# Poole Hospital NHS Foundation Trust
# Annual Report and Accounts
# 1 November 2007 to 31 March 2008

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

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# CHAIRMAN'S STATEMENT

I am pleased to introduce the first annual report of Poole Hospital NHS Foundation Trust.

Poole Hospital was authorised as an NHS Foundation Trust on 1 November 2007. This was a major achievement for the Trust and an occasion of great celebration. It was fitting that we reached this landmark in the hospital's history in the same year that we commemorated our 100th anniversary.

The former Cornelia Hospital was opened on the same site as our present hospital in 1907. It had just 14 beds and treated 400 patients. Today we have 789 beds, admit 48,500 patients and see some 173,000 outpatients each year. This is a mark of how far Poole Hospital has progressed in its 100 years history.

Our progress is not just about the number of patients treated. It is also measured by the quality of care given to those patients.

Our operational performance for the period was also very strong. We achieved all but two of our national targets and this was delivered against a background of extreme pressure on clinical services. During the past five months, the hospital has hardly ever been out of escalation but our staff responded to this situation with their trademark professionalism and commitment. It is a tribute to all staff working at Poole Hospital that we have performed so well whilst under such continuous pressure. I would like to take this opportunity to record my thanks to the staff of Poole Hospital for the enormous effort made by all.

I am pleased to report Poole Hospital also ended its first five months as an NHS Foundation Trust in good financial health. Our end of year balance was excellent, with a surplus that was in excess of expectation.

I realise that we have more to do in the two areas in which we fell short of national targets - MRSA and delayed transfers of care. Renewed vigour is being applied to tackling both these areas. The number of cases of hospital-acquired MRSA are reducing year on year but this remains a top priority for the Foundation Trust. We are working in partnership with the Bournemouth and Poole Teaching Primary Care Trust to ensure that everything is being done to reduce the number of cases of community acquired MRSA. We are also working closely with our partners in social care to resolve the problems we have had in delayed discharges.

Becoming an NHS Foundation Trust has, I believe, made Poole Hospital a much more outward-looking organisation. Apart from the new financial freedoms we have gained as a Foundation Trust, we also benefit from having a membership body which, through elected representatives, will help guide the future shape of services at the Hospital.

I am delighted to report that we recruited our 5000th member earlier this year, and that our membership is continuing to grow above the target originally set for the end of this year. We held our first elections in June so that a Council of Member Representatives could begin working in shadow form and were well prepared to discharge their functions after our authorisation.

The Council has met formally twice, and member representatives are actively involved outside of this formal setting. We have four steering groups through which membership representatives are involved with our future plans and priorities and reviewing our membership recruitment and engagement strategy. Member Representatives were consulted on our Development Control Plan, which sets out how we will develop a new maternity hospital and improve our Accident and Emergency and day case units over the next five to ten years. Member representatives were also invited to take part in an important event to refresh our future strategic plans which was held in May.

Poole Hospital became an NHS Foundation Trust from a position of strength. We will continue to build on our reputation for providing friendly, professional patient-centred care so that we remain the hospital of choice for local people. I am very proud to be part of this journey.

Peter Harvey

**Peter Harvey**

# CHIEF EXECUTIVE'S STATEMENT

The Annual Report provides a welcome opportunity for reflection on what went well during the last year and what needs our focus during the coming financial year.

We were delighted to become authorised as a Foundation Trust on 1 November and in our first five months as a Foundation Trust, we have continued to focus on improving our patients' experience by improving the range and quality of our services. We made significant progress on a number of fronts and I am delighted with our exceptional performance.

Financially we have done very well and much better than expected, with a year end surplus of £900K which will be used towards the building of a new maternity hospital. Managing our money prudently will continue to be important as we amass savings to reinvest in improving facilities and services for our patients.

Another very significant success is that we managed to treat over 92 per cent of our patients needing admission to hospital and 95 per cent of patients who did not need admission within 18 weeks. We achieved this along with other hospitals in the South West nine months ahead of the national timetable, which is a fantastic achievement and a great credit to all staff who have worked so hard to achieve this success. In addition we have significantly reduced waiting times for x-rays and other scans with a wait of three weeks, half the national target, for routine MRI and other scans. All the opinion polls suggest that getting access to quick and efficient treatment is the number one priority for the public so the more we do to reduce waiting times, the more we anticipate that people will make Poole Hospital their number one choice for treatment.

Our emergency department team continued to ensure that we achieved the target to treat and admit or discharge over 98 per cent of patients within four hours, and our staff looking after patients with cancer ensured that all national targets were met. We also introduced new services to Poole such as non-invasive heart investigations, brachytherapy and thorocoscopy. All of these made a major contribution to our overall position as one of the lead performers in NHS South West, delivering excellent services for our patients in a local setting.

Our overall performance to minimise hospital-acquired infection was good. We were the 23rd best performer nationally out of 172 hospitals for the number of clostridium difficile infections and our containment of norovirus was excellent. However, whilst we continued to reduce hospital-acquired MRSA blood infections we were disappointed that more patients were admitted with this infection than in the previous year.

Reducing healthcare acquired infection remains a top priority for the forthcoming year. None of us wants to harm a patient while they are in our care. We have strengthened our vigilance over hand hygiene and other infection control procedures and we will work closely with colleagues in the community to help eradicate infection further.

The quality of care at Poole Hospital remains first class. This was demonstrated by the results of the independent patient satisfaction survey, which were even better than the previous year. However, we know that it is not just us that contribute to the patients' experience and so we have worked closely with our commissioners and our partners in social care to reduce delays for patients who are able to leave hospital but need to be cared for in another setting. We are confident that our delayed discharge rate will fall significantly next year.

So all in all, we ended our first few months as a Foundation Trust on a very good note but with a commitment to continue to improve both the quality and range of service provided. Our success is a direct result of our fantastic, committed, hard-working staff and volunteers, who also confirmed via the staff satisfaction survey that Poole Hospital is in the top 20% of NHS employers.

Looking forward to next year, we will start detailed planning for the new maternity hospital to be built on the main site, we will work to reduce our waiting times still further and ensure that more of our services are available at a time to suit our patients.

Our staff have constantly risen to the challenge of improving services for the benefit of patients and I have every confidence that they will do so again in the forthcoming year.

Sue Sutherland

**Sue Sutherland**

# DIRECTORS' REPORT

## Background information


Poole Hospital became an NHS Foundation Trust on 1 November 2007 under the National Health Service Act 2006.

As a Foundation Trust, Poole Hospital is run by a Board of Directors, made up of Executive and Non-executive Directors. The Board of Directors is responsible for the day-to-day running of the hospital and delivering its key objectives and longer term strategic aims.

The Board of Directors works closely with senior clinical and non-clinical managers and with the Council of Member Representatives (CoMR). The Council is made of 14 public and four staff Member Representatives, who are democratically elected by members of the Foundation Trust. There are also six appointed Member Representatives from our major partnership organisations. The CoMR is involved in the planning and monitoring of services. ***Full details of the Board of Directors and Council of Member Representatives are contained in separate sections of the annual report***.

## About us

Poole Hospital is located on the South Coast, close to stunning areas of natural beauty, such as the Jurassic Coast and Isle of Purbeck, and golden beaches of Poole and Bournemouth.

We operate across three sites – the main hospital, St Mary's Maternity Hospital and Forest Holme, our palliative care unit.

The main hospital is situated close to the town centre of Poole, within walking distance of local bus and train stations.The main building was opened in 1969 but there has been a hospital on the same site since 1907: it was fitting that Poole Hospital was authorised as an NHS Foundation Trust in its centenary year.

In 1907 the Cornelia Hospital opened with just 14 beds, today's modern hospital has 789 beds, including 74 for day cases. With a 24 hour Accident and Emergency Department, Poole is the major trauma centre for East Dorset. This means that more than 85 per cent of our inpatients are admitted as emergencies.

We provide a number of core services – ear, nose & throat, child health and maternity – for a wider catchment area, including Bournemouth and Christchurch. Poole Hospital also provides specialist services, such as oral surgery and neurological care, for the whole of Dorset and, crucially, is the Cancer Centre for Dorset. This brings our total catchment population up to 701,000.

Poole Hospital employs 4300 staff and last year had an annual turnover of £166m.

Each year we treat some 44,500 inpatients, 17,500 day cases and see 64,000 new outpatients. Around 57,000 people attend our Accident and Emergency department.

## Performance

Poole Hospital ended its first five months of operation as an NHS Foundation Trust on a sound financial footing and with all but two national performance targets met.

We received our authorisation on 1 November 2007 and by the end of the financial year at 31 March 2008, had increased our financial surplus from a predicted figure of £400,000 to almost £900,000. Our capital expenditure was in line with our agreed capital plan and our cash balance ahead of target, giving us a forecast financial risk rating of 3 for the final quarter of the year.

It was also a period of successful performance against national targets, as Poole Hospital achieved the 18 week referral to treatment target for admitted and non admitted patients.

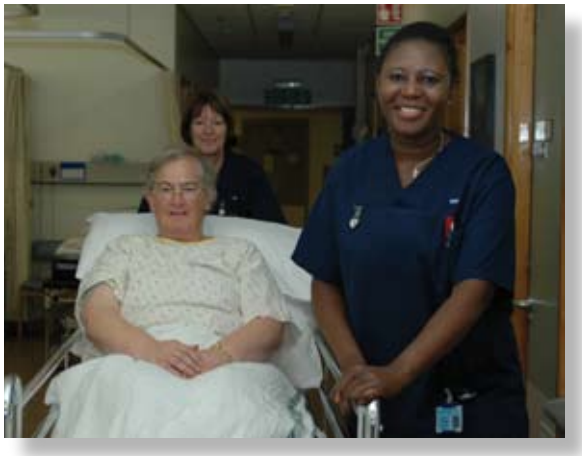
At the end of March, we reported that 92.4 percent of admitted patients were treated within 18 weeks of referral compared to a national target of 90 per cent and 95.5 per cent of patients not admitted to hospital against a national target of 95 per cent.

This represented a significant milestone for Poole Hospital and reflects the considerable work undertaken by both clinical and non-clinical staff to ensure delivery by March 2008, nine months ahead of the national target.

An event to celebrate this success and to identify the further steps that will be required to continue to reduce waiting times took place in May, attended by Philipa Robinson, National Implementation Director for 18 weeks at the Department of Health.

Performance in our diagnostic services remained strong as short waiting times within radiology and endoscopy were sustained throughout the reporting period. At the end of March, within radiology, only 15 patients were waiting longer than three weeks for an appointment. Nine of these patients were waiting for musculoskeletal ultrasound scans, a service with limited capacity in the immediate health community. All 15 subsequently received their scans during the first week of April.

No patients waited more than four weeks for an endoscopy appointment. The strong performance in both services was a significant factor in the early achievement of the 18 week referral to treatment target.



We met the target for admitting or treating and discharging 98 per cent of patients in Accident and Emergency within four hours; and the standards for treating cancer patients within 31 days of the decision to treat and 62 days of an urgent GP referral.

Main theatre operating time utilisation at 86 per cent continued to be above the target. Utilisation in day theatres reduced slightly to 69 per cent. Further improvement work in day theatres is planned as part of the Service Improvement and Redesign programme led by the Director of Operations.

In view of this success, it was a huge disappointment that we did not meet our targets for MRSA. This was especially so since Poole Hospital was ranked as the fourth best performer in the South West for c.dfficile infection rates.

At the end of March we reported 24 cases of MRSA bacteraemia against a target of 15. Although this figure is comparatively low, with Poole placed among the lowest 25 hospitals in the country for MRSA bacteraemia, the failure to meet this target has been the subject of considerable attention - and one that has been taken very seriously by the Trust. Top level discussions have taken place with the Bournemouth and Poole Teaching Primary Care Trust, the Department of Health and our independent regulator, Monitor.

We have agreed a detailed action plan which identifies strengthened measures to increase our vigilance in seeking ways of reducing MRSA bacteraemia. Since the targets likely to be set for us in future will include all cases of MRSA bacteraemia regardless of whether they were acquired within the hospital or in the community, we will seek a community approach to reducing infection and make sure that all staff clearly understand the targets and the action they must take in reducing them.

The other area of disappointment concerned delayed transfers of care, which were recorded at 5.7 per cent during against a target of 3.5 per cent to be achieved by the end of March 2008. This has resulted in high bed occupancy due largely to delays for beds in community hospitals.

Work is under way to bring about improvement and reduce pressure on beds. We have implemented a delayed discharge review and a rapid redesign programme, to improve current performance and significantly reduce delayed discharges. A number of actions are underway, including establishing a pilot of a complex discharge ward, a review of information requirements to support discharge management, and a review of existing discharge pathways to identify areas requiring improvement.

# LOOKING BACK – HIGHLIGHTS OF THE YEAR

## New services for cancer patients

A new non-surgical treatment for patients suffering from certain types of prostate cancer was introduced to the Dorset Cancer Centre at Poole Hospital in October.

The introduction of iodine brachytherapy means that Dorset patients suitable for the treatment, which involves implanting radioactive iodine directly into the prostate, no longer have to travel to Guildford in Surrey but can be treated locally at Poole.

A fortnightly medical thoracoscopy service began in the Endoscopy Suite in November 2007, designed for patients with persistent lung problems who would otherwise have to attend hospital on regular occasions for aspirations. The new service means that treatment can be done without the need for an operation, and can be used to detect previously undiagnosed malignancy. Before the introduction of this service at Poole, local patients had to travel to Southampton.

## New Consultant Radiographer is a first

A new Consultant Radiographer, the first post of its kind in the county, was appointed within the Dorset Breast Screening Unit. Breast imaging expert Zebby Rees took up the post in December.

The creation of this new post is part of the unit's plans to provide screening to more women over the coming years. At present, the National Breast Screening Programme means that all women between 50 and 70 years are invited for screening at three-yearly intervals. The Department of Health's new Cancer Reform Strategy outlines plans to include women between 47 and 73 years in the programme by 2012.

## New state-of-the-art camera will deliver better results and speed up appointments

A new gamma camera at Poole Hospital, the first of its kind to be used in the South of England, was officially opened last November.

The new SPECT/CT scanner can be used for a variety of functions, including scans of the lungs, bones and heart. The groundbreaking camera is unusual in that it combines two technologies - a SPECT scanner and CT scanner - to provide superior image quality and greater precision in locating tumours and other abnormalities.

The new technology provides better quality scans and reduces the time it takes to complete a scan, meaning shorter appointment times for patients and a more efficient service.

## New cervical screening system

Poole Hospital introduced a new system for examining cervical cancer smear tests, which will mean faster results and fewer repeat tests for women.

The new liquid based cytology (LBC) cervical screening system means that women will benefit from the latest technique for preparing and screening cervical smear samples. The system gives a clearer sample, thus cutting the inadequate test rate from 9% to 1 or 2% and reducing the anxiety this can cause.

## Increased Thrombolysis service for acute stroke

The Acute Stroke Team began an extended Thrombolysis service. The new service, which now operates from 8am to 10pm every weekday, aims to ensure that all suitable stroke patients receive clot-busting drugs within three hours of admission to Poole Hospital. For the most effective outcome, the stroke patient has to get to accident and emergency, be assessed, scanned, and treated within three hours of the onset of the stroke. The team is working closely with the Ambulance Service and stroke patients are treated as 'blue light' emergencies.

## New ultrasound machine for rheumatoid arthritis sufferers

A new musculoskeletal ultrasound machine was opened in the Rheumatology department at Poole Hospital in November. The machine was purchased through our major corporate fundraising scheme, the Poole Hospital Wish List, and will improve the treatment of rheumatoid arthritis patients by allowing the earlier diagnosis of damage within the joint.

The purchase of the new machine has been made possible thanks to a variety of generous donations and fundraising activities, including sponsorship for the London Marathon from Consultant Rheumatologist Dr Selwyn Richards and donations from the Lodge of Hospitality and Concord.

## Transitional Care

Poole Hospital is leading the way in helping young people with long-term illnesses to make a smooth transition from children's to adult services.

The new transitional service for 14 to 19 year olds was launched in February as a beacon to guide young people through the difficult move from children's to adult care.

Leaving the children's unit – where a young patient has been treated by familiar staff for up to 16 years – for an unknown adult ward can be a daunting and distressing experience.

The Government has set out clear guidance for transitional care and the arrangements at Poole are an innovative response to this.

Nurses and doctors from the children's and adults' wards at Poole Hospital have worked together in an unprecedented way to create a service that is built around the patient's needs. The work has been led by Viv Turner, Deputy Sister, and Karen Fernley, Sister, on the Children's Unit and Geoffrey Walker, Matron for Medicine. Taking advice from young people, they have developed a comprehensive assessment tool which ensures that all the patient's needs are met. This includes their emotional, social, sexual, and working lives as well as their health care. Parents and families are also taken into account.

## FUTURE DEVELOPMENTS

Our future developments are set out in our annual plan. Over the next few years a number of key capital and revenue investments are planned to improve Poole Hospital's core services. These include building a new maternity unit, redeveloping our Accident and Emergency department and day care unit.

## TRENDS AND FACTORS

Poole Hospital began its authorisation as an NHS Foundation Trust from a position of strength. We build from a base which includes:

- high standards of emergency, elective and outpatient care;
- low waiting times;
- unusual case mix;
- excellent reputation with patients;
- growing catchment population
- ability to recruit and retain local staff;
- positive working relationships with our PCTs, local stakeholders and primary care providers;
- track record of success.

## RISK

Poole Hospital manages risk as part of its overall integrated governance framework.

The main risks to the Trust last year were:

- affordability of activity lines via the Payments by Results regime;
- reduction in income especially from central top slicing;
- sustainability of the workforce;
- litigation costs and reputation;
- funding high-cost treatments and services;
- delivery of key activity targets;
- managing productivity;
- robustness of IT systems.

## Going concern

After making enquiries, the Directors have reasonable expectation that the NHS Foundation Trust has adequate resources to continue to operate for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing its accounts.

## Audit information

So far as the Directors are aware, there is no relevant audit information of which the auditors are unaware. The Directors have taken all of the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

## Charitable income

Total charitable income received during the period amounted to £1,425k and £417k was spent.

The balance of funds held at 31 March 2008 totalled £3,525k. This sum includes £218k in tangible fixed assets, which relates to the Health Information and Resource Centre. Charitable Income figures are unaudited.

## Management costs

The Trust seeks to maximise expenditure on direct patient care whilst maintaining a sensible balance with its expenditure on management and administration.

| | **5 Months to 31 March 2008 £000** |
|---|---|
| Management costs | 2,731 |
| Income | 72,829 |
| **Management Costs as a percentage of income** | **3.7%** |

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

**Public Sector Payment Policy**

**Better Payment Practice Code**

| | **5 Months to 31 March 2008 Number** | **£000** |
|---|---|---|
| Total bills paid in the year | **17,907** | **26,244** |
| Total bills paid within target | **14,152** | **23,453** |
| **Percentage of bills paid within target** | **79%** | **89%** |

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

## The Late Payment of Commercial Debts (Interest) Act 1998

No interest was paid in respect of claims under this legislation in five months to 31 March 2008.

# RELATIONSHIPS

Poole Hospital has robust working relationships with each of its two main commissioning Primary Care Trusts: the Bournemouth and Poole Teaching PCT, which commissions services for approximately 74 per cent of our patients, and Dorset Primary Care Trust, which commissions services for around 24 per cent of our patients.

Our Board of Directors met with the Board of Bournemouth and Poole Teaching PCT and there is regular contact between the two organisations.

We also enjoy good relationships with NHS South West, other local NHS organisations and our local MPs. We hosted two MP visits last year. Annette Brooke, MP for Mid Dorset and Poole North, visited our acute stroke unit and Robert Syms, MP for Poole, visited the Dorset Cancer Centre to find out more about lung cancer treatment.

# IMPROVING THE QUALITY OF PATIENT CARE

The latest national heath ratings have confirmed that Poole Hospital continued to provide a good quality of services and has got better at managing its finances.

The Healthcare Commission Annual Health Check scores for 2006 to 2007 gave Poole Hospital ratings of 'good' for both the quality of services and its use of resources. The quality of services score covers a range of areas including the safety of patients, cleanliness, and waiting times; the use of resources score looks at how well we manage our finances.

In addition, Poole Hospital fully met all the core standards set down for it by the Healthcare Commission, the NHS watchdog. We also met all of the existing national targets in full and were rated as 'good' for meeting new national targets.

It is the second year that the Healthcare Commission has published this comprehensive form of performance ratings. In the previous year, it rated Poole Hospital as 'good' for the quality of services and 'fair' for its use of resources.

## NHSLA Risk Management Standards

The Trust was assessed under the Risk Management Standards of the NHS Litigation Authority and achieved a Level 2 rating, improving on the previous rating. The assessment assessed the Trust on 50 standards covering the quality of the Trust in five areas. The Trust achieved full compliance on 40 of the standards.

## The Clinical Negligence Scheme for Trusts

An independent assessment commended the high standards of patient care at Poole Hospital's maternity unit.

The Clinical Negligence Scheme for Trusts (CNST) assessment scored the unit in eight key areas, including Organisation, Clinical Care, Induction, Training and Competencies and Staffing Levels. The unit achieved 100% in seven out of eight areas, with the remaining area achieving 92%.

The results mean the unit has now been awarded Level 2 accreditation against the CNST Maternity Clinical Risk Management Standards, underlining the dedication of the unit's staff to providing mothers and their babies with safe care.

The report observed that *'it was evident that a great deal of commitment had been provided by members of both the acute and maternity services to present a very clear profile of the maternity service against the standards, and this was reflected throughout the processes seen during the two-day assessment.'*

Patient choice and staffing levels were amongst the areas commended in the Healthcare Commission's Maternity Services Review, which judged St Mary's Maternity Unit as one of the 'better performing' units in the South West region.

The review was the most comprehensive study of NHS maternity services ever conducted, and assessed maternity units nationwide against 25 key areas. Poole's Hospital's maternity unit achieved an above-average score in nine of these areas.

The review highlighted the choice available for mums-to-be at Poole Hospital. The unit's antenatal care scored highly on the percentage of women who were able to attend antenatal classes at a time and date that suited them, and the number of antenatal appointments offered. Continuity in antenatal care was also commended, reflecting the service's commitment to providing every patient with the ongoing support of one midwife before and after the birth. The extent of choice available to women whilst in labour also scored highly in the review.

The staffing of the service was another area in which St Mary's Maternity Unit performed well. Staffing levels and the integration of support workers both achieved above-average scores, reflecting the Hospital's commitment to the quality of its staff and the development of support staff.

# CONSULTATION

Poole Hospital relates to three Overview and Scrutiny Committees and has maintained good relationships with each. They formed an important part of the process of consultation on our application to become a Foundation Trust and have commented on the Trust's declaration on compliance with the Healthcare Commission's standards for better health. The Chief Executive and other directors have given presentations on our performance to both the Dorset County Council and Borough of Poole Health Overview and Scrutiny Committees. These have included presentations on delayed discharge, transport arrangements and infection prevention and control.

Other examples of consultation and engagement included:

## Development Control Plan

The Directorate of Facilities Management held a wide-ranging consultation with staff and major stakeholders on the Development Control Plan, setting out capital developments for the Hospital site over the next five to ten years. This included the PPI Forum, Council of Member Representatives and local Overview and Scrutiny Committees.

The plan, which was produced with the help of RTKL-UK, a firm of architects and healthcare planners, set out proposals for the location of three major developments – a new maternity hospital, accident and emergency department and day surgery unit. It also looks at making use of space throughout the Hospital and improving the patient environment.

As well as setting up a representative project team to engage clinical views, staff and stakeholders were invited to comprehensive presentations and asked to feed back their views on the plans. The presentation was also placed on the Hospital's intranet site.

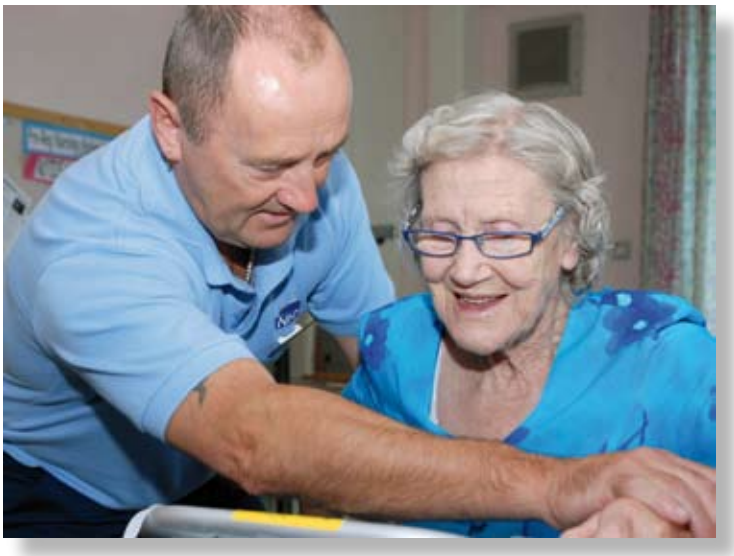
## Patient and Public Involvement (PPI) Forum

Poole Hospital maintained a positive working relationship with the Independent PPI Forum. This included nominated forum members attending bi-monthly meetings of a Trust Liaison committee with our Director of Nursing, PPI lead and Patient Advice and Liaison Service (PALS). The meetings allow the PPI Forum and Trust to share information and have resulted in a close working relationship with PALS. This avoids duplication of effort and provides an opportunity to raise – and resolve – issues in an informal way.

The forum carried out regular cleanliness inspections of the hospital and, in addition, was specifically involved in the following:

### Mixed Sex Bays in Ansty Ward (Medical Assessment Unit)

The PPI Forum has raised concerns on the issue of patient dignity over the past three years. As a result we funded a full-time nurse to monitor single sex bays and design a patient survey. This survey of more than 1000 patients was completed in 2007 and the process has transformed the ward by changing attitudes, raising staff morale and creating an atmosphere in which patients' views are encouraged. The work has been used as best practice by the Department of Health in its Dignity in Care Campaign. The Trust won an award for the work at the International Conference for Acute Care in Glasgow 2007.



### Furnishings Task and Finish Group

This group was set up to define corporate standards for internal furnishings and decoration, including a corporate colour palette. The final recommendations of the group for two palettes – one with warm colours the one with cool tones – were based on the principles that the healing environment should be clean, light and uncluttered, enabling easy cleaning, Infection control measures and patient mobility were also taken into account.

# HANDLING COMPLAINTS

We received 144 formal complaints between 1 November 2007 and 31 March 2008. At the time of preparing this report 121 have been concluded: 36.4% were upheld partially; 30.6% were dismissed; 24.8% were upheld in their entirety; 5% received ex-gratia payments; 2.5% were withdrawn by the patient/complainant and 0.8% were referred for disciplinary review.

Four complaints were referred for independent review.

Examples of organisational learning from complaints included:

- a record keeping policy was developed to ensure compliance with the Nursing and Midwifery Guidelines for Records and Record Keeping 2005;
- the information on outpatient letters was amended to explain that additional, minor procedures may be undertaken during the consultation;
- the importance of accurate and complete documentation of patients' property was emphasised within all Care Groups;
- A Trust-wide initiative launched using adhesive labels paced on the patient's prescription chart to aid in the effective management of cannulae has been agreed.

# ENVIRONMENTAL INFORMATION

Poole Hospital is committed to achieving the best possible standards for corporate social responsibility and is aware of the implications of this on its operations.

Environmentally the Trust has been monitoring its production of carbon dioxide for over three years. 1,742 tonnes of CO2 was omitted last year, which represents a 400 tonne saving on the previous year. This has been achieved through close and careful monitoring of energy consumption and understanding by all employees as to how they can play a big part in the process.

There are continuous measures being taken to reduce energy use on site and the Trust was recently awarded a sum of money from the Sustainability and Energy Fund to assist it in achieving yet further savings over the years to come.

The Trust operates and maintains a Travel Plan, which is fully supported by the Borough of Poole. This encourages staff to seek alternative means to travel to work and offers financial benefits for using public transport, car sharing and cycling, and even provides interest free loans for the purchase of scooters.

Transport issues are taken very seriously and the Trust is a keen supporting member of the Borough of Poole's commitment to reduce reliance on the motor car.

The Trust introduced recycling bins to all wards and departments and the recycling rate has increased considerably over the past six months. The Trust has also been recycling all of its cardboard waste, which had previously been taken to landfill. This is collected free of charge by Borough of Poole.

For a third year running the multi-storey car park won a safer car parking award, which closely monitors how the Trust manages and operates its car park to ensure that all users can leave their vehicle in the knowledge that a safe and secure facility is being operated.

The Trust is a partner in the local Crime and Disorder Reduction Partnership and sits on the Safer Neighbourhood Group operated by Dorset Police in conjunction with the Borough of Poole and the Town Centre.

The Trust's car parking staff are currently undergoing the Security Industry's approved training and are fully complaint with the Data Protection Act in terms of the CCTV monitoring system.

# OUR STAFF

Poole Hospital is an important employer within the local economy. Staff turnover is below national average and the hospital is generally regarded as a good place to work.

In the NHS National Staff Survey for 2007, Poole Hospital was among the top 20 per cent for acute hospitals in England in 10 of the 26 key score areas. These included the quality of work life balance; the percentage of staff having well structured appraisal reviews and receiving job related training and development; quality of job design; support from immediate managers; the extent of positive feeling; effective action from the Trust towards violence and harassment; and job satisfaction.

New staff are given a full induction programme and all employees have access to a full occupational health service.

Last year we supported staff by offering:

- support to help give up smoking;
- a staff counselling service;
- subsidised complementary health sessions;
- training in stress management;
- healthy eating options in the staff dining room.

## Informing and consulting staff

Poole Hospital has a number of ways of keeping staff informed and of seeking their views on a range of topics.

These include:

- Individual and team meetings in directorates, departments and wards and across professional groupings;
- A monthly Trust Briefing;
- Bi-monthly newsletter, Grapevine;
- Monthly Hospital Executive Committee meetings;
- Induction programmes for new staff.

Last year Poole Hospital was one of 12 national pilot sites selected to test a new Department of Health initiative called 'Staff Conversations about NHS Values'.

Following the success of this initiative, three similar Staff Conversations events were held in order to consult and engage staff views about specific topics. The first was held to enable the Bournemouth and Poole Teaching Primary Care Trust to consult with hospital staff about its future plans for local health services; the second to bring about quality improvements to patient care in one of the surgical wards and the third to give frontline staff their chance to have a say in improving communications within the Trust.

The third of these was part of a comprehensive review of staff communications across the Trust which has resulted in an action plan aimed at making further improvements. The major areas for attention are:

- a back to basics campaign that will focus on greater use of face-to-face communications;
- a new intranet system;
- reviewing the use of e.mail.

Other specific subjects on which staff were consulted have included the Development Control Plan and proposals to redesign our maternity service.

## Equality and diversity

Poole Hospital has published a Single Equality Scheme which clearly sets out our policies regarding race, gender, disability and age. The SES applies to staff and patients. It provides for impact assessments to be made and is kept under regular review by the Equality and Diversity Steering Group, which meets quarterly.

# Membership and Governance

As a Foundation Trust, Poole Hospital is run by a Board of Directors, made up of Executives and Non-executive Directors. The Board of Directors is responsible for the day to day running of the hospital and delivering its key objectives and longer term strategic aims.

The Council of Member Representatives is made up of 14 public and four staff Member Representatives, who are democratically elected by members of the Foundation Trust. There are also six appointed Member Representatives from our major partnership organisations. The CoMR is involved in the planning and monitoring of services

## BOARD OF DIRECTORS

The Board of Directors is made up of full-time Executive Directors and part-time Non-Executive Directors. The Board meets once a month and its role is to determine the overall corporate direction of the Trust and ensure delivery of our goals. The Board has reserved powers to itself covering:

- regulation and control;
- appointments;
- strategy, business plans and budgets;
- direct operational decisions;
- financial and performance reporting arrangements;
- audit arrangements;
- general enabling provision to determine any matter within its statutory powers.

The Board delegates certain of its powers to its sub-committees (not including executive powers unless expressly authorised). The schedule of delegation for the Board sub-committees and for the executive committee of the Trust is set out in Standing Orders.

The Board has given careful consideration to the range of skills and experience required for the running of an NHS Foundation Trust and confirms that the necessary balance and completeness has been in place during the five months under report.

The performance of Directors is evaluated by annual appraisal.

Members of the Board of Directors are:

Peter Harvey – Chairman

Non-Executive Board Members:

- Elizabeth Hall
- John Knowles *(Senior Independent Director and Vice Chairman)*
- Dame Yvonne Moores
- Charles Cunningham
- Jean Lang

Executive Members:

- Sue Sutherland *(Chief Executive)*
- Sue Donaldson *(Director of Human Resources)*
- Roger Packham *(Medical Director)*
- David Taylor *(Director of Finance and Information)*
- Martin Smits *(Director of Nursing)*

## Peter Harvey DL – Chairman

Peter has been Chairman of Poole Hospital NHS Trust since November 2000 and was re-appointed in 2004 for a further four year term until November 2008. A qualified solicitor, Peter was Chief Executive of Dorset County Council from 1991 to 1999. He then served on the Dorset Health Authority and was appointed Chairman of the Poole Bay PCT in April 2000 prior to taking up his appointment at Poole Hospital.

Peter lives in Wimborne.

| | |
|---|---|
| Date of Appointment: | November 2000 |
| Date of Expiry: | November 2008 |
| Qualifications: | LLB |

## Mrs Elizabeth Hall – Non-Executive Director

Elizabeth was appointed to the Trust Board in 2003 and was a Chartered Accountant and tax specialist before she stopped working full time to bring up her family. Subsequently over a period of 14 years she served as Chair of Finance, Deputy Chairman and Responsible Officer at a large grant-maintained comprehensive school. She is a magistrate, acts as co-ordinating appraiser for the East Dorset Bench and prior to its dissolution, served for several years on the Magistrates' Courts Committee for Dorset.

Elizabeth lives in Broadstone.

| | |
|---|---|
| Date of Appointment: | 1 February 2003 |
| Date of Expiry: | 31 March 2011 |
| Qualifications: | St Andrews University 1966-1971 MA Modern Languages<br>Qualified Chartered Accountant 1975, FCA 1977 |

## John Knowles – Senior Independent Director and Vice Chairman

John is Chairman of DEK Printing Machines Ltd, Weymouth, a global supplier of capital equipment used in the electronics assembly industry. DEK employ over 800 staff in some 17 offices around the world. Before joining DEK over 30 years ago he worked for Shell Mex & BP Ltd and following that completed a Short Service Commission with the Royal Artillery. He has attended Leeds and Stanford Universities and is currently Deputy Chairman of the Bournemouth University Board and a member of a number of unlisted companies.

John lives in Witchampton, near Wimborne.

| | |
|---|---|
| Date of Appointment: | 1 February 2006 |
| Date of Expiry: | 31 January 2010 |
| Qualifications: | 1969-1971 Leeds University - Business with Marketing (unfinished)<br>1988-AEA Stanford Executive Institute - Mini MBA |

## Charles Cunningham – Non Executive Director

Charles was the Finance Director of P&O Ferries from 1990 to 2002, having previously been Finance Director of the Earls Court and Olympia Group. He has extensive experience in commercial negotiations, corporate governance and managing major IT projects.

Charles lives in Poole. Many of his close relatives including his wife and daughter are doctors.

| | |
|---|---|
| Date of Appointment: | 1 December 2006 |
| Date of Expiry: | 30 November 2010 |
| Qualifications: | MA Cambridge Mathematics<br>ACMA First Place Part 111<br>Dip BA Manchester Business School |

## Dame Yvonne Moores – Non-Executive Director

Yvonne was the Chief Nursing Officer for Wales from 1982 to 1987 and of Scotland from 1988 to 1991. From 1992 to 1999, she was the Chief Nursing Officer for England and a Director of the NHS Executive with particular responsibility for quality issues. She has chaired the Council of Southampton University for the past six years and is currently Pro-Chancellor of Bournemouth University. A Non-Executive Director of the National House Building Council, she is also Patron of the Association of Continence Advisers, an International Adviser to Thailand's Princess Srinagarindra Foundation and Patron of the AIDS Research Centre at the University of Southampton.

Yvonne lives in Ferndown.

| | |
|---|---|
| Date of Appointment: | 1 November 2006 |
| Date of Expiry: | 31 October 2010 |
| Qualifications: | Registered Nurse, Midwife |

## Mrs Jean Lang DL – Non-Executive Director

Jean is a solicitor in private practice in Dorchester. She was a Non-Executive Director of the South West Dorset Primary Care Trust from 2001 to 2006. She was also a member of the Dorset Police Authority between 1996 and 2007 and Chairman of its Audit and Performance Review Committee since 1998. Jean is a part-time Tribunal Chairman and Chairman of the Policy and Resources Committee of a large comprehensive school.

Jean lives in Dorchester.

| | |
|---|---|
| Date of Appointment: | 1 December 2006 |
| Date of Expiry: | 30 November 2010 |
| Qualifications: | BA and Solicitor |

## Mrs Sue Sutherland, OBE – Chief Executive

Previously Sue had been the Chief Executive of UK Transplant, a Special Health Authority responsible for transplantation services in the UK. Her career has spanned 34 years both in the NHS and with a major health charity. She worked as a nurse and midwife in London, Cheshire and Surrey before embarking on a career in NHS management during which she gained postgraduate qualifications in Human Resource Management. Prior to becoming a Chief Executive Sue held a number of executive director posts in the acute sector including Director of Nursing, Director of Human Resources and Director of Operations.

Sue was awarded the OBE in the Queen's Honours List in June 2006.

Date of Appointment: 1 August 2005
Qualifications: Registered Nurse,
Postgraduate qualifications in HR and Management

## Sue Donaldson – Director of Human Resources

Sue joined the NHS following a 20-year career with the Post Office where she gained considerable HR experience in a variety of national roles, primarily based in London. From 2004-2006 Sue was Director of Human Resources & Organisational Development at the former Cotswold & Vale PCT.

Date of Appointment: 1 November 2006
Qualifications: Member Chartered Institute of Personnel & Development
Graduate Member Chartered Institute of Personnel & Development

## Dr Roger Packham – Medical Director

Roger has been a Consultant Anaesthetist with a special interest in chronic pain since joining Poole Hospital in 1981.

He developed his interest in management as a member of the Theatre Management Team in the 1980s and subsequently became the Trust's first Clinical Director of Anaesthetics and Theatres in 1991. He subsequently took the role of Medical Director in 1995 and has retained his clinical responsibility for chronic pain services.

Date of Appointment: 1 July 1981
Qualifications: MBBS (London), FRCA

## David Taylor – Director of Finance and Information

David has been a qualified accountant for more than 25 years and has worked in and with the NHS for 14 years, mostly as a permanent or interim Finance Director.

Prior to joining the NHS he had significant experience in commerce and local Government. He has also successfully run his own management consulting and contracting companies.

Date of Appointment: 1 October 2006
Qualifications: Member of Chartered Institute of Management Accountants

## Martin Smits – Director of Nursing

Martin trained as a nurse in London following completion of a degree in Geology and Economics. He was 'sister' of a large medical ward at St George's Hospital and then moved to St Thomas' Hospital as a Senior Nurse. He completed his Master's degree in 1984 and published his first book in 1988. He then moved south to work as Assistant Chief Nurse in Brighton, becoming Director of Nursing there in 1990.

Martin moved to Worthing as Matron/Deputy Chief Executive in 1994 followed by a secondment to Eastbourne Hospitals in 2001 to re-establish nursing after a period of difficulty. He took up post in Poole at the beginning of 2003.

Date of Appointment: 6 January 2003
Qualifications: Registered Nurse, BSc(Hons), MSc

## Board Directors' Interests

A register of Board Directors' interests relevant or material to the Poole Hospital NHS Foundation Trust is maintained and updated annually. As at 1 November 2007, the following interests were declared by members of Poole Hospital NHS Foundation Trust Board, all other members making a nil return:

| Register of Board Directors' Interests | |
|---|---|
| Charles Cunningham<br>Non-Executive Director | Poole Harbour Commissioner |
| Mrs Elizabeth Hall<br>Non-Executive Director | Daughter is a doctor at Poole Hospital |
| Peter Harvey<br>Chairman | Trustee – Dorset Health Trust (grant-giving charity)<br>Daughter is a nurse at Poole Hospital |
| John Knowles<br>Non-Executive Director | Deputy Chairman & Board member – Bournemouth University<br>Chairman – DEK Printing Machines Ltd<br>Chairman – Court Barton Ltd<br>Director & Shareholder – NED Promedica UK Ltd<br>Director & Shareholder – NED AMBA Medical Ltd<br>Director – Dover UK Holdings Ltd |
| Mrs Jean Lang<br>Non-Executive Director | Trustee – Dorset Health Trust (grant-giving charity) |
| Dame Yvonne Moores<br>Non-Executive Director | Pro-Chancellor – Bournemouth University<br>Non-Executive Director – National House Building Council<br>Patron – Association for Continence Advice |
| Martin Smits<br>Director of Nursing | Ex-Officio Member – Poole Hospital League of Friends |
| Mrs Sue Sutherland<br>Chief Executive | Non-Executive Board member – Bournemouth University (unpaid) |
| David Taylor<br>Director of Finance | Director – Mobilecare Ltd (unpaid) |

In compliance with paragraph C.1.11 of the Monitor Code of Governance for NHS Foundation Trusts, no executive director holds more than one non-executive directorship of an NHS Foundation Trust or another organisation of comparable size and complexity.

The Board of Directors has paid due attention to Clause 27 of the Constitution and its Standing Orders (Annex 7 item 7.1.2) and has decided that the declared interests with the local university by Mr John Knowles and Dame Yvonne Moores and the family connections with the hospital of Mr Peter Harvey and Mrs Elizabeth Hall do not affect the effectiveness and impartiality of the Board and therefore all the non-executive directors are determined as independent.

Executive and Non-Executive Directors attended the public meetings of the Council of Member Representatives as one means of understanding the views of Member Representatives and members. Full details of how the Board or Directors engages with the Council of Member Representatives can be found on our website: www.poole.nhs.uk/about_us/foundation_trust_governance_arrangements/documents/D7-BoardPolicyforengagementwithCoMR.pdf

Arrangements for the termination of appointment of a Non-Executive Director are set out in the Trust's constitution. All of the Non-Executive Directors are considered to be independent by the Board of Directors.

The Non-Executive Directors were appointed for a period of four years.

Peter Harvey DL – Chairman – Appointed Chairman from December 2000; reappointed from December 2004 *

Mrs Elizabeth Hall – Appointed NED from February 2003; reappointed from February 2007

John Knowles – Appointed NED February 2006

Dame Yvonne Moores – Appointed NED November 2006

Charles Cunningham – Appointed NED December 2006

Mrs Jean Lang DL – Appointed NED December 2006; Chairman of Audit & Governance Committee

All existing Non-Executive Directors were appointed by the Appointments Commission as they were already in post when the hospital became a Foundation Trust.

** The Chairman has no other significant commitments*

### Attendance at Board of Directors' meetings 2007/08

| **Name** | **Title** | **Attendance** (Out of 4) |
|---|---|---|
| Peter Harvey | Chairman | 4 |
| Charles Cunningham | Non-Executive Director | 4 |
| Sue Donaldson | Director of Human Resources | 4 |
| Elizabeth Hall | Non-Executive Director | 3 |
| John Knowles | Vice Chairman / Senior Independent Director | 4 |
| Jean Lang | Non-Executive Director | 4 |
| Yvonne Moores | Non-Executive Director | 2 |
| Roger Packham | Medical Director | 4 |
| Martin Smits | Director of Nursing | 4 |
| Sue Sutherland | Chief Executive | 4 |
| David Taylor | Director of Finance | 4 |

## Audit and Governance Committee

The Audit and Governance Committee, which consists of the five non-executive directors of the Trust, other than the Chairman, has an important role to play in ensuring that Poole Hospital NHS Foundation Trust conducts its financial affairs within an environment of honesty and integrity.

The main objectives of the Committee are to ensure that the Trust's activities are within the law and regulations covering the NHS and that an effective internal financial control system is maintained.

The committee must be able to assure the Board of Directors that the system of internal control is operating effectively and that there are clear processes to ensure that proper risk and governance procedures are in place.

### Internal Audit

Internal auditors assist the Audit and Governance Committee by providing a clear statement of assurance regarding the adequacy and effectiveness of internal controls. The Director of Finance is professionally responsible for implementing systems of internal financial control and is able to advise the Audit and Governance Committee on such matters.

### External Auditors

The Trust has Government-appointed external auditors whose objectives are to provide an independent assessment of our statement of accounts, general financial standing, financial systems, arrangements for preventing and detecting fraud and corruption and its management arrangements. Special 'Value for Money' audits are also carried out whereby a particularly in-depth study of a specific area is undertaken.

The Audit and Governance Committee meets five times a year. Two meetings were held during the reporting period 1 November 2007 to 31 March, 2008.

**Attendance was as follows:**

| | **No of attendances** (Out of 2) |
|---|---|
| Jean Lang (Chair) | 2 |
| Charles Cunningham | 0 |
| Elizabeth Hall | 2 |
| John Knowles | 2 |
| Dame Yvonne Moores | 2 |

## REMUNERATION REPORT

The Remuneration Committee reviews the salaries of senior management, comprising Board members, Company Secretary, Director of Facilities and Director of Operations. It is made up of the Chairman of the Board of Directors and all the non-executive members of the Board. The Chief Executive and Director of Human Resources attend except when their own salaries are being discussed.

**Attendance at Remuneration Committee meetings 2007/08**

| **Name** | **Title** | **Attendance** (Out of 1) |
|---|---|---|
| Peter Harvey | Chairman | 1 |
| Charles Cunningham | Non-Executive Director | 1 |
| Elizabeth Hall | Non-Executive Director | 1 |
| John Knowles | Vice Chairman / Senior Independent Director | 1 |
| Jean Lang | Non-Executive Director | 1 |
| Yvonne Moores | Non-Executive Director | 1 |

Pay levels are determined by salary surveys conducted by independent consultants and comparisons with salary scales for similar posts in other NHS organisations and from information provided by the Foundation Trust Network. Executive Directors' remuneration is not subject to performance-related pay, but performance is managed through a process of objective setting and annual appraisals.

Appointments to Executive Director posts are made in open competition and can only be terminated by the Board of Directors. Directors hold substantive contracts with six month notice periods. The only exception to this is the Medical Director, who is on a three year fixed term appointment but also holds a standard consultant contract. Termination payments, if appropriate, would be agreed by the Remuneration Committee with regard to Treasury guidance.

**Signed:** Sue Sutherland

**Mrs Sue Sutherland OBE**
**Chief Executive** Date: 3rd June 2008

## SALARY AND PENSION ENTITLEMENTS OF SENIOR MANAGERS

### Remuneration

| Name and Title | Five Months to 31 March 2008 | | |
|---|---|---|---|
| | Salary (bands of £5000) £000 | Other Remuneration (bands of £5000) £000 | Benefits in Kind (bands of £100) £100 Note 2 |
| Mr Michael Beswick – Director of Strategy | 30-35 | – | – |
| Mr Charles Cunningham – Non-Executive Director | 0-5 | – | – |
| Ms Susan Donaldson – Director of Human Resources | 35-40 | – | – |
| Mrs. Elizabeth Hall – Non-Executive Director | 0-5 | – | – |
| Mr Peter Harvey – Chairman | 15-20 | – | 0-1 |
| Mrs Heather Hauschild – Director of Operations | 30-35 | – | – |
| Mr John Knowles – Non-Executive Director | 5-10 | – | 0-1 |
| Mrs Jean Lang – Non-Executive Director | 5-10 | – | 0-1 |
| Mrs Pauline Malins – Director of Communications | 15-20 | – | – |
| Dame Yvonne Moores – Non-Executive Director | 0-5 | – | – |
| Mr Derek Morgan – Director of Facilities Management | 30-35 | – | – |
| Mr Roger Packham – Medical Director (Note 1) | 35-40 | 20-25 | – |
| Mr Martin Smits – Director of Nursing | 30-35 | – | – |
| Mrs. Susan Sutherland – Chief Executive | 45-50 | – | – |
| Mr David Taylor – Director of Finance & Information | 35-40 | – | – |

Note 1. Other remuneration relates to clinical work undertaken by the Medical Director.
Note 2. Benefits in kind relate to the profit element on business mileage claimed.

### Pension Benefits

| Name and title | Real increase in pension sum at age 60 (bands of £2,500) £000 | Real increase in pension lump sum at age 60 (bands of £2500) £000 | Total accrued pension and related lump sum at age 60 at 31 March 2008 (bands of £5000) £000 | Cash Equivalent Transfer Value at 31 March 2008 £000 | Cash Equivalent Transfer Value at 1 November 2007 £000 | Real Increase in Cash Equivalent Transfer Value £000 |
|---|---|---|---|---|---|---|
| Mr Michael Beswick – Director of Strategy | (0-2.5) | (0-2.5) | 125-130 | 502 | 478 | 12 |
| Ms Sue Donaldson – Director of Human Resources | (0-2.5) | (2.5-5) | 15-20 | 52 | 35 | 16 |
| Mrs Heather Hauschild – Director of Operations | 0-2.5 | 0-2.5 | 75-80 | 259 | 242 | 11 |
| Mrs Pauline Malins – Director of Communications | 0-2.5 | 0-2.5 | 30-35 | 136 | 114 | 19 |
| Mr Derek Morgan – Director of Facilities Management | (0-2.5) | (0-2.5) | 155-160 | – | – | – |
| Mr Roger Packham – Medical Director | 0-2.5 | 0-2.5 | 170-175 | 786 | 753 | 14 |
| Mr Martin Smits – Director of Nursing | (0-2.5) | (0-2.5) | 120-125 | 491 | 467 | 13 |
| Mrs. Susan Sutherland – Chief Executive | (0-2.5) | (0-2.5) | 180-185 | 784 | 750 | 15 |
| Mr David Taylor – Director of Finance & Information *(see note)* | – | – | – | – | – | – |

Note – Mr D Taylor is not a member of the NHS Pension Scheme

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

Real Increase in CETV – 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 for the start and end of the period.

## THE COUNCIL OF MEMBER REPRESENTATIVES

The Council is made up of 18 elected public and staff Member Representatives, and six nominated by partner organisations.

The Council plays a role in helping to set the overall strategic direction of the organisation by advising the Board of Directors of the views of the constituencies they represent. It also has specific responsibilities set out in the statute in relation to the appointment or removal of Non-Executive Directors and their remuneration, the appointment or removal of the Trust's auditors and development of the membership strategy.

The Trust is committed to embedding transparency and accountability throughout, and believes that its robust and effective engagement policy should resolve any matters whereby the Member Representatives would feel the need to inform Monitor of any potential breach of their Terms of Authorisation at the earliest practicable opportunity. We do not foresee the circumstances whereby it would be necessary for the Member Representatives to have to inform Monitor of any possible breaches.

The Council is chaired by Peter Harvey, Chairman of the Board of Directors, and John Knowles, Non Executive Director, is Senior Independent Director and Vice Chairman.

During 2007/08 the Council of Member Representatives was made up as follows:

Elected Representatives for Bournemouth

- Frances Cleeton
- Terence Purnell

Elected Representatives for Poole

- Andrew Creamer
- Vivien Duckenfield
- Ann Horan
- James Pride
- Elizabeth Purcell
- Kevin Searle
- Erik Warwick-White
- Linda Moores (disqualified February 2008)

Elected Representatives for Purbeck, East Dorset & Christchurch

- Phyllis Alexander
- Rosemary Gould
- John Howes

Elected Staff Representatives

- Diana Calcraft (clinical staff)
- Lynn Cherrett (clinical staff)
- Christine Tickell (clinical staff)
- Canon Jane Lloyd (non-clinical staff)

Nominated Representatives from Partner Organisations

- Richard Cummins, Dorset PCT
- Cllr Carole Deas, Poole Borough Council
- Cllr Janet Dover, Dorset County Council
- Cllr Nicholas King, Bournemouth Borough Council
- Glyn Smith, Bournemouth & Poole PCT
- Dr Gail Thomas, Bournemouth University

Public Member Representatives were first elected in June 2007 by a secret ballot of the public membership, using a simple majority system.

## Council of Member Representative Terms of Office

| Title | Forename | Surname | Class | Constituency | Term of Office |
|---|---|---|---|---|---|
| Mrs | Phyllis | Alexander | Elected | Purbeck, East Dorset & Christchurch | 2 years |
| Ms | Diana | Calcraft | Elected | Clinical staff | 3 years |
| Ms | Lynn | Cherrett | Elected | Clinical staff | 3 years |
| Mrs | Frances | Cleeton | Elected | Bournemouth | 2 years |
| Mr | Andrew | Creamer | Elected | Poole | 2 years |
| Mr | Richard | Cummins | Nominated | Dorset PCT | 3 years |
| Cllr | Carole | Deas | Nominated | Poole Borough Council | 3 years |
| Cllr | Janet | Dover | Nominated | Dorset County Council | 3 years |
| Mrs | Vivien | Duckenfield | Elected | Poole | 3 years |
| Mrs | Rosemary | Gould | Elected | Purbeck, East Dorset & Christchurch | 3 years |
| Mrs | Ann | Horan | Elected | Poole | 2 years |
| Mr | John | Howes | Elected | Purbeck, East Dorset & Christchurch | 2 years |
| Cllr | Nicholas | King | Nominated | Bournemouth Borough Council | 3 years |
| Canon | Jane | Lloyd | Elected | Non-clinical staff | 3 years |
| *Mrs | Linda | Moore | Elected | Poole | 2 years |
| Mr | James | Pride | Elected | Poole | 3 years |
| Mrs | Elizabeth | Purcell | Elected | Poole | 3 years |
| Mr | Terence | Purnell | Elected | Bournemouth | 3 years |
| Mr | Kevin | Searle | Elected | Poole | 2 years |
| Mr | Glyn | Smith | Nominated | Bournemouth & Poole PCT | 3 years |
| Dr | Gail | Thomas | Nominated | Bournemouth University | 3 years |
| Mrs | Christine | Tickell | Elected | Clinical staff | 2 years |
| Mr | Erik | Warwick-White | Elected | Poole | 3 years |
| Mr | James | Pride | Elected | Poole | 3 years |
| | | (Vacancy) | | N Dorset, W Dorset, Weymouth & Portland | |
| | | (Vacancy) from February 2008 | | Poole | |

*Under the terms of our constitution, Mrs Linda Moore was disqualified in February 2008.

## Attendance at Council of Member Representative Meetings 2007/08

| **Name** | **Constituency** | **Attendance** (Out of 2) |
|---|---|---|
| Mrs Phyllis Alexander | Purbeck, East Dorset & Christchurch | 1 |
| Ms Diana Calcraft | Clinical staff | 2 |
| Ms Lynn Cherrett | Clinical staff | 2 |
| Mrs Frances Cleeton | Bournemouth | 2 |
| Mr Andrew Creamer | Poole | 2 |
| Mr Richard Cummins | Dorset PCT | 1 |
| Mrs Carole Deas | Poole Borough Council | 2 |
| Mrs Janet Dover | Dorset County Council | 2 |
| Mrs Vivien Duckenfield | Poole | 2 |
| Mrs Rosemary Gould | Purbeck, East Dorset & Christchurch | 2 |
| Mrs Ann Horan | Poole | 2 |
| Mr John Howes | Purbeck, East Dorset & Christchurch | 2 |
| Mr Nicholas King | Bournemouth Borough Council | 2 |
| Canon Jane Lloyd | Non-clinical staff | 1 |
| Mrs Linda Moore | Poole | 1 |
| Mr James Pride | Poole | 1 |
| Mrs Elizabeth Purcell | Poole | 2 |
| Mr Terence Purnell | Bournemouth | 2 |
| Mr Kevin Searle | Poole | 2 |
| Mr Glyn Smith | Bournemouth & Poole PCT | 1 |
| Dr Gail Thomas | Bournemouth University | 2 |
| Mrs Christine Tickell | Clinical staff | 2 |
| Mr Erik Warwick-White | Poole | 2 |
| *(Vacancy)* from February 28 2008 | Poole | |
| *(Vacancy)* | N Dorset, W Dorset, Weymouth & Portland | |

## Nominations, Remuneration and Evaluations Committee

The Council of Member Representatives is required to establish a Committee consisting of all or some of its members to assist in carrying out the specified functions relating to the appointment of the Chair and Non Executive Directors; the review of the structure, composition and performance of the Board; and the remuneration of the Chairman and Non Executive Directors. The Committee is chaired by Peter Harvey, the Trust Chairman, and comprises 2 public members, 1 nominated member, and 1 staff member who are currently:

Janet Dover (Dorset County Council)
Elizabeth Purcell (Poole)
Christine Tickell (Clinical staff)
Erik Warwick-White (Poole)

NREC met once, on 11 January 2008. Those present were: Peter Harvey; Elizabeth Purcell; Chris Tickell; and Erik Warwick-White, with apologies from Janet Dover.

# MEMBERSHIP

Poole Hospital NHS Foundation Trust has four public constituencies and one staff constituency.

The four public constituencies are based on geographical areas that reflect our general, emergency and specialist service catchment areas; local government boundaries; and population numbers. They are:

- Poole
- Bournemouth
- Purbeck, East Dorset and Christchurch
- North Dorset, West Dorset, Weymouth and Portland

Our staff constituency is divided into two classes: clinical and non-clinical.

Anyone aged 12 and over who lives in Dorset and is not employed by Poole Hospital can become a public member. Our staff and hospital volunteers automatically become members unless they choose to opt out.

At 31 March 2008 we had 5057 public members, against a year-end target of 3,700. Our staff and volunteer members totalled 4,316.

Our membership broadly reflects the populations we serve in terms of gender and diversity. However, as may be expected given the demographics of our local area, we have proportionally slightly more members in the older age groups.

## Membership by constituency and class

| **Public constituency** | | **Staff constituency** | |
|---|---|---|---|
| Poole: | 2666 | Clinical: | 3229 |
| Purbeck, East Dorset and Christchurch: | 1381 | Non-clinical: | 1087 |
| Bournemouth: | 785 | | |
| North Dorset, West Dorset and Weymouth and Portland: | 225 | | |

Our membership strategy clarifies our plans for ensuring that we have a membership that reflects the demographic makeup of the area covered by Poole Hospital and the diversity that exists within that community. It sets out ways in which we will work closely with local established community groups to ensure that this is achieved.

Last year we had a major membership drive which centred on:

- face to face in outpatient clinics;
- stands at events, the shopping centre, public meetings;
- mail shots;
- word of mouth (including CoMR contacts, staff families and friends);
- FT Talkback (members' newsletter);
- press coverage;
- website;
- local employers;
- patient groups.

The membership strategy has recently been revised by a steering group of the Council of Member Representatives.

The Steering Group has recommended that Member Representatives should become actively involved in membership recruitment in their constituencies and by going out to speak to local groups and organisations. There will be a greater focus on recruiting members from the younger age groups. We will work with schools, colleges, youth groups and with industry and commerce to try to attract more members from among the working 'well' adult population. We also intend to organise a programme of membership events and open days.

Members may contact Council of Member Representatives through the membership office, which is situated in the main reception area of the hospital. They may contact the office by telephone 01202 448178, in writing, by e.mail or via our website www.poole.nhs.uk

These details are publicised in 'FT Talkback', our membership newsletter, on membership application forms, and on our website.

# CODE OF GOVERNANCE COMPLIANCE

Monitor, the Independent Regulator of NHS Foundation Trusts has produced the NHS Foundation Trust Code of Governance. This consists of a set of principles and provisions which may be viewed on Monitor's website www.monitor-nhsft.gov.uk/publications.php?id=930

Where a Foundation Trust does not meet the requirements of the Code of Governance an explanation is required in the Annual Report.

The Trust actively manages a register of the principles of the Code of Governance.

The Board considers that, with the exception of the following, the Trust has, during the inaugural period of Foundation Trust status, applied the principals and met the requirements of the Code of Governance.

### 1. Code Provision C.1.2 (Partial non-compliance)

*There should be a nomination process for the identification and nominations of executive and non-executive directors. There may be one nominations committee responsible for the identification and nomination of executive and non-executive directors or two nominations committees. If there are two, one would be responsible for the nomination of executive directors and the other for identification and nomination of non-executive directors. The nomination committee(s) should evaluate the balance of skills, knowledge and experience on the board and, in the light of this evaluation, prepare a description of the role and capabilities required for a particular appointment of both executive and non-executive directors, including the chairman.*

**Explanation:** The Nomination, Remuneration and Evaluation Committee of the Council of Member Representatives has agreed terms of reference which comply with this statement, with the exception of the executive director nomination process. The Nomination, Remuneration and Evaluation Committee is responsible for reviewing the structure, size and composition of the Board of Directors, however, it is the Chairman and non-executive directors who are responsible for establishing the process for the appointment of the Chief Executive and non-executive directors (see C.1.9 below).

### 2. Code Provision C.1.9 (Partial non-compliance)

*It is a requirement of the 2003 Act that the chairman, the other non-executive directors and – except in the case of the appointment of a chief executive – the chief executive, are responsible for deciding the appointment of executive directors. The nominations committee with responsibility for executive director nominations should identify suitable candidates to fill executive director vacancies as they arise and make recommendations to the chairman, the other non-executives directors and, except in the case of the appointment of a chief executive, the chief executive.*

**Explanation:** Suitable candidates will be identified as part of the appointment process identified by the Chairman and non-executive directors (see C.1.2 above).

### 3. Code Provision C.2.1 (Partial non-compliance)

*Approval by the council of member representatives of the appointment of a chief executive should be a subject of the first general meeting after the appointment by a committee of the chairman and non-executive directors. Re-appointment by the non-executive directors followed by re-approval by the council of member representatives thereafter should be made at intervals of no more than five years. All other executive directors should be appointed by a committee of the chief executive, the chairman and non-executive directors and subject to re-appointment at intervals of no more than five years.*

**Explanation:** All executive directors are on permanent pensionable contracts and subject to annual performance appraisal. The Board will keep under review whether it wishes to alter these arrangements.

### 4. Code Provision D.2 Principal Statement (Partial non-compliance)

*The board of directors should undertake a formal and rigorous annual evaluation of its own performance and that of its committees and individual directors.*

**Explanation:** During the first part of 2008/09 the Board of Directors will agree with the Council of Member Representatives a performance evaluation process for the whole of the Board and report the outcome of the process to the Council in early 2009/10. The Board will, at the same time, determine the performance evaluation process for its committees. The individual Chair and director's performance evaluation processes have been agreed by the Council. The 2007/08 performance of the Chair and non-executive directors will be reported to the Council in June 2008.

**5. Code Provision D.2.2** (non-compliance)

*Led by the chairman, the council of member representatives should periodically assess their collective performance and they should regularly communicate to member's details on how they have discharged their responsibilities, including their impact and effectiveness on:*

- *advising the board on the forward plans of the NHS Foundation Trust; and*
- *communicating with their member constituencies and transmitting their views to the Board of Directors.*

*The council of member representatives should use this process to review its roles, structure, composition and procedures, taking into account emerging best practice.*

**Explanation:** In its inaugural year the Council of Member Representatives has asked the Nomination, Remuneration and Evaluation Committee to make recommendations on the processes for assessing the performance of the Council. The Nomination, Remuneration and Evaluation Committee will consider the processes at its meeting in June 2008.

**6. Code Provision E.2.2** (partial non-compliance)

*The remuneration committee should have delegated responsibility for setting remuneration for all executive directors, including pension rights and any compensation payments. The committee should also recommend and monitor the level and structure of remuneration for senior management. The definition of 'senior management' for this purpose should be determined by the board but should normally include the first layer of management below Board level.*

**Explanation:** The Board has determined that the definition of 'senior management' should be limited to Board members and the Company Secretary only. All other staff remuneration is covered by the NHS Agenda for Change pay structure.

**7. Code Provision G.1.1** (partial non-compliance)

*The Board of Directors should make available a public document that sets out its policy on the involvement of members, patients, clients and the local community at large, including a description of the kind of issues it will consult on.*

**Explanation:** The Communications Strategy sets out our key audiences and stakeholders and how we will communicate with them. The annual report gives examples of some of the issues we consulted public, staff and stakeholders on last year. More detailed information about the kind of issues we will consult on will be included in the supporting Public Consultation policy, which will be drawn up following the publication of new guidance on Section 242 of the NHS Act 2006. When approved, the policy will be published on our website.

# STATEMENT ON INTERNAL CONTROL 2007-2008 (November-March)

## Poole Hospital NHS Foundation Trust

### 1. Scope of responsibility

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

### 2. The purpose of the system of internal control

2.1 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:

2.1.1 identify and prioritise the risks to the achievement of the policies, aims and objectives of Poole Hospital NHS Foundation Trust; and

2.1.2 evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

2.2 The system of internal control has been in place in Poole Hospital NHS Foundation Trust for the whole of the part year ended 31 March 2008 and is up to the date of approval of the annual report and accounts.

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

### 3. Capacity to handle risk

3.1 The risk management process is led by a nominated Director for Risk, supported by clinical leads, department leads and an assistant director who heads a small team of risk managers.

3.2 Staff have been trained or equipped to manage risk in a way appropriate to their authority and duties. This has been done by risk management sessions on induction, risk assessment and root cause analysis training sessions, bi- yearly Health and Safety training and access to the risk management team for advice. There has been a monthly Risk Management and Safety Committee meeting whereby lessons learnt and good practice are submitted for dissemination through the organisation.

### 4. The risk and control framework

4.1 The Trust has a Risk Management Strategy in place, the key elements of which include the identification of risk, evaluating the impact of risk on patients, staff and visitors, and identifying control measures that can be put in place to minimise the risk. The Strategy describes the key responsibilities of all staff including risk reporting. It sets out the risk management process and information requirements and includes links to audits and external reviews of the process.

4.2 The key ways in which risk management has been embedded in the activity of the Trust are:-

4.2.1 Trust-wide Adverse Incident Reporting procedure for all staff. A Healthcare Commission survey showed 99% of staff know how to use it. In addition the Trust has been commended by the Audit Commission and noted by the NPSA for its high level of reporting of incidents and near misses;

4.2.2 Risks (both corporate and clinical) and action plans to mitigate risk are discussed at the quarterly performance review meetings led by the Chief Executive involving care groups and directorates;

4.2.3 monthly Risk Management and Safety Committee meetings with representation from all care groups and directorates where a wide range of risk issues are discussed and Trust-wide trends and analysis are reviewed;

4.2.4 regular specialist risk management groups meet and discuss incidents that have occurred and recommendations made. Care Group/Directorate trends and analysis are reviewed;

4.2.5 risk being discussed at monthly care group/directorate clinical governance and business meetings;

4.2.6 risk assessments being performed throughout the Trust and risks added to the risk register. A risk review group validates risks and red risks are reported to the Risk Management and Safety Committee on a monthly basis. The Board of Director's Audit and Governance Committee receive a quarterly report on new red and amber risks. The Clinical Governance Committee discusses relevant clinical risks.

4.2.7 bi-monthly Health and Safety committee meetings are held;

4.2.8 recommendations from Serious Untoward Incidents are monitored by the Board of Directors and the Clinical Governance Committee;

4.2.9 key personnel sit on both the Risk Management and Safety Committee and the Clinical Governance Committee and

4.2.10 quarterly internal performance reviews of Care Groups and Directorates where there is a requirement to report on risks, risk assessment and action to mitigate risk.

4.3 The Trust has an assurance framework which includes:-

4.3.1 principle corporate objectives, whereby the Trusts' key objectives have been taken from the following key documents: NHS Operating Framework, Local Delivery Plan, Annual Accountability Agreement with Bournemouth and Poole Teaching Primary Care Trust, Service Level Agreements with other organisations and The Trust's Annual Plan;

4.3.2 principal risks were identified against each corporate objective, focusing on both risks that would prevent the Trust from attaining the objective and the principal risks identified in implementing the objective. A simple risk assessment was then conducted against each risk, assisting the Board to recognise threats and prioritise risk treatment plans;

4.3.3 key Controls & Systems are identified and systems and processes are listed that currently help control the risks identified;

4.3.4 the Assurance Framework has been linked to the relevant Standards for Better Health and also entries to the Trust Risk Register;

4.3.4 the controls assurance process provides a list of evidence showing that the key controls and systems exist and that they are as effective as possible. Assurance is provided to the Board of Directors on this via the minutes of the meetings of Sub Committees of the Hospital Executive Committee which are scrutinised by the Audit and Governance Committee of the Board of Directors.

4.4 The Trust has identified gaps in the Assurance Framework around:-

4.4.1 effective use of resources:- The Trust has introduced benchmarking against other comparative organisations. It now needs to develop a contingency plan should activity be reduced by commissioners. This gap is resolved by implementing the contingency plan that stops activity where necessary.

4.4.2 reduction of healthcare acquired infection: The Trust exceeded its MRSA target for 2007/8 and is likely to receive a red rating for clinical governance from the regulator for the final quarter. All key controls are in place, a more realistic contract has been negotiated with the commissioners for 2008/9 and arrangements are in place to manage the reputation of the Trust.

4.4.3 workforce targets – Good progress is being made on workforce issues but there is a need to develop more robust workforce planning to provide assurance. This gap is resolved by the introduction of more robust workforce employment practices including greater use of flexible staffing.

4.5 A NHS-wide Information Governance Assurance Review was initiated during the latter part of 2007/8, in response to loss of data within the NHS and public sector. As part of this review, Monitor required Foundation Trusts to make a declaration that fell into one of two categories, as follows: EITHER:

- Declaration 1: The board has reviewed the systems and procedures for securing personal data, including patient data in transit, and confirms that it is satisfied that these have been and remain compliant with relevant information governance guidance and the Data Protection Act 1998, OR
- Declaration 2: The board has reviewed the systems and procedures for securing personal data, including patient data in transit, and confirms that it is satisfied that these have been and remain compliant with relevant information governance guidance and the Data Protection Act 1998, with the following exceptions [please list].

In response, the Trust undertook a review of data flows and controls of key Trust Information and Information Governance systems. The report of this review formed the basis of the assurance declaration subsequently given to Monitor, which was Declaration 2.

The review highlighted that "an overall information technology (IT) and systems (IS) control framework is in place that supports the confidentiality and security of a number of the Trust's primary systems". However, the review identified some processes that required strengthening.

An action plan was developed from this declaration, which is being formally monitored using a working group which reports to the Information Committee.

## 5. Review of economy, efficiency and effectiveness in the use of resources

5.1 The Trust employs a number of internal mechanisms and external agencies to ensure the best use of resources

5.1.1 Executive Directors and Managers have responsibility for the effective management and deployment of their staff and other resources to maximise the efficiency of their directorates and care groups.

5.1.2 Board of Directors:- A Non-Executive Director chairs the Audit and Governance Committee at which representatives of the internal and external auditors attend. The Committee reviewed and agreed the audit plans of both the internal and external auditors. The plans specifically include economy, efficiency and effectiveness reviews which have been reported on. A Non Executive Director also chairs the Finance and Investment Committee which reviews the Trust's finance plans and performance. The Board of Directors receives both performance and financial reports at each of its meetings and receives reports of its sub committees to which it has delegated powers and responsibilities.

## 6. Review of effectiveness

6.1 As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers 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 by the Board, the Audit and Governance Committee and the Risk Management and Safety Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

6.2 During this part year I have received assurance on the robustness of the governance arrangements from a variety of sources.

6.3 I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Audit and Governance Committee, Clinical Governance Committee and Risk Management and Safety Committee. Plans to address weaknesses and ensure continuous improvement of the system are in place.

6.4 On an operational level, the Trust has reviewed its compliance with the Standards for Better Health and the Clinical Negligence Scheme for Trusts(CNST)/NHS Litigation Authority Risk Management Standards. The Trust has successfully obtained a Level 2 assessment under the NHSLA Risk Management Standards for acute trusts and Level 2 for Maternity Standards under CNST.

6.5 The Council of Member Representatives are also invited to comment on the Trust's Healthcare Commission core standards declaration, for which detailed information of the Trust's assessment of progress to achievement of risk standards is provided. The three local Overview and Scrutiny Committees, Local Safeguarding Children's Board and Hospitals Patients and Public Involvement Forum were also asked to comment on the declaration.
Prior to becoming a Foundation Trust and the demise of Patient and Public Involvement forums they were active in considering risk issues from an external perspective.

## 7. Conclusion

**7.1 Based upon available Department of Health guidance, and the Trust's internal and external auditors views, the Board of Directors has not identified any significant internal control issues at this time.**

**Signed:** Sue Sutherland

**Mrs Sue Sutherland OBE**
**Chief Executive** Date: 3rd June 2008

# INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF GOVERNORS OF POOLE HOSPITAL NHS FOUNDATION TRUST

I have audited the financial statements of Poole Hospital NHS Foundation Trust for the period ended 31 March 2008 under the National Health Service Act 2006. The financial statements comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement, the Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described as having been audited.

This report is made solely to the Board of Governors of Poole Hospital NHS Foundation Trust as a body in accordance with paragraph 24(5) of Schedule 7 of the National Health Service Act 2006. My work was undertaken so that I might state to the Board of Governors those matters I am required to state to it in an auditor's report and for no other purpose. In those circumstances, to the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the Foundation Trust as a body, for my audit work, for the audit report or for the opinions I form.

## Respective responsibilities of the Accounting Officer and auditor

The Accounting Officer's responsibilities for preparing the financial statements in accordance with directions made by the Independent Regulator of NHS Foundation Trusts (Monitor) are set out in the Statement of Accounting Officer's Responsibilities.

My responsibility is to audit the financial statements in accordance with statute, the Audit Code for NHS Foundation Trusts and International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view in accordance with the accounting policies directed by Monitor as being relevant to NHS Foundation Trusts. I report whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the accounting policies directed by Monitor as being relevant to NHS Foundation Trusts. I also report to you whether, in my opinion, the information which comprises the Directors' Report, included in the Annual Report, is consistent with the financial statements.

I review whether the Accounting Officer's statement on internal control reflects compliance with the requirements of Monitor contained in the NHS Foundation Trust Financial Reporting Manual 2007/08. I report if it does not meet the requirements specified by Monitor or if the statement is misleading or inconsistent with other information I are aware of from my audit of the financial statements. I am not required to consider, nor have I considered, whether the Accounting Officer's statement on internal control covers all risks and controls. Neither am I required to form an opinion on the effectiveness of the Trust's corporate governance procedures or its risk and control procedures.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises the Chair's Statement, the Chief Executive's Statement, Background Information, Operating and Financial Review, the sections on the Board of Governors, the Board of Directors, membership and public interest disclosures and the un-audited part of the Remuneration Report. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

## Basis of audit opinion

I conducted my audit in accordance with the National Health Service Act 2006 and the Audit Code for NHS Foundation Trusts issued by Monitor, which requires compliance with International Standards on Auditing (United Kingdom and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Trust's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that:

- the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error; and
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared.

In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

## Opinion

In my opinion:

- the financial statements give a true and fair view of the state of affairs of Poole Hospital NHS Foundation Trust as at 31 March 2008 and of its income and expenditure for the period then ended in accordance with the accounting policies adopted by the Trust;
- the part of the Remuneration Report to be audited has been properly prepared in accordance with the accounting policies directed by Monitor as being relevant to NHS Foundation Trusts; and
- information which comprises the Directors' Report included in the annual report, is consistent with the financial statements.

## Certificate

I certify that I have completed the audit of the accounts in accordance with the requirements of the National Health Service Act 2006 and the Audit Code for NHS Foundation Trusts issued by Monitor.

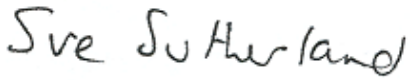
**Patrick Jarvis**
(Officer of the Audit Commission)
Collins House
Bishopstoke Road
Eastleigh
Hampshire
SO50 6AD

Date: 20 June 2008

# FOREWORD TO THE ACCOUNTS

## Poole Hospital NHS Foundation Trust

These accounts for the five months ended 31 March 2008 of Poole Hospital NHS Foundation Trust have been prepared in accordance with paragraphs 24 and 25 of Schedule 7 of the National Health Service Act 2006 and comply with the annual reporting guidance for NHS foundation trusts within the NHS Foundation Trust Financial Reporting Manual (FT FReM) for the financial period.



Signed .....

Chief Executive and Accounting Officer

Date: 10 June 2008

# Statement of accounting officer's responsibilities

## Statement of the Chief Executive's responsibilities as the Accounting Officer of Poole Hospital NHS Foundation Trust

The National Health Service Act 2006 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 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").

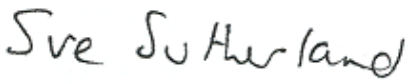
Under the National Health Service Act 2006, Monitor has directed the Poole Hospital NHS Foundation Trust to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of Poole Hospital 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/her 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*.



.....Signature

Sue Sutherland, Chief Executive

Date: 10 June 2008

# INCOME AND EXPENDITURE ACCOUNT FOR THE FIVE MONTHS ENDED 31 March 2008

| | NOTE | 2007/08 £000 |
|---|---|---|
| **Income from activities** | 3 | **66,328** |
| **Other operating income** | 4 | **6,501** |
| **Operating expenses** | 5 | **(71,109)** |
| **OPERATING SURPLUS** | | **1,720** |
| Profit on disposal of fixed assets | 7 | **137** |
| **SURPLUS BEFORE INTEREST** | | **1,857** |
| Interest receivable | 8 | **359** |
| Finance costs – interest expense | 9 | **0** |
| **SURPLUS FOR THE FINANCIAL PERIOD** | | **2,216** |
| Public Dividend Capital dividends payable | | **(1,525)** |
| **RETAINED SURPLUS FOR THE FINANCIAL PERIOD** | | **691** |

The notes on pages 5 to 27 form part of these accounts.
All income and expenditure is derived from continuing operations.

# BALANCE SHEET AS AT 31 March 2008

| | NOTE | 31 March 2008 £000 | 1 November 2007 £000 |
|---|---|---|---|
| **FIXED ASSETS** | | | |
| Intangible assets | 10 | **8** | 12 |
| Tangible assets | 11 | **115,023** | 115,453 |
| | | **115,031** | 115,465 |
| **CURRENT ASSETS** | | | |
| Stocks and work in progress | 12 | **1,684** | 1,813 |
| Debtors | 13 | **7,158** | 7,395 |
| Cash at bank and in hand | | **9,801** | 5,596 |
| | | **18,643** | 14,804 |
| **CREDITORS:** Amounts falling due within one year | 15 | **(16,973)** | (14,403) |
| **NET CURRENT ASSETS** | | **1,670** | 401 |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | | **116,701** | 115,866 |
| **CREDITORS:** Amounts falling due after one year | 15 | **(23)** | (23) |
| **PROVISIONS FOR LIABILITIES AND CHARGES** | 16 | **(608)** | (551) |
| **TOTAL ASSETS EMPLOYED** | | **116,070** | 115,292 |
| **FINANCED BY:** | | | |
| **TAXPAYERS' EQUITY** | | | |
| Public dividend capital | | **85,794** | 85,794 |
| Revaluation reserve | 17 | **13,338** | 14,402 |
| Donated asset reserve | 17 | **7,553** | 7,466 |
| Income and expenditure reserve | 17 | **9,385** | 7,630 |
| **TOTAL TAXPAYERS' EQUITY** | | **116,070** | 115,292 |

The financial statements on pages 1 to 27 were approved by the Board on 5 June 2008 and signed on its behalf by:

Signed: Sue Sutherland ..... Chief Executive Date: 10th June 2008

Signed: ..... Director of Finance Date: 10th June 2008

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE FIVE MONTHS ENDED 31 March 2008

| | 2007/08 £000 |
|---|---|
| Surplus for the financial year before dividend payments | 2,216 |
| Increases in the donated asset reserve due to receipt of donated assets | 339 |
| Reduction in the donated asset reserve due to depreciation, impairment, and/or disposal of donated assets | (252) |
| **Total surplus recognised in the financial period** | 2,303 |

## CASH FLOW STATEMENT FOR THE FIVE MONTHS ENDED 31 March 2008

| | NOTE | 2007/08 £000 |
|---|---|---|
| **OPERATING ACTIVITIES** | | |
| **Net cash inflow from operating activities** | 18.1 | 6,897 |
| **RETURNS ON INVESTMENTS AND SERVICING OF FINANCE:** | | |
| Interest received | | 347 |
| **Net cash inflow from returns on investments and servicing of finance** | | 347 |
| **CAPITAL EXPENDITURE** | | |
| Payments to acquire tangible fixed assets | | (1,975) |
| Receipts from sale of tangible fixed assets | | 427 |
| **Net cash outflow from capital expenditure** | | (1,548) |
| **DIVIDENDS PAID** | | (1,830) |
| **Net cash inflow before financing** | | 3,866 |
| **FINANCING** | | |
| Public dividend capital received | | 0 |
| Public dividend capital repaid | | 0 |
| Other capital receipts | | 339 |
| **Net cash inflow from financing** | | 339 |
| **Increase in cash** | | 4,205 |

# NOTES TO THE ACCOUNTS

## 1 ACCOUNTING POLICIES

Monitor has directed that the financial statements of NHS foundation trusts shall meet the accounting requirements of the NHS Foundation Trust Financial Reporting Manual which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the 2007/08 NHS Foundation Trust Financial Reporting Manual issued by Monitor. The accounting policies contained in that manual follow UK generally accepted accounting practice for companies (UK GAAP) and HM Treasury's Financial Reporting Manual to the extent that they are meaningful and appropriate to NHS foundation trusts. The accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.

### 1.1 Accounting basis

The accounts of the Trust have been drawn up to 31 March 2008. On 1 November 2007 the Trust changed status to become a public benefit corporation known as Poole Hospital NHS Foundation Trust.

Readers of the accounts should note that as these accounts are the first as a Foundation Trust, comparative figures are not included in these accounts.

After making enquiries the directors have a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason the preparation of the accounts on a going concern basis is considered to be appropriate.

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

### 1.2 Acquisitions and discontinued operations

Activities are considered to be 'acquired' only if they are acquired from outside the public sector. Activities are considered to be 'discontinued' only if they cease entirely. They are not considered to be 'discontinued' if they transfer from one public sector body to another.

### 1.3 Income Recognition

Income is accounted for applying the accruals convention. The main source of income for the Trust is from commissioners in respect of healthcare services provided under local agreements. Income is recognised in the period in which services are provided.

When a patient is admitted and treatment begins, then the income for that treatment or spell can start to be recognised. Income relating to these spells which are partially completed at the financial year end is therefore accrued for.

Where income is received for a specific activity which is to be delivered in the following financial year, that income is deferred.

### 1.4 Expenditure

Expenditure is accounted for applying the accruals convention.

### 1.5 Intangible fixed assets

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

Intangible fixed assets held for operational use are valued at historical cost and are depreciated over the estimated life of the asset on a straight line basis, except capitalised Research and Development which is revalued using an appropriate index figure. The carrying value of intangible assets is reviewed for impairment at the end of the first full year following acquisition and in other periods if events or changes in circumstances indicate the carrying value may not be recoverable.

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

## 1.6 Tangible fixed assets

### Capitalisation

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

- individually have a cost of at least £5,000; or
- collectively have a cost of at least £5,000 and individually have a cost of more than £250, 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 equipping and setting-up cost of a new building, ward or unit irrespective of their individual or collective cost.

### Valuation

Tangible fixed assets are stated at the lower of replacement cost and recoverable amount. On initial recognition they are measured at cost (for leased assets, fair value) including any costs such as installation directly attributable to bringing them into working condition. They are restated to current value each year. The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

All land and buildings are restated to current value using professional valuations in accordance with FRS15 every five years. A three year interim valuation is also carried out. Professional valuations are undertaken by the District Valuer of HMR&C Government Department. These valuations are carried out in accordance with the Royal Institute of Chartered Surveyors' (RICS) Appraisal and Valuation Manual. At the 31st March 2008 an interim valuation has been made by independent professional valuers. The Opening Balance Sheet at 1 November 2007 reflects this interim valuation.

The previous asset valuations were undertaken in 2004 as at the prospective valuation date of 1 April 2005 and were applied on the 31 March 2005.

The valuations are carried out primarily on the basis of Depreciated Replacement Cost for specialised operational property and Existing Use Value for non-specialised operational property. The value of land for existing use purposes is assessed at Existing Use Value. For non-operational properties including surplus land, the valuations are carried out at Open Market Value.

Additional alternative Open Market Value figures have only been supplied for operational assets scheduled for imminent closure and subsequent disposal.

Assets in the course of construction are valued at cost and are valued by professional valuers as part of the five or three yearly valuation or when brought into use. These assets include any existing land or buildings under the control of a contractor.

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

### Depreciation, amortisation and impairments

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

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

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

Equipment is depreciated on current cost evenly over the estimated life of the asset, as detailed in the following categories:

| Type of Asset | Economic Life |
|---|---|
| Plant & Machinery | 5-15 years |
| Transport Equipment | 7 years |
| Information Technology | 5-10 years |
| Furniture & Fittings | 10 years |

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

## 1.7 Donated fixed assets

Donated fixed assets are capitalised at their current value on receipt and this value is credited to the Donated Asset Reserve. Donated fixed assets are valued and depreciated as described above for purchased assets. Gains and losses

on revaluations are also taken to the Donated Asset Reserve and, each year, an amount equal to the depreciation charge on the asset is released from the Donated Asset Reserve to the Income and Expenditure account. Similarly, any impairment on donated assets charged to the Income and Expenditure Account is matched by a transfer from the Donated Asset Reserve. On sale of donated assets, the value of the sale proceeds is transferred from the Donated Asset Reserve to the Income and Expenditure Reserve.

**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, including those for achieving three star status, are accounted for as Government grants as are grants from the Big Lottery Fund. Where the Government grant is used to fund revenue expenditure it is taken to the Income and Expenditure account to match that expenditure. Where the grant is used to fund capital expenditure the grant is held as deferred income and released to the income and expenditure account over the life of the asset on a basis consistent with the depreciation charge for that asset.

**1.9 Private Finance Initiative (PFI) transactions**

The NHS follows HM Treasury's Technical Note 1 (Revised) "How to Account for PFI transactions" which provides definitive guidance for the application of the Application Note F to FRS 5 and the guidance 'Land and Buildings in PFI schemes Version 2'.

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

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

**1.10 Cash, bank and overdrafts**

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

**1.11 Stocks and work-in-progress**

Stocks and work-in-progress are valued at the lower of cost and net realisable value. The material management stock system values the stock at latest invoice price. This is considered to be a reasonable approximation to current cost due to the high turnover of stocks. Work-in-progress comprises goods in intermediate stages of production. Partially completed contracts for patient services are not accounted for as work-in-progress.

**1.12 Research and development**

Expenditure on research is not capitalised. Expenditure on development is capitalised if it meets the following criteria:

- there is a clearly defined project;
- the related expenditure is separately identifiable;
- the outcome of the project has been assessed with reasonable certainty as to:
  - its technical feasibility;
  - its resulting in a product or service which will eventually be brought into use;
- adequate resources exist, or are reasonably expected to be available, to enable the project to be completed and to provide any consequential increases in working capital.

Expenditure so deferred is limited to the value of future benefits expected and is amortised through the income and expenditure account on a systematic basis over the period expected to benefit from the project. It is revalued on the basis of current cost. Expenditure which does not meet the criteria for capitalisation is treated as an operating cost in the year in which it is incurred.

Fixed assets acquired for use in research and development are amortised over the life of the associated project.

### 1.13 Provisions

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

#### 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 21 where an inflow of economic benefits is probable.

Contingent liabilities are provided for where a transfer of economic benefits is probable. Otherwise, they are not recognised, but are disclosed in note 21 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.

#### Clinical negligence costs

The NHS Litigation Authority (NHSLA) operates a risk pooling scheme under which the NHS Trust pays an annual contribution to the NHSLA which in return settles all clinical negligence claims. Although the NHSLA is administratively responsible for all clinical negligence cases the legal liability remains with the Trust. The total value of clinical negligence provisions carried by the NHSLA on behalf of the Trust is disclosed at note 16.

Since financial responsibility for clinical negligence cases transferred to the NHSLA at 1 April 2002, the only charge to operating expenditure in relation to clinical negligence in 2007/08 relates to the Trust's contribution to the Clinical Negligence Scheme for Trusts.

#### Non-clinical risk pooling

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

### 1.14 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 the Secretary of State, in England and Wales. As a consequence it is not possible for the NHS Trust to identify its share of the underlying scheme liabilities. Therefore the scheme is accounted for as a defined contribution scheme under FRS17.

Employer's pension cost contributions are charged to operating expenses as and when they become due.

The NHS pension scheme is subject to a full valuation every four years by the Government Actuary. However, the last published valuation relates to the period 1 April 1994 to 31 March 1999;

- the valuation as at 31 March 2003 has not yet been published. Between valuations, the Government Actuary provides an update of the scheme liabilities which is contained in the scheme actuary report, which forms part of the annual NHS Pension Scheme (England and Wales) Resource Account, published annually. These accounts can be viewed on the NHS Pensions website at www.nhspa.gov.uk.
- the notional surplus of the scheme was £1.1 billion as per the last scheme valuation by the Government Actuary for the period 1 April 1994 to 31 March 1999. The conclusion of the valuation was that 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. At the last valuation on which contribution rates were rebased (31 March 1999) employer contribution rates from 2003-04 were set at 14% of pensionable pay. Employees pay contributions of 6% (manual staff 5%) of their pensionable pay.

The Scheme is a "final salary" scheme. Annual pensions are normally based on 1/80th of the best of the last 3 years pensionable pay for each year of service. A lump sum normally equivalent to 3 years pension is payable on retirement. Annual increases are applied to pension payments at rates defined by the Pensions (Increase) Act 1971, and are based on changes in retail prices in the twelve months ending 30 September in the previous calendar year. On death, a pension of 50% of the member's pension is normally payable to the surviving spouse.

Early payment of a pension, with enhancement, is available to members of the Scheme who are permanently incapable of fulfilling their duties effectively through illness or infirmity. A death gratuity of twice final years pensionable pay for death in service, and up to five times their annual pension for death after retirement, less pensions already paid, subject to a maximum amount equal to twice the member's final years pensionable pay less their retirement lump sum for those who die after retirement is payable.

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

The Scheme provides the opportunity to members to increase their benefits through money purchase Additional Voluntary Contributions (AVCs) provided by an approved panel of life companies. Under the arrangement the employee/member can make contributions to enhance an employee's pension benefits. The benefits payable relate directly to the value of the investments made.

**1.15 Liquid resources**

Deposits and other investments that are readily convertible into known amounts of cash at or close to their carrying amounts are treated as liquid resources in the cashflow statement. The Trust does not hold any investments with maturity dates exceeding one year from the date of purchase.

**1.16 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.

**1.17 Corporation Tax**

The NHS Foundation Trust has carried out a review of corporation tax liability on its non-healthcare activities. At present all activities are either ancillary to the Trust's patient care activity or are below the de minimus level at which corporation tax is due.

**1.18 Foreign Exchange**

Transactions that are denominated in a foreign currency are translated into sterling at the exchange rate ruling on the dates of the transactions. Resulting exchange gains and losses are taken to the Income and Expenditure Account.

**1.19 Third Party Assets**

Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the accounts since the NHS Foundation Trust has no beneficial interest in them. Details of third party assets are given in Note 26 to the accounts in accordance with the requirements of the HM Treasury Financial Reporting Manual.

**1.20 Leases**

Where substantially all risks and rewards of ownership of a leased asset are borne by the NHS Foundation Trust, the asset is recorded as a tangible fixed asset and a debt is recorded to the lessor of the minimum lease payments discounted by the interest rate implicit in the lease.

The asset and liability are recognised at the inception of the lease, and are derecognised when the liability is discharged, cancelled or expires.

The interest element of the finance lease payment is charged to the Income and Expenditure Account over the period of the lease at a constant rate in relation to the balance outstanding. Other leases are regarded as operating leases and the rentals are charged to the Income and Expenditure Account on a straight-line basis over the term of the lease.

**1.21 Public Dividend Capital (PDC) and PDC Dividend**

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

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

**1.22 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 each individual case is handled.

Losses and Special Payments are charged to the relevant functional headings in the Income and Expenditure Account on an accruals basis, including losses which would have been made good through insurance cover had NHS Trusts not been bearing their own risks (with insurance premiums then being included as normal revenue expenditure). Note 28 is compiled directly from the losses and compensations register which is prepared on a cash basis.

**1.23 Financial instruments**

The Trust has the following financial assets and liabilities:

**assets**: investments, long term debtors and accrued income, short term debtors and accrued income; and **liabilities**: loans and overdrafts, long term creditors, long term provisions arising from contractual arrangements, short term creditors, short term provisions arising from contractual arrangements

For the common financial instruments listed above the policies are already covered in the accounting policies above. For disclosure purposes FRS 25, 26 and 29 have been followed. See also note 25.

**2. Segmental Analysis**

All Poole Hospital NHS Foundation Trust's activity is related to the provision of healthcare and health related services.

**3.1 Income from Activities**

| | 2007/08 £000 |
|---|---|
| Elective income | **10,712** |
| Non elective income | **40,328** |
| Outpatient income | **11,972** |
| A & E income | **1,870** |
| Other types of activity income | **639** |
| PBR (clawback) / relief | **534** |
| Private patient income | **273** |
| | **66,328** |

**3.2 Private Patient Income**

| | 2007/08 £000 | Base Year 2002/03 £000 |
|---|---|---|
| Private patient income | **273** | 396 |
| Total patient related income | **66,328** | 95,931 |
| ***Proportion*** | | |
| Cap | | 0.4% |
| **Actual 2007/08** | **0.4%** | |

**3.3 Mandatory and Non-Mandatory Income from Activities**

| | 2007/08 £000 |
|---|---|
| Mandatory | **68,237** |
| Non-Mandatory | **4,592** |
| **Actual 2007/08** | **72,829** |

### 3.4 Income from Activities

| | 2007/08 £000 |
|---|---|
| Primary Care Trusts | 61,597 |
| Local Authorities (see Note 1) | 71 |
| Department of Health (see Note 2) | 3,910 |
| NHS Other | 25 |
| Non NHS: Private patients | 273 |
| Non-NHS: Overseas patients (non-reciprocal) | 9 |
| NHS injury scheme (was RTA) (see Note 3) | 424 |
| Non NHS: Other | 19 |
| | 66,328 |

Note 1. Local authority income relates mainly to the reimbursement of costs associated with delayed patient discharges.

Note 2. This relates to a Department of Health income adjustment under payment by results.

Note. 3 NHS injury scheme income is subject to a provision for doubtful debts of 7.8% to reflect expected rates of collection.

### 4. Other Operating Income

| | 2007/08 £000 |
|---|---|
| Education and training | 2,705 |
| Charitable and other contributions to expenditure | 676 |
| Transfers from the donated asset reserve in respect of depreciation, impairment and disposal of donated assets | 252 |
| Non-patient care services to other bodies | 1,894 |
| Income generation – see note | 892 |
| Other income | 82 |
| | 6,501 |

Note – Income generation relates mainly to restaurant income, sale of services to a private hospital and car park income received by the Trust

### 5. Operating Expenses

### 5.1 Operating expenses comprise:

| | 2007/08 £000 |
|---|---|
| Services from NHS trusts | 337 |
| Services from other NHS bodies | 169 |
| Services from other Foundation Trusts | 277 |
| Purchase of healthcare from non NHS bodies | 23 |
| Directors' costs | 315 |
| Staff costs | 47,514 |
| Supplies and services – clinical drugs | 5,780 |
| Supplies and services – clinical other | 5,822 |
| Supplies and services – general | 2,030 |
| Establishment | 939 |
| Transport | 202 |
| Premises | 2,370 |
| Bad debts | 20 |
| Depreciation and amortisation | 2,895 |
| Audit fees | 27 |
| Clinical negligence | 988 |
| Training and course fees etc. | 380 |
| Other | 1,021 |
| | 71,109 |

### 5.2 Operating leases

#### 5.2.1 Operating expenses include:

| | 2007/08 £000 |
|---|---|
| Other operating lease rentals | 117 |
| | 117 |

#### 5.2.2 Annual commitments under non-cancellable operating leases are:

| | Other leases 2007/08 £000 |
|---|---|
| Operating leases which expire: | |
| Within 1 year | 40 |
| Between 1 and 5 years | 203 |
| After 5 years | 74 |
| | 317 |

### 6. Staff costs and numbers

### 6.1 Staff costs

| | 2007/08 Total £000 | Permanently Employed £000 | Other £000 |
|---|---|---|---|
| Salaries and wages | 40,152 | 38,414 | 1,738 |
| Social Security Costs | 3,035 | 3,035 | 0 |
| Employer contributions to NHS Pension Scheme | 4,598 | 4,598 | 0 |
| | 47,785 | 46,047 | 1,738 |

£73k salaries and wages costs have been capitalised from November 2007 to March 2008.

### 6.2 Average number of persons employed

| | 2007/08 Total Number | Permanently Employed Number | Other Number |
|---|---|---|---|
| Medical and dental | 345 | 326 | 19 |
| Administration and estates | 626 | 607 | 19 |
| Healthcare assistants and other support staff | 166 | 166 | 0 |
| Nursing, midwifery and health visiting staff | 1,423 | 1,387 | 36 |
| Scientific, therapeutic and technical staff | 274 | 265 | 9 |
| Other | 277 | 272 | 5 |
| Total | 3,111 | 3,023 | 88 |

### 6.3 Employee benefits

No additional benefits were paid to staff in the financial period.

### 6.4 Retirements due to ill-health

During 2007/08 there were 2 early retirements on the grounds of ill-health. The estimated additional pension liabilities of these ill-health retirements will be £56k. The cost of these ill-health retirements will be borne by the NHS Business Services Authority – Pensions Division. These retirements represented 0.4 per 1,000 active scheme members.

### 7. Profit on Disposal of Fixed Assets

Profit on the disposal of fixed assets is made up as follows:

| | 2007/08 £000 |
|---|---|
| Profit on disposal of land and buildings | 118 |
| Profit on disposal of plant and equipment | 19 |
| | 137 |

The profit on disposal relates to unprotected assets.

### 8. Interest Receivable

Interest receivable of £359k relates to bank deposit account interest.

### 9. Interest Payable

No interest was paid in the financial period.

### 10. Intangible Fixed Assets

| | Software licences £000 | Total £000 |
|---|---|---|
| Gross cost at 1 November 2007 | 52 | 52 |
| **Gross cost at 31 March 2008** | **52** | **52** |
| Amortisation at 1 November 2007 | 40 | 40 |
| Charged during the year | 4 | 4 |
| **Amortisation at 31 March 2008** | **44** | **44** |
| **Net book value** | | |
| – Purchased at 1 November 2007 | 12 | 12 |
| **– Total at 1 November 2007** | **12** | **12** |
| – Purchased at 31 March 2008 | 8 | 8 |
| **– Total at 31 March 2008** | **8** | **8** |

## 11. Tangible Fixed Assets

### 11.1 Tangible fixed assets at the balance sheet date comprise the following elements:

| | Land | Buildings excluding | Dwellings | Assets under construction and payments on account |
|---|---|---|---|---|
| | £000 | £000 | £000 | £000 |
| Cost or valuation at 1 November 2007 | 18,627 | 76,390 | 1,733 | 1,305 |
| Additions purchased | 0 | 23 | 0 | 447 |
| Additions donated | 0 | 21 | 0 | 0 |
| Reclassifications | 0 | 132 | 0 | (1,535) |
| Disposals | (64) | (118) | 0 | 0 |
| **Cost or Valuation at 31 March 2008** | **18,563** | **76,448** | **1,733** | **217** |
| Depreciation at 1 November 2007 | 0 | | | |
| Charged during the year | 0 | 1,451 | 31 | |
| Disposals | 0 | (3) | 0 | |
| **Depreciation at 31 March 2008** | **0** | **1,448** | **31** | **0** |
| **Net book value** | | | | |
| – Purchased at 1 November 2007 | 18,627 | 70,505 | 1,733 | 1,305 |
| – Donated at 1 November 2007 | 0 | 5,885 | 0 | 0 |
| **– Total at 1 November 2007** | **18,627** | **76,390** | **1,733** | **1,305** |
| – Purchased at 31 March 2008 | 18,563 | 69,177 | 1,702 | 217 |
| – Donated at 31 March 2008 | 0 | 5,823 | 0 | 0 |
| **– Total at 31 March 2008** | **18,563** | **75,000** | **1,702** | **217** |

Of the totals at 31 March 2008, £848k related to land valued at open market value and £1,702k related to buildings valued at open market value.

| Plant and machinery | Transport equipment | Information technology | Furniture & fittings | Total |
|---|---|---|---|---|
| £000 | £000 | £000 | £000 | £000 |
| 28,407 | 28 | 6,659 | 461 | 133,610 |
| 1,203 | 0 | 600 | 9 | 2,282 |
| 318 | 0 | 0 | 0 | 339 |
| 1,365 | 0 | 38 | 0 | 0 |
| (921) | 0 | 38 | 0 | (1,065) |
| **30,372** | **28** | **7,335** | **470** | **135,166** |
| 15,105 | 16 | 2,761 | 275 | 18,157 |
| 965 | 1 | 432 | 11 | 2,891 |
| (921) | 0 | 19 | 0 | (905) |
| **15,149** | **17** | **3,212** | **286** | **20,143** |
| 11,719 | 12 | 3,866 | 186 | 107,953 |
| 1,583 | 0 | 32 | 0 | 7,500 |
| **13,302** | **12** | **3,898** | **186** | **115,453** |
| 13,487 | 11 | 4,123 | 184 | 107,464 |
| 1,736 | 0 | 0 | 0 | 7,559 |
| **15,223** | **11** | **4,123** | **184** | **115,023** |

**11.2 The net book value of land, buildings and dwellings at 31 March 2008 comprises:**

| | 31 March 2008 £000 | 1 November 2007 £000 |
|---|---|---|
| Freehold (see note) | **95,265** | 96,750 |
| **TOTAL** | **95,265** | 96,750 |

The net book value of land and buildings above deemed to be protected is £89,425k

**12. Stocks and Work in Progress**

| | 31 March 2008 £000 | 1 November 2007 £000 |
|---|---|---|
| Raw materials and consumables | **1,684** | 1,813 |
| **TOTAL** | **1,684** | 1,813 |

**13. Debtors**

| | 31 March 2008 £000 | 1 November 2007 £000 |
|---|---|---|
| **Amounts falling due within one year:** | | |
| NHS debtors | **3,820** | 3,394 |
| Provision for irrecoverable debts | **(103)** | (88) |
| Other prepayments and accrued income | **517** | 1,237 |
| Other debtors | **2,213** | 2,174 |
| **Sub Total** | **6,447** | 6,717 |
| **Amounts falling due after more than one year:** | | |
| Provision for irrecoverable debts | **(60)** | (57) |
| Other debtors | **771** | 735 |
| **Sub Total** | **711** | 678 |
| **TOTAL** | **7,158** | 7,395 |

**14. Investments**

There were no investments held at the balance sheet dates.

**15. Creditors**

**15.1 Creditors at the balance sheet date are made up of:**

| | 31 March 2008 £000 | 1 November 2007 £000 |
|---|---|---|
| **Amounts falling due within one year:** | | |
| Payments received on account | **270** | 55 |
| NHS creditors | **3,507** | 4,307 |
| Capital creditors | **1,907** | 1,129 |
| Other tax and social security costs | **2,473** | 2,359 |
| Other trade creditors (see note) | **3,759** | 3,202 |
| Accruals and deferred income | **5,057** | 3,351 |
| **TOTAL** | **16,973** | 14,403 |
| **Amounts falling due after one year:** | 23 | 23 |
| **Total Creditors** | **16,996** | 14,426 |

Note – Other creditors include;
£1,344k outstanding pensions contributions at 31 March 2008 (1 November 2007 £1,282k ).

### 15.2 Loans and other long-term financial liabilities

There were no loans or long term commitments outstanding at the balance sheet dates.

### 15.3 Finance lease obligations

The Trust entered into a 15 year lease in August 2004 with BDL Systems Ltd. Retirement Benefit Scheme in respect of the rental of a building at Denmark Lane, Poole for the purposes of providing a nursery, mainly for Poole Hospital staff. The nursery is managed by TOPS Day Nursery. The scheme has been classified as PFI and is therefore off balance sheet. Further details have been included in Note 24 to the accounts.

### 16. Provisions for liabilities and charges

| | Pensions relating to other staff £000 | Legal claims £000 | Total £000 |
|---|---|---|---|
| At 1 November 2007 | 297 | 254 | **551** |
| Arising during the period | 70 | 26 | **96** |
| Utilised during the period | (4) | (30) | **(34)** |
| Reversed unused | 0 | (5) | **(5)** |
| **At 31 March 2008** | **363** | **245** | **608** |
| **Expected timing of cashflows:** | | | |
| Within one year | 20 | 245 | **265** |
| Between one and five years | 78 | 0 | **78** |
| After five years | 265 | 0 | **265** |

Legal claims relate to employer and third party liability claims against the Trust.

£19,939k is included in the provisions of the NHS Litigation Authority at 31 March 2008 in respect of clinical negligence liabilities of the NHS Trust (1 November 2007 £16,078k).

### 17.1 Movement in Taxpayers' Equity

| | £000 |
|---|---|
| Taxpayers' Equity at 1 November 2007 | **115,292** |
| Surplus for the Financial Year | **2,216** |
| Public Dividends Capital Dividends | **(1,525)** |
| Additions in Donated Asset Reserve | **87** |
| **Taxpayers' Equity at 31 March 2008** | **116,070** |

### 17.2 Movement in Public Dividend Capital

| | £000 |
|---|---|
| Public Dividend Capital at 1 November 2007 | **85,794** |
| New Public Dividend Capital | **0** |
| **Public Dividend Capital at 31 March 2008** | **85,794** |

## 17.3 Movements on Reserves

Movements on reserves in the year comprised the following:

| | Revaluation Reserve | Donated Asset Reserve | Income and Expenditure Reserve | **Total** |
|---|---|---|---|---|
| | £000 | £000 | £000 | **£000** |
| **At 1 November 2007** | **14,402** | **7,466** | **7,630** | **29,498** |
| Transfer from the income and expenditure account | | | 691 | **691** |
| Transfer of realised profits to the income and expenditure reserve | (124) | 0 | 124 | **0** |
| Receipt of donated granted assets | | 339 | | **339** |
| Transfers to the income and expenditure account for depreciation, impairment, and disposal of donated/government granted assets | | (252) | | **(252)** |
| Other transfers between reserves | (940) | 0 | 940 | **0** |
| **At 31 March 2008** | **13,338** | **7,553** | **9,385** | **30,276** |

## 18. Notes to the cash flow Statement

### 18. 1 Reconciliation of operating surplus to net cash flow from operating activities:

| | **2007/08 £000** |
|---|---|
| Total operating surplus | **1,720** |
| Depreciation and amortisation charge | **2,895** |
| Transfer from donated asset reserve | **(252)** |
| Decrease in stocks | **129** |
| Decrease in debtors | **248** |
| Increase in creditors | **2,100** |
| Increase in provisions | **57** |
| **Net cash inflow from operating activities** | **6,897** |

### 18.2 Reconciliation of net cash flow to movement in net funds

| | **2007/08 £000** |
|---|---|
| Increase in cash in the period | **4,205** |
| Change in net funds resulting from cash flows | **4,205** |
| Net funds at 1 November 2007 | **5,596** |
| **Net funds at 31 March 2008** | **9,801** |

### 18.3 Analysis of Changes in Net Funds

| | **31 March 2008 £000** | **Cash changes in period £000** | **at 1 November at 2007 £000** |
|---|---|---|---|
| Cash at commercial banks and in hand | **62** | **60** | **2** |
| Cash at OPG (Office of HM General) | **9,739** | **4,145** | **5,594** |
| **Net Funds at 31 March 2008** | **9,801** | **4,205** | **5,596** |

## 19. Capital Commitments

Commitments under capital expenditure contracts at 31 March 2008 were £91k (1 November 2007 £nil )

## 20. Post Balance Sheet Events

There were no post balance sheet events having a material effect on the accounts..

## 21. Contingencies

| | 31 March 2008 £000 | 1 November 2007 £000 |
|---|---|---|
| Contingent liabilities | (38) | (33) |
| Amounts recoverable against contingent liabilities | 0 | 0 |
| Net value of contingent liabilities | (38) | (33) |

The above contingency relates to the Liabilities to Third Party Scheme (LTPS) administered by the NHS Litigation Authority (NHSLA) on behalf of the Trust. The NHSLA is currently resolving a total of 20 claims made against the Trust and the above represents their view of the net amount the Trust would have to pay if cases provided for, and adjusted for probability, were to be settled in favour of the claimant.

## 22. Financial Performance Targets

### Prudential Borrowing Code

Poole Hospital NHS Foundation Trust is required to comply and remain within a prudential borrowing limit. This is made up of two elements:

- the maximum cumulative amount of long-term borrowing. This is set by reference to the 5 ratio tests set out in Monitor's PBC. 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.
- the amount of any working capital facility approved by Monitor.

| | 2007/08 Limit £000 | 2007/08 Utilised £000 |
|---|---|---|
| Prudential borrowing limit set by Monitor | 23,300 | 0 |
| Working Capital Facility | 13,000 | 0 |
| | 36,300 | 0 |

| | 2007/08 Approved | 2007/08 Actual |
|---|---|---|
| Minimum debt/capital ratio | 0.0 | 0.0 |
| Minimum dividend cover | 3.1x | 3.1x |
| Minimum interest cover | 0.0 | 0.0 |
| Minimum debt service cover | 0.0 | 0.0 |
| Minimum debt service to revenue | 0.0 | 0.0 |

## 23. Related Party Transactions

Poole Hospital NHS Foundation Trust is a body corporate established by order of the Secretary of State for Health.

During the year none of the Board Members or members of the key management staff or parties related to them has undertaken any material transactions with Poole Hospital NHS Foundation Trust.

The Department of Health is regarded as a related party. During the year Poole Hospital NHS Foundation Trust has had a significant number of material transactions with the Department and with other entities for which the Department is regarded as the parent Department, viz:

### Income over £1 million

Bournemouth and Poole Primary Care Trust (£44.2 million); Dorset Primary Care Trust (£16.1 million); Hampshire Primary Care Trust (£1.1 million).

**Purchases over £1 million**

Royal Bournemouth and Christchurch Hospital Foundation Trust (£1.3 million); NHS Shared Business Services (£1.1 million); NHS Litigation Authority (£1.0 million).

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

The Summary Financial Statements of the Funds Held on Trust are included in the annual report and accounts.

## 24. Private Finance Transactions

**PFI schemes deemed to be off-balance sheet**

**Re Staff Residences**

£103k is included within operating expenses in respect of PFI transactions deemed to be off balance sheet.
The Trust is committed to make a payment of £98k during the next year in respect of a PFI scheme that is expected to expire in approximately 13 years.

The estimated capital value of the PFI scheme is £3.5 million.

The scheme started on 1 April 1996 and is contracted to end on 31 August 2021.

Western Challenge Housing Association acquired the staff residences from the Trust in September 1996 on a 99 year lease with a break clause after 25 years. The Trust is committed to pay £28k rent subsidy per annum (fixed through the period of the lease) and also a management fee of £56k (increased annually by the Retail Price Index) for the duration of the lease.

**Re Nursery**

£10k is included within operating expenses in respect of PFI transactions deemed to be off balance sheet.
The Trust is committed to make a payment of £25k during the next year in respect of a PFI scheme that is expected to expire in approximately 11 years.

The estimated capital value of the PFI scheme is £0.4 million.

The scheme started on 1 September 2004 and is contracted to end on 31 August 2019.

The Trust entered (in August 2004) into a 15 year lease with BDL Systems Ltd. Retirement Benefit Scheme In respect of the rental of a building at Denmark Lane, Poole for the purpose of providing a nursery, mainly for Poole Hospital staff. The nursery is managed by TOPS Day Nursery. The Trust leased back the building to TOPS on the same terms and conditions as the original lease. The Trust will pay BDL Pensions Limited a sum of £25k per annum for a period of 15 years. TOPS will pay a similar amount to the Trust over the same 15 year period.

## 25. Financial Instruments

FRS 13, Derivatives and Other Financial Instruments, requires disclosure of the role that financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities. Because of the continuing service provider relationship that the NHS Foundation Trust has with local Primary Care Trusts and the way those Primary Care Trusts are financed, the NHS Foundation Trust is not exposed to the degree of financial risk faced by business entities. Also financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which FRS 13 mainly applies. The NHS Foundation Trust has limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the NHS Foundation Trust in undertaking its activities.

As allowed by FRS 13, debtors and creditors that are due to mature or become payable within 12 months from the balance sheet date have been omitted from all disclosures other than the currency profile.

**Liquidity risk**

The NHS Foundation Trust's net operating costs are incurred under annual service agreements with local Primary Care Trusts, which are financed from resources voted annually by Parliament. The Trust also largely finances its capital expenditure from funds made available from Government under an agreed borrowing limit. Poole Hospital NHS Foundation Trust is not, therefore, exposed to significant liquidity risks.

**Interest-Rate Risk**

0.0% of the Trust's financial assets and 100% of its financial liabilities carry nil or fixed rates of interest. Poole Hospital NHS Foundation Trust is not, therefore, exposed to significant interest-rate risk. The following two tables show the interest rate profiles of the Trust's financial assets and liabilities:

## 25.1 Financial Assets

**Currency**

| At 31 March 2008 | Total £000 | Floating rate £000 | Fixed rate £000 |
|---|---|---|---|
| Sterling | 16,959 | 16,959 | 0 |
| **Gross financial assets** | **16,959** | **16,959** | **0** |
| At 1 November 2007 | | | |
| Sterling | 12,991 | 12,991 | 0 |
| **Gross financial assets** | **12,991** | **12,991** | **0** |

## 25.2 Financial Liabilities

**Currency**

| At 31 March 2008 | Total £000 | Floating rate £000 | Fixed rate £000 |
|---|---|---|---|
| Sterling | 17,605 | 16,997 | 608 |
| **Gross financial liabilities** | **17,605** | **16,997** | **608** |
| At 1 November 2007 | | | |
| Sterling | 14,977 | 14,426 | 551 |
| **Gross financial liabilities** | **14,977** | **14,426** | **551** |

**Foreign Currency Risk**

The Trust has negligible foreign currency income or expenditure.

## 25.3 Fair Values

Set out below is a comparison, by category, of book values and fair values of the NHS Trust's financial assets and liabilities as at 31 March 2008.

| | Book Value £000 | Fair Value £000 |
|---|---|---|
| **Financial assets** | | |
| Cash | 9,801 | 9,801 |
| NHS Debtors | 3,820 | 3,820 |
| Accrued Income | 517 | 517 |
| Other Debtors | 2,821 | 2,821 |
| **Total** | **16,959** | **16,959** |
| **Financial liabilities** | | |
| NHS Creditors | (3,507) | (3,507) |
| Accruals | (5,080) | (5,080) |
| Other Creditors | (8,409) | (8,409) |
| **Total** | **(16,996)** | **(16,996)** |
| Provisions under contract | (608) | (608) |
| **Total** | **(17,604)** | **(17,604)** |
| **Maturity of Financial liabilities** | | |
| Less than one year | (16,993) | |
| In more than one year but not more than two years | (20) | |
| In more than two years but not more than five years | (58) | |
| In more than five years | (533) | |
| **Total** | **(17,604)** | |

## 26. Third Party Assets

The Trust held £7k cash at bank and in hand at 31 March 2008 (£4k - at 1 November 2007) which relates to monies held by the NHS Trust on behalf of patients. This has been excluded from cash at bank and in hand figure reported in the accounts.

## 27. Intra-Government and Other Balances

| | Debtors: amounts falling due within one year | Debtors: amounts falling due after more than one year | Creditors: amounts falling due within one year | Creditors: amounts falling due after more than one year |
|---|---|---|---|---|
| | £000 | £000 | £000 | £000 |
| Balances with other Central Government Bodies | 3,348 | 0 | 6,099 | 0 |
| Balances with Local Authorities | 4 | 0 | 15 | 0 |
| Balances with NHS Trusts and Foundation Trusts | 773 | 0 | 1,230 | 0 |
| Balances with Public Corporations and Trading Funds | 0 | 0 | 0 | 0 |
| Balances with bodies external to government | 2,322 | 711 | 9,629 | 23 |
| **At 31 March 2008** | **6,447** | **711** | **16,973** | **23** |
| Balances with other Central Government Bodies | 1,479 | 0 | 5,461 | 0 |
| Balances with Local Authorities | 69 | 0 | 0 | 0 |
| Balances with NHS Trusts and Foundation Trusts | 1,973 | 0 | 1,188 | 0 |
| Balances with Public Corporations and Trading Funds | 0 | 0 | 17 | 0 |
| Balances with bodies external to government | 3,196 | 678 | 7,737 | 23 |
| **At 1 November 2007** | **6,717** | **678** | **14,403** | **23** |

## 28. Losses and Special Payments

There were 34 cases of losses and special payments totalling £62k during the period 1 November 2007 to 31 March 2008.

Note: The total costs included in this note are on a cash basis and will not reconcile to the amounts in the notes to the accounts which are prepared on an accruals basis.