

Blackpool, Fylde and **NHS**  
Wyre Hospitals  
NHS Foundation Trust



April 1st 2009 to  
March 31st 2010



Presented to Parliament pursuant to Schedule 7,  
Paragraph 25(4) of the National Health Service Act 2006

# **Blackpool, Fylde and Wyre Hospitals NHS Foundation Trust**

## **Annual Report and Accounts**

**April 1st 2009 to March 31st 2010**



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## Chairman and Chief Executive's Statement

**"Improvements have been made in key areas including quality, safety, innovation, environment, waiting times and patient experience."**

It has been another successful year for Blackpool, Fylde and Wyre Hospitals NHS Foundation Trust as we continued to invest in services in order to provide 'Best in NHS' care for our patients.

We are committed to providing services of the highest quality ensuring patient safety is at the heart of everything we do. This year we have seen significant reductions in mortality, medication errors, patient falls and hospital acquired infections – all key patient safety indicators.

We were delighted that our innovative work in these important patient areas has been recognised through a number of national awards. In February 2010 the Trust was named the overall winner in the inaugural Patient Safety Awards 2010 in the communication category.

Thanks to a successful staff and patient engagement campaign and the innovative use of technology we have seen further reductions in MRSA and clostridium difficile. In November 2010 we were highly commended in the Department of Health awards for 'Best Communications Improving Quality of Patient Care' for our high-profile Ban the Bugs Campaign.

Once again we were featured in the list of CHKS Top 40 Hospitals for being one of the best performing hospitals Trusts in the UK. We also saw further improvements in our Care Quality Commission (CQC) ratings, scoring 'good' for quality of services and 'excellent' for use of resources – the highest rating for the NHS in Lancashire and Cumbria.

We achieved national targets in key areas such as cancer referrals, inpatient and outpatient waiting times, access to heart surgery and A&E waits, however, we narrowly missed the 62 day cancer screening target. A lot of work has been done to shorten patient pathways for patients identified with cancer and we achieved this target in the last quarter of the year. Further work will take place this year.

We are particularly proud of our performance in achieving the four-hour wait for A&E as this year was one of the busiest ever with added pressure on our hospitals due to swine flu and the bad weather. We would like to place on record our thanks to all of our staff for their dedication and commitment in helping us to continue to provide high levels of care during these exceptionally busy times.

The Trust again achieved its financial targets for the year by the delivery of a £2.8m surplus (before exceptional items) against a plan of £2.7m. The published performance of a £5.7m deficit results from the net impact of an impairment following a downward revaluation of the Trust asset base.

We acknowledge that our staff are our greatest asset and a lot of work has been done to improve staff engagement and involvement and further embed 'The Blackpool Way'. We were delighted to be awarded Investors in People Gold in January 2010 – highlighting our commitment in this important area. We have also seen significant improvements in the results of the Staff Survey, sickness absence has fallen for the fourth year running and we won a national Healthcare People Management Award for our work to reduce stress in the workplace.

The Trust has continued to invest in new buildings and developments to ensure patient care is delivered from state-of-the-art facilities. Work has progressed well on our three major schemes – the £40m Surgical Centre, £13m Women's and Children's Unit and £6m Urgent Care Centre. We are looking forward to the opening of the Urgent Care Centre in early summer 2010. Other improvements have been made to the hospital environment to improve the privacy and dignity of patients. £600,000 has been spent across all sites to deliver single sex accommodation through improvements in toilet and bathing facilities and wall partitions on wards.

We also saw the launch of a new service to enable children to have MRI scans locally. We took delivery of a brand new state-of-the-art CT scanner in February 2009 and together with special anaesthetic equipment raised through the £500,000 Blackpools "It's a Knockout" Appeal we are now able to provide this much-needed service at Blackpool Victoria Hospital. We would particular like to thank the former Mayor and Mayoress of Blackpool, Councillor Robert and Gaynor Wynne for their major contribution to the success of this appeal.

There have been two changes to the Board of Directors since last year since the appointment of Acting Chief Executive, Aidan Kehoe, to the substantive post in July 2009. This follows the resignation of Chief Executive Julian

Hartley, who was appointed Chief Executive of University of South Manchester Hospital NHS Foundation Trust in May 2009.

Harry Clarke was appointed Director of Operations in October 2009. Due to ill health Harry Clarke has stepped out of this role and Corinne Siddall was appointed to act into the role for six months from January 4th 2010. Looking forward, Peter Hosker will not be offering himself for re-election in his position of Non-Executive Director in June 2010 and we would like to thank him for the valuable contribution he has made since his appointment in 2006.

We are committed to involving the public in decisions about the provision of local hospital services. Our Foundation Trust Membership has continued to grow with 788 new public members joining us over the past year. Our public membership now stands at 5,615 and this will be an area for further growth in the coming months. There have also been a number of changes to our Governors which are outlined on page 72 of this report.

As we move into more challenging times the biggest challenge facing the Trust over the next three-four years will be managing the current economic situation. This means that we will have to look at innovative ways to improve efficiency in all areas whilst ensuring our services are of the highest quality. We know with the continued dedication of our staff and the support of our Governors, Members and volunteers we can continue to go from strength to strength and achieve our vision of being among the top 10% hospitals in the country.



*Beverly Lester*

Beverly Lester,  
Chairman



*Aidan Kehoe*

Aidan Kehoe,  
Chief Executive



“ Whilst I was on Ward D I have had such excellent treatment, from consultants, nurses, auxiliary staff and cleaners, all contributed with such helpful and efficient care. Information was clear, detailed and useful. I feel strongly that credit should be given where it is due and wish to express my extreme gratitude to all involved. ”

Margaret Long, Ansdell, Lytham St Annes

The Trust continues to make progress at all its sites to improve the quality of services and enhance the patient experience. A small selection of notable milestones from the past year includes:

## The Victoria Centre: Child Safeguarding Centre

The Victoria Centre, a Child Safeguarding Centre based at Blackpool Victoria Hospital, opened in June 2009.

The Centre, the first of its kind in the area, supports youngsters with child protection issues and saves many children having to travel outside of the district for help.

The purpose built centre brings together various agencies including Blackpool Council's Awaken Team, Social Workers and the Police to support children in need. The site includes counselling rooms, a police video interviewing suite, colposcopy examination room, a space for teenage pregnancy midwives and an appropriate environment in which to work with children experiencing difficult times.

## Sunday Times Best Places to Work

The Trust was delighted to have been voted one of the 75 Best Places to Work in the Public Sector by the Sunday Times.

More than 1,000 of our staff were asked questions on topics such as leadership, wellbeing, personal growth and their thoughts on the organisation's Vision and Values.

The Trust was ranked in the top 50 and was one of only two Hospitals Trusts in the UK to be included in the list.

Chief Executive, Aidan Kehoe, said: "This is a fantastic achievement and one which we are extremely proud of. We constantly strive to be a good employer and improve standards for staff."





## 40 years of heart surgery in Blackpool

Comedian Frank Carson was the star attraction at a special event to mark the official 40th birthday of the Cardiac Unit in Blackpool.

The Belfast-born comic, a former Cardiac Unit patient, talked about his own experiences in the centre, after previously suffering heart problems which lead to him being fitted with a pacemaker. He said: "I spent a bit of time in a seven star hotel in Dubai a while ago and I wasn't treated as well there as I am here!"

"The staff were out of this world and could not do enough for me. The treatment I received was first class and I am extremely grateful for the way they looked after me."

## Quality Initiatives in Radiology and Diagnostic Services

The Radiology Service is one of only 10 national sites chosen to pilot the Imaging Service Accreditation Scheme, a scheme that rewards sites deemed to be providing an excellent service to patients.

Clinical Chemistry, Microbiology and Haematology had their Clinical Pathology Accreditation (CPA) renewed for two years, whilst Histology and Cytology received first time CPA.

Accreditation from the CPA marks an organisation that is providing a high quality service.

## Knockout Appeal

A magnificent fundraising effort led by a former Blackpool Mayor and Mayoress was celebrated with the opening of a new state-of-the-art scanning facility at Blackpool Victoria Hospital.

Councillor Robert and Gaynor Wynne raised £500,000 through their Blackpool's "It's a Knockout" Appeal which bought specialised anaesthetic and monitoring equipment so that local children who needed an MRI scan could be cared for locally rather than having to travel to Liverpool, Manchester or Preston.

The appeal also funded an Anaesthetics and Recovery Room to provide a dedicated space where children could be anaesthetised, and, if required, undergo extra medical tests while unconscious. This provides an extra benefit to parents as it avoids additional hospital appointments for their child.

As the fundraising surpassed all expectations, the Trust added more than £1m to the donation to provide a new top quality MRI scanner that will help provide a facility that is one of the best in the North West.



## PCI treatment expansion

The Lancashire Cardiac Centre extended its Primary Percutaneous Coronary Intervention (PCI) treatment to 24 hours a day. The treatment ensures that patients receive potentially life saving treatment within 90 minutes of a suspected heart attack whenever it happens.

## National Award for infection prevention

The high profile 'Ban the Bugs' infection prevention campaign earned the Trust a national award. The campaign was highly commended in the Department of Health's annual awards in the Best Communications Improving Quality of Patient Care category. The Trust was praised for its high level of staff and stakeholder engagement and its innovative Ban the Bugs campaign which has contributed to significant reductions in hospital acquired infections and raised public confidence.



## Reducing Caesarean Sections

Work has continued in the Maternity Unit on the early adopter scheme (pilot project) for the implementation of the NHS Institute's "Focus on normality – reducing the Caesarean Section".

The maternity service's achievements formed part of the updated NHS Institute's new DVD about "Focus on normality – reducing the Caesarean Section".

The DVD has been distributed to all maternity units nationwide as an example of good practice and has been showcased at national conferences such as the Royal College of Midwives national conference.

## Critical Care Outreach Team

Work has continued on a pilot project aimed at reducing the risk of deterioration in the condition of the acutely unwell patient.

The initiative supports patients through their transfer from Critical Care or High Dependency to general wards, by responding to Early Warning System alerts.

## North West peer review of A & E Hospitals

The Trust has been invited to lead the 2010 North West peer review of A&E hospitals, following on from leading the successful 2009 review where staff were invited to attend a number of hospitals in the North West to review their management of the A&E target and share good practice.

## First for Lancashire Cardiac Centre

The Lancashire Cardiac Centre became the first in the country to install Cerebral Oximeter monitors in its Operating Rooms and Intensive Care Units.

The Centre has purchased five state-of-the-art monitors that provide information which can avert brain damage or death during surgery and in critical care situations by allowing clinicians to identify patients with dangerously low levels of cerebral oxygen and intervene to reverse the condition.

## Trust hosts regional epilepsy conference

The Trust once again hosted the Lancashire and Cumbria Annual Epilepsy Conference which brought together healthcare professionals to agree protocols and procedures. Young epilepsy patient Hannah Gayne gave a key note speech entitled; "Me and My Epilepsy: A personal view".

## New cardiac website launched

A new website for the Lancashire Cardiac Centre was launched offering specialised information and guidance to patients, professionals and the public about heart and lung services.

The website, [www.lancashirecardiaccentre.nhs.uk](http://www.lancashirecardiaccentre.nhs.uk) includes information on the Centre's departments, teams, the patient journey, events and news as well as information about how the heart works.

## Peer Support Service for Breastfeeding

The Star Buddies peer support service for breastfeeding mums has expanded into the community as well as continuing to support new mothers in the Trust's Maternity Unit.

The programme offers an extra tier of volunteer peer support to breastfeeding women, complementing the work of midwives and other health professionals.

Since the project began the breastfeeding initiation rates in Blackpool have increased from 49.4% (2008) to 66% (2009).



“ On August 24th 2009 my wife was suffering with great pain and after a 999 call the Cardiac team went into action, which saved my wife’s life. Please pass on all my thanks to the “team” for their timely and expert response. My thanks also to the Orthopaedic team who replaced my wife’s hip very successfully. ”

Mr R A Rees, St Annes

## Directors' Report

We have continued to strengthen our position as a leading Foundation Trust through strong performance and leadership, robust financial management and by putting patients at the heart of everything we do.

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

- Improving the patient experience
- Valuing our staff
- Our performance against national and local targets
- Our finances
- Our future plans

## Our Trust

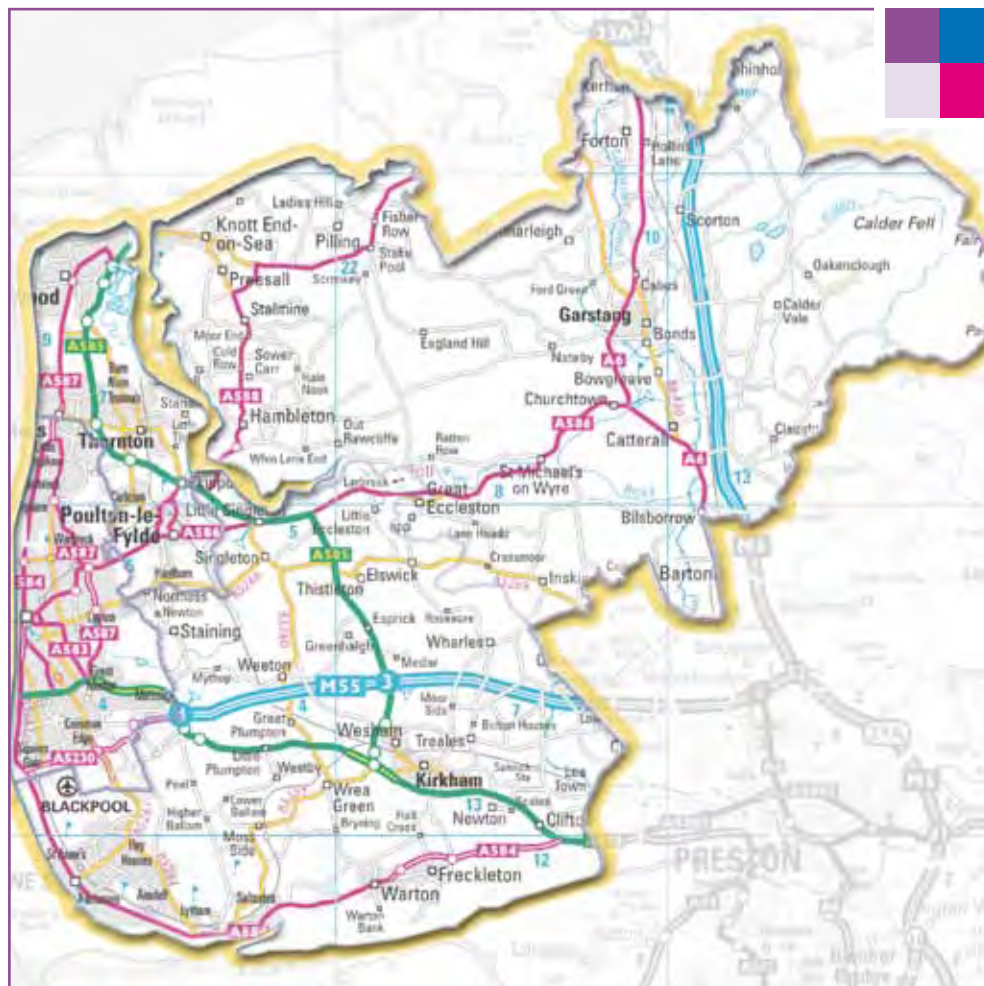
The Blackpool, Fylde and Wyre Hospitals NHS Foundation Trust was established on December 1st 2007 under the National Health Service Act 2006.

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 Nurse Led Therapy Unit
- The National Artificial Eye Service
- Blackpool Child Development Centre

The Trust has three main commissioners; NHS Blackpool, NHS North Lancashire 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.

## 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

In March 2010 we started a piece of work involving staff from across the Trust to refresh our vision and values.

## Our Services



Blackpool Victoria Hospital is an extremely busy District General Hospital and also provides tertiary Haematology and Cardiac services. The Trust is 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. The Trust also became a Tertiary Haematology Centre in September 2007 treating 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 of approximately £270m per year and have 943 beds.

Between April 1st 2009 and March 31st 2010 we treated 122,000 day-cases and in-patients (elective and non elective), 277,000 outpatients and had 92,000 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 £215m 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.



“ My mother whilst on holiday took very ill with a burst duodenal ulcer. After successful surgery by Mr Linn and his team, 11 days in the Intensive Care Unit followed by the High Dependency Unit and a stay of three weeks on a ward, I wish to commend the countless members of staff that nursed my mother back from the brink of death, but still offered emotional support to me and my father. I think staff in the ICU were terrific and the NHS should be very proud to have individuals like them amongst its ranks. ”

Mr John Ussher, Belfast, Northern Ireland

## Improving the Patient Experience

The patient experience is improving for patients at the Fylde's Hospitals. There have been improvements in many areas of the 2009 Inpatients Survey with the majority of patients rating their overall hospital care 'good' or 'excellent'.

The survey of 424 patients who experienced our hospitals between June and August 2009 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.

Areas where the Trust performed particularly well include:

- 81% of patients said they were always treated with respect and dignity while they were in hospital.
- 80% rated doctors and nurses working together as excellent or very good.
- 83% of patients rated their care as excellent or very good.

Areas where the Trust needs to improve performance include:

- 38% of patients said their discharged was delayed.
- 24% of patients said they were disturbed by noise at night by hospital staff.
- 50% of patients said they were not adequately involved in decisions about their care and treatment.

An action plan is being developed and the Patient Experience Committee, which includes staff, public governors, patient representatives and patient interest groups, will be responsible for monitoring its progress.



## Improving the Patient Environment

Providing an excellent environment for our patients is extremely important to the Trust. Each year an annual PEAT audit is undertaken by our Trust to assess six key areas with regard to the quality of standards we provide to our patients.

PEAT stands for Patient Environment Action Team and comprises of a multi disciplinary team who conduct annual audits following the guidelines sent out by the National Patient Safety Agency.

The key areas which are audited are as follows:

**Cleanliness**  
**Specific bathroom/toilet cleanliness**  
**Catering Services**  
**Environment**  
**Infection Control**  
**Privacy & Dignity**  
**Access & External Areas**

In 2009, the audits were extremely encouraging and all our hospitals scored good or excellent. The scores demonstrate the commitment of our staff to ensure the patient's stay in hospital meet and exceed standards set by the National Patient Safety Agency.

Site	Overall Rating 2008/2009	Overall Rating 2009/2010
Victoria Hospital	Good	Good
Clifton Hospital	Good	Excellent
Bispham Nurse Led Unit	Excellent	Excellent
Wesham Rehabilitation Hospital	Excellent	Excellent
Rossall Rehabilitation Hospital	Excellent	Excellent

## Learning from patients

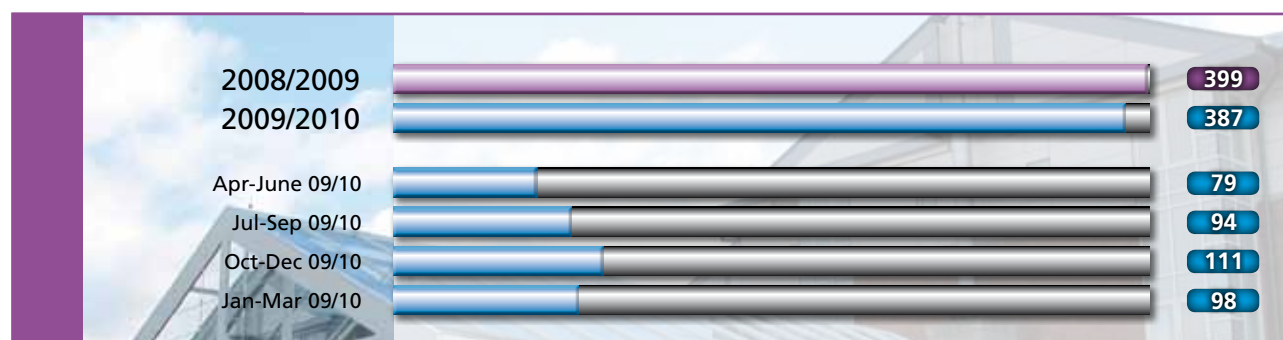
We actively encourage comments from our patients who have experienced our hospital services so that we can learn lessons and make constant improvements.

The Trust received 338 formal and 44 verbal complaints for the period April 1st 2009 to March 31st 2010. Comparing this with the same period of the previous year we received 361 formal complaints and 38 verbal complaints which is a decrease of 23 formal complaints and an increase of 5 verbal. The main categories of concerns raised in complaints are clinical care, communication and staff attitude. Divisions have provided a full written response as required and implemented action plans where lessons have been learned. Complaint trends and lessons learned are discussed at the Learning from Incidents and Risk Committee.

The Health Service Ombudsman took over responsibility for second stage review from April 2009 and have considered 23 complaint reviews between April 1st 2009 and March 31st 2010, six of which were referred back to the Trust for further local resolution, three were not upheld, two were upheld and have been dealt with by the Trust following final recommendations made and 12 cases are still ongoing.



## Total Number of Complaints Received 2009 – 2010



## Enhancing Patient Safety

Improving patient safety remains a top priority for all staff within the Trust led by the Board of Directors and Executive Directors.

Demonstrating their commitment to patient safety all the Executive Directors carry out Patient Safety Walkabouts. There have been over 250 walkabouts and these focus on patient safety issues where staff and patients can raise any concerns directly to the Executive Directors. The benefits of this are:

- An increased awareness of safety issues and patient safety concepts among all staff.
- A demonstration that safety is a high priority for senior management.
- Promoting an open and fair culture.
- A way of gathering and sharing information.
- Information feedback following the walkabouts is made readily available for staff and issues identified are dealt with in a timely manner.

In addition, patient stories are filmed and discussed quarterly at the Board of Directors meetings and used for staff training with lessons learned being shared across the organisation.

A safety culture is evident and staff have a constant and active awareness of the potential for things to go wrong. The staff and the organisation are able to acknowledge mistakes, learn from them and take action to put things right.

Patient safety training is provided for staff and clinical risk issues are incorporated within the corporate and local induction. The Trust also incorporates risk management and patient safety into the organisation's objectives, corporate focus, strategic direction, operational systems and day to day practice.

During 2009/2010 the Trust won two national awards for patient safety for its work engaging and involving staff and for its effective leadership in this important patient area.



## Productive Ward "Releasing Time to Care"

To maximise the time available for nurses to perform direct care to patients, the Trust has introduced the Productive Ward "Releasing Time to Care" Series. It has been found that acute ward nursing staff spend 40% of their time delivering direct patient care (NHS Institute for Innovation and Improvement). The Productive Series supports NHS teams to redesign and streamline the way they manage and work. This helps achieve significant and lasting improvements – predominately in the extra time that they give to patients, as well as improving the quality of care delivered whilst reducing costs. The initiative is being piloted on four wards and will be rolled out across all Trust sites over the next two years.

## PALS

The Patient Advice and Liaison Service (PALS) has been operational for seven years and continues to be a valuable and popular service for the whole of the Fylde Coast Health Economy.

Between April 1st 2009 and March 31st 2010, PALS handled 1,988 cases relating to the Blackpool, Fylde and Wyre Hospitals NHS Foundation Trust. Of these cases, 2,263 separate issues have been addressed and the main themes are as follows:

**Administration - 437 cases**

**Information - 436 cases**

**Waiting Times - 399 cases**

**Treatment Issues 326 cases**

**Communication 311 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.

There remains a full complement of PALS Officers, each who are now linked to a division to ensure lessons learned are generated and cases closed. They continue to carry out 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.



" A special thanks to the Urology department for an early diagnosis of prostate cancer, what a wonderful department. The treatment my husband received was exceptional. Everyone was so kind and helpful. "

Mr & Mrs Burrows, Thornton-Cleveleys

## The Blackpool Way

The Trust's work on promoting and practicing deep staff engagement has continued throughout the year leading to the organisation's achievements in this field earning national recognition.

The Trust was one of just a small number of public sector employers to be cited in the influential MacLeod report on Staff Engagement produced for the Cabinet Office with co-author, Nita Clarke, visiting the Trust to meet staff and management representatives.

The Boorman Report on health and wellbeing also referenced the Trust's work undertaken with the support of the Health and Safety Executive on combating the causes of workplace stress. This work resulted in the Trust winning a national award from the Healthcare People Management Association (HPMA). The Trust's work on staff engagement and partnership working has also been highlighted by NHS Employers and the Chartered Institute of Personnel and Development.

A further audit of The Blackpool Way was undertaken by Professor John Oliver and published in September 2009. Professor Oliver found that the Trust had made "extra-ordinary progress" since the time of his previous stock-take in October 2007 around all four key pillars of The Blackpool Way, namely, management style and behaviour, recognition, communication and continuous improvement. Professor Oliver made a small number of recommendations for further improvement including reforming the Leadership and Management Style Questionnaire (LMSQ), creating more recognition boards and developing an internal pool of Blackpool Way mentors. We have recently revised our LMSQ to make it more of a self-development tool and more recognition boards are being produced to celebrate the good work of staff. We will be focusing on how we can introduce Blackpool Way mentors over the next 12 months.

## Celebrating Success

The Trust held its third Celebrating Success Awards event in 2009, culminating in a Celebration Ball attended by over 500 members of staff. Once again the event was sponsored by a wide range of businesses and supported by the local media. Awards were given to numerous individuals and teams who had contributed significantly to the Trust's success during the year with some of the key awards being generated by patient and public nominations. This event was followed up by a further event held at Blackpool Victoria Hospital for the friends and families of award winners. This programme was also supported by monthly recognition days within the Trust where the work of teams is explained and celebrated. In addition, the Trust ran a 100% attendance award scheme in 2009 to give special praise and thanks to over 700 of our staff who had no absences from work due to sickness in the previous year.



## Staff Survey

The Trust performed extremely well in the national survey of staff opinion. We achieved our highest ever response rate - over 65%, again, one of the highest in England for an Acute Trust. Our overall results improved for the fourth year running with 10 more areas improving significantly and just three worsening. The most pleasing results showed a very high participation in appraisal (88%), a climate of mutual respect at work (96%) and that the overwhelming majority of staff believe that their voice is heard (94%), that care of patients is the Trust's top priority (88%) and that they would recommend the Trust as an employer (91%). Two of the areas

where we scored significantly worse compared to last year were related to error reports being treated confidentially and hot water being made available to staff, although we were still ranked as being among the top performing Trusts for this work. The third area where we significantly worsened was related to personal development plans not being supported by managers.

The tables below highlight our response rates for 2009/2010 compared to 2008/2009 and our top four and bottom four ranked scores and how our performance compares to the national average. Staff roadshows are being held to share the full findings with staff and action plans are being developed in conjunction with staff.

	2008/09		2009/10		Trust Improvement / Deterioration
Response rate	Trust	National Average	Trust	National Average	
	61%	n/a	65%	55%	4% Improvement

	Staff Survey Results 2008/09		Staff Survey Results 2009/10		Trust Improvement / Deterioration
Top 4 Ranking Scores	Trust	National Average	Trust	National Average	
Percentage of staff appraised in last 12 months	70%	n/a	87%	70%	17% Improvement
Percentage of staff appraised with PDP's in last 12 months	59%	n/a	76%	59%	17% Improvement
Percentage of staff having well structured appraisals in last 12 months	30%	n/a	40%	30%	10% Improvement
Percentage of staff feeling satisfied with the quality of work and patient care they are able to deliver	74%	n/a	82%	74%	8% Improvement

	Staff Survey Results 2008/09		Staff Survey Results 2009/10		Trust Improvement / Deterioration
Bottom 4 Ranking Scores	Trust	National Average	Trust	National Average	
Percentage of staff experiencing physical violence from patients/relatives in last 12 months	11%	n/a	13%	11%	2% Deterioration
Percentage of staff experiencing physical violence from staff in last 12 months	2%	n/a	2%	2%	No change
Percentage of staff feeling pressure in last 3 months to attend work when feeling unwell	26%	n/a	27%	26%	1% Deterioration
Percentage of staff experiencing harassment, bullying or abuse from patients/relatives in last 12 months	21%	n/a	22%	21%	1% Deterioration

## Working Time Directive

For doctors, particularly those in training, compliance with EWTD regulations became mandatory with effect from August 1st 2009. Significant work has been undertaken with all Divisions over the past 2-3 years to ensure that the Trust met this target. As part of this work the Trust re-configured all working patterns for junior doctors to implement compliant EWTD rotas with the result that compliance was met from August 2008 – one year in advance of the target date and in line with the challenge set by NHS North West.

All rotas within the Trust remain compliant and Divisions continue to review services to identify any areas of difficulty that may need to be addressed to ensure that EWTD, service delivery and service development can be sustained.

## Equality and Diversity

The Trust's approach to equality and diversity is one of inclusivity for all staff and service users.

Lead responsibility for equality and diversity is shared jointly by the Director of Human Resources and Organisational Development and the Director of Nursing and Quality. The Trust also appointed a full time Equality and Diversity Manager in November 2009 who represents the Trust locally, regionally and nationally, delivers equality and diversity training to all staff and advises staff at all levels with regard to equality and diversity issues.

The Trust's methods for monitoring performance are regularly reviewed in order to adopt the most suitable method given the diversity of the services provided and our service users. In this way we can quickly identify unsuitable methods and if necessary amend to ensure full and meaningful data is being collected. Outcomes from all reviews are shared with each department and service area to enable them to re-evaluate the way in which monitoring is carried out. There are difficulties in collating information on disability and sexual orientation for both staff and service users due to the sensitivity surrounding these strands. In addition the Trust has recently completed the Equality Performance Improvement Toolkit report which is evaluated by our commissioning Primary Care Trust, NHS Blackpool.

To comply with publication duties the Trust publishes information regarding equality and diversity on its internet site and in the Annual Report along with completing requests from the Care Quality Commission and other relevant bodies as required.

All of the Trust's equality and diversity related schemes, policies, procedures and guidelines have been Equality Impacted Assessed. The main schemes and policies all have plans which are then reported to the Equality Diversity and Human Rights Steering Group for monitoring and to set timeframes in order to address any shortfalls.

**Table: Summary of Performance – Workforce Statistics**

From analysis carried out between data collated on the makeup of the local community and that of staff employed, the Trust is reflective of the community it serves.

	Staff 2008/09	%	Staff 2009/10	%
<b>Age</b>				
0-16	0		0	
17-21	70	1.6	66	1.4
22+	4454	98.4	4749	98.6
<b>Total</b>	<b>4524</b>	<b>100.0</b>	<b>4815</b>	<b>100.0</b>
<b>Ethnicity</b>				
White	4106	90.8	4423	91.1
Mixed	20	0.4	31	0.6
Asian or Asian British	197	4.4	221	4.6
Black or Black British	24	0.5	30	0.6
Other	177	3.9	110	2.3
<b>Gender</b>				
Male	1021	22.6	1129	23.4
Female	3503	77.4	3686	76.6
<b>Recorded Disability</b>	<b>Not stated</b>		<b>Not stated</b>	

The results of the staff survey showed that only 54% of staff received equality and diversity training. This is a key priority and equality and diversity training now forms part of the full day mandatory training. We expect to see further improvements in this area next year.

The Trust has an Equality, Diversity and Human Rights Steering Group, chaired by and vice chaired by Executive Directors of the Trust and with an inclusive membership reflecting all strands of diversity and including representation from Trust staff, partner organisations and patient groups. This group oversees the production of an Annual Trust Action Plan and reports back through the Trust's HR and OD Committee and Patient Experience Committee.

Priorities for 2010/11 include:

- Ensuring full compliance with the new Equality Act and NHS Regulation Framework.
- Holding our second Annual Equality and Diversity conference.
- Progressing areas requiring development highlighted within the North West Equality Improvement Toolkit (EPIT), staff survey and patient survey.
- Staff training – customer focus on mandatory training.
- Increasing social value – schools work, employment training and skills agenda.

## Investors in People Gold

In November 2009, the Trust opted to attempt to reach a higher rating against the new choices of Bronze, Silver or Gold levels. This involved a more rigorous assessment over a full week and many staff interviewed across all grades of staff. The assessor commended us for our tremendous improvements in the previous 12 months and developments in The Blackpool Way approach and we were delighted to achieve Investors in People Gold – the highest rating possible. Whilst this is an excellent achievement, the report recommended some areas for improvement, in particular around leadership and management development, embedding the Trust's vision and values and improving work-life balance. A major piece of work is underway to engage staff in refreshing our vision and values. A leadership and management development and coaching programme has been recently launched and a Staff Social Committee has been set up to improve the work-life balance as well as new schemes to reward and recognise staff, in line with the Staff Pledges of the NHS Constitution.



## Sickness Absence

Sickness absence rates fell for the fourth year in succession; down to 4.47% for the year to date April 1st to March 31st 2010. During the past 12 months work has continued to focus on training managers, back to work interviews and case conferences with a higher level of Human Resources support.

The other side of active management of absence is continuing to make the Trust a good workplace, one where employees feel that their views and their work are valued.

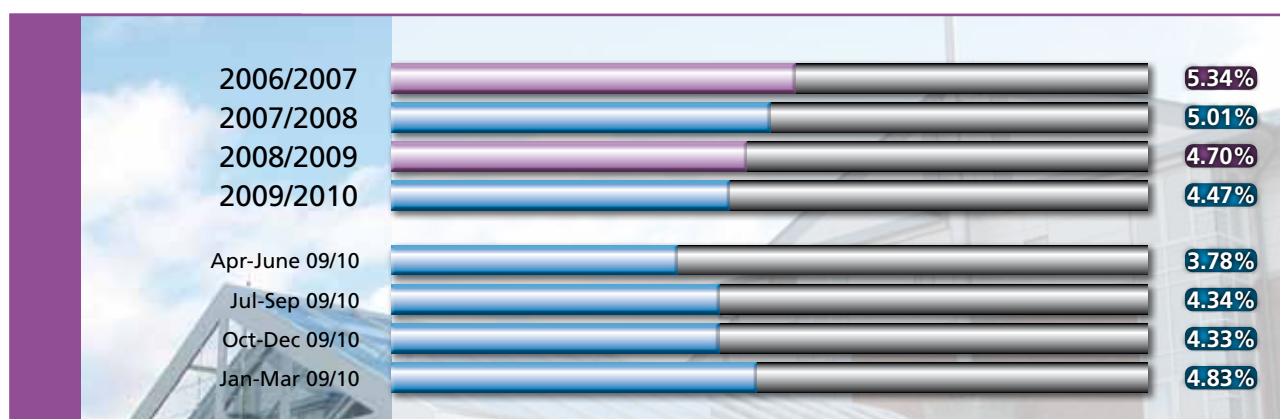
The Blackpool Way, together with Occupational Health's Stress Project, has advanced this cause to good effect. Reducing work related stress is part of helping the Trust in its target to be "A great place to work".

The work on stress has been undertaken in partnership with the Health and Safety Executive who highly commended the project and the Occupational Health department, on behalf of the Trust, won the Healthcare People Management Association (HPMA) Award for this project in 2009.

The 2008 staff survey results indicated a significant reduction in both complaints of work related stress and workplace bullying. Very significantly the previous notable differences between Divisions have all but disappeared. This shows an increasingly managed and sustainable change rather than odd pockets of good practice.

Continued improvements in attendance are expected in future years. The table below shows the progress we have made over the past four years.

### Overall Trust Sickness Absence Rates



## Appraisal

The Trust made further improvements to its staff appraisal process last year. Central to this was the introduction of a three month appraisal window within which all appraisals should be completed and the production of clear training plans for each area of the Trust.

The idea behind the appraisal window is to ensure that all staff are made aware of the Trust's key aims for the year at the same time, of how their job fits in and of what is expected of them. The process also allows the Trust to more effectively capture all key training needs that are identified.

Staff survey and other feedback show that the appraisal window was successful in ensuring that over 90% of staff received an appraisal in the first three months of the year and that further attention needs to be given to strengthen the effectiveness of the personal development plan element of the appraisal.

The appraisal system for doctors has also been reviewed in 2009 to ensure it is fit to meet the forthcoming requirements of medical revalidation. This will include the facility for patient feedback as part of the process.

## Staff Achievements Ceremony

In October 2009 we held our annual Staff Achievements Ceremony where we celebrated the contribution of staff completing 20 years service with the Trust and those who have completed formal programmes of learning. More than 300 staff and members of the public attended the ceremony with 32 being presented with their long service awards by the Chairman with 74 receiving certificates for successfully completing their training. Awards were also presented to the Red Cross for 25 years of voluntary services to the Trust.

## Training and Development

The Trust has made a large investment into Organisational Development approaches which includes the development of coaching, mentoring, self-awareness for staff and leadership and management development. Alongside this the Trust has overhauled the mandatory training policy and accessibility to the programme. We use innovative methods such as workbooks and e-learning and are recognised regionally and nationally for some of our successes with NVQs, Assistant Practitioners and Appraisal Training. A new recording system called Oracle Learning Management links directly to the Electronic Staff Record and records and reports on most of the training undertaken by our staff, thus enabling us to maintain a safe workforce.



## Health and Safety - A Safe Working Environment

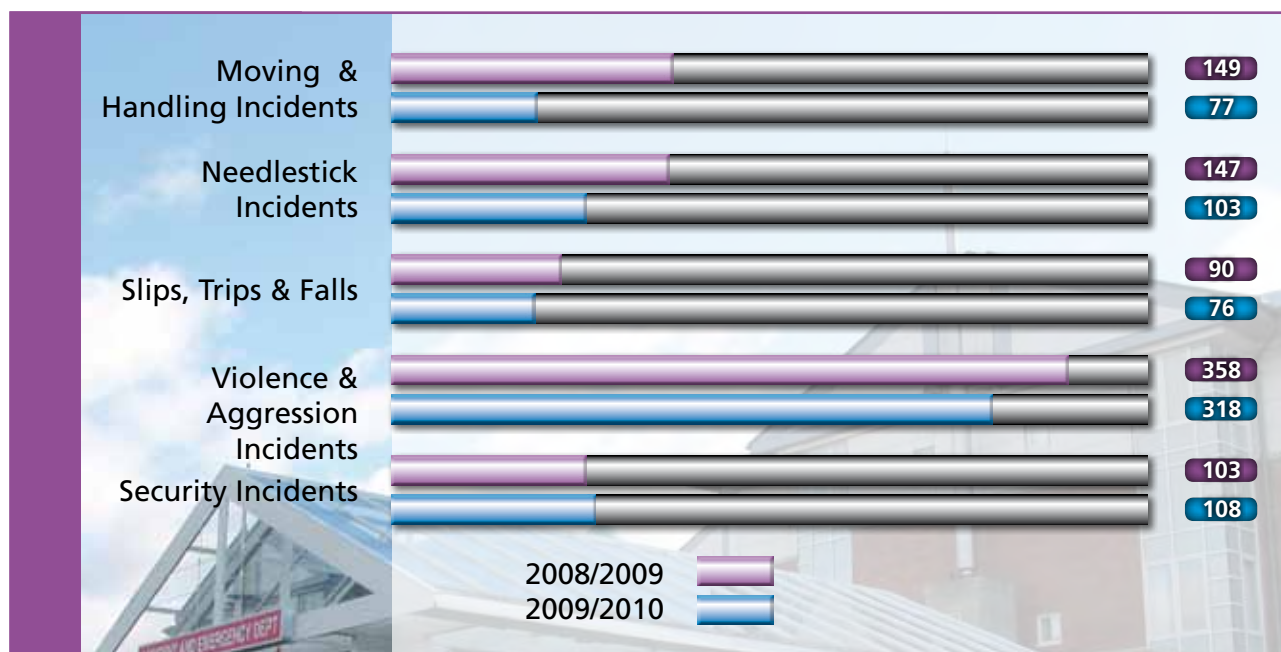
The Trust places a very high priority on health and safety in our hospitals. Whilst there is a basic legal duty to manage the health and safety of staff, and those who use our services and visit our premises, the Trust believes that it should go further than this. To achieve this higher level of health and safety performance, we have trained more staff and expanded the training portfolio to include many more staff at higher levels. During the year, work has continued to develop an excellent relationship with our link inspector from the Health and Safety Executive (HSE) building on the implementation of our safety work-plan. The Trust continues to promote the importance of reporting any incidents or potential for harm to both staff and patients, so we may learn from things that have gone wrong. 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 sets annual health and safety performance targets for improvement in specific areas and tracks and monitors progress at each of its meetings. Over the years, with continual improvements being introduced, the Trust has developed into a safer place to both work and to receive treatment.

The table below shows that our performance is improving in relation to numbers of moving and handling incidents, needlestick incidents, slips, trips and falls and violence and aggression incidents.

### Health & Safety Performance Targets



## Security management

The Local Security Management Service drives forward change within the Trust and delivers an environment that is safe and secure for patients and staff. Continual development in incident reporting, action planning, risk assessment and ongoing monitoring ensures that all security risks within the Trust, inclusive of property assets, staff and patient safety are best protected.

Mandatory training of Conflict Resolution and security awareness is included within corporate induction. Crime reduction surveys are also undertaken on an annual basis and proactive measures implemented to aid Trust performance and minimise the security risk in relation to physical security arrangements within Trust premises.

The Trust has introduced a lone worker system and this will enable staff to discreetly call for assistance in a potentially aggressive situation. This will also ensure staff are quickly and accurately located and their whereabouts and movements of lone workers can be found when an alert is activated.

In November 2009 a Security Awareness Month was held and supported by the Health and Safety Executive and Lancashire Constabulary to raise the awareness of Safety and Security.

The Trust has a zero tolerance policy on the prevention and management of violent aggressive and abusive patients, relatives or visitors. Zero tolerance posters have been placed in prime locations around the hospitals and anti social behaviour letters by the Chief Executive have been sent to those patients and visitors who have been abusive to NHS employees helping to assist in the deterrence of unacceptable behaviour.



## Occupational Health

Our Occupational Health Service employs a team of specialist doctors, nurses, counsellors and support staff who provide a comprehensive service to staff and Trust managers.

We also provide services to external customers and income generated is re-invested in the department and enables us to offer benefits to the staff we would not otherwise be able to do.

The services we offer range from pre-employment screening for new staff to assessment of fitness to work following serious illness or injury. We offer direct referrals to physiotherapy and access to cognitive behaviour therapy. Our team undertake regular work related health checks, vaccinations and immunisation programmes, and develop and drive programmes to reduce risks in the workplace. They offer advice and support to employees and managers in relation to the rehabilitation of staff returning to work following illness or with a known disability.

Our ongoing stress project has won national recognition at the Healthcare People Management Association (HPMA) Awards this year and we are now regularly guiding and consulting with organisations throughout the country on how to manage work based stress. In April 2010 we moved back to the Victoria site, which gives us the opportunity to further expand and improve our current service provision working in partnership with our public health colleagues to implement the health and well being agenda.

A focus for us in the latter part of the year was to improve uptake of seasonal flu amongst our workforce and to inform our staff in relation to the importance of swine flu vaccinations – both have been a resounding success.

In 2008/2009 10% of the workforce was vaccinated against seasonal flu. In 2009/2010 this increased to 42%. The uptake for swine flu was 45%. We believe increased uptake was due to a major staff awareness campaign which included a film being produced featuring the Chief Executive and senior occupational health staff stressing the importance of vaccination to protect staff and to protect patients.

In 2010 we will be further developing our communication strategy and engaging staff at an earlier stage to increase the level of protection for our staff and patients even further.



“ What a pleasure it was to attend X-ray North department, staff on reception greeted me with a smile and were so friendly. The trainee radiologist and her supervisor were both so kind and professional putting me at ease. What an efficiently run department with great teamwork. ”

Mrs Stella Hartley, Poulton-le-Fylde

# Our Finances

## Income and Expenditure Performance

The Trust has delivered a deficit of £5.7m in 2009/10 against a plan to achieve a surplus of £2.7m.

The variation in surplus is due to the following factors:

- A downward asset valuation of £24.5m as a result of continuing adverse market conditions resulted in an impairment of £8.5m;
- A dividend reduction of £0.4m as a result of the revaluation;

Table 1 below compares the 2009/10 actual performance to the 2009/10 plan.

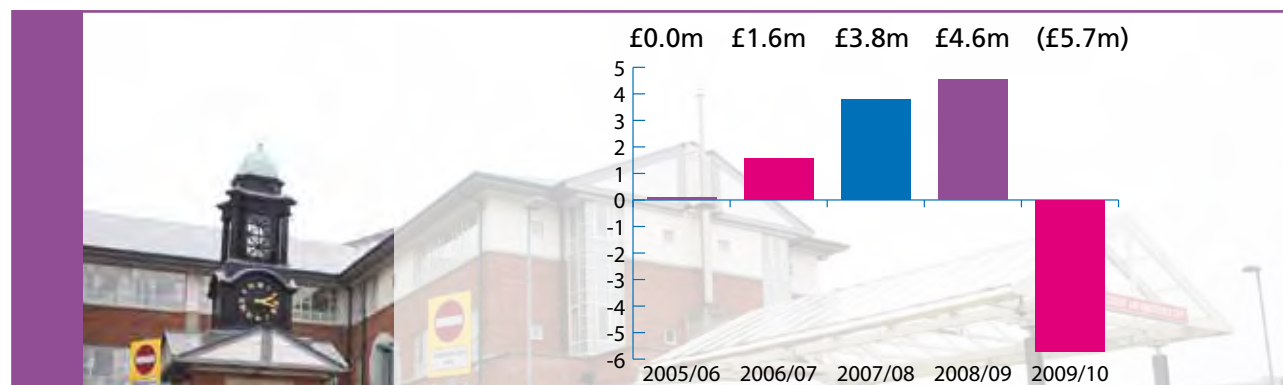
Table 1

	Plan £'m	Actuals £'m	Variance £'m
Total income	259.3	271.2	11.9
Expenses	(242.1)	(255.6)	(13.5)
EBITDA*	17.2	15.6	(1.6)
Depreciation	(7.3)	(6.1)	1.2
Dividend	(6.2)	(5.8)	0.4
Impairment	0.0	(8.5)	(8.5)
Interest income	0.2	0.2	0.0
Interest expense	(1.2)	(1.1)	0.1
Surplus(Deficit)	2.7	(5.7)	(8.4)

\* Earnings before interest, tax, depreciation and amortisation.

## The Trust's financial performance profile for the last five years is summarised in Chart 1 below.

Chart 1: Surplus Performance



The Trust incurred a deficit of £5.7m which includes an impairment of £8.5m as a direct result of a downward revaluation of assets. The surplus prior to impairment was £2.8m against the plan of £2.7m, included in this surplus was a recurrent dividend reduction of £0.4m as a result of the revaluation, and a recurrent reduction in depreciation of £1.2m as a result of a change in accounting policy on component depreciation.

Action is being taken to ensure that the Trust continues to be in recurrent financial balance.

Chart 2: Completed Patient Spells

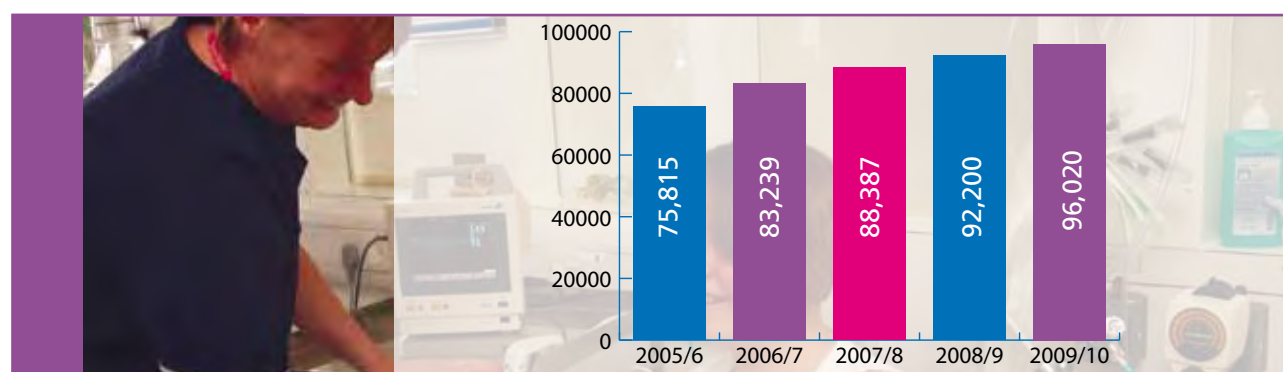


Chart 3: Outpatient Attendances

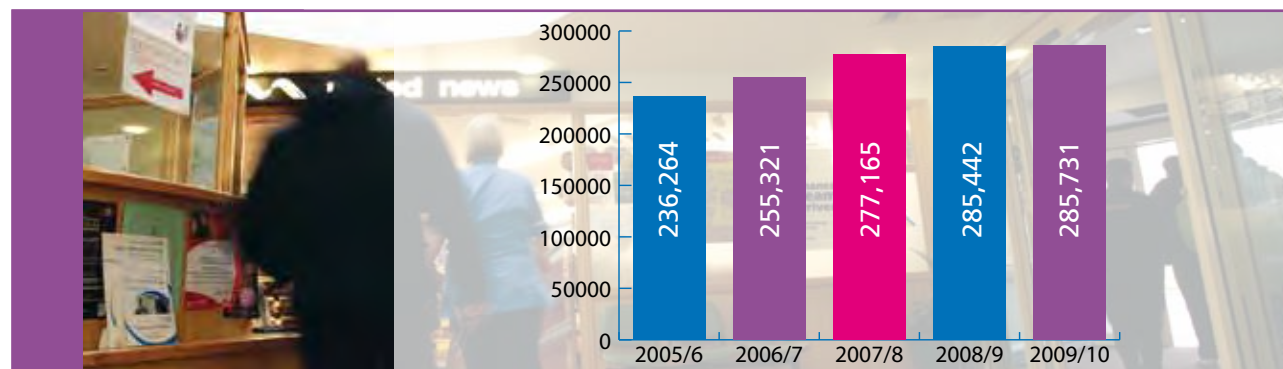
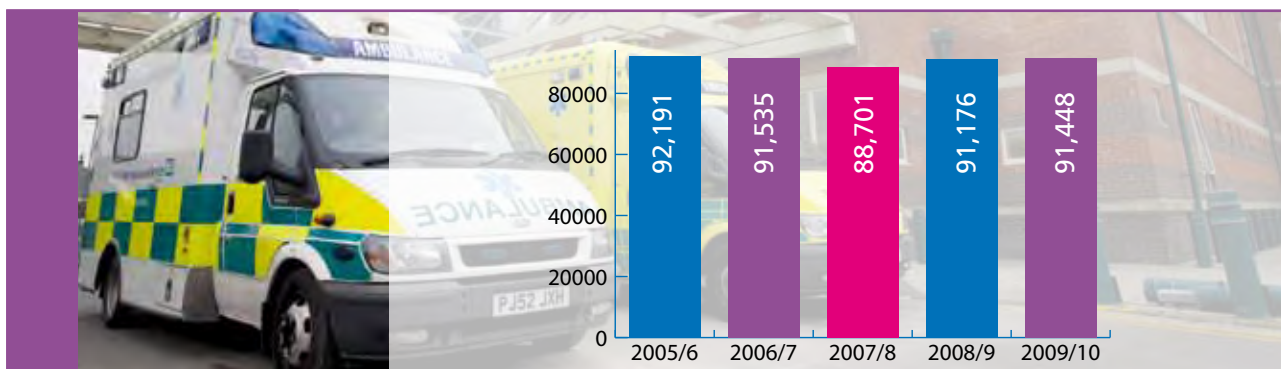


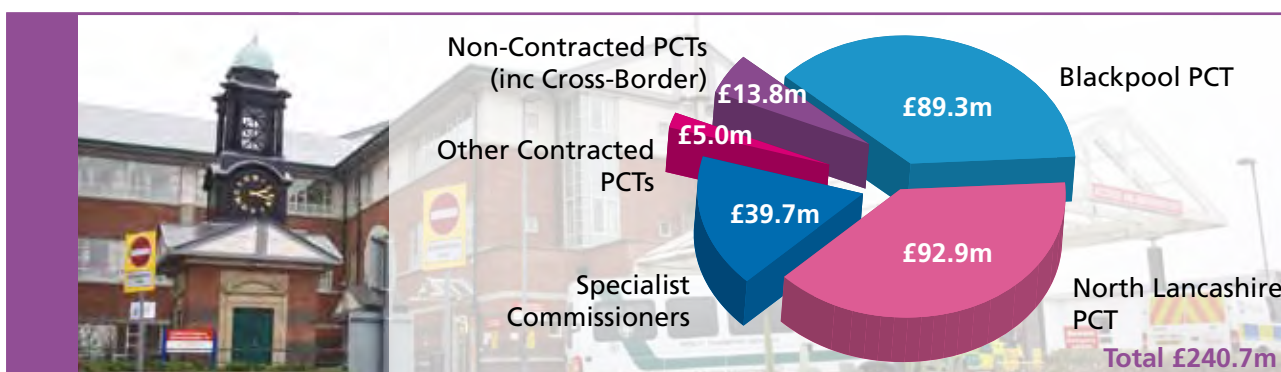
Chart 4: A&E Attendances



Income from providing clinical services to NHS patients, as above, represents the majority of the Trust's income (£240.7m or 89%). 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.

Chart 5 summarises clinical income recovery by Commissioners.

Chart 5: Clinical Income by Commissioner



In 2009/10 a new national tariff was introduced utilising HRG version 4. Whilst this potentially increased the volatility in the tariff across the NHS, the Trust has worked closely with its main commissioners to fully understand the impacts and develop strategies to mitigate potential impacts for the health economy.

In 2010/11 there are some minor changes to the existing tariffs such as the amalgamation of the daycases and elective inpatients and the introduction of a marginal tariff for non-elective admissions. Again, the Trust is continuing to work closely with partnering health economy organisations to limit the potential financial impact.

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 2009/10 is summarised in Chart 7.

Chart 6: Non-NHS Clinical/Non-Clinical Income 2005/06 to 2009/10

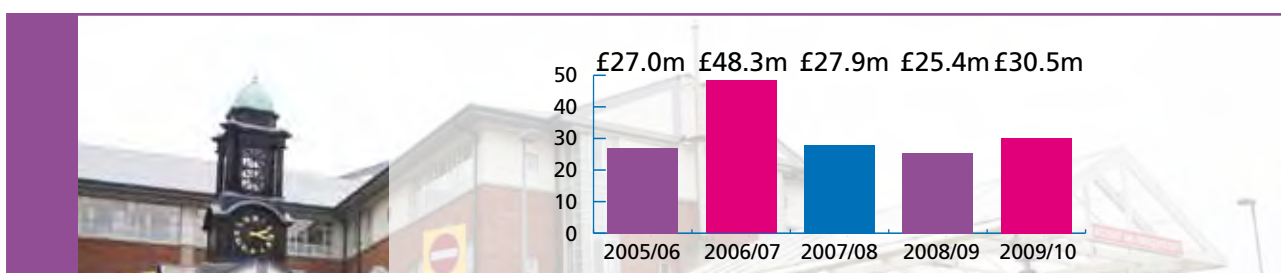
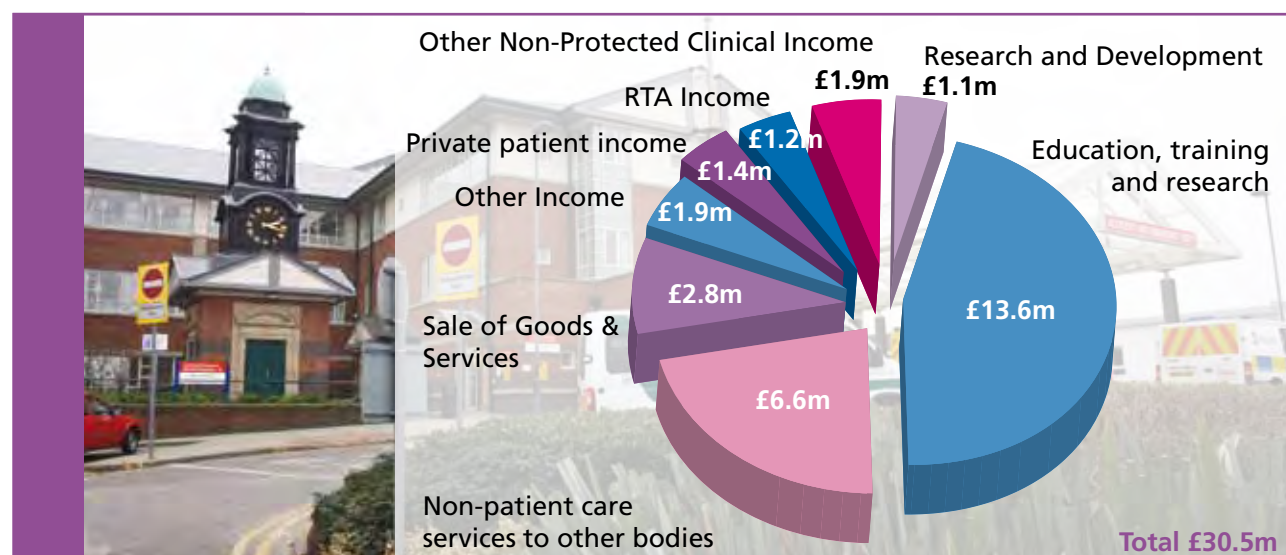


Chart 7: Non-NHS Clinical/Non-Clinical Income by type



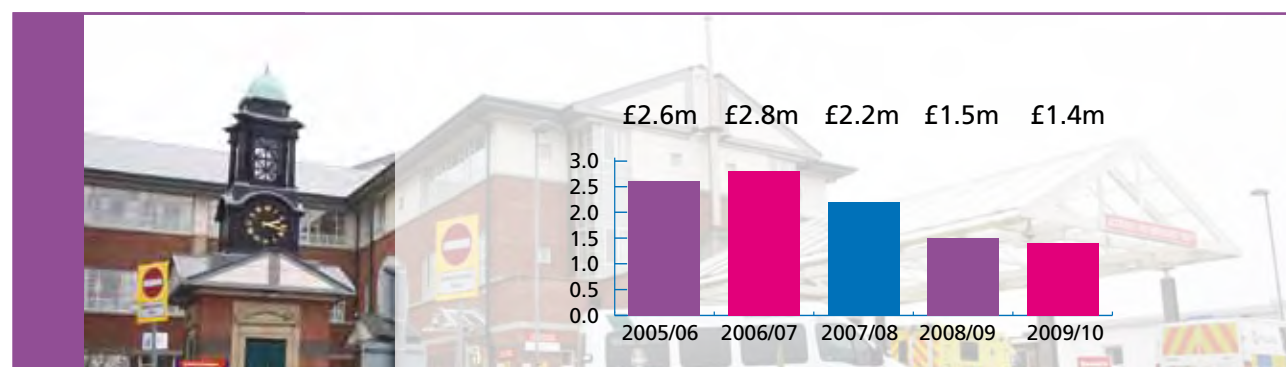
These income streams equated to £30.5m or 11.2 % of the total income earned for the year. Of this £26.1m or 9.6% relates to the provision of other services not directly related to healthcare, including catering and car park income. Any surplus from these services help reduce the cost of patient related 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.

	2009/10 £'m	2002/03 £'m
Private patient income	1.4	3.2
Total patient related income	245.2	151.5
Proportion as a %	0.6%	2%



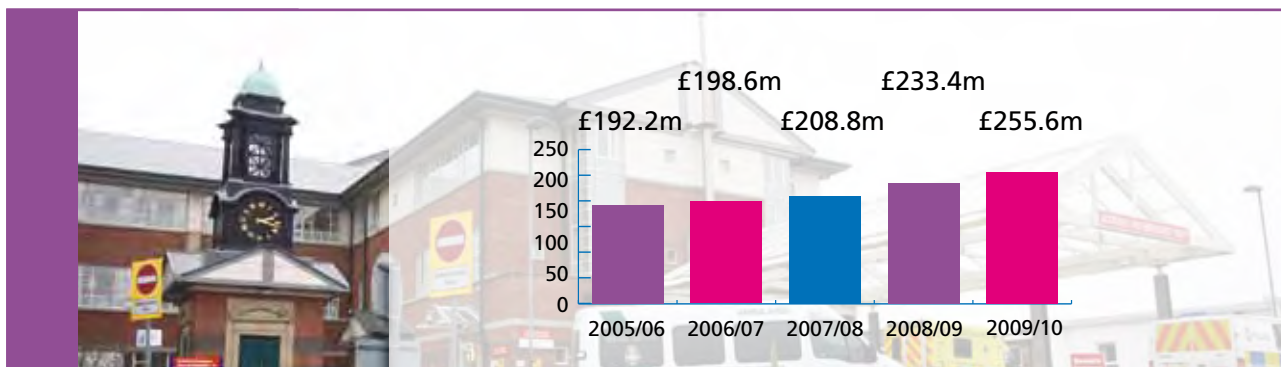
Chart 8: Private Patient Income 2005/06 – 2009/10



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 £10.8m on management costs which represents 4% of total income. By comparison, in 2008/09, management costs as a percentage of total income was 4.1%.

Management costs are defined as those on the management costs website at [www.dh.gov.uk/PolicyandGuidance/OrganisationalPolicy/FinanceandPlanning/NHSManagementCosts/fs/en](http://www.dh.gov.uk/PolicyandGuidance/OrganisationalPolicy/FinanceandPlanning/NHSManagementCosts/fs/en).

Senior employees remuneration is set out on page 86 in the Remuneration Report section of this report.



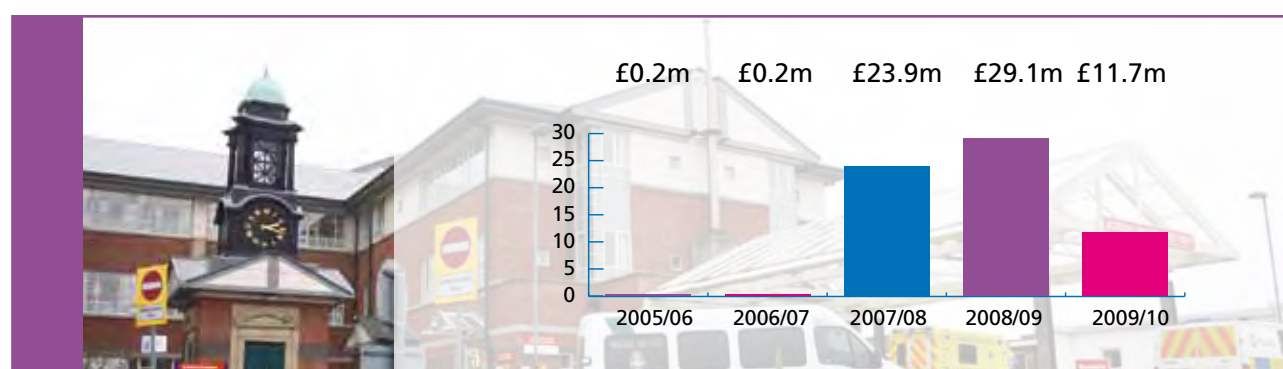
## Cash Flow and Statement of Financial Position

The Trust's cash balance at the end of the financial year was £11.7 m against a forecast balance of £13.0 m. The undershoot is reflective of improved creditor payment performance in line with the Prompt Payment Code initiative which this organisation has signed up to.

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



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 working capital facility. With effect from 1st December 2009 the Trust renegotiated its working capital facility retained with Barclays Bank plc following approval from Monitor in the sum of £19m, primarily to provide liquidity support during a sustained period of capital investment. The Trust did not utilise any of this facility in 2009/10 and does not expect to across the next three years.

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 2009/10 and Chart 12 shows the trend for the last five years.

	Number	£'000
Total Non-NHS trade invoices paid in the year	64,800	104,335
Total Non-NHS trade invoices paid within target	63,196	101,554
Percentage of Non-NHS trade invoices paid within target	97.5%	97.3% target
Total NHS trade invoices paid in the year	2,510	27,269
Total NHS trade invoices paid within target	2,167	24,494
Percentage of NHS trade invoices paid within target	86.3%	89.8% target

In addition the Trust, as part of the public sector's role to support the private sector, has signed up to the Prompt Payment Code initiative. The target is to pay small and medium size enterprises within 10 days. The performance in 2009/10 has resulted in paying 96% within 10 days. The Trust will continue to support its suppliers across 2010/11.

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

The Trust invested over £30m in capital schemes during 2009/10. Expenditure during the period included the following investments:

	£m
Surgical Centre	12.0
Urgent Care Centre	1.5
Women's and Children's services	5.7
Interim Clinical Information System	3.8

The majority of the above expenditure was funded from internally funded resources, supported by the drawdown of £10m from the Foundation Trust Financing Facility.

From 2010/11 the Trust will continue to invest in its renewal programme that will modernise and improve facilities and equipment. Planned investment in 2010/11 is in excess of £30m.

To facilitate the continued planned investment the Trust has utilised part of its Prudential Borrowing Limit (see below) to ensure that sufficient cash flow is available. To this end the Trust successfully negotiated a loan for £25m with the Foundation Trust Financing Facility, with the loan agreement approved on 6th March 2009. Drawdown against this loan in 2009/10 was £10m against a forecast of £15m, the remaining balance of £15m will all be fully utilised in 2010/11.

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 four 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 3 and as a result a PBL of £78.2m. The borrowing agreed with the Foundation Trust Financing Facility is therefore within this limit.

	Target	2009/10 annual performance	2009/10 Plan
Minimum dividend cover	>1x	2.5x	2.6x
Minimum interest cover	>3x	7.8x	7.1x
Minimum debt service	>2x	4.9x	4.8x
Maximum debt to service revenue	<2.5%	1.2%	1.3%



## 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.

The Trust will continue to build upon the strong financial base that it has developed and has planned for a £3.3m surplus in 2010/11. 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 27th May 2010, the Board of Directors considered its Annual Plan for 2010/11 and supporting financial plans for 2011/12 to 2012/13. 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 3.5% efficiencies as set out in the NHS Operating Framework for 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 8th February 2010.

In the opinion of the Directors there are no events after the reporting date.

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 2009/10 accounts, which is outlined at Annex D.

	Target (level 3 risk)	2009/10 plan	2009/10 Annual Performance	2008/09 Annual Performance
EBITDA % achieved	>70%	100%	91.2%	123.9%
EBITDA margin	>5%	6.6%	5.8%	7.5%
Rate of return on assets	>3%	4.3%	4.5%	8.1%
I&E surplus margin	>1%	1.0%	1.0%	3.4%
Liquidity ratio	>15 days	15 days	21 days	48 days

## 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. At the Balance Sheet the Trust has no investments.

## 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 are recoverable within 1 year. The Trust has a non current liability for the PFI as a direct result of IFRS conversion, the annual uplift is based on RPI. The Trust also has an authorised loan from the Foundation Trust Financing Facility to support capital investment, this is on a fixed repayment term at a fixed rate of interest.



## 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 are 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 2010. PricewaterhouseCoopers were paid £77K 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.

## Counter Fraud

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

The Deputy Chief Executive 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.



“ I telephoned Fleetwood Hospital at 10.15 am for an x-ray appointment, a very pleasant lady asked if I could make it later that day for 11.50 am. On my arrival it only took a few minutes to be brought through to the x-ray room. In recent years I have visited this hospital and each time it has been a very pleasant experience. The staff are kind, caring and efficient all of which makes a visit far less stressful. ”

Mr Keith Whiteside, Poulton-le-Fylde

# Our Performance



The Trust maintained its excellent operational performance during 2009/10 delivering the majority of the national and local performance targets, underachieving on delivery against one of the new cancer targets.

As in previous years, the Trust maintained its impressive record of maintaining delivery of the A&E four hour target despite the general increase in activity and the pressure on beds over the winter months.

The Trust as host of the Lancashire Bowel Cancer Screening Centre shared breaches of the 62-day cancer screening target with treating Trusts and therefore experienced difficulties in achieving and sustaining the 62-day cancer screening target.

A summary of our performance against key operational targets 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	2008/09	2009/10
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: <ul style="list-style-type: none"> <li>• General</li> <li>• Screening</li> </ul>	Achieved N/A	Achieved Under-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	Achieved	Achieved
Incidence of Clostridium Difficile	Achieved	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

## Our Performance in more detail

### 18 weeks Referral to Treatment

The Trust has maintained its performance against the 18 week referral to treatment target for both the admitted and non-admitted pathways since December 2007. During 2009 the Trust continued to review and redesign pathways for the benefit of patients enabling the achievement of shorter waiting times and delivery of the 18 week referral to treatment target across all specialties.

### Cancer Plan Access Targets

The introduction and delivery of the new Going Further on Cancer Waits performance targets has been a significant challenge for the Trust, particularly with regards to the delivery of the 62-day Screening target. The Trust failed to achieve the target in the first three quarters of the year. A great deal of work was undertaken to address issues across organisations to shorten pathways for patients identified with cancer through a screening service and delivery of the target was achieved in Quarter 4.

### Bowel Cancer Screening Centre

The Lancashire Bowel Cancer Screening Programme has been in operation since April 2008. The programme has demonstrated improved outcomes in terms of the health benefits for patients who take up the offer of bowel cancer screening, especially relating to early detection and treatment of cancers.

Through hard work and close co-operation between Acute Trusts, Endoscopy Units, Primary Care Trusts and Public Health Departments, we have been able to roll out the programme across

the whole of Lancashire and patients are reaping the benefits. Since April 2008 we have detected 123 patients with cancer at an earlier stage.

Over the next 12 months we will be extending the scheme to patients up to 75 years of age.

### Health Care Acquired Infections

Following the significant reductions in MRSA Bacteraemia (78%) and Clostridium Difficile Infection (33%) in 2008/2009, the Trust has continued to embed Infection Prevention principles across the organisation to ensure that the risk of acquiring an infection for patients is further reduced.

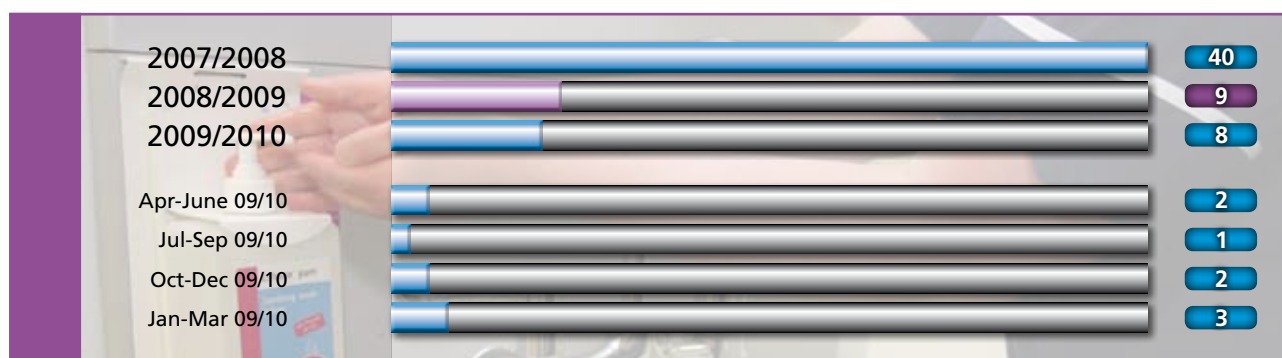
MRSA Bacteraemia rates continue to fall. From April 1st 2009 to March 31st 2010 there were eight MRSA Bacteraemias, only three of which are attributed to the Acute Trust. The remaining five are attributed to the relevant PCT as an infection that developed in the community as opposed to the hospital.

There were 241 cases of Clostridium Difficile Infection (CDI) between April 2009 and March 2010 in comparison to 315 in the same period last year. This demonstrates a percentage reduction of 23% which is above the 17% yearly reduction incorporated into the three year plan trajectories. Of the 241 cases this year, 134 have been attributed to the Acute Trust. The Trust is required to achieve a 52% reduction in CDI rates from the 2007 level by 2011. The Trust is currently below the planned trajectory of 152 cases for 2010/11 with a reduction of 58% in relation to the 2007/08 figures.

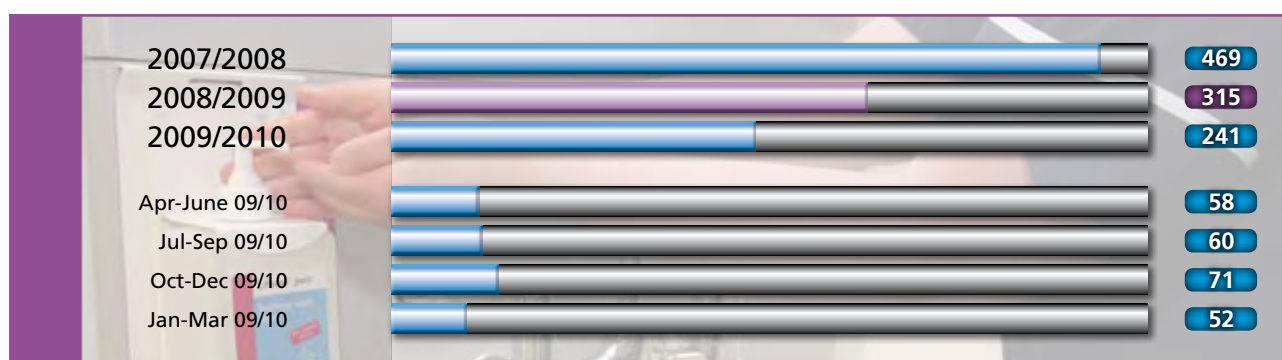
Further information on our work to prevent and reduce infections is outlined in our Delivering Plans section on page 46.



## Summary of MRSA Performance



## Summary of Clostridium Difficile Performance



## Emergency Access Targets

The Trust continues its success in delivering on waiting time targets within the Accident and Emergency Department.

This year 99% of patients attending were seen or discharged within four hours and around 70% were seen or discharged within three hours.

With the advent of the Urgent Care Centre, plans for continuously improving waiting times through care pathways and other different service models will be introduced.

## 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.

The Core Standards (which form part of the Annual Health Check ratings) are reflected in the corporate objectives for the Trust. They form the basis of the Assurance Framework with action plans and leads clearly identified and this process ensures that timely plans are monitored.



## Care Quality Commission Ratings

The Trust made good progress in the most recent NHS Performance Ratings 2008/2009, known as the annual 'health check'.

Trusts were awarded two overall ratings – one for use of resources and one for quality of services. The Trust scored 'excellent' for its use of resources and 'good' for quality of services. This compares to 'excellent' for use of resources and 'fair' for quality in 2007/2008.

This improvement in rating reflects the hard work of staff across the organisation to ensure the care we deliver to our patients is of the highest standards and that our services are delivered as efficiently as possible.

The score for quality covers a range of areas which really matter to patients such as cleanliness, safety, standards of care, infection prevention, hospital food, waiting times, heart treatment and privacy and dignity. In order to achieve our rating of good we met all 24 core standards and all nine existing national targets.

We also met a number of new national priorities around breastfeeding, smoking, 18 weeks and access to cancer treatment.

There were three areas where we underachieved and these included participation in heart disease audits, quality of maternity data and stroke.

### Maternity Data Actions

The Trust was made aware of a system issue relating to record type assigned to maternity episodes being submitted to the national Secondary Uses Service (SUS) during the validation period for the Care Quality Commission's indicators. This issue effectively doubled the number of delivery episodes in the CQC data files, this was reported to CQC but could not be altered in their final reporting.

Since the issue was highlighted the Trust has rectified the system issue, placed quality checks on the data before it is uploaded to SUS and regularly (on a monthly basis) downloads SUS data quality indicator dashboards to ensure compliance with targets. The solutions highlighted above have ensured that the Trust now scores 'Green' on this indicator through the SUS data quality dashboards.

## Heart Disease Audits

The Trust underachieved on this target as it failed to complete section 1.09 of the Heart Disease audit which was a mandatory field. This was an administrative error. Processes have been put in place to address this issue to ensure completeness of data.

### Stroke

We underachieved on the stroke care target as we did not meet some of the standards set out in the Stroke Sentinel Audit. Good progress has been made in this area and full details are outlined in the Delivering Our Plans section on page 46.



## Information Governance Compliance

Information Governance allows organisations and individuals to ensure that personal information is handled legally, securely, efficiently and effectively, in order to deliver the best possible care. It additionally enables organisations to put in place procedures and processes for their corporate information that support the efficient location and retrieval of corporate records where and when needed, in particular to meet requests for information and assist compliance with Corporate Governance standards.

The Information Governance Committee identifies and manages information risks, which reports to the Healthcare Governance Committee. The Deputy Chief Executive, 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.

Compliance with Information Governance standards is monitored using the Information Governance Toolkit and during 2009-10 the Trust achieved a rating of 87% compliance.

In addition to the Toolkit the Trust is required to assess and report information risks and data losses. During 2009/10 the Trust has been working to improve incident reporting and awareness of information security issues. A number of methods have been used including an ongoing information flow mapping



exercise supported by ward and departmental information security and confidentiality reviews. System Administrators have been undertaking information risks assessments for individual core systems to identify and manage information risks.

During the financial year 2009-2010 the Trust had 28 information security related incidents reported all of which were rated at a level 0. Whilst the severity rating of these incidents was rated at 0 all were thoroughly investigated and reported upon. Note: Information Security incidents are rated on a scale from 0-5, incidents classified as a severity rating of 3-5 are reported as a serious untoward incident and reported to Monitor and the Information Commissioner. The table below provides a summary.

Table 1: Summary Of Other Personal Data Related Incidents In 2009-10

Category	Nature of Incident	Total
I	Loss of inadequately protected electronic equipment, devices or paper documents from secured NHS premises.	0
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	7
IV	Unauthorised disclosure	2
V	Other	19



“ I was admitted to BVH for bowel surgery. I cannot praise the staff on Ward 6 highly enough, their professionalism, care and consideration for patients was exceptional and nothing was too much trouble. My recovery has been extremely good and this must be attributed to the care I received on this ward. ”

Mrs Anne Storrie, Thornton-Cleveleys

## Improving the Patient Experience



## Phase VI – Surgical Development

The Trust continues to make good progress on the new £40m Surgical Centre. Work is on schedule with the building due to open in summer 2011. The development will house state-of-the-art operating theatres, inpatient wards and a day surgery unit. The purpose of the building is to house all elective surgery care in one purpose-built building and support our aim of delivering 'Best in NHS' care.

The new facilities will:

- Provide 30 side rooms allowing patients to be cared for in a private en-suite room giving them more space and privacy.
- Provide state-of-the-art operating theatres that will support the surgical and clinical teams to provide first class treatment.
- Promote the Trust as the provider of choice for surgical services in the local health economy.
- Enhance the Trust's ability to attract and retain high calibre staff from all disciplines.

## Urgent Care Centre



The Urgent Care Centre continues to take shape and is due for completion in June 2010. This exciting new development will improve the services we offer patients and the care we deliver. Patients who present at the Urgent Care Centre will have their needs assessed and then they will be directed appropriately to a range of services or service providers, which will ensure that they are seen in the right place at the right time by the most appropriate service provider. The centre is a partnership between Blackpool, Fylde and Wyre Hospitals NHS Foundation Trust and NHS Blackpool, NHS North Lancashire, Blackpool Council, Lancashire Council and Fylde Coast Medical Services and is one of the first of its kind in the country.



## Women's and Children's Development

Work continues on the new £13m Women's and Children's Unit. The development is on track to open in 2011 bringing together all women's and children's services under one roof. Clinics will be housed in the new building as well as the Special Care Baby Unit and the new Colposcopy Suite.

The new development has also seen the opening of a new child safeguarding centre called The Victoria Centre. Based at Blackpool Victoria Hospital, the Centre, the first of its kind in the area, supports youngsters with child protection issues and saves many children having to travel outside of the district for help.

The purpose built centre brings together various agencies including Blackpool Council's Awaken Team, Social Workers and the Police to support children in need. The site includes counselling rooms, a police video interviewing suite, colposcopy examination room, a space for teenage pregnancy midwives and an appropriate environment in which to work with children experiencing difficult times.

## Reducing and preventing infections

Infection Prevention continues to be a priority for the Trust and further reductions have been made in MRSA and clostridium difficile.

MRSA screening of elective patients enables the early detection of MRSA and facilitates prompt treatment to reduce the risk of infection in that patient and transmission to other patients. The Department of Health directive to introduce elective screening by April 2009 was fully implemented in March 2009 within the Trust. The Trust screens all emergency patients admitted to the Trust by Polymase Chain Reaction (PCR) testing, which allows for a positive result to be known within two hours, thereby facilitating rapid isolation and treatment. This started in April 2008, two years ahead of the Department of Health requirement to screen emergency and elective admissions by 2010.

The Trust wide roll-out of Aseptic Non Touch Technique (ANTT) competencies, with audit to ensure compliance, is another measure introduced to reduce (HCAI). These ANTT audits are part of an audit programme that is incorporated into the Infection Prevention Annual programme and also includes monthly audit of commode cleanliness, to ensure this crucial aspect of hygiene is maintained. The purpose of the Audit programme is to provide assurance of compliance with the policies and procedures in place to reduce HCAI and the risk of HCAI.

The Care Quality Commission visited in November 2009 and assessed the Trust against the Health and Social Care Act 2008 Hygiene Code. The CQC report confirms there were no breaches of care in relation to Infection Prevention in the Trust. They made two recommendations, which have already been introduced, namely audit of isolation facilities and optimising commode cleaning. The latter has been addressed by further education for all staff and continuation of the monthly commode audits. An isolation facilities audit has taken place and will be repeated on a six monthly basis.

## Stroke Plan

Following national advice on the delivery of Stroke Services, the Trust has undertaken many changes to the way it delivers stroke care over the last several years. Not all of the changes have been managed as well as should be expected. The delivery of excellent stroke care has been affected by the design of the stroke care process, by poor performance management of that process and by other unintended consequences of the changes implemented.

As stroke is the third largest cause of death in England and is the single largest cause of adult disability, the improvement of our Stroke and Transient Ischaemic Attack (TIA) service has been a major priority this year. The Trust is working with the Cumbria & Lancashire Cardiac and Stroke Network in the development of a Telemedicine service, with a view to providing 24/7 stroke treatment within Cumbria & Lancashire. Telemedicine enables doctors at one hospital site to interact with patients and other medical staff at other sites via image transfer and videoconferencing. The use of Telestroke via a rotating hub will provide a service solution that will ensure that all patients in the Cumbria & Lancashire area presenting with suspected stroke out of normal hours, have rapid access to the appropriate treatment and care, including intravenous thrombolysis therapy.

The Northwest Ambulance Service works closely with Blackpool Victoria Hospital and is aware that we offer stroke thrombolysis and patients are "blue lighted" to our Accident and Emergency (A&E) Department. In addition, GPs can directly refer patients to our TIA clinic by using a direct phone line and designated appointment slots are made available each day to accommodate emergency patients.

We have also made significant progress with the introduction of an Early Supported Discharge Service, which enables patients to continue their rehabilitation at home.



Most of our stroke patients have a routine six week follow up at out-patients to address any concerns which have arisen since they were discharged home. One of the main problems that our young stroke survivors have is reintegrating into the workforce. Strokes can often cause quite subtle problems, which can only be diagnosed on detailed psychometric testing. Therefore we are currently looking at ways of introducing a psychology support service to patients on the Stroke Unit.

The Trust has engaged an Executive-led programme of change designed to empower front-line staff to implement changes to improve the Stroke Service. We have a clinically designed change programme in place, with progress monitored by the Executive Team, with the lead clinicians, weekly to ensure that the Stroke Service provides the expected level of quality to this particularly vulnerable group of patients.

## Winter Planning

The Trust implemented its Winter Plan to manage the predicted demands of the service, improve quality of care for our patients and to improve patient safety by reducing harms.

Below are some of the initiatives implemented to enable the service to continue to provide high quality care to patients during its busiest period:

- 20 Care Home Beds were purchased to care for patients with continuing health care needs. This scheme helped to reduce the number of delayed discharges.
- A band 7 senior nurse was appointed to manage patient flow on the medical wards, ensuring that patients are discharged in the mornings and there are no unnecessary delays.
- A band 6 Alcohol Liaison Nurse was recruited to expand the service to include weekend and evenings and avoid unnecessary admissions to hospital.
- A Nurse Practitioner was recruited in the Community Hospitals to effectively facilitate and manage patient care and flow.

Several changes were made to wards to ensure the right levels of beds were available to meet the needs of patients:

- Additional beds were opened on Ward 9.
- Ward 19 became the Short Stay Ward for patients with less than 72 hours stay.
- Ward 18 became the Endocrinology Ward.
- Wards 11 & 12 became Gastroenterology Wards.
- Ward 8 opened as an Isolation Unit.

## Workforce Development

Key priorities in the past year have included the expansion of medical student training, development of a coaching culture and training for the next generation of clinical leaders.

The requirements of good governance have also seen a considerable emphasis on improving mandatory training with the aim of ensuring that all staff are safe, competent and sufficiently knowledgeable to perform their roles.

New roles and ways of working have continued to be developed reflecting the changing needs of the health service. The Trust has introduced greater numbers of assistant and advanced practitioners this year than ever before replacing traditional roles. Our success in this has been reflected in the Trust being used as a best practice case study by NHS North West.

## Sustainability Reporting

Blackpool, Fylde and Wyre Hospitals NHS Foundation Trust is committed to providing sustainable healthcare to the people of the Fylde Coast and beyond. This sustainability report aims to satisfy requirements for Public Sector Sustainability Reporting and fulfil the Trust's commitment to: "develop systems to place information relating to the environment into the public domain".

We recognise that our operations have an environmental impact. These include, but are not limited to: waste production; the impacts of transport; energy and resource use; discharges to water; and emissions to air. In addition we acknowledge the significance of the indirect impacts that we influence through procurement and our choice of contractors and suppliers.

It is the Trust's objective to act in a responsible manner to control and reduce any negative impacts on the environment whilst continuing to provide high quality patient care. In particular, we aim to continue to ensure that our activities comply with, or exceed, applicable regulation and we will work to meet any environmental targets imposed by government.

During 2009 the Trust implemented a number of improvements, in particular:

- The Energy Grant Scheme was completed and is anticipated to save approximately 11,000 Tones of CO<sub>2</sub> in the first full year of operation.

- The appointment of an Energy Technician to implement the Carbon Reduction Strategy and a Waste Reduction officer to oversee the development and implementation of our Waste strategy.
- Achievement of the Carbon Trust Standard as recognition of our work reducing carbon emissions from energy use in buildings and our owned transport over the last three years.
- Implementation of a recycling scheme at Poulton Offices to test the feasibility of developing this across the Trust.

The figures opposite represent a broadly positive picture of the Trust's performance. We used less energy overall with slightly lower associated carbon emissions. We believe this reduction is the result of upgrades to Victoria Hospital's boilers completed late in 2008/09 as part of the Energy Efficiency Scheme. We also reduced the year on year increase in electrical energy consumption, although we recognise we have more work to do in this area.

The Trust is particularly pleased to have been awarded the Carbon Trust's Carbon Reduction Standard for achieving a 3% reduction in our direct CO<sub>2</sub> emissions over the previous three years. This certificate remains valid until March 31st 2011 and represents an important part of the Trust's preparation for mandatory inclusion in the Carbon Reduction Commitment (CRC) Energy Efficiency Scheme which commences in April 2010.

The Trust also used significantly less water in 2009/10. This is partially due to the closure of the Annex wards to allow for construction of the new surgical unit but also reflects work carried out in 2008/9 to remediate water leaks and the improvement in boiler efficiency.

The quantity of waste produced by the Trust rose slightly in 2009/10 (although we believe that improved data quality may account for some of the differences seen), continuing a trend seen over the last few years. However we are pleased to see a slight reduction in overall quantities of clinical waste.

The Trust is also pleased to see slight improvements in the absolute amount of material recycled and the proportion of our total waste arising subject to recycling or energy recovery. However we recognise that there is significant room for improvement in these figures and have appointed a Waste Reduction Officer to address this issue.

**Table: Environmental Performance in Key Areas for 2008/9 and 2009/10**

Table: Environmental Performance					
		Non Financial Data		Financial Data	
		2008/09	2009/10	2008/09	2009/10
Waste Minimisation	Waste Arising (Total waste from all sources)	1,611 Tonnes	1,668 Tonnes	£341,024	£416,346
	Clinical Waste (all waste disposed of via high temperature incineration)	566 Tonnes	562 Tonnes	£281,904	£320,591
	Waste sent to Landfill	734 Tonnes	739 Tonnes	£54,929	£82,141
	Waste Recycled	311 Tonnes	367 Tonnes	£4,188	£13,614
	Waste Electrical and Electronic Items	11 Tonnes	14 Tonnes	£8,668	£1,929
	Percentage of Waste arising subject to a recycling or recovery exercise	53%	54%		
Management of Finite Resources	Water	188,075 m <sup>3</sup>	167,029 m <sup>3</sup>	£500,885	£494,283
	Electricity	57,586 GJ	57,605 GJ	£2,124,547	£1,584,791
	Gas	174,201 GJ	170,105 GJ	£1,583,518	£1,098,224
	Other Energy	1,924 GJ	2699 GJ	£20,329	£36,406
	Fuel used in Owned Transport	34,831 litres	35,322 litres	£39,884	£45,467
Direct Green House Gas (GHG) Emissions	(Direct emissions from the energy sources above only)	17,768 Tonnes	17,616 Tonnes		

N.B.: The figures above are based on the most accurate data available at the time of publication. Where information held by the Trust for the year is incomplete the last 12 complete months have been used and/or figures have been extrapolated to year end. Because of this, in the event that the data above differs from that provided by the Trust in our ERIC return for 2009/10 the ERIC return is to be preferred. The Trust final ERIC return for 2009/10 will be available on June 30th 2010. If you would like details of the final data at that point please contact Robert Bell, Director of Facilities, on 01253 306859 or [Robert.bell@bfwh.nhs.uk](mailto:Robert.bell@bfwh.nhs.uk)

## Relationship with Commissioners and Stakeholders

During 2009/10, relationships with Commissioners and other stakeholders, such as the Blackpool Overview and Scrutiny Committee, have been sustained and developed. The organisations have worked together to identify strategies to promote and improve the health of the local population.

Plans for the delivery of new services and improvements to patient care, are discussed and agreed with Commissioners, with particular

emphasis on improving the accessibility to healthcare through the provision of services at various locations across the Fylde Coast.

Trust Executives continue to meet regularly with their PCT counterparts, to discuss and agree the strategy for and cost effectiveness of healthcare across the Fylde Coast and to review progress against operational plans.

We have also continued to strengthen our relationships with our members and governors as outlined on page 78.



“ I attended Green Reception, Outpatients Department for my five-year-old son. I have so much praise for the doctors and nurses who were so pleasant and efficient, happy and smiling. The staff must have been hand picked. There was so much love and care in everything they do, a wonderful example of a paediatric team. Tremendous support for children and anxious parents. ”

Mrs M O’Connel, St-Annes-on-Sea

## Strategic Overview

It is recognised that the changing environment and external factors, such as The Operating Framework 2010/11, the Financial Climate, Patient Choice and the Quality Improvement agenda impact on the Trust and its future business plans.

We believe that our vision and implementation of the QuIPP (Quality, Improvement, Productivity and Performance) agenda will ensure that our future business plans accommodate the impact of these factors and are aligned with the direction of travel for the wider NHS.

## Whole Health Community Vision

In 2006, the health community undertook a public consultation exercise, to ask for views on the configuration of health services on the Fylde Coast. The outcome of the exercise resulted in the agreement of a Health Community vision to:

- 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 Health Community vision aligns closely with that of the Trust and this has fostered the joint working required to plan and deliver healthcare services to meet the needs of patients on the Fylde Coast.

Examples of joint working to deliver locally based services are:

- Outpatient services established at Garstang Clinic in the High Street.
- MRI facilities provided at Whitegate Drive Primary Care Centre.
- Outpatient services established at Lytham Primary Care Centre.
- The Anti-Coagulant Dosing and Advisory Service (ADAS) moved out of Victoria Hospital and into community settings, providing more convenient and local access to patients.

Plans for the development of new models of care and to move services closer to the patient will continue to evolve during 2010/11 as further community based facilities become available.

- Divisions are reviewing plans to increase services at Garstang Clinic.
- Opportunities are being explored with Primary Care to locate appropriate clinics in their Community premises in Fleetwood and Blackpool.

- Pathways of care are being reviewed and remodelled and intermediate services established to provide care in the most appropriate setting.

## Interim Clinical Solution – Vision

Following on from the approval to proceed in 2008/09 the Board of Directors agreed the Full Business Case in 2009/10 for the Interim Clinical Solution, named Vision by staff. The Board of Directors also ratified the recommended supplier of the system, ALERT Life Sciences, after a full procurement process. In partnership with ALERT the Trust will implement a world class clinical system to provide real time information to monitor and improve on the effectiveness and efficiency of care, thereby improving clinical quality and the patient experience. The Vision project is formerly a change management project that will involve everyone providing care to patients.

The initial phase of Vision will see implementation in Accident and Emergency and the Lancashire Cardiac Centre by the end of 2010. This will be followed by the Divisions of Medicine and Surgery, completing in Women's and Children's.

## Continuous Improvement

During 2009 the Trust entered into a three year partnership with The Manufacturing Institute, to develop and embed the use of Lean methodologies across the organisation, as part of the approach to continuous improvement. Over this three year period many staff will be involved in Lean projects and will receive training in Lean, enabling staff to deliver meaningful, sustainable change in their own workplace.

In order to identify priorities, the Manufacturing Institute undertook a Trust Diagnostic and presented a summary of the findings along with a five day training programme to the Executive Team in November and December 2009.

Work streams will focus on the delivery of the highest quality of patient care in the most efficient way possible and ensure that all of the things we do add value to the patient pathway.

A Steering Group with members of staff from across the Trust at the heart of the group and its work will be set up early in 2010, to drive forward the Continuous Improvement Programme.

## Sustainability reporting

The financial year 2010/11 will see further improvements in our energy performance. We anticipate that we will see the full benefits of over £1.3m investment in energy efficiency over the previous two years. In particular we will see the first full year of operation of the Combined Heat and Power Plant that was commissioned earlier this year. We anticipate that this will reduce our CO2 emissions by c. 1300 tonnes (approximately 7% of our total emissions). This reduction will enable the Trust to maintain our Carbon Trust Certification for the year 2011/12.

The commissioning of the Combined Heat and Power (CHP) scheme concludes the measures proposed by the Trust's Carbon Reduction Strategy 2007. This document will be revised and updated this summer. We will work with the Carbon Trust through its NHS Carbon Management Programme to identify further schemes to reduce energy use, emissions and cost for the years 2010/11 through to 2012/13.

Next year will also see further improvements in Waste Management within the Trust. Our Sustainable Waste Management Strategy will also be updated and aligned with the revised Estates Strategy to ensure our waste facilities are compliant and meet our projected needs. We hope to see further improvements in recovery and recycling levels along with a reverse of a long term trend of increasing

quantities of waste. We will also review our existing procedures to ensure they are compliant with new guidance from the Department of Health when it is published.

Next year we anticipate new requirements to report indirect CO2 emissions in addition to those from our building energy and owned transport usage. Over this year we will therefore develop systems to accurately record and report this information.

## Medical School Development

The first year of hosting student doctors from Liverpool University was a tremendous success. Resident on site for the entire 2008/9 academic year were 24 students in their fourth year of study during which time they rotated through all hospital specialties and into primary care. Testimony to the clinical opportunities available, the teaching provided and the students' diligence they all passed their final examinations.

Several of these students returned to the Trust in September 2009 to complete their fifth and final year of study in Blackpool. This is an important year for the students as they progress towards being qualified and apply for their first posts as doctors. It is anticipated that many of these students will apply to the Trust and be the first cohort of "home grown" junior doctors.

In addition to these students, as planned, 48 students arrived on site for their fourth year studies. The success and favourable feedback from the original group had led to all 48 choosing to come to Blackpool, which was very rewarding for all who had been involved.

A new venture in September was the introduction of student dentists to the Trust. This is a collaboration with Liverpool University and the University of Central Lancashire with the Trust providing clinical experience for third and fourth year dental students. During 2009/2010 there are eight students present with 16 expected in 2010/11.

Given the involvement in both medical and dental education with large numbers of students the Trust aspires to achieve Teaching Hospital status. This will not only recognise the commitment to medical and dental education but also reinforce the Trust's commitment to delivering the highest standards of care, enhance the recruitment and retention of senior clinicians and open up other opportunities for development of research and teaching locally. It is hoped to complete the process of securing Teaching Hospital status by the end of 2010.

## Fit for Foundation

To allow Clinical Divisions to pursue excellence the Trust has granted 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.

Under the approach adopted that, the Board of Directors 'license' each Division once they have been assured they are sufficiently strong in terms of leadership governance, finance, quality and workforce. Once licensed the divisions 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 undertook 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 become 'licensed' a Division 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 original timetable for Fit for Foundation achievement planned for all Divisions being licensed was April 1st 2009.

Following assessment the Cardiac and Surgical Divisions were licensed on April 1st 2009, the Women's and Children's Division on July 1st 2009 and the Medical and Clinical Support Divisions from 1st August 2009. The reasons for deferments were made explicit to the divisions, and mutually agreed action plans to address identified issues developed.

From April 1st 2009 as Clinical Divisions became licensed their performance was monitored via a set of primary targets that are reported to the Board of Directors on a monthly basis. Divisions are required to make a monthly declaration confirming the expected performance against all primary targets and criteria, together with any action plans in place to correct any adverse variances against particular targets. The Board of Directors have the ability to intervene based on any concerns raised from the monthly monitoring,



with specific intervention being agreed to fit the particular circumstances identified.

The Trust has increased its level of engagement with our local GPs. The Trust hosts events that allow our consultants and local GPs to meet informally to discuss the opportunities around partnership working to ensure that we tailor our future plans and objectives to provide healthcare in the most appropriate setting.

The launch of our recruitment campaign, "Blackpool – The Place To Be", is a marketing strategy aimed at recruiting staff to the Trust, in an effort to ensure that we attract and retain high-quality employees to further strengthen our objective of providing best in NHS care to our local community.

## The Local Competitive Situation and Development of Commercial Opportunities

There is limited local competition for the Trust's services, however the Trust continues to strive for better quality services to maintain its current service base and strengthen its competitive advantage

The Trust has developed a partnership with Garstang Clinic to ensure that access to some surgical specialties is available for patients in this immediate and surrounding catchment area, with subsequent elective surgery undertaken at this Trust.

Work has commenced with Practice Based Commissioners to manage, with support and through the development of intermediate services, those referrals not appropriate for secondary care. This will be especially beneficial and improve the care pathway for patients in those specialties which receive high volumes of referrals and therefore have longer waiting times.

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 Trust's Marketing Strategy Group continued to progress division-specific initiatives. In response to comments received by our patients, the Communications and Web Development Team have led on redesigning the Trust website, reviewing content and increasing the functionality to include 360° photographic tours of some departments. The team has also produced an electronic consultant directory, for use by patients and GPs, which provides a photograph and brief information about areas of specialist interest. Standardised patient information leaflets have been developed which relate to our hospitals and departments, and also to specific clinical conditions and treatments. These are now in an easy-to-understand and consistent format, and contain information that has been tailored to meet the needs and concerns of our patients.

## Contracting

The Trust is entering into the third year of a three year contract with NHS Blackpool, acting as Co-ordinating Commissioner. There are currently 12 associate commissioners in the contract, each agreeing their respective activity baselines. Discussions are on-going regarding the impact of the road-test tariff published in December 2009 and the performance reporting methods of the quality standards to be met to achieve the CQUIN income streams.

## 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. The Board of Directors review these risks on a quarterly basis utilising the Board Assurance Framework.

## Governance Risk

The Board of Directors is confident that the Trust will remain compliant in 2010/11 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 2009/10. 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 is planned to change in 2010-2011 in relation to the potential name change of the Trust on achieving University Hospital status.

## 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 2010/11. This is not considered an area of risk for the organisation. The Council of Governors continues to work enthusiastically and cohesively. It has been proactive in developing membership and reflecting on ways to enhance its operation and effectiveness in providing governance and assurance for the public.

## 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. 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. The membership of the Non-Executive Directors will change during 2010/11 when Peter Hosker steps down from his role in June 2010. Plans are in place to appoint a new Non-Executive Director to replace Peter Hosker.

## Service performance against targets and core national standards

The Board is confident that its systems for managing performance against national targets and the new compliance indicators are robust and will promptly identify potential problems and take appropriate action to respond.

A plan is in place to ensure that the Trust complies with all compliance indicators within the Care Quality Commission Compliance Indicator 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 'Good' for quality of services from the Care Quality Commission in 2008/09. Since this assessment the Trust has strengthened its performance management structure in relation to Care Quality Commission standards and has continued the 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 was granted registration unconditionally for demonstrating compliance with the Care Quality Commission Healthcare Associated Infection (HCAI) regulations and arrangements for meeting the compliance criteria of the hygiene code on 1st April 2009. An operational assurance framework has been developed which sets out the approach this work will take to ensure that the Trust remains compliant. The Trust will also continue to implement the MRSA Screening Operational Assurance Framework and performance management arrangements are in place to monitor compliance.

The Trust registered with the Care Quality Commission on February 26th 2010 to make a statement about our current and future compliance with the new health and social care regulations and arrangements for meeting the compliance criteria of the compliance indicators. 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.





## Effective risk and performance management

The Trust was not successful in achieving Clinical Negligence Scheme for Trusts (CNST) Maternity Level 2 award on February 26th 2010 and was awarded Level 1 compliance. The Trust has developed an action plan to maintain Level 1 and achieve Level 2. Progress towards compliance with the clinical CNST standards will be monitored on a quarterly basis by the Healthcare Governance Committee and the Board.

The Trust was successful in attaining Level 2 General National Health Litigation Authority (NHSLA), Risk Management standards in September 2008. An Action Plan has been developed to achieve Level 3 in 2011.

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 Board Assurance Framework and the Corporate Risk Register are considered and presented to the Board of Directors and the 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. Alliances have been made with Blackpool and Lancashire Local Involvement Networks (LINKs). Regular meetings

are held with our main commissioners of NHS Blackpool and NHS North Lancashire in relation to the monitoring of in year performance.

## Significant Governance Risks

The most challenging issue for the Trust remains the elimination of Health Care Acquired Infections; Reducing Mortality Rates; Information Governance; maintaining financial balance and compliance with health and safety regulations. A range of initiatives have been implemented by the Trust to mitigate these risks. These risks are included on the Board Assurance Framework which is monitored on a quarterly basis by the Healthcare Governance Committee; Audit Committee and the Board.

## 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 2010/11.

The Trust continues to work with the Cumbria and Lancashire Cancer Network to implement Improving Outcomes Guidance for Cancer Patients, across all tumour sites. 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.



“ I was under the care of staff on Ward 32 BVH and Ward 4, Clifton Hospital until discharged home with a care package, it is now time to say thank you to all. The care I received at both hospitals could not be faulted. Staff showed care, encouragement and dedication that one hears too little of whenever the NHS is under discussion. May I place on record my sincere thanks to everyone concerned with my treatment. ”

Mr Hardman, Lytham-St-Annes

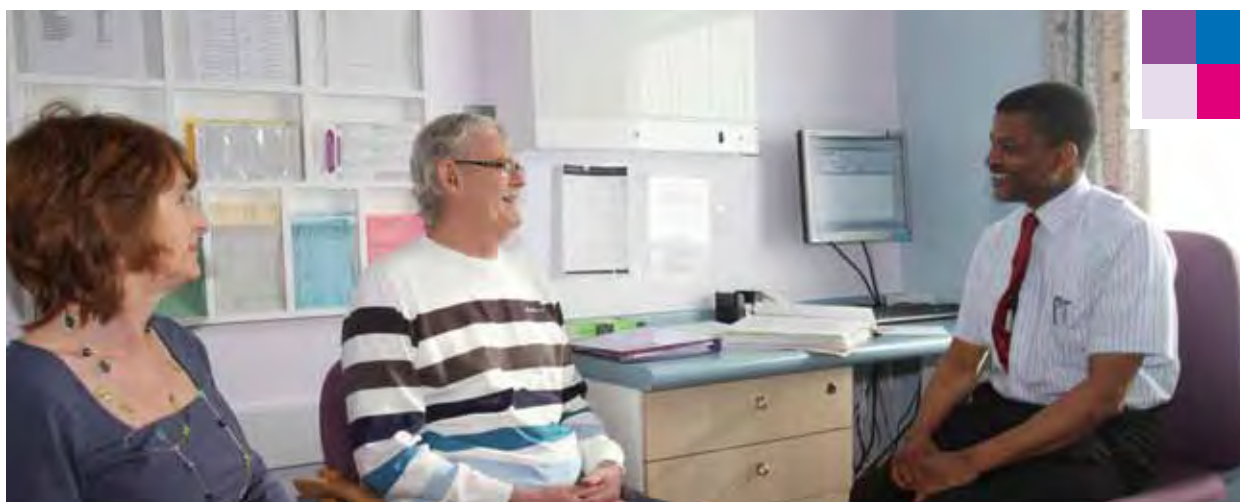
# Board of Directors Report

## Board of Directors Report

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 its Terms of Authorisation, its Constitution, mandatory guidance as laid down by the independent regulator (Monitor) and other relevant contractual or statutory obligations.
- Ensuring compliance with the Trust's Constitution, which 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 2009/10 due to the resignation of Julian Hartley as Chief Executive in May 2009 following his successful appointment to the substantive position of Chief Executive of the University Hospital of South Manchester NHS Foundation Trust.

Aidan Kehoe was appointed Chief Executive in July 2009 and Harry Clarke was appointed Director of Operations in October 2009.

Due to ill health Harry Clarke stepped out of his role as Director of Operations and Corinne Siddall was appointed to act into the role for six months from January 4th 2010.

Beverly Lester offered herself for re-election as the Chairman and was successful in November 2009.

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 Care Quality Commission (formerly the Health Care Commission).

The Non-Executive Directors are appointed by the Trust's Council of Governors and, under the 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. The Chairman's other significant commitments are outlined on page 63 of the Annual Report. There have been no changes to these commitments during the past 12 months. 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.

The Board of Directors has undertaken a formal annual evaluation of its performance during 2009/2010. This has included a Board

self-assessment which looked at five separate domains: focus on core business, trust and support, contribution and execution, engagement with stakeholders and leadership of the board. The results of this self-assessment, which were overall positive, were discussed at a Board Seminar in March 2010.

Internal Audit has reviewed the performance of the committees within the corporate governance structure. This is undertaken on a two yearly basis.

There have been nine formal Board Meetings, five Board Seminars and one additional Board Meeting during 2009/10.

As per the constitution 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

## 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](http://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 there is non-compliance.

The compliance statement below reflects the Trust's declaration as to compliance with the Code as stated in the latest Annual Report 2009/10.

The Board of Directors considers that, throughout the 2009/10 reporting year, the Trust has 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.

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

**Attendance at Board of Directors Meetings and Board Sub-Committees:-**

	Board of Directors	Audit Committee	Charitable Funds Committee	Healthcare Governance Committee	HR & OD * Governance Committee	Remuneration Committee
Number of Meetings	14	6	4	4	5	3
Beverly Lester	14	N/A	3	3	3	3
Paul Olive	14	6	N/A	N/A	N/A	3
Christine Breene	13	6	N/A	N/A	4	2
Michael Brown	12	6	N/A	N/A	N/A	3
Peter Hosker	10	4	4	N/A	N/A	1
Bill Robinson	14	6	4	N/A	4	3
Malcolm Faulkner	11	3	N/A	N/A	N/A	2
Aidan Kehoe	14	N/A	N/A	3	5	N/A
Tim Welch	13	N/A	3	4	4	N/A
Marie Thompson	12	N/A	2	4	4	N/A
Dr Paul Kelsey	13	N/A	1	1	0	N/A
Nick Grimshaw	13	N/A	N/A	3	5	N/A
Robert Bell	13	N/A	N/A	4	N/A	N/A
Harry Clarke	10 (from April to December 2009)	N/A	N/A	2 (from April to December 2009)	N/A	N/A
Corinne Siddall	3 (from January to March 2010)	N/A	N/A	0 (from January to March 2010)	N/A	N/A

\* Human Resources and Organisational Development

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.



“ May I express my sincere gratitude and heartfelt thanks to every member of staff on the Day Case Surgery. Every single member of staff from reception to the marvellous Dr Rao was excellent. Once again thank you. ”

Mr Leonard Butterworth, Blackpool

# Profile of the Board

## Voting members of the Board of Directors:-



**Beverly Lester (Chairman)**  
– term of office from 1.11.09 to 31.10.12 (third 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 of the University of Central Lancashire

**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
- Former 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 and Senior Independent Director) – term of office from 1.12.08 to 30.11.11 (second term)**

**Experience:**

- Former Chief Executive of Wyre Borough Council
- Chairman of Regenda Group
- Director Ecclestone Services Ltd.
- Director A.S Associates Ltd.

**Qualification:**

- Qualified Solicitor – LL.B



**Peter Hosker (Non-Executive Director) – term of office from 1.7.06 to 30.6.10. Peter is standing down from the role on 30.6.10.**

**Experience:**

- Former Senior Partner at Napthens Solicitors
- Part time Tribunal Judge of the Tribunals Judiciary
- Former 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
- Former Chairman and Trustee 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 – (Retired)



**Malcolm Faulkner (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 Great Places Housing Group
- Former Pro Chancellor and Chair of the Board of the University of Central Lancashire (UCLAN)
- Member of the Court of the University of Central Lancashire (UCLAN)

**Qualification:**

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



**Aidan Kehoe (Chief Executive) – appointed in July 2009**  
(formerly Director of Operations from April 2004)

**Experience:**

- Former Deputy Chief Executive 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

**Qualification:**

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



**Tim Welch (Deputy Chief Executive) – appointed in July 2009**  
(formerly Finance Director from August 2005)

**Experience:**

- Former Director of Finance at Blackpool, Fylde & Wyre Hospitals NHS Foundation Trust
- 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

**Qualification:**

- Chartered Public Finance Accountant
- B.Sc(Hons) – Biochemistry



### Harry Clarke (Director of Operations) – appointed in October 2009

#### Experience:

- Former Associate Director for Performance Improvement at Blackpool, Fylde and Wyre Hospitals NHS Foundation Trust
- Former Head of Service Improvement at Blackpool, Fylde and Wyre Hospitals NHS Foundation Trust.
- Appointed to various Directorate Managers posts between 1998 and 2004.
- Joined the NHS in 1991 as Project and Commissioning Manager at Royal Lancaster Infirmary.

#### Qualification:

- Post Graduate Certificate in HR Leadership.
- Master of Business Administration.
- Post Graduate Diploma in Public Administration.



### Corinne Siddall (Acting Director of Operations) – appointed January 2010

#### Experience:

- Acting Director of Operations at University Hospitals of South Manchester.
- General Manager, Heart and Lung Division at University Hospitals of South Manchester.
- 18 week Programme Lead at Salford Royal Hospitals NHS Trust.
- Directorate Manager, Critical Care at Salford Royal Hospitals NHS Trust.
- Resuscitation Training Officer at Salford Royal Hospitals NHS Trust.
- Sister in Emergency Nursing at Salford Royal Hospitals NHS Trust.

#### Qualification:

- Registered General Nurse
- Diploma in Professional Studies in Nursing
- Management in Health Services
- PRINCE 2 Project Management
- Certificate in Performance Management



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

#### Experience:

- Consultant Haematologist at Blackpool, Fylde and Wyre Hospitals NHS Trust since 1988
- Former Senior Registrar in Haematology – North West Rotational Training Scheme

#### Qualification:

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



**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

**Qualification:**

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



**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

**Qualification:**

- Registered General Nurse
- MSc Human Resource Leadership
- B.Sc(Hons) Nursing Studies
- Post Graduate Certificate in Education
- Post Graduate Diploma Management Studies

**Non-voting member of the Board of Directors:-**



**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.

**Qualification:**

- 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.



“ I am writing to thank you for a pleasant stay in hospital. Too much is written today against the NHS and to receive such a pleasant stay in hospital with such a top level of help, I feel should not go unnoticed. I was admitted to Ward 10 Orthopaedics and the nursing staff were brilliant. Physios and occupational therapy staff were nothing but helpful, I was proud to be on such a lovely ward. ”

Mrs Helen West, Bispham, Blackpool



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 Trust's Constitution and the Foundation Trust's Terms of Authorisation, are as follows:-

- To appoint or remove the Chairman and the other Non-Executive Directors.
- To approve the 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 the Annual Accounts 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 the 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 the 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 16 Public Governors (elected from the constituencies of Blackpool, Fylde, Wyre and Lancashire & South Cumbria), 5 Staff Governors (elected 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 composition for the Council of Governors as follows:-**

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 Blackpool Local Involvement Network (formerly the Patient and Public Involvement Forum)	To reinforce the representation of patients' views and interests.
Voluntary Sector - 1	To engage and assist the Trust in identifying needs of local community.
Lancashire Care Trust - 1	To engage and assist the Trust in identifying needs of local community.
Lancashire Business Link – 1	To engage and assist the Trust in dialogue with local developments and businesses.
Blackpool Regeneration Project - 1	To engage and assist the Trust in dialogue with local developments and businesses.
Total Appointed Governors - 10	

STAFF ELECTED GOVERNORS	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 – 1	
Class 4 - Non-Clinical Support – 1	
Total Elected Staff Governors - 5	

PUBLIC ELECTED GOVERNORS To represent:-	ROLE
Area 1 – Blackpool - 8	To represent patients who are resident in Blackpool.
Area 2 – Wyre - 4	To represent patients who are resident in Wyre.
Area 3 – Fylde - 3	To represent patients who are resident in Fylde.
Area 4 Lancashire & South Cumbria - 1	To represent approximately 4% of patients who are resident in the wider environs of Cumbria and Lancashire.
Total Public and Patient Elected Governors – 16	

TOTAL MEMBERSHIP OF COUNCIL OF GOVERNORS:-
Appointed Governors - 10 (currently two vacancies)
Staff Governors (elected) - 5
Public and Patient Governors (elected) - 16 (currently three vacancies)
Total – 31



There have been a number of changes to the Council of Governors during 2009/10 as follows:-

- Eric Allcock and Arthur Roe were elected to the Blackpool Constituency in April 2009.
- Ramesh Gandhi was elected to the Wyre Constituency in April 2009.
- Cerise Fleming resigned as a Governor (Blackpool Constituency) in September 2009.
- Canon Godfrey Hirst resigned as a Governor (Fylde Constituency) in October 2009.
- Mike Hodgkinson resigned as a Governor (Blackpool Constituency) in December 2009.
- Denise Wilson resigned as an Appointed Governor (Lancashire Care Trust) in December 2009

All elections to the Council are conducted by the Electoral Reform Services Limited on behalf of the Trust and in accordance with the Model Election Rules.

Other changes to the Council of Governors during 2009/10 are as follows:-

- Brian Rowe replaced Dr Frank Atherton as the Appointed Governor for NHS North Lancashire (April 2009).
- County Councillor Paul Rigby replaced County Councillor Penny Martin as the Appointed Governor for Lancashire County Council (August 2009).
- Christopher Lamb replaced Ramesh Gandhi as the appointed Governor for the Council for Voluntary Services (August 2009).
- Chris Sconce replaced Eileen Martin as the Appointed Governor for the University of Central Lancashire (December 2009).
- Richard Emmess replaced Councillor Ivan Taylor as the Appointed Governor for NHS Blackpool (February 2010).

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

Name	Constituency/ Organisation	Term of Office
Public Governors		
John Butler	Blackpool	3 years
Michael Hodgkinson (resigned December 2009)	Blackpool	3 years
Clifford Chivers	Blackpool	3 years
Hannah Harte	Blackpool	2 years
Chris Thornton	Blackpool	2 years
Cerise Fleming (resigned September 2009)	Blackpool	2 years
Eric Allcock (from April 2009)	Blackpool	3 years
Arthur Roe (from April 2009)	Blackpool	3 years
Carol Gradwell	Fylde	2 years
Godfrey Hirst (resigned October 2009)	Fylde	3 years
Anne Smith	Fylde	3 years
Peter Askew	Wyre	3 years
Jean Marsh	Wyre	2 years
Austin McNally	Wyre	3 years
Ramesh Gandhi (from April 2009)	Wyre	3 years
Bill Holmes	Lancashire and South Cumbria	2 years

Name	Constituency/ Organisation	Term of Office
Staff Governors		
Dr Tom Kane	Medical and Dental	3 years
Sam Woodhouse	Nursing and Midwifery	3 years
Andrew Goacher	Nursing and Midwifery	2 years
Tina Daniels	Non-Clinical Support	3 years
Richard Day	Clinical Support	2 years

Appointed Governors		
Councillor Ivan Taylor (resigned February 2010) Richard Emmess (from February 2010)	NHS Blackpool (PCT)	N/A
Brian Rowe (from April 2009)	NHS North Lancashire (PCT)	N/A
Councillor Roy Haskett	Blackpool Council	N/A
County Councillor Penny Martin (resigned August 2009) County Councillor Paul Rigby (from August 2009)	Lancashire County Council	N/A
Doug Garrett	Re Blackpool	N/A
Vacancy	LINKs (formerly the Patient and Public Involvement Forum)	N/A
Councillor Ramesh Gandhi (resigned August 2009) Christopher Lamb (from August 2009)	Council for Voluntary Service	N/A
Denise Wilson (until December 2009)	Lancashire Care Trust	N/A
David Slater	Business Link North West	N/A
Eileen Martin (resigned November 2009) Chris Sconce (from December 2009)	University of Central Lancashire	N/A

## Meetings of the Council of Governors took place on the following dates in 2009/10:-

May 1st 2009  
 August 7th 2009  
 November 6th 2009  
 February 15th 2010

An additional meeting was held on July 1st 2009 to discuss and ratify the appointment of Aidan Kehoe as Chief Executive.

## Attendance at Council of Governors Meetings:

### Governor Attendance

Number of Meetings	5
John Butler	5
Clifford Chivers	2
Hannah Harte	4
Mike Hodgkinson *	4
Chris Thornton	3
Cerise Fleming *	1
Eric Allcock *	4
Arthur Roe *	4
Carol Gradwell	1
Godfrey Hirst *	0
Anne Smith	5
Peter Askew	5
Jean Marsh	5
Austin McNally	5
Bill Holmes	5
Dr Tom Kane	4
Sam Woodhouse	3
Andrew Goacher	1
Tina Daniels	3
Richard Day	4
Councillor Ivan Taylor *	2
Richard Emmess *	0
Brian Rowe *	2
Councillor Roy Haskett	2
County Councillor Penny Martin *	0
County Councillor Paul Rigby *	3
Doug Garrett	4
Councillor Ramesh Gandhi *	4
Denise Wilson	2
David Slater	3
Eileen Martin *	0
Chris Sconce *	1

\* Resigned or elected/appointed during 2009/10.

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

During 2009/10, 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 use of Day Hospitals/Modern Health Care Facilities for the Elderly, Membership of the Foundation Trust Governors Association, the role of the Head Nurse/Matron and the progress in relation to Fit for Foundation within the Cardiac and Surgical Divisions.

Other items discussed at Council of Governors meetings included the Annual Plan, Chairman's/ Non-Executive Directors' Appraisals and Remuneration, Re-Appointment of the External Auditors, Corporate Objectives, Governors Objectives, Annual Report and Accounts, Annual Health Check Declaration, Appointment of Link Governor, Complaints and Serious Untoward Incidents.

In addition Governors have provided feedback from the following events:-

Governors Conference – March 18th 2009.  
North West Governors Forum – April 28th 2009.  
North West Staff Governors Event – July 6th 2009.  
North West Governors Meeting – October 15th 2009.  
FTGA Development Day – October 19th 2009.

Governors Workshops have taken place on July 31st and December 8th and Governors have held private meetings on July 14th and December 7th.

There are currently two Governor Sub-Committees, namely the Nominations Committee and the Membership Committee, comprising 3 and 11 Governors respectively. Attendance at these meetings is detailed below:

### Attendance at Nominations Committee Meetings:

#### Governor Attendance - Nominations Committee

Number of meetings	1
Peter Askew	1
Godfrey Hirst (until October 2009)	0
Doug Garrett	1

## Governor Attendance - Membership Committee

Number of Meetings	
Anne Smith (Chairman)	4
John Butler	4
Mike Hodgkinson (until December 2009)	2
Hannah Harte	3
Jean Marsh	4
Austin McNally	4
Bill Holmes	4
Cerise Fleming (until September 2009)	0
Roy Haskett	2
Richard Day	2
Penny Martin (until July 2009)	0
Brian Rowe (from April 2009)	0
Arthur Roe (from April 2009)	3
Sam Woodhouse	0

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 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](mailto:judith.oates@bfwhospitals.nhs.uk)

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





“ I would very much like to express my sincere appreciation for all the staff at BVH. My husband was readmitted following a mild stroke, he has been treated with total kindness, given full explanations of his treatment and provided with total care. It is so easy to forget to say thank you and very well done to the NHS. ”

Mrs Kathleen Rainbow, Lytham-St-Annes

Over the past 12 months, the Trust's membership has continued to grow.

## Public Members

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

## Staff Members

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

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

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

## Growth of Public Members

The number of public members has increased steadily over the last year, with 788 being recruited in total over the past 12 months. The public membership total is now 5,615.



## Recruitment of Members

In order to achieve our overall target of recruiting more public members, we have implemented various initiatives over the past year. These include:

- Direct mailshot campaign to under-represented areas to encourage members to sign up.
- Recruitment stands in the outpatients department and at public meetings.
- Radio and newspaper advertising campaigns.
- Presentations at meetings of community groups about the benefits of membership.
- Improvements to the online membership section of the website.
- Information about membership in the patient bedside folder at all of our hospitals.
- Membership recruitment leaflets at GP surgeries.

Over the next 12 months we will continue to look at new ways of promoting the benefits of membership in order to achieve our target of 8,000 public members by 2012. These include:

- Increasing the number of membership stands and boards in areas where the public attend the hospital, and making them more prominent.
- Using our volunteers to man these stands and discuss with the public the benefits of membership to encourage them to sign up.
- Attending meetings in the community to discuss membership, especially targeting under-represented groups by age, ethnicity and gender.
- Recruitment stands at local colleges to increase the number of young people becoming members.
- Setting up social networking sites, such as Facebook and Twitter to attract new members.
- Mailshots to local businesses, such as hotels/gymnasiums/fitness centres, informing staff of the benefits and inviting them to become members.



## Retention of Members

The Trust understands the importance of not only building on its existing membership base, but to ensure those existing members are retained.

- New members are sent a welcome pack with information on membership and a discount card.
- All members are sent a copy of the "Your Hospitals" quarterly newsletter with news about the Trust and consultations.
- Members seminars are now held monthly with topics such as, Bowel Cancer, Cancer Prevention, Diabetes, Organ Donation and Cataract/Cornea problems. We continue to put on seminars of interest through feedback from our members.
- A dedicated membership hotline and email address allows our members to have a point of contact with any enquiries about membership.

## Membership Representation

We are keen to ensure that our membership is representative of the whole community. We have been looking at ways to engage with the younger generation, which is currently slightly under-represented. Presentations have been held in colleges across the Fylde Coast and we are currently working with 15 and 16-year-old school children to promote membership.

**Membership Report for Blackpool Fylde and Wyre Hospitals NHS Foundation Trust from April 1st 2009 to March 31st 2010.**

Public constituency	Number of Members
As at start (April 1)	5,049
New Members	788
Members leaving	222
At year end (March 31)	5,615

Staff constituency	Number of Members
As at start (April 1)	4,821
New Members	374
Members leaving	328
At year end (March 31)	4,867

Public constituency	Number of Members
Age (years)	
0 - 16	8
17 - 21	259
22+	4,733

Ethnicity:	Number of Members
White	4,656
Mixed	17
Asian	61
Black	14
Other	15

Socio-economic groupings:	Number of Members
ABC1	4,473
C2	705
D	100
E	318

Gender analysis:	Number of Members
Male	3,066
Female	2,429





“ Our son has just spent some time on Berry Ward, Child Assessment Unit. I would just like to say how grateful we were for the friendly attention and reassurance we received. We found the parents’ room extremely useful, a great asset to parents in situations like ours. I would like to convey our grateful thanks to the staff, without whom our worrying time would have been even more stressful. ”

Mrs Donna Louise Green, Wrea Green, Nr Preston

## 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 Accountable officer.

The Council of Governors has approved the continued appointment of PricewaterhouseCoopers as the Trust's external auditors until March 31st 2010. PricewaterhouseCoopers were paid £60,000 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 2009/10 no additional work was carried out by the External Auditors outside of normal audit requirements.

## Composition of the Audit Committee

The Committee operates in accordance with the Terms of Reference agreed by the Board of Directors on July 29th 2009 and has met on six occasions during the year ended March 31st 2010. 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 Finance Director of a FTSE listed company.

In addition to the Committee members, standing invitations are extended to the Finance Director (who also acts as the Deputy Chief Executive), External and Internal Audit representatives, the Local Counter Fraud Officer and 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 fulfil its responsibilities; these included the Chief Executive, the Director of Human Resources and Organisational Development, the Assistant Director of Finance, the Clinical Governance Risk Manager and members from the Learning and Development team. Administrative support has been provided by Miss Judith Oates, Foundation Trust Secretary, from April 2009 – September 2009 and by Miss Kayleigh Briggs, PA to Deputy Chief Executive, from November 2009 – March 2010.

## Audit Committee Activities

### Financial

The Committee reviewed the Annual Report and Accounts for the year ended March 31st 2009 at its meeting on May 5th 2009 and at the subsequent meeting on June 3rd 2009 and formally recommended to the Trust Board that the accounts be approved at the Board meeting held on June 3rd 2009. The first draft of the Annual Report for the year ending March 31st 2010 was reviewed at the meeting held on February 8th 2010. In addition a presentation by the Trust Auditors, PricewaterhouseCoopers (PwC), on Quality Accounts was also considered.

A restatement of the 2008/09 accounts under IFRS was reviewed and approval given by the Trust Board in October 2009 to the restated balance sheet.

As stated in last year's Audit Committee report the Trust is continuing to monitor its performance against ALE standards and the progress of this review was considered throughout the current year. The Committee also considered the Audit Commission paper on data quality entitled "Figures you can Trust", the recommendations contained therein being taken to the Board for consideration. The results of the review under the Data Assurance Framework on Payment by Results was also considered by the Committee.

## 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 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. In addition the Annual Reports of the Clinical Governance Committee and the Annual Report on the Divisional Risk Registers were revised.

The Trust Statement of Internal Control (SIC) was considered at the meeting held on May 5th 2009 and recommended to the Board for approval.

With regard to 'Assurance' the Audit Commission Report entitled 'How do Boards get their Assurance' was discussed in detail and a Trust wide review followed at Board level aided by a detailed paper on the subject prepared by the Associate Director of Corporate Affairs.

## External Audit

The Trust's External Auditors, PricewaterhouseCoopers (PwC) were re-appointed as Auditors of the Trust for the financial year 2009/10 at the Council of Governors Meeting held on August 7th 2009 and their audit fee for the year approved. Their reappointment for 2010/11 will be considered following the conclusion of the 2009/10 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 2009/10.
- Considering the extent of co-ordination with, and reliance on, Internal Audit.

- Consideration of alternative mechanisms regarding self assessment of the Audit Committee's effectiveness
- Receiving and considering the Annual Audit Letter at its meeting on June 3rd 2009, which was presented to the Board of Directors at its meeting on June 3rd 2009.
- Receiving and considering reports outside the scope of audit, particularly with regard to the restatement of the prior year Accounts under IFRS.

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 5th 2009, 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 2009.

## Other Matters

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

- Continuing Review of Clinical Audit both in terms of staffing levels and functional development.
- Review of 2008/09 Audit Committee Report.
- Review of sickness absence and mandatory training.
- Local Counter Fraud Specialist Report and Annual Report.
- Ensuring Fraud is embedded in Trust risk registers.
- Reviewing the policy 'Raising Concerns' (Whistle Blowing)
- Presentations by PwC to the Committee on the following subjects, Board Assurance, Information Governance, Lessons Learnt from Mid Staffs Review and Quality Accounts.

- Consideration of alternative mechanisms regarding self assessment of Audit Committees Effectiveness. This review is to take place at the May 4th 2010 committee meeting.
- Consideration of the process for consolidation, or otherwise, of the Trust's Charitable Funds.
- Discussion regarding system for presentation of information regarding waivers to standing orders.
- Continuous review of training needs for Audit Committee members and attendance at relevant courses.

## Conclusion


2009/10 has been a 'developmental' year with regard to Governance and Risk Management throughout the Trust. Particular emphasis has been placed on the development of a meaningful and patient centered Clinical Audit Function. In addition considerable attention has been given to the lessons learnt from the Mid Staffs Review and also issues around Data Quality.

## Looking Ahead

2010/11 and beyond present many challenges both to the NHS and Acute Trusts in particular. Increased efficiencies, improved patient care and substantial capital projects all present their particular challenges.

The Committee will need to be strong and vigilant in its role to ensure that the Trust operates within its agreed ratings with Monitor, particularly having regard to the economic climate and at the same time ensure that it delivers continuing and improving patient care.

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



Paul Olive  
Chairman of Audit Committee



“ On January 2nd 2010 I suffered a heart attack at Blackpool football ground. Thanks to the prompt response of the paramedic crew I was in A&E, BVH in 15 minutes, where tests showed I required a by-pass, I decided to wait and have the operation in BVH. In every department I found staff very efficient, cheerful and professional. Every procedure was fully explained. After my operation the excellent nursing care continued through to my transfer to Bispham Hospital, where the high standards were maintained. I cannot stress enough the excellent care I received, without which things might have turned out very different. Again, many thanks. ”

Mr Robert (Bob) Taylor, Ipswich

The membership of the Trust's Remuneration Committee comprises all six Non-Executive Directors, plus the Chairman. The Committee 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-Secretary

Three meetings of the committee took place during 2009/10 with attendances as follows:

### April 20th 2009

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

### October 2nd 2009

Mr M Brown/Miss B Lester/Mr P Olive/Mr B Robinson/Mr N Grimshaw/  
Mr A Kehoe

### February 24th 2010

Mr M Brown/Mrs C Breene/Mr M Faulkner/Mr P Hosker/Miss B Lester/  
Mr P Olive/Mr B Robinson/Mr N Grimshaw/Mr A Kehoe

The Committee establishes pay ranges, progression and pay uplifts for executive director posts and other posts that report to the Chief Executive and Director of Operations.

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 its meeting on April 20th 2009 the Remuneration Committee considered the performance of the Trust, its Chief Executive and other directors for the year 2008/2009. The Chairman of the Board of Directors assesses the performance of the Chief Executive and the Chief Executive assesses the performance of the other directors and associate directors responsible to him. The Director of Operations assesses the performance of the Divisional Associate Directors. Having considered these assessments the committee determined to uplift the salaries of all staff for whom it sets the pay and conditions by 2.4%, the same value as had already been agreed nationally for all Trust staff covered by Agenda for Change pay and conditions of service. The Trust does not operate any bonus scheme in addition to basic salary for Executive Directors and other senior staff whose pay is determined by the Committee.

All staff whose pay and conditions are set by the Remuneration Committee are employed on substantive contracts of employment, i.e. not fixed term and all have notice periods of six months.

Termination payments are made in accordance with the provisions set out in the standard NHS

conditions of service and NHS pension scheme as applied to all NHS staff.

The following tables provide details of the remuneration and pension benefits for senior managers for the period April 1st 2009 to March 31st 2010. These tables are subject to audit review.

## A) Remuneration

Name and title	Year ended to 31st March 2010				2009
	Salary (bands of £5000)	Other Remuneration (bands of £5000)	Benefits in Kind rounded to the nearest £100	Total (bands of £5000)	Total (bands of £5000)
	£000	£000	£	£000	£000
B Lester - Chairman	45 - 50			45 - 50	45 - 50
J Hartley - Chief Executive (to 31/03/09)					175 - 180
A Kehoe - Chief Executive	165 - 170		3,300*	170 - 175	125 - 130
T Welch - Deputy Chief Executive	126 - 130			126 - 130	125 - 130
HG Clarke - Director of Operations	100 - 105			100 - 105	0
C Siddall - Acting Director of Operations (from 04/01/10)	25 - 30			25 - 30	0
PR Kelsey - Medical Director	50 - 55	140 - 145		190 - 195	180 - 185
A Sunderland - Director of Nursing and Quality (to 28/11/08)				0	70 - 75
J Langwade - Acting Director of Nursing and Quality (28/11/08 to 01/02/09)				0	40 - 45
M Thompson - Director of Nursing and Quality (from 02/02/09)	100 - 105			100 - 105	15 - 20
MJ Gallagher - Director of Facilities (to 24/10/08)				0	70 - 75
BR McEwan - Acting Director of Facilities (27/10/08 to 13/03/09)				0	40 - 45
R Bell - Director of Facilities (from 16/03/09)	105 - 110			105 - 110	0 - 5
N Grimshaw - Director of HR & OD	105 - 110			105 - 110	105 - 110
C Breene - Non-Executive	10 - 15			10 - 15	10 - 15
PA Olive - Non-Executive	15 - 20			15 - 20	15 - 20
M Brown - Non-Executive	10 - 15			10 - 15	10 - 15
P Hosker - Non-Executive	10 - 15			10 - 15	10 - 15
WG Robinson - Non-Executive	10 - 15			10 - 15	10 - 15
MG Faulkner - Non-exec director	10 - 15			10 - 15	10 - 15

\*The non-cash payments relate to lease cars.

## Salary and pension entitlements of senior managers (continued)

### B) Pension benefits

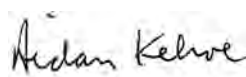
Name and title	Real increase in pension at age 60 (bands of £2500)	Total accrued pension at age 60 at 31 March 2010 (bands of £5000)	Real increase in related lump sum at age 60 (bands of £2500)	Related lump sum at age 60 at 31 March 2010 (bands of £5000)	Cash Equivalent transfer value at 31 March 2010 (rounded to the nearest £1000)	Cash Equivalent transfer value at 31 March 2009 (rounded to the nearest £1000)	Real increase in Cash Equivalent transfer value (rounded to the nearest £1000)
	£000	£000	£000	£000	£000	£000	£000
A Kehoe Chief Executive	12.5 - 15	40 - 45	37.5 - 40	125 - 130	753	475	254
T Welch Deputy Chief Executive	0 - 2.5	25 - 30	2.5 - 5	75 - 80	343	290	87
HG Clarke Director of Operations	7.5 - 10	40 - 45	27.5 - 30	125 - 130	875	597	248
C Siddall Acting Director of Operations (From 04/01/10)	0 - 2.5	25 - 30	2.5 - 5	85 - 90	483	340	30
P Kelsey Medical Director	(2.5) - 0	60 - 65	(2.5) - 0	190 - 195	1,463	1,348	48
M Thompson Director of Nursing and Quality	12.5 - 15	30 - 35	42.5 - 45	90 - 95	478	289	175
N Grimshaw Director of Human Resources	0 - 2.5	30 - 35	0 - 2.5	95 - 100	568	493	51
R Bell Director of Facilities	0 - 2.5	0 - 5	0 - 2.5	0 - 5	30	0	30

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

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capital value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's 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.



Aidan Kehoe,  
Chief Executive



“ I write to express my sincere gratitude for the excellent attention I have received from your professional staff at BVH. The treatment I received showed me not only concern for the surgical outcome of my stay in hospital, but, in my opinion, also very important, the relief of my mental anguish, prior to my hip replacement operation. My thanks and gratitude also go to everyone on Ward 10. ”

Mr J P Nyland, Blackpool

The Nominations Committee is a formally constituted Sub-Committee of the Council of Governors and comprises the Trust Chairman (Chair of the Committee) and three Governors.

#### **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) (until 16.10.09)

There has been one meeting of the Nominations Committee during 2009/10 and three of the four 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.
- Monitor's requirements
- 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 of 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.

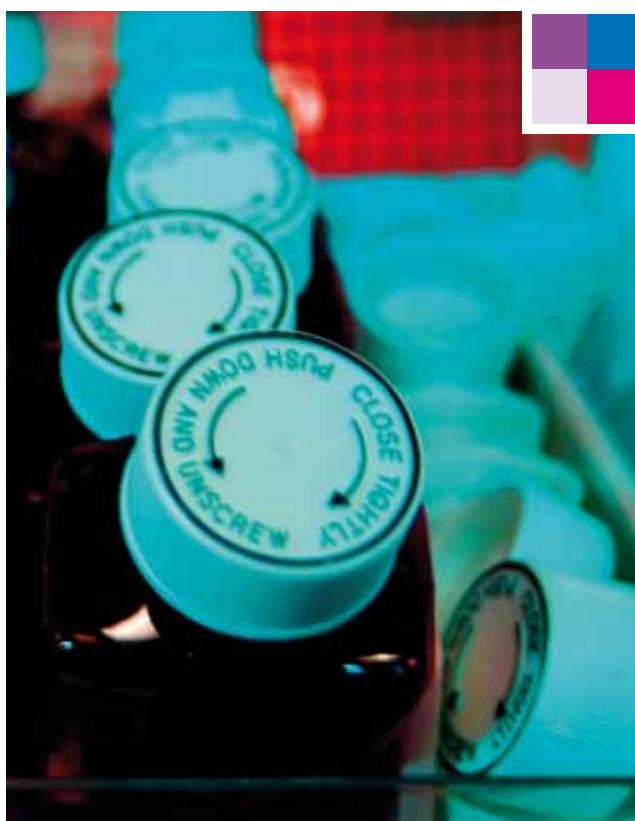


“ I would like to compliment the staff of the Day Case Surgery unit, the lady in reception, the pre-op assessment staff, Mr Khan and his team, the ward staff responsible for my aftercare all made me feel valued as a patient and did their best to make my visit as pleasant as possible under the circumstances. By their actions BVH demonstrated that when it gets it right it is a hospital at the top of its game. ”

Mr Austin Grayer, Blackpool

## Annex A: Quality Report

April 1st 2009 to March 31st 2010



# Part 1: Quality Narrative

## 1.1 A Statement on Quality from the Chief Executive

I am delighted to present the Trust's second Quality Report for the 2009/10 period, which gives the Trust the opportunity to demonstrate to our patients and staff how we have worked over the past year to continually improve the quality of care we provide to our patients.

We aim to provide services that consistently deliver the best clinical outcomes for our patients, which are safe, accessible and responsive to patients' needs. This Quality Report sets out how we are progressing with this ambition and where we are focusing our attention to make further progress.

This report provides an overview of the quality of care delivered in 2009/10 as well as describing how we have responded to challenges faced by the Trust. The report identifies how we are performing against targets that enable us to measure quality, outlines the priorities for improvement over the coming year and our plans for 2010/11.

Over the last three years great progress has been made in delivering on our vision and values. This has been achieved by the implementation of The Blackpool Way which is our Organisational Development Programme focusing on engaging staff and harnessing their potential.

The Trust continues to make great progress in delivering 'Best in NHS' Care. This progress was recognised through the Trust emphasising quality of care, patient safety and reduction in infection, which you can read more about in the pages of this quality report. For the second consecutive year, the Trust has been named in the CHKS UK's Top 40 Hospitals, which celebrates the best performing Trusts in the country. Hospitals are rated on 24 key performance indicators which are identified in Table 10. These are critical to delivering high quality patient care. These include waiting times, mortality rates, length of stay, hospital readmissions and infection rates. The Trust has won a number of awards for improving quality and patient safety. These awards include:

- Communicating Patient Safety Award 2010
- Best communications that has improved Patient Care

Also to ensure our Trust is a great place to work,

the Trust was awarded the Investors in People Gold Standard Award and was named in the Sunday Times 75 Best Places to Work in the Public Sector.

The Trust participated in the Advancing Quality Programme which focuses on five key clinical areas. In two of these areas the Trust under performed in pneumonia and heart failure. The data published related to October 2008 to September 2009 and since then our performance has improved in all areas. We are working with our clinicians with detailed action plans to ensure further improvements.

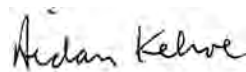
Our plans for continuing to improve and demonstrate quality in everything we do will evolve throughout the year. We aim to work with our staff, service users, their families and carers, Commissioners, stakeholders, Governors, Members and the wider public in continuing to drive up the quality of our services. Contributions to develop the quality report have been received from the Governors, Local Involvement Networks, Overview and Scrutiny Committees together with the Corporate Governance Team.

The Trust aims to achieve excellence in everything it does and its challenges and aspirations for quality improvement are identified in the Quality Strategy which sets ambitious targets for the next three years in relation to direct patient care, as set out below:

- Improve our hospital standardised mortality rate.
- Conform to best practice by fully implementing Advancing Quality, 100,000 Lives and Saving Lives interventions.
- Reduce avoidable harms.
- Improve the patient experience.

The report 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.

The Quality Report April 1st 2009 – March 31st 2010 to the best of my knowledge and belief contains accurate information in relation to NHS Services provided by the Trust.



Aidan Kehoe  
Chief Executive

## Part 2: Review of Quality of Performance identifying Priorities for Improvement against 2009/10

In light of the NHS, 'High Quality Care for All', Lord Darzi review, the Trust developed a quality Framework which was approved by the Board of Directors and launched in November 2008, which identified three key elements in the quality of care it delivers to its patients. These define specific targets for action.

These are:

- Patient safety
- Clinical effectiveness
- Patient experience

Details of the priorities for quality improvement that were agreed by the Board of Directors as outlined in the Annual Report and Accounts 2008/09 are detailed in Table 1.

**Table 1**

Quality Improvement Priorities 2008/09 - 2009/10	Quality Improvement Performance/ Outcome Measures
Patient Safety	<p>Reduce hospital mortality rates from 103 to 73 by 2011/12</p> <p>Reducing infection rates by 50% by 2011/12</p> <p>Reducing avoidable harms through the following strands of work:</p> <ul style="list-style-type: none"> <li>– Global Trigger Tool to be used to measure adverse events and reduce incidents which may cause harm to our patients</li> <li>– Falls reduction project</li> <li>– Reducing Medication errors by 50% by 2011/12</li> </ul>
Clinical Effectiveness	<p>Conformance to best practice through application of the following interventions to improve patient outcomes:</p> <p>Phase 1 site for the North West Advancing Quality initiative that seeks compliance with best practice in five clinical areas:</p> <ul style="list-style-type: none"> <li>– Acute Myocardial Infarction (Heart Attack)</li> <li>– Hip &amp; Knee Surgery</li> <li>– Cardio by-pass Surgery</li> <li>– Heart Failure</li> <li>– Community Acquired Pneumonia</li> </ul> <p>Implementing 100,000 Lives and Saving Lives Programme. This initiative has been adopted by the Trust with the aim of reducing patient harm.</p> <p>Identifying measurable indicators of best practice resulting in reduced mortality and improved patient experience</p>
Patient Experience	<ul style="list-style-type: none"> <li>• Improving the patient experience which will be measured through an improvement in the Patient Satisfaction rating for the quality of services</li> <li>• Improving local patient experience survey results</li> <li>• Customer care programme launched to improve performance and customer satisfaction</li> <li>• Nursing care indicators used to assess and measure standards of clinical care and patient experience</li> <li>• Seeking patients' views to improve End of Life Care</li> </ul>

## 2.1 Progress of Performance on Quality Improvement Priorities against 2009/10

The Trust has continued to work throughout the year to embed a culture of patient safety and has made considerable progress and improvements in key quality measures through a number of programmes to improve quality during 2009/10.

A programme of work has been established 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, reducing avoidable harms, conformance to best practice and improving patient quality. Improvements will be delivered through the use of The Blackpool Way, which is the Trust's organisational development programme and this will be achieved by engaging with staff and supporting them to implement changes that will have a positive impact on patient care. The quality improvement priorities will continue to be monitored and reported to the Board of Directors as part of the Board Performance Business Monitoring Report and to the Committee of the Board where appropriate.

The following information provides an overview of the quality of care provided by the Trust based on performance in 2009/10 against the indicators for patient safety; clinical effectiveness and patient experience.

### 2.1.1 Patient Safety

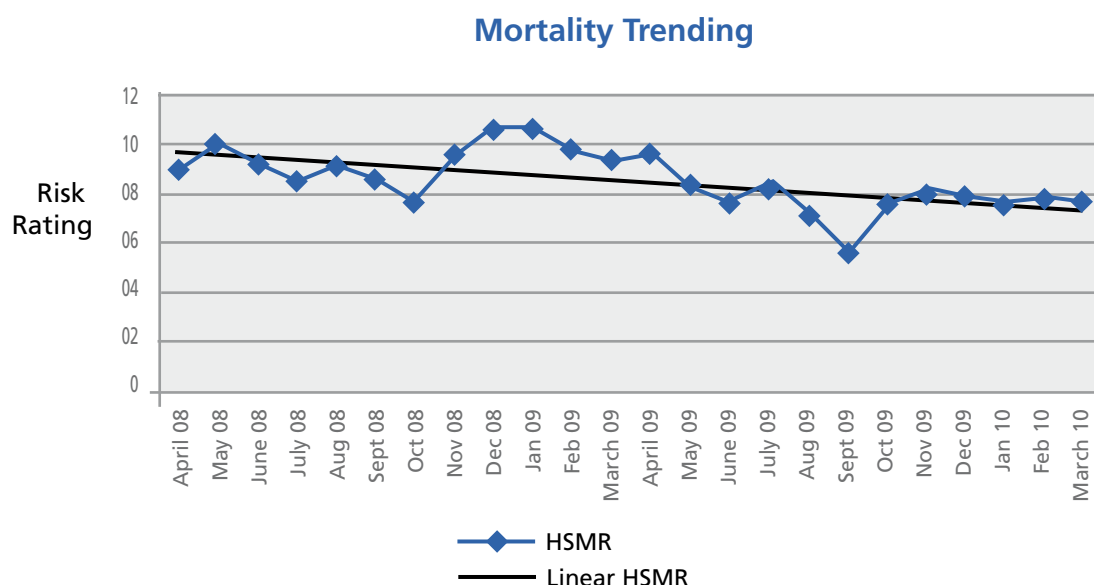
#### Reduced Hospital Mortality Rates

The Trust received negative publicity around the publication of the Dr Foster's reports on mortality. Since its publication we have made further improvements to our mortality rates as outlined below.

The Trust has worked with an independent benchmarking company over the last five years to track hospital mortality rates and take action where rates have been seen as high. In October 2008 the Trust had a Risk Adjusted Mortality Index (RAMI) score of 103. The graph below identifies the Trust now has a RAMI of 79. We believe that we can improve on this and achieve a 10-point reduction in our RAMI, year on year for the next three years. We therefore set ourselves the goal of delivering a RAMI of 73 by the financial year 2011/12. Based on 2007/08 RAMI data achieving our goal will result in 573 fewer deaths occurring in hospital per year. The Trust is well on the way to delivery of its goal with a 22-point reduction in the RAMI from the October 2008 baseline as identified in graph 1 below.

The reduction in RAMI was achieved by identifying those schemes which would enhance patient safety by improving the management of the deteriorating patient and by implementing harm reduction strategies such as reducing medical outliers, hospital acquired infections and medication errors. Progress on all those objectives has been reported to the Board on a regular basis. The emphasis has been on improving processes so that the improvements are local, measurable and immediate and are owned by the team providing the care.

Graph 1



## Reducing Infection Rates

### Methicillin Resistant Staphylococcus Aureus (MRSA)

Following the significant reductions in Methicillin Resistant Staphylococcus Aureus (MRSA) Bacteraemia (78%) in 2008/2009, the Trust has continued to embed Infection Prevention principles across the organisation to ensure that the risk of acquiring an infection for patients is further reduced. The Department of Health continues to monitor MRSA bacteraemia rates; the agreed trajectory target for 2009/2010 is 26, although the Trust has adopted a local trajectory target of 13.

MRSA Bacteraemia rates continue to fall and from April 2009 – March 2010 there have been eight MRSA Bacteraemias, only three of which are attributed to the Acute Trust. The remaining five are attributed to the relevant Primary Care Trusts as an infection that developed in the community as opposed to occurring in the hospital. During the same time period in 2008/2009 there had been eight cases of MRSA Bacteraemia which demonstrates a reduction in 2009/10 as shown in graph 2 below.

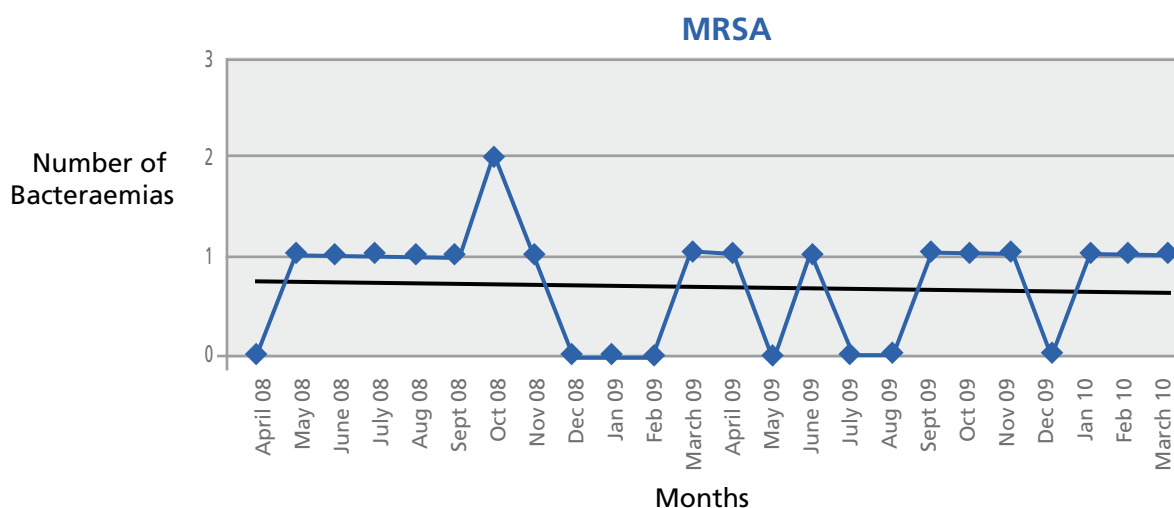


### Clostridium Difficile

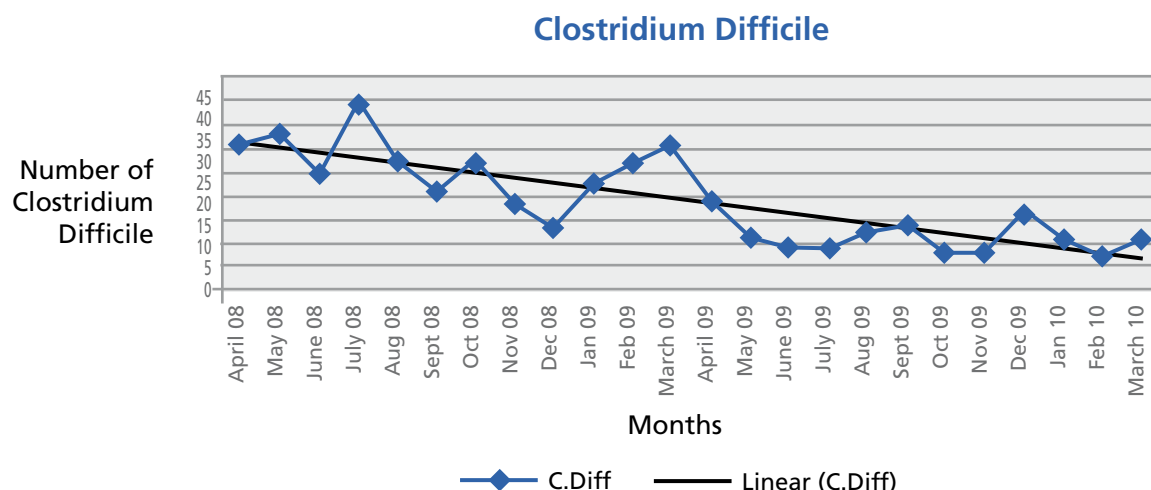
Clostridium Difficile is an organism which may be present in the faecal flora of asymptomatic carriers. Clostridium Difficile is found in approximately 2% of normal adults. This percentage rises with age and the elderly have colonisation rates of 10-20%, depending on recent antibiotic exposure and time spent in an institution. Symptomatic patients are those whose stools contain both the organism and the toxins which it produces, and have diarrhoea. Those patients who are most at risk of acquiring Clostridium Difficile diarrhoea are the elderly, those on antibiotic therapy and surgical patients. Antibiotic administration is the most important risk factor for Clostridium Difficile diarrhoea, which is also known as Antibiotic Associated Diarrhoea. The clinical features of Clostridium Difficile infection can range from diarrhoea alone, to diarrhoea accompanied by abdominal pain and pyrexia to pseudo-membranous colitis (PMC) with toxic megacolon, electrolyte imbalance and perforation

Following the significant reductions in Clostridium Difficile Infection (33%) in 2008/2009, the Trust has continued to embed measures to reduce levels further within the organisation. There were 241 cases of Clostridium Difficile Infection (CDI) between April 2009 and March 2010, in comparison to 315 in the same period last year. This demonstrates a percentage reduction of 24% which is above the 17% yearly reduction incorporated into the three-year plan trajectories. Of the 241 cases for 2009/10, 134 have been attributed to the Acute Trust. The Trust is required to achieve a 52% reduction in CDI rates from the 2007 level, by 2011.

Graph 2



Graph 3

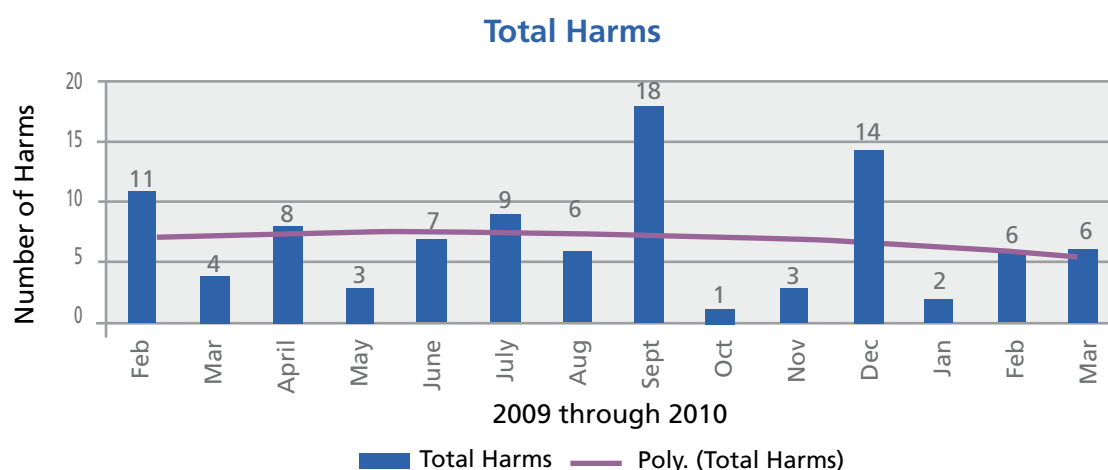


## Global Trigger Tool

Traditionally 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% of errors are reported and of those, 90 to 95% cause no harm to patients. The Trust has therefore decided to adopt the IHI Global Trigger Tool to measure adverse events. The Global Trigger Tool is a method to measure events of harm that may happen to a patient during their admission and stay in an acute hospital. This is an easy-to-use method for accurately identifying events that cause harm to patients and measuring the rate at which they occur. It also provides

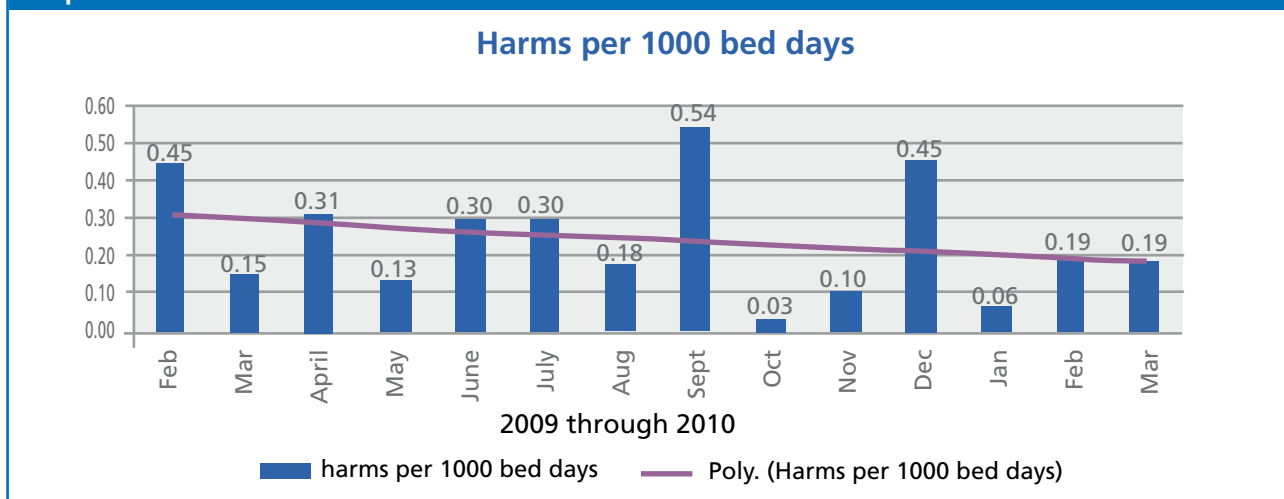
information on whether changes being made, in response to adverse incidents, are improving safety. Data collection commenced in February 2009 therefore no annual comparative data is yet available, however, graph 4 and 5 identifies the data available of the total number of harms from February 2009 – March 2010. We have implemented a monthly review of 20 sets of case notes using the Global Trigger Tool. We now have an effective way to identify events that do cause harm to patients in order to quantify the degree and severity of the harm, and to select and test changes to reduce them. To date we have reviewed over 300 sets of case notes. A quarterly report is produced and submitted to the Board for monitoring.

Graph 4



The purple curves are 12 month trend lines and show a steady decrease in harms per thousand bed days over the year

Graph 5

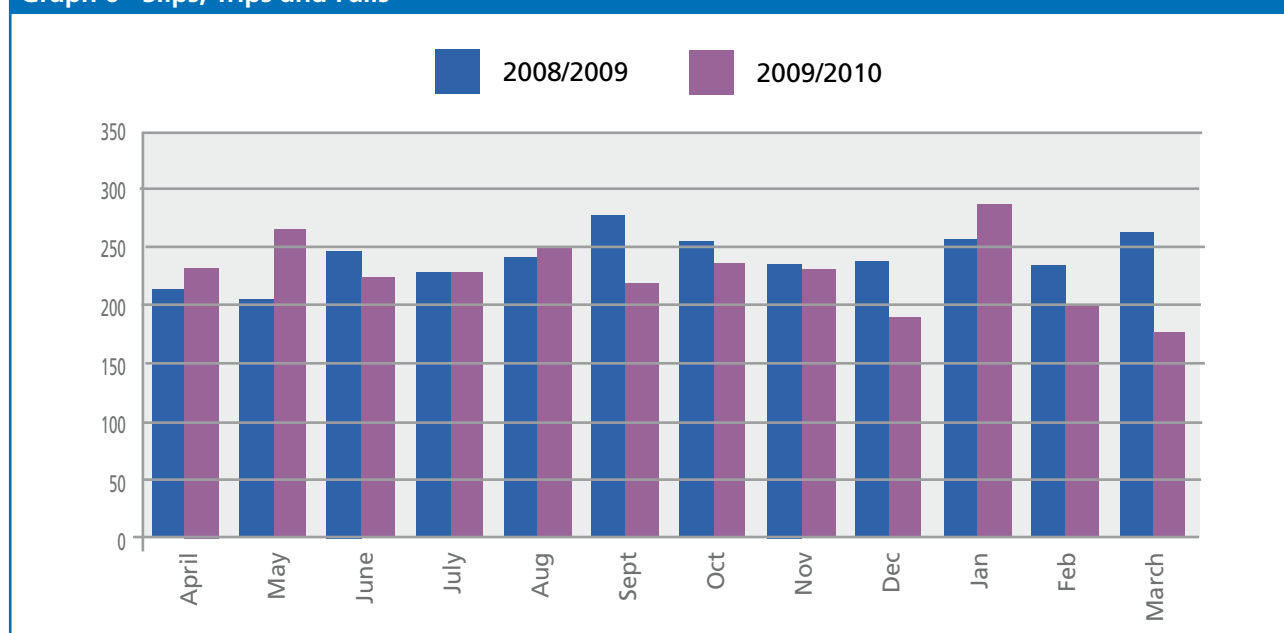


### Falls Reduction Project

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 for the patient. Between April 2008 and April 2009, 2,888 patients experienced a slip, trip or fall while in hospital. There are many initiatives within the Trust to assist in the prevention and reduction of patient falls and the table below shows a comparison of the slips, trips and falls between 2008/09 and 2009/10. The data identifies an overall reduction in slips, trips and falls for each consecutive month apart from the months in April, May and August 2009, which demonstrated a slight increase. A number of patient falls initiatives have contributed to the reduction in in-patient falls as identified in graph 6 below:

- Intensive support and training has been given to a particular ward within the Medical Division to raise awareness of falls prevention. This has resulted in a 44% reduction in the number of falls from 25 to 11 in a five month period June – October 2009 compared to the same period last year. This intensive support is being rolled out across other areas within the Trust.
- The Medical Division has introduced movement sensors both on the acute wards and in the community hospitals for patients who are identified to be at high risk of falling. The sensors are discreet and can be placed either under the mattress of the bed, or on the chair if the patient is sat out. The sensors alert the nurses via a pager system if a patient attempts to get out of bed unaided. The sensors have already helped prevent potential injury to patients as the nursing staff have been alerted swiftly and assistance can be given.

Graph 6 Slips, Trips and Falls



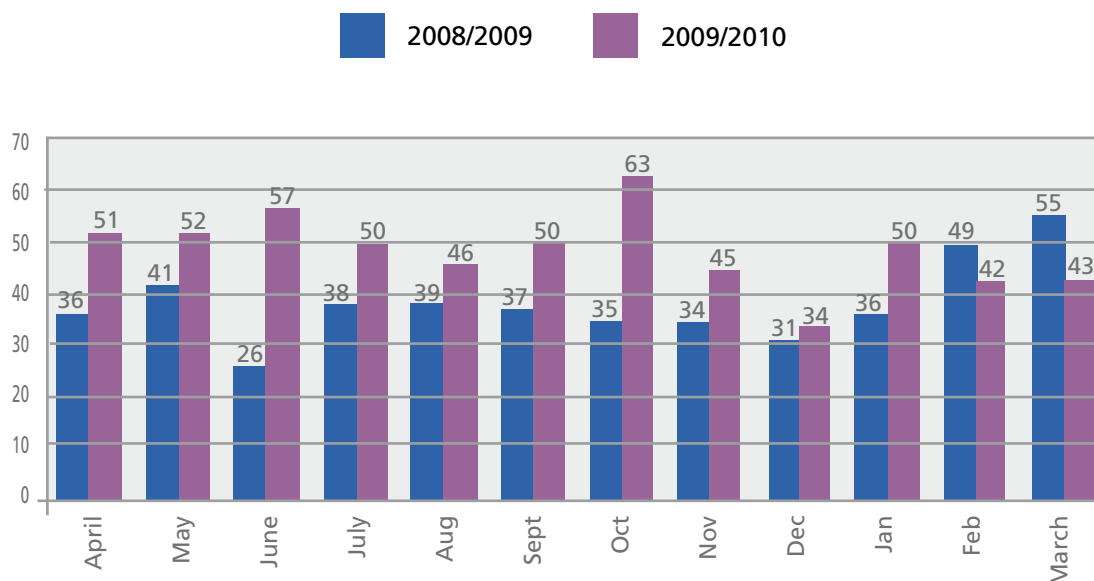
## Reducing Medication errors by 50% by 2011/12

Incidents involving medicines were the third largest group (9%) of all incidents reported to the National Reporting and Learning Service (NRLS) after patient accidents (35%) and treatment / procedure (9%) from a total of 811,746 incidents of all types reported during 2007.

Much work has been undertaken within Pharmacy to improve the safety of Medicines

within the Trust. As stated in the previous year's Quality Report we have continued to work within clinical professions encouraging a culture through which medication incidents are reported in a timely manner. The number of medication incidents that are reported is increasing as identified in graph 7 below, thus acknowledging the increased awareness and commitment of staff to ensure that patient safety and professional accountability is maximised with the safe management of medicines within the Trust.

**Graph 7 Medication Errors**



## Increased training

The Practice Development Sister has reviewed and updated both the Administration of Medicines and the Intravenous Administration of Medicines Training packages. These now include new professional standards, and reflect current changes in legislation and organisational policies. The training sessions have been increased to further engage professionals with the National Patient Safety Agency Alerts and the impact on ensuring the safe delivery of medicines to in-patients and outpatients.

To ensure a collaborative and standardised approach to the safer management of medicines the training packages are now designed to meet the needs of other Allied Health Professionals, and training is now provided for radiographers and physiotherapists who administer medicines as part of their duties. This has developed a very inter-professional approach to medicines management at all stages of the patients journey. The number of training sessions has been increased to monthly to allow access to the increasing number of professional staff who are

involved in medicines and to ensure that staff are equipped with the knowledge and skills that ensure medicines are administered to patients safely.

In response to the Nursing and Midwifery Council (NMC) requirements regarding Pre-registration student nurses, training is provided at 1st 2nd and 3rd year stages of the students' progression throughout the course. The Practice Development Sister has ensured that the contents of the training packages not only reflect the learning outcomes of the Higher Education Institution at each key stage, but also ensure that at point of registration the student has met the essential skills clusters and is prepared for practice.

Medicines Management Training is given to all FY1 and FY2 Doctors as part of their Induction Training on commencement with the Trust.

The Administration of Medicines/Medicines Management Training has now become Mandatory for nurses and allied health professionals within the Trust.



### Bulletin Safety alerts involving medicines

All safety alerts are cascaded to clinical areas through designated Medicines Management Liaison Link Nurses in the form of Medicines Matter Bulletins. This ensures that information regarding high-risk medicines or practice is disseminated at point of care.

### Introduction of new products to improve patient safety

The introduction of pre-filled saline medical devices is being rolled out across all clinical areas. This device will reduce the risks associated with the preparation of an injectable medicine and the risk of microbial contamination associated with this procedure. This will also reduce the use of needles being used and therefore, the risk of needlestick injuries to staff. This meets best practice guidelines as identified in the National Patient Safety Agency (NPSA) Safer Use of Injectable Medicines.

### Medicine Audits

Current audits that have been undertaken by Medicines Management are:-

- All National Patient Safety Agency (NPSA) alerts are audited annually to demonstrate sustained compliance with all alerts.
- Omission of medicines was initiated last year and will be audited again in response to the NPSA alert for omitted or delayed medicines.
- The General Medicines Management Audit is undertaken on an annual basis and includes the safe storage of medicines and the competencies of staff administering medicines within the Trust.

- A Controlled Drugs audit has been undertaken on a three monthly basis.
- Prescribing Audit. Undertaken annually to ensure compliance with policies and procedures and to ensure that safety within prescribing is maximised.

All audit results are presented through the Medicines Management Committee Meetings and then disseminated to each Division along with requests for action plans to address any issues or concerns. These are then reviewed at the following Medicines Management Committee meeting to ensure improvements are made.

### Information resources

Increased resources have been made available via the Medicines Management Intranet site; these include updates, National Patient Safety Agency (NPSA) alerts and Medusa which is an electronic version of the Injectable Medicines Guide.



## Audit Improvement

For all prescribed drugs, omission without reason or appropriate action should be avoided. All efforts should be made to ensure patients receive all medicines as prescribed to ensure that the efficacy and safety of their care is maximised. It is apparent from the outcome of the audit that the correct omission codes are not being utilised within clinical practice. This practice increases the potential for medication errors to occur within our wards causing potential harm to our patients.

Medication errors have serious consequences to the wellbeing and recovery of our patients. Documenting an incorrect code is a medication error, which should be reported via usual Untoward Incident Reporting Systems.

Documenting a code without ascertaining the facts e.g. recording a code 6 which is in relation to when the patient is unable to self administer or when the patient does not have the medication is not only an error but a falsification of patient records.

Despite this, the results highlight that there is some room for improvement. All staff involved in medicines administration are encouraged to reflect on current practice and identify areas for improvement.

All Divisions have been supplied with electronic audit results for individual wards, it is anticipated the audit will be repeated within an agreed time. The PD Sister is available to all wards that require advice, support or educational sessions.

The importance of correct documentation and omission coding is included in training packages at induction and ongoing professional development for Trust employees. A future Medicines Matters bulletin is planned to highlight the correct documentation processes required to provide safe medicines administration and management within the Trust.

This will be disseminated to all areas via Medicines Management Liaison Links and general distribution lists.

This practice was reviewed and practice audited prior to the introduction of a National Patient Safety Alert issued in Feb 2010 RRR009 Reducing harm from omitted and delayed medicines in hospital, which reflects the findings of the audit itself.

Action has already been taken in the provision of Training and Clinical Support for staff in clinical areas as the Trust continues to improve patient safety in relation to safer medicines management within the Trust.

## 2.1.2 Clinical Effectiveness

### North West Advancing Quality Initiative

The Trust is one of the first sites to assist in the development of the North West Strategic Health Authority Advancing Quality Programme, which focuses on delivery of a range of interventions for each of the following conditions examples of the interventions can be found in the following information and tables:

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

Research 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.

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. The Trust is on track to achieve top 25% performance for Acute Myocardial Infarction Measures and top 50% performance for Hip and Knee. Work is ongoing to improve and implement measures and achieve top 25% performance across all conditions. Approximately 2,700 patients a year will benefit from this programme.

The Patient Experience aspect of the Advancing Quality programme is now being measured. As soon as robust data is available the Trust will identify and implement any actions required to improve the patient experience.

### Comparison of Data

For each of the key areas (a series of appropriate patient care measures have been determined which are known as Composite of Score (CQS). Data is collected to demonstrate if these measures are being met and a composite quality score for each key area is derived for every Trust in the programme. From this data the performance thresholds for top 25% and 50% performance are identified and applied to each Trusts performance).

Trusts in the top 25% performer group will receive an incentive payment of 4% of tariff, whilst Trusts in the top 50% performer group (who are not in top 25% group) will receive an incentive payment of 2% to be used to improve patient care.

A Trust's score must exceed the threshold in order to receive payment.

Trust on track for top 25% payment  
Trust on track for top 50% payment  
Not on Track for payment



Trust performance against each of the five key areas is detailed below. A Clinical Lead and Operational Manager have been identified for each key area and meetings are held to identify the actions required to improve scores achieved to date.

## Acute Myocardial Infarction

### Review

The performance of the Cardiologists in treating the Acute Myocardial Infarction patients is excellent. There will always be a number of patients who will be unable to receive Aspirin and Beta-Blockers. The Cardiac Division will endeavour to improve on the counselling of people to stop smoking.

Acute Myocardial Infarction	Trust Performance			
Measure	Oct 08 - Dec 08	Oct 08 – Mar 09	Oct 08 – June 09	Oct 08 – Sept 09
Aspirin at arrival	100.00%	100.00%	100.00%	100.00%
Aspirin prescribed at discharge	100.00%	98.97%	99.20%	99.40%
ACEI or ARB for LVSD	100.00%	100.00%	100.00%	100.00%
Adult smoking cessation advice/counselling	100.00%	95.45%	96.00%	92.86%
Beta Blocker prescribed at discharge	100.00%	97.73%	97.35%	98.03%
Beta Blocker at arrival	100.00%	100.00%	99.07%	99.07%
Fibrinolytic therapy received within 30 minutes of hospital arrival	100.00%	100.00%	100.00%	100.00%
Primary Coronary Intervention (PCI) received within 90 minutes of hospital arrival	100.00%	100.00%	100.00%	100.00%
Survival Index			96.00%	96.76%
<b>Acute Myocardial Infarction (AMI) Composite Quality Score (CQS)</b>	<b>100.00%</b>	<b>98.99%</b>	<b>98.47%</b>	<b>98.55%</b>
<b>Top 25% CQS Threshold</b>	<b>95.82%</b>	<b>96.33%</b>	<b>96.79%</b>	<b>97.02%</b>
<b>Top 50% CQS Threshold</b>	<b>93.1%</b>	<b>92.74%</b>	<b>92.82%</b>	<b>94.40%</b>
Trusts in top 25% performer group will receive an incentive payment of 4%				
Trusts in top 50% performer group (who are not in top 25% group) will receive an incentive payment of 2%				
A Trusts score must exceed the threshold in order to receive payment.				
Trust on track for top 25% payment				
Trust on track for top 50% payment				
Not on Track for payment				



## Hip and Knee Replacement Surgery

### Review

Both antibiotic and Venous Thrombo-Embolism prophylaxis is the subject of a set of Departmental protocols. Compliance with the Venous Thrombo-Embolism prophylaxis protocol is 99% or better as would be expected. With regard to antibiotic prophylaxis we have recently developed a new protocol, involving both flucloxacillin and gentamicin as a first line for patients without penicillin/cephalosporin allergy.

It was expected that compliance with antibiotic prophylaxis within the prerequisite time would be 100% and that failure of the data to reflect this figure may be an act of failure to record the administration of the medication rather than non-compliance. A prospective audit of administration of antibiotic prophylaxis is being set up.



Hip and Knee Replacement Surgery	Trust Performance			
Measure	Oct 08 - Dec 08	Oct 08 – Mar 09	Oct 08 – June 09	Oct 08 – Sept 09
Prophylactic antibiotic received within 1 hour prior to surgical incision	79.49%	81.79%	81.67%	82.53%
Prophylactic antibiotic selection for surgical patients	98.76%	98.63%	98.89%	98.88%
Prophylactic antibiotic discontinued within 24 hours after surgery end time	95.51%	95.34%	94.65%	95.33%
Recommended venous thrombo-embolism prophylaxis ordered	100.00%	100.00%	100.00%	100.00%
Received appropriate Venous Thrombo Embolism (VTE) prophylaxis w/ 24 hrs prior to surgery to 24 hrs after surgery	99.35%	99.64%	99.77%	99.84%
Readmission (28 Day) avoidance index			91.64%	90.31%
<b>Hip and Knee Composite Quality Score (CQS)</b>	<b>94.62%</b>	<b>95.11%</b>	<b>94.49%</b>	<b>94.52%</b>
<b>Top 25% CQS Threshold</b>	<b>94.59%</b>	<b>94.54%</b>	<b>94.49%</b>	<b>94.52%</b>
<b>Top 50% CQS Threshold</b>	<b>89.91%</b>	<b>91.52%</b>	<b>91.76%</b>	<b>92.04%</b>
Trusts in top 25% performer group will receive an incentive payment of 4%				
Trusts in top 50% performer group (who are not in top 25% group) will receive an incentive payment of 2%				
A Trust's score must exceed the threshold in order to receive payment.				
Trust on track for top 25% payment				
Trust on track for top 50% payment				
Not on Track for payment				

## Coronary Artery Bypass Graft Surgery (CABG)

### Review

The management of patients undergoing Coronary Artery Bypass Graft surgery is excellent; however, the discontinuation of antibiotics within 24 hours is low. Our practise previously has been to prescribe the antibiotics without a stop date. These prophylactic antibiotics are now only prescribed for one day. If the antibiotics have to be continued for a longer period, the prescription has to be re-written and the reason for this has to be documented in the patient's notes. The Directorate is optimistic that this will see an improvement in this parameter.



Coronary Artery Bypass Graft (CABG) Surgery	Trust Performance			
Measure	Oct 08 - Dec 08	Oct 08 – Mar 09	Oct 08 – June 09	Oct 08 – Sept 09
Aspirin prescribed at discharge	98.19%	99.08%	99.38%	99.53%
Prophylactic antibiotic received within 1 hour prior to surgical incision	93.64%	95.29%	95.26%	94.71%
Prophylactic antibiotic selection for surgical patients	96.70%	97.21%	97.74%	98.14%
Prophylactic antibiotics discontinued within 24 (48) hrs after surgery end time	82.14%	82.93%	81.57%	82.15%
<b>CABG Composite Quality Score (CQS)</b>	<b>92.74%</b>	<b>93.71%</b>	<b>93.60%</b>	<b>93.77%</b>
<b>Top 25% CQS Threshold</b>	<b>95.63%</b>	<b>97.56%</b>	<b>98.35%</b>	<b>98.71%</b>
<b>Top 50% CQS Threshold</b>	<b>92.74%</b>	<b>93.71%</b>	<b>94.65%</b>	<b>95.01%</b>
Trusts in top 25% performer group will receive an incentive payment of 4%				
Trusts in top 50% performer group (who are not in top 25% group) will receive an incentive payment of 2%				
A Trust's score must exceed the threshold in order to receive payment.				
Trust on track for top 25% payment				
Trust on track for top 50% payment				
Not on Track for payment				

## Heart Failure

### Review

Heart Failure management is one of five areas highlighted by the Advancing Quality programme. It is entirely deserving of such attention. Nationally and in our own Trust, Heart Failure is responsible for approximately 10 hospital admissions per week, each lasting on average eight days. These patients are at high risk of in hospital mortality and following discharge are at ongoing risk of readmission or other serious event. Over recent years advances in pharmacological and non-pharmacological treatments, including simple education and lifestyle changes, offer significant improvement in prognosis and symptom control for these patients. Such benefits also translate into financial benefits for the NHS as a whole; hospital admission for patients with heart failure is responsible for 2% of the total NHS budget. Unfortunately the uptake of these treatments, not only locally but also nationally has been very poor. This is clearly evidenced on a National level by recent analysis of the National Heart Failure Database.

In this Trust, improvement in the management of in-patients with Heart Failure is only part of our Heart Failure Strategy. Over the last twelve months we have developed a service to manage patients from pre-diagnosis that are at risk or with symptoms in primary care, through education, increase of a new medication of medical therapy and surveillance. Our approach aims to meet all of the patient care measures highlighted by the Advancing Quality agenda, not only for in-patients but also for those currently at home and otherwise at risk of admission. Although our service is only in its infancy the systems we have in place are already beginning to offer benefit to large numbers of patients. Unfortunately this is not yet being reflected in the Advancing Quality data.

The poor performance figures highlight the fact that we are not engaging with individual patients. Only less than 70% are having their diagnosis confirmed by echocardiogram. While the majority of those with formal diagnosis do receive appropriate medical therapy (Angiotensin Converting Enzyme Inhibitors), it is not all patients. The lack of education and lifestyle advice, the lack of specialist follow up is almost certainly contributing to the high readmission rate that we know exists. If a patient is identified as having, or being at risk of having, heart failure during their admission and their basic details are passed to our team we have systems in place to ensure that Advancing Quality Care measures are met

- We have expanded the role of the Cardiac Rehabilitation Team such that all patients will be assessed; receive educational materials and advice before discharge.
- Our Specialist Nursing Team will ensure echocardiogram is performed during admission
- That all patients have Angiotensin Converting Enzyme Inhibitors and beta blocker therapy initiated before discharge unless contra indicated. This will be monitored as an out-patient through specialist follow up, either in hospital or in the community depending on individual need.
- Levels of surveillance will be arranged to minimise readmission rate and better supporting management of the majority of patients at home.

Unfortunately symptoms and signs of Heart Failure are neither specific to, or sensitive of the diagnosis. Identification of the condition requires expertise and specialist investigation. These patients present largely to General Physicians and they often have complex co-morbidities, which not only complicate but also often mask the diagnosis. Our greatest challenge is bringing all patients with heart failure as a cause of their admission to the attention of our specialist team before discharge. We have recently put the following systems in place:

- Planned daily attendance on the Clinical Decision Unit to identify patients with heart failure or with significant risk of Heart Failure.
- A Heart Failure Integrated Care Pathway is in print – highlighting best practice in the management of heart failure from admission to discharge and the need for referral of all to our team.
- Request of all medical ward nursing and medical staff to refer all other patients with heart failure to our team.
- Retrospective monthly audit of all patients coded as heart failure – highlighting wards from which patients are not referred.



Heart Failure	Trust Performance			
Measure	Oct 08 - Dec 08	Oct 08 - Mar 09	Oct 08 - June 09	Oct 08 - Sept 09
Discharge instructions	2.70%	1.27%	2.21%	7.33%
Evaluation of LVS Function	59.46%	66.46%	68.72%	70.20%
ACEI or ARB for LVSD	100.00%	80.00%	76.92%	76.06%
Adult smoking cessation advice/counselling	25.00%	28.57%	33.33%	27.78%
<b>Heart Failure Composite Quality Score (CQS)</b>	<b>32.69%</b>	<b>36.44%</b>	<b>38.72%</b>	<b>42.40%</b>
<b>Top 25% CQS Threshold</b>	<b>70.37%</b>	<b>73.91%</b>	<b>75.67%</b>	<b>74.65%</b>
<b>Top 50% CQS Threshold</b>	<b>57.94%</b>	<b>55.94%</b>	<b>57.50%</b>	<b>59.60%</b>
Trusts in top 25% performer group will receive an incentive payment of 4%				
Trusts in top 50% performer group (who are not in top 25% group) will receive an incentive payment of 2%				
A Trust's score must exceed the threshold in order to receive payment.				
Trust on track for top 25% payment				
Trust on track for top 50% payment				
Not on Track for payment				



## Community Acquired Pneumonia

### Review

Validated data is now available until August 2009 according to which the Trust is under-performing in all five-quality parameters.

A review of case notes and previous audits highlighted three areas of improvement in relation to: coding, documentation and process of care. Since patients with pneumonia move across various departments in two Divisions, close and collaborative working is essential.

To address these issues the following actions have been taken so far:

- Establishment of a project team, which has representation from Clinical Support Services and Medicine. This team includes clinicians, nursing staff and managers and meets on a monthly basis.
- A clear action plan identified below has been agreed and progress is followed regularly.

The following tasks have been completed so far:

- Introduction of clear clinical guidelines and posters.
- Establishment of an educational program to increase awareness among front line staff.
- Weekly meeting with coder to review notes and ensure accuracy.
- Introduction of a clearly visible sticker to alert staff and improve documentation of all five markers.
- Introduction of stop smoking stickers to be used in medical wards and stop smoking training for staff in conjunction with public health services.

The challenge now is to ensure that these initiatives are implemented at the front line and lead to improvement in care with active participation and engagement of the staff. We are now collecting real time data to better inform all those involved in the project and hope that regular feedback will provide a stimulus for improvement. Figures from December 2009 indicate some improvement as identified in the graph below. We do however, realise that further work needs to be done to fulfil our aspiration of being in the top 25% of trusts.

Community Acquired Pneumonia	Trust Performance			
Measure	Oct 08 - Dec 08	Oct 08 – Mar 09	Oct 08 – June 09	Oct 08 – Sept 09
Oxygenation Assessment	94.38%	94.64%	96.00%	96.89%
Blood cultures performed in Accident and Emergency prior to initial antibiotics received in hospital	26.09%	21.13%	16.22%	17.09%
Adult smoking cessation advice/counselling	25.00%	15.52%	11.25%	10.20%
Initial antibiotic received within 6 hours of hospital arrival	52.00%	63.71%	62.65%	54.21%
Initial antibiotic selection for Community Acquired Pneumonia (CAP) in immuno competent patients	80.77%	52.05%	52.78%	67.13%
<b>Pneumonia Composite Quality Score (CQS)</b>	<b>70.43%</b>	<b>62.76%</b>	<b>61.05%</b>	<b>62.08%</b>
<b>Top 25% CQS Threshold</b>	<b>81.18%</b>	<b>81.30%</b>	<b>81.93%</b>	<b>82.11%</b>
<b>Top 50% CQS Threshold</b>	<b>78.26%</b>	<b>74.63%</b>	<b>74.40%</b>	<b>74.77%</b>
Trusts in top 25% performer group will receive an incentive payment of 4%				
Trusts in top 50% performer group (who are not in top 25% group) will receive an incentive payment of 2%				
A Trust's score must exceed the threshold in order to receive payment.				
Trust on track for top 25% payment				
Trust on track for top 50% payment				
Not on Track for payment				

Table 2 identifies actions to be taken to improve the management of patients with pneumonia.

Table 2		
ISSUE	ACTION	BY WHEN
Limited awareness of Advancing Quality (AQ) within the Trust / Divisions.	Training Plan to be populated for the year to capture all medical staff within Clinical Support Services Division and the Medical Divisions.	End January 2010
	Pneumonia posters to be developed and displayed in Accident and Emergency (A&E) and Clinical Decision Unit (CDU).	End January 2010
	Guidance to be put online in the resource centre and posters to be displayed in clinical areas.	End December 2009
	Training for nursing staff on CDU/A&E	Ongoing
No suitable doctors at present to identify Clinical Champion on Clinical Decision Unit (CDU).	Identify clinical champion following upcoming interviews and interim solution.	End January 2010
Collation of baseline data	Allocate Medical Registrar to carry out retrospective audit to identify baseline for comparison of 5 markers plus mortality and length of stay.	End January 2010 due to workload / AL.
Data Collection and Premier reports 3-6 months in arrears, which prevent real time improvements.	Real time data week on week to be obtained from the information department and circulated to all the team.	Ongoing
	Reports to be analysed for areas where improvements need to be made to improve performance against 5 markers and solutions implemented.	Ongoing
	Monthly data from Premier to be validated prior to submission.	Ongoing
Poor use of Pink CAP identification stickers in patients admitted through A&E and CDU.	Pink Community Acquired Pneumonia (CAP) stickers to be inserted into notes at triage in A&E and on admission in CDU for all patients with respiratory problems.	End January
X-ray marker / diagnosis results not identified and documented in A&E and CDU.	Improved training of medical staff in A&E and CDU re AQ, documentation requirements and use of pink CAP stickers as an aide memoir.	Ongoing
Blood cultures not performed in A&E and CDU prior to administration of antibiotics and / or documented with time.	Improved training of medical staff in A&E and CDU re AQ, documentation requirements and use of pink stickers as aide memoir.	Ongoing
Oxygen saturation assessment not performed and/or documented on admission in A&E and CDU.	Improved training of nursing staff in A&E and CDU re AQ, documentation requirements and use of pink CAP stickers as aide memoir.	Ongoing
Antibiotics not received within 6 hours of hospital arrival for every patient.	Improved training of nursing and medical staff in A&E and CDU re AQ, documentation requirements and use of pink stickers as aide memoir.	Ongoing

CONTINUED OVERLEAF

Table 2		
ISSUE	ACTION	BY WHEN
Initial antibiotic selection for CAP immuno-competent patients not appropriate for every patient.	Improved training of medical staff in A&E and CDU re AQ, documentation requirements, use of pink CAP stickers and antimicrobial formulary as aide memoir.	Ongoing
Smokers or ex-smokers not always identified in medical or nursing notes.	Improved training of nursing and medical staff in A&E, CDU and medical wards re AQ, documentation requirements and use of green smoking Cessation stickers as aide memoir.	Ongoing
Smoking cessation advice not given to all smokers or those who have given up in last 12 months.	Identify smoking cessation champion for each medical ward and provide training.	End January 2010
	Incorporate smoking cessation awareness and include weekly audit into the role of identified Band 5.	End January 2010
Staff unaware of advice available for smoking cessation.	Stop Smoking Training for all A&E/CDU staff.	Ongoing
Patients with CAP not always admitted to respiratory wards.	Bed Managers bleep 877 to ensure Pneumonia patients are admitted to the Respiratory Wards wherever possible.	Ongoing
	Patients with Community Acquire Pneumonia to be identified on whiteboards on each medical ward.	End January 2010
	Lead Respiratory Nurse to identify patients admitted in 24-hour period from CDU each day and flagged up.	Ongoing

## Implementing 100,000 Lives and Saving Lives Programme

This initiative, which was launched by the Institute for Healthcare Improvement and Department of Health, has 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:

- Improving outcomes for patients who have suffered a heart attack.
- Reducing the incidence of surgical site infection.
- Early identification and treatment of patients with worsening conditions.
- 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.

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 continue to implement best practice as set out in the 'Map of Medicine' and National Institute for Health and Clinical Excellence (NICE) guidelines.

The first two outcomes have been reported on in this report as detailed below, however, the Trust anticipates having further data available and all outcomes will be reported in the next financial year.

## Improving Outcomes For Patients Who Have Suffered A Heart Attack Rapid Response Team - Reducing Cardiac Arrest Calls

The Trust provides data regarding in-hospital cardiac arrest calls to the Care of the Acutely Ill Group/Resuscitation Committee every meeting (two monthly) and provides a detailed presentation every six months.

We also discuss action plans for reducing in-hospital cardiac arrests and embedding Do Not Attempt Resuscitation (DNAR) principles at each meeting.

The number of in-hospital cardiac arrests for the period 1st April 2009 – 31st March 2010 is 263. This is represented in Graph 8 below.

The following information provides an overview of some of the initiatives that the Trust has undertaken to reduce the number of in-hospital cardiac arrests from April 2009 to March 2010:

- Advanced Life Support education has been increased.
- Immediate Life Support education has been increased.
- Early Warning Score and Do Not Attempt Resuscitation (DNAR) education has been increased.
- DNAR focus groups have commenced
- Critical Care Outreach Service has been implemented.

## Reducing the Incidence of Surgical Site Infection

Mandatory Orthopaedic surveillance and a rolling programme of Divisional Surgical Site infections has been conducted to monitor the levels of infections. Issues highlighted from surveillance will be utilised to improve practice across the Trust.

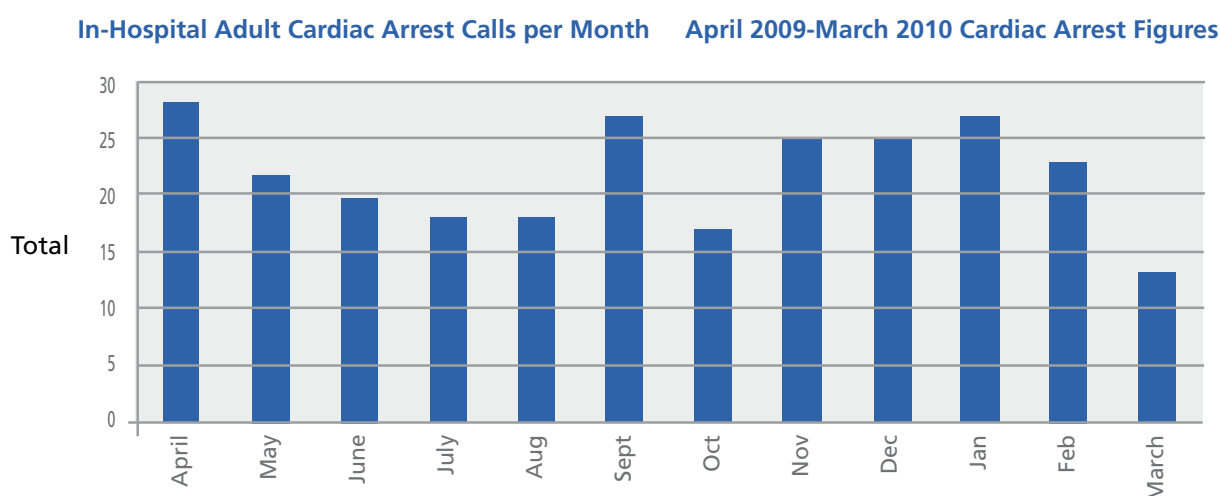
A random sample of 160 patients were audited to comply with the mandatory surveillance. From the audit two patients acquired infections whilst in-patients, this may have occurred due to the patients self interference with their wound due to their confused mental state.

The Divisional surgical site surveillance only started mid 2009 and will be reported in the next financial year 2010 / 2011.

## Identifying measurable indicators of best practice resulting in reduced mortality and improved patient experience

Work is on-going with our clinical teams to identify measures considered to be indicators of best practice across a range of focus areas. These will be monitored and reported to the Board of Directors, with results expected to show reduced mortality and improved patient outcomes and provide assurance that the Trust is delivering Best in NHS care.

Graph 8



## 2.1.3 Patient Experience

### Improving the National In-Patient Experience Survey Results

The National In-Patient Experience Survey is undertaken on an annual basis. The following information provides comparison of data taken from The National In-Patient Experience Survey results in relation to the following three indicators in which the results for 2008 in comparison to 2009 is identified in Table 3 below.

The four questions were chosen as Privacy and Dignity and Respect is high on the Trust agenda and so is the cleanliness and hygiene of the hospital. The questions in relation to noise at night and hospital food were chosen following consultation with the public. The Trust wants to ensure that these areas improve year on year and an action plan has been developed to ensure improvements are made.



Table 3 - National In-Patient Experience Survey

Indicator	2008 Result	2009 Result
In your opinion, how clean was the hospital room or ward that you were in?	Very clean - 70% of patients stated that the hospital or room was very clean (national average was 60%)	Very clean - 72% of patients stated that the hospital or room was very clean (national average was 65%)
Were you given enough privacy when being examined or treated?	Yes always - 89% of patients stated that they were always given enough privacy when being examined (National average was 89%)	Yes always - 91% of patients stated that they were always given enough privacy when being examined (National average was 89%)
Overall, did you feel you were treated with respect and dignity while you were in the hospital?	Yes always - 81% of our patients felt they were treated with respect and dignity whilst they were in hospital. (National average 80%)	Yes always - 81% of our patients felt they were treated with respect and dignity whilst they were in hospital. (National average 80%)
Were you bothered by noise at night from Other Patients:	Yes - 38% of our patients did experience noise at night due to other patients.	Yes – 37% of our patients did experience noise at night due to other patients (National average was 39%)
Were you bothered by noise at night from Hospital Staff	Yes - 19% of our patients did experience noise at night due to hospital staff.	Yes – 24% of our patients did experience noise at night due to hospital staff (National average was 22%)
How would you rate the hospital food ?	The majority of our patients rated the food highly with 36% rating it as very good and 38% as good.	The majority of our patients rated the food highly with 34% rating it as very good and 40% as good. (National average was 21% very good and 36% good.

## Improving Local Patient Experience Survey Results

The local In Patient Experience Surveys are conducted monthly as a measure of what our patients feel about their experience in our hospital wards. The questionnaires are completed whilst patients are still an inpatient ensuring that we have real time feedback about how our services can be improved and what we are doing well. The results of the surveys are presented to the Board and are shared with the Clinical Divisions.

The In-Patient Survey comprises of questions taken from a sample of questions from the national surveys. The questions are in four domains:

1. The Ward Environment and Infection Protection
2. The Staff at the Hospital
3. Your Care and Treatment
4. Leaving the Hospital

The results of the survey are shown in Table 4 and 5 below.

Table 4 - Local In-Patient Survey	
Domain	April – June 09
The ward environment and infection protection	95%
The staff at the hospital	90%
Your care and treatment	94%
Leaving the hospital	96%

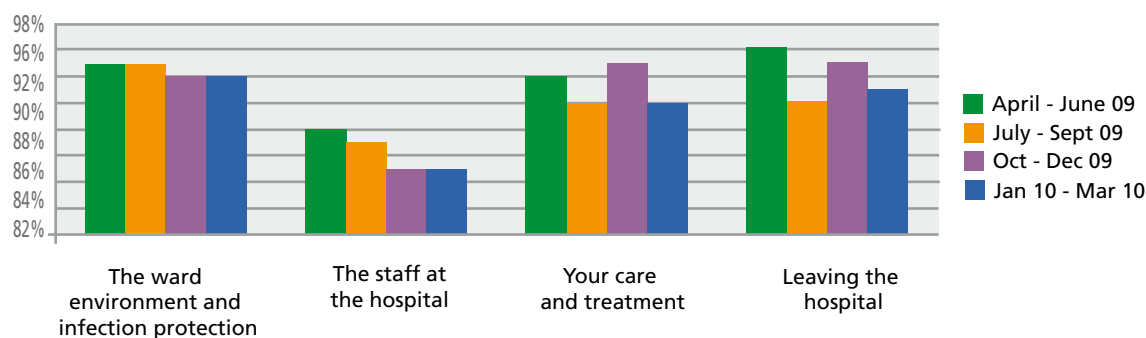
Table 5 - Local In-Patient Survey									
	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10
The ward environment and infection protection	94%	95%	95%	94%	95%	94%	95%	94%	95%
The staff at the hospital	89%	90%	88%	87%	88%	87%	86%	87%	86%
Your care and treatment	90%	91%	91%	90%	91%	91%	92%	91%	92%
Leaving the hospital	83%	96%	96%	94%	96%	96%	96%	96%	96%

The above percentage relates to positive responses to questions.

The surveys have been conducted since April 2009, initially on a three monthly basis and since July 2009 on a monthly basis as shown in Graph 9 and Graph 10 below.

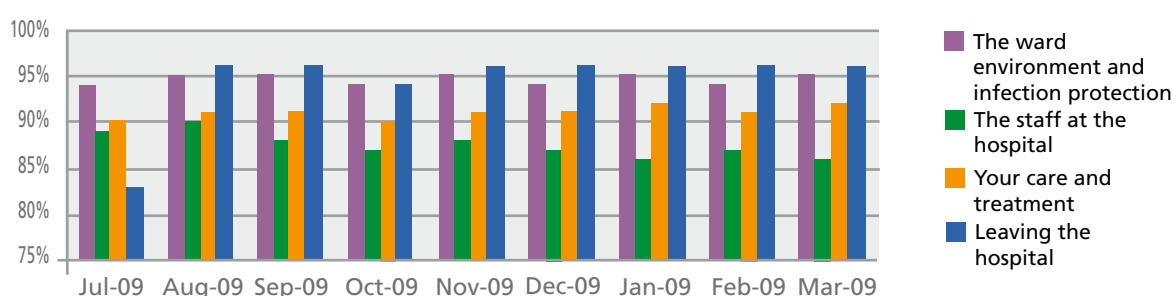
**Graph 9**

### Local In Patient Experience Survey 3 Monthly



Graph 10

### Local In Patient Experience Survey Monthly



The Trust has consistently maintained a stable percentage of between 90% and 92%. The question "Leaving the hospital" has been consistently the highest domain between 92% and 96%. This survey has been used to measure our compliance with delivering the single sex accommodation agenda, and will continue to do so.

More work needs to be done around the quantity of forms being completed and Senior Nurses are tasked within their Divisions to find ways in which to improve this, and to address areas where further improvement is indicated.

It has been noted that forms that are currently being completed is increasing on each survey.

### Customer care programme launched to improve performance and customer satisfaction

Over the last few years the Trust has been committed to improving the patient experience, of our patients. We invested heavily in a "Being With Patients" programme to improve customer service to patients, with a message about caring for them how they want to be cared for, not how we want to do it. This included effective communication methods, and physical approach. We commissioned a company called Purple Monster to take the messages further between staff and to develop some customer care champions across the organisations.

In 2010 we are developing this further with more training and action learning sets and this is supported by our recent staff survey results, the achievement of Investors in People Gold status, and recognition as the 49th Best Place to Work in the Public Sector.

Customer care qualities in our staff are also assessed during appraisals as part of 'Being the Blackpool Person'.

### Nursing Care Indicators

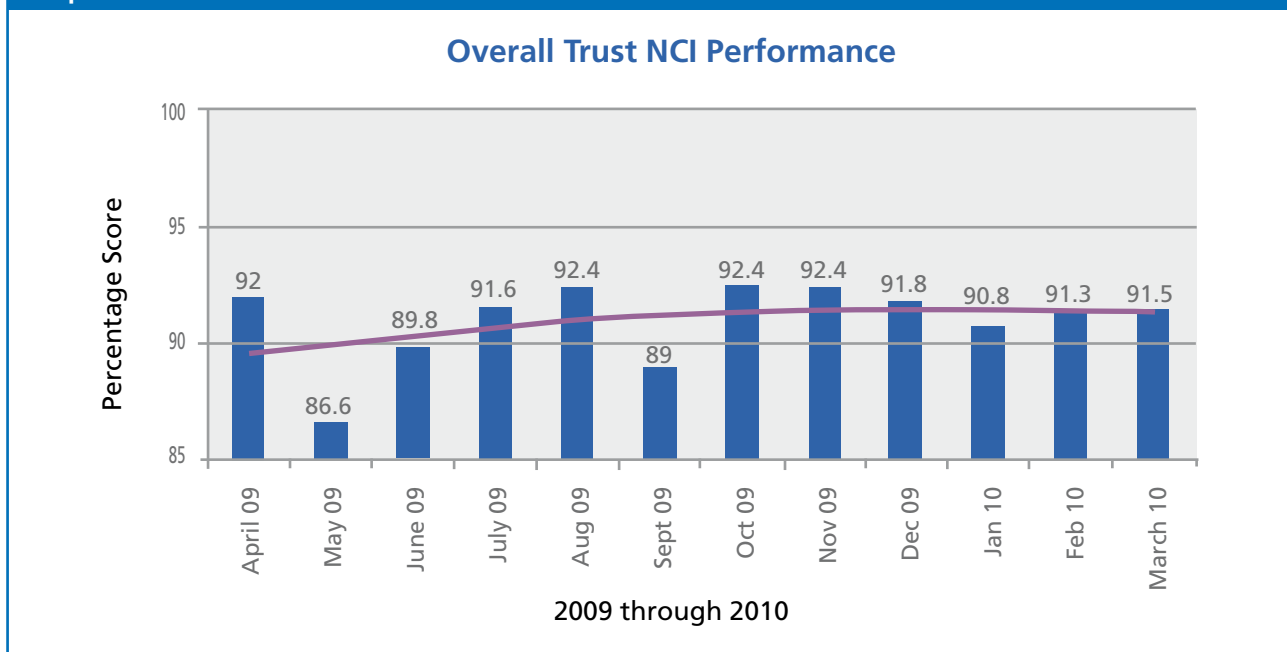
The Nursing Care Indicators are used to assess and measure standards of clinical care and patient experience. The framework for the nursing care indicators is designed to support nurses in practice to understand how they deliver care, identify what works well and where further improvements are needed.

We have been monitoring nursing care using the 'nursing care indicators' tool for the last year. The nursing care indicators are completely nursing focused. The process involves inspection of documentation, ward environments and nursing care delivered on a monthly basis, with results being fed back to senior nurse managers for action, reporting on specific issues where required. Key themes for measurement were identified from complaints, the patients' survey and results from the Trust documentation audit, the benchmarks held within the essence of care benchmarking tool, and assessments against Trust nursing practice standards. The following themes are measured monthly:

1. Patient Observations
2. Pain Management
3. Falls Assessment
4. Tissue Viability
5. Nutritional Assessment
6. Medication Assessment
7. Infection Control
8. Privacy & Dignity (Added September 2009)

For the first time we have been able to agree a standard and benchmark properly at both ward and Divisional level. We have expanded the indicators into other clinical areas to include theatres, maternity and paediatrics. The nursing care indicators are subject to internal review and we are in the process of adding to the suite of indicators in line with changing standards and requirements.

Graph 11



Care of the Dying indicators have already been written and plans are in place to trial these at the next data collection. Results generate meaningful information to enable and motivate nurses to change their practice to improve patient outcomes.

Graph 11 shows the overall Trust performance, expressed as an average percentage of all eight indicators, over the preceding 12 months. The curve is a 12 month trend line and shows that performance dipped in January, when the hospital was busier than normal and coping with unusually bad weather conditions. Since January there has been a month on month improvement in the overall performance.

## End of Life Care

In order to enhance and develop our services further it is essential that we gather the views of patients and carers around end of life care in our hospitals. As part of this we have recruited two patient/carers representatives to sit alongside senior representatives from our partner organisations on the Trust's End of Life Board.

Additionally the Patient Experience work stream (which reports to the End of Life Board) will obtain feedback about quality of services and areas for further improvement over the next year.



## 2.1.4 Statement of Assurance from the Board relating to Quality of NHS Services

### Information on the Review of Services in 2009/10

During 2009/10 the Blackpool, Fylde and Wyre Hospitals NHS Foundation Trust provided 76 services based on the number of specialities.

The Blackpool, Fylde and Wyre Hospitals NHS Foundation Trust has reviewed all the data available to them on the quality of care in all of the five Clinical Divisions providing healthcare.

The income generated by the NHS services reviewed in 2009/10 represents approximately 4.5 per cent of the total income generated from the provision of NHS services by the Blackpool, Fylde and Wyre Hospitals NHS Foundation Trust for 2009/10.

The Trust has scrutinised and monitored the quality of its services by way of effective risk management systems. Issues around quality of care identified by the Global Trigger Tool or by the reporting of adverse events are reflected in the risk register of each clinical Division. The mitigation of high and moderate risks are monitored by both the Divisional Board and the Trust Board.

The Board has used the results of this review to develop a plan for improving the quality of the Trust's services. Across 2008/09 and 2009/10, the Trust reviewed the quality of its services across the five clinical divisions through the 'Fit for Foundation' programme. The criteria used for this assessment were developed in conjunction with the Board of Directors, and cover seven key areas:

1. Financial management
2. Access to services and use of operational resources
3. Governance and quality
4. Workforce
5. The Blackpool Way (The Trust's organisational development programme)
6. Management capacity and processes
7. Key strategic and planning tools.

Areas 2 and 3 are particularly relevant to quality performance, with criteria relating to:

- 18-week pathways
- Cancer pathways
- A&E 4-hour operational standard
- Cancelled operations

- Theatre utilisation
- Day case rates
- Length of stay
- Hospital Community Acquired Infection (HCAI) rates
- Mortality
- Complaints
- Patient experience
- Quality of nursing care
- Patient falls
- Medication errors

Each of these criteria has a stretch target associated with it, deliberately chosen to be a greater achievement than the national target, designed to encourage clinical divisions to strive towards 'best in NHS care' as stated in the Trust's vision.

The initial assessment was undertaken in February 2008, and the results presented to the Board of Directors. Following this, areas for further development were identified and divisional action plans created to ensure that demonstrable improvements were made within 6 months. In addition, gaps in the criteria were identified – in particular in relation to patient experience and the quality of nursing care. As a result, a local patient experience survey has been developed to gather monthly feedback from each ward area. The Trust has also developed Nursing Care Indicators, which are used to review the quality of care provided across all wards each month.

An interim assessment was undertaken in October 2008 to review progress, and the final assessment in February 2009. The final assessment included a face-to-face review with the divisional management team and the Board of Directors, to afford the opportunity for the Board to explore in detail the areas of concern and the demonstrable improvements. This will be replicated on an annual basis.

### Information on Participation in Clinical Audits in 2009/10

During 2009/10, 34 national clinical audits and five national confidential enquiries covered NHS services that Blackpool, Fylde and Wyre Hospitals NHS Foundation Trust provides.

During 2009/10 Blackpool, Fylde and Wyre Hospitals NHS Foundation Trust participated in 65% national clinical audits and 100% national confidential enquiries of the national clinical audits and national confidential enquiries which it was eligible to participate in.

The national clinical audits and national confidential enquiries that Blackpool, Fylde and Wyre Hospitals NHS Foundation Trust was

eligible to participate in during 2009/10 are identified in Table 6 below:

Table 6			
National Audits	Status	National Audits	Status
Adult cardiac intervention (BCIS / PCI)			Ongoing
Adult Cardiac Surgery (SCTS)			Ongoing – to be completed by May 10
Bowel Cancer Audit (NBOCAP)			Ongoing
Carotid Interventions			Ongoing
Congenital Heart Disease			Ongoing
Epilepsy 12			Unknown
Head and neck cancer (DAHNO)			Unknown
Heart rhythm management (pacing and implantable cardiac defibrillators (ICDS)			Unknown
Heavy Menstrual Bleeding			Unknown
Intensive Care National Audit Research Centre (ICNARC)			Unknown
National Lung Cancer Audit			Unknown
National Neonatal Audit			Unknown
National Kidney Care Audit			Unknown
National Joint Registry			Unknown
National Sentinel Stroke Audit			Ongoing
Oesophago-gastric (stomach cancer)			Unknown
Royal College of Physicians audit to assess and improve service for people with inflammatory bowel disease			Unknown
Mastectomy and breast reconstruction			Ongoing
MINAP			Unknown
National Audit of Continence Care 2010			Completed
National Audit of Services for Falls and Bone Health in Older People			Ongoing
National Audits of Occupational Health management of NHS staff with lower back pain and depression			Informed Cons who may not wish to participate
National Comparative Audit of Blood Transfusion			
National Dementia Audit			Ongoing
National Diabetes Audit			Ongoing
National head and neck cancer audit			Ongoing

Continued overleaf

Table 6 - Continued			
National Audits	Status	National Audits	Status
National Hip fracture database			Continually ongoing
Services for people who have fallen			Unknown
Pain Database Improvement Programme			Unknown
Pacing			Unknown
Paediatric intensive care network (PICANET)			Unknown
The National Service Framework for Coronary Heart Disease			Unknown
Transcatheter Aortic Valve Implantation (TAVI)			Ongoing
The National COPD Audit			Unknown
TARN			Continually ongoing
<b>NCEPOD Studies</b>			
Parenteral Nutrition			Ongoing
Surgery in children			Ongoing
Cosmetic Surgery			Completed
Elective and Emergency Surgery in the Elderly			Ongoing
Peri-operative care			Ongoing

The national clinical audits and national confidential enquiries that Blackpool, Fylde and Wyre Hospitals NHS Foundation Trust participated in, and for which data collection was completed during 2009/10, are listed below alongside the number of cases submitted to each audit or enquiry as a percentage of the number of registered cases required by the terms of that audit or enquiry.

Completed National Audits/ NCEPOD	Percentages
National Audit of Continence Care 2010	98%
Cosmetic Surgery	100%

The reports of one national clinical audit was reviewed by the provider in 2009/10 and Blackpool, Fylde and Wyre Hospitals NHS Foundation Trust intends to take the following actions to improve the quality of healthcare provided. Each National Audit has its own action plan which is monitored at relevant Divisional Board meetings.

The reports of 87 local clinical audits were reviewed by the provider in 2009/10 and Blackpool, Fylde and Wyre Hospitals NHS Foundation Trust intends to take the following actions to improve the quality of healthcare provided.

The lead author for clinical audits are requested to produce an action plan which is monitored by the relevant committee within the corporate governance structure for monitoring and ensuring changes in practice occur.

The Trust has a Clinical Audit Department which supports clinicians undertaking clinical audit and has a very full audit calendar arising from the Trust's quality framework, NHS Litigation Authority requirements and audits of care against National Institute for Health and Clinical Excellence (NICE) standards.

There is also a comprehensive local audit agenda, which is reported through the Clinical Improvement Committee to the Board.

The Clinical Audit Committee is proposing using the Healthcare Quality Improvement Partnership tools to support Audit, including a prioritisation tool for annual forward planning and approval of audits which will ensure that all audit work undertaken will be aligned to Board, National, Clinical and Risk priorities for the Trust each year. The team are working on ensuring that audit is multi-disciplinary in nature, patient focused and can demonstrate improvements in clinical care.

## Information on Participation in Clinical Research

The number of patients receiving NHS services provided or sub-contracted by our Trust in 2008/09 that were recruited during that period to participate in research approved by a research ethics committee was 715 of which the number of patients recruited to National Institute of Health Research (NIHR) Portfolio Studies was 602.

The number of patients receiving NHS services provided or sub-contracted by our Trust in 2009/10 that were recruited during that period to participate in research approved by a research ethics committee was 857 of which the number of patients recruited to NIHR Portfolio Studies was 736\*.

The NIHR Portfolio studies are high quality research that has had rigorous peer review conducted in the NHS. These studies form part of the NIHR Portfolio Database which is a national data resource of studies that meet specific eligibility criteria. In England studies included in the NIHR Portfolio have access to infrastructure support via the NIHR Comprehensive Clinical Research Network. This support covers study promotion, set up, recruitment and follow up by Network staff.

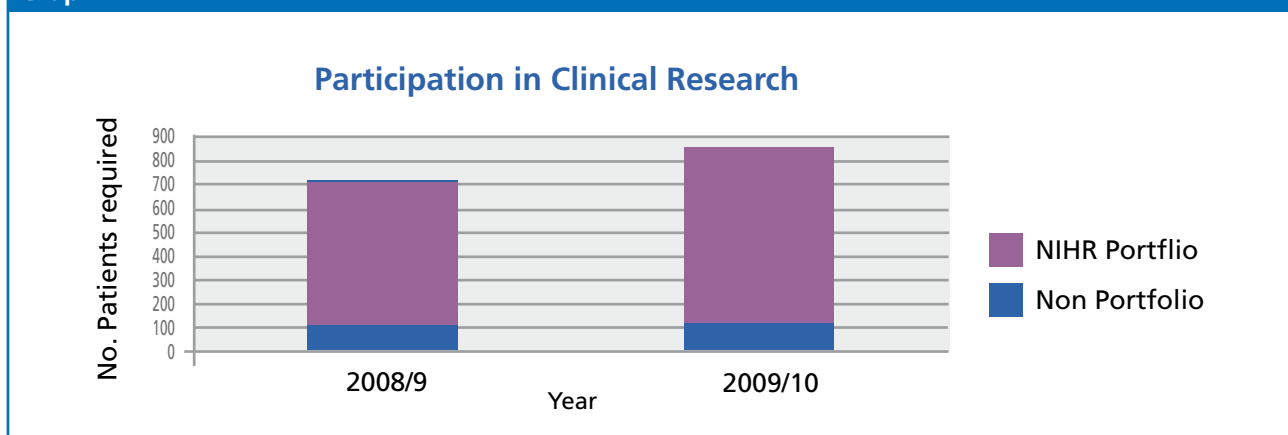
Graph 12 below demonstrates patients receiving NHS Services provided or sub-contracted by our Trust in 2008/09 and 2009/10.

This increasing level of participation in clinical research demonstrates Blackpool, Fylde and Wyre Hospitals NHS Foundation Trust's commitment to improving the quality of care we offer and to making our contribution to wider health improvement.

The number of patients recruited to NIHR Portfolio Studies by speciality group was:

Speciality	2008/9	2009 /10*
Cancer	120	140
Cardiovascular	240	192
Gastrointestinal	14	47
Generic Relevance & Cross Cutting Themes	0	34
Infection	1	3
Inflammatory and Immune	0	7
Medicines for Children	0	30
Musculoskeletal	34	9
Renal and Urogenital (co-adopted by Infection)	0	114
Reproductive Health & Childbirth	53	73
Respiratory	0	3
Stroke	140	84
TOTAL	602	736

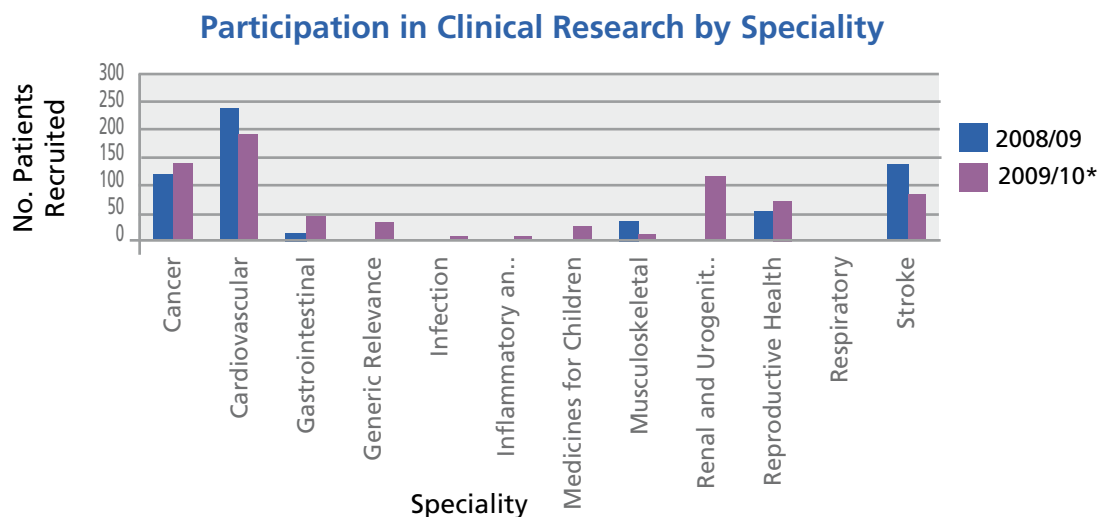
Graph 12



Graph 13 demonstrates the number of specialities that have participated in Clinical research for 2008/09 and 2009/10.

\* It should be noted that 2009/10 NIHR Portfolio Study data is not signed off nationally until June 30th 2010. We therefore estimate the total patient recruitment total to be higher than currently reported (as at April 14th 2010).

Graph 13



### Information on the Commissioning for Quality and Innovation (CQUIN) Framework

The Commissioning for Quality and Innovation (CQUIN) payment framework aims to support the cultural shift towards making quality the organising principle of NHS services. In particular, it aims to ensure that local quality improvement priorities are discussed and agreed at board level within and between organisations. The CQUIN payment framework is intended to embed quality at the heart of commissioner-provider discussions by making a small proportion of provider payment conditional on locally agreed goals around quality improvement and innovation.

A proportion of the Blackpool, Fylde and Wyre Hospitals NHS Foundation Trust's contracted income in 2009/10 was conditional on achieving quality improvement and innovation goals agreed between Blackpool, Fylde and Wyre Hospitals NHS Foundation Trust and any person or body they entered into a contract agreement or arrangement with, for the provision of NHS services, through the Commissioning for Quality Improvement Payment Framework.

The payment mechanism in 2009/10 was that Contracted Commissioners paid 90% of the CQUIN value through block contracts followed

by the remaining 10% upon the Trust successfully achieving the agreed goals. The values of these payments are £995,449 and £110,602 and therefore the total monetary total for the associated payments is £1,106,051.

Further details of the agreed goals for 2009/10 and new agreed goals for the following 12 months (2010/11) is available on request from the Director of Operations 01253 655550.

### Information Relating to Registration with the Care Quality Commission and Periodic/Special Reviews

Blackpool, Fylde and Wyre Hospitals NHS Foundation Trust is required to register with the Care Quality Commission and its current registration status is compliant with no conditions. The Care Quality Commission has not taken enforcement action against Blackpool, Fylde and Wyre Hospitals NHS Foundation during 2009/10.

Blackpool, Fylde and Wyre Hospitals NHS Foundation Trust is subject to periodic reviews by the Care Quality Commission and the last review was carried out in October 2009 which was the Ofsted/ Care Quality Commission joint inspection.

Following the Care Quality Commission's assessment the Inspectors noted:

- Staff in the Accident and Emergency Department pay good attention to the possible risks to children attending for treatment posed by adults visiting the department.
- A strong embedded safeguarding culture in the Accident and Emergency Department.
- An appropriate awareness of the Common Assessment Framework which is well embedded and well regarded by health staff.
- The inspection team noted a good example of the 'alert system' within the Accident and Emergency Department.
- The Victoria Safeguarding Centre was seen as a good example of partnership working to improve both the services and experience of children and young people.

Although there were no actions for health in the combined report the Care Quality Commission has produced a separate report and have added the following recommendations and made the following conclusions:

- To further develop systems that will identify outcomes and evaluation of services efficiently.
- To monitor performance in regard to timeliness, quality and interventions in health assessments for Looked After Children (LAC).

In view of this Blackpool, Fylde and Wyre Hospitals NHS Foundation Trust has made the following progress on implementing the above recommendations.

- The Trust has developed a Safeguarding Children and Young People Work Plan to include Audit to support the Trust to evaluate the service (The work plan also includes training, child protection supervision and policy development). The ongoing work plan will take into consideration the Revised Working Together guide (March 2010). Blackpool, Fylde and Wyre Hospitals NHS Foundation Trust has made the following progress by March 31st 2010 in taking such action. Contribution to Blackpool Local Safeguarding Children's Board (LSCB) section 11 audits, actions agreed include identifying the Named Midwife as the Common Assessment Framework Lead for the Trust, Safe Recruitment training for recruiting managers and improvements have been made to the recording of Safeguarding Children training.

- Blackpool, Fylde and Wyre Hospitals NHS Foundation Trust has taken part in the Child Health Mapping special review by the CQC in February 2010. The Trust is awaiting the findings from that review. In the meantime, the Trust has developed an action plan based on a self-assessment of improvement to be made.

The Trust also participated in an assessment of performance by the Care Quality Commission against national standards in relation to Healthcare Associated infections on the November 25th 2009. We received no conditions on our registration. The Care Quality Commission has not taken enforcement action against us since the start of the reporting year from April 1st 2009.

The Trust retained Clinical Negligence Scheme for Trusts (CNST) Maternity Level 1 on the February 26th 2010 but unfortunately narrowly did not reach the requirements to meet CNST Maternity Level 2. The Trust failed on three criterias to achieve the overall pass rate of 40. In view of this the Trust has developed an action plan to achieve Level 2.

The Trust has not been required to participate in any special reviews or investigations by the Care Quality Commission during the reported period.

### **A Statement for the Local Involvement Networks, Local Authority Overview and Scrutiny Committee and Commissioning PCTs on their view of the Quality Report**

The statements supplied by the above stakeholders in relation to their comments on the information contained within the Quality Report can be found on page 125.

The Quality Report was discussed with the Council of Governors which acts as a link between the Trust, its staff and the local community who have contributed to the development of the Quality Report.



## Information on the Quality of Data

### NHS Number and General Medical Practice Code Validity

Blackpool, Fylde and Wyre Hospitals NHS Foundation Trust submitted records during 2009/10 to the Secondary Uses System (SUS) for inclusion in Hospital Episode Statistics (HES), which are included in the latest published data. The percentage of records in the published data

- which included the Patient's valid NHS Number was 99.2% for Admitted Patient Care; 99.4% for Outpatient care; and 94.6% for Accident and Emergency Care.

- which included the Patient's valid General Practitioners Registration Code was: 99.9% for Admitted Patient Care; 100% for Outpatient Care; and 99.7% for Accident and Emergency Care.

'In records submitted to the Secondary Uses System (SUS) for inclusion in Hospital Episode Statistics (HES), the percentage of records including the valid patient's General Practitioner Registration Code was 2009/10 Admitted Patient Care to date 99.2%'.

## Information Governance Toolkit attainment levels

Blackpool, Fylde and Wyre Hospitals NHS Foundation Trust's score for 2009/10 for Information Quality and Records Management, assessed using the Information Governance Toolkit was 87%.

### Clinical Coding Error Rate

Blackpool, Fylde and Wyre Hospitals NHS Foundation Trust was subject to the Payment by Results clinical coding audit during the reporting period by the Audit Commission and the error rates reported in the latest published audit for that period for diagnoses and treatment coding (clinical coding) were 10.7% and 5.9% respectively as shown in Table 8.

The results should not be extrapolated further than the actual sample audited. The following services were included in the sample as shown in Table 7 below.

Table 7 - Data sampled

Area audited	Specialty/ Sub-chapter/ Healthcare Resource Group	Sample size	Reason for selection
Theme	General Medicine	100	National Theme
Specialty	Accident & Emergency	100	Chosen by PCT and agreed by the Trust following local discussions
Sub-chapter	HB: Orthopaedic Non Trauma Procedures	70	Selected from benchmarking main recommendations
Healthcare Resource Group (HRG)	JD042: Minor Skin Disorders category 3 without Clinical Condition (CC)	30	

Table 8 - Data Published by the Audit Commission

Clinical Coding	Percentages
Primary Diagnoses Incorrect	10.70%
Secondary Diagnoses Incorrect	10.30%
Primary Procedures Incorrect	5.90%
Secondary Procedures Incorrect	5.10%

## Part 3 Quality Improvement Priorities for 2010/11

The Trust aims to achieve excellence in everything it does and its aspirations for quality improvement are identified in the Quality Strategy which sets ambitious targets for the next three years in relation to direct patient care, as set out below:

- 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.

After consultation at Board level the Trust confirmed the top quality improvement priorities for 2010/11 which would have maximum benefits for our patients and are reflected in the Trust's Corporate Objectives. These are detailed in Table 9 below.

Table 9 - Quality Improvement Priority 2010/2011	
Quality Improvement Priorities 2010/11	Quality Improvement Performance/Outcome Measures
Patient Safety	<p>Continue to reduce the Trust's hospital mortality rate</p> <p>Continue to reduce MRSA and Clostridium Difficile infection rates as reflected by national targets</p> <p>Reducing avoidable harms through the following strands of work:</p> <ul style="list-style-type: none"> <li>– Global Trigger Tool to be used to measure adverse events</li> <li>– Reduction of Falls by 30%</li> <li>– Reducing Medication errors by 50% by 2011/12</li> </ul>
Clinical Effectiveness	<p>Conformance to best practice through application of the following interventions to improve patient outcomes:</p> <p>Phase 1 site for the North West Advancing Quality initiative that seeks compliance with best practice in five clinical areas:</p> <ul style="list-style-type: none"> <li>– Acute Myocardial Infarction</li> <li>– Hip and Knee Surgery</li> <li>– Cardio by-pass Surgery</li> <li>– Heart Failure</li> <li>– Pneumonia</li> </ul> <p>Implementing 100,000 lives and Saving Lives Programme:</p> <ul style="list-style-type: none"> <li>– Rapid Response Team - Reducing Cardiac Arrest calls</li> <li>– Reducing the incidence of Surgical Site Infections</li> <li>– Embed implementation of Venous Thrombo Embolism (VTE) guideline</li> </ul> <p>Nursing care indicators used to assess and measure standards of clinical care and patient experience</p>

Continued overleaf

Table 9 - Quality Improvement Priority 2010/2011 - Continued

Quality Improvement Priorities 2010/11	Quality Improvement Performance/Outcome Measures
Patient Experience	<p>Improving the patient experience which will be measured through an improvement in the National In-Patient Survey results in the following three areas;</p> <ul style="list-style-type: none"> <li>- In your opinion, how clean was the hospital room or ward that you were in?</li> <li>- Were you given enough privacy when being examined or treated?</li> <li>- Overall, did you feel you were treated with respect and dignity while you were in the hospital?</li> </ul> <p>To improve National Out-Patient Survey results in the following four key areas where the need for improvement was identified:</p> <ul style="list-style-type: none"> <li>- No copies of GP letters to patients</li> <li>- Poor information</li> <li>- Poor communication – staff not introducing themselves / Lack of information regarding waiting times and delays in clinic</li> <li>- Lack of time to discuss health issues</li> </ul> <p>Liverpool End of Life Care Pathway</p> <ul style="list-style-type: none"> <li>- Seeking patients and carers' views to improve End of Life Care</li> </ul> <p>Patient Environment Action Team (PEAT) Survey</p> <ul style="list-style-type: none"> <li>- To improve PEAT Survey results/standards</li> </ul> <p>Ensure single sex accommodation to provide privacy and dignity for patients</p>

The quality improvements priorities identified in 2009/2010 will continue to be monitored in 2010/2011 to enable progress towards achievement to be demonstrated. Additional indicators have been identified to meet national healthcare directives and current local quality improvement priorities for 2010/11 with the expectation of reporting on these in the next Annual Report.

The additional quality improvement priorities for 2010/11 are listed below:

- Embed Implementation of Venous Thrombo Embolism (VTE) guideline
- To improving National Out-patient Survey results in the following four key areas:
  - No copies of GP letters to patients
  - Poor information
  - Poor communication – staff not introducing themselves/lack of information regarding waiting times and delays in clinic.
  - Lack time to discuss health issues
- Liverpool End of Life Care Pathway
  - Seeking patients and carers' views to improve End of Life Care

- Patient Environment Action team (PEAT) Survey
  - To improve PEAT Survey results/standards
- Ensure single sex accommodation to provide privacy and dignity for patients

The quality improvement priorities will continue to be monitored and measured and progress reported to the Board of Directors as part of the monthly Board Performance Business Monitoring Report. The quality improvement priorities will also be monitored via way of the Assurance Framework, the Risk Register process and by the Sub-Committees of the Board where appropriate.



### 3.1 Overview of Performance of the Trust against Key National Priorities and the Core Standards

An overview of the quality of care offered by Blackpool, Fylde and Wyre Hospitals NHS Foundation Trust based on performance in 2009/10 against indicators selected by the Board in consultation with stakeholders, with an explanation of the underlying reason(s) for selection is shown in table 10 below:

The Board of Directors monitor compliance against performance against the key national priorities from the Department of Health's Operating Framework and against the Department of Health's Core Standards on a monthly basis. The table below provides an overview of performance for each of the quality standards for the last two reporting periods:

Table 10 - Performance against Key National Priorities and Core Standards		
Quality Standard	2008/09	2009/10 Self Assessment
18 week referral to treatment times	Maintained greater than 90% of admitted and 95% of non-admitted patients being treated within 18 weeks.	Maintained the standard for both admitted and non-admitted care across the Trust. Achieved the standard across all Treatment functions from July 09 for admitted and September 09 for non-admitted pathways.
All cancers: one month diagnosis to treatment (including new cancer strategy commitment)	100%	First Treatment 99% (target 96%) Subsequent Treatment: Drugs 99% (target 98%) Surgery 100% (target 94%)
All cancers: two month GP urgent referral to treatment (including new cancer strategy commitment)	Qtr 1 – 97% Qtr 2 – 98% Qtr 3 – 98% Qtr 4 – 87% (revised operational standards)	62 day classic 85% (target 85%) 62 day screening 75.5% (target 90%) 62 day upgrade 90% (target to be confirmed)
All cancers: two week wait	100% (target 100%)	94% (target 93%)
Time to reperfusion for patients who have had a heart attack	Achieved 92.98% of patients treated within 60 minutes of calling for help	Achieved
Incidence of MRSA Bacteraemia	9 cases (target <26)	8 cases (target <26)
Incidence of Clostridium Difficile	315 cases (target <385)	134 cases (target <185)
Delayed transfers of care (target <3.5%)	2.49%	1.97%
Total time in A&E (target 98% of patients to be admitted, transferred or discharged within 4hrs)	98.75%	98.93%
Inpatients waiting longer than the 26 week standard	Achieved – 0 patients waiting in excess of 26 weeks	Achieved – 1 patient waiting in excess of 26 weeks

Continued overleaf

Table 10 - Performance against Key National Priorities and Core Standards - Continued

Quality Standard	2008/09	2009/10 Self Assessment
Outpatients waiting longer than the 13 week standard	Achieved – 0 patients waiting in excess of 13 weeks	Achieved – 0 patients waiting in excess of 13 weeks
Patients waiting longer than three months (13 weeks) for revascularisation	Achieved – 0 patients waiting in excess of 13 weeks	Achieved – 0 patients waiting in excess of 13 weeks
Waiting times for Rapid Access Chest Pain Clinic	Achieved – 0 patients waiting in excess of 2 weeks	Achieved – 0 patients waiting in excess of 2 weeks
24 National Core Standards	The Trust was fully compliant with the 24 core standards for better health.	The Trust is fully compliant with the 24 core standards for better health.
Access to healthcare for people with a learning disability	N/A	Achieved
Cancelled operations	Achieved	Achieved
Patient Experience	Achieved	Achieved
Staff satisfaction	Achieved	Achieved
Participation in heart disease audits	Underachieved	Participation in heart disease audits was 100% achieved and checked on a regular basis.
Quality of Stroke care	Underachieved	Under review, possible underachievement
Ethnic coding data quality	Achieved	Achieved
Engagement in clinical audits	Achieved	Achieved
Smoking during pregnancy and breast feeding initiation rates	Failed	Underachieved
Maternity data quality	Failed	Achieved

## 3.2 Quality Report Production

We are very grateful to all contributors who have had a major involvement in the production of this Quality Report.

The Trust welcomes any comments you may have and asks you to help shape next year's Quality Report by sharing your views and contacting the Chief Executive Department via:

Telephone 01253 655520  
Email [mary.aubrey@bfwhospitals.nhs.uk](mailto:mary.aubrey@bfwhospitals.nhs.uk)

Associate Director of Corporate Affairs  
Blackpool, Fylde and Wyre Hospitals NHS Foundation Trust  
Trust Headquarters, Whinney Heys Road,  
Blackpool, FY3 8NR

## 3.3 Quality Report Availability

If you require this Quality Report in Braille, large print, audiotape, CD or translation into a foreign language, please request one of these versions by telephoning 01253 655632.

Additional copies can also be downloaded from the Trust website: [www.bfwhospitals.nhs.uk](http://www.bfwhospitals.nhs.uk)

## Statement from External Agencies

### 1.1 Statement from NHS Blackpool

NHS Blackpool Trust Board as lead commissioner for Blackpool, Fylde and Wyre Hospitals NHS Foundation Trust can confirm that a review of the Quality Accounts for 2009-10 has been undertaken. They are considered to be both representative and comprehensive. The Trust's aims for the coming year are both relevant and achievable.

NHS Blackpool would like to take this opportunity to commend the Trust on its service improvements and care quality achievements during 2009/2010.

Participation in the internationally recognised North West Advancing Quality initiative is evidence of a hospital-wide commitment to the Trust's Quality Improvement Plan. This initiative demonstrates that by promoting best practice and reducing variations in care, quality can be improved. The initiative has particularly shown that excellent care was delivered to patients who had suffered from a Myocardial Infarction (heart attack). It has also highlighted that the care given to patients suffering from heart failure and Community Acquired Pneumonia will require improvement. The Trust has acknowledged the need for improvement and is taking active steps to improve care delivery.

The Trust's Quality Improvement Plan also demonstrates a focus on improving the patient experience, patient safety and clinical effectiveness of care. The Trust has exceeded targets related to the reduction of Health Care Associated Infections and we anticipate continued achievement in the coming year. We fully support the improvement plans for end of life care, reduction in falls and monitoring of nursing care indicators.

To improve services, the Trust will seek patient views and also engage with staff on quality issues. NHS Blackpool supports the improvement in the four key areas related to outpatient care and anticipates improvement in the staff element of the local inpatient survey. We feel that an excellent way to improve services is by involving patients, carers and Trust staff, as they have first-hand experience of services and can provide real and honest views. The relationships developed with the Local Involvement Network and the Health Overview and Scrutiny Committee will add considerably to the engagement process.

The Trust is fully committed to improving the quality of services and is striving for excellence with a positive drive for improvement opportunities.

### 1.2 Statement from NHS North Lancashire

Thank you for asking NHS North Lancashire to comment on the draft Quality Account. We feel this is in itself a helpful sign of an open and reflective culture.

**1. Do you consider that the draft document contains accurate information in relation to NHS services provided by the provider?**

- A. Yes, although the Quality Account is not intended to describe all the services and that is not our expectation of it.  
It might be helpful to see a list of people who lead on quality and safety for the Trust.

**2. Do you consider that any other information should be included relevant to the quality of NHS services provided by the provider?**

- A. We feel it would be sensible to include the Dr Foster Report and the excellent response to it that you produced earlier in the year. Until the HSMR methodology is standardised as per the 'Francis Report', we feel that it will be sensible to show both CHKS's and Dr Foster's versions. Indeed, it might be sensible for the CEO to make reference to this in the introduction.

The component parts of CQUIN and achievement against them show an important relationship between the aspirations of the commissioners and the achievements of providers. Therefore, a breakdown of achievement here – as per the AQ indicators – would be welcome.

Others it would seem sensible to include: The National Hip Fracture Data Base; TARN, Stroke Sentinel Audit.

We would like to see as much information as possible about patient experience.

We feel it would be wise to make the document as accessible as possible to all members of the public. So, for our purposes we'd like to see a rather detailed document but accept that others may want something less intricate.

**3. Do you consider that the data provided is accurate when compared with any data you have been supplied with during the year?**

- A. Yes, mindful of the comments above.

### 1.3 Statement from Blackpool Local Involvement Network

Blackpool Local Involvement Network (LINK) welcomes the publication of this report and sees it as a positive step forward. For the first time, Blackpool LINK is able to read some comprehensive information on the quality of health care provided.

Members of the Advisory Group have spent a considerable length of time reading and responding to the two drafts. Thank you for responding positively to our concerns regarding the jargon that was used.

Please see our recommendations:-

- To continue to provide 'jargon-free' reports and glossaries in future years.
- To improve 'Falls Reduction' by extending the programme throughout Blackpool, Fylde & Wyre Hospitals.
- The Trust needs to strive to lower medical errors as most are higher than the previous year.
- Clear action plans for improving hospital mortality rate, reducing avoidable harms and improving the patient experience need to be included in the report. We are pleased to see the recommendations of the detailed action plan provided for patients with pneumonia.
- Blackpool LINK would like to monitor results of the Trust, using the Global Trigger Tool.

We look forward to receiving the official report in due course.

### 1.4 Statement from Blackpool Health Overview and Scrutiny Committee

Blackpool's Health Overview and Scrutiny Committee meeting held on the December 8th 2009 identified that the committee would not be providing a response in relation to the Quality Accounts. However, the committee will be happy to receive a copy of the Trust's published Quality Account

### 1.5 Statement from Lancashire Local Involvement Network

Lancashire Local Involvement Network have not provided a response in relation to the Quality Accounts.

### 1.6 Statement from Lancashire Health Overview and Scrutiny Committee

Lancashire Health Overview and Scrutiny Committee have not provided a response in relation to the Quality Accounts.



## Glossary of abbreviations

Page No.	Abbreviation	Meaning
2	CHKS	Clinical, Accountability, Service, Planning, Evaluation) Healthcare Knowledge Systems (CHKS). Name of the Company which is used for benchmarking
5	RAMI	Risk Adjusted Mortality Index
5	HSMR	The Hospital Standardised Mortality Ratio (HSMR) is an indicator of healthcare quality that measures whether the death rate at a hospital is higher or lower than you would expect. HSMR compares the expected rate of death in a hospital with the actual rate of death. Dr Foster looks at those patients with diagnoses that most commonly result in death for example, heart attacks, strokes or broken hips. For each group of patients we can work out how often, on average, across the whole country, they survive their stay in hospital, and how often they die.
6	MRSA	<p>Methicillin Resistant Staphylococcus Aureus</p> <p>MRSA stands for meticillin-resistant Staphylococcus aureus. It's a common skin bacterium that's resistant to some antibiotics. Media reports sometimes refer to MRSA as a superbug.</p> <p>Staphylococcus aureus (SA) is a type of bacteria. Many people carry SA bacteria without developing an infection. This is known as being colonised by the bacteria rather than infected. About one in three people carry SA bacteria in their nose or on the surface of their skin.</p> <p>MRSA bacteraemia – An MRSA bacteraemia means the bacteria have infected the body through a break in the skin and multiplied, causing symptoms. If SA bacteria get into the bloodstream, they can cause more serious infections, such as blood poisoning.</p>
6	CDI	<p>Costridium Difficile Infection</p> <p>Clostridium difficile (C. diff) is a bacterium that is present naturally in the gut of around two thirds of children and 3% of adults.</p> <p>C. diff does not cause any problems in healthy people. However, some antibiotics that are used to treat other health conditions can interfere with the balance of 'good' bacteria in the gut. When this happens, C. diff bacteria can multiply and produce toxins (poisons), which cause illness such as diarrhoea and fever. At this point, a person is said to be 'infected' with C. diff.</p>
7	NRLS	National reporting and Learning Service
8	NMC	Nursing and Midwifery Council
8	NPSA	National Patient Safety Agency
9	Medusa	Electronic version of the Injectable Medicines Guide
10	PCI	Primary Coronary Intervention
10	AMI	Acute Myocardial Infarction
11	VTE	Venous Thrombo Embolism

Page No.	Abbreviation	Meaning
12	CABG	Coronary Artery Bypass Graft
12	CQS	Composite Quality Score
13	LVS	Left Ventricular Systolic Function Assessment
13	ACEI	Angiotensin Converting Enzyme Inhibitors
13	ARB	Angiotensin Receptor Blocker
13	LVSD	Left Ventricular Systolic Dysfunction
15	CAP	Community Acquired Pneumonia
17	AQ	Advancing Quality
17	CDU	Clinical Decisions Unit
18	NICE	National Institute for Health and Clinical Excellence
18	DNAR	Do not Advance Resuscitation
23	HCAI	Hospital Community Acquired Infection
23	NHSLA	NHS Litigation Authority
24	NIHR	National Institute for Health Research
25	CQUIN	Commissioning for Quality and Innovation
26	LSCB	Local Safeguarding Childrens Board
26	CQC	Care Quality Commission
26	LAC	Looked after Children
26	CNST	Clinical Negligence Scheme for Trusts
26	SUS	Secondary Uses System
26	HES	Hospital Episode Statistics
26	PbR	Payment by Results
26	HRG	Healthcare Resource Group
26	CC	Clinical Conditions
26	PCT	Primary Care Trust
29	GP	General Practitioners
29	PEAT	Patient Environment Action Team
32	GHG	Green House Gas
32	ERIC	Estates Returns Information Collections
33	CRC	Carbon Reduction Commitment
33	CHP	Combined Heat and Power

## Glossary of Terms

Page No.	Abbreviation	Glossary of meaning
26	HRG	<p>"Developed by The Casemix Service, Healthcare Resource Groups (HRGs) are standard groupings of clinically similar treatments which use common levels of healthcare resource.</p> <p>Healthcare Resource Groups offer ORGANISATIONS the ability to understand their ACTIVITY in terms of the types of PATIENTS they care for and the treatments they undertake. They enable the comparison of ACTIVITY within and between different ORGANISATIONS and provide an opportunity to benchmark treatments and services to support trend analysis over time.</p> <p>Healthcare Resource Groups are currently used as a means of determining fair and equitable reimbursement for care services delivered by Health Care Providers. Their use as consistent 'units of currency' supports standardised healthcare commissioning across the NHS. They improve the flow of finances within - and sometimes beyond - the NHS. HRG4 has been in use for Reference Costs since April 2007 (for financial year 2006/7 onwards) and for Payment by Results (PbR) since April 2009 (for financial year 2009 onwards).</p> <p>HRG4 was a major revision that introduced Healthcare Resource Groups to new clinical areas, to support the Department of Health's policy of Payment by Results. It includes a portfolio of new and updated HRG groupings that accurately record PATIENTS treatment to reflect current practice and anticipated trends in healthcare."</p>
26	CC	<p>JD042: Minor Skin Disorders category 3 without CC</p> <p>"CC" means clinical conditions. Therefore in this context the patient had no other clinical conditions or co-morbidities.</p>



## Annex B: Statement of the Chief Executive's Responsibilities as the Accounting Officer

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").

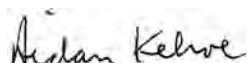
Under the 2006 Act, Monitor has directed the Blackpool, Fylde and Wyre Hospitals NHS Foundation Trust to prepare, for each financial year, a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair 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.

Signed.....

Date: 01 June 2010

Aidan Kehoe  
Chief Executive

# Annex C: Statement in respect of Internal Control 2009/2010

## Statement On Internal Control 2009/10 Blackpool, Fylde And Wyre Hospitals NHS Foundation Trust

### 1. Scope of Responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the Blackpool, Fylde and Wyre Hospitals 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 Accounting Officer Memorandum.

### 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 March 31st 2010 and up to the date of approval of the Annual Report and Accounts.

### 3. Capacity to Handle Risk

#### 3.1 Leadership

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

The Medical Director and the Director of Nursing and Quality provide leadership at Board level for the implementation of Clinical Governance and Risk Management. The Deputy Chief Executive is designated as the accountable and responsible officer for managing financial risk in the NHS Foundation 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, safety, corporate and clinical governance, performance management and assurance.

Employees, contractors and agency staff are required to report all adverse incidents and concerns. The NHS Foundation Trust supports a learning culture, ensuring that an objective investigation or review is carried out to continually learn from incidents, only assigning 'blame' to individuals where it is clear that policies and procedures have not been appropriately followed.

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

All procedural documents are available to staff on the Trust's Intranet and there is an annual programme for monitoring the working of each procedural document with a quarterly review of action plans in line with the requirements of the NHSLA Risk Management Standards.

## 3.2 Training

To ensure the successful implementation and maintenance of the NHS Foundation 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, Safeguarding Children and Vulnerable Adults, Infection Prevention, Information Governance and Equality and Diversity mandatory training for staff as identified in the training needs analysis which complies with the Trust's Learning and Development Strategy.

## 4. The Risk and Control Framework

### 4.1 Key Elements Of The Risk Management Strategy

The Risk Management Strategy is validated by the Healthcare Governance Committee and approved by the Board of Directors and covers all risks and is subject to an annual review to ensure it remains appropriate and current. Staff are both accountable and responsible for risk management to ensure it is clearly identified as well as implementing 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 referenced to a series of related risk management documents, for example, Patient Safety Strategy; Investigating an Untoward Incident and Serious Incident Reporting Procedure. The Risk Management Strategy is available to all staff via the Document Library on the Trust Intranet.

## 4.2 Key Risks

The key organisational risks for the year were identified from the corporate strategic objectives for 2009/10, forming part of the Board Assurance Framework and included:

### Key Risks 2009/10

- Patients acquiring Clostridium Difficile
- Patients acquiring MRSA bacteraemia
- Failure to reduce hospital mortality rates
- Failure to implement Interim Clinical Information System
- Recruit sufficient RGN's to meet basic establishment needs
- Compliance with health and safety regulations

### Future Risks 2010/11

- Failure to maintain financial balance
- Patients acquiring Clostridium Difficile
- Patients acquiring MRSA bacteraemia
- Failure to reduce hospital mortality rates
- Failure to implement Interim Clinical Information System
- Recruit sufficient RGN's to meet basic establishment needs
- Compliance with health and safety regulations

## 4.3 How Risk Management Is Embedded In The Activity Of The NHS Foundation 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 all identified changes in practice are implemented.

Risk Management is embedded within the NHS Foundation 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 on a quarterly basis.

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

## 4.4 Elements of the Assurance Framework

The Board Assurance Framework has been fully embedded during 2009/10. The Assurance Framework:

- Covers all of the Trust's main activities.
- Identifies the Trust's corporate objectives and the targets the Trust is striving to achieve.
- Identifies the risks to the achievement of the 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 of Directors and Officers of the Trust to address control and assurance gaps; and
- Covers the Core Standards on which the Trust has declared compliance during 2009/10.

The Healthcare Governance Committee considers high/significant risks and if appropriate, recommends their inclusion on the Corporate Risk Register and/or Board Assurance Framework. This is presented to the Board of Directors for formal ratification.

Risk prioritisation and action planning is informed by the Trust's corporate objectives which have been derived from internal and external sources of risk identified from national requirements and guidance, complaints, claims, incident reports and Internal 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. The rating of risks is adapted from the Australian Risk Management Process.

Lead Executive Directors and Lead Managers are identified to address 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 NHS Foundation Trust through the Lead Managers 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 and then by the Board of Directors. This demonstrates that the document is live and continuous and provides evidence to support the Statement on Internal Control.

The Finance Director (who also acts as the Deputy Chief Executive), 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.

The Trust intends to manage gaps in assurance by way of the Audit Committee who will review these gaps and assess the required assurances to review systems and processes.

## 4.5 How Public Stakeholders are Involved in Managing Risks

Public Stakeholders, which include NHS Blackpool, NHS North Lancashire, 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, NHS Blackpool, NHS North Lancashire, and Lancashire Care NHS Foundation Trust, would be discussed in the appropriate forum so that appropriate 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.

## 4.6 Information Governance and Identifying and Managing Risks

The Information Governance Committee identifies and manages information risks, which reports to the Healthcare Governance Committee. The Deputy Chief Executive (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 NHS Foundation Trust achieved 87% compliance with the Information Governance Toolkit (IGT) assessment for 2009/10 and the NHS Foundation Trust plans to maintain this target for 2010/11. A review of the IGT carried out as part of the 2009/10 Internal Audit plan reported a Significant Level of assurance.

During the financial year 2009-2010 the NHS Foundation Trust had 28 information security related incidents reported all of which were rated at a level 0. Whilst the severity rating of these incidents was rated at 0 all were thoroughly investigated and reported upon.

Note: Information Security incidents are rated on a scale from 0-5, incidents classified as a severity rating of 3-5 are reported as a serious untoward incident and reported to Monitor and the Information Commissioner.

Table 1 provides a summary which relates to these incidents.

## 4.7 Compliance with Equality, Diversity and Human Rights Legislation

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

All policies incorporate an equality impact assessment prior to ratification by the relevant committee. The Trust has an Equality and Diversity and Human Rights Steering Committee which reports to the Clinical Governance Committee.

## 4.8 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 into 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.

## 4.9 Compliance with Climate Adaptation Requirements under the Climate Change Act 2008

The NHS Foundation Trust has undertaken risk assessments and Carbon Reduction Delivery Plans are in place in accordance with emergency preparedness and civil contingency requirements, as based on UKCIP 2009 weather projects, to ensure that this organisation's obligations under the Climate Change Act and the Adaptation Reporting requirements are complied with.

## 4.10 Disclosure of Standards for Better Health Core Standards Declaration

The NHS Foundation Trust is fully compliant with the Care Quality Commission's 24 Core Standards for Better Health. The Board of Directors achieved Significant Assurance from Internal Audit over the Declaration Process in December 2009.

Table 1: Summary Of Other Personal Data Related Incidents In 2009-10

Category	Nature of Incident	Total
I	Loss of inadequately protected electronic equipment, devices or paper documents from secured NHS premises.	0
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	7
IV	Unauthorised disclosure	2
V	Other	19

## 4.11 Annual Quality Report

The Directors are required under the Health Act 2009 and the National Health Service (Quality Accounts) Regulations 2010 to prepare Quality Accounts for each financial year. Monitor has issued guidance to NHS Foundation Trust Boards on the form and content of annual Quality Reports which incorporated the above legal requirements in the NHS Foundation Trust Annual Reporting Manual.

The Trust has reviewed its objectives and re-emphasised its commitment to quality, with the aim to achieve excellence in everything it does. Its aspirations for quality improvement in 2009/10 were to:

- Improve our hospital standardised mortality rate.
- Conform to best practice by fully implementing Advancing Quality, 100,000 Lives and Saving Lives interventions.
- Reduce avoidable harms.
- Improve the patient experience.

The Trust believes quality should be supported at every level of the organisation and has ensured that all five clinical divisions have implemented the actions required to meet the quality standards. Monitoring was overseen by way of a number of forums.

In preparing the Quality Report, the Board of Directors can confirm that it has the appropriate mechanisms in place to prepare its Quality Report as per Monitor's guidance and is satisfied that:

- The Trust has a designated Executive Director for the production of the Quality Report.
- The Quality Report has been presented to Executive Directors on a number of occasions.
- The Quality Report presents a balanced picture of the Foundation Trust's performance over the period covered.
- Key players have been involved in the development of the Quality Report throughout the organisation and have contributed in providing the data.

The Quality Report has been submitted to key stakeholders – Blackpool and Lancashire Local Involvement Networks; NHS Blackpool; NHS North Lancashire, Blackpool and Lancashire Overview and Scrutiny Committees as per Monitor's guidance.

### Review of Effectiveness of Quality Report

The Trust is provided with external assurance on a selection of the quality data identified within the Quality Report via the Staff Survey results, Patient Survey results and Information Governance Toolkit results. Local internal assurance is also provided via the analysis of data following local internal audits in relation to nursing care indicators, analysis of data following incidents in relation to medication errors and slips, trips and falls incidents for patients.

The Trust has a fully controlled process for the provision of external information with control checks throughout the process. Formal sign off procedures and key performance indicators on data is submitted through the Information Management Department

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

The NHS Foundation 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, that the delivery of Cost Improvement Requirements/Quality, Innovation, Productivity and Prevention (QIIPP) requirements, compliance with the terms of authorisation and co-ordination of individual objectives with corporate objectives are approved by the Board of Directors. Performance against objectives is monitored and actions identified through a number of channels:

- Approval of the annual budgets by the Board of Directors.
- Monthly reporting to the Board of Directors on key performance indicators covering Finance activity and Human Resource 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 Requirements/Quality, Innovation, Productivity and Prevention (QIIPP) delivery.
- Monthly performance management of Divisions by the Executive Team is undertaken for key areas.
- Quarterly reporting to Monitor and compliance with the terms of authorisation.

The NHS Foundation 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 provide assurance to the NHS Foundation Trust regarding processes that are in place to ensure the effective use of resources.
- In-year cost pressures are rigorously reviewed and challenged, and mitigating strategies are considered.
- The NHS Foundation Trust subscribes to a national benchmarking organisation (CHKS). This provides comparative information analysis on patient activity and clinical indicators. This informs the risk management process and identifies where improvements can be made.
- The NHS Foundation Trust uses lean methodology to optimise the efficient and effective use of resources whilst enhancing and not diluting the patient experience.

The NHS Foundation 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 by the Board of Directors.

## 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 Internal Audit and the Executive Directors within the NHS Foundation Trust who have responsibility for the development and maintenance of the 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 which is scrutinised by the Board of Directors, the Audit Committee and the Healthcare Governance Committee and action plans are formulated to address weaknesses and ensure continuous improvements 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. My review has been informed by:

- Self-assessment against the Audit Commission's External Auditors Local Evaluation (ALE) criteria.
- Internal Audit reviews of the Board Assurance Framework and the effectiveness of the overall system of internal control as part of the Internal Audit annual plan and agreed by the Deputy Chief Executive and the Audit Committee.
- The Head of Internal Audit Opinion which gave an overall Significant opinion on the system of internal control for 2009/10.
- The process of arriving at the Trust's interim self-assessment declaration of compliance against the Care Quality Commission's 24 Core Standards for Better Health, which 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 verification for the system of internal control.
- The NHS Foundation Trust receiving registration with the Care Quality Commission without any conditions on March 16th 2010.
- The Trust's assessment of 87% compliance with the Information Governance Toolkit standards for 2009/10 which demonstrates continuous improvement against these standards.
- 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 which itself provides the NHS Foundation Trust with evidence of the effectiveness of the system of internal controls that manage the risks to the organisation. The Board of Directors also monitor and review the effectiveness of the Board Assurance framework on a quarterly basis. Internal Audit provided a significant assurance opinion on the Board assurance process
- The Board of Directors, Audit Committee, Executive Directors Meeting 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 of the relevant committees within the Corporate Governance Structure which have a clear timetable of meetings and a clear reporting structure to allow issues to be raised.
- The Healthcare Governance Committee who manage and review the Board Assurance Framework in conjunction with Executive Directors. The minutes of the Healthcare Governance Committee are presented to the Board of Directors. The Healthcare Governance Committee produce an annual Risk Management report, which is presented to the Audit Committee followed by the Board of Directors and this provides assurance on controls.
- The Audit Committee who review the establishment and maintenance of an effective system of Integrated Governance, Risk Management and internal control across the whole of the Trust's activities (both clinical and non-clinical) that supports the achievement of the overall Trust objectives. The Audit Committee review the Board Assurance Framework on a quarterly basis.

- Comments made by External Auditors and other review bodies in their reports. For example on November 25th 2009, the NHS Foundation Trust had an assessment of performance by the Care Quality Commission against national standards in relation to Healthcare Associated infections and in December 2009 received no conditions on our registration.

A plan to address weaknesses and ensure continuous improvement of the system is in place. However, there have been no significant internal control issues or gaps in control identified. Internal Audit provided overall Significant Assurance although areas of Limited Assurance have been identified. Internal Audit reviews resulted in 'Limited Assurance' opinions in three areas. Action has been agreed to improve the systems of control. The Management Team have already implemented or are in the process of implementing these actions in order to improve systems of control in the areas identified.

The NHS Foundation Trust received 'Limited Assurance' from Internal Audit which related to the review of Mandatory Training in which all recommendations made have been fully actioned and signed off by the Audit Committee. In relation to the Ward Level (3), Clinical Audit and Delegated Consent reviews, an action plan has been developed for the recommendations made and work is in progress. Progress is monitored by the Clinical Governance Committee and the Healthcare Governance Committee. The Audit Committee will also monitor the implementation of the action plans and progress against the recommendations made in order to be provided with assurance that improvements are made.

The NHS Foundation Trust was not successful in achieving Clinical Negligence Scheme for Trusts (CNST) Maternity Level 2 award on the February 26th 2010. However, it was awarded Level 1 compliance. The Trust has developed an action plan to maintain Level 1 and achieve Level 2. Progress towards compliance with the clinical CNST standards will be monitored on a quarterly basis by the Healthcare Governance Committee and the Board of Directors. The NHS Foundation Trust achieved NHSLA Level 2 in September 2008 and an action plan has been developed to achieve Level 3 in 2011.

The delivery of the MRSA Bacteraemia and Clostridium Difficile targets remain an acknowledged high-risk, however the NHS Foundation Trust is currently under trajectory for MRSA Bacteraemia and Clostridium Difficile. Monthly levels of MRSA Bacteraemia and

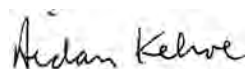
Clostridium Difficile are monitored by the Hospital Infection Prevention and Control Committee and the Board of Directors.

The NHS Foundation 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 NHS Foundation Trust has little control when influencing the incidence of 'Community' acquired infection, however it continues to work with and support NHS Blackpool and NHS North Lancashire to try to mitigate this risk. The target remains achievable although is noted as a high risk.

The NHS Foundation Trust continued to operate robust finance control in 2009/10 and has effectively managed in-year financial risks. The NHS Foundation 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. My review of the effectiveness of the systems of internal control has taken account of the work of the Executive Management Team within the organisation, who have responsibility for the development and maintenance of the internal control framework within their discreet portfolios. In line with the guidance on the definition of the significant control issues, I have no significant control issues to declare within this year's statement.



Signed.....

Date: 01 June 2010

Aidan Kehoe  
Chief Executive

## Annex D: Independent Auditor's 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 2010 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Taxpayers' Equity and the related notes. The financial reporting framework that has been applied in their preparation is the NHS Foundation Trust Annual 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 Chief Executive's Responsibilities as the 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.

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.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### **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 Annual Reporting Manual, of the state of the NHS Foundation Trust's affairs as at 31 March 2010 and of its income and expenditure and cash flows for the year then ended 31 March 2010; and
- have been properly prepared in accordance with the NHS Foundation Trust Annual Reporting Manual.

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

In our opinion

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the NHS Foundation Trust Annual 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 Annual 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* (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Manchester

4th June 2010



“ I was admitted to Ward 37 on 1st February 2010 and I feel I must give feedback on the excellent care which I received during my stay. The ward was clean, the food excellent and the doctors and nursing staff went ‘above and beyond’, making my stay (dare I say it!) enjoyable. In particular I would like to mention one of the nurses, I think her name was Liz, for her dedication and ‘nothing was too much trouble’. Following my bypass surgery which was performed by Mr Bittar I was admitted to CITU where I was extremely well looked after by Jacob who was very professional and really helped me to relax. Following that I went to Ward 38 and again the nursing staff were very pleasant, professional and more than helpful plus always had a smile on their faces. ”

Mr Les Wojarski

## Annex E: Accounts for the period April 1st 2009 to March 31st 2010

### 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").

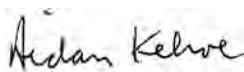
Under the 2006 Act, Monitor has directed the Blackpool, Fylde and Wyre Hospitals NHS Foundation Trust to prepare, for each financial year, a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair 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 Annual 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 Annual 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.



Signed: .....

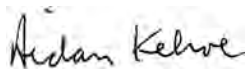
Date: 1st June 2010

Aidan Kehoe  
Chief Executive

## FOREWORD TO THE ACCOUNTS

### BLACKPOOL, FYLDE AND WYRE HOSPITALS NHS FOUNDATION TRUST

These accounts for the period ended 31st March 2010 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.



Signed: .....

Date: 1st June 2010

Aidan Kehoe  
Chief Executive

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 March 2010

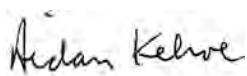
	NOTE	2009/10 £000	2008/09 £000
Income from activities	3	245,172	231,790
Other operating income	4	26,037	23,288
<b>Operating income from continuing operations</b>		<b>271,209</b>	<b>255,078</b>
<b>Operating expenses of continuing operations</b>	5	<b>(270,153)</b>	<b>(243,088)</b>
<b>OPERATING SURPLUS</b>		<b>1,056</b>	<b>11,990</b>
<b>Finance Costs</b>			
Finance income	8	149	1,154
Finance expense	9	(1,131)	(1,097)
Public Dividend Capital dividends payable		(5,786)	(7,400)
<b>Net Finance Costs</b>		<b>(6,768)</b>	<b>(7,343)</b>
<b>SURPLUS/(DEFICIT) FOR THE FINANCIAL YEAR</b>		<b>(5,712)</b>	<b>4,647</b>
<b>Other comprehensive income:</b>			
Revaluation losses on property, plant and equipment	11	(16,003)	(6,411)
Increase in the donated asset reserve due to receipt of donated assets	11	263	502
Reduction in the donated asset reserve in respect of depreciation, impairment, and disposal of donated assets		(249)	(289)
<b>TOTAL COMPREHENSIVE INCOME AND EXPENSE FOR THE FINANCIAL YEAR</b>		<b>(21,701)</b>	<b>(1,551)</b>

The notes on pages vii to xxxv form part of these accounts.  
All revenue and expenditure is derived from continuing operations.

## STATEMENT OF FINANCIAL POSITION AS AT 31ST MARCH 2010

	NOTE	31st March 2010 £000	31st March 2009 £000	1st April 2008 £000
<b>NON-CURRENT ASSETS:</b>				
Intangible assets	10	4,611	1,089	715
Property, plant and equipment	11	188,916	191,319	198,058
Trade and other receivables	14	1,868	1,811	1,481
<b>Total non-current assets</b>		<b>195,395</b>	<b>194,219</b>	<b>200,254</b>
<b>CURRENT ASSETS:</b>				
Inventories	13	4,393	4,033	3,865
Trade and other receivables	14	9,063	7,712	9,100
Other financial assets	15	0	5,000	0
Cash and cash equivalents	16	11,698	24,072	23,910
<b>Total current assets</b>		<b>25,154</b>	<b>40,817</b>	<b>36,875</b>
<b>CURRENT LIABILITIES:</b>				
Trade and other payables	17	(18,977)	(19,995)	(23,004)
Borrowings	19	(126)	(114)	(103)
Provisions	20	(226)	(945)	(2,036)
Tax payable	17	(3,315)	(3,095)	(2,887)
Other liabilities	18	(1,818)	(2,955)	(2,477)
<b>Total current liabilities</b>		<b>(24,462)</b>	<b>(27,104)</b>	<b>(30,507)</b>
<b>NON-CURRENT LIABILITIES:</b>				
Borrowings	19	(17,860)	(7,993)	(8,107)
Provisions	20	(1,216)	(1,227)	(1,193)
Other liabilities	18	(1,550)	(1,550)	0
<b>Total non-current liabilities</b>		<b>(20,626)</b>	<b>(10,770)</b>	<b>(9,300)</b>
<b>TOTAL ASSETS EMPLOYED</b>		<b>175,461</b>	<b>197,162</b>	<b>197,322</b>
<b>TAXPAYERS' EQUITY</b>				
Public dividend capital		141,031	141,031	139,640
Revaluation reserve		30,810	46,571	53,252
Donated asset reserve		2,823	3,051	2,869
Income and expenditure reserve		797	6,509	1,561
<b>TOTAL TAXPAYERS' EQUITY</b>		<b>175,461</b>	<b>197,162</b>	<b>197,322</b>

The financial statements on pages vii to xxxv were approved by the Trust Board on 1st June 2010 and are signed on its behalf by:

Signed:   
Date: 1st June 2010

## STATEMENT OF CHANGES IN TAXPAYERS' EQUITY AT 31st March 2010

	NOTE	Total £000	Public Dividend Capital £000	Revaluation reserve £000	Donated Asset reserve £000	Income and Expenditure reserve £000
<b>Taxpayers' equity at 1 April 2009</b>		<b>197,162</b>	<b>141,031</b>	<b>46,571</b>	<b>3,051</b>	<b>6,509</b>
Total Comprehensive Income for the year:						
Retained deficit for the year		(5,712)	0	0	0	(5,712)
Impairment of property, plant & equipment	11	(16,003)	0	(15,761)	(242)	0
Receipt of donated assets	11	263	0	0	263	0
Reduction in the donated asset reserve in respect of depreciation and impairment of donated assets	4	(249)	0	0	(249)	0
<b>Taxpayers' equity at 31 March 2010</b>		<b>175,461</b>	<b>141,031</b>	<b>30,810</b>	<b>2,823</b>	<b>797</b>

<b>Taxpayers' equity at 1 April 2008</b>		<b>197,322</b>	<b>139,640</b>	<b>53,252</b>	<b>2,869</b>	<b>1,561</b>
Total Comprehensive Income for the year:						
Retained surplus for the year		4,647	0	0	0	4,647
Impairment of property, plant & equipment	11	(6,411)	0	(6,411)	0	0
Receipt of donated assets	11	502	0	0	502	0
Reduction in the donated asset reserve in respect of depreciation, impairment and disposal of donated assets	4	(289)	0	0	(289)	0
Public Dividend Capital received		1,391	1,391	0	0	0
Transfer of residual balances for prior year asset disposals between reserves		0	0	(270)	(31)	301
<b>Taxpayers' equity at 31 March 2009</b>		<b>197,162</b>	<b>141,031</b>	<b>46,571</b>	<b>3,051</b>	<b>6,509</b>

The notes on pages vii to xxxv form part of these accounts.

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31st March 2010

		Year ended 31st March 2010	Year ended 31st March 2009
	NOTE	£000	£000
<b>Cash flows from operations</b>			
Total operating surplus/(deficit)		1,056	11,990
Adjusted for:			
Depreciation	11	5,935	7,060
Amortisation	10	162	109
Impairments	11	8,484	2,472
Transfer from the donated asset reserve	4	(249)	(289)
(Increase)/decrease in trade and other receivables		(1,232)	1,293
(Increase)/decrease in inventories		(360)	(168)
Increase/(decrease) in trade and other payables		(3,277)	(52)
Increase/(decrease) in other liabilities		(1,137)	2,028
Increase/(decrease) in provisions		(753)	(1,085)
Other movements in operating cash flows		0	(1,496)
<b>Net cash generated from/(used in) operations</b>		<b>8,629</b>	<b>21,862</b>
<b>Cash flows from investing activities</b>			
Interest received		380	917
(Purchase)/Sale of financial assets		5,000	(5,000)
Purchase of property, plant and equipment		(25,298)	(11,444)
Proceeds from the sale of property, plant and equipment		0	1,496
Purchase of intangible assets		(3,662)	(488)
<b>Net cash generated from/(used in) investing activities</b>		<b>(23,580)</b>	<b>(14,519)</b>
<b>Cash flows from financing activities</b>			
Public Dividend Capital received		0	1,391
Loans received		10,000	0
Capital element of on-statement of financial position PFI repaid		(121)	(103)
Interest paid		(52)	0
Interest paid in respect of on-statement of financial position PFI		(1,058)	(1,069)
Public Dividend Capital dividends paid		(6,192)	(7,400)
<b>Net cash generated from/(used in) financing activities</b>		<b>2,577</b>	<b>(7,181)</b>
<b>Increase/(decrease) in cash and cash equivalents</b>		<b>(12,374)</b>	<b>162</b>
<b>Cash and cash equivalents at the beginning of the financial year</b>		<b>24,072</b>	<b>23,910</b>
<b>Cash and cash equivalents at the end of the financial year</b>	16	<b>11,698</b>	<b>24,072</b>

## 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 Annual Reporting Manual which has been agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the 2009/10 NHS Foundation Trust Annual Reporting Manual issued by Monitor, on a going concern basis under the historical cost convention as modified by the revaluation of certain fixed assets. The accounting policies contained in that manual follow International Financial Reporting Standards (IFRS) and HM Treasury's Financial Reporting Manual (the "FReM") 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 Income

Income in respect of goods and services provided is recognised when, and to the extent that, performance occurs and is measured at the fair value of the consideration receivable. The main source of income for the Trust is contracts with commissioners in respect of healthcare services. Where income is received for a specific activity which is to be delivered in the following financial year, that income is deferred.

Income from the sale of non-current assets is recognised only when all material conditions of sale have been met, and is measured as the sums due under the sale contract less the carrying amount of the asset sold.

### 1.2 Expenditure on Employee Benefits

#### *Short-term Employee Benefits*

Salaries, wages and employment-related payments are recognised in the period in which the service is received from employees. The cost of annual leave entitlement earned but not taken by employees at the end of the period is recognised in the financial statements to the extent that employees are permitted to carry-forward leave into the following period.

#### *Pension Costs*

##### *NHS pension Scheme*

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

Secretary of State, in England and Wales. It is not possible for the Trust to identify its share of the underlying scheme liabilities. Therefore, the scheme is accounted for as a defined contribution scheme.

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 operating expenses at the time the Trust commits itself to the retirement, regardless of the method of payment.

### 1.3 Expenditure on other goods and services

Expenditure on goods and services is recognised when, and to the extent that they have been received, and is measured at the fair value of those goods and services. Expenditure is recognised in operating expenses except where it results in the creation of a non-current asset such as property, plant and equipment.

### 1.4 Property, Plant and Equipment

#### *Recognition*

Property, plant and equipment is capitalised where:

- it is held for use in delivering services, or for administrative purposes;
- it is probable that future economic benefits will flow to, or service potential be provided to, the Trust;
- it is expected to be used for more than one financial year; and
- the cost of the item can be measured reliably.

Additionally, for items of property, plant and equipment to be capitalised they:

- individually have a cost of at least £5,000; or
- form a group of assets which 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.

## Measurement

### Valuation

All property, plant and equipment assets are measured initially at cost, representing the costs directly attributable to acquiring or constructing the asset and bringing it to the location and condition necessary for it to be capable of operating in the manner intended by management. Land and buildings are subsequently measured at fair value based on periodic valuations less subsequent depreciation and impairment losses.

The valuations are carried out by professionally qualified valuers in accordance with the Royal Institute of Chartered Surveyors (RICS) Appraisal and Valuation Manual, and performed with sufficient regularity to ensure that the carrying value is not materially different from fair value at the balance sheet date. Fair values are determined as follows:

- Specialised operational property - depreciated replacement cost
- Non specialised property - modern equivalent asset replacement cost
- Land - Market value for existing use
- Non operational properties including surplus land - open market value

Assets in the course of construction are valued at cost less any impairment loss. Cost includes professional fees but not borrowing costs, which are recognised as expenses immediately, as allowed by IAS 23 (Borrowing Costs) for assets held at fair value. Assets are revalued when they are brought into use.

Operational plant and equipment are carried at depreciated historic cost as this is not considered to be materially different to fair value. Plant and equipment surplus to requirements is valued at net recoverable amount.

### Subsequent expenditure

Where subsequent expenditure enhances an asset beyond its original specification, the directly attributable cost is added to the asset's carrying value. Where subsequent expenditure is simply restoring the asset to the specification assumed by its economic useful life then the expenditure is charged to operating expenses.

## Depreciation

Items of property, plant and equipment are depreciated using the straight line method over their estimated useful economic lives as follows:

Buildings & Dwellings	90 years
Plant & Machinery	5 to 15 years
Transport equipment	5 to 10 years
Information Technology	5 to 15 years
Furniture & Fittings	5 to 15 years

Freehold land is considered to have an infinite life and is not depreciated.

Management have determined that each building within the Trust's estate is one component, the whole of which is maintained to a standard such that the useful economic life of the whole building and the elements within the building is the same.

The assets' residual values and useful lives are reviewed annually, where significant.

Property, plant and equipment which has been reclassified as 'held for sale' ceases to be depreciated upon the reclassification. Assets in the course of construction are not depreciated until the asset is brought into use.

Depreciation is charged to operating expenses from the first day of the quarter commencing 1 April, 1 July, 1 October, or 1 January, following the date that the asset becomes available for use. Depreciation is charged in full in the quarter in which an asset becomes unavailable for use or is sold and then ceases to be charged.

### Revaluation and impairment

Increases in asset values arising from revaluations are recognised in the revaluation reserve, except where, and to the extent that, they reverse an impairment previously recognised in operating expenses, in which case they are recognised in operating income.

Decreases in asset values and impairments are charged to the revaluation reserve to the extent that there is an available balance for the asset concerned, and thereafter are charged to operating expenses.

Gains and losses recognised in the revaluation reserve are reported in the Statement of Comprehensive Income as an item of 'other comprehensive income'.

### **Held for sale assets**

Assets intended for disposal are reclassified as 'held for sale' once all of the following criteria are met:

- the asset is available for immediate sale in its present condition subject only to terms which are usual and customary for such sales;
- the sale must be highly probable i.e.:
  - management are committed to a plan to sell the asset;
  - an active programme has begun to find a buyer and complete the sale;
  - the asset is being actively marketed at a reasonable price;
  - the sale is expected to be completed within 12 months of the date of classification as 'held for sale'; and
  - the actions needed to complete the plan indicate it is unlikely that the plan will be dropped or significant changes made to it.

Following reclassification, the assets are measured at the lower of their existing carrying amount and their 'fair value less costs to sell'. Depreciation ceases to be charged and the assets are not revalued, except where the 'fair value less costs to sell' falls below the carrying amount. Assets are de-recognised when all material sale contract conditions have been met.

Property, plant and equipment which is to be scrapped or demolished does not qualify for recognition as 'held for sale' and instead is retained as an operational asset and the asset's economic life is adjusted. The asset is de-recognised when scrapping or demolition occurs.

### **Donated assets**

Donated non-current assets are capitalised at their fair value on receipt and this value is credited to the donated asset reserve. Donated non-current assets are valued, depreciated and impaired as described above for purchased assets. Gains / losses on revaluations are 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 statement. 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. Similarly, any impairment on donated assets charged to the income and expenditure account is matched by a transfer from the donated asset reserve. NHS rules require that at all times the donated asset reserve is equal to the net book value of donated assets.

## **1.5 Leases**

### **Finance Leases**

Where substantially all risks and rewards of ownership of a leased asset are borne by the Trust, the asset is recorded as Property, Plant and Equipment and a corresponding liability is recorded. The value at which both are recognised is the lower of the fair value of the asset or the present value of the minimum lease payments, discounted using the interest rate implicit in the lease. The implicit interest rate is that which produces a constant periodic rate of interest on the outstanding liability.

The asset and liability are recognised at the inception of the lease, and are de-recognised when the liability is discharged, cancelled or expires. The annual rental is split between the repayment of the liability and a finance cost. The annual finance cost is calculated by applying the implicit interest rate to the outstanding liability and is charged to Finance Costs in the Statement of Comprehensive Income.

### **Operating Leases**

Payments made under operating leases (net of any incentives received from the lessor) are charged to operating expenses on a straight-line basis over the period of the lease.

### **Leases of land and buildings**

Where a lease is for land and buildings, the land component is separated from the building component and the classification for each is assessed separately. Leased land is treated as an operating lease.

## **1.6 Private Finance Initiative (PFI) transactions**

HM Treasury has determined that government bodies shall account for infrastructure PFI schemes where the government body controls the use of the infrastructure and the residual interest in the infrastructure at the end of the arrangement as service concession arrangements, following the principles of the requirements of IFRIC 12. The Trust therefore recognises the PFI asset as an item of property, plant and equipment together with a liability to pay for it. The services received under the contract are recorded as operating expenses.

The annual unitary payment is separated into the following component parts, using appropriate estimation techniques where necessary:

- a) Payment for the fair value of services received;
- b) Payment for the PFI asset, including finance costs

### **Services received**

The fair value of services received in the year is recorded under the relevant expenditure headings within 'operating expenses'.

### **PFI Asset**

The PFI assets are recognised as property, plant and equipment, when they come into use. The assets are measured initially at fair value in accordance with the principles of IAS 17. Subsequently, the assets are measured at fair value, which is kept up to date in accordance with the Trust's approach for each relevant class of asset in accordance with the principles of IAS 16.

### **PFI liability**

A PFI liability is recognised at the same time as the PFI assets are recognised. It is measured initially at the same amount as the fair value of the PFI assets and is subsequently measured as a finance lease liability in accordance with IAS 17.

An annual finance cost is calculated by applying the implicit interest rate in the lease to the opening lease liability for the period, and is charged to 'Finance Costs' within the Statement of Comprehensive Income.

The element of the annual unitary payment that is allocated as a finance lease rental is applied to meet the annual finance cost and to repay the lease liability over the contract term.

An element of the annual unitary payment increase due to cumulative indexation is allocated to the finance lease. In accordance with IAS 17, this amount is not included in the minimum lease payments, but is instead treated as contingent rent and is expensed as incurred. In substance, this amount is a finance cost in respect of the liability and the expense is presented as a contingent finance cost in the Statement of Comprehensive Income.

### **Assets contributed by the Trust to the operator for use in the scheme**

Assets contributed for use in the scheme continue to be recognised as items of property, plant and equipment in the Trust's Statement of Financial Position.

## **1.7 Intangible fixed assets**

### **Recognition**

Intangible assets are non-monetary assets without physical substance which are capable of being sold separately from the rest of the Trust's business or which arise from contractual or other legal rights. They are recognised only where it is probable that future economic benefits will flow to, or service potential be provided to, the Trust and where the cost of an asset can be measured

reliably, and where the cost is at least £5,000, or form a group of assets which collectively have a cost of at least £5,000, where the assets are functionally interdependent, had broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control.

### **Internally generated intangible assets**

Internally generated goodwill, brands, mastheads, publishing titles, customer lists and similar items are not capitalised as intangible assets. Expenditure on research is not capitalised.

Expenditure on development is capitalised only where all of the following can be demonstrated:

- the project is technically feasible to the point of completion and will result in an intangible asset for sale or for use;
- the Trust intends to complete the asset and sell or use it;
- the Trust has the ability to sell or use the asset;
- how the intangible asset will generate probable future economic service delivery benefits e.g. The presence of a market for it or its output, or, where it is to be used for internal use, the usefulness of the asset.
- adequate financial, technical and other resources are available to the Trust to complete the development and sell or use the asset; and
- the Trust can measure reliably the expenses attributable to the asset during development.

### **Software**

Software which is integral to the operation of hardware e.g. An operating system, is capitalised as part of the relevant item of property, plant and equipment. Software which is not integral to the operation of hardware e.g. Application software, is capitalised as an intangible asset.

### **Measurement**

Intangible assets are recognised initially at cost, comprising all directly attributable costs needed to create, produce and prepare the asset to the point that it is capable of operating in the manner intended by management.

Intangible assets relate to development expenditure, software and licences and are carried at amortised cost which management consider to materially equate to fair value and a review for impairment is performed annually. Increases in asset values arising from impairment reviews are recognised in the revaluation reserve, except where, and to the extent that, they reverse an impairment previously recognised in operating expenses, in which case they are recognised in operating income. Decreases in asset values and impairments are charged to the revaluation reserve to the extent that there is an available balance for the asset concerned, and thereafter are charged to operating expenses.

Gains and losses recognised in the revaluation reserve are reported in the Statement of Comprehensive Income as an item of 'other comprehensive income'.

Intangible assets held for sale are measured at the lower of their carrying amount or 'fair value less costs to sell'.

### **Amortisation**

Intangible assets are amortised over their expected useful economic lives in a manner consistent with the consumption of economic or service delivery benefits, as follows:

Development expenditure	8 years
Software	5 to 15 years
Licences and Trademarks	5 to 15 years

Amortisation is charged to operating expenses from the first day of the quarter commencing 1 April, 1 July, 1 October, or 1 January, following the date that the asset becomes available for use. Depreciation is charged in full in the quarter in which an asset becomes unavailable for use or is sold and then ceases to be charged.

## **1.8 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 Statement of Comprehensive Income to match that expenditure. Where the grant is used to fund capital expenditure the grant is held as deferred income and released to operating income over the life of the asset on a basis consistent with the depreciation charge for that asset.

## **1.9 Cash and cash equivalents**

Cash is cash in hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in 3 months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

## **1.10 Inventories**

Inventories are valued at the lower of cost and net realisable value using the weighted average cost method for drugs and the first-in first-out method for other inventories, less any provisions deemed necessary.

## **1.11 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.

Financial assets or liabilities in respect of assets acquired or disposed of through finance leases are recognised and measured in accordance with the accounting policy for leases described at note 1.6.

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 cash flows 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 'Loans and receivables'. Financial liabilities are classified 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. The Trust does not have financial assets or liabilities classified in this category.

### **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 and cash equivalents, NHS debtors, accrued income and 'other receivables'.

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.

At each period end, the Trust reviews trade debtors for recoverability and makes provisions to the extent that recovery of specific debts is considered to be doubtful.

Interest on loans and receivables is calculated using the effective interest method and credited to the Statement of Comprehensive Income.

#### **Other financial liabilities**

Other 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.

They are included in current liabilities except for amounts payable more than 12 months after the statement of financial position date, which are classified as non-current liabilities.

Interest on financial liabilities carried at amortised cost is calculated using the effective interest method and charged to Finance Costs. Interest on financial liabilities taken out to finance property, plant and equipment or intangible assets is not capitalised as part of the cost of those assets.

#### **Impairment of financial assets**

At the statement of financial position date, the Trust assesses whether any financial assets are 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 cash flows 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 Statement of Comprehensive Income through the use of a bad debt provision.

### **1.12 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.

#### **Clinical negligence costs**

The NHS Litigation Authority (NHS LA) operates a risk pooling scheme under which the Trust pays an annual contribution to the NHS LA, which, in return, settles all clinical negligence claims. Although the NHS LA is administratively responsible for all clinical negligence cases, the legal liability remains with the Trust. The total value of clinical negligence provisions carried by the NHS LA on behalf of the Trust is disclosed at note 20. A provision is held in the Trust's accounts for the excess payable by the Trust to the NHS LA and is disclosed under 'other legal claims' in note 20.

#### **Non-clinical risk pooling**

The Trust participates in the Liabilities to Third Parties Scheme. This is a risk pooling scheme 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.

### **1.13 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 22 where an inflow of economic benefits is probable.

Contingent liabilities are not recognised, but are disclosed in note 22, 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.

### **1.14 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 predecessor NHS trust. HM Treasury has determined that PDC is not a financial instrument within the meaning of IAS 32.

A charge, reflecting the forecast cost of capital utilised by the Trust, is paid over as a 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 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 Government Banking Service. Average relevant net assets are calculated as a simple mean of opening and closing relevant net assets.

Prior to 2009/10 the dividend was based on forecast average relevant net assets. From 1 April 2009 the dividend is based on actual average relevant net assets. Any variance from amounts paid during the year based on forecast outturn are included in current amounts receivable or payable. The dividend thus calculated is not revised should any adjustment to net assets occur as a result of the audit of the annual accounts.

### 1.15 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.

### 1.16 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 therefrom exceed £50,000 per annum.

### 1.17 Third Party Assets

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

### 1.18 Foreign currencies

The Trust's functional currency and presentational currency is sterling. Transactions denominated in a foreign currency are translated into sterling at the exchange rate

ruling on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the spot exchange rate on 31 March. Resulting exchange gains and losses for either of these are recognised in the Trust's surplus/deficit in the period in which they arise.

### 1.19 Losses and Special Payments

Losses and special payments are items that Parliament would not have contemplated when it agreed funds for the health service or passed legislation. By their nature they are items that ideally should not arise. They are therefore subject to special control procedures compared with the generality of payments. They are divided into different categories, which govern the way that individual cases are handled.

Losses and special payments are charged to the relevant functional headings in expenditure on an accruals basis, excluding provisions for future losses, but including losses which would have been made good through insurance cover had the Trust not been bearing its own risks (with insurance premiums then being included as normal revenue expenditure).

### 1.20 Accounting standards not adopted

Monitor have directed that Foundation Trusts adopt International Financial Reporting Standards in accordance with the adoption timetable set out by the International Accounting Standards Board. The Trust have adopted all relevant standards as they apply to Foundation Trusts.

IAS27, 'Consolidated and separate financial statements': Monitor have issued a dispensation in 2009/10 for NHS Foundation Trusts to consolidate their Charitable Fund balances into the Trust's financial statements where the Trust meets the "control test" set out within IAS27.

### 1.21 Accounting standards adopted early

In line with the IASB's "Improvements to IFRS" issued in April 2009, and the Foundation Trust's Annual Reporting Manual, the Trust has early adopted an amendment to IFRS 8 (Segmental Reporting). Consequently the Trust has not disclosed assets attributable to each operating segment as this information is not reported to the Chief Operating Decision Maker.

## 1.22 Accounting standards not yet effective and not adopted early

The following standards and amendments to existing standards have been published and are mandatory for the Trust's accounting periods beginning on or after 1 April 2010 or later periods, but the Trust has not early adopted them:

IFRIC 17, 'Distribution of non-cash assets to owners' (effective for accounting periods beginning on or after 1 July 2009). This interpretation will not impact the Trust.

IAS 27 (revised), 'Consolidated and separate financial statements', (effective for accounting periods beginning on or after 1 July 2009). This revised standard will not have an impact on the Trust.

IFRS 3 (revised), 'Business combinations' (effective for accounting periods beginning on or after 1 July 2009). This revised standard will not have an impact on the Trust.

IFRS 2 (amendments), 'Group cash-settled share-based payment transactions' (effective for accounting periods beginning on or after 1 January 2010). This revised standard will not have an impact on the Trust.

Annual improvements 2010 and 2009. With the exception of the amendment to IFRS 8 in relation to the disclosure of total assets by segment which has been adopted by the trust in the current financial statements as noted above, the improvements will apply to the Trust from 1 April 2010 and 2011 onwards. These further improvements are not expected to have a significant impact on the Trust's financial statements.

IAS 32, 'Financial instruments. Presentation on classification or rights issues' This revised standard will not have an impact on the Trust.

IAS 39, 'Eligible hedged items'. This revised standard will not have an impact on the Trust.

IFRS 9, 'Financial instruments. The trust will apply IFRS 9 from 1 April 2013. It is not expected to have a material impact on the Trust's financial statements.

IFRIC 14, IAS 19 'Prepayments of a minimum funding requirement'. This revised standard and interpretation will not have an impact on the Trust."

IFRIC 18, 'Transfer of assets from customers'. This revised standard will not have an impact on the Trust.

IFRIC 19, 'Extinguishing financial liabilities with equity instruments'. This revised interpretation will not have an impact on the Trust.

## 1.23 Accounting estimates, judgements and critical accounting policies

### *Component depreciation*

IAS 16(Property, Plant and Equipment) requires that "each part of an item of property, plant and equipment with a cost which is significant in relation to the total cost of the item, shall be depreciated separately". The standard also states, "A significant part of an item of PPE may have a useful life and a depreciation method that are the same as the useful life and depreciation method of another significant part of the same item. Such parts may be grouped in determining the depreciation charge".

The Trust has elected to depreciate each building and its constituent elements as a single component on the basis that this more fairly reflects the way that the Trust's is managed and maintained. The appropriateness of this treatment will be reviewed annually.

This change in accounting estimate has been applied from 1 April 2009 resulting in a reduction to the annual depreciation charge of £1.2m.

### *Revaluation of land, buildings and dwellings*

At 31st March 2010 the Trust's valuer carried out a revaluation of the land, buildings and dwellings to reflect the continued economic downturn during 2009/10. This has resulted in a downward valuation of these non-current assets of £24.5 million. (see Note 11 for further details)

## 2. Operating segments

2009/10	Medicine	Surgery	Cardiac	Women's & Children's	Clinical Support Services	Other	Total
	£000	£000	£000	£000	£000	£000	£000
Income	72,307	63,170	44,124	25,154	35,639	30,815	271,209
Expenditure	(69,898)	(62,030)	(43,462)	(24,676)	(27,229)	(28,277)	(255,572)
<b>EBITDA</b>	<b>2,409</b>	<b>1,140</b>	<b>662</b>	<b>478</b>	<b>8,410</b>	<b>2,538</b>	<b>15,637</b>
Fixed asset impairments							(8,484)
Depreciation							(6,097)
Interest receivable							149
Interest payable							(1,132)
PDC dividend							(5,785)
<b>Deficit for the Financial Year</b>							<b>(5,712)</b>
2008/09	Medicine	Surgery	Cardiac	Women's & Children's	Clinical Support Services	Other	Total
	£000	£000	£000	£000	£000	£000	£000
Income	73,383	63,124	45,251	23,468	23,946	25,906	255,078
Expenditure	(67,737)	(60,069)	(38,764)	(23,818)	(18,192)	(24,866)	(233,446)
<b>EBITDA</b>	<b>5,646</b>	<b>3,055</b>	<b>6,487</b>	<b>(350)</b>	<b>5,754</b>	<b>1,040</b>	<b>21,632</b>
Fixed asset impairments							(2,472)
Depreciation							(7,169)
Interest receivable							1,154
Interest payable							(1,098)
PDC dividend							(7,400)
<b>Surplus for the Financial Year</b>							<b>4,647</b>

### Segmental information

Financial and operational performance data is reviewed by the Trust Board of Directors on a monthly basis. The Board are responsible for setting financial performance targets for each of the divisions within the Trust. The Trust Board of Directors are therefore considered to be the Chief Operating Decision Maker (CODM).

Each of the Trust's healthcare divisions have been deemed to be a reportable segment under IFRS8 (Segmental Reporting). The "Other" segment consists of the Corporate Services and Facilities divisions which combined represent 11.3% of operating income.

Recharges of indirect activity based costs are recharged between divisions at unit costs. Overheads and fixed costs are apportioned on the floor area, staff numbers or expenditure levels.

The majority of the Trust's revenue is generated from external customers in England, with the exception of the bodies listed below, and transactions between segments are immaterial

	2009/10 £000	2008/09 £000
Scottish NHS bodies	409	121
Local Health boards in Wales	96	54
Northern Ireland Health and Social Care Trusts	68	0

The Trust has three external customers which generate income amounting to more than 10% of the Trust's total income. The values of income from the largest customers are set out in note 26. The income from these customers is included in all of the segments reported above.

### 3. Income

#### 3.1 Income from Activities by category

	Year ended 31st March 2010	Year ended 31st March 2009
	£000	£000
Elective income	57,669	56,203
Non elective income	78,554	72,868
Outpatient income	32,024	30,434
A & E income	7,452	6,973
Other NHS Clinical income	68,053	63,799
Private patient income	1,420	1,513
	<b>245,172</b>	<b>231,790</b>

#### 3.2 Private patient income

Under section 44 of the 2006 Act, the proportion of private patient income to the total of patient related income of the Trust should not exceed the proportion whilst the NHS body was an NHS trust in 2002/03.

	2009/10	2008/09	2002/03
	£000	£000	£000
Private patient income	1,420	1,513	3,184
Total patient related income	245,172	231,790	151,547
Proportion (as a percentage)	<b>0.6%</b>	<b>0.7%</b>	<b>2%</b>

#### 3.3 Income from activities by source

	Year ended 31st March 2010	Year ended 31st March 2009
	£000	£000
NHS Foundation Trusts	92	83
NHS Trusts	25	18
Strategic Health Authorities	1,278	807
Primary Care Trusts	238,968	223,343
Department of Health	93	3,660
Local Authorities	197	242
Non NHS:		
- Private patients	1,420	1,513
- NHS Injury scheme income	1,176	1,181
- Other	1,923	943
	<b>245,172</b>	<b>231,790</b>

#### 3.4 Mandatory and Non Mandatory Income

Under the National Health Service Act (2006) the Trust is required to provide health Services in England. The mandatory goods and services are listed in Schedule 2 of the Foundation Trust's Terms of Authorisation. Of the total income from activities, £240.1m (2008/09: £227.9m) relates to Mandatory Goods and Services and £5.0m (2008/09: £3.9m) relates to Non Mandatory Goods and Services.

## 4. Other Operating Income

	Year ended 31st March 2010	Year ended 31st March 2009
	£000	£000
Research and Development	1,128	1,071
Education, training and research *	13,601	10,505
Charitable and other contributions to expenditure	83	143
Transfers from donated asset reserve	249	289
Non-patient care services to other bodies **	6,559	6,001
Profit on disposal of land and buildings	0	1,496
Sales of goods and services ***	2,752	2,947
Other ****	1,665	836
	<b>26,037</b>	<b>23,288</b>

- \* Education, training and research income comprises income relating the North West Leadership Academy for which the Trust is the host organisation, and funding received from NHS Northwest for junior doctors training.
- \*\* Non-patient care services to other bodies includes service level agreement income from other NHS bodies for estates, IT and payroll services provided by the Trust.
- \*\*\* Sales of goods and services includes income from catering sales, commercial laundry services, staff accommodation rentals, and car parking.
- \*\*\*\* Other income includes £264,000 relating to VAT refunds relating to prior years.

## 5. Operating expenses

### 5.1 Operating expenses comprise:

		Year ended 31st March 2010	Year ended 31st March 2009
	NOTE	£000	£000
Services from Foundation Trusts		513	427
Services from NHS Trusts		184	39
Services from other NHS bodies		943	1,916
Purchase of healthcare from non NHS bodies		3,011	1,883
Non Executive Directors' costs		143	140
Executive Directors' costs	6	722	679
Employee costs (excluding Executive Directors' costs)	6	165,445	148,659
Drug costs		17,239	15,042
Supplies and services - clinical		30,670	29,105
Supplies and services - general		8,722	8,367
Establishment *		9,014	6,559
Transport		1,947	1,741
Premises		12,302	13,092
Increase / (decrease) in provision for impairment of receivables		(1,102)	1,330
Depreciation	11	5,935	7,060
Amortisation	10	162	109
Non-current asset impairments	11	8,484	2,472
Audit services - statutory audit		77	86
Other auditor's remuneration		0	45
Clinical negligence **		3,379	1,919
Other ***		2,363	2,418
		<b>270,153</b>	<b>243,088</b>

\* Establishment costs have increased due to North West Leadership Academy training expenditure. This increase in costs is offset by increased "Education, training and research" income disclosed in note 4.

\*\* The Trust's annual contribution to the NHS Litigation Authority insurance scheme for clinical negligence has increased significantly during the year.

\*\*\* Other expenditure includes costs for external consultancy, internal audit services, and car park security services.

### 5.2 Other auditor's remuneration

	Year ended 31st March 2010	Year ended 31st March 2009
	£000	£000
Waiting list management	0	31
IFRS Consultancy	0	14
<b>TOTAL</b>	<b>0</b>	<b>45</b>

### 5.3 Auditor liability limitation agreements

The audit agreement PricewaterhouseCoopers (PwC) contains a £1million limit on their liability for losses or damages in connection with the audit contract for their audit work. This limitation does not apply in the event of losses or damages arising from fraud or dishonesty of PwC.

## 5.4 Operating leases

### As lessee

#### 5.4.1 Payments recognised as an expense

	Year ended 31st March 2010 £000	Year ended 31st March 2009 £000
Minimum lease payments	2,194	2,026
	<b>2,194</b>	<b>2,026</b>

#### 5.4.2 Total future minimum lease payments

	Year ended 31st March 2010 £000	Year ended 31st March 2009 £000
Not later than one year	15	78
Between one and five years	5,838	4,401
After five years	920	2,461
	<b>6,773</b>	<b>6,940</b>

#### 5.4.3 Significant leasing arrangements

The significant operating lease arrangements held by the Trust relate to medical equipment and buildings and are subject to the following terms:

- No transfer of ownership at the end of the lease term.
- No option to purchase at a price significantly below fair value at the end of the lease term.
- Leases are non-cancellable or must be paid in full.
- No secondary period rental or at best market rate.
- Lease payments are fixed for the contracted lease term.

Significant operating lease arrangements held by the Trust relate to:	Annual commitment £000	Lease term Years
- Cardiac centre equipment	449	7
- Catheter laboratory 1	207	7
- Catheter laboratory 2	188	5
- Zoo Cark Park	167	5
- CT Scanner	155	5
- Endoscopy equipment	150	5

#### 5.4.4 PFI Payments recognised as an expense

	Year ended 31st March 2010 £000	Year ended 31st March 2009 £000
Facility Management - Minimum lease payments	1,426	1,354
	<b>1,426</b>	<b>1,354</b>

The Trust is committed to make the following service payments during the next year for the PFI commitment:

	£000
expiring in 15 to 20 years:	<b>1,260</b>

The facility management charge was set at the outset of the contract and is uplifted annually from 1st April by the increase in the Retail Prices Index as at the preceding February. Costs are charged to operating expenses.

## 6. Employee costs and numbers

### 6.1 Staff costs

			Year ended 31st March 2010 Total	Year ended 31st March 2009 Total
	Permanently employed £000	Other £000	£000	£000
Salaries and wages	136,346	0	136,346	124,244
Social security costs	9,547	0	9,547	8,889
Employers contribution to NHS Pension Scheme	14,830	0	14,830	13,580
Agency / Contract staff	0	5,444	5,444	2,625
<b>Total</b>	<b>160,723</b>	<b>5,444</b>	<b>166,167</b>	<b>149,338</b>

Total employee costs above reconciles to the total of Executive Directors' costs and Employee costs on Note 5.1 Operating expenses.

### 6.2 Average number of persons employed

			Year ended 31st March 2010 Total	Year ended 31st March 2009 Total
	Permanently employed WTE	Other WTE	WTE	WTE
Medical and Dental	304	25	329	341
Administration and estates	977	64	1,041	905
Healthcare assistants and other support staff	1,012	0	1,012	919
Nursing, midwifery and health visiting staff	1,334	0	1,334	1,279
Scientific, therapeutic and technical staff	434	2	436	415
<b>Total</b>	<b>4,061</b>	<b>91</b>	<b>4,152</b>	<b>3,859</b>

### 6.3 Retirements due to ill health

In the period ended 31st March 2010 there were 7 early retirements from the Trust on the grounds of ill-health. The estimated additional pension liabilities of these ill-health retirements will be £551,787. (2008/09: 9 cases with estimated liability of £896,162) The cost of these ill-health retirements will be borne by the NHS Pension Scheme. Accordingly, no provision is recognised in the Trust's accounts.

### 6.4 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. The Scheme is not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as a defined contribution scheme: the cost to the Trust of participating in the Scheme is taken as equal to the contributions payable to the Scheme for the accounting year.

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 IAS 19 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.pensions.nhsbsa.nhs.uk](http://www.pensions.nhsbsa.nhs.uk). Copies can also be obtained from The Stationery Office.

The conclusion of the 2004 valuation was that the scheme had accumulated a notional deficit of £3.3 billion against the notional assets as at 31 March 2004, and the Scheme continues to operate on a sound financial basis. Employer contribution rates are reviewed every four years following the Scheme valuation, on advice from the actuary. Taking into account the changes in the benefit and contribution structure effective from 1 April 2008, it was recommended that employer contributions should continue at the existing rate of 14% of pensionable pay. From 1 April 2008, employees pay contributions according to a tiered scale from 5% up to 8.5% of their pensionable pay.

## 7. Gains/(losses) on disposal of assets

	Year ended 31st March 2010	Year ended 31st March 2009
	£000	£000
Gain/(Loss) on disposal of protected assets	0	1,496
	<b>0</b>	<b>1,496</b>

The gain on disposal of assets in 2008/09 related to overage payments received following the sale of land in previous years. The disposal of property, plant and equipment disposals reported at note 11 for 2008/09 arose from the disposal of property, plant and equipment assets at nil net book value, and generated no sale proceeds.

## 8. Finance income

	Year ended 31st March 2010	Year ended 31st March 2009
	£000	£000
Interest from bank accounts	149	1,154
	<b>149</b>	<b>1,154</b>

## 9. Finance expense - financial liabilities

	NOTE	Year ended 31st March 2010	Year ended 31st March 2009
		£000	£000
Interest on obligations under on-statement of financial position PFI schemes		793	804
Contingent rentals under on-statement of financial position PFI schemes		264	264
Loans from Foundation Trust financing facility		52	0
Unwinding of discount on provisions	20	22	29
		<b>1,131</b>	<b>1,097</b>

## 10. Intangible assets

Intangible assets comprise the following elements:

	Software Licences	Licences & Trademarks	Development Expenditure	Total
	£000	£000	£000	£000
Cost or valuation at 1st April 2009	620	515	189	1,324
Additions purchased	3,342	342	0	3,684
<b>Cost or valuation at 31st March 2010</b>	<b>3,962</b>	<b>857</b>	<b>189</b>	<b>5,008</b>
Amortisation at 1st April 2009	92	71	72	235
Charged during the year	82	57	23	162
<b>Amortisation at 31st March 2010</b>	<b>174</b>	<b>128</b>	<b>95</b>	<b>397</b>
<b>Net book value at 31st March 2010</b>	<b>3,788</b>	<b>729</b>	<b>94</b>	<b>4,611</b>
<b>Net book value</b>				
Purchased at 31st March 2010	3,788	729	94	4,611
<b>Total at 31st March 2010</b>	<b>3,788</b>	<b>729</b>	<b>94</b>	<b>4,611</b>
<b>Prior year:</b>				
Cost or valuation at 1st April 2008	364	283	189	836
Additions purchased	256	232	0	488
<b>Cost or valuation at 31st March 2009</b>	<b>620</b>	<b>515</b>	<b>189</b>	<b>1,324</b>
Amortisation at 1st April 2008	33	39	49	121
Charged during the year	53	32	24	109
Reclassifications	6	0	(1)	5
<b>Amortisation at 31st March 2009</b>	<b>92</b>	<b>71</b>	<b>72</b>	<b>235</b>
<b>Net book value at 31st March 2009</b>	<b>528</b>	<b>444</b>	<b>117</b>	<b>1,089</b>
<b>Net book value</b>				
Purchased at 31st March 2009	528	444	117	1,089
<b>Total at 31st March 2009</b>	<b>528</b>	<b>444</b>	<b>117</b>	<b>1,089</b>
<b>Net book value</b>				
Purchased at 1st April 2008	331	244	140	715
<b>Total at 1st April 2008</b>	<b>331</b>	<b>244</b>	<b>140</b>	<b>715</b>

## 11. Property, plant and equipment

Property, plant and equipment comprises the following elements:

	Land £000	Buildings excluding dwellings £000	Dwellings £000	Assets under construction £000	Plant and Machinery £000	Transport Equipment £000	Information Technology £000	Furniture & fittings £000	Total £000
Cost or valuation at 1st April 2009	9,576	155,325	7,213	3,807	38,886	204	5,344	2,123	222,478
Additions purchased	0	3,759	773	19,486	2,012	0	1,661	65	27,756
Additions donated	0	0	0	0	257	0	6	0	263
Impairment charges to revaluation reserve	0	(14,591)	(1,412)	0	0	0	0	0	(16,003)
Reclassifications	0	350	(350)	0	(9)	0	9	0	0
Transfer of depreciation to gross book value following revaluation	(367)	(16,304)	(226)	0	0	0	0	0	(16,897)
<b>Cost or valuation at 31st March 2010</b>	<b>9,209</b>	<b>128,539</b>	<b>5,998</b>	<b>23,293</b>	<b>41,146</b>	<b>204</b>	<b>7,020</b>	<b>2,188</b>	<b>217,597</b>
Depreciation at 1st April 2009	367	5,571	133	0	21,623	179	2,698	588	31,159
Charged during the year	0	2,240	102	0	2,790	13	594	196	5,935
Impairments recognised in operating expenses	0	8,484	0	0	0	0	0	0	8,484
Reclassifications	0	9	(9)	0	0	0	0	0	0
Transfer of depreciation to gross book value following revaluation	(367)	(16,304)	(226)	0	0	0	0	0	(16,897)
<b>Depreciation at 31st March 2010</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>24,413</b>	<b>192</b>	<b>3,292</b>	<b>784</b>	<b>28,681</b>
<b>Net book value at 31st March 2010</b>	<b>9,209</b>	<b>128,539</b>	<b>5,998</b>	<b>23,293</b>	<b>16,733</b>	<b>12</b>	<b>3,728</b>	<b>1,404</b>	<b>188,916</b>
<b>Net book value</b>									
<b>Owned</b>									
Purchased at 31st March 2010	8,870	117,865	5,998	23,293	15,697	12	3,722	1,404	176,861
Donated at 31st March 2010	0	1,781	0	0	1,036	0	6	0	2,823
<b>Assets under PFI arrangement</b>									
Finance lease at 31st March 2010	339	8,893	0	0	0	0	0	0	9,232
<b>Total at 31st March 2010</b>	<b>9,209</b>	<b>128,539</b>	<b>5,998</b>	<b>23,293</b>	<b>16,733</b>	<b>12</b>	<b>3,728</b>	<b>1,404</b>	<b>188,916</b>
<b>Protected status</b>									
Protected assets at 31st March 2010	9,209	128,539	0	0	0	0	0	0	137,748
Unprotected assets at 31st March 2010	0	0	5,998	23,293	16,733	12	3,728	1,404	51,168
<b>Total at 31st March 2010</b>	<b>9,209</b>	<b>128,539</b>	<b>5,998</b>	<b>23,293</b>	<b>16,733</b>	<b>12</b>	<b>3,728</b>	<b>1,404</b>	<b>188,916</b>

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

Protected assets are those assets required for providing the mandatory goods and services set out in the Trust's terms of authorisation approved by Monitor, the Independent Regulator of Foundation Trusts. The Trust may not dispose of any protected property without the approval of Monitor.

### Revaluation of property, plant and equipment

Land and buildings (including dwellings) valuations are carried out by professionally qualified valuers in accordance with the Royal Institute of Chartered Surveyors (RICS) Appraisal and Valuation Manual. The last revaluation took place on 1 April 2008 based on modern replacement cost and was undertaken by Andrew M Wilson MRICS of DTZ. At 31 March 2009 and 31 March 2010 desktop valuations were carried out using cost indices to update land and building asset values.

The impact of the revaluation of land and buildings (including dwellings) charged to operating expenses and reserves is as follows:

	2009/10 £000	2008/09 £000
Impairments charged to the revaluation reserve	15,761	6,411
Impairments charged to the donated asset reserve	242	0
Impairments recognised in operating expenses	8,484	2,472
	<b>24,487</b>	<b>8,883</b>

## 11. Property, plant and equipment (continued)

	Land £000	Buildings excluding dwellings £000	Dwellings £000	Assets under construction £000	Plant and Machinery £000	Transport Equipment £000	Information Technology £000	Furniture & fittings £000	Total £000
Cost or valuation at 1st April 2008	11,512	156,801	7,468	85	44,772	209	7,792	2,511	231,150
Additions purchased	0	2,577	167	3,722	1,663	10	547	11	8,697
Additions donated	0	0	0	0	502	0	0	0	502
Impairment charges to revaluation reserve	(1,936)	(4,053)	(422)	0	0	0	0	0	(6,411)
Reclassifications	0	0	0	0	784	0	(913)	215	86
Disposals	0	0	0	0	(8,835)	(15)	(2,082)	(614)	(11,546)
<b>Cost or valuation at 31st March 2009</b>	<b>9,576</b>	<b>155,325</b>	<b>7,213</b>	<b>3,807</b>	<b>38,886</b>	<b>204</b>	<b>5,344</b>	<b>2,123</b>	<b>222,478</b>
Depreciation at 1st April 2008	0	0	0	0	27,668	180	4,237	1,007	33,092
Charged during the year	0	3,466	133	0	2,710	14	543	194	7,060
Impairments recognised in operating expenses	367	2,105	0	0	0	0	0	0	2,472
Reclassifications	0	0	0	0	80	0	0	1	81
Disposals	0	0	0	0	(8,835)	(15)	(2,082)	(614)	(11,546)
<b>Depreciation at 31st March 2009</b>	<b>367</b>	<b>5,571</b>	<b>133</b>	<b>0</b>	<b>21,623</b>	<b>179</b>	<b>2,698</b>	<b>588</b>	<b>31,159</b>
<b>Net book value at 31st March 2009</b>	<b>9,209</b>	<b>149,754</b>	<b>7,080</b>	<b>3,807</b>	<b>17,263</b>	<b>25</b>	<b>2,646</b>	<b>1,535</b>	<b>191,319</b>
<b>Net book value Owned</b>									
Purchased at 31st March 2009	8,870	137,382	7,080	3,807	16,261	25	2,646	1,535	177,606
Donated at 31st March 2009	0	2,049	0	0	1,002	0	0	0	3,051
<b>Assets under PFI arrangement</b>									
Finance lease at 31st March 2009	339	10,323	0	0	0	0	0	0	10,662
<b>Total at 31st March 2009</b>	<b>9,209</b>	<b>149,754</b>	<b>7,080</b>	<b>3,807</b>	<b>17,263</b>	<b>25</b>	<b>2,646</b>	<b>1,535</b>	<b>191,319</b>
<b>Owned</b>									
Purchased at 1st April 2008	11,089	143,684	7,468	85	16,362	29	3,555	1,504	183,776
Donated at 1st April 2008	0	2,181	0	0	742	0	0	0	2,923
<b>Assets under PFI arrangement</b>									
Finance lease at 1st April 2008	423	10,936	0	0	0	0	0	0	11,359
<b>Total at 1st April 2008</b>	<b>11,512</b>	<b>156,801</b>	<b>7,468</b>	<b>85</b>	<b>17,104</b>	<b>29</b>	<b>3,555</b>	<b>1,504</b>	<b>198,058</b>
<b>Protected status</b>									
Protected assets at 31st March 2009	9,209	149,754	0	0	0	0	0	0	158,963
Unprotected assets at 31st March 2009	0	0	7,080	3,807	17,263	25	2,646	1,535	32,356
<b>Total at 31st March 2009</b>	<b>9,209</b>	<b>149,754</b>	<b>7,080</b>	<b>3,807</b>	<b>17,263</b>	<b>25</b>	<b>2,646</b>	<b>1,535</b>	<b>191,319</b>
<b>Protected status</b>									
Protected assets at 1st April 2008	11,512	156,801	0	0	0	0	0	0	168,313
Unprotected assets at 1st April 2008	0	0	7,468	85	17,104	29	3,555	1,504	29,745
<b>Total at 1st April 2008</b>	<b>11,512</b>	<b>156,801</b>	<b>7,468</b>	<b>85</b>	<b>17,104</b>	<b>29</b>	<b>3,555</b>	<b>1,504</b>	<b>198,058</b>

## 12. Capital commitments

Commitments under capital expenditure contracts at the balance sheet date were £29,042,195.

	2010/11 £000	2009/10 £000
Surgical Centre	21,901	37,165
Urgent Care Centre	1,166	2,955
Reconfiguration of Women & Children services	3,069	11,741
Mortuary	2,026	0
Other	880	870
	<b>29,042</b>	<b>52,731</b>

## 13. Inventories

	31st March 2010 £000	31st March 2009 £000	1st April 2008 £000
Materials	<b>4,393</b>	<b>4,033</b>	<b>3,865</b>

There have been no write-down of inventories or reversal of write-downs during 2009/10. Management have performed a review for obsolete or slow moving stock in order to identify the need for an inventory provision and do not consider that a provision is required as at 31 March 2010.

Inventories charged to operating expenses include drugs £16.808m (2008/09 15.054m) and cardiac consumables £2.542m(2008/09: £2.048m). The figure reported for drugs in operating expenses includes costs of non-inventory items.

## 14. Trade and other receivables

### 14.1 Trade and other receivables

	31st March 2010	31st March 2009	1st April 2008
	£000	£000	£000
NHS receivables	5,158	5,776	7,605
Other receivables with related parties	872	809	0
Provision for impairment of receivables	(405)	(2,256)	(1,375)
Prepayments and accrued income	1,656	1,469	947
PDC dividend receivable	406	0	0
Other receivables	1,376	1,914	1,923
<b>Trade and other receivables falling due within one year</b>	<b>9,063</b>	<b>7,712</b>	<b>9,100</b>
Other receivables	2,118	2,051	1,680
Provision for impairment of receivables	(250)	(240)	(199)
<b>Trade and receivables falling due after more than one year</b>	<b>1,868</b>	<b>1,811</b>	<b>1,481</b>
<b>Total</b>	<b>10,931</b>	<b>9,523</b>	<b>10,581</b>

### 14.2 Aging of receivables past their due date but not impaired

	31st March 2010	31st March 2009
	£000	£000
By up to three months	532	179
By three to six months	254	208
By more than six months	6	75
	<b>792</b>	<b>462</b>

### 14.3 Analysis of provision for impairment of receivables

	NHS Debts £000	Non NHS Debts £000	Total £000
As at 1st April 2009	1,869	627	2,496
Amounts written off during the year as uncollectible	(675)	(64)	(739)
Amounts reversed unused during the year	(1,189)	(118)	(1,307)
(Decrease)/increase in allowance recognised in operating expenses	164	41	205
<b>As at 31st March 2010</b>	<b>169</b>	<b>486</b>	<b>655</b>

### 14.4 Aging of impaired receivables

	31st March 2010	31st March 2009
	£000	£000
By up to three months	62	1,381
By three to six months	54	268
By more than six months	539	847
	<b>655</b>	<b>2,496</b>

## 15. Other financial assets

	31st March 2010 £000	31st March 2009 £000	1st April 2008 £000
Yorkshire Bank deposit	0	5,000	0

The rate of interest attached to this deposit was 6.15% and the maturity period at the time of the deposit was 1 year. Due to the short term nature of the deposit and the fact that the interest rate is not materially different than market rates, management did not consider that the fair value of the asset was materially different to amortised cost. As at 31 March 2010, the deposit has been returned in full with nil gain or loss, therefore there is no credit risk for the Trust in respect of the deposit at year end.

## 16. Cash and cash equivalents

	31st March 2010 £000	31st March 2009 £000	1st April 2008 £000
Balance at beginning of the year	24,072	23,910	13,511
Net change in the year	(12,374)	162	10,399
<b>Balance at 31 March</b>	<b>11,698</b>	<b>24,072</b>	<b>23,910</b>
<b>Made up of:</b>			
Cash with Government Banking Service	11,698	24,072	23,910
	<b>11,698</b>	<b>24,072</b>	<b>23,910</b>

## 17. Trade and other payables

	31st March 2010 £000	31st March 2009 £000	1st April 2008 £000
NHS payables	3,904	5,165	3,704
Amounts due to other related parties	147	1,750	0
Non-NHS trade payables - revenue	5,214	6,214	7,879
Non-NHS trade payables - capital	5,278	2,799	5,547
Accruals	4,434	4,067	5,874
<b>Subtotal</b>	<b>18,977</b>	<b>19,995</b>	<b>23,004</b>
Tax & social security costs	3,315	3,095	2,887
<b>Trade and other payables falling due within one year</b>	<b>22,292</b>	<b>23,090</b>	<b>25,891</b>

## 18. Other liabilities

	31st March 2010 £000	31st March 2009 £000	1st April 2008 £000
Deferred income	1,818	2,955	2,477
<b>Other liabilities falling due within one year</b>	<b>1,818</b>	<b>2,955</b>	<b>2,477</b>
Deferred income*	1,550	1,550	0
<b>Other liabilities falling due after more than one year</b>	<b>1,550</b>	<b>1,550</b>	<b>0</b>
<b>Total</b>	<b>3,368</b>	<b>4,505</b>	<b>2,477</b>

\* Non-current deferred income relates to a contribution from Blackpool PCT towards the future operating costs of the Urgent Care Centre, due to be commissioned during 2010/11. This income will be released to income over the life of the asset once it comes into use and is depreciated. In 2008/09 this was included in current liabilities, therefore the prior year figures have been restated to reflect this change of treatment.

## 19. Borrowings

### 19.1 Borrowings

	31st March 2010 £000	31st March 2009 £000	1st April 2008 £000
Obligations under PFI contracts	126	114	103
<b>Borrowings falling due within one year</b>	<b>126</b>	<b>114</b>	<b>103</b>
Loans from Foundation Trust Financing Facility	10,000	0	0
Obligations under PFI contracts	7,860	7,993	8,107
<b>Borrowings falling due after more than one year</b>	<b>17,860</b>	<b>7,993</b>	<b>8,107</b>
<b>Total borrowings</b>	<b>17,986</b>	<b>8,107</b>	<b>8,210</b>

The Foundation Trust Financing Facility loan expires on 30th March 2034 and attracts interest at a fixed rate of 3.7%. The Trust is committed to repaying 2.17% of the balance in each September and March with effect from 30th September 2011. The agreement provides for a total loan of £25m, to be utilised by 31st March 2011.

### 19.2 Prudential borrowing limit

The 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 four ratio tests set out in Monitor's Prudential Monitoring Code (see table below). The financial risk rating set under Monitor's Compliance Framework determines one of the ratios and therefore can impact on the long term borrowing limit; and
- The amount of any working capital facility approved by Monitor.

Further information on the NHS Foundation Trust Prudential Borrowing Code and Compliance Framework can be found on the website of Monitor, the Independent Regulator of Foundation Trusts.

The Trust performance against approved PBL ratios is as follows :-

Financial ratio	Actual ratios 2009/10	Approved PBL ratios 2009/10	Actual ratios 2008/09	Approved PBL ratios 2008/09
Minimum dividend cover	2.5x	>1x	2.9x	>1x
Minimum interest cover	7.8x	>3x	10.8x	>3x
Minimum debt service cover	4.9x	>2x	6.7x	>2x
Maximum debt service to revenue	1.2%	<2.5%	1.3%	<3%

### 19.3 Prudential borrowing limit - long term borrowing

	31st March 2010	31st March 2009
Long term borrowing limit set by Monitor	59,200	51,500
Working capital facility set by Monitor	19,000	16,000
<b>Total Prudential borrowing limit</b>	<b>78,200</b>	<b>67,500</b>
Long term borrowing at 1st April	7,993	8,107
Net borrowing/(repayment) in year - long term	9,867	(114)
<b>Long term borrowing at 31st March</b>	<b>17,860</b>	<b>7,993</b>
Working capital borrowing at 1st April	0	0
Net borrowing/(repayment) in year - working capital	0	0
<b>Working capital borrowing at 31st March</b>	<b>0</b>	<b>0</b>

## 20. Provisions

### 20.1 Provisions analysis

	31st March 2010 £000	31st March 2009 £000	1st April 2008 £000
Pensions relating to other staff	18	17	16
Permanent Injury Benefit	62	56	56
Other legal claims	99	100	100
Other	47	772	1,864
<b>Provisions falling due within one year</b>	<b>226</b>	<b>945</b>	<b>2,036</b>
Pensions relating to other staff	170	166	165
Permanent Injury Benefit	1,046	1,028	993
Other legal claims	0	33	35
Other	0	0	0
<b>Provisions falling due after more than one year</b>	<b>1,216</b>	<b>1,227</b>	<b>1,193</b>
<b>TOTAL</b>	<b>1,442</b>	<b>2,172</b>	<b>3,229</b>

### 20.2 Provisions in year movement and timing of cash flows

	Pensions relating to other staff	Permanent Injury Benefit	Other Legal Claims	Other	Total
	£000	£000	£000	£000	£000
At 1st April 2009	183	1,084	133	772	2,172
Change in discount rate	0	0	0	0	0
Arising during the year	18	68	96	0	182
Utilised during the year	(17)	(62)	(98)	(96)	(273)
Reversed unused	0	0	(32)	(629)	(661)
Unwinding of discount	4	18	0	0	22
<b>At 31st March 2010</b>	<b>188</b>	<b>1,108</b>	<b>99</b>	<b>47</b>	<b>1,442</b>
Expected timing of cash flows:					
Within one year	18	62	99	47	226
Between one year and five years	68	235	0	0	303
After five years	102	811	0	0	913
<b>Total</b>	<b>188</b>	<b>1,108</b>	<b>99</b>	<b>47</b>	<b>1,442</b>

The provisions for pensions relating to other staff and permanent injury benefit are stated at the present value of future amounts estimated as payable using life expectancy tables provided by the Office of National Statistics. Payments are made on a quarterly basis to the NHS Pension Scheme and NHS Injury Benefit Scheme respectively.

Other legal claims represent the amounts payable by the Trust in relation to the excess on claims for clinical negligence and injury to third parties. In return for an annual contribution from the Trust to the NHS Litigation Authority, the claims are settled by the NHSLA on the Trust's behalf. £51,387,000 is included in the provisions of the NHSLA at 31st March 2010 in respect of clinical negligence liabilities of the Trust (2008/09: £32,062,748).

Other provisions at 31st March 2010 are in relation to potential decontamination project residual costs. During the year £0.5m of the provision has been reversed unused to operating expenses following the Trust's withdrawal from the decontamination project consortium. Other provisions at 31st March 2009 relating to agenda for change appeals and the European working time directive have also been reversed unused.

## 21. Private Finance Initiative Transactions

### 21.1 PFI schemes deemed to be off-Statement of Financial Position

The Trust does not have any PFI schemes deemed to be off-balance sheet as at 31 March 2010.

### 21.2 PFI scheme deemed on-Statement of Financial Position

The Trust has a PFI Partnership Agreement for the provision of facilities for the provision of healthcare services to the public at Wesham, Rossall and Bispham. The contract runs for 27 years from April 2001. The Trust has title to the freehold land at Wesham and Rossall and the contractor has title to the land at Bispham. At the end of the agreement period the contractor will cease to have any rights, title and interest in the Wesham and Rossall sites, and the Trust has an option to purchase the Bispham facility at market value, which must be exercised not later than 12 months prior to the end of the contract. The Trust has estimated that the residual value of the Bispham property is £2.4 million.

The unitary payment was set at the outset of the contract and is uplifted annually from 1st April by the increase in the Retail Prices Index as at the preceding February. These inflationary increase are charged to the statement of comprehensive income as finance expenses.

#### Total obligations for on-Statement of Financial Position PFI contracts due:

	31st March 2010 £000	31st March 2009 £000	1st April 2008 £000
Gross PFI liabilities - minimum lease payments:			
Rentals due within one year	908	908	908
Rentals due within two to five years	3,632	3,632	3,632
Rentals due thereafter	11,803	12,711	13,619
	<b>16,343</b>	<b>17,251</b>	<b>18,159</b>
Future finance charges on PFI agreements	<b>(8,357)</b>	<b>(9,144)</b>	<b>(9,948)</b>
Net PFI liabilities	<b>7,986</b>	<b>8,107</b>	<b>8,211</b>
Net PFI liabilities are repayable as follows:			
No later than 1 year	126	114	103
Later than 1 year and no later than 5 years	639	579	528
Later than 5 years	7,221	7,414	7,579
	<b>7,986</b>	<b>8,107</b>	<b>8,210</b>

During the year the following PFI financing payments have been made to the contractor:

	31st March 2010 £000	31st March 2009 £000
Repayment of borrowings	114	103
Finance expense - Interest	793	804
Finance expense - Contingent rent	264	264
	<b>1,171</b>	<b>1,171</b>

The Trust is also committed to make the service payments for facility management which are charged to operating expenses. These are disclosed at note 5.4.4.

## 22. Contingencies

Contingent liabilities	31st March 2010 £000	31st March 2009 £000	1st April 2008 £000
Employer and Occupier Liability	59	65	68

This is the maximum potential liability for Staff and Occupiers Liability, which the balance of excess covered by the NHS Litigation Authority scheme of which the Trust is a member.

The Trust has no contingent assets.

## 23. 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 current financial assets/liabilities and non current financial liabilities, book value equates to fair value.

All financial assets and liabilities are held in sterling.

The Trust's treasury management operations are carried out by the finance department, within parameters defined formally within the Trust's standing financial instructions and policies agreed by the board of directors. Trust treasury activity is subject to review by the Trust's internal auditors.

### 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.

### 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. 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.

### 23.1 Financial Assets by category

	31st March 2010 £000	31st March 2009 £000	1st April 2008 £000
	<b>Loans and Receivables</b>	<b>Loans and Receivables</b>	<b>Loans and Receivables</b>
NHS Receivables	4,989	3,907	6,436
Accrued Income	66	46	182
Other receivables	2,012	2,336	1,717
Other financial assets	0	5,000	0
Cash and cash equivalents	11,698	24,072	23,910
<b>Total Financial Assets</b>	<b>18,765</b>	<b>35,361</b>	<b>32,245</b>

## 23.2 Other Financial Liabilities by category

	31st March 2010	31st March 2009	1st April 2008
	£000	£000	£000
NHS Payables	(3,904)	(5,165)	(3,704)
Other payables	(10,639)	(10,763)	(13,426)
Accruals	(4,434)	(4,067)	(5,874)
<b>Subtotal - Trade and other payables</b>	<b>(18,977)</b>	<b>(19,995)</b>	<b>(23,004)</b>
PFI Obligations	(7,986)	(8,107)	(8,210)
Other borrowings	(10,000)	0	0
<b>Subtotal - Borrowings</b>	<b>(17,986)</b>	<b>(8,107)</b>	<b>(8,210)</b>
<b>Total Financial Liabilities</b>	<b>(36,963)</b>	<b>(28,102)</b>	<b>(31,214)</b>

The Trust has a loan with the Foundation Trust Financing Facility which is categorised as a non-current financial liability. The carrying value of the liability is considered to approximate to fair value as the arrangement is of a fixed interest rate and equal instalment repayment feature. In addition, the interest rate is not materially different to the discount rate.

## 24. Third party assets

The Trust held the following cash and cash equivalents on behalf of third parties which have been excluded from cash and cash equivalents in the Trust's statement of financial position:

	31st March 2010	31st March 2009	1st April 2008
	£000	£000	£000
Patients monies	17	15	20
Blackpool, Fylde and Wyre Hospitals Charitable Funds	3,492	3,701	3,986
	<b>3,509</b>	<b>3,716</b>	<b>4,006</b>

## 25. Losses and special payments

There were 173 cases of losses and special payments totalling £0.862 million in the accounting period (2008/09: 439 cases totalling £0.452 million).

## 26. 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 Department of Health Ministers, Trust Board Members or members of the key management staff or parties related to them has undertaken any material transactions with the Trust.

### Governing Council

The roles and responsibilities of the Governing Council of the 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 Trust maintains a register of interest for members of the Governing Council.

Of the total 33 members of the Council of Governors, 12 represent the interests of other organisations who the Trust has identified as key partners in the delivery of healthcare with the remainder being staff members and members of the public.

### Members of Council of Governors

	Receivables			Payables		
	31st March 2010 £'000	31st March 2009 £'000	1st April 2008	31st March 2010 £'000	31st March 2009 £'000	1st April 2008 £'000
Blackpool PCT	699	1,414	1,505	176	11	17
North Lancashire PCT	1,661	1,369	3,303	112	308	69
Blackpool Borough Council	40	55	0	115	6	0
Lancashire County Council	7	23	0	0	0	0
Lancashire Care Trust	76	82	122	43	80	52
UCLAN	55	65	0	9	4	0
	<b>2,538</b>	<b>3,008</b>	<b>4,930</b>	<b>455</b>	<b>409</b>	<b>138</b>

	Income		Expenditure	
	2009/10 £'000	2008/09 £'000	2009/10 £'000	2008/09 £'000
Blackpool PCT	93,846	86,123	219	50
North Lancashire PCT	96,523	87,701	1,300	2,616
Blackpool Borough Council	295	221	1,197	1,032
Lancashire County Council	51	56	1	3
Lancashire Care Trust	2,701	2,843	290	270
UCLAN	270	142	50	41
	<b>193,686</b>	<b>177,086</b>	<b>3,057</b>	<b>4,012</b>

### Other related parties

The Department of Health is regarded as a related party. During the year the Trust has had a significant number of material transactions with the Department, other entities for which the Department is regarded as the parent Department, and other Government departments and Central and Local Government bodies, in addition to members of the Council of Governors list above.

## 26. Related party transactions (continued)

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 Trust Board.

Significant transactions with these other related parties are listed below:

	Receivables			Payables		
	31st March 2010 £'000	31st March 2009 £'000	1st April 2008	31st March 2010 £'000	31st March 2009 £'000	1st April 2008 £'000
Department of Health	15	33	1	1	0	63
North West SHA	358	0	85	5	47	0
Western Cheshire PCT	0	488	24	91	1,207	0
Central Lancashire PCT	584	316	730	1	1	4
NHS Purchasing and Supply Agency	0	0	0	78	180	273
NHS Litigation Authority	0	0	0	0	0	1
HM Revenue & Customs	708	645	0	3,315	3,095	2,887
NHS Pension Scheme	0	0	0	1,902	1,743	1,572
Blackpool, Fylde & Wyre Hospitals Charitable Fund	155	79	148	0	0	0
	<b>1,820</b>	<b>1,561</b>	<b>988</b>	<b>5,393</b>	<b>6,273</b>	<b>4,800</b>

	Income		Expenditure	
	2009/10 £'000	2008/09 £'000	2009/10 £'000	2008/09 £'000
Department of Health	93	3,660	0	0
North West SHA	10,202	8,803	9	178
Western Cheshire PCT	42,853	45,139	0	0
Central Lancashire PCT	3,915	3,347	6	35
NHS Purchasing and Supply Agency	0	0	4,390	4,337
NHS Litigation Authority	0	0	3,379	1,919
HM Revenue & Customs	0	0	9,559	8,889
NHS Pension Scheme	0	0	14,830	13,580
Blackpool, Fylde & Wyre Hospitals Charitable Fund	263	502	0	0
	<b>57,326</b>	<b>61,451</b>	<b>32,173</b>	<b>28,938</b>

All transactions related to the provision of healthcare services and were conducted at arm's length.

### Remuneration of key management personnel

The members of the Trust Board are deemed to be the key management personnel. The following table summarises the remuneration due to these staff. Further details can be found in the Remuneration Report.

	Aggregate		Highest paid director	
	Year ended 31st March 2010 £000	Year ended 31st March 2009 £000	Year ended 31st March 2010 £000	Year ended 31st March 2009 £000
Remuneration	1,068	1,044	190	184
Employer contributions to the NHS Pension Scheme	121	124	22	22
Accrued pension under NHS Pension Scheme	270	339	64	62
Accrued lump sum under NHS Pension Scheme	803	1,016	193	186
Number of directors to whom benefits are accruing under the NHS Pension Scheme			<b>Number</b> 7	<b>Number</b> 11

None of the key management personnel received an advance from the Trust. The Trust has not entered into guarantees of any kind on behalf of key management personnel.

## 27. Transition to IFRS - first time adoption

IFRS 1 'First-time Adoption of International Financial Reporting Standards' sets out the procedures that the Trust must follow when it adopts IFRS for the first time as the basis for preparing its financial statements. The Trust is required to establish its accounting policies for the year ending 31st March 2010 and apply these retrospectively to determine the IFRS opening balance sheet as at its date of transition, 1st April 2008. The key adjustments made to the financial statements are set out below.

### a) Capitalisation of Private Finance Initiative (PFI)

IFRIC 12 'Service concession arrangements' sets out the general principles on recognising and measuring the obligations and related rights under, amongst others, PFI arrangements. The Trust has a PFI arrangement for the provision of services at Wesham Park, Rossall and Bispham Hospitals, which in compliance with IFRIC 12 have now been capitalised and a corresponding liability created on the Statement of Financial Position. The assets are revalued and depreciated in accordance with the Trust's capitalisation policy (see note 1.4), and interest applied to the liability is charged to the Income statement.

### b) Component depreciation

IAS 16 'Property, plant and equipment' requires that significant assets are depreciated separately to ensure that assets are written down over their expected useful economic lives.

Statement of taxpayers' equity	Public dividend capital	Revaluation reserve	Donated asset reserve	Income and expenditure reserve	Total
	£000	£000	£000	£000	£000
Taxpayers' equity at 31 March 2009 under UK GAAP	141,031	43,759	3,070	9,115	196,975
Adjustments for IFRS changes:					
Private Finance Initiative	0	2,821	0	(1,511)	1,310
Component Depreciation	0	(9)	(19)	(1,095)	(1,123)
Taxpayers' equity at 31 March 2009 under IFRS	141,031	46,571	3,051	6,509	197,162
Taxpayers' equity at 1 April 2008 under UK GAAP	139,640	49,912	2,869	2,804	195,225
Adjustments for IFRS changes:					
Private Finance Initiative	0	3,340	0	(1,243)	2,097
Taxpayers' equity at 1 April 2008 under IFRS	139,640	53,252	2,869	1,561	197,322
<b>Reconciliation of 2008/09 operating surplus</b>				<b>£000</b>	
Surplus/(deficit) for 2008/09 under UK GAAP				6,043	
Adjustments for:					
Private Finance Initiative				(269)	
Component Depreciation				(1,127)	
Surplus/(deficit) for 2008/09 under IFRS				4,647	

## 28. Events after the reporting period

There are no events after the reporting 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 at 6pm at the De Vere Hotel, Heron's Reach, Blackpool.

Further copies of the Annual Report and Accounts for the period April 1st 2009 to March 31st 2010 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

Alternatively they can be downloaded from our website [www.bfwhospitals.nhs.uk](http://www.bfwhospitals.nhs.uk)

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



**Blackpool, Fylde and Wyre Hospitals NHS Foundation Trust**  
**Whinney Heys Road, Blackpool, FY3 8NR**

**01253 300000**

**[www.bfwhospitals.nhs.uk](http://www.bfwhospitals.nhs.uk)**