Poole Hospital NHS
NHS Foundation Trust

Annual Report and Accounts

1 April 2008 to 31 March 2009

The safest hospital in the UK - CHKS Patient Safety Awards 2009

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Contents

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CHAIRMAN'S STATEMENT

Welcome to Poole Hospital NHS Foundation Trust's annual report for 2008/2009.

Last year was our first full year as an NHS Foundation Trust and it was a period of outstanding performance, delivered against a background of increased pressure on services and growing economic uncertainty.

We met all of our national targets in full and ended the year in financial surplus, putting us on a sound footing for the year ahead. This is especially important as we are committed to deliver major capital developments, including a new maternity hospital and day care unit, in what is likely to be a very tough economic climate over the next few years.

Driving up the quality of care is central to everything we do at Poole Hospital and I am particularly pleased to report the enormous improvement made in reducing the number of MRSA bloodstream infections in the Hospital last year. The total number at the end of the year was just four, compared with the previous year's figure of 10, placing us amongst the best performing hospitals in the country. Full recognition of our efforts came just after the end of the financial year when Poole Hospital was proudly named 'safest hospital in the UK'.

Standards of hygiene and cleanliness are closely scrutinised by the Board of Directors because we know how important this is to our patients and public. I believe that the success in this area was largely due to the way in which staff at all levels pulled together to ensure that we achieved and maintained high standards to help ensure the safety and well being of patients.

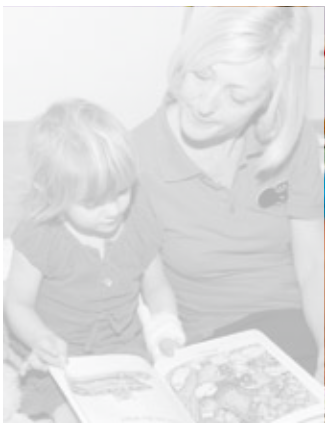
This response was echoed during a sustained period of intense pressure on services during the winter months. The response of the staff was a major factor in keeping services running while the Hospital was in a prolonged period of escalation. The contribution of every member of staff should not be underestimated and I would like to thank everyone for their tremendous effort in ensuring the continuation of quality services at Poole Hospital.

Peter Harvey

Peter Harvey

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 Governors (CoG)*. The Council is made of 14 public and four staff Governors, who are democratically elected by members of the Foundation Trust. There are also six appointed Governors from our major partnership organisations. The CoG is involved in the planning and monitoring of services. Full details of the Board of Directors and Council of Governors are contained in separate sections of the annual report.

* The Council of Governors was known as the Council of Member Representatives until it formally changed its name from 6 January 2009

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 the 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: 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 % 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.

Poole Hospital is located next door to picturesque Poole Park, with the beaches of Poole and Bournemouth close by. The Hospital's total catchment population is over 700,000 and 85% of our inpatients are admitted as emergencies.

This brings our total catchment population up to 701,000.

Poole Hospital employs more than 4,300 staff and last year had an annual turnover of £183m.

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

- Safest hospital in the UK
- End of year surplus £3.4m
- National targets met in full
- 'Excellent' for the quality of services
- 'Green light' for cleanliness
- Among the top hospitals for patient satisfaction

Poole Hospital ended the financial year for 2008 to 2009 with a healthy bank balance and all our national performance targets met in full.

At 31 March 2009, we had a surplus of £3.4m. Capital expenditure was in line with our agreed capital plan and our cash position was consistently strong throughout the year. We made cash efficiency savings (CRES) of £3m, in line with agreed targets, and our forecast financial risk rating for the end of the year was 4.

It was also a year of very strong performance against all of our national targets for improving the quality of patient services.

In particular, we made huge progress in reducing the numbers of MRSA bacteraemia (bloodstream infections) acquired within Poole Hospital to just four last year. This was against a target of no more than 20 and a significant decrease in the previous year's figure of 10.

This outstanding achievement was reflected in the fact that Poole was one of a few hospitals to be given a clean bill of health for its hygiene standards following a rigorous two-day inspection by the former Healthcare Commission.

The healthcare watchdog, now part of the Care Quality Commission, gave the Hospital a 'green light' in every area it was assessed against, making Poole one of the best performing Trusts reported on last year in the national inspections.

The culmination of this successful performance was that, shortly after the end of the financial year, Poole was named as the safest hospital in the UK.

The Trust won the prestigious CHKS Patient Safety Award 2009, which recognises outstanding performance in providing a safe hospital environment for patients.

Analysis of all UK hospitals carried out by CHKS, the UK's leading independent provider of healthcare intelligence and quality improvement services, was based on a number of criteria, including rates of hospital-acquired infections such as MRSA and C.difficile, hygiene and cleanliness and the number of patients dying in hospital.

We also excelled in improving access to services for patients by exceeding the 18-week referral-to-treatment waiting time targets.

Reducing waiting times for diagnostic tests played a key role in the Hospital achieving the 18-week target ahead of the national target. All patients referred for an x-ray were seen within three weeks by the end of March 2009.

By the end of end of March, 95.7 percent of admitted patients were treated within 18 weeks of GP referral compared to a national target of 90 % and 98.3 % of patients not admitted to hospital against a national target of 95 %.

The locally agreed target to treat 95 % of patients who did not need to be admitted to a hospital bed in 13 weeks was also exceeded at 96.3 %. We treated 87 % of patients admitted to hospital within 13 weeks by the end of March. Work took place after the year end to bring this up to the target level of 90 % by 30 April.

We achieved consistently high levels of service across all of our diagnostic tests and scans. By the end of March, all patients referred for an x-ray were examined within three weeks.

We met the target for admitting or treating and discharging 98 % 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.

Quality of care

Poole Hospital was commended for its 'excellent' quality of care and hygiene standards in reports by the Healthcare Commission.

In October 2008, the Hospital scored top marks for the quality of its services in the Healthcare Commission's Annual Health Check, putting it among the top 60 performing NHS organisations in the country. The Hospital also maintained a clean bill of health for managing its finances. The Health Check scores for 2007 to 2008 gave Poole Hospital ratings of 'excellent' for the quality of services and 'good' for its use of resources.

The Hospital's Emergency Department ranked in the top ten Trusts in England for the quality of care provided in a survey reported in January 2009. 71% of patients who responded to the Healthcare Commission's survey rated the overall care they received at Poole as 'excellent' or 'very good'. A further 24 % of patients rated the quality of care as 'good' or 'fair'.

All of this was achieved against a background of increased emergency attendances, high bed occupancy and operational pressures due to ward closures resulting from the winter sickness. The high bed occupancy rate meant that the escalation ward and extra beds were open for the whole of December and continued into January. During February there was a 20 % increase in activity, with some non-urgent operations being postponed.

Read more about our performance in improving the quality of care in the Quality Report 2008-09 beginning page 21.

Poole Hospital's Emergency Department was named one of the best in the country for the quality of care it provides in January 2009. The Hospital was also rated as one of the best nationally for treating patients with dignity and respect, ranking in the top ten Trusts for both areas.

LOOKING BACK HIGHLIGHTS OF THE YEAR

BHF Chair opens pacing suite

A new state-of-the-art pacing theatre was officially opened in August 2008 by Peter Hollins, Chief Executive of the British Heart Foundation.

The pacing service has been running within Poole's Coronary Care Unit (CCU) since April 2008, and has already dramatically reduced waiting times for patients needing a pacemaker. The new purpose-built suite will allow the coronary staff at Poole to implant around 200 pacemakers a year and provide follow-up appointments to some 1200 patients

The provision of this procedure at Poole means patients requiring a permanent pacemaker will no longer need to travel to other hospitals before they can be treated, and can have the pacemaker implanted at the earliest opportunity. The new service also reduces the need for patients to have temporary pacemakers whilst waiting for a permanent system, so reducing infection risks.

Standard of care rated highly by patients

The results of the 2008 In-patient Survey showed that Poole Hospital continued to maintain high standards in patient care, with the Hospital ranking above the national average in many areas, including the quality of care, waiting times, hospital food and the cleanliness of wards and facilities.

The Healthcare Commission's survey drew on the experiences of over 450 patients at Poole. 94% of respondents rated the care at the Hospital as excellent, very good or good, with some 47% describing it as excellent. These results make Poole one of the best performing hospitals for quality of care in the South West region.

Audio menus help visually impaired patients

Following the donation of 150 personal CD players from local insurance company Liverpool Victoria, Poole Hospital introduced audio menus for visually impaired patients.

The CD players are available on the Hospital wards and allow patients with impaired sight more independence when choosing their meals. The Hospital also supplies menus to patients in large-print and Braille if required.

The Dorset Blind Association supported the Hospital by assisting with the creation of the CDs and Braille menus.

New respiratory suite means better testing facilities

A new respiratory function suite officially opened in September 2008, equipped with state-of-the-art facilities for the assessment of patients suffering from conditions including asthma, chronic obstructive pulmonary disease, pulmonary fibrosis and cystic fibrosis.

The new suite makes it more convenient for patients to receive tests within a specialised environment, and also means the Hospital can offer a range of assessments previously unavailable at Poole. These include oxygen assessment with ear lobe monitoring, which is a less invasive means of monitoring blood gas, plus respiratory muscle function testing, skin prick allergy testing and a screening service for obstructive sleep apnoea.

Infection Control Matron appointed

As part of the Trust's plan to meet its infection control targets and ensure that the Hospital provides a clean and safe environment, Denise Richards was appointed to the post of Matron for Infection Prevention and Control.

This new post was created to ensure that the specialist knowledge of the infection control team is supported by the application of good practice in clinical areas. Denise is well known to many staff in the Trust, having worked in Cancer Services at Poole for the past 19 years.

Generous donation enhances radiotherapy treatment

The Sunseeker Charitable Trust donated £220,000 to Poole Hospital to fund the introduction of HDR Brachytherapy at the Dorset Cancer Centre.

Brachytherapy is a method of placing a radiation source or sources directly into a cancer site. HDR (High Dose Rate) Brachytherapy means the radiation dose is given in a much shorter time, so the introduction of this new treatment means dramatic cuts in treatment times for patients. Patients can be treated on an outpatient basis, and treatment times are cut from up to 36 hours to less than 15 minutes.

HDR Brachytherapy will initially be used at Poole to treat gynaecological cancers.

Future developments

Our future developments are set out in our annual plan. Over the coming years a number of key capital and revenue investments are planned to support the strategic goals of the Trust's services. These include:

- improving Maternity / Obstetrics / Neonatal Intensive Care facilities by replacing the current building to provide a modern facility that supports safe care, provides for an increase in capacity and encourages women to choose our services;
- improving Accident and Emergency (A&E) facilities by refurbishing and extending the current facility to improve patient care, enhance patient flow and provide a safe environment which respects privacy and dignity;
- developing our Day Surgery / Ambulatory Care facilities by increasing capacity to maximise short stay diagnostic and treatment services to improve the patient experience and avoid unnecessary admissions;
- improving infrastructure with the aim of reducing length of stay by moving towards 24/7 working and redesigning service delivery.

The Trust is investing in a new maternity hospital and day surgery unit. The new unit will provide state-of-the-art facilities and improve the patient environment for mums and babies.

Trends and factors

Poole Hospital operates from a firmly established base which includes:

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

Factors underpinning our performance last year included:

- increased activity throughout the year, but especially during winter months when an unpredicted cold spell and unprecedented levels of winter sickness put the Hospital into an extended period of escalation;
- a declining economic environment which was realised in reduced interest rates on some of our investments and spiralling increases in the costs of food and utilities.

During the financial year 2009 to 10 we are likely to be working within a climate where there is increasing pressure to drive up the quality of care while keeping costs down.

Risk

Poole Hospital has a well developed risk management and safety structure with a designated executive director lead. The executive lead chairs a Risk Management and Safety Committee that reports into the Hospital Executive Committee and is scrutinised by the Audit and Governance Committee.

We have a risk management team with leads for clinical risk, health and safety and emergency planning. Across the Trust there are risk management leads in each clinical care group and directorate. There is a robust assessment of risks to the organisation, which are recorded on a live risk register which is reviewed regularly. The key corporate risks are reported to the Board of Directors regularly. All new risks to the organisation are reviewed by a high level risk review group and, once validated, are reported to the Audit and Governance Committee, and the Risk Management and Safety Committee. Risks to our corporate objectives are highlighted in the Assurance Framework and any gaps in assurance identified.

The main risks to the Trust last year related to:

- infection control;
- trauma surgery waits;
- delayed discharges;
- demand management by the PCT;
- levels of activity;
- the tariff;
- information technology;
- sustainability of the workforce;
- litigation costs and reputation.

During the year, the Board of Directors commissioned an extensive external review of its governance arrangements to assure itself and Monitor, our regulator, that the organisation was well placed to identify risks going forward.

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.

In June 2008, Poole Hospital worked in partnership with local primary care trusts and acute trusts to provide a conference for people from across Dorset, celebrating the 60th anniversary of the NHS. The event included presentations from high-profile national speakers, as well as group discussions allowing people to have their say on local health services.

Relationships

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

We enjoy good relationships with NHS South West, other local NHS organisations and our local MPs. The Trust relates to three local authorities – the Borough of Poole, Bournemouth Borough Council and Dorset County Council. Each authority has a health Overview and Scrutiny Committee and the Hospital has established good relationships with each. We also have a strong network of patient interest groups particularly for cancer, cardiac and respiratory care, child health and diabetes.

Poole Hospital has a close working relationship with Bournemouth University, which supports our education and research functions.

Last June, we participated in a pan-Dorset conference, held in celebration of the 60th anniversary of the NHS. Hosted by NHS Bournemouth and Poole and NHS Dorset, the event brought together all local NHS organisations, stakeholders and members of the public to showcase and share good practice. The Chief Executive of NHS Bournemouth and Poole presented its future plans to the Council of Governors in November.

We met regularly with Help and Care, the host organisation for the Local Involvement Networks (Links), which replaced the former independent Patient and Public Forums, to lay the foundations for working with the new organisation. Throughout the year, Links representatives were invited into the Hospital to publicise the organisation and to recruit members. They also presented to our Council of Governors and at our open day in November.

Consultation

No formal consultations were held last year but we presented our outline plans to develop a new maternity hospital and day care unit to the Poole health Overview and Scrutiny Committee last November.

The presentation followed a partnering workshop, held in August, which brought together key staff, Governors, stakeholders and our procurement partners. Plans for the maternity and day care development were also showcased at the Hospital's open day in November and reported in 'Poole News', the Borough of Poole's community newspaper, which reaches 64,000 homes in the borough.

Handling complaints

We received 352 formal complaints between 1 April 2008 and 31 March 2009. At the time of preparing this report 330 had been concluded, of which 34 % were dismissed, 31 per cent upheld partially and 28 upheld entirely.

Two complaints were referred for independent review.

Examples of learning from complaints included:

- An individual named nurse is now responsible on one of the medical wards for highlighting patients who may require extra assistance with nutrition. The individual will also implement oral hygiene charts to address concerns regarding mouth care.
- Trauma Wards implemented an orange check list daily for vulnerable patients to improve safeguarding of patients' property. The check list is being introduced across all surgical care group wards.
- Nail care and hair care has become an integral part of the care plan: in addition, staff handover regarding these aspects of care has been improved.
- The adoption of a new microfibre mop system to improve hospital cleanliness was published on the Hospital's website.

Environmental information

As part of Poole Hospital's commitment to reducing its carbon footprint, the Trust formally signed up to the measures identified within the NHS Carbon Reduction Strategy 'Saving Carbon, Improving Health' in February 2009. This recognises the impact that the Hospital's activities have on climate change and the importance of reducing carbon emissions. The strategy highlights the need for action in areas such as energy and carbon management, procurement and food, waste, water and travel and transport.

The Trust has been successful in seeking support from The Carbon Trust to develop a Carbon Management Programme. This programme has been drawn up with the aim of focusing attention on identifying and reducing carbon emissions, and was due to launch in June 2009. The launch of the programme will further the Trust on its journey towards becoming a sustainable organisation.

As a key member of the Poole Sustainable Environment Partnership, the Trust is committed to addressing issues that relate directly to the local community. The Partnership encourages wise use of resources in which economic, environmental and social factors are integrated and balanced.

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

Poole Hospital's Travel Plan encourages staff to use alternative methods of transport to get to work. The plan includes financial incentives for cycling to work, as well as benefits for car sharing and using public transport.

We actively encourage the reduction of carbon emissions generated by vehicle journeys to work through the operation of off-site car parking sites. The car parks employ minibuses to economically transport large numbers of staff to their workplace and back.

The Trust continues to work in partnership with the Borough of Poole over waste management, and through the careful recycling of cardboard and household waste, we recycle around 25% of the waste we produce, thereby reducing pressures on landfill sites.

The Hospital's multi-storey car park was again awarded a Safer Car Parking Award in 2008. This award closely monitors how the Trust manages and operates its car park, to ensure that all users can leave their vehicle in the knowledge that it is in a safe and secure facility.

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.

Our staff

The Hospital is the second largest employer in Poole. Staff turnover is below the national average and the Hospital is generally regarded as a good place to work.

Last year we had an overall sickness absence rate of 3.93% against a target of 4%, similar to the 3.86% rate in 2007-08.

Last year we held a major recruitment fair in July and redesigned our recruitment material in line with our new Foundation Trust branding. In addition, we implemented targeted recruitment drives aimed at pharmacists and theatre staff.

We continued to offer help to staff who wanted to give up smoking and positively supported healthier eating and lifestyle options. A Trust-wide survey was carried out to determine the levels of stress among staff and an action plan put in place to tackle any areas of concern.

Last year we became one of three national field test sites in a project set up by the NHS Institute for Innovation and Improvement called Living Our Local Values. The project aims to develop a resource to enable any NHS organisation to develop or refresh its values. It builds upon work already undertaken to refresh the 'Poole Approach', our long established philosophy of care, and a number of 'Listening into Action' events (Staff Conversations), held with several groups across the Trust, to identify and tackle problems that were hampering the delivery of high-quality care.

The table below shows the rates experienced month by month during 2008-09. Peak rates were recorded throughout the autumn and early winter due to high levels of influenza and other viruses which were widespread in the community.

Poole Hospital Porter Mike Rowe was named 'Employee of the Year' in the Hospital's 2008 Staff Excellence Awards. Mike says he enjoys his job "because it gives me the opportunity to get out and about and meet people," adding that "it's really rewarding to see people walk out of the Hospital after they've been very poorly."

Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Year End
%	%	%	%	%	%	%	%	%	%	%	%	%
4.10%	3.85%	3.74%	3.79%	3.65%	3.67%	4.22%	4.39%	4.25%	4.21%	3.73%	3.52%	3.93%

Informing and consulting staff

There was a major emphasis on improving staff communications last year following a comprehensive review across the Trust.

Measures put in place included a new monthly team briefing, led by the Chief Executive, and the introduction of a new intranet.

The Trust also reviewed and redesigned its bi-monthly staff newsletter, Grapevine, during 2008.

Staff were asked to give their views on how the newsletter could be improved in a short questionnaire, which was circulated electronically and in paper form. In addition, the communications team consulted with staff about the newsletter in two lunchtime sessions held in the Hospital's dining room.

Over 100 staff contributed to the survey, and their opinions and suggestions were used to develop a new design for the newsletter. Grapevine was re-launched in December 2008 incorporating a range of features staff had indicated were important to them, including department profiles, up-to-date news on staff discounts and a calendar of forthcoming events.

Staff were widely involved in developing plans for the new capital projects and in refreshing our Clinical Services Strategy. A workshop was held on 8 May 2008, attended by members of the Board, Hospital Executive Committee and Council of Governors, senior medical staff, senior nurses, therapists and senior managers. The objective of the workshop was to identify the direction and priorities of the Trust for the next three years, in line with national, regional and local healthcare priorities.


Poole Hospital NHS

GRAPEVINE

TRAINING GETS OFSTED APPROVAL

Join the Wish List abseil!

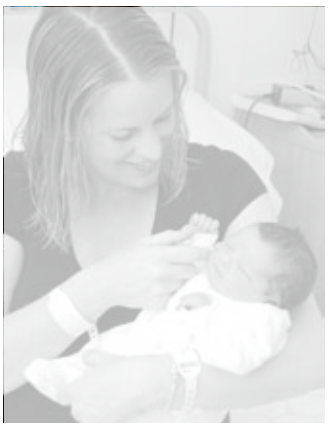
During 2008, the Communications team reviewed the production and design of the Trust's staff newsletter. The team conducted surveys and face-to-face interviews with staff to find out their views, and used the suggestions and comments received to redesign and relaunch the newsletter.

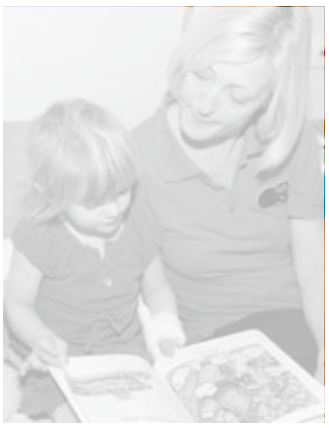
Equality and diversity

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 is kept under regular review by the Equality and Diversity Steering Group, which meets quarterly. A Disability Forum has been set up to ensure that the needs and wishes of disabled people are met. Two events aimed at raising awareness of disability are planned to take place during 2009.

Poole Hospital is fully committed to promoting equality and eliminating discrimination. This philosophy of equality runs through all aspects of service provision and employment. The Trust's Single Equality Scheme (SES) brings together policies for promoting equality in the areas of race, gender, age and disability, and applies to patients and staff.

Quality Report






Chief Executive's statement

Poole Hospital is required to include a quality report within the annual report for the first time this year. The reason for doing this is to help our patients, public and stakeholders understand how well Poole Hospital is meeting their expectations for high quality healthcare. This is something which the Board of Directors at Poole Hospital wholeheartedly supports because the quality of care is our top priority.

The Quality Report looks at how well Poole Hospital performed against key priorities for patient safety, clinical effectiveness and patient experience. Last year was one of outstanding achievement against quality standards. We were particularly pleased to receive an 'excellent' rating for the quality of our services in the Healthcare Commission's annual health check and to be named as the 'safest hospital in the UK' by CHKS, the UK's leading independent provider of healthcare intelligence and quality improvement services.

During the year the Board pledged its commitment to the National Patient Safety Campaign and refocused its priorities so that care and safety is always at the top of the agenda. In support of this, the Board adopted a 'zero tolerance' policy for hospital acquired infection. This resulted in only four MRSA bacteraemia being reported at the end of the year. This put us ahead of our contractual targets by 80 per cent for MRSA and 70 per cent for Clostridium difficile and placed us amongst the best performing hospitals in the country. We were also fully compliant with the Hygiene Code following an inspection by the Healthcare Commission.

Further evidence of our commitment to patient safety was provided by the National Patient Safety Agency. Earlier this year the NPSA published data showing that staff at Poole Hospital are encouraged to report incidents posing a threat to patient safety so that we may learn lessons and reduce risk. It is reassuring to note that 99 per cent of all reported incidents resulted in no or low harm to patients compared with a national average of 93 per cent.

It is a testament to all our staff and their hard work that 94% of patients rated their care as 'good' or 'excellent' in the national patient survey. This is due to an ongoing commitment to continually reflect and improve services largely through formal 'practice development unit' accreditation and adhering to the 'Poole Approach' to deliver excellent patient-centred care and treatment with dignity and respect. My thanks go to all of them.

During the forthcoming year and in spite of the more challenging financial situation we will continue to place quality at the heart of what we do. We will build on the considerable achievements of last year by improving still further our performance on infection control and focusing particularly on the quality of care delivered to patients who have suffered trauma or a stroke.

Mrs Sue Sutherland, OBE
Chief Executive

Date: 5 June 2009

PART A – Quality narrative

OVERVIEW

Improving the quality of care is at the centre of everything we do at Poole Hospital. The desire to drive up quality standards is clearly articulated in the Poole Approach, our unique philosophy of care which states that we will provide friendly, professional, patient-centred care with dignity and respect for all.

During 2008-2009, we made great progress against key quality measures, nine of which we have selected for special attention within this report.

The most outstanding of these was our performance in reducing the number of hospital acquired MRSA bacteraemias to just four this year, compared with 10 last year. Other infections show similar improvements in numbers.

We improved waiting times for our patients by meeting the 18 week target for referral to admission ahead of target and maintaining it throughout the year. While this is an important quality improvement for our patients, we do recognise that there is more work to be done, especially in getting people who have broken bones to theatre as speedily as possible. We also want to improve the treatment of stroke patients, by ensuring more are treated within our specialist stroke services.

For the fourth consecutive year, we met all the standards for better health set out by the Care Quality Commission (formerly the Healthcare Commission).

We also maintained a strong track record of reporting of incidents and near misses, demonstrating that we have an open, learning culture that puts patient safety at the top of the agenda. Over 99% of incidents reported last year resulted in no or low harm to patients.

QUALITY IMPROVEMENTS FOR THIS YEAR

The Board of Directors consider issues relating to patient care and safety during the open part of each monthly meeting. The Board has set a number of key objectives for 2009-2010 specifically relating to patient safety, clinical effectiveness and patient experience. From these objectives three key priorities for quality improvement have been highlighted. These are:

Preventing infections

Keeping Clostridium difficile infections below 76 infections in the year.

Trauma surgery waiting times

To achieve 95% of medically fit fractured neck of femur patients being operated on within 48 hours.

Stroke treatment

Increasing the percentage of patients with a stroke treated on the Stroke Ward to 85%.

THE DETAILS OF OUR QUALITY IMPROVEMENTS

PRIORITY 1

Maintain Clostridium difficile infections under 76 infections in the next year.

Description of issue

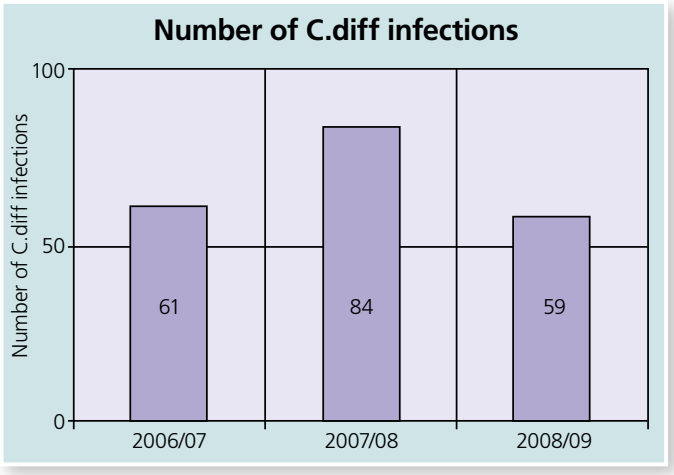
Clostridium difficile is a bacteria infection which is formed in the gut. It is found in healthy people but causes a problem where it reaches toxic levels. It is caught through contact with a contaminated person or environment.

Aim

To keep the total number of hospital acquired Clostridium difficile infections to below 76 infections in the year.

Current position

The number of Poole Hospital Clostridium difficile infections fell over the past year following a rise in the previous year.



Performance compared with national benchmarks is very good but the Board of Directors wants this performance level maintained as it is fundamental to the safety, wellbeing and comfort of patients.

Actions to deliver this improvement

There are key actions to improve care in this area and they form part of a comprehensive infection prevention and control action plan:

1. Regular audits of hand hygiene compliance with a benchmark of 95% compliance
2. Review and monitoring of antibiotic prescribing
3. Programme of environmental monitoring

Board Sponsor: Director of Nursing and Patient Services
Implementation Leads: Matrons

PRIORITY 2
Reduce the time trauma patients wait for surgery.

Description of issue
Poole Hospital is the trauma centre for East Dorset and accepts around 88% of its inpatients as emergency admissions. The workload is variable and can at times mean patients wait for surgery to be performed.

Aim
To operate on 95% of all trauma patients within 48 hours of admission and 95% of medically fit patients with fractured neck of femur within 48 hours of admission.

Current position
The current position for all trauma patients has improved but there is a need to maintain the improvement year on year.

The position for fractured neck of femur patients has also improved but there is a need to maintain the improvement year on year.

Actions to deliver this improvement
There are four key actions:

1. Open an eighth theatre in September 2009 to improve the availability of trauma theatre lists
2. Implement an improvement programme
3. Increase the number of all day theatre lists
4. Consolidate trauma patients in trauma designated wards

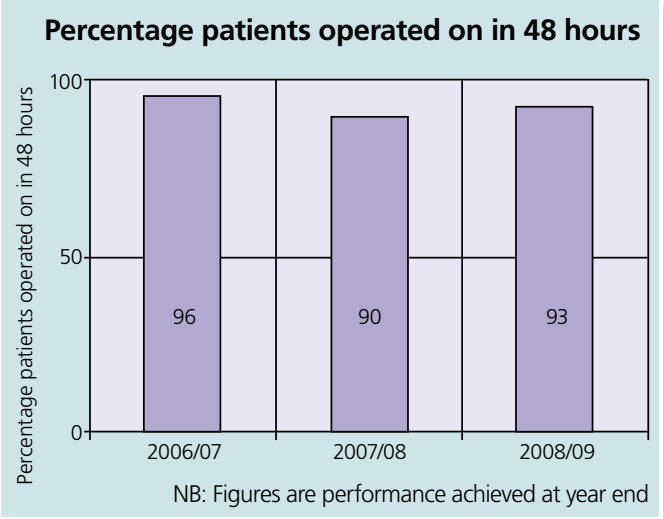
Board Sponsor: Director of Operations
Implementation Lead: Trauma Practitioner

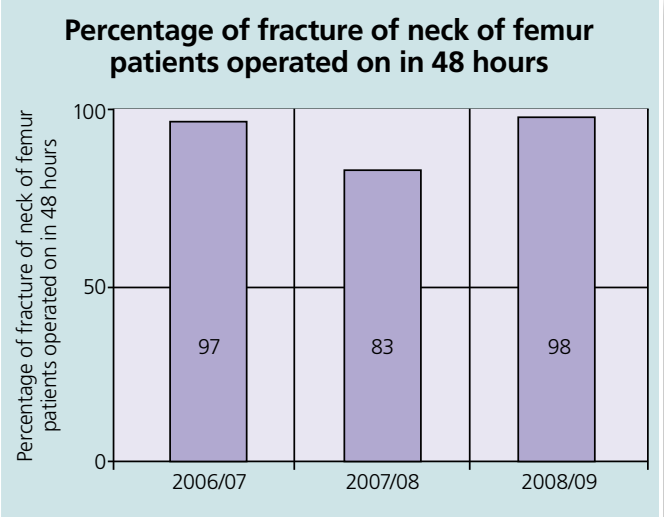
PRIORITY 3
To increase the number of patients following stroke who are cared for on the Stroke Unit.

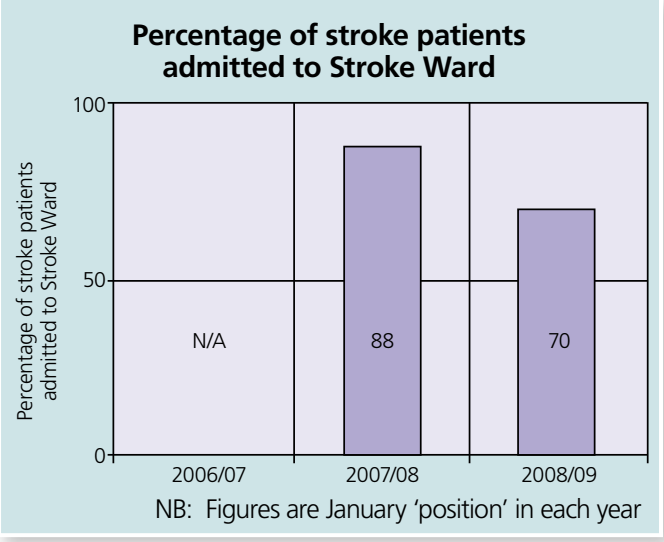
Description of issue
When people have suffered a stroke the evidence suggests they make a better and speedier recovery if they are placed on a Stroke Unit. Poole Hospital has both an Acute Stroke Unit and a Specialised Stroke Care Ward. Staff in these two areas have the necessary skills and expertise to expertly look after patients following a stroke.

Aim
To get 85% of patients following admission for a stroke spending 90% of their inpatient time on the Stroke Unit/ Ward.

Current position
The Board of Directors wants performance to return to the levels achieved in 2007-2008.







Actions to deliver this improvement

1. Increased audit and follow up action
2. Clear patient pathways from emergency admission
3. Traffic light system for patients
4. Appointment of specialist staff

Board Sponsor: Director of Operations
Implementation Lead: Consultant in Stroke Care

WHAT PATIENTS AND THE PUBLIC HAVE SAID

The Trust participated in the National Patient Survey in 2008-2009. This survey sought the views of 850 inpatients of the Trust in the autumn of 2008. In 26 out of 62 indicators the Trust is performing in the top 20% of Trusts in the country. 94% of patients rating overall care in the Trust as 'good' or 'better' with 42% of these people rating care as 'excellent'.

There were areas where the Trust needs to improve and in particular the information and explanations it gives patients undergoing operations and procedures. A detailed action plan will be put in place to address these issues.

Amongst the other feedback from patients was a national survey of patients who have used Accident and Emergency services. Overall patients rated the A&E department in Poole Hospital in the top 20% in the country.

WHAT ARE THE RESULTS OF EXTERNAL REVIEWS/INSPECTIONS?

There have been a number of national reviews and external inspections during 2008-2009.

The Healthcare Commission inspected Poole Hospital's compliance with the Hygiene Code over two days in September. The outcome was a green/compliant rating on all three of the key duties inspected.

The Healthcare Commission reviewed maternity services during the year. They found that Poole Hospital's maternity services were better performing than services in many other organisations. The Trust scored particularly well on care during pregnancy, labour and birth. There are areas identified for improvement and the Board of Directors has approved the outline case for the build of a new maternity unit within the Trust.

WHAT OUR REGULATOR SAID

Poole Hospital NHS Foundation Trust is authorised and regulated by Monitor, the national regulator of Foundation Trusts. At the end of 2008-2009 Poole Hospital was rated as a 4 (low risk) for financial matters and amber for governance.

During the year the Trust had received a red governance rating from Monitor relating to issues surrounding infection prevention performance in the previous year (2007-2008). To address these issues the Board of Directors:

1. Adopted a zero tolerance approach to hospital acquired infection
2. Changed the governance of infection prevention and control, appointing a new Board level Lead
3. Put in place comprehensive infection prevention and control action plan
4. Commissioned an external review of governance arrangements and implemented strengthened arrangements

As a result of these and other actions the Trust has performed ahead of its targets for infection prevention in 2008-2009.

The Board of Directors looks forward to receiving a green governance rating in July 2009 when Monitor reassesses the performance of the Trust.

PART B – Quality data

PERFORMANCE AGAINST SELECTED MEASURES

The Trust has selected a number of measures to indicate what progress has been made during the year in three key areas: patient safety, clinical effectiveness and patient experience.

Patient safety

MEASURE	2008-2009	2007-2008
Hospital acquired MRSA bacteraemia	4	10
Hospital acquired pressure ulcer Grade 3 or Grade 4	15	30
Patient falls from bed or trolley (Note 1)	63	98

Note 1: Quarter 4 data only

Clinical effectiveness

MEASURE	2008-2009	2007-2008
Hospital mortality rate (figure in brackets is expected levels) (Note 2)	6.2% (7.1%)	6.8% (7.3%)
Cancelled operations not readmitted within 28 days	0%	0.4%
Stroke high risk patients treated in 24 hours (25% target)	46%	N/A

Note 2 : Expected figure derived from Dr Foster data and is standardised for a number of factors

Patient experience

MEASURE	2008-2009	2007-2008	National Average
Overall satisfaction	81%	83%	79% (Note 3)
Patient Environment Action Team PEAT) Inspection Report	Green	Green	N/A
Patient rating of privacy and dignity	81%	82%	80%

Note 3 : Benchmarked against 40 other acute hospital trusts

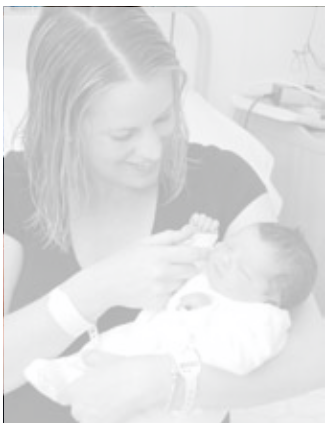
PERFORMANCE AGAINST NATIONAL TARGETS

The following table details the performance of Poole Hospital NHS Foundation Trust against the national priorities as defined by the Department of Health and declared to the Care Quality Commission.

Target description	2008-2009	Target figure
Healthcare Commission Care Standards	24/24	24
Clostridium difficile Infections	59	176
MRSA bacteraemias (bloodstream infections)	4	15
Maximum 31 day cancer treatments	100%	98%*
Maximum 62 day cancer treatments	98%	95%*
18 week maximum wait (admitted patients)	96%	90%
18 week maximum wait (non-admitted patients)	99%	90%
Less than 4 hour wait in A&E	98%	98%
31 days to treatment for all cancers	99%	98%
62 days urgent referral to treatment for all cancers	97%	86% (estimated)
Thrombolysis within 60 minutes	83%	68%

* Note: Figures until end of December 2008

Membership and governance




MEMBERSHIP AND GOVERNANCE

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 Council of Governors (CoG) is made up of 14 public and four staff Governors, who are democratically elected by members of the Foundation Trust. There are also six appointed Governors from our major partnership organisations. The CoG 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 year under report.

The performance of individual Directors is evaluated by annual appraisal. Evaluation of the Board and its committees was undertaken collectively by external review.

Members of the Board of Directors are:

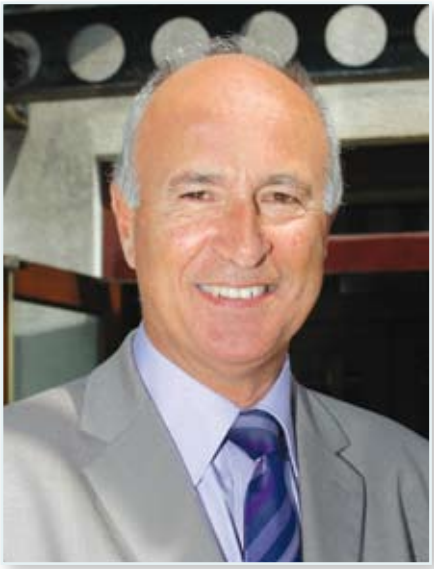
- Peter Harvey - Chairman

Non-Executive Board Members:

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

Executive Members:

- Sue Sutherland (Chief Executive)
- Sue Donaldson (Director of Human Resources) (until November 2008)
- Heather Hauschild (Director of Operations)
- Robert Talbot (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 for a further four year term in 2004 and a further three year term in 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 2011
Qualifications: LLB

Elizabeth Hall
Non-Executive Director

Elizabeth 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
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 employs 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 was Deputy Chairman of the Bournemouth University Board. He remains 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)
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
ACMA First Place Part 111
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 chaired the Council of Southampton University for a six year period, 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

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 NHS Dorset 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 Judge and Chairman of the governors 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

Guy Spencer
Non-Executive Director

Guy was Environmental Services Director at Dorset County Council 1996-2001. He has been a Board Member of Bournemouth and Poole College since 1999 and an Independent Transportation Consultant since 2001.

Date of Appointment: 25 April 2008
Date of Expiry: 24 April 2012
Qualifications: BSc (Hons) Imperial College 1967
MSc Bradford University
Chartered Engineer
Fellow Institution of Civil Engineers
Fellow Institution of Highways and Transportation

Sue Sutherland, OBE
Chief Executive

Before joining Poole Hospital, Sue was 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, midwife
Postgraduate qualifications in HR and Management

Sue Donaldson
Director of Human Resources (until November 2008)

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
Resigned: 30 October 2008
Qualifications: Member Chartered Institute of Personnel & Development
Graduate Member Chartered Institute of Personnel & Development

Heather Hauschild
Director of Operations

Heather has worked at Poole since 1990, holding a number of directorate manager posts, before taking up the post of Director of Operations in 2005. She qualified as a nurse before undertaking a degree in Social Administration and re-entered the health service via the NHS Management Training Scheme with the former West Midlands Regional Health Authority. Heather joined the Board of Directors in April 2008.

Date of Appointment: 25 April 2008
Qualifications: RGN, BA Social Administration

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

Robert Talbot
Medical Director

Robert is a Consultant Colorectal Surgeon, who established the Department of Colorectal Surgery at Poole Hospital. Robert was visiting scientist at the Mayo Clinic, Rochester, Minnesota and a fellow at St Mark's Hospital for Diseases of the Colon and Rectum. He was Medical Director of the Dorset Cancer Network from 2003 until 2008.

Date of Appointment: 1 April 2008
Qualifications: FRCS, MS

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

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 2008, the following interests were declared by members of Poole Hospital NHS Foundation Trust Board, all other members making a nil return:

Mr Charles Cunningham Non-Executive Director	Poole Harbour Commissioner
Mrs Elizabeth Hall Non-Executive Director	Nil
Mr Peter Harvey Chairman	Trustee – Dorset Health Trust (grant-giving charity) Daughter is a nurse at Poole Hospital
Mrs Heather Hauschild Director of Operations	Nil
Mr John Knowles Non-Executive Director	Deputy Chairman & Board member – Bournemouth University Chairman - DEK Printing Machines Ltd Non-Executive Director & Shareholder – Halifax Fan Ltd Non-Executive Director & Shareholder – Promedica UK Ltd Non-Executive Director & Shareholder – AMBA Medical Ltd
Mrs Jean Lang Non-Executive Director	Trustee – Dorset Health Trust (grant-giving charity)
Dame Yvonne Moores Non-Executive Director	Pro-Chancellor – Bournemouth University Chairman – Centre for Postgraduate Medical Research & Education, Bournemouth University Non-Executive Director – National House Building Council Patron – Association for Continence Advice
Mr Martin Smits Director of Nursing	Ex-Officio Member – Poole Hospital League of Friends Wife is a nurse at Royal Bournemouth & Christchurch Hospitals NHS Foundation Trust
Mr Guy Spencer Non-Executive Director	Board member – Bournemouth & Poole College Daughter is Corporate Finance Manager at Royal Bournemouth & Christchurch Hospitals NHS Foundation Trust Son is coordinator with Poole Borough Council Drug and Alcohol Action Team Son-in-law is Director of Hampshire & Isle of Wight PCT
Mrs Sue Sutherland Chief Executive	Non-Executive Board member – Bournemouth University (unpaid)
Mr Robert Talbot Medical Director	Wife is a nurse at Poole Hospital
Mr David Taylor Director of Finance	Nil

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 Governors 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 Governors 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.

All Non-Executive Directors, except Guy Spencer, were appointed by the Appointments Commission as they were already in post when the Hospital became a Foundation Trust. Mr Spencer was appointed following open competition.

The Chairman has no other significant commitments

Attendance at Board of Directors' meetings 2008/09

NAME OF COMMITTEE:	BOARD OF DIRECTORS												
	Meeting Dates												
	April 2008	May 2008	5 June 2008	June 2008	July 2008	August 2008	September 2008	October 2008	November 2008	December 2008	January 2009	February 2009	March 2009
PETER HARVEY Chairman	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔
CHARLES CUNNINGHAM Non Executive Director	✔	✔	✗	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔
SUE DONALDSON Director of Human Resources	✗	✔	✔	✔	✔	✔	✔	✗					
ELIZABETH HALL Non Executive Director	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔
HEATHER HAUSCHILD Director of Operations	✔	✔	✔	✔	✔	✗	✗	✔	✔	✔	✗	✔	✔
JOHN KNOWLES Vice Chairman/ SID	✔	✗	✔	✔	✔	✔	✔	✔	✔	✔	✗	✔	✔
JEAN LANG Non Executive Director	✔	✗	✗	✔	✔	✔	✔	✗	✔	✔	✔	✔	✔
YVONNE MOORES Non Executive Director	✔	✔	✔	✗	✔	✔	✗	✔	✔	✗	✔	✗	✔
MARTIN SMITS Director of Nursing	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔
GUY SPENCER Non Executive Director	✔	✔	✔	✗	✔	✗	✔	✔	✔	✔	✔	✔	✔
SUE SUTHERLAND Chief Executive	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔
ROBERT TALBOT Medical Director	✔	✔	✗	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔
DAVID TAYLOR Director of Finance	✔	✔	✔	✔	✔	✔	✔	✔	✔	✗	✔	✔	✔

Audit and Governance Committee

Chair: Jean Lang, Non-executive Director

The Audit and Governance Committee, which consists of the six 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
Until November 2008 Poole Hospital had Government-appointed external auditors. In September 2008, the Council of Governors approved the appointment of PricewaterhouseCoopers LLP to succeed the Audit Commission as external auditors. The role of external auditors is 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.

No of attendances	(Out of 5)
Jean Lang	4
Charles Cunningham	3
Elizabeth Hall	4
John Knowles	3
Dame Yvonne Moores	3
Guy Spencer	5

Finance and Investment Committee

The Finance and Information Committee is a sub Committee of the Board of Directors.

The committee receives detailed monthly financial reports so that it can ensure that use of our financial resources is robust. It set the policy for and scrutinises cash investments, reviews detailed business cases, oversees the progress of agreed capital investments and reviews financial planning and budgeting processes.

Membership is made up of a Non Executive Director (Chairman), Director of Finance (Vice Chairman), Chief Executive, and two other Non Executive Directors (including speciality major projects)

Meetings are attended by the Deputy Director of Finance, Associate Director of Capital Projects and Estates, Management Accountant (Secretary). Other senior managers may attend on an ad hoc basis as requested by the committee.

The committee meets at least monthly immediately prior to the Board meeting or more frequently if required

Committee meeting attendance record 2008/09

NAME OF COMMITTEE:	FINANCE & INVESTMENT COMMITTEE												
REPORTS TO:	BOARD OF DIRECTORS												
	Meeting Dates												
Membership	April 2008	May 2008	5 June 2008	June 2008	July 2008	August 2008	September 2008	October 2008	November 2008	December 2008	January 2009	February 2009	March 2009
CHARLES CUNNINGHAM Non Executive Director	✔	✔	✔	✔	✔	✔	✔	✔	✔		✔	✔	✔
ELIZABETH HALL Non Executive Director	✔	✔	✔	✔	✔	✔	✔	✔	✔		✔	✔	✔
SUE SUTHERLAND Chief Executive	✔	✔	✔	✔	✔	✔	✔	✔	✔		✔	✔	✔
GUY SPENCER Non Executive Director	✔	✔	✔	✔	✔	✔	✔	✔	✔		✔	✔	✔
DAVID TAYLOR Director of Finance	✔	✔	✔	✔	✔	✔	✔	✔	✔		✔	✔	✔

Remuneration report

The Remuneration Committee reviews the remuneration arrangements for Executive Directors and the Company Secretary. It is made up of the Chairman of the Board of Directors and all the Non-executive Directors of the Board. The Director of Human Resources attends except when his/her own salary is discussed. The Chief Executive attends only to advise on issues concerning the performance of directors.

The Remuneration Committee met last in March 2007 and was due to meet again in April 2009.

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. Termination payments, if appropriate, would be agreed by the Remuneration Committee with regard to Treasury guidance.

Signed: 

Mrs Sue Sutherland OBE
Chief Executive

Date: 5 June 2009

SALARY ENTITLEMENTS OF SENIOR MANAGERS

	2008-09		
Name and title	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	**80-85**	-	-
Mr. Charles Cunningham – Non-Executive Director	**10-15**	-	-
Ms. Susan Donaldson – Director of Human Resources (Note 3)	**55-60**	-	-
Mrs. Elizabeth Hall – Non-Executive Director	**10-15**	-	-
Mr. Peter Harvey – Chairman	**40-45**	-	-
Mrs. Heather Hauschild – Director of Operations	**90-95**	-	-
Mr. John Knowles – Non-Executive Director	**10-15**	-	-
Mrs. Jean Lang – Non-Executive Director	**15-20**	-	-
Mrs. Pauline Malins – Director of Communications	**55-60**	-	-
Dame Yvonne Moores – Non-Executive Director	**10-15**	-	-
Mr. Derek Morgan – Director of Facilities Management (Note 4)	**5-10**	-	-
Mrs. Debra Reeves – Acting Director of Human Resources (Note 6)	**30-35**	**30-35**	-
Mr. Martin Smits – Director of Nursing	**90-95**	-	-
Mr. Guy Spencer – Non-Executive Director (Note 5)	**10-15**	-	-
Mrs. Susan Sutherland – Chief Executive	**145-150**	-	-
Mr. Robert Talbot – Medical Director (Note 1)	**80-85**	**80-85**	-
Mr. David Taylor – Director of Finance and Information	**110-115**	-	-

2007-08 (Five Months)		
Salary (bands of £5000) £000	Other Remuneration (bands of £5000) £000	Benefits in Kind (bands of £100) £100 Note 2
30-35	-	-
0-5	-	-
35-40	-	-
0-5	-	-
15-20	-	0-1
30-35	-	-
5-10	-	0-1
5-10	-	0-1
15-20	-	-
0-5	-	-
30-35	-	-
-	-	-
30-35	-	-
-	-	-
45-50	-	-
-	-	-
35-40	-	-

Note 1. Mr. Robert Talbot was appointed as Medical Director in April 2008. Other remuneration relates to clinical work undertaken during the year.

Note 2. Benefits in kind relate to the profit element on business mileage claimed.

Note 3. Ms. Susan Donaldson resigned as Director of Human Resources in October 2008.

Note 4. Mr. Derek Morgan retired in April 2008.

Note 5. Mr. Guy Spencer was appointed as a Non-Executive Director in April 2008.

Note 6. Mrs Debra Reeves was appointed as the Acting Director of Human Resources in October 2008. Other remuneration relates to her salary prior to her appointment in this role.

PENSION ENTITLEMENTS OF SENIOR MANAGERS

Name and title	Real increase in pension sum at age 60	Real increase in pension lump sum at age 60	Total accrued pension and related lump sum at age 60 at 31 March 2009	Cash Equivalent Transfer Value at 31 March 2009	Cash Equivalent Transfer Value at 1 April 2008	Employer Funded Real Increase in Cash Equivalent Transfer Value
	(bands of £2500) £000	(bands of £2500) £000	(bands of £5000) £000	£000	£000	£000
Mr. Michael Beswick Director of Strategy	0-2.5	2.5-5	135-140	692	502	124
Mrs. Heather Hauschild Director of Operations	2.5-5	10-12.5	90-95	398	259	92
Mrs. Pauline Malins Director of Communications	0-2.5	2.5-5	35-40	209	136	49
Mrs. Debra Reeves Acting Director of Human Resources	0-2.5	2.5-5	20-25	85	50	23
Mr. Martin Smits Director of Nursing	2.5-5	10-12.5	140-145	737	491	163
Mrs. Susan Sutherland Chief Executive	7.5-10	22.5-25	215-220	1,236	784	303
Mr. Robert Talbot Medical Director	(0-2.5)	(0-2.5)	225-230	1,357	985	243
Mr. David Taylor Director of Finance and Information (See Note)	-	-	-	-	-	-

Note - Mr. D. Taylor is in receipt of a contribution to a private pension scheme and an amount of £15k was paid by the Trust in 2008/09. This amount is a similar percentage to other staff contributions paid by the Trust to 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 and uses common market valuation factors for the start and end of the period.

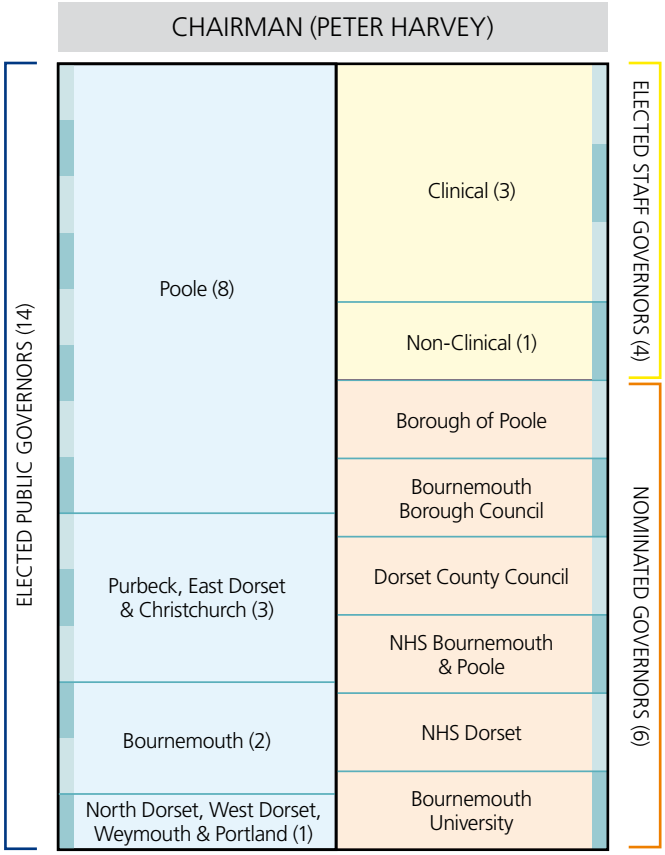
The Council of Governors

The Council is made up of 18 elected public and staff Governors, 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 Governors 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 Governors 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 2008/09 the Council of Governors 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
- Erik Warwick-White
- Melissa Hards
- Tom Buckby

Elected Representatives for Purbeck, East Dorset & Christchurch:
- Phyllis Alexander
- Rosemary Gould
- John Howes (resigned July 2008)
- Geoffrey Carleton (from March 2009)

Elected Representative for North Dorset, West Dorset, Weymouth and Portland:
- Isabel McLelllan (from March 2009)

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

Elections

Public Governors were first elected in June 2007 by a secret ballot of the public membership, using a simple majority system. Contested by-elections were held to fill vacancies in two public constituencies in March 2009. New Governors Geoffrey Carleton, for the constituency of Purbeck, East Dorset and Christchurch, and Isabel McLelllan for the constituency of North Dorset, West Dorset and Weymouth & Portland, were due to attend their first Council meeting in June 2009, following a programme of induction. Elections for Governors holding a two-year period of office will take place in October 2009.

Board member attendance at Council of Governors meetings

JUNE 2008
John Knowles
Sue Sutherland
Martin Smits

SEPTEMBER 2008
John Knowles
Sue Sutherland
Martin Smits
Guy Spencer
Robert Talbot
Jean Lang
David Taylor
Elizabeth Hall
Yvonne Moores

NOVEMBER 2008
John Knowles
Sue Sutherland
Guy Spencer
Yvonne Moores

MARCH 2009
John Knowles
Sue Sutherland
Martin Smits
Guy Spencer

COUNCIL OF GOVERNORS* 2008/09 ATTENDANCE REGISTER

Name	Constituency	Length of M'ship	App't Date	App't Expires	Meeting				
					26 June	25 Sept	AMM	27 Nov	26 March
Mrs Phyllis Alexander	Purbeck, East Dorset & Christchurch	Elected 2 years	01.11.07	31.10.09	✔	✔	✔	✔	✔
Mr Thomas Buckby **	Poole	Elected 2 years	01.05.08	31.10.09	✔	✔	✔	✗	✗
Ms Diana Calcraft	Clinical staff	Elected 3 years	01.11.07	31.10.10	✔	✗	✗	✔	✔
Ms Lynn Cherrett	Clinical staff	Elected 3 years	01.11.07	31.10.10	✔	✔	✔	✔	✔
Mrs Frances Cleeton	Bournemouth	Elected 2 years	01.11.07	31.10.09	✔	✔	✔	✗	✔
Mr Andrew Creamer	Poole	Elected 2 years	01.11.07	31.10.09	✔	✔	✔	✔	✔
Mr Richard Cummins	Dorset PCT	Appointed 3 years	01.11.07	31.10.10	✔	✔	✔	✔	✔
Mrs Carole Deas	Poole Borough Council	Appointed 3 years	01.11.07	31.10.10	✗	✗	✗	✔	✔
Mrs Janet Dover	Dorset County Council	Appointed 3 years	01.11.07	31.10.10	✗	✔	✔	✗	✔
Mrs Vivien Duckenfield	Poole	Elected 3 years	01.11.07	31.10.10	✔	✔	✔	✔	✔
Mrs Rosemary Gould	Purbeck, East Dorset & Christchurch	Elected 3 years	01.11.07	31.10.10	✔	✔	✔	✔	✔
Miss Melissa Hards **	Poole	Elected 2 years	01.04.08	31.10.09	✔	✔	✔	✔	✔
Mrs Ann Horan	Poole	Elected 2 years	01.11.07	31.10.09	✔	✔	✔	✔	✗
Mr John Howes	Purbeck, East Dorset & Christchurch	Elected 2 years	01.11.07	31.10.09	✔				
Mr Nicholas King	Bournemouth Borough Council	Appointed 3 years	01.11.07	31.10.10	✗	✔	✔	✔	✗
Canon Jane LLoyd	Non-clinical staff	Elected 3 years	01.11.07	31.10.10	✔	✔	✔	✔	✔
Mr James Pride	Poole	Elected 3 years	01.11.07	31.10.10	✔	✔	✔	✔	✗
Mrs Elizabeth Purcell	Poole	Elected 3 years	01.11.07	31.10.10	✗	✔	✔	✗	✔
Mr Terence Purnell	Bournemouth	Elected 3 years	01.11.07	31.10.10	✗	✔	✔	✗	✔
Mr Glyn Smith	Bournemouth & Poole PCT	Appointed 3 years	01.11.07	31.10.10	✔	✔	✔	✔	✔
Dr Gail Thomas	Bournemouth University	Appointed 3 years	01.11.07	31.10.10	✔	✗	✗	✗	✗
Mrs Christine Tickell	Clinical staff	Elected 2 years	01.11.07	31.10.09	✔	✔	✔	✔	✔
Mr Erik Warwick-White	Poole 3 years	Elected	01.11.07	31.10.10	✔	✔	✔	✔	✗
(Vacancy)	N Dorset, W Dorset, Weymouth & Portland								
(Vacancy)	Purbeck, East Dorset & Christchurch								

* Name of Council of Member Representatives formally changed to "Council of Governors" with effect from 6 January 2009
** Mr Buckby and Miss Hards took over as elected Member Representatives/Governors for Poole on the termination of two previous Member Representatives/Governors and assumed their appointment expiry dates

Details of Governors' declaration of interests can be viewed on our public website: **http://www.poole.nhs.uk/about_us/governors/documents/RegisterofCoMRInts-Nov20082.pdf** or contact Sara Elkin, on 01202 442895

Nominations, Remuneration and Evaluations Committee

The Council of Governors 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 two public members, one nominated member, and one staff member who are currently:

- Mrs Janet Dover (nominated member for Dorset County Council)
- Mrs Elizabeth Purcell (elected member for Poole constituency)
- Mrs Christine Tickell (elected clinical staff member)
- Mr Erik Warwick-White (elected member for Poole constituency)

The Committee met twice during the course of the 12 month period, in June and November. In June 2008 the Committee considered the outcome of the Chairman's Performance Review for 2007/08; the outcome of the Non-Executive Directors' Performance Review for 2007/08; the process for the Council of Member Representatives Evaluation and Development; the process for appointment of Chairman.

In November 2008 the Committee considered: the Nominations, Remuneration and Evaluations Committee Annual Governance Cycle; the Performance Appraisal/Evaluation Process for the Chairman and Non-Executive Directors; and Chairman's and Non-Executive Directors' Remuneration and Allowances

In April 2008 two new appointments were made to the Board of Directors. The new post of Non-Executive Director was subject to open advertising, short listing and interviewing and Guy Spencer was successfully appointed by the Council of Governors. It was agreed that the post of Director of Operations should become an executive board post and the incumbent post holder Heather Hauschild was appointed.

On the recommendation of the Nominations, Remuneration and Evaluations Committee, the Chairman was re-appointed by the Council of Governors.

2008/09 Attendance Register

Name	Constituency	Type of Membership	Meetings		
			26 June 2008	27 November 2008	15 January 2009*
Mr Peter Harvey (Chairman)			✔	✔	
Mrs Janet Dover	Dorset County Council	Appointed 3 years	✗	✗	
Mrs Elizabeth Purcell	Poole	Elected 3 years	✗	✗	
Mrs Christine Tickell	Clinical staff	Elected 2 years	✔	✔	
Mr Erik Warwick-White	Poole	Elected 3 years	✔	✔	

* Meeting cancelled

Membership

The Trust held its first open day as a Foundation Trust in November 2008. The event was opened by Paralympic star Darren Kenny, and was attended by over 200 members of the public, who took the opportunity to find out more about the work of the Hospital and its staff.

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
- Purbeck, East Dorset and Christchurch
- Bournemouth
- 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 2009 we had 6146 public members, against a year-end target of 5,950. Our staff and volunteer members totalled 4,794.

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	
Poole:	3159
Purbeck, East Dorset and Christchurch:	1667
Bournemouth:	1010
North Dorset, West Dorset and Weymouth and Portland:	310
Staff constituency	
Clinical:	3596
Non-clinical:	1198

A revised Membership Development Strategy was approved by the Board of Directors in August. The main aim of the strategy is to ensure that Poole Hospital NHS Foundation Trust continues to grow a membership that is representative of the community we serve and that members have the opportunity to be fully engaged with the Trust.

The strategy was revised following discussions with the Membership Development Reference Group of the Council of Governors and is supported by a detailed delivery plan.

In line with the revised strategy, our major membership activity has concentrated on the following areas:

- increasing governor participation in the recruitment and engagement of members;
- increasing the numbers of younger age members, who are slightly under represented in our current public membership;
- organising membership events to increase opportunities for membership engagement and participation;
- working to increase overall public membership number in line with agreed annual targets.

A speakers' pack, comprising a PowerPoint presentation and DVD, has been produced with the Membership Development Reference Group and is available for Governors when attending speaking engagements.

Governors were invited to attend public events, including:

- A stand at the Bank of New York wellbeing day
- Brendon Care open days
- Broadstone Luncheons
- Poole Fest
- St Peter Church Fete
- Dorset Skills Festival
- Queen Elizabeth School, Wimborne careers evening.

During the year, we gave greater focus to recruiting members from the younger age groups.

A new membership recruitment form was designed to appeal to younger members. The new form was piloted at the Dorset Skills Fest, a three-day careers event held at Canford Arena during October. The Membership Team, Human Resources and front- line staff participated in the event, which gave us exposure to 8,000 14 to 18 year olds from schools across Dorset. We were successful in recruiting approximately 180 students during the three days.

The event also enabled networking with the education, careers and business communities and, as a result, 'spin off' events are planned for the coming year.

Our presence at Poole Fest also gave us access to younger people and families, and provided a good opportunity to promote the Foundation Trust and for the Governors who attended to engage with the local community.

We held our first Annual Members' Meeting on 25 September 2008. Public members were invited via the membership newsletter, Foundation Talkback and the event was well publicised in the local press, on our website and throughout the Hospital. Staff members were invited via the normal staff communication channels. Approximately 150 people attended the event and we had excellent feedback from those who attended, including several members putting themselves forward to participate in fundraising and voluntary activities. The format of the evening was well received and the Membership Development Reference Group has recommended that we adopt a similar format in the following year.

We held a very successful first members' open day on 29 November 2009. The event gave members the opportunity to talk to staff from many departments across the Hospital, including theatres, diagnostics, outpatients, physiotherapy and endoscopy. They also had the opportunity to talk directly to representatives from Interserve, our procurement partners for the proposed development of the new maternity hospital and day care unit.

Approximately 32,000 membership forms were sent out with second outpatient appointments during November and December. This was our first attempt at recruiting members via a direct mail out and has proved sufficiently successful for us to continue to send out the forms in this way permanently.

We placed a full page 'advertorial' in 'Poole News', the Borough of Poole's community newspaper, which was delivered to 64,000 homes in Poole during February and March. The aim was to highlight the new capital development plans and publish a membership application form, demonstrating a practical application of how membership may be used to influence future developments at Poole Hospital. The exercise also generated an increase in the number of online applications via our public website.

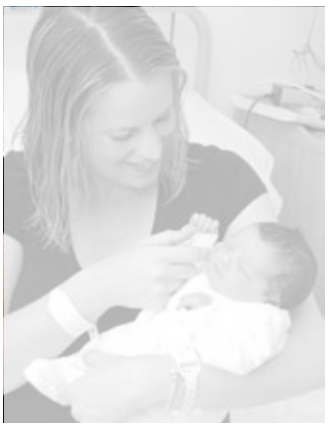
We continued face-to-face recruitment of members in the outpatients department and also in antenatal clinics.

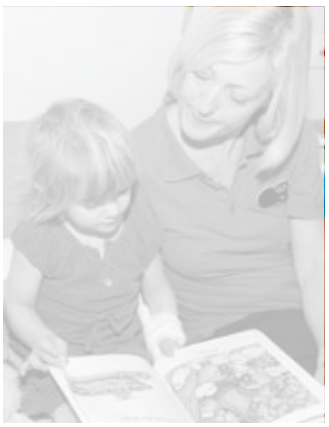
The Staff Engagement Reference Group reviewed how it could raise awareness and increase engagement amongst staff members. The reference group has decided to run regular articles and information in the staff newsletter, Grapevine and set up a staff membership section on the intranet.

Members may contact the Council of Governors 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 Foundation Talkback, our membership newsletter, on membership application forms, and on our website.

Annual Accounts 2008/09






FOREWORD TO THE ACCOUNTS

Poole Hospital NHS Foundation Trust

These accounts for the year ended 31 March 2009 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: 4 June 2009

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").

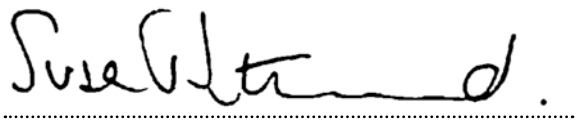
Under the National Health Service Act 2006, Monitor has directed the Poole Hospital NHS Foundation Trust to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair 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: 4 June 2009

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 March 2009

	NOTE	2008/09 £000	Five Months 2007/08 £000
Income from activities	3	**165,499**	66,328
Other operating income	4	**17,979**	6,501
Operating expenses	5	**(177,103)**	(71,109)
OPERATING SURPLUS		**6,375**	1,720
Profit on disposal of fixed assets	7	**34**	137
SURPLUS BEFORE INTEREST		**6,409**	1,857
Interest receivable	8	**817**	359
Finance costs - interest expense - unwinding of discount	9	**(8)**	0
SURPLUS FOR THE YEAR		**7,218**	2,216
Public Dividend Capital dividends payable		**(3,828)**	(1,525)
RETAINED SURPLUS FOR YEAR		**3,390**	691

The notes on pages 57 to 81 form part of these accounts.
All income and expenditure is derived from continuing operations.

BALANCE SHEET AS AT 31 March 2009

	NOTE	31 March 2009 £000	31 March 2008 £000
FIXED ASSETS			
Intangible assets	10	**0**	8
Tangible assets	11	**109,517**	115,023
		109,517	115,031
CURRENT ASSETS			
Stocks and work in progress	12	**1,711**	1,684
Debtors	13	**11,571**	7,158
Investments	14	**10,000**	-
Cash at bank and in hand		**1,834**	9,801
		25,116	18,643
CREDITORS: Amounts falling due within one year	15	**(16,905)**	**(16,973)**
NET CURRENT ASSETS		**8,211**	1,670
TOTAL ASSETS LESS CURRENT LIABILITIES		**117,728**	116,701
CREDITORS: Amounts falling due after one year	15	**(20)**	**(23)**
PROVISIONS FOR LIABILITIES AND CHARGES	16	**(572)**	**(608)**
TOTAL ASSETS EMPLOYED		**117,136**	116,070
FINANCED BY:			
TAXPAYERS' EQUITY			
Public dividend capital		**85,794**	85,794
Revaluation reserve	17	**8,121**	13,338
Donated asset reserve	17	**7,882**	7,553
Income and expenditure reserve	17	**15,339**	9,385
TOTAL TAXPAYERS' EQUITY		**117,136**	116,070

The financial statements on pages 52 to 81 were approved by the Board on 4 June 2009 and signed on its behalf by:

Signed: .....Chief Executive Date: 4 June 2009

Signed: .....Director of Finance Date: 4 June 2009

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

	2008/09 £000	Five Months 2007/08 £000
Surplus for the financial year before dividend payments	**7,218**	2,216
Unrealised deficit on fixed asset revaluations	**(2,384)**	0
Increases in the donated asset reserve due to receipt of donated assets	**668**	339
Reduction in the donated asset reserve due to depreciation, impairment, and/or disposal of donated assets	**(608)**	(252)
Total surplus recognised in the financial period	**4,894**	2,303

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 March 2009

	NOTE	2008/09 £000	Five Months 2007/08 £000
OPERATING ACTIVITIES			
Net cash inflow from operating activities	18.1	**9,831**	6,897
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE:			
Interest received		**877**	347
Net cash inflow from returns on investments and servicing of finance		**877**	347
CAPITAL EXPENDITURE			
Payments to acquire tangible fixed assets		**(5,560)**	(1,975)
Receipts from sale of tangible fixed assets		**45**	427
Net cash outflow from capital expenditure		**(5,515)**	(1,548)
DIVIDENDS PAID		**(3,828)**	(1,830)
Net cash inflow before management of liquid resources		**1,365**	3,866
Management of liquid resources			
Purchase of current asset investments		**(64,000)**	0
Sale of current asset investments		**54,000**	0
Net cash outflow from management of liquid resources		**(10,000)**	**0**
Net cash (outflow)/inflow before financing		**(8,635)**	**3,866**
Public dividend capital received		**0**	0
Public dividend capital repaid		**0**	0
Other capital receipts		**668**	339
Net cash inflow from financing		**668**	339
(Decrease)/Increase in cash		**(7,967)**	**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 2008/09 NHS Foundation Trust Financial Reporting Manual issued by Monitor. The accounting policies contained in that manual follow UK generally accepted accounting practice for companies (UK GAAP) and HM Treasury's Financial Reporting Manual to the extent that they are meaningful and appropriate to NHS foundation trusts. The accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.

1.1 Accounting basis

The accounts of the Trust have been drawn up for the twelve months to 31 March 2009. 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 the comparative figures for the previous year comprise five months as a Foundation Trust i.e. 1 November 2007 to 31 March 2008.

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 Income Recognition

Income is accounted for applying the accruals convention. The main source of income for the Trust is under contracts from commissioners in respect of healthcare services. Income is recognised in the period in which services are provided. Where income is received for a specific activity which is to be delivered in the following financial year, that income is deferred. 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. In respect of March activity actual activity is not known before the accounts are closed. A judgement is therefore made on the level of income to accrue for this activity.

1.3 Expenditure

Expenditure is accounted for applying the accruals convention.

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

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

1.5 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 or refurbishment of a 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. The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable. The costs arising from financing the construction of the fixed asset are not capitalised but are charged to the income and expenditure account in the year to which they relate.

All land and buildings are revalued using professional valuations in accordance with FRS15 every five years. A three year interim valuation is also carried out. Valuations are carried out by professionally qualified valuers in accordance with the Royal Institute of Chartered Surveyors (RICS) Appraisal and Valuation Manual. At the 31st March 2008 (with an effective date of 1 April 2007) an interim valuation was made by independent professional valuers and is reflected in the balances shown at 31 March 2008. At 31 March 2009 (with an effective date of 1 April 2008) the land and buildings were revalued on a modern equivalent asset basis (MEA) and these balances are reflected in the closing balance sheet.

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.

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 NHS Foundation 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.

1.6 Donated fixed assets
Donated fixed assets are capitalised at their current value on receipt and this value is credited to the Donated Asset Reserve. Donated fixed assets are valued and depreciated as described above for purchased assets. Gains and losses on revaluations are also taken to the Donated Asset Reserve and, each year, an amount equal to the depreciation charge on the asset is released from the Donated Asset Reserve to the Income and Expenditure account. Similarly, any impairment on donated assets charged to the Income and Expenditure Account is matched by a transfer from the Donated Asset Reserve. On sale of donated assets, the net book value of the donated asset is transferred from the Donated Asset Reserve to the Income and Expenditure Reserve.

1.7 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.

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

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

1.8 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.

1.9 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.

1.10 Provisions

The NHS Foundation Trust provides for legal or constructive obligations that are of uncertain timing or amount at the balance sheet date on the basis of the best estimate of the expenditure required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using 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 Foundation Trust pays an annual contribution to the NHSLA, which in return settles all clinical negligence claims. Although the NHSLA is administratively responsible for all clinical negligence cases the legal liability remains with the NHS Foundation Trust. The total value of clinical negligence provisions carried by the NHSLA on behalf of the NHS Foundation 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 2008/09 relates to the NHS Foundation Trust's contribution to the Clinical Negligence Scheme for Trusts.

Non-clinical risk pooling

The NHS Foundation Trust participates in the Property Expenses Scheme and the Liabilities to Third Parties Scheme. Both are risk pooling schemes under which the NHS Foundation 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 the liability arises.

1.11 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 Foundation Trust to identify its share of the underlying scheme liabilities. Therefore the scheme is accounted for as a defined contribution scheme under FRS17 which prepares its own scheme statements..

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 five years by the Government Actuary. The last published valuation relates to the period 1 April 1999 to 31 March 2004 which was published in December 2007 and is available on the Pensions Agency website **http://www.nhsbsa.nhs.uk/Pensions/Documents/Pensions/NHSPS_funding_valuation_report_at_31_3_04_-_final_.pdf.** The notional deficit of the scheme was £3.3 billion as per the last scheme valuation by the Government Actuary for the period 1 April 1999 to 31 March 2004. 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, it was recommended that employer contribution rates should continue at 14% of pensionable pay. From 1 April 2008, employees' contributions will be on a tiered scale from 5% to 8.5% 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. The full amount of the liability for the additional costs is charged to the Income and Expenditure account at the time the NHS Foundation 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.

1.12 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.

1.13 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.

1.14 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.

1.15 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.

1.16 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.

1.17 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.

1.18 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 NHS Foundation Trust. Relevant net assets are calculated as the value of all assets less the value of all liabilities, except for donated assets and cash with the Office of the Paymaster General. Average relevant net assets are calculated as a simple average of opening and closing relevant net assets.

1.19 Financial instruments and financial liabilities

Recognition

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

De-recognition

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

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

Classification and Measurement

Financial assets are categorised as Loans and Receivables.

Financial liabilities are classified as 'Other Financial Liabilities'.

Loans and receivables

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

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

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

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

Other financial liabilities

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

They are included in current liabilities except for amounts payable more than 12 months after the balance sheet date, which are classified as long-term liabilities.

Interest on financial liabilities carried at amortised cost is calculated using the effective interest method and charged to the income and expenditure account.

Impairment of financial assets

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

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

	2008/09 £000	Five Months 2007/08 £000
Elective income	**22,755**	10,712
Non elective income	**70,398**	40,328
Outpatient income	**22,390**	11,972
A & E income	**4,618**	1,870
Other NHS Clinical Income (see Note)	**42,731**	0
Other types of activity income	**1,946**	639
PBR (clawback) / relief	**0**	534
Private patient income	**661**	273
	165,499	66,328

Note. Other NHS Clinical Income relates to block contract income.

3.2 Private Patient Income

	2008/09 £000	Five Months 2007/08 £000	Base Year 2002/03 £000
Private patient income	**661**	273	396
Total patient related income	**165,499**	66,328	95,931
Proportion			
Cap			0.4%
Actual	**0.4%**	0.4%	

The proportion of private patient income to the total patient related income of Poole Hospital NHS Foundation Trust does not exceed its proportion whilst the body was an NHS Trust in 2002/03 or the base year

3.3 Mandatory and Non-Mandatory Income from Activities

	2008/09 £000	Five Months 2007/08 £000
Mandatory	**162,891**	65,532
Non-Mandatory	**2,608**	796
Actual	**165,499**	66,328

3.4 Income from Activities by Source

	2008/09	Five Months 2007/08
	£000	£000
Primary Care Trusts	**151,548**	61,597
Local Authorities (see Note 1)	**226**	71
Department of Health	**11,302**	3,910
NHS Other	**41**	25
Non NHS: Private patients	**661**	273
Non-NHS: Overseas patients (non-reciprocal)	**82**	9
NHS injury scheme (was RTA) (see Note 2)	**1,317**	424
Non NHS: Other	**322**	19
	165,499	66,328

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

Note 2. 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

	2008/09	Five Months 2007/08
	£000	£000
Education and training	**5,994**	2,705
Charitable and other contributions to expenditure	**1,313**	676
Transfers from the donated asset reserve in respect of depreciation, impairment and disposal of donated assets	**608**	252
Non-patient care services to other bodies	**6,697**	1,894
Income generation - see note	**2,248**	892
Other income	**1,119**	82
	17,979	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:

	2008/09	Five Months 2007/08
	£000	£000
Services from NHS trusts	618	337
Services from other NHS bodies	437	169
Services from other Foundation Trusts	1,229	277
Purchase of healthcare from non NHS bodies	107	23
Directors' costs	883	315
Staff costs	121,066	47,514
Supplies and services - clinical drugs	14,587	5,780
Supplies and services - clinical other	13,557	5,822
Supplies and services - general	5,134	2,030
Establishment	2,239	939
Transport	477	202
Premises	4,959	2,370
Bad debts	114	20
Depreciation and amortisation	7,451	2,895
Audit fees (see Note)	75	27
Other auditor's remuneration	8	0
Clinical negligence Insurance Costs	2,024	988
Other Services including External Payroll	787	336
Training and course fees etc.	721	380
Other	630	685
	177,103	71,109

The Board of Governors appointed PricewaterhouseCoopers LLP (PwC) as external auditors of the Trust for the year commencing April 2008. The audit fee for the statutory audit was £45k excluding VAT. This was the fee for an audit in accordance with the Audit Code issued by Monitor in October 2007. In addition to this, the following payments were made to the auditors for non-audit work: all other services - £20k. The engagement letter signed on 23 December 2008, states that the liability of PwC, its members, partners and staff (whether in contract, negligence or otherwise) shall in no circumstances exceed £1m in the aggregate in respect of all services.

Note: Audit fees 2008/09 comprise (including Vat) - Statutory Audit £52k (2007/08 five months £27k); Regulatory Reporting £23k (2007/08 five months £nil).

5.2 Operating leases

5.2.1 Operating expenses include:

	2008/09 £000	Five Months 2007/08 £000
Other operating lease rentals	**297**	117
	297	117

5.2.2 Annual commitments under non - cancellable operating leases are:

	Other leases	
	2008/09 £000	2007/08 £000
Operating leases which expire:		
Within 1 year	**30**	40
Between 1 and 5 years	**160**	203
After 5 years	**70**	74
	260	317

6. Staff costs and numbers

6.1 Staff costs

	2008/09 Total	Five Months 2007/08 Total
	£000	£000
Salaries and wages	**99,003**	39,318
Social Security Costs	**7,599**	3,035
Employer contributions to NHS Pension Scheme	**11,703**	4,598
Agency/Contract Staff	**3,526**	834
	121,831	47,785

6.2 Average number of persons employed

	2008/09 Total Number	Five Months 2007/08 Total Number
Medical and dental	351	343
Administration and estates	636	597
Healthcare assistants and other support staff	174	166
Nursing, midwifery and health visiting staff	1,309	1,296
Scientific, therapeutic and technical staff	275	268
Bank and Agency Staff	216	170
Other	303	271
Total	**3,264**	3,111

6.3 Employee benefits

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

6.4 Retirements due to ill-health

During 2008/09 there were 4 early retirements on the grounds of ill-health. The estimated additional pension liabilities of these ill-health retirements will be £225k. The cost of these ill-health retirements will be borne by the NHS Business Services Authority - Pensions Division. These retirements represented 0.77 per 1,000 active scheme members. This information has been supplied by NHS Pensions.

7. Profit on Disposal of Fixed Assets

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

	2008/09 £000	Five Months 2007/08 £000
Profit on disposal of land and buildings	**0**	118
Profit on disposal of other tangible fixed assets	**34**	19
	34	137

The profit on disposal relates to unprotected assets.

8. Interest Receivable

Interest receivable of £817k (£359k 2007/08 - five months) relates to bank deposit account interest.

9. Finance Costs - Interest Expense

No interest was paid in the financial periods. Finance costs relate to unwinding of discount in respect of provisions brought forward.

10. Intangible Fixed Assets

	Software licences £000	**Total £000**
Gross cost at 1 April 2008	52	52
Gross cost at 31 March 2009	**52**	**52**
Amortisation at 1 April 2008	44	44
Charged during the year	8	8
Amortisation at 31 March 2009	**52**	**52**
Net book value		
- Purchased at 1 April 2008	8	8
- Total at 1 April 2008	**8**	**8**
- Purchased at 31 March 2009	0	0
- Total at 31 March 2009	**0**	**0**

11. Tangible Fixed Assets

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

	Land	Buildings excluding dwellings	Dwellings	Assets under construction and payments on account
	£000	£000	£000	£000
Cost or valuation at 1 April 2008	18,563	76,448	1,733	217
Additions purchased	0	934	0	534
Additions donated	0	0	0	439
Impairments	0	0	0	0
Reclassifications	0	283	0	(331)
Other in year revaluation	(5,643)	(1,216)	(251)	0
Disposals	0	0	0	0
Cost or Valuation at 31 March 2009	**12,920**	**76,449**	**1,482**	**859**
Depreciation at 1 April 2008	0	1,448	31	0
Charged during the year	0	3,179	101	0
Reclassifications	0	(19)	0	0
Other in year revaluation	0	(4,594)	(132)	0
Disposals	0	0	0	0
Depreciation at 31 March 2009	**0**	**14**	**0**	**0**
Net book value				
- Purchased at 1 April 2008	18,563	69,177	1,702	217
- Donated at 1 April 2008	0	5,823	0	0
- Total at 1 April 2008	**18,563**	**75,000**	**1,702**	**217**
- Purchased at 31 March 2009	12,920	70,558	1,482	420
- Donated at 31 March 2009	0	5,877	0	439
- Total at 31 March 2009	**12,920**	**76,435**	**1,482**	**859**

11.2 Analysis of tangible fixed assets:

Net book value				
- NBV - Protected assets at 31 March 2009	12,182	72,946	0	0
- NBV - unprotected assets at 31 March 2009	738	3,489	1,482	859
- Total at 31 March 2009	**12,920**	**76,435**	**1,482**	**859**

Of the totals at 31 March 2009, £738k related to land valued at open market value and £1,482k related to buildings valued at open market value.

Plant and machinery	Transport equipment	Information technology	Furniture & fittings	Total
£000	£000	£000	£000	£000
30,372	28	7,335	470	135,166
1,389	0	804	4	3,665
216	0	12	0	667
0	0	0	0	0
48	0	0	0	0
0	0	0	0	(7,110)
(2,594)	0	(997)	(7)	(3,598)
29,431	**28**	**7,154**	**467**	**128,790**
15,149	17	3,212	286	20,143
2,940	3	1,193	27	7,443
19	0	0	0	0
0	0	0	0	(4,726)
(2,585)	0	(997)	(5)	(3,587)
15,523	**20**	**3,408**	**308**	**19,273**
13,487	11	4,123	184	107,464
1,736	0	0	0	7,559
15,223	**11**	**4,123**	**184**	**115,023**
12,334	8	3,726	159	101,607
1,574	0	20	0	7,910
13,908	**8**	**3,746**	**159**	**109,517**
0	0	0	0	85,128
13,908	8	3,746	159	24,389
13,908	**8**	**3,746**	**159**	**109,517**

11.2 The net book value of land, buildings and dwellings at 31 March 2009 comprises:

	31 March 2009 £000	31 March 2008 £000
Freehold		
Protected	**85,128**	89,425
Unprotected	**5,709**	5,840
TOTAL	**90,837**	95,265

12. Stocks and Work in Progress

	31 March 2009 £000	31 March 2008 £000
Raw materials and consumables	**1,711**	1,684
TOTAL	**1,711**	1,684

13. Debtors

	31 March 2009 £000	31 March 2008 £000
Amounts falling due within one year:		
NHS debtors	**7,775**	3,820
Provision for irrecoverable debts	**(125)**	(103)
Prepayments	**597**	326
Accrued Income	**205**	191
Other debtors	**2,011**	2,213
Sub Total	**10,463**	6,447
Amounts falling due after more than one year:		
Provision for irrecoverable debts	**(94)**	(60)
Other debtors	**1,202**	771
Sub Total	**1,108**	711
TOTAL	**11,571**	7,158

13.1 Provision for Impairment of Debtors

At 1 April / Start of period	**163**	145
Increase in Provision	**114**	18
Amount Utilised	**(58)**	0
At 31 March	**219**	163

13.2 Analysis of Impaired Debtors

Ageing of Impaired Debtors		
- Over six months	**219**	163
Sub Total	**219**	163
Ageing of non Impaired Debtors		
- Up to three months	**8,991**	5,099
- Three to six months	**154**	27
- Over six months	**2,207**	1,869
Sub Total	**11,352**	6,995
TOTAL	**11,571**	7,158

14. Investments

	31 March 2009	31 March 2008
Number of Investments	**4**	0
Total Value (£'000)	**10,000**	0

The Trust has invested surplus cash with major UK banks and building societies on a short term basis.

15. Creditors

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

	31 March 2009 £000	31 March 2008 £000
Amounts falling due within one year:		
Payments received on account	**96**	270
NHS creditors	**2,841**	3,507
Capital creditors	**681**	1,907
Other tax and social security costs	**2,718**	2,473
Other creditors (see note)	**5,896**	3,759
Accruals	**4,284**	5,057
Deferred income	**389**	0
TOTAL	**16,905**	16,973
Amounts falling due after one year:	20	23
Total Creditors	**16,925**	16,996

Note - Other creditors include;

£1,524k outstanding pensions contributions at 31 March 2009 (31 March 2008 £1,344k).

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

There were finance lease obligations at the balance sheet dates.

16. Provisions for liabilities and charges

	Pensions relating to other staff	Legal claims	Total
	£000	£000	**£000**
At 1 April 2008	363	245	**608**
Arising during the period	125	58	**183**
Utilised during the period	(20)	(26)	**(46)**
Reversed unused	0	(181)	**(181)**
Unwinding of discount	8	0	**8**
At 31 March 2009	**476**	**96**	**572**
Expected timing of cashflows:			
Within one year	26	96	**122**
Between one and five years	106	0	**106**
After five years	344	0	**344**

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

£20,680k is included in the provisions of the NHS Litigation Authority at 31 March 2009 in respect of clinical negligence liabilities of the NHS Trust (31 March 2008 £19,939k).

17.1 Movement in Taxpayers' Equity

	£000
Taxpayers' Equity at 1 April 2008	**116,070**
Surplus for the Financial Year	**7,218**
Deficit from the Revaluation of Fixed Assets	**(2,653)**
Public Dividends Capital Dividends	**(3,828)**
Additions in Donated Asset Reserve	**329**
Taxpayers' Equity at 31 March 2009	**117,136**

17.2 Movement in Public Dividend Capital

	£000
Public Dividend Capital at 1 April 2008	**85,794**
New Public Dividend Capital	**0**
Public Dividend Capital at 31 March 2009	**85,794**

17.3 Movements on Reserves

Movements on reserves in the year comprised the following:

	Revaluation Reserve £000	Donated Asset Reserve £000	Income and Expenditure Reserve £000	**Total £000**
At 1 April 2008	**13,338**	**7,553**	**9,385**	**30,276**
Transfer from the income and expenditure account	0	0	3,390	**3,390**
Fixed Asset Impairments	0	0	0	**0**
(Deficit)/Surplus on other revaluations of fixed assets	(2,653)	269	0	**(2,384)**
Transfer of realised profits to the income and expenditure reserve	0	0	0	**0**
Receipt of donated granted assets	0	668	0	**668**
Transfers to the income and expenditure account for depreciation, impairment, and disposal of donated/government granted assets	0	(608)	0	**(608)**
Other transfers between reserves	(2,564)	0	2,564	**0**
At 31 March 2009	**8,121**	**7,882**	**15,339**	**31,342**

18. Notes to the cash flow Statement

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

	2008/09 £000	Five Months 2007/08 £000
Total operating surplus	**6,375**	1,720
Depreciation and amortisation charge	**7,451**	2,895
Transfer from donated asset reserve	**(608)**	(252)
(Increase)/Decrease in stocks	**(27)**	129
(Increase)/Decrease in debtors	**(4,473)**	248
Increase in creditors	**1,157**	2,100
(Decrease)/Increase in provisions	**(44)**	57
Net cash inflow from operating activities	**9,831**	6,897

18.2 Reconciliation of net cash flow to movement in net funds

	2008/09 £000	Five Months 2007/08 £000
(Decrease)/Increase in cash in the period	**(7,967)**	4,205
Change in net funds resulting from cash flows	**(7,967)**	4,205
Net funds at 1 April 2008	**9,801**	5,596
Net funds at 31 March 2009	**1,834**	9,801

18.3 Analysis of Changes in Net Funds

	at 1 April 2008 £000	Cash changes in period £000	at 31 March 2009 £000
Cash at commercial banks and in hand	**62**	**(40)**	**22**
Cash at OPG (Office of HM General)	**9,739**	**(7,927)**	**1,812**
Net Funds at 31 March 2009	**9,801**	**(7,967)**	**1,834**

19. Capital Commitments

Commitments under capital expenditure contracts at 31 March 2009 were £2,943k (31 March 2008 £91k)

20. Post Balance Sheet Events

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

21. Contingencies

	31 March 2009 £000	31 March 2008 £000
Contingent liabilities	**(52)**	**(38)**
Amounts recoverable against contingent liabilities	**0**	**0**
Net value of contingent liabilities	**(52)**	**(38)**

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.

	2008/09		2007/08	
	Limit	**Utilised**	Limit	Utilised
	£000	**£000**	£000	£000
Prudential borrowing limit set by Monitor	**38,200**	**0**	23,300	0
Working Capital Facility	**13,000**	**0**	13,000	0
	51,200	**0**	36,300	0

	2008/09		2007/08	
	Approved	**Actual**	Approved	Actual
Minimum debt/capital ratio	**0.0**	**0.0**	0.0	0.0
Minimum dividend cover	**3.8x**	**3.8x**	3.1x	3.1x
Minimum interest cover	**0.0**	**0.0**	0.0	0.0
Minimum debt service cover	**0.0**	**0.0**	0.0	0.0
Minimum debt service to revenue	**0.0**	**0.0**	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 as follows::

Income over £1 million

Bournemouth and Poole Primary Care Trust (£106.1 million); Dorset Primary Care Trust (£42.1 million); SW Strategic Health Authority (£5.7 million), Royal Bournemouth and Christchurch NHS Foundation Trust (£3.5 million), Hampshire Primary Care Trust (£3.1 million), Bristol PCT (£1.0 million).

Purchases over £1 million

Royal Bournemouth and Christchurch Hospital Foundation Trust (£3.5 million); Bournemouth & Poole PCT (£1.3 million), NHS Purchasing & Supply Agency (£3.0million); NHS Litigation Authority (£2.1 million), Dorset County Hospital NHS Foundation Trust (£1.4 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.

Debtor Balances over £0.5 million

Royal Bournemouth and Christchurch Hospital NHS Foundation Trust (£0.8 million); Bournemouth & Poole PCT (£2.9 million), Dorset PCT (£2.4 million) .

Creditor Balances over £0.5 million

Royal Bournemouth and Christchurch Hospital NHS Foundation Trust (£1.6 million),.

24. Private Finance Transactions

PFI schemes deemed to be off-balance sheet

Re Staff Residences

£275k 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 £101k during the next year in respect of a PFI scheme that is expected to expire in approximately 12 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

£25k 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 10 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 26 and 29 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 26 and 29 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.

The Foundation Trust's financial assets and liabilities are valued at amortised cost and these are the only type of financial instrument held.

Market Risk

Market risk is the possibility that financial loss might arise as a result of changes in such measures as interest rates and stock market movements. Market risk comprises three types of risk, where the fair value or future cash flows could fluctuate because of movements in the underlying Interest rate risk, Currency risk; and Price risk

Interest rate risk:
The Foundation Trust holds short term investments with major UK banks and building societies and short-term bank deposits. Other than these short term investments and cash balances, the Foundation Trust's financial assets and liabilities carry nil or fixed rates of interest and the Foundation Trust's income and operating cash-flows are substantially independent of changes in market interest rates.

Currency risk
The Foundation Trust's transactions are all undertaken in sterling and so it is not exposed to foreign exchange risk.

Price risk
The Foundation Trust has got a number of contractual arrangements which are linked to the UK Retail Price Index (RPI). As such the Foundation Trust is exposed to price risk in line with movements in the UK economy.

Credit Risk

Credit risk is the possibility that other parties might fail to pay amounts due to the Foundation Trust. Credit risk arises from deposits with banks as well as credit exposures to the Foundation Trust's debtors. The Foundation Trust's cash assets are held with Barclays Bank plc and the Office of the Pay Master General. Additionally the Foundation Trust invests surplus cash with an approved panel of major UK banks and building societies for periods up to three months. The panel of banks complies with Monitor's strict criteria for investments. An analysis of the ageing of debtors and provision for impairment can be found at Note 13.1 "Debtors".

As set out in Note 18.3, £1,812k of the Trust's cash deposits is held with the Office of the Paymaster General. As disclosed in Note 14, £10,000k is held in the form of short term investments. These investments are held with Nationwide Building Society (£2,500k); Barclays Bank plc (£2,500k); Lloyds TSB (£2,500k); Alliance & Leicester (£2,500k). All of these short term investments mature on 4 June 2009. The Foundation Trust is satisfied that there is no material exposure to credit risk in respect of cash deposits or short term investments.

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 Foundation Trust also largely finances its capital expenditure from funds generated from its activities. The NHS Foundation Trust is not, therefore, exposed to significant liquidity risks.

25.1 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 2009.

	Loans and Receivables	
	31 March 2009	31 March 2008
	£000	£000
Financial assets		
Cash	**1,834**	9,801
Current Asset Investments	**10,000**	0
NHS Debtors	**7,775**	3,820
Accrued Income	**205**	191
Other Debtors	**1,092**	1,200
Total	**20,906**	**15,012**

The following are not considered to be financial instruments under UK GAAP and therefore have been excluded from the above table:
- The NHS Injury Cost Recovery Scheme amounting to £1,902k (2007/08 £1,620k).
- Prepayments amounting to £597k (2007/08 £326k).

	Other Financial Liabilities	
	31 March 2009	31 March 2008
Financial liabilities		
NHS Creditors	**2,841**	3,507
Accruals	**4,284**	5,057
Capital Creditors	**681**	1,907
Other Creditors	**5,896**	3,759
Total	**13,702**	**14,230**
Provisions under contract (see Note)	**476**	363
Total	**14,178**	**14,593**

The following are not considered to be financial instruments under GAAP and therefore have been excluded from the above table:
- Deferred Income amounting to £389k (2007/08 £nil).
- Other Tax and Social Security Costs amounting to £2,718k (2007/08 £2,473).
- Provisions not under contract amounting to £96k (2007/08 £245k).
- Creditors due over one year amounting to £20k (2007/08 £23k).

Note -Fair value is not significantly different from book value, in the calculation of book value, the expected cash flows have been discounted by the Treasury discount rate of 2.2% in real terms.

26 Third Party Assets

The Trust held £27k cash at bank and in hand at 31 March 2009 (£7k - at 31 March 2008) 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	6,449	0	4,324	0
Balances with Local Authorities	0	0	10	0
Balances with NHS Trusts and Foundation Trusts	1,622	0	2,244	0
Balances with bodies external to Government	2,392	1,108	10,329	20
At 31 March 2009	**10,463**	**1,108**	**16,907**	**20**
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 bodies external to Government	2,322	711	9,629	23
At 31 March 2008	6,447	711	16,973	23

28 Losses and Special Payments

There were 106 cases of losses and special payments totalling £127k during the period 1 April 2008 to 31 March 2009.

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.

Auditor's opinion

Independent Auditors' Report to the Council of Governors of Poole Hospital NHS Foundation Trust

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

Respective responsibilities of directors and auditors
As explained more fully in the Statement of Accounting Officers' Responsibilities on page 53, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with relevant statute, the Audit Code for NHS Foundation Trusts issued by Monitor and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

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

Opinion on financial statements
In our opinion the financial statements:

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

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

In our opinion

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

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Audit Code for NHS Foundation Trusts requires us to report to you if, in our opinion:

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

Certificate

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

Greg Rubins (Senior Statutory Auditor)

For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Savannah House
3 Ocean Way
Southampton
SO14 3QG

4 June 2009

Note:

The maintenance and integrity of the Poole Hospital NHS Foundation Trust website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

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

Financial report

Charitable income
Total charitable income received during the period amounted to £2,546k and £1,819k was spent.

The balance of funds held at 31 March 2009 totalled £3,713k. This sum includes £192k 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.

	Year to 31 March 2009
	£000
Management costs	6,739
Income	183,478
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

	Year to 31 March 2009	
	Number	£000
Total bills paid in the year	42,892	65,907
Total bills paid within target	38,843	63,001
Percentage of bills paid within target	91%	96%

The Better Payment Practice Code requires the Trust to pay 95% of valid non-NHS invoices by the due date or within 30 days of receipt of goods or a valid invoice, whichever is later. Poole Hospital endeavours to pay small, local suppliers within 10 days.

The Late Payment of Commercial Debts (Interest) Act 1998

No interest was paid in respect of claims under this legislation in the year to 31 March 2009.

Code of Governance Compliance Statement 2008-2009

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

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 Nominations, Remuneration and Evaluations Committee of the Council of Governors has agreed terms of reference which comply with this statement, with the exception of the Executive Director nomination process. The Nominations, Remuneration and Evaluations Committee are 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 Executive Directors (see C.1.9 below).

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 for Executive Director post will be identified as part of the appointment process as established by the Chairman and Non-Executive Directors (see C.1.2 above).

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 contracts and subject to annual performance appraisal. The Board will keep under review whether it wishes to alter these arrangements.

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.

Statement on Internal Control 2008-2009

Poole Hospital NHS Foundation Trust

1. Scope of responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the 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

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

- identify and prioritise the risks to the achievement of the policies, aims and objectives of Poole Hospital NHS Foundation Trust; and
- evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The system of internal control has been in place in Poole Hospital NHS Foundation Trust for the whole of year ended 31 March 2009 and is up to the date of approval of the Annual Report and Accounts.

As an employer with staff entitled to membership of the NHS Pension Scheme, control measures are in place to ensure all employer obligations contained within the Scheme regulations are complied with. This includes ensuring that deductions from salary, employer's contributions and payments into the Scheme are in accordance with the Scheme rules, and that member Pension Scheme records are accurately updated in accordance with the timescales detailed in the Regulations. Annual benefits statements are not issued to individuals.

3. Capacity to handle risk

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

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 is submitted for disseminating down through the organisation.

4. The risk and control framework

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.

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

- Trust wide Adverse Incident Reporting procedure for all staff and a Health Commission survey showed 99% of staff know how to use it. The NPSA national reporting and learning service shows the Trust to be a top performer in reporting incidents;

- risks (corporate, clinical and information governance) and action plans to mitigate risk are discussed at the quarterly performance review meetings led by the Chief Executive involving Care Groups and Directorates;

- 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;

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

- risk being discussed at monthly Care Group/Directorate clinical governance and business meetings;

- 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 Directors' Audit and Governance Committee receive a quarterly report on new red and amber risks. The Clinical Governance Committee discusses relevant clinical risks.

- bi-monthly Health and Safety Committee meetings are held;

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

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

- 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.

The Trust has an Assurance Framework which includes:-

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

- 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;

- key controls & systems are identified and systems and processes are listed that currently help control the risks identified;

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

- 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.

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

- effective use of resources:- The Trust has introduced benchmarking against other organisations and reports the benchmarking to the Board of Directors.

- external communications:- The Trust works well with a number of other organisations but needs to strengthen its interface with Links. This gap will be resolved as Links develop.

- control measures are in place to ensure that all the Trust's obligations under equality, diversity and human rights legislation are complied with.

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

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

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.

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 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

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.

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

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, Information Committee and Risk Management and Safety Committee. Plans to address weaknesses and ensure continuous improvement of the system are in place.

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.

7. Conclusion

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

Mrs Sue Sutherland OBE
Chief Executive

Date: 4 June 2009

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