review of effectiveness.
- My review also takes account of comments made by external auditors and other review bodies in their reports for example, The Trust was subject to the NHS Litigation Authority (NHS LA) assessment on 16th September 2008 which resulted in the achievement of NHS LA Risk Management Standards General Level 2 status that provided assurance on controls.
- The Trust's self-assessment declaration of compliance against the twenty-four Core 'Standards for Better Health' demonstrates continuous improvement against the standards. Supporting evidence is available for all members of the Board of Directors to review as a source of assurance and is an essential part of the Trust's system of internal control.
- The Trust's assessment of 84% compliance with the Information Governance Toolkit standards for 2008/09 demonstrates continuous improvement against these standards.

- The system of monitoring for MRSA has been reviewed by external audit. The Healthcare Commission also assessed the Trust on 17th and 18th December 2008 regarding implementation of the Hygiene Code and a subsequent report and recommendations were produced in February 2009. The Healthcare Commission informed the Trust that the assessment managers found one breach of sub duty 4f) of the Hygiene Code at Blackpool, Fylde and Wyre Hospitals NHS Trust. However, a number of recommendations were made to improve infection prevention and control at the Trust, an action plan has been developed and the actions have all been implemented to demonstrate full compliance.

There have been no significant internal control issues and gaps in control identified. Internal Audit provided overall significant assurance although areas of limited assurance have been identified. The Trust has received 20 internal audit reports of which only four identify overall 'Limited Assurance' and actions have been identified to improve systems of control. The management team has already implemented or is in the process of implementing these actions in order to improve systems of control in the areas identified.

The Trust received 'limited assurance' from internal audit in relation to one part of the recording process, which related to the recording of sickness and absence in the staff personal files. An action plan has been developed and work is in progress, which is monitored by the Human Resources and Organisational Development Committee. The Audit Committee will also monitor the implementation of the action plan in order to be provided with assurance that improvements are being made.

I have to highlight that the delivery of the MRSA Bacteraemia and Clostridium Difficile targets remain high-risk however the Trust is currently under trajectory for MRSA Bacteraemia and Clostridium difficile: Monthly levels of MRSA Bacteraemia and Clostridium difficile are monitored by the Hospital Infection Prevention and Control Committee and the Board.

The following activities are undertaken to ensure the Trust achieves the MRSA and Clostridium Difficile targets:

- The Hospital Infection Prevention and Control Committee has been established to oversee and make recommendations on the infection control strategy and review MRSA and Clostridium Difficile performance.
- Monthly Board performance monitoring report.
- MRSA rapid screening is undertaken for patients admitted to Clinical Decision Unit, Surgical Admissions Unit, Orthopaedic Trauma Wards, Intensive Care and High Dependency Units.
- Prophylactic eradication therapy is administered to all previously identified MRSA patients in all areas.
- Implementation of Saving Lives High Impact Interventions audits are conducted on a quarterly basis and reported to the Hospital Infection Prevention and Control Committee.
- Full implementation of the NPSA 'Clean your Hands Campaign' for Year Three.
- Consultant Nurse for Infection Prevention and Director of Infection Prevention and Control (DIPC) are in post and report directly to the Board
- A robust infection control Link Personnel System is in place on the ward
- Monthly ward and departmental hand hygiene audits undertaken to monitor compliance with hand hygiene and the results are presented to the Divisions on a monthly basis.
- The Hand Hygiene audits are cross audited to reduce bias
- 'Ban the Bugs' campaign is in place.
- The new Antibiotic Formulary is available on the Trust Intranet – to give guidance on antibiotic prescribing.
- The 5-Day stop policy to regulate the prescribing of antibiotics.
- Monthly Whole Health Economy meetings to discuss MRSA and Clostridium Difficile

The Trust has implemented a number of initiatives to limit hospital-acquired infections within the target level through additional investments in screening and personnel, and through participation in the Safer Patients Initiative, which has, elements devoted to reducing infection. The Trust has little ability to influence the incidence of community acquired

infection but continues to work with and support Blackpool Primary Care Trust and North Lancashire Primary Care Trust to try to mitigate this risk. The target remains achievable although high risk.

The Trust continued to operate robust finance control in 2008/09 and has effectively managed in year financial risks. The Trust has developed procedures to model forward financial plans including understanding its financial risk ratings for a minimum of three years.

7 Conclusion

There have been no significant internal control issues identified during the year.


Signed



Aidan Kehoe
Acting Chief Executive

Date: 03 June 2009





"I have just had three days in the Cardiac Centre for an angiogram, what an experience plus that wonderful equipment. All staff looked after me very well (at times they were run off their feet – so very busy) and likewise ward 37. Thank you all is not enough, I even heard a nurse singing as she walked by – a true sign of a happy ward. My thanks again to you all."

Sidney Penfold, South Shore,
Blackpool

Annex D

Independent Auditor's report to the Council of Governors of Blackpool, Fylde and Wyre Hospitals NHS Foundation Trust

Independent Auditors' Report to the Council Of Governors of Blackpool, Fylde and Wyre Hospitals NHS Foundation Trust

We have audited the financial statements of Blackpool, Fylde and Wyre Hospitals NHS Foundation Trust for the year ended 31 March 2009 which comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement, the Statement of Total Recognised Gains and Losses, and the related notes. The financial reporting framework that has been applied in their preparation is the NHS Foundation Trust Financial Reporting Manual issued by the Independent Regulator of NHS Foundation Trusts ("Monitor").

Respective responsibilities of directors and auditors

As explained more fully in the Statement of the Chief Executive's responsibilities as Accounting Officer, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with relevant statute, the Audit Code for NHS Foundation Trusts issued by Monitor and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Council of Governors of Blackpool, Fylde and Wyre Hospitals NHS Foundation Trust in accordance with paragraph 24(5) of Schedule 7 of the National Health Service Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the NHS Foundation Trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the NHS Foundation Trust; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view, in accordance with the NHS Foundation Trust Financial Reporting Manual, of the state of the NHS Foundation Trust's affairs as at 31 March 2009 and of its income and expenditure and cash flows for the year then ended; and
- have been properly prepared in accordance with the NHS Foundation Trust Financial Reporting Manual.

Opinion on other matters prescribed by the Audit Code for NHS Foundation Trusts

In our opinion

- the part of the Remuneration Report to be audited has been properly prepared in accordance with the NHS Foundation Trust Financial Reporting Manual; and
- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Audit Code for NHS Foundation Trusts requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from locations not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit; or
- the Statement on Internal Control does not meet the disclosure requirements set out in the NHS Foundation Trust Financial Reporting Manual or is misleading or inconsistent with information of which we are aware from our audit; or
- we have not been able to satisfy ourselves that the NHS Foundation Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Certificate

We certify that we have completed the audit of the accounts in accordance with the requirements of Chapter 5 of Part 2 to the National Health Service Act 2006 and the Audit Code for NHS Foundation Trusts issued by Monitor.

Peter Chambers

Peter Chambers (Partner)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
5 June 2009

Furthermore:

- (a) The maintenance and integrity of the Blackpool, Fylde and Wyre Hospitals NHS Foundation Trust website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- (b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



Annex E

Accounts for the period April 1st 2009 to March 31st 2010

FOREWORD TO THE ACCOUNTS

BLACKPOOL, FYLDE AND WYRE HOSPITALS NHS FOUNDATION TRUST

These accounts for the period ended March 31st 2009 have been prepared by the Blackpool, Fylde and Wyre Hospitals NHS Foundation Trust in accordance with Schedule 7, sections 24 and 25 of the National Health Services Act 2006.



Aidan Kehoe,
Acting Chief Executive

INCOME AND EXPENDITURE ACCOUNT FOR THE PERIOD ENDED 31st March 2009

		2008/09	4 months ended 31st March 2008
	NOTE	£000	£000
Income from activities	2	231,790	81,020
Other operating income	3	21,772	5,902
Total Income		253,562	86,922
Operating expenses	4	(242,740)	(84,943)
OPERATING SURPLUS		10,822	1,979
Profit on disposal of fixed assets	6	1,496	0
OPERATING SURPLUS BEFORE INTEREST AND TAXATION		12,318	1,979
Interest receivable		1,154	336
Other finance costs - unwinding of discount	14	(29)	(24)
SURPLUS FOR THE FINANCIAL PERIOD BEFORE TAXATION		13,443	2,291
Taxation		0	0
SURPLUS FOR THE FINANCIAL PERIOD AFTER TAXATION		13,443	2,291
Public Dividend Capital dividends payable		(7,400)	(2,283)
RETAINED SURPLUS FOR THE PERIOD		6,043	8

All activities reported above relate to continuing operations

Blackpool, Fylde & Wyre Hospitals NHS Foundation Trust was authorised on 1st December 2007. The prior year comparative figures report performance for the period following authorisation.

BALANCE SHEET AS AT 31ST MARCH 2009

		31st March 2009	31st March 2008 Restated
	NOTE	£000	£000
FIXED ASSETS			
Intangible assets	7	947	358
Tangible assets	8	183,167	188,108
TOTAL FIXED ASSETS		184,114	188,466
CURRENT ASSETS			
Stocks and work in progress	9	4,033	3,865
Debtors	10	9,523	10,581
Investments	11	5,000	0
Cash at bank and in hand		24,072	23,910
TOTAL CURRENT ASSETS		42,628	38,356
CREDITORS: Amounts falling due within one year	12	(27,595)	(28,368)
NET CURRENT ASSETS		15,033	9,988
TOTAL ASSETS LESS CURRENT LIABILITIES		199,147	198,454
PROVISIONS FOR LIABILITIES AND CHARGES	14	(2,172)	(3,229)
TOTAL ASSETS EMPLOYED		196,975	195,225
FINANCED BY:			
TAXPAYERS' EQUITY			
Public dividend capital	15	141,031	139,640
Revaluation reserve		43,759	49,912
Donated asset reserve		3,070	2,869
Income and expenditure reserve		9,115	2,804
TOTAL TAXPAYERS' EQUITY		196,975	195,225

The comparator figures as at 31st March 2008 have been restated due to prior period adjustments. The detail for these is disclosed at Note 15.3 to these accounts.

The financial statements on pages i to xxiv were approved by the Trust Board on 3rd June 2009 and are signed on its behalf by:



Aidan Kehoe,
Acting Chief Executive

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE PERIOD ENDED 31st March 2009

		2008/09	4 months ended 31st March 2008
	NOTE	£000	£000
Surplus for the financial period before dividend payments		13,443	2,291
Unrealised (deficit) on fixed asset revaluation		(5,917)	(3,993)
Increase in the donated asset reserve due to receipt of donated assets		502	93
Reduction in the donated asset reserve due to depreciation of donated assets		(269)	(118)
Total recognised gains and losses for the financial year		7,759	(1,727)
Prior period adjustments	15	(5,721)	0
Total recognised gains and losses in the financial year		2,038	(1,727)

Blackpool, Fylde & Wyre Hospitals NHS Foundation Trust was authorised on 1st December 2007. The prior year comparative figures report performance for the period following authorisation.

CASH FLOW STATEMENT FOR THE PERIOD ENDED 31st March 2009

	NOTE	2008/09 £000	4 months ended 31st March 2008 £000
OPERATING ACTIVITIES			
Net cash inflow from operating activities	16.1	20,884	15,116
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE:			
Interest received		917	336
Net cash inflow from returns on investments and servicing of finance		917	336
TAXATION (PAID) / RECEIVED			
		0	0
CAPITAL EXPENDITURE			
(Payments) to acquire tangible fixed assets		(11,638)	(3,838)
Receipts from sales of tangible fixed assets		1,496	0
(Payments) to acquire intangible fixed assets		(488)	0
Net cash outflow from capital expenditure		(10,630)	(3,838)
DIVIDENDS PAID			
		(7,400)	(3,425)
Net cash inflow before management of liquid resources and financing		3,771	8,189
MANAGEMENT OF LIQUID RESOURCES			
(Purchase) of current asset investments		(5,000)	0
Net cash outflow from management of liquid resources		(5,000)	0
Net cash inflow/(outflow) before financing		(1,229)	8,189
FINANCING			
Public dividend capital received		1,391	2,210
Net cash inflow from financing		1,391	2,210
Increase in cash		162	10,399

Blackpool, Fylde & Wyre Hospitals NHS Foundation Trust was authorised on 1st December 2007. The prior year comparative figures report performance for the period following authorisation

1. Accounting policies and other information

Monitor has directed that the financial statements of NHS Foundation Trusts shall meet the accounting requirements of the NHS Foundation Trust Financial Reporting Manual which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the 2008/09 NHS Foundation Trust Financial Reporting Manual issued by Monitor. The accounting policies contained in that manual follow UK generally accepted accounting practice for companies (UK GAAP) and HM Treasury's Financial Reporting Manual to the extent that they are meaningful and appropriate to NHS Foundation Trusts. The accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.

1.1 Accounting convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of tangible fixed assets at their value to the business by reference to their current costs. NHS Foundation Trusts, in compliance with HM Treasury's Financial Reporting Manual, are not required to comply with the FRS 3 requirements to report "earnings per share" or historical profits and losses.

1.2 Acquisitions and discontinued operations

Activities are considered to be 'discontinued' where they meet all of the following conditions:

- a) the sale (this may be at nil consideration for activities transferred to another public sector body) or termination is completed either in the period or before the earlier of three months after the commencement of the subsequent period and the date on which the financial statements are approved;
- b) if a termination, the former activities have ceased permanently;
- c) the sale or termination has a material effect on the nature and focus of the reporting Trust's operations and represents a material reduction in its operating facilities resulting either from its withdrawal from a particular activity or from a material reduction in income in the Trust's continuing operations; and
- d) the assets, liabilities, results of operations and activities are clearly distinguishable, physically, operationally and for financial reporting purposes.

Operations not satisfying all these conditions are classified as continuing. Activities are considered to be 'acquired' whether or not they are acquired from the public sector.

1.3 Income recognition

Income is accounted for applying the accruals convention. The main source of income for the Trust is under contracts from commissioners in respect of healthcare services. Income is recognised in the period in which services are provided. Where income is received for a specific activity which is to be delivered in the following financial year, that income is deferred.

1.4 Expenditure

Expenditure is accounted for applying the accruals convention.

1.5 Tangible fixed assets

Capitalisation

Borrowing costs associated with the construction of new assets are not capitalised

Tangible assets are capitalised if they are capable of being used for a period which exceeds one year and they:

- individually have a cost of at least £5,000; or
- form a group of assets which individually have a cost of more than £250, collectively have a cost of at least £5,000, where the assets are functionally interdependent, they had broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control; or
- form part of the initial setting-up cost of a new building or refurbishment of a ward or unit, irrespective of their individual or collective cost.

Valuation

Tangible fixed assets are stated at the lower of modern equivalent replacement value and recoverable amount. On initial recognition they are measured at cost (for leased assets, fair value) including any costs, such as installation, directly attributable to bringing them into working condition. The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable. The costs arising from financing the construction of the fixed asset are not capitalised but are charged to the income and expenditure account in the year to which they relate.

All land and buildings are revalued using professional valuations in accordance with FRS 15 every five years. A three yearly interim valuation is also carried out.

Valuations are carried out by professionally qualified valuers in accordance with the Royal Institute of Chartered Surveyors (RICS) Appraisal and Valuation Manual. In line with Treasury guidance the revaluation on 1st April 2008 was based on "modern equivalent asset" rather than "like for like" replacement basis used in previous valuations. The revaluation was undertaken by Andrew M Wilson MRICS of DTZ and was accounted for as a prior year adjustment on 31st March 2008 (see Note 15.3). The revaluation included a review of asset lives which resulted in a depreciation reduction of circa £3m.

As a result of prevailing market conditions the Trust sought advice from DTZ regarding potential impact on asset values at 31st March 2009. Building cost indices fell by 4.03% in the twelve months ended 31st March 2009, and land values in the same period fell by 20%. The asset values as at 31st March 2009 were adjusted accordingly.

Additional alternative open market value figures have only been supplied for operational assets scheduled for imminent closure and subsequent disposal.

Assets in the course of construction are valued at cost and are valued by professional valuers as part of the five or three-yearly valuation or when they are brought into use.

Residual interests in off-balance sheet private finance initiative (PFI) properties are included in assets under construction within tangible fixed assets at the amount of unitary charge allocated for the acquisition of the residual with an adjustment. The adjustment is the net present value of the change in the fair value of the residual as estimated at the start of the contract and at the balance sheet date.

Operational equipment is valued at net current replacement cost. Equipment surplus to requirements is valued at net recoverable amount.

Depreciation, amortisation and impairments

Tangible fixed assets are depreciated at rates calculated to write them down to estimated residual value on a straight-line basis over their estimated useful lives. No depreciation is provided on freehold land, and assets surplus to requirements.

Assets in the course of construction and residual interests in off-balance sheet PFI contract assets are not depreciated until the asset is brought into use or reverts to the trust, respectively.

Buildings, installations and fittings are depreciated on their current value over the estimated remaining life of the asset as assessed by the Trust's professional valuers. Leaseholds are depreciated over the primary lease term.

Equipment is depreciated on current cost evenly over the estimated life.

Fixed asset impairments resulting from losses of economic benefits are charged to the income and expenditure account. All other impairments are taken to the revaluation reserve and reported in the statement of total recognised gains and losses to the extent that there is a balance on the revaluation reserve in respect of the particular asset.

1.6 Intangible fixed assets

Intangible assets are capitalised when they are capable of being used in the Trust's activities for more than one year; they can be valued; and they have a cost of at least £5,000.

Intangible fixed assets held for operational use are valued at historical cost and are amortised over the estimated life of the asset on a straight line basis. The carrying value of intangible assets is reviewed for impairment at the end of the first full year following acquisition and in other periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Purchased computer software licences are capitalised as intangible fixed assets where expenditure of at least £5,000 is incurred and amortised over the shorter of the term of the licence and their useful economic lives.

1.7 Donated fixed assets

Donated fixed assets are capitalised at their current value on receipt and this value is credited to the donated asset reserve. Donated fixed assets are valued and depreciated as described above for purchased

assets. Gains and losses on revaluations are also taken to the donated asset reserve and, each year, an amount equal to the depreciation charge on the asset is released from the donated asset reserve to the income and expenditure account. Similarly, any impairment on donated assets charged to the income and expenditure account is matched by a transfer from the donated asset reserve. On sale of donated assets, the net book value of the donated asset is transferred from the donated asset reserve to the Income and Expenditure Reserve.

1.8 Liquid Resources

Deposits and other investments that are readily convertible into known amounts of cash at or close to their carrying amounts are treated as liquid resources in the cashflow statement.

1.9 Government grants

Government grants are grants from Government bodies other than income from primary care trusts or NHS trusts for the provision of services. Grants from the Department of Health are accounted for as Government grants. Where the Government grant is used to fund revenue expenditure it is taken to the Income and Expenditure account to match that expenditure. Where the grant is used to fund capital expenditure the grant is held as deferred income and released to the income and expenditure account over the life of the asset on a basis consistent with the depreciation charge for that asset.

1.10 Private Finance Initiative (PFI) transactions

The NHS follows HM Treasury's Technical Note 1 (Revised) "How to Account for PFI transactions" which provides definitive guidance for the application of application note F to FRS 5.

Where the balance of the risks and rewards of ownership of the PFI property are borne by the PFI operator, the PFI payments are recorded as an operating expense. Where the trust has contributed land and buildings, a prepayment for their fair value is recognised and amortised over the life of the PFI contract by charge to the income and expenditure account. Where, at the end of the PFI contract, a property reverts to the Trust, the difference between the expected fair value of the residual on reversion and any agreed payment on reversion is built up over the life of the contract by capitalising part of the unitary charge each year, as a tangible fixed asset.

Where the balance of risks and rewards of ownership of the PFI property are borne by the Trust, it is recognised as a fixed asset along with the liability to pay for it which is accounted for as a finance lease. Contract payments are apportioned between an imputed finance lease charge and a service charge.

1.11 Stocks and work-in-progress

Stocks and work-in-progress are valued at the lower of cost and net realisable value. Work-in-progress comprises goods and services in intermediate stages of production.

1.12 Cash, bank and overdrafts

Cash, bank and overdraft balances are recorded at the current values of these balances in the Trust's cash book. These balances exclude monies held in the Trust's bank account belonging to patients (see "third party assets" below). Account balances are only set off where a formal agreement has been made with the bank to do so. In all other cases overdrafts are disclosed within creditors. Interest earned on bank accounts and interest charged on overdrafts is recorded as, respectively, "interest receivable" and "interest payable" in the periods to which they relate. Bank charges are recorded as operating expenditure in the periods to which they relate.

1.13 Provisions

The Trust provides for legal or constructive obligations that are of uncertain timing or amount at the balance sheet date on the basis of the best estimate of the expenditure required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using HM Treasury's discount rate of 2.2% in real terms.

1.14 Contingencies

Contingent assets (that is, assets arising from past events whose existence will only be confirmed by one or more future events not wholly within the entity's control) are not recognised as assets, but are disclosed in note 18 where an inflow of economic benefits is probable.

Contingent liabilities are provided for where a transfer of economic benefits is probable. Otherwise, they are not recognised, but are disclosed in note 18 unless the probability of a transfer of economic benefits is remote. Contingent liabilities are defined as:

- Possible obligations arising from past events whose existence will be confirmed only by the occurrence

- of one or more uncertain future events not wholly within the entity's control; or
- Present obligations arising from past events but for which it is not probable that a transfer of economic benefits will arise or for which the amount of the obligation cannot be measured with sufficient reliability.

1.15 Clinical negligence costs

The NHS Litigation Authority (NHSLA) operates a risk pooling scheme under which the Trust pays an annual contribution to the NHSLA, which, in return, settles all clinical negligence claims. Although the NHSLA is administratively responsible for all clinical negligence cases, the legal liability remains with the NHS foundation trust. The total value of clinical negligence provisions carried by the NHSLA on behalf of the Trust is disclosed at note 14.

1.16 Non-clinical risk pooling

The Trust participates in the Property Expenses Scheme and the Liabilities to Third Parties Scheme. Both are risk pooling schemes under which the trust pays an annual contribution to the NHS Litigation Authority and in return receives assistance with the costs of claims arising. The annual membership contributions, and any 'excesses' payable in respect of particular claims are charged to operating expenses when the liability arises.

1.17 Pension costs

Past and present employees are covered by the provisions of the NHS Pensions Scheme. The scheme is an unfunded, defined benefit scheme that covers NHS employers, general practices and other bodies, allowed under the direction of Secretary of State, in England and Wales. As a consequence it is not possible for the NHS foundation trust to identify its share of the underlying scheme liabilities. Therefore, the scheme is accounted for as a defined contribution scheme under FRS 17.

The Scheme is subject to a full valuation every four years by the Government Actuary. The last such investigation, on the conclusions of which scheme contribution rates are currently based, had an effective date of 31 March 2004 and covered the period from 1 April 1999 to that date. Between the full actuarial valuations, the Government Actuary provides an annual update of the scheme liabilities for FRS17 purposes. The latest assessment of the liabilities of the Scheme is contained in the Scheme Actuary report, which forms part of the NHS Pension Scheme (England and Wales) Resource Account, published annually. These accounts can be viewed on the Business Service Authority - Pensions Division website at www.nhs.gov.uk. Copies can also be obtained from The Stationery Office.

The conclusion of the 2004 investigation was that the scheme had accumulated a notional deficit of £3.3 billion against the notional assets as at 31 March 2004. This is after making some allowance for the one-off effects of pay modernisation, but before taking into account any of the scheme changes which came into effect on 1 April 2008. Employer contributions have continued the rate of 14% of pensionable pay. On advice from the actuary, scheme contributions may be varied from time to time to reflect changes in the scheme's liabilities. From 1 April 2008, employees have paid contributions according to a tiered scale from 5% up to 8.5% of their pensionable pay.

Employers pension cost contributions are charged to operating expenses as and when they become due.

Additional pension liabilities arising from early retirements are not funded by the scheme except where the retirement is due to ill-health. The full amount of the liability for the additional costs is charged to the income and expenditure account at the time the trust commits itself to the retirement, regardless of the method of payment.

1.18 Value Added Tax

Most of the activities of the Trust are outside the scope of VAT and, in general, output tax does not apply and input tax on purchases is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

1.19 Corporation Tax

The Trust is a Health Service Body within the meaning of s519A ICTA 1988 and accordingly is exempt from taxation in respect of income and capital gains within categories covered by this. There is power for the Treasury to disapply the exemption in relation to specified activities of a Foundation Trust (s519A (3) to (8) ICTA 1988). Accordingly, the trust is potentially within the scope of corporation tax in respect of activities which are not related to, or ancillary to, the provision of healthcare, and where the profits there from exceed £50,000 per annum.

1.20 Third party assets

Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the accounts since the NHS foundation trust has no beneficial interest in them. However, they are disclosed in a separate note to the accounts in accordance with the requirements of the HM Treasury Financial Reporting Manual.

1.21 Leases

Where substantially all risks and rewards of ownership of a leased asset are borne by the Trust, the asset is recorded as a tangible fixed asset and a debt is recorded to the lessor of the minimum lease payments discounted by the interest rate implicit in the lease. The interest element of the finance lease payment is charged to the income and expenditure account over the period of the lease at a constant rate in relation to the balance outstanding. Other leases are regarded as operating leases and the rentals are charged to the income and expenditure account on a straight-line basis over the term of the lease.

1.22 Public dividend capital

Public dividend capital (PDC) is a type of public sector equity finance based on the excess of assets over liabilities at the time of establishment of the original NHS trust.

A charge, reflecting the forecast cost of capital utilised by the Trust, is paid over as public dividend capital dividend. The charge is calculated at the real rate set by HM Treasury (currently 3.5%) on the average relevant net assets of the NHS foundation trust. Relevant net assets are calculated as the value of all assets less the value of all liabilities, except for donated assets and cash held with the Office of the Paymaster General. Average relevant net assets are calculated as a simple mean of opening and closing relevant net assets.

1.23 Financial instruments and financial liabilities

Recognition

Financial assets and financial liabilities which arise from contracts for the purchase of non-financial items (such as goods or services), which are entered into in accordance with the Trust's normal purchase, sale or usage requirements, are recognised when, and to the extent which, performance occurs i.e. when receipt or delivery of the goods or services is made.

All other financial assets and financial liabilities are recognised when the Trust becomes a party to the contractual provisions of the instrument.

De-recognition

All financial assets are de-recognised when the rights to receive cashflows from the assets have expired or the Trust has transferred substantially all of the risks and rewards of ownership.

Financial liabilities are de-recognised when the obligation is discharged, cancelled or expires.

Classification and measurement

Financial assets are categorised as 'Fair Value through Income and Expenditure', or 'Loans and receivables'.

Financial liabilities are classified as 'Fair Value through the Income and Expenditure' or as 'Other Financial Liabilities'.

Financial assets and financial liabilities at 'Fair Value through Income and Expenditure'

Financial assets and financial liabilities at 'Fair Value through Income and Expenditure' are financial assets or financial liabilities held for trading. A financial asset or financial liability is classified in this category if acquired principally for the purpose of selling in the short term.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments with are not quoted in an active market. They are included in current assets.

The Trust's loans and receivables comprise: cash at bank and in hand, NHS debtors, accrued income and 'other debtors'. The Trust's loans and receivables comprise: cash at bank and in hand, NHS debtors, accrued income and 'other debtors'.

Loans and receivables are recognised initially at fair value, net of transactions costs, and are measured subsequently at amortised cost, using the effective interest method. The effective interest rate is the rate that discounts exactly estimated future cash receipts through the expected life of the financial asset or, when appropriate, a shorter period, to the net carrying amount of the financial asset. Interest on

loans and receivables is calculated using the effective interest method and credited to the income and expenditure account.

Financial liabilities

All financial liabilities are recognised initially at fair value, net of transaction costs incurred, and measured subsequently at amortised cost using the effective interest method. The effective interest rate is the rate that discounts exactly estimated future cash payments through the expected life of the financial liability or, when appropriate, a shorter period, to the net carrying amount of the financial liability. Interest on financial liabilities carried at amortised cost is calculated using the effective interest method and charged to the income and expenditure account.

Impairment of financial assets

At the balance sheet date, the Trust assesses whether any financial assets, other than those held at 'fair value through income and expenditure' is impaired. Financial assets are impaired and impairment losses are recognised if, and only if, there is objective evidence of impairment as a result of one or more events which occurred after the initial recognition of the asset and which has an impact on the estimated future cashflows of the asset.

For financial assets carried at amortised cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. The loss is recognised in the income and expenditure account through the use of a bad debt provision.

2. Income

2.1 Income from activities by category	2008/09	4 months ended 31st March 2008
	£000	£000
Elective income	56,203	20,217
Non elective income	72,868	22,475
Outpatient income	30,434	8,554
A & E income	6,973	2,041
Other NHS Clinical income	63,799	28,070
PbR (clawback) / relief	0	(969)
Private patient income	1,513	632
	231,790	81,020

2.2 Private patient income	2008/09	2002/03
	£000	£000
Private patient income	1,513	3,184
Total patient related income	231,790	151,547
Proportion as a percentage *	0.7%	2%

* Proportion as a percentage

Private patient cap set at 2% of total patient related income from base year 2002/03.

02/03 Base data private patient income £3.2m as percentage of total income £151.5m = 2%

2.3 Income from activities by source	2008/09	4 months ended 31st March 2008
	£000	£000
NHS Foundation Trusts	83	26
NHS Trusts	18	41
Strategic Health Authorities	34	0
Primary Care Trusts	223,343	77,267
Department of Health	3,660	1,555
NHS Other	798	749
Local Authorities	258	79
Non NHS:		
- Private patients	1,513	632
- NHS Injury scheme income	1,181	449
- Other	902	222
	231,790	81,020

NHS Injury Scheme income is subject to a provision for doubtful debts of 11.8% to reflect expected rates of collection.

2.4 Mandatory and Non Mandatory Income

The Trust is required to provide for the Health Service in England. The mandatory goods and services listed in Schedule 2 of the Foundation Trust's Terms of Authorisation. Of the total income from activities, £221.5m relates to Mandatory Goods and Services and £9.0m relates to Non Mandatory Goods and Services.

3. Other Operating Income	2008/09	4 months ended 31st March 2008
	£000	£000
Research and Development	1,071	271
Education, training and research *	10,505	2,525
Charitable and other contributions to expenditure	143	56
Transfers from donated asset reserve	269	118
Non-patient care services to other bodies	6,001	1,671
Other **	3,783	1,261
	21,772	5,902

* The Trust became the host organisation for the North West Leadership Academy on the 1st April 2008 which resulted in an increase in training and education income of £3.1 in 2008/09. The income is a combination of top-sliced income via NHS Northwest and levied income billed directly.

** Other - includes sales of goods and services £3.11m and rental income £0.47m

4. Operating expenses

4.1 Operating expenses comprise ;	2008/09	4 months ended 31st March 2008 Restated
	£000	£000
Services from Foundation Trusts	427	10
Services from NHS Trusts	39	425
Services from other NHS bodies	1,916	563
Purchase of healthcare from non NHS bodies	2,861	866
Executive Directors' costs	679	255
Non Executive Directors' costs	140	47
Staff costs	148,659	45,085
Drug costs	15,042	4,472
Supplies and services - clinical	29,105	9,743
Supplies and services - general	8,367	2,937
Establishment	6,559	1,468
Transport	1,741	302
Premises	13,092	5,128
Increase / (decrease) in bad debt provision	1,330	788
Depreciation and amortisation	5,815	2,971
Fixed Asset impairments	2,500	6,535
Statutory audit fees	86	88
Audit fees - other services	45	31
Clinical negligence	1,919	786
Other	2,418	2,443
	242,740	84,943

4.2 Operating leases

4.2.1 Operating expenses include ;	2008/09	4 months ended 31st March 2008
	£000	£000
Hire of plant and machinery	1,522	441
Other operating lease rentals	504	135
	2,026	576

4.2.2 Annual commitments under non-cancellable operating leases are :	2008/09	4 months ended 31st March 2008	2008/09	4 months ended 31st March 2008
	Land and buildings		Other leases	
	£000	£000	£000	£000
Operating leases which expire ;				
Within 1 year	0	15	107	1
Between 1 and 5 years	253	0	880	53
After 5 years	155	99	300	408
	408	114	1,287	462

5. Staff costs and numbers

5.1 Staff costs	2008/09			4 months ended 31st March 2008 Restated
	Permanently employed	Other	Total	Total
	£000	£000	£000	£000
Salaries and wages	124,243	0	124,243	37,804
Social security costs	8,889	0	8,889	2,795
Employers contribution to NHSPA	13,580	0	13,580	4,242
Agency / contract staff	0	2,625	2,625	499
Total	146,712	2,625	149,337	45,340

Total employer pension contributions for the accounting period £13,579,757

Total staff costs above reconciles to the total of Executive Directors' costs and Staff costs on Note 4.1 Operating expenses.

5.2 Average number of persons employed	2008/09			4 months ended 31st March 2008
	Permanently employed	Other	Total	Total
	WTE	WTE	WTE	WTE
Medical and Dental	323	18	341	368
Administration and estates	869	36	905	843
Healthcare assistants and other support staff	919		919	873
Nursing, midwifery and health visiting staff	1,279		1,279	1,229
Scientific, therapeutic and technical staff	414	1	415	381
Other	0		0	10
	3,804	55	3,859	3,704

5.3 Retirements due to ill health

In the 12 months ended 31st March 2009 there were 9 early retirements from the Trust on the grounds of ill-health. The estimated additional pension liabilities of these ill-health retirements will be £896,162. The cost of these ill-health retirements will be borne by the NHS Pensions Agency.

6. Profit on disposal of fixed assets	2008/09	4 months ended 31st March 2008
	£000	£000
Protected assets *	1,496	0
Unprotected assets	0	0
	1,496	0

* Protected assets

Income relates to prior period land disposals.

7. Intangible fixed assets	Software Licences	Development Expenditure	Total
	£000	£000	£000
Gross cost at 1st April 2008	273	187	460
Reclassifications	195	2	197
Additions purchased	488	0	488
Gross cost at 31st March 2009	956	189	1,145
Amortisation at 1st April 2008	53	49	102
Reclassifications	6	(1)	5
Charged during the year	67	24	91
Amortisation at 31st March 2009	126	72	198
Net book value			
Purchased at 1st April 2008	220	138	358
Donated at 31st April 2008	0	0	0
Total at 1st April 2008	220	138	358
Purchased at 31st March 2009	830	117	947
Donated at 31st March 2009	0	0	0
Total at 31st March 2009	830	117	947

8.1 Tangible fixed assets	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant and Machinery	Transport Equipment	Information Technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at 1st April 2008	18,136	147,043	4,300	1,138	44,772	209	8,168	2,511	226,277
Prior period adjustment*	(7,048)	(1,178)	3,168	0	0	0	0	0	(5,058)
Restated at 1st April 2008	11,088	145,865	7,468	1,138	44,772	209	8,168	2,511	221,219
Additions purchased	0	2,577	166	3,916	1,663	10	547	11	8,890
Additions donated	0	0	0	0	502	0	0	0	502
Revaluation**	(2,217)	(3,776)	(291)	0	0	0	0	0	(6,284)
Reclassifications	0	1	0	(1)	784	0	(1,110)	215	(111)
Disposals	0	0	0	0	(8,835)	(15)	(2,082)	(614)	(11,546)
Cost or valuation at 31st March 2009	8,871	144,667	7,343	5,053	38,886	204	5,523	2,123	212,670
Depreciation at 1st April 2008	0	0	0	0	27,668	180	4,256	1,007	33,111
Charged during the year	0	2,132	112	0	2,710	14	562	194	5,724
Revaluation **	0	2,133	0	0	0	0	0	0	2,133
Reclassifications	0	0	0	0	80	0	0	1	81
Disposals	0	0	0	0	(8,835)	(15)	(2,082)	(614)	(11,546)
Depreciation at 31st March 2009	0	4,265	112	0	21,623	179	2,736	588	29,503
Net book value									
Purchased at 1st April 2008	11,088	143,686	7,468	1,138	16,362	29	3,912	1,504	185,187
Donated at 1st April 2008	0	2,179	0	0	742	0	0	0	2,921
Total at 31st March 2008	11,088	145,865	7,468	1,138	17,104	29	3,912	1,504	188,108
Purchased at 31st March 2009	8,871	138,336	7,231	5,053	16,260	25	2,787	1,535	180,098
Donated at 31st March 2009		2,066	0	0	1,003	0	0	0	3,069
Total at 31st March 2009	8,871	140,402	7,231	5,053	17,263	25	2,787	1,535	183,167

8.2 Analysis of tangible fixed assets	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant and Machinery	Transport Equipment	Information Technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Net book value									
Protected assets at 31st March 2009	8,871	140,402	0	0	0	0	0	0	149,273
Unprotected assets at 31st March 2009	0	0	7,231	5,053	17,263	25	2,787	1,535	33,894
Total at 31st March 2009	8,871	140,402	7,231	5,053	17,263	25	2,787	1,535	183,167

	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant and Machinery	Transport Equipment	Information Technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Net book value									
Protected assets at 1st April 2008	11,088	145,865	0	0	0	0	0	0	156,953
Unprotected assets at 1st April 2008	0	0	7,468	1,138	17,104	29	3,912	1,504	31,155
Total at 1st April 2008	11,088	145,865	7,468	1,138	17,104	29	3,912	1,504	188,108

* Prior period adjustment Is a result of change in accounting policy in line with Treasury guidance to base asset valuation on modern equivalent assets. See Note 15.3

** Revaluation Downward valuation as at 31st March 2009 to reflect existing market conditions. See Note 15.3

As at the Balance Sheet date all Land, Buildings and Dwellings are Freehold

9. Stocks and work in progress	31st March 2009	31st March 2008
	£000	£000
Raw materials and consumables	4,033	3,865

10. Debtors

10.1 Analysis of debtors	31st March 2009	31st March 2008
Amounts falling due within one year:	£000	£000
NHS Debtors	5,776	7,605
Provisions for irrecoverable NHS debts	(1,868)	(1,169)
Other prepayments and accrued income	1,469	947
Other debtors	2,723	1,923
Provisions for irrecoverable Other debts	(388)	(206)
Sub Total	7,712	9,100
Amounts falling due after more than one year	1,811	1,481
Total	9,523	10,581

10.2 Analysis of provision for irrecoverable debts	NHS Debts	Non NHS Debts	Total
	£000	£000	£000
As at 1st April 2008	1,169	207	1,376
Provision for debtors impairments	1,707	376	2,083
Debtors written off during the year as uncollectible	(358)	(50)	(408)
Unused amounts reversed	(650)	(145)	(795)
As at 31st March 2009	1,868	388	2,256

11. Investments	31st March 2009	31st March 2008
	£000	£000
Cost or valuation at 1 April 2008	0	0
Additions - Yorkshire Bank deposit	5,000	0
Cost or valuation at 31 March 2009	5,000	0

12 Creditors

12.1 Creditors at the balance sheet date are made up of :	31st March 2009	31st March 2008 Restated
	£000	£000
NHS Creditors	5,165	3,704
Other Tax and social security costs	3,095	2,887
Capital Creditors	2,799	5,547
Non NHS Trade creditors	7,964	7,879
Accrual	4,067	5,874
Deferred income	4,505	2,477
Total	27,595	28,368

13 Prudential borrowing limit

The NHS foundation trust is required to comply and remain within a prudential borrowing limit. This is made up of two elements:

- The maximum cumulative amount of long-term borrowing. This is set by reference to the five ratio tests set out in Monitor's Prudential Monitoring Code (see table below). The Prudential borrowing limit is also subject to the achievement of a minimum level 3 risk rating against Monitor's Compliance framework.
- The amount of any working capital facility approved by Monitor.

The Trust had a prudential borrowing limit as follows:-	2008/09 £m	2007/08 £m
Maximum cumulative amount of long term borrowing	51.5	39.1
Approved working capital facility	16.0	16.0
Prudential borrowing limit	67.5	55.1

The Trust had no borrowing in year and therefore only the Minimum Dividend Cover ratio below applies.

Ratio performance in 2008/09	Actual ratios	Approved PBL ratios
Minimum dividend cover	2.8x	>1x
Minimum interest cover	not applicable	>3x
Minimum debt service cover	not applicable	>2x
Maximum debt/capital ratio	0	<15%
Maximum debt service to revenue	0	<3%

14 Provisions for liabilities and charges	Pensions relating to other staff	Permanent Injury Benefit	Legal Claims	Other	Total
	£000	£000	£000	£000	£000
At 1st April 2008	181	1,049	135	1,864	3,229
Change in discount rate	0	0	0	0	0
Arising during the year	15	72	66	76	229
Utilised during the year	(17)	(62)	(68)	(188)	(335)
Reversed unused	0	0	0	(980)	(980)
Unwinding of discount	4	25	0	0	29
At 31st March 2009	183	1,084	133	772	2,172
Expected timing of cash flows					
Within one year	17	56	100	772	945
Between one year and five years	65	224	33	0	322
After five years	101	804	0	0	905
Total	183	1,084	133	772	2,172

Other Provisions includes:-

	£000
Agenda for Change - Review and appeals	53
Maximum impact of decontamination project	643
Working Time Directive	76

£32,062,748 is included in the provisions of the NHS Litigation Authority at 31st March 2009 in respect of clinical negligence liabilities of the Trust. (2007/08 : £20,054,000)

15 Taxpayers equity

15.1 Movement in taxpayers equity	2008/09	4 months ended 31st March 2008 Restated
	£000	£000
Taxpayers' equity at 1st April 2008	195,225	202,746
Prior period adjustment*		(5,721)
Taxpayers' equity at 1st April 2008 restated	195,225	197,025
Surplus for the financial period	13,443	2,291
Public dividend capital dividends	(7,400)	(2,283)
Deficit from revaluation of fixed assets and current asset investments**	(5,917)	(3,993)
New public dividend capital received	1,391	2,210
Additions / (deductions) in donated asset reserve	233	(25)
Taxpayers equity at 31st March 2009	196,975	195,225

* Prior period adjustment See Note 15.3

** Deficit from revaluation of fixed assets and current asset investments See Note 15.3

15.2 Movement in public dividend capital	2008/09	4 months ended 31st March 2008
	£000	£000
Public dividend capital at 1st April 2008	139,640	137,430
New public dividend capital received	1,391	2,210
Public dividend capital at 31st March 2009	141,031	139,640

15.3 Movement on reserves:	Revaluation reserve	Donated asset reserve	Income and expenditure reserve	Total
	£000	£000	£000	£000
At 1st April 2008	49,629	2,869	8,808	61,306
<i>Prior period adjustments*</i>	283		(6,004)	(5,721)
At 1st April 2008 restated	49,912	2,869	2,804	55,585
Transfer from the income and expenditure account			6,043	6,043
Deficit from revaluation of fixed assets which decreased in value **	(5,885)	(32)	0	(5,917)
Transfer of realised profits / (losses) to the income and expenditure account	(268)	0	268	0
Receipt of donated / government granted assets	0	502	0	502
Transfers to the income and expenditure account for depreciation, impairment & disposal of donated assets	0	(269)	0	(269)
At 31st March 2009	43,759	3,070	9,115	55,944

** Prior period adjustments*

	Revaluation reserve	Donated asset reserve	Income and expenditure reserve	Total
	£000	£000	£000	£000
1. Downward revaluation of fixed assets as a result of change in accounting policy in line with Treasury guidance to base asset valuation on modern equivalent assets.				
Deficit on downward revaluation at 31st March, 2008	(16,460)	0	(5,341)	(21,801)
Surplus on upward revaluation at 31st March, 2008	16,743	0	0	16,743
2. Holiday pay accrual			(663)	(663)
Total prior period adjustment	283	0	(6,004)	(5,721)

** Deficit from revaluation of fixed assets which decreased in value

Downward valuation as at 31st March 2009 to reflect existing market conditions. Land value reduced by 20%, buildings and dwellings reduced by 4.03%. The total impact of downward valuation was £8.4m of which £5.9m was posted to revaluation reserve and £2.5m charged to operating expenses.

16 Notes to the cash flow statement

16.1 Reconciliation of operating expenses to net cash flows from operating activities:	2008/09	4 months ended 31st March 2008 Restated
	£000	£000
Total operating surplus	10,822	1,979
Depreciation and amortisation	5,815	2,971
Fixed asset impairment	2,500	6,535
Transfer from the donated asset reserve	(269)	(118)
(Increase) / decrease in stocks	(168)	471
(Increase) / decrease in debtors	1,293	5,992
Increase / (decrease) in creditors	1,976	(2,430)
Increase / (decrease) in provisions	(1,085)	(284)
Net cash inflow from operating activities before restructuring costs	20,884	15,116
Payments in respect of fundamental reorganisation / restructuring	0	0
Net cash inflow / (outflow) from operating activities	20,884	15,116

16.2 Reconciliation of net cash flow to movement in net debt:	2008/09	4 months ended 31st March 2008
	£000	£000
Increase in cash in the period	162	10,399
Change in net debt resulting from cash flows	162	10,399
Non - cash changes in debt		
Net funds at 1st April 2008	23,910	13,511
Net funds at 31st March 2009	24,072	23,910

17 Capital commitments

Commitments under capital expenditure contracts at the balance sheet date were **£52,731,000**.

	2009/10	2010/11	2011/12	Total
	£000	£000	£000	£000
Surgical Centre	18,387	15,528	3,250	37,165
Urgent Care Centre	2,900	55	0	2,955
Reconfiguration of Women & Children services	4,921	4,529	2,291	11,741
Energy scheme	870	0	0	870
	27,078	20,112	5,541	52,731

18 Contingencies

Contingent liabilities	31st March 2009	31st March 2008
	£000	£000
Employer and Occupier Liability	65	68

This is the maximum potential liability for Staff and Occupiers Liability, which is the balance of excess covered by the NHS Litigation Authority scheme of which the Trust is a member.

19 Related party transactions

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

During the period 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 Foundation Trust.

Government Departments and their agencies are not considered as related parties due to the exemption for consolidation under FRS8.

Governing Council

The roles and responsibilities of the Governing Council of the Foundation Trust are carried out in accordance with the Trust's constitution and its terms of authorisation.

The Council has specific powers including:

- appointment and removal of the Chair and non executive Directors
- approval and appointment of the Chief Executive by the non-executive Directors
- to determine the remuneration and allowances and the other terms and conditions of the non executive Directors.
- to appoint the Trust's external auditors
- to be presented with the annual accounts, annual report and any other report on them by the financial auditors.
- to provide views to the board of directors relating to the Foundation Trust's forward planning.

The Foundation Trust maintains a register of interest for members of the Governing Council.

19 Related party transactions (cont)

The Trust has had transactions with the following organisations

	Relationship	Expenditure £000	Income £000
Blackpool PCT	Member of Governing Council	50	86,123
North Lancashire PCT	Member of Governing Council	2,616	87,700
Blackpool Borough Council	Member of Governing Council	1,032	221
Lancashire County Council	Member of Governing Council	3	56
Lancashire Care Trust	Member of Governing Council	270	2,843
UCLAN	Member of Governing Council	41	142

The Trust has also received revenue and capital payments from Blackpool, Fylde and Wyre Hospitals Charitable Fund. The Charity is registered with the Charity Commissioners (Registered Charity 1051570) and has its own Trustees drawn from the Foundation Trust Board.

20 Limitation on external auditors liability	2008/09 £000	2007/08 £000
Limitation of liability on external auditors PwC	1,000	1,000

21. Private Finance Transactions

21.1 PFI schemes deemed to be off-balance sheet	31st March 2009 £000	4 months ended 31st March 2008 £000
Amounts included within operating expenses in respect of PFI transactions deemed to be off-balance sheet - gross	2,526	690
Net charge to operating expenses	2,526	690

The NHS Trust is committed to make the following payments during the next year.	£000
PFI scheme which expires; 26th to 30th years (inclusive)	2,602
	£000
Estimated capital value of the PFI scheme	10,000
Contract Start date:	April 2001
Contract End date:	May 2028

At the end of the primary lease period, ownership of the Rossall and Wesham PFIs reverts back to the Trust. The Bispham PFI ownership is retained by the contractor.

The value of the residual interest of the off balance sheet PFI schemes, included in Assets Under Construction is as follows:	31st March 2009 £000
Rossall	751
Wesham	495
	1,246

22 Financial Instruments

The trust does not have any listed capital instruments and is not a financial institution. Due to the nature of the Trust's Financial Assets/Financial Liabilities, book value also equates to fair value. All Financial Assets and Financial Liabilities are held in sterling.

Credit Risk

The bulk of the trusts commissioners are NHS, which minimises the credit risk from these customers. Non-NHS customers do not represent a large proportion of income and the majority of these relate to bodies which are considered low risk - e.g. universities, local councils, insurance companies, etc. The Trust has a cash investment with the Yorkshire Bank of £5m deposited on 4th July 2008 for 12 months at a fixed rate of interest. The Yorkshire Bank market rating as at the balance sheet date continues to be strong therefore minimising credit risk.

Liquidity Risk

The Trust's net operating costs are incurred under service agreements with local primary care Trust, which are financed from resources voted annually by Parliament. The Trust largely finances capital expenditure through internally generated funds and from loans that can be taken out up to an agreed borrowing limit. The borrowing limit is based upon a risk rating determined by Monitor, the Independent Regulator for Foundation Trusts and takes account of the Trust's liquidity. All of the Financial Assets and Financial Liabilities are recoverable within 1 year. The Trust is therefore not exposed to significant liquidity risk.

Market Risk

All of the Trust's financial liabilities carry nil or fixed rate of interest. In addition the only element of the Trust's financial assets that is currently subject to variable rate is cash held in the Trust's main bank account and therefore the Trust is not exposed to significant interest rate risk.

22.1 Financial Assets by category	31st March 2009	31st March 2008
	Total £000	Total £000
NHS Debtors	3,907	6,436
Accrued Income	46	182
Other Debtors	2,336	1,717
Current Asset Investments	5,000	0
Cash	24,072	23,910
Total Financial Assets	35,361	32,245

22.2 Financial Liabilities by category	31st March 2009	31st March 2008 Restated
	Other Financial liabilities £000	Other Financial liabilities £000
NHS Creditors	(5,165)	(3,704)
Other Creditors	(10,763)	(13,426)
Accruals	(4,067)	(5,874)
Total Financial Liabilities	(19,995)	(23,004)

23 Third party assets

The Trust held £15,399 cash at bank and in hand at 31st March 2009 which related to monies held by the Trust on behalf of patients. This has been excluded from the cash at bank and in hand.

The Trust held £3,700,667 cash at bank and invested at 31st March 2009 which relates to monies held on behalf of Blackpool Fylde and Wyre Hospitals Charitable Funds. This has been excluded from the cash and bank and in hand figure reported in the accounts, as this is reported separately to the Charities Commission.

24 Losses and special payments

There were 37 cases of losses and special payments totalling £43,816 in the accounting period.



Notice of the Trust's Annual Public Meeting/Annual Members' Meeting

The Annual Public Meeting/Annual Members Meeting of the Blackpool, Fylde and Wyre Hospitals NHS Foundation Trust will be held on Monday October 5th 2009 at 6pm in the Heron's Suite, De Vere Hotel, Blackpool.

Further copies of the Annual Report and Accounts for the period April 1st 2008 to March 31st 2009 can be obtained by writing to:

Miss J A Oates
Foundation Trust Secretary
Blackpool, Fylde and Wyre Hospitals NHS
Foundation Trust
Trust Headquarters
Blackpool Victoria Hospital
Whinney Heys Road
Blackpool
FY3 8NR

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

Chief Executive
Blackpool, Fylde and Wyre Hospitals NHS
Foundation Trust
Trust Headquarters
Blackpool Victoria Hospital
Whinney Heys Road
Blackpool
FY3 8NR

Alternatively they can be downloaded from our website www.bfwhospitals.nhs.uk



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