Poole Hospital NHS
NHS Foundation Trust

Annual Report and Accounts

1 April 2010 to 31 March 2011

'Best patient experience in the UK' – Healthcare Excellence & Leadership Awards 2010

Poole Hospital NHS Foundation Trust
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CHAIRMAN'S STATEMENT

Dame Yvonne Moores, Interim Chairman
Poole Hospital NHS Foundation Trust

I have great pleasure in presenting Poole Hospital NHS Foundation Trust's annual report for 2010/2011.

Last year was one in which Poole Hospital delivered significant achievements and improvements in patient care, despite facing considerable challenges. Throughout the year, a great deal of effort was concentrated on delivering a robust and sustainable financial recovery plan whilst ensuring that high standards of clinical care and patient safety were maintained.

Reshaping services to provide better care for our patients was a priority and the extensive changes required to meet financial stability have resulted in tangible improvements in services at Poole Hospital. Two very good examples of this are the opening of the Rapid Assessment Clinic for Elderly patients (RACE) and Medical Investigations Unit. Both of these innovations were driven forward by clinical staff and are successfully meeting the common aims of preventing avoidable admission to hospital and reducing unnecessary length of stay whilst contributing to financial recovery.

There were many other achievements of which we can be proud.

Poole Hospital was awarded Level 3 status by the NHS Litigation Authority (NHSLA) in recognition of our commitment to patient safety and high standards of risk management.

We were named the best hospital for patient experience in the 2010 Healthcare Excellence & Leadership Awards, and the services the hospital provides have been registered by the Care Quality Commission. The care we give to patients with cancer was also rated the best in the South in the national Cancer Patient Experience Survey.

We scored well in the national patient satisfaction survey and standards of food, hygiene and patient privacy were rated amongst the best in the country by the National Patient Safety Agency. Poole was one of just 40 sites to receive 'excellent' scores in all three areas assessed in the Patient Environment Action Team (PEAT) programme, placing the Hospital in the top 5% in England.

We also strengthened governance arrangements at the hospital and made changes at Board level. This included setting up a new committee to scrutinise quality and safety and making new appointments, including Chris Bown as Chief Executive, Paul Turner as Finance Director, Mary Sherry as Chief Operating Officer and two non-executive Directors, Michael Mitchell and Ian Marshall. We said goodbye to Peter Harvey, who stood down as Chairman after 10 years, in November, and I took up the role of interim Chair on 1 December 2010.

The enormous part which our staff played in delivering the successes of the past year cannot be stated too strongly. The contribution of every member of staff should not be underestimated and the Board and I would like to thank everyone for their tremendous effort in ensuring the continuation of quality services at Poole Hospital.

The next financial year and beyond present further major financial challenges for the hospital and the NHS in general. However, the new and energised NHS landscape also provides a foundation for significant opportunities. Developing partnerships and further transformation of clinical services will be fundamental to achieving future success.

Dame Yvonne Moores

Directors' Report

BACKGROUND INFORMATION

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

NHS Foundation Trusts provide healthcare according to core NHS principles: free care, based on need and not the ability to pay. They are set up as independent, not-for-profit, public benefit corporations and are regulated by Monitor.

Foundation Trusts have greater freedom to develop services in the way that suits local communities and staff. They can decide how to spend their money, borrow capital and generate income, and re-invest any surplus cash on developing new services. They also own their assets. Foundation Trust Board of Directors are held to account by the Council of Governors (CoG) who represent the local community through a membership base made up of local people from the Trust's catchment area and staff. Anyone who is over 12 and resides in Dorset may apply to be a public member of Poole Hospital NHS Foundation Trust. Staff are automatically members unless they choose to opt out.

As a Foundation Trust, Poole Hospital is run by a Board of Directors, made up of Non-Executive and Executive Directors. The Board of Directors give strategic leadership to the Trust and develop its direction and culture whilst ensuring it complies with its Terms of Authorisation.

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 are responsible to the membership for; representing the interests of members, the appointment and removal of the chairman and non-executive directors, influencing the plans and priorities of the Trust; and monitoring the performance of the Trust against its strategic direction and targets.

The Chairman chairs both the Board of Directors and the Council of Governors.

Full details of the Board of Directors and Council of Governors are contained in separate sections of the annual report.

HIGHLIGHT OF THE YEAR

Enhanced recovery initiative earns recognition

A Poole Hospital initiative that has led to dramatic improvements in patients' recovery after surgery received national recognition at the 2011 Patient Safety Awards. The Poole Enhanced Recovery Programme (ERP) for Colorectal Surgery was shortlisted in the surgical category of the HSJ/Nursing Times Patient Safety Awards. ERP has been a huge success at Poole, and has contributed to a significant reduction in the length of time patients have to stay in hospital.

ABOUT US

Poole Hospital NHS Foundation Trust is an acute general hospital, mainly serving the 272,000 people living in Poole, East Dorset, and Purbeck.

Poole Hospital is the trauma centre for East Dorset, with a 24-hour major Accident and Emergency Department. In addition, we provide a broad range of district hospital care and a number of core services - ear, nose & throat, child health and maternity - for a wider catchment area, including Bournemouth and Christchurch. The Hospital also provides specialist services, such as oral surgery and neurological care, for the whole of Dorset and is the Cancer Centre for Dorset.

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

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

Last year Poole Hospital employed more than 3,000 (WTE) staff and has some 300 volunteers, who work across the Hospital in a range of settings.

Our annual turnover for 2010/11 was almost £189 m.

Last year we treated:

- 48,038 inpatients, including maternity cases
- 19,278 day patients
- 73,741 new outpatients
- 122,355 follow-up appointments
- 59,582 people attended our Emergency Department
- 4,670 babies were delivered

The Poole Approach:

Friendly, professional, patient-centred care with dignity and respect for all

This means we:

- Listen to our staff, patients and the public
- Give information that is relevant and accessible
- Safeguard patient privacy, confidentiality and choice
- Welcome and involve families, carers and friends to participate in care
- Treat each other with respect and consideration
- Value and benefit from diversity in beliefs, cultures and abilities
- Continually improve the quality of our services by learning from what we do
- Take responsibility and are accountable for our own actions
- Expect staff and patients to take their share of responsibility for their own health
- Work with and support all organisations that are committed to promoting the health of local people

PERFORMANCE

- Best hospital for patient experience in the 2010 Healthcare Excellence & Leadership Awards
- Triple 'excellent' NPSA rating for food, hygiene and patient privacy
- Best hospital in the South of England for cancer care
- Delivered key targets for access to care and waiting times
- Improvements in a range of service quality indicators

The financial year 2010/11 was one of strong performance against the national targets for patient access, improving the quality of services and the patient experience.

We met the 18 week referral-to-treatment target and continued to maintain the accident and emergency waiting time targets at 98% (against a revised national standard of 95%). We are well placed in our performance against the new quality standards that will apply to A&E for 2011/12. Please refer to page 69 within the Quality Report section for more information on our performance against key targets and standards.

Our commitment to quality was underlined during the year by our performance in several national surveys. The Hospital ranked in the top 5% in England for standards of food, hygiene and patient privacy in the PEAT findings, published in July by the National Patient Safety Agency, and was named the best in the UK for Patient Experience in the 2010 national HEAL (Healthcare Excellence and Leadership) Awards, voted for by patients, the public and NHS staff.

Standards of care at the Hospital's Dorset Cancer Centre were also rated amongst the best in the UK. Poole ranked best in the South in the 2010/11 Cancer Patient Experience Survey, which measured patients' experiences while being treated at hospital, for example: whether they were given the right emotional support; whether standards of communication were as expected; the quality of consultations; and the information given at discharge. The Hospital ranked 7th overall in the UK for the care and support offered to patients.

Whilst the quality of our care remained high throughout the year, the independent regulator of NHS Foundation Trusts, Monitor, found us in breach of our terms of authorisation in 2010/11 due to our financial performance in 2009/10.

To return the hospital to financial health, a Financial Recovery Plan (FRP) was developed, identifying opportunities for cost efficiencies whilst maintaining standards of care. A range of successful initiatives were introduced as part of the programme, including the creation of a Rapid Assessment Consultant Evaluation (RACE) Unit for older people, an improved same-day admissions service and the development of our Medical Investigations Unit. Initiatives such as these resulted in a reduction in unnecessary length of stay for many patients, and allowed us to reduce the number of inpatient beds required within the Hospital. The total number of inpatient beds within the Trust was subsequently reduced by 108 during the year.

Staffing arrangements across the Trust were also reviewed as part of the Financial Recovery Plan, with a particular focus on a reduction in agency costs and the redeployment of staff into areas where services needed to be strengthened. This resulted in a reduction of 200 whole-time-equivalent posts over the year, but only three compulsory redundancies. Pay costs were subsequently reduced by almost £4 million. Significant savings were also made in procurement and administration.

The Financial Recovery Plan was successful in delivering savings of £6.5 million and improving cash balances by March 2011, which was in line with the plan submitted to Monitor, the Trust's regulator.

HIGHLIGHT OF THE YEAR

Cardiologists named 'Scientific Investigators of the Year'

A Poole Hospital Cardiology Consultant and his research fellow were named 'Scientific Investigators of the Year' in recognition of their groundbreaking research into the link between heart problems, diabetes and hypoglycaemia (low blood sugar).

Professor Kim Greaves and Dr Omar Rana were awarded the prestigious title by the British Society of Echocardiography, after designing a study to measure blood supply to the heart under low blood sugar conditions in chronically ill hospital patients and people with diabetes.

FUTURE DEVELOPMENTS

Poole Hospital is currently reviewing its strategic direction in the light of the challenges and opportunities presented by the changes set out in the new NHS White Paper 'Excellence and Equity: Liberating the NHS'. This review will be concluded during 2011/12 and will take account of the significant economic challenges and structural changes facing the NHS. The Trust has five supporting strategic goals which will guide the development of the strategy. These are:

- Deliver the highest possible standard of patient-centred healthcare and contribute to improving the health and wellbeing of the population
- Provide a range of high quality NHS health services in the hospital and community
- Employ and engage a highly motivated, appropriately skilled workforce, seeking to improve employee satisfaction
- Involve patients, the public and partners in developing patient-centred seamless services
- Maintain financial viability

For 2011/12 investments have been agreed to strengthen staffing in maternity services, acute medicine, general surgery, histopathology and trauma. In addition, a range of improvements will be made to the St Mary's Maternity Hospital and the main hospital site, as well as investments in medical equipment and information technology.

HIGHLIGHT OF THE YEAR

Screening service celebrates 20 years with digital launch

A new state-of-the-art digital screening service was officially launched at Poole Hospital's Dorset Breast Screening Unit in June 2010, meaning improved image quality and a faster, more efficient service for the 98,000 Dorset women currently eligible for screening. The launch event, which also marked the 20th anniversary of the Dorset Breast Screening Unit (DBSU), was attended by best-selling crime writer Minette Walters.

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, with 85% of inpatient admissions being unplanned care
- Excellent reputation with patients
- Growing catchment population
- Positive working relationships with our PCTs, local stakeholders and primary care providers
- A strong track record of clinical performance

The Trust faced considerable financial challenges in 2009/10 which led to a deficit that resulted in Monitor, the independent regulator of NHS Foundation Trusts, declaring that the organisation was "in significant breach of its authorisation".

In response, under the leadership of a new Chief Executive, a Financial Recovery Plan (FRP) was established. The FRP required significant change in service delivery, structures, financial controls and processes to take place across the Trust and this was successfully delivered against the 2010/11 FRP submitted to the regulator Monitor. This has strengthened the Trust's position for the challenges it faces in the future.

The next financial year, 2011/12, and beyond present further major financial and service delivery challenges for both the Trust and the wider health economy. The delivery of further cost reductions during 2011/12 will be critical to ensuring a strong future for the Trust's services in a challenging economic environment. However, the new and energised NHS landscape also provides a foundation for significant opportunities. Developing strong partnerships, delivering clinical redesign and service reconfiguration will be fundamental to achieving future success.

For more information about Poole Hospital NHS Foundation Trust please visit our website at **www.poole.nhs.uk**

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 Group and is scrutinised by the Audit and Governance Committee.

We have a risk management team with leads for clinical risk, health and safety and non-clinical risk. Across the Trust there are risk management leads in each clinical division and directorate. There is a robust assessment of risks to the organisation, which are recorded on a live risk register which is reviewed regularly by a risk review group. The Risk Register is reported to the Board of Directors, Audit & Governance Committee and the Quality Safety Committee.

The key corporate risks are reported to and reviewed by the Board of Directors. 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 clinical risks to the Quality and Safety Committee. The Risk Management and Safety Committee reviews all new risks on a monthly basis. Risks to our corporate objectives are highlighted in the Assurance Framework and any gaps in assurance identified.

The approach to risk was validated by the National Health Service Litigation Authority during its assessment of the Trust in May 2010. The Trust achieved the highest level of accreditation at this assessment.

The main risks to the Poole Hospital last year outlined in our Assurance Framework related to:

- Financial risk of Trust not achieving the Financial Recovery Plan
- Infection outbreak
- Failure to meet national targets
- Delayed discharges/transfers of care
- High activity/numbers of patients due to demand
- Capacity to be able to make change
- Workforce recruitment and retention
- Achievement of challenging savings targets
- Dependency/acuity of patients presenting

The Trust has successfully mitigated these risks and although not all have been closed, many have had the level of risk reduced.

HIGHLIGHT OF THE YEAR

Risk management award reflects patient safety

Poole Hospital was awarded Level 3 status by the NHS Litigation Authority (NHSLA) in recognition of the Trust's commitment to patient safety and high standards of risk management. The NHSLA is a Special Health Authority which handles negligence claims and works to improve risk management practices in the NHS. The Trust was assessed during a two-day visit against the Level 3 NHSLA Risk Management Standards. The pass mark for achieving compliance with the 50 standards is 40, and the Hospital passed 46/50 of the standards to achieve Level 3 status.

STAFF SICKNESS

In 2010/11 the Trust set a challenging sickness absence target of <=3.5%. At year end this had been narrowly missed at 3.57%. This is the second lowest year end rate recorded since at least 2002 (3.55% was achieved in 2004/05) and significantly below the 3.92% recorded in 2009/10.

The table below shows the rates experienced month by month during 2010/11. The highest rates were recorded during the autumn and winter, which follows the normal pattern. The Trust was significantly affected by the influenza outbreak in December 2010 and January 2011.

Apr-10	May-10	Jun-10	July-10	Aug-10	Sept-10	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11	Year End
%	%	%	%	%	%	%	%	%	%	%	%	%
3.50	3.60	3.17	3.19	2.95	3.44	3.58	3.73	4.35	4.12	3.69	3.51	3.57

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.

RELATIONSHIPS

Poole Hospital has robust working relationships with each of its two main commissioning Primary Care Trusts (PCTs): 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. With the development of GP commissioning consortia, the Trust will be continuing to build on its good relationship with primary care throughout 2011/12.

We enjoy good relationships with NHS South West, other local NHS organisations, the voluntary sector and our local politicians. 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. Each of the three local authorities, two PCTs and Bournemouth University have an appointed governor to the Foundation Trust.

HIGHLIGHT OF THE YEAR

Sudanese Health Minister visits Poole

Poole Hospital was delighted to welcome the Honourable Dr Luka Monoja, the Minister of Health for Southern Sudan, along with the newly appointed Director of Medical Education for Southern Sudan, Dr Louis Danga, for a visit in 2011. The Minister and his team met members of the Hospital Board and held discussions on sustaining and developing the Poole Africa Link, which aims to provide much-needed support and training to the hospital in Wau, Southern Sudan.

CONSULTATION

No formal consultations were held last year.

Governance and Membership Report

GOVERNANCE AND MEMBERSHIP REPORT

INTRODUCTION

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 setting and achieving the long tem strategic goals and key objectives of the Foundation Trust and ensuring that it meets its terms of authorisation.

The Council of Governors (CoG) is made up of 14 Public Governors 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 responsible for ensuring that the Foundation Trust responds to the needs and preferences of stakeholders. Whilst not involved in the day-to-day running of the Trust, Governors provide an essential link between our Board of Directors, which is responsible for overseeing the delivery of services, its members (who are the local owners of the Trust) and the community served by the Trust.

BOARD OF DIRECTORS

The Board of Directors is made up of full-time Executive Directors and part-time Non-Executive Directors. The Board usually 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, other than that during periods when vacancies have arisen.

The performance of individual directors is evaluated by annual appraisal. Evaluation of the Board and its committees is undertaken annually and by external review regularly. If required, the Non-Executive Directors may be removed by agreement at a general meeting of the Council of Governors.

During the year the external assessors presented to the Board of Directors a Board Evaluation and Governance Review. The outcome focused on the need of the Board to review and strengthen its governance arrangements.

In the latter part of the year, the Board discussed and reviewed its governance arrangements through Board development seminars. The terms of reference for the Audit & Governance and Finance & Investment Committees were updated and a new committee, the Quality & Safety Committee, met for the first time in January 2011.

The Trust has a formal engagement document which sets out how the Board of Directors works with the Council of Governors to ensure the directors have an understanding of the views of governors and members and is invited to the Council of Governor meetings. The document underlines the importance of frequent informal communication in building a positive and constructive relationship, and outlines formal communication methods and can be found on our website:

http://www.poole.nhs.uk/about_us/foundation_trust_governance_arrangements/documents/D7-BoardPolicyforengagementwithCoG2010.pdf

Communications between the Council of Governors and the Board of Directors may occur with regard to, but shall not be limited to:

- The Board of Directors' proposals for the strategic direction of the Trust and the annual plan
- The Board of Directors' proposals for developments
- Trust performance
- Involvement in service reviews and evaluation relating to the Trust's services.

HIGHLIGHT OF THE YEAR

New palliative care area opens for children

A new palliative care area was officially opened in Poole Hospital's Children's Unit thanks to generous support from members of the local community. The area – named 'Gully's Place' after its major benefactor, Diane Gulliford – will provide specially tailored accommodation for children who stay in hospital during the terminal stages of illness. It will provide patients and their families with a comfortable, private space in which they can spend time together.

MEMBERS OF THE BOARD OF DIRECTORS ARE:

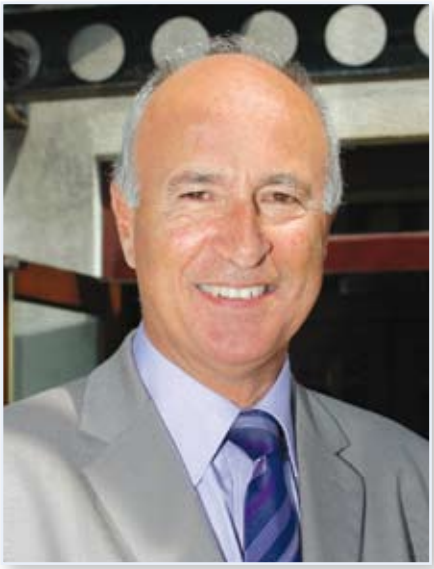
- Peter Harvey - Chairman (until 30 November 2010)
- Dame Yvonne Moores (Vice Chair and Interim Chair from 1 December 2010)

NON-EXECUTIVE BOARD MEMBERS:

- Elizabeth Hall (re-appointed for a temporary extension in January 2011)
- John Knowles (Senior Independent Director until 31 January 2011 and Vice Chairman until 30 November 2010)
- Dame Yvonne Moores (to 30 November 2010 as Non-Executive Director. Vice Chair and Interim Chair from 1 December 2010)
- Charles Cunningham (until 30 June 2010)
- Jean Lang (re-appointed for three years from 1 December 2010)
- Guy Spencer (Senior Independent Director from 1 February 2011)
- Michael Mitchell (from 1 November 2010)
- Ian Marshall (1 February 2011)

EXECUTIVE MEMBERS:

- Mr Chris Bown (Chief Executive)
- Philip James (Director of Human Resources)
- Heather Hauschild (Director of Operations until 3 October 2010)
- Robert Talbot (Medical Director)
- Martin Smits (Director of Nursing and Patient Services)
- Andrew Goodwin (Acting Director of Finance and Information until 12 July 2010)
- Martin Sheldon (Interim Director of Finance from 13 July 2010 to 12 September 2010)
- Gill Christian (Acting Chief Operating Officer from 4 October 2010 to 9 January 2011)
- Paul Turner (Director of Finance from 13 September 2010)
- Mary Sherry (Chief Operating Officer from 10 January 2011)



Peter Harvey DL
Chairman

Peter was appointed as Chairman of Poole Hospital NHS Trust in 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: 1 December 2000
Date of Termination: 30 November 2010

Elizabeth Hall
Non-Executive Director

(Chairman of the Finance & Investment Committee to 31 January 2011)

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 January 2011 (A temporary extension was provided in January 2011 by the Council of Governors for no longer than 12 months) – date of expiry to be determined

John Knowles
Senior Independent Director and Vice Chairman

John is Chairman of DEK Printing Machines Ltd, Weymouth, a global supplier of capital equipment used in the electronics assembly industry. DEK employ over 800 staff in some 17 offices around the world. Before joining DEK over 30 years ago he worked for Shell Mex & BP Ltd and following that, completed a Short Service Commission with the Royal Artillery. He has attended Leeds and Stanford Universities and 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 Termination: 31 January 2011

Dame Yvonne Moores
Non-Executive Director/Interim Chair
(Chairman of the Quality and Safety Committee)

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 2013

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 Termination: 30 June 2010

Jean Lang DL
Non-Executive Director
(Chairman of the Audit and Governance Committee)

Jean is a solicitor in private practice in Dorchester. She was a Non-Executive Director of the South West Dorset Primary Care Trust from 2001 to 2006. She was also a member of the Dorset Police Authority between 1996 and 2007 and Chairman of its Audit and Performance Review Committee since 1998. Jean is a part-time Tribunal 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 2013

Guy Spencer

Non-Executive Director/Senior Independent 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.

Guy lives in Broadstone.

Date of Appointment: 25 April 2008
Date of Expiry: 24 April 2011

Michael Mitchell

Non-Executive Director (Chairman of the Finance and Investment Committee from 1 February 2011)

Michael was Chief Executive of the department store group Beale plc from 1982 to 2002. Since 2002 he has been a non-executive director and consultant in both the private and public sectors. Currently he is a Poole Harbour Commissioner, a Director of Old and Campbell ltd and Chairman of Goulds (Dorchester) ltd.

Michael lives in Bournemouth.

Date of Appointment: 1 November 2010
Date of Expiry: 31 October 2013

Ian Marshall

Non-Executive Director

Ian is a chartered accountant and has worked in industry, banking and insurance for the 40 years, moving to non-executive director roles in the mid 1990s. He is currently Chairman of a Lloyds of London insurance syndicate which insures marine, energy, professional liability and other commercial risks. In 2008 he was appointed as a senior advisor to the Financial Services Authority, where he advises on Board and Governance matters. Apart from commercial appointments, Ian is Honorary Treasurer and Council Member of the children's charity Barnardos and an active worker with two microfinance charities in Malawi, where he visits twice a year.

Ian lives in Poole with his wife and has four grown-up children.

Date of Appointment: 1 February 2011
Date of Expiry: 31 January 2014

Chris Bown
Chief Executive

Chris has a wealth of experience in the management of NHS acute hospitals. Prior to taking up his appointment at Poole Hospital, he was Chief Executive at West Suffolk Hospital NHS Trust in Bury St Edmunds. Previously Chris worked as Director of Operations at Birmingham Children's Hospital and in London teaching hospitals. He has Board-level experience in the management and development of clinical services, facilities and estates, business, strategic and capital planning, commissioning and human resource management.

Chris was born in Dorset and has strong family ties in the area.

Date of Appointment: 1 April 2010

Martin Smits
Director of Nursing and Patient Services

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

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

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 to 3 October 2010

Philip James
Director of Human Resources

Philip joined the Trust in December 2009 having previously been Associate Director of Human Resources at Hinchingbrooke Health Care NHS Trust, assisting with the financial turnaround, and Assistant Director of Human Resources at Peterborough and Stamford Hospital NHS Foundation Trust. His experience comprises 20 years in a number of operational HR and OD roles in the NHS working across a number of acute district general hospitals after commencing his career in the private sector.

Over the last 10 years, Philip has worked with the Local Education Authority as a nominated Governor, with the last eight years as Chairman and Vice-Chairman for the governing body of a local Church of England Primary School.

Date of Appointment: 1 December 2009

Paul Turner
Director of Finance

Paul joined the Trust in September 2010. He is a qualified Chartered Accountant (FCA) who has been an executive director within the NHS for 18 years, including 13 years as Director of Finance of four different acute trusts and five years as Chief Executive of a Community Trust / Primary Care Trust. Before joining the NHS Paul worked in the private sector, including six years as a management consultancy for one of the major international accountancy firms.

Date of Appointment: 13 September 2010

Mary Sherry
Chief Operating Officer

Mary joined the NHS in 1986, working in general management across a range of specialties at Kingston Hospital and St George's Hospital over the following 10 years. She went on to undertake a number of corporate roles at Surrey & Sussex NHS Trust and Portsmouth Hospitals NHS Trust, focusing on service redesign, reducing waiting times, working closely with hospital clinicians, GPs and partner organisations to review and improve pathways for patients. At Portsmouth as Head of Operations, and subsequently Associate Director, she led the operational planning of the three sites into one reconfiguration and new build project which was completed in 2009. She was subsequently appointed as Director at Queen Victoria Hospital Foundation Trust, leading the development of their transformation plan.

Date of Appointment: 10 January 2011

Martin Sheldon
Interim Director of Finance

Martin brought strong financial and recovery experience to the Trust, gained in the public and private sector from previous Financial Director roles and external consultancy.

Date of Appointment: 13 July to 12 September 2010

Andrew Goodwin
Acting Director of Finance and Information

Andrew is a qualified accountant. He undertook his training with GEC and has 20 years post-qualification experience in industry, the public sector and the NHS.

He has been South West Branch Secretary of the Healthcare Finance Managers' Association (HFMA) since 2000 and received the HFMA Special Recognition Award in 2009. Andrew lives in Bournemouth

Date of Appointment: 19 March to 12 July 2010

Gill Christian
Acting Chief Operating Officer

Gill joined Poole Hospital in 1989 having previously undertaken a variety of operational roles in acute, community and mental health services across the Midlands. Her roles within the Trust have included planning, contracting and organisational development. For the last seven years, Gill has been Associate Director of Operations for the Medical Clinical Care Group at Poole Hospital.

Date of Appointment: 4 October 2010 to 9 January 2011

REGISTER OF BOARD OF DIRECTORS' INTERESTS

As at 23 February 2011, the following interests were declared by the directors of Poole Hospital NHS Foundation Trust:

Chris Bown Chief Executive	Nil
Elizabeth Hall Non-Executive Director	Nil
Jean Lang Non-Executive Director	Nil
Philip James Director of Human Resources	Nil
Ian Marshall Non-Executive Director	Non-Executive Director – Barnardos (Honorary Treasurer) Non-Executive Director – Micro Enterprise Africa Limited Director – Markel Syndicate Management Limited Director – Markel International Insurance Company Limited Director – Ian Marshall Limited Son works in Healthcare Information Technology
Michael Mitchell Non-Executive Director	Non-Executive Director – Goulds (Dorchester) Ltd Non-Executive Director – Old & Campbell Ltd Non-Executive Director – Poole Harbour Commissioners Acts as a Consultant to Capiro Ltd Trustee – JE Beales Retirement Benefit Scheme
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 Non majority Shareholder in Glaxo SmithKline Non majority shareholdings in Source BioServices
Mary Sherry Chief Operating Officer	Nil
Martin Smits Director of Nursing & Patient Services	Ex-Officio Member – Poole Hospital League of Friends Doctoral Student at University of Brighton Wife is a nurse at Royal Bournemouth & Christchurch Hospitals NHS Foundation Trust
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
Robert Talbot Medical Director	Wife is a nurse at Poole Hospital
Paul Turner Director of Finance, Information & Estates	Nil

In compliance with paragraph C.1.13 of the Monitor Code of Governance for 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 did not affect the effectiveness and impartiality of the Board and therefore all the non-executive directors are determined as independent.

Arrangements for the termination of appointment of a Non-Executive Director are set out in the Trust's constitution.

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

The Chairman has no other significant commitments.

ATTENDANCE AT BOARD OF DIRECTORS' MEETINGS 2010/11

NAME OF COMMITTEE:	BOARD OF DIRECTORS												
	Meeting Dates												
	April 2010	May 2010	3 June 2010[1]	June 2010	July 2010	August 2010	September 2010	October 2010	December 2010	5 January 2011*	January 2011	February 2011	March 2011
PETER HARVEY Chairman	✔	✔	✔	✔	✔	✔	✔	✔					
CHRIS BOWN Chief Executive	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔
GILL CHRISTIAN Interim Chief Operating Officer							✔	✔	✔	✔	✔		
CHARLES CUNNINGHAM Non-Executive Director	✔	✔	✔										
ANDREW GOODWIN Acting Director of Finance	✔	✔	✔	✔									
ELIZABETH HALL Non-Executive Director	✔	✔	✔	✔	✔	✗	✔	✔	✔	✔	✔	✗	✗
HEATHER HAUSCHILD Director of Operations	✔	✔	✗	✔	✔	✔	✔						
PHILIP JAMES Director of HR	✔	✔	✗	✔	✔	✔	✔	✗	✗	✗	✗	✗	✗
JOHN KNOWLES Vice Chairman/ SID	✔	✗	✔	✔	✗	✗	✔	✔	✗	✗	✗		
JEAN LANG Non-Executive Director	✔	✔	✔	✔	✔	✔	✔	✔	✗	✔	✔	✔	✔
IAN MARSHALL Non-Executive Director												✔	✔
MICHAEL MITCHELL Non-Executive Director								✔	✔	✔	✔	✔	✔
YVONNE MOORES Non-Executive Director/ Vice Chairman	✔	✔	✔	✔	✔	✔	✗	✔	✔	✔	✔	✔	✔
MARTIN SHELDON Interim Director of Finance					✔	✔							
MARY SHERRY Chief Operating Officer											✔	✔	✔
MARTIN SMITS Director of Nursing	✔	✔	✗	✔	✔	✔	✔	✗	✔	✔	✔	✔	✔
GUY SPENCER[2] Non-Executive Director/SID	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔
ROBERT TALBOT Medical Director	✗	✔	✔	✔	✔	✔	✔	✗	✔	✔	✔	✔	✔
PAUL TURNER Director of Finance							✔	✔	✔	✔	✔	✔	✔
Was the meeting quorate? (Please refer to terms of reference) Y / N	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y

[1] Extra Part 2 meeting, [2] Guy Spencer was elected as SID from 1 February 2011, * Special Meeting

AUDIT AND GOVERNANCE COMMITTEE

Chair: Jean Lang, Non-executive Director

The Audit and Governance Committee, which consists of the four 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
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.

ATTENDANCE AT AUDIT AND GOVERNANCE COMMITTEE 2010/11

NAME OF COMMITTEE:	AUDIT AND GOVERNANCE COMMITTEE				
REPORTS TO:	**BOARD OF DIRECTORS**				
Membership (as per Terms of Reference)	**Meeting Dates**				
	June 10	September 10	November 10	January 11*	March 11
JEAN LANG Chairman	✔	✔	✔	✔	✔
CHARLES CUNNINGHAM Non-Executive Director	✔	✗			
ELIZABETH HALL Non-Executive Director	✔	✗	✔	✔	✔
JOHN KNOWLES Non-Executive Director	✔	✗	✔		
MICHAEL MITCHELL Non-Executive Director			✗		
DAME YVONNE MOORES Non-Executive Director	✔	✔	✔	✗	✗
GUY SPENCER Non-Executive Director	✔	✔	✔	✔	✔
IAN MARSHALL Non-Executive Director					✔
In attendance:					
PETER HARVEY (Trust Chairman)	✔	✗	✗		
YVONNE MOORES (Interim Chair)				✗	✗
Executive Directors/Deputies	4	2	5	4	2
*External Audit**	2	1	2	1	2
Internal Audit	2	2	1	2	2
Counter Fraud	1	1	1	1	1
Was the meeting quorate? Y / N	Y	Y	Y	Y	Y

* Membership of the Committee changed from 01.01.11

= Not applicable as not a member of the committee

FINANCE AND INVESTMENT COMMITTEE

The Finance and Investment Committee is a sub-committee of the Board of Directors.

The committee receives detailed monthly financial reports so that it can ensure the 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 Operating Officer and two other Non-executive Directors. The Chief Executive and Interim Director of Recovery also attended during 2010/11.

Other senior managers may attend on an ad hoc basis as requested by the committee.

The committee meets at least monthly (except in August and December) prior to the Board meeting or more frequently if required.

FINANCE AND INVESTMENT COMMITTEE ATTENDANCE 2010/11

NAME OF COMMITTEE:	**FINANCE & INVESTMENT COMMITTEE**										
REPORTS TO:	**BOARD OF DIRECTORS**										
Membership	**Meeting Dates**										
	April 10	May 10	June 10	July 10	August 10	September 10	October 10	December 10	January 11*	February 11	March 11
CHARLES CUNNINGHAM Committee Chairman & Non-Executive Director	✔	✔									
CHRIS BOWN Chief Executive	✔	✔	✔	✔	✔	✔	✔	✔			
GILL CHRISTIAN Interim Chief Operating Officer							✗	✔	✔		
ANDREW GOODWIN Acting Director of Finance	✔	✔	✔								
ELIZABETH HALL (chairman) Non-Executive Director	✔	✔	✔	✔	✔	✔	✔	✔	✔		
PETER HARVEY Trust Chairman	✔	✔	✔	✔	✔	✔	✔				
HEATHER HAUSCHILD Director of Operations	✔	✔	✔	✔	✔	✔					
PHILIP JAMES Director of Human Resources	✔	✔	✔	✔	✔	✔	✗	✗			

* Membership of the Committee changed
= Not applicable as not a member of the committee

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FINANCE AND INVESTMENT COMMITTEE ATTENDANCE 2010/11

NAME OF COMMITTEE:	FINANCE & INVESTMENT COMMITTEE										
REPORTS TO:	**BOARD OF DIRECTORS**										
Membership	**Meeting Dates**										
	April 10	May 10	June 10	July 10	August 10	September 10	October 10	December 10	January 11*	February 11	March 11
JOHN KNOWLES Non-Executive Director	✔	✔	✔	✗	✗	✔	✔	✗			
JEAN LANG Non-Executive Director	✔	✔	✔	✔	✔	✔	✔	✗			
IAN MARSHALL Non-Executive Director										✔	✔
MICHAEL MITCHELL Non-Executive Director							✔	✔	✔	✔	✔
DAME YVONNE MOORES Non-Executive Director	✔	✔	✔	✔	✔	✗	✔	✔	✔	✔	✔
MARTIN SHELDON Interim Director of Recovery				✔	✔	✔	✔	✔	✔	✔	✔
MARY SHERRY Chief Operating Officer									✔	✗	✔
MARTIN SMITS Director of Nursing & Patient Services	✔	✔	✔	✔	✔	✔	✗	✔			
GUY SPENCER Non-Executive Director	✔	✔	✔	✔	✔	✔	✔	✔			
ROBERT TALBOT Medical Director	✗	✗	✔	✔	✔	✔	✗	✔			
PAUL TURNER Director of Finance						✔	✔	✔	✔	✔	✔
In attendance:											
Company Secretary	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✗

Was the meeting quorate? (Please refer to terms of reference) Y / N	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y

* Membership of the Committee changed

= Not applicable as not a member of the committee

QUALITY AND SAFETY COMMITTEE

The Quality and Safety Committee is a sub-committee of the Board of Directors and held its first meeting in January 2011 following a review by the Board of the Trust's governance arrangements.

The Committee receives detailed monthly quality and safety reports so that it can ensure that patient safety and quality of services meet registrations and compliance requirements.

Membership of the committee comprises two Non-Executive Directors (one of which chairs the committee), the Director of Nursing and Patient Services, Medical Director, Director of Human Resources and Chief Operating Officer.

The Committee meets monthly (except August and December, 2011 onwards) or more frequently if required.

QUALITY AND SAFETY COMMITTEE ATTENDANCE 2010/11

NAME OF COMMITTEE:	**QUALITY & SAFETY COMMITTEE**		
REPORTS TO:	**BOARD OF DIRECTORS**		
Membership	**Meeting Dates**		
	January 11	February 11	March 11
DAME YVONNE MOORES Chairman Non-Executive Director	✔	✔	**Meeting Cancelled**
GILL CHRISTIAN Interim Chief Operating Officer	✔		
CARRIE GILMORE Interim Director of HR	✔	✔	
JEAN LANG Non-Executive Director	✔	✔	
MARY SHERRY Chief Operating Officer	✔	✔	
MARTIN SMITS Director of Nursing & Patient Services	✔	✔	
ROBERT TALBOT Medical Director	✔	✔	
In attendance:			
Company Secretary	✔	✔	

Was the meeting quorate? (Please refer to terms of reference) Y / N	Y	Y	

APPOINTMENTS COMMITTEE

The Appointment Committee makes the executive appointment to the Board of Directors. It is made up of the Chairman and Non-Executive Directors of the Board of Directors. The Director of Human Resources attends except when his/her own appointment is discussed. The Chief Executive attends except when his/her own appointment is discussed.

The Appointments Committee met on 30 June 2010 to appoint a Director of Finance, on 1 December 2010 to appoint a Chief Operating Officer and 30 March 2011 to extend the appointment of the Medical Director.

Appointments to Executive Director posts are made in open competition and can only be terminated by the Board of Directors.

APPOINTMENTS COMMITTEE ATTENDANCE 2010 – 2011

NAME OF COMMITTEE:	**APPOINTMENTS COMMITTEE**		
REPORTS TO:	**BOARD OF DIRECTORS**		
Membership (as per Terms of Reference)	**Meeting Dates**		
	21 June 2010	15 November 2010	30 March 2011
PETER HARVEY Chairman	✔		
YVONNE MOORES Interim Chair/Non-Executive Director	✔	✔	✔
ELIZABETH HALL Non-Executive Director	✔	✔	✗
JOHN KNOWLES Non-Executive Director	✔	✗	
JEAN LANG Non-Executive Director	✔	✗	✔
IAN MARSHALL Non-Executive Director			✔
MICHAEL MITCHELL Non-Executive Director		✔	✔
GUY SPENCER Non-Executive Director	✔	✔	✔
In attendance:			
CHRIS BOWN Chief Executive	✔	✔	✔
PHILIP JAMES Director of HR	✔	✗	✗
CARRIE GILMORE Interim Director of HR		✔	✔

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 in May 2010, January 2011 and February 2011, attendance is detailed below.

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.

Directors hold substantive contracts with six-month notice periods. Termination payments, if appropriate, would be agreed by the Remuneration Committee with regard to HM Treasury guidance.

Signed: .....

Chris Bown
Chief Executive

Date: 03 June 2011

REMUNERATION COMMITTEE ATTENDANCE 2010/11

NAME OF COMMITTEE:	**REMUNERATION COMMITTEE**		
REPORTS TO:	**BOARD OF DIRECTORS**		
Membership (as per Terms of Reference)	**Meeting Dates**		
	26 May 2010	5 January 2011	23 February 2011
PETER HARVEY – Chairman	✔		
YVONNE MOORES – Interim Chair/ Non-Executive Director	✔	✔	✔
CHARLES CUNNINGHAM – Non-Executive Director	✔		
ELIZABETH HALL – Non-Executive Director	✔	✔	✗
JOHN KNOWLES – Non-Executive Director	✗	✗	
JEAN LANG – Non-Executive Director	✔	✗	✔
IAN MARSHALL – Non-Executive Director			✔
MICHAEL MITCHELL – Non-Executive Director		✔	✗
GUY SPENCER – Non-Executive Director	✔	✔	✔
In Attendance			
CARRIE GILMORE – Interim Director of Human Resources		✔	✔
PHILIP JAMES – Director of HR	✔	✗	✗
CHRIS BOWN – Chief Executive	✔	✔	✔

SALARY AND PENSION ENTITLEMENTS OF SENIOR MANAGERS

	2010-11		
Name and title	Salary (bands of £5000) £000	Other Remuneration (bands of £5000) £000	Benefits in Kind (bands of £100) £100 Note 1
Christopher Bown - Chief Executive (Note 2)	145-150	-	-
Gill Christian - Acting Chief Operating Officer (Note 3)	20-25	-	-
Charles Cunningham - Non-Executive Director (Note 4)	0-5	-	-
Carrie Gilmore - Acting HR Director - non voting (Note 5)	90-95	-	-
Andrew Goodwin - Acting Director of Finance (Note 6)	25-30	-	-
Elizabeth Hall - Non-Executive Director	10-15	-	-
Peter Harvey - Chairman (Note 7)	25-30	-	0-1
Heather Hauschild - Director of Operations (Note 8)	45-50	-	-
Philip James - Director of Human Resources	90-95	-	-
John Knowles - Non-Executive Director (Note 9)	10-15	-	-
Jean Lang - Non-Executive Director	15-20	-	-
Ian Marshall - Non-Executive Director (Note 10)	0-5	-	-
Michael Mitchell - Non-Executive Director (Note 11)	0-5	-	-
Dame Yvonne Moores - Non-Executive Director and Interim Chair (Note 12)	20-25	-	-
Martin Smits - Director of Nursing	90-95	-	-
Martin Sheldon - Interim Director of Finance and Recovery Director (Note 13)	220-230	-	-
Mary Sherry - Chief Operating Officer (Note 14)	20-25	-	-
Guy Spencer - Non-Executive Director	10-15	-	-
Robert Talbot - Medical Director (Note 15)	80-85	80-85	-
Paul Turner - Director of Finance (Note 16)	65-70	-	-

2009-10		
Salary	Other Remuneration (bands of £5000) £000	Benefits in Kind (bands of £100) £100 Note 1
-	-	-
-	-	-
10-15	-	-
-	-	-
0-5	-	-
10-15	-	-
40-45	-	-
90-95	-	-
30-35	-	-
10-15	-	-
15-20	-	-
-	-	-
-	-	-
10-15	-	-
90-95	-	-
-	-	-
-	-	-
10-15	-	-
85-90	85-90	-
-	-	-

Note 1. Benefits in kind relate to the profit element on business mileage claimed.

Note 2. Chris Bown was appointed Chief Executive on 1 April 2010.

Note 3. Gill Christian was Acting Chief Operating Officer from 4 October 2010 to 9 January 2011.

Note 4. Charles Cunningham resigned in 30 June 2010.

Note 5. Carrie Gilmore was Acting Director of Human Resources (non voting) from 9 November 2010 and costs above relate to payments for her services to an employment agency.

Note 6. Andrew Goodwin was Acting Director of Finance to 12 July 2010.

Note 7. Peter Harvey retired on 30 November 2010.

Note 8. Heather Hauschild resigned on 3 October 2010.

Note 9. John Knowles retired on 31 January 2011.

Note 10. Ian Marshall was appointed on 1 February 2011.

Note 11. Michael Mitchell was appointed on 1 November 2010.

Note 12. Dame Yvonne Moores was appointed Interim Chair on 1 December 2010.

Note 13. Martin Sheldon was Interim Director of Finance from 13 July 2010 to 12 September 2010 and Recovery Director from 13 September. Costs above relate to payments made to employment agencies for his services.

Note 14. Mary Sherry was appointed on 10 January 2011.

Note 15. Other remuneration relates to clinical work undertaken during the year.

Note 16. Paul Turner was appointed on 13 September 2010.

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 2011	Cash Equivalent Transfer Value at 31 March 2011	Cash Equivalent Transfer Value at 1 April 2010	Employer Funded Real Increase in Cash Equivalent Transfer Value
	(bands of £2500) £000	(bands of £2500) £000	(bands of £5000) £000	£000	£000	£000
Christopher Bown Chief Executive	7.5-10	27.5-30	212	895	822	73
Gill Christian Acting Chief Operating Officer	0-2.5	0-2.5	161	872	842	1
Andrew Goodwin Acting Director of Finance	0-2.5	0-2.5	79	264	266	1
Heather Hauschild Director of Operations	0-2.5	2.5-5	110	425	447	(22)
Philip James Director of Human Resources	5-7.5	17.5-20	77	258	204	54
Martin Smits Director of Nursing	0-2.5	2.5-5	152	771	816	(45)
Mary Sherry Chief Operating Officer	2.5-5	10-12.5	112	554	523	1
Robert Talbot Medical Director	2.5-5	12.5-15	257	1,498	1,487	11
Paul Turner Director of Finance	0-2.5	5-7.5	119	677	670	7

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

Real Increase in CETV - This reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

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 the Chairman of the Trust, and Guy Spencer, Non-Executive Director, is Senior Independent Director.

The Council has a Lead Governor, Vivien Duckenfield, and a Deputy Chairman of the Council of Governors, James Pride.

During 2010/11 the Council of Governors was made up as follows:

Elected Representatives for Bournemouth:

- Terence Purnell (re-elected from November 2010)
- Brian Newman

Elected Representatives for Poole:

- Emma Chamberlain
- Andrew Creamer
- Vivien Duckenfield, Lead Governor (re-elected from November 2010)
- Richard King (from November 2010)
- James Pride (re-elected from November 2010)
- Elizabeth Purcell (re-elected from November 2010)
- Gerald Rigler
- Erik Warwick-White (until 31 October 2010)
- Sandra Yeoman

Elected Representatives for Purbeck, East Dorset & Christchurch:

- Christopher Archibold
- Geoffrey Carleton
- Rosemary Gould (re-elected from November 2010)

Elected Representative for North Dorset, West Dorset, Weymouth and Portland:

- Isabel McLelllan

Elected Staff Representatives:

- Lynn Cherrett (clinical staff) (re-elected from November 2010)
- Kris Knudsen(clinical staff)
- Sue Power (clinical staff)
- Canon Jane LLoyd (non-clinical staff) (re-elected from November 2010)

Nominated Representatives from Partner Organisations:

- Graham Avis, NHS Dorset (from 1 November 2010)
- Richard Cummins, NHS Dorset (until 31 October 2010)
- Jenny Jenkin, Bournemouth University (from 1 November 2010)
- Cllr David Jones, Dorset County Council (from 19 May 2010)
- Cllr Nicholas King, Bournemouth Borough Council (until 1 February 2011)
- Glyn Smith, NHS Bournemouth & Poole
- Dr Gail Thomas, Bournemouth University (until 31 October 2011)
- Cllr Mike Wilkins, Borough of Poole

Elections

Elections for Governors holding a three-year period of office took place in September 2010.

COUNCIL OF GOVERNORS 2010/11 ATTENDANCE REGISTER

Name	Class	Constituency	Date of appointment
Mr Christopher Archibold	Elected 3 years	Purbeck, East Dorset & Christchurch	01/11/09
Mr Graham Avis	Appointed 3 years	NHS Dorset	01/11/10
Air Vice Marshal Geoffrey Carleton	Elected 3 years	Purbeck, East Dorset & Christchurch	01/05/09
Mrs Emma Chamberlain	Elected 3 years	Poole	01/11/09
Ms Lynn Cherrett	Elected 3 years	Clinical staff	01/11/07
Mr Andrew Creamer	Elected 3 years	Poole	01/11/07
Mr Richard Cummins	Appointed 3 years	NHS Dorset	01/11/07
Mrs Vivien Duckenfield**	Elected 3 years	Poole	01/11/07
Mrs Rosemary Gould	Elected 3 years	Purbeck, East Dorset & Christchurch	01/11/07
Ms Jenny Jenkin	Appointed 3 years	Bournemouth University	01/11/10
Mr David Jones	Appointed 3 years	Dorset County Council	19/05/10
Cllr Nicholas King	Appointed 3 years	Bournemouth Borough Council	01/11/07
Mr Richard King	Elected 3 years	Poole	01/11/10
Miss Kris Knudsen	Elected 3 years	Clinical staff	01/11/09
Canon Jane LLoyd	Elected 3 years	Non-clinical staff	01/11/07
Mrs Isabel McLellan	Elected 3 years	N Dorset, W Dorset, Weymouth & Portland	01/05/09
Mr Brian Newman	Elected 3 years	Bournemouth	01/11/09
Mrs Sue Power	Elected 3 years	Clinical staff	01/11/09
Mr James Pride***	Elected 3 years	Poole	01/11/07
Mrs Elizabeth Purcell	Elected 3 years	Poole	01/11/07
Mr Terence Purnell	Elected 3 years	Bournemouth	01/11/07
Mr Gerald Rigler	Elected 3 years	Poole	01/11/09
Mr Glyn Smith	Appointed 3 years	NHS Bournemouth & Poole	01/11/07
Dr Gail Thomas	Appointed 3 years	Bournemouth University	01/11/07
Mr Eric Warwick-White	Elected 3 years	Poole	01/11/07
Cllr Michael Wilkins	Appointed 3 years	Poole Borough Council	01/08/09
Mrs Sandra Yeoman	Elected 3 years	Poole	01/11/09

** Special Meeting* *** Lead Governor* **** Deputy Chair of Council of Governors*

Details of Governors' declaration of interests can be viewed on our public website: http://www.poole.nhs.uk/about_us/governors/index.asp or contact the Board and Council Administrator, on 01202 442895.

Date of re-appointment	Appointment expires	Meeting dates				
		8 April 10	8 July 10	7 October 10	23 November 10*	6 January 11
	31/10/12	✗	✔	✔	✔	✔
	31/10/13				✔	✗
	30/04/12	✗	✔	✔	✔	✗
	31/10/12	✔	✔	✔	✔	✔
01/11/10	31/10/13	✔	✔	✔	✔	✔
01/11/09	31/10/12	✗	✔	✔	✔	✔
	31/10/10	✔	✔	✔		
01/11/10	31/10/13	✔	✔	✔	✔	✔
01/11/10	31/10/13	✔	✔	✔	✔	✔
	31/10/13				✔	✔
	18/05/13		✔	✔	✗	✗
01/11/10	01/02/11	✗	✔	✗	✗	✗
	31/10/13				✗	✔
	31/10/12	✔	✔	✔	✔	✔
01/11/10	31/10/13	✔	✔	✔	✔	✔
	30/04/12	✔	✔	✗	✗	✔
	31/10/12	✔	✔	✔	✔	✗
	31/10/12	✔	✔	✗	✔	✗
01/11/10	31/10/13	✔	✗	✔	✔	✔
01/11/10	31/10/13	✔	✔	✔	✗	✗
01/11/10	31/10/13	✔	✔	✔	✔	✗
	31/10/12	✔	✔	✗	✔	✔
01/11/10	31/10/13	✔	✔	✔	✔	✔
	31/10/10	✔	✗	✗		
	31/10/10	✔	✔	✗		
	31/07/12	✗	✗	✗	✗	✗
	31/10/12	✔	✔	✔	✗	✔
No. public governors attending		11	13	11	17	10
No. appointed governors attending		3	4	3	2	2
No. staff governors attending		4	4	3	4	3

BOARD MEMBER ATTENDANCE AT THE COUNCIL OF GOVERNORS 2010/2011

	Meeting Dates				
	8 April 10	8 July 10	7 October / AMM	23 November 10*	6 January 11
PETER HARVEY – Chairman	✔	✔	✔	✔	
CHRIS BOWN – Chief Executive	✔	✔	✔	✔	✔
GILL CHRISTIAN – Interim Chief Operating Officer			✗	✗	✗
CHARLES CUNNINGHAM – Non-Executive Director	✗				
ANDREW GOODWIN – Acting Director of Finance	✔				
ELIZABETH HALL – Non-Executive Director	✗	✗	✗	✗	✗
HEATHER HAUSCHILD – Director of Operations	✗	✗			
PHILIP JAMES – Director of HR	✗	✗	✗	✗	✗
JOHN KNOWLES – Non-Executive Director/SID	✗	✔	✗		
JEAN LANG – Non-Executive Director	✔	✗	✗	✗	✗
IAN MARSHALL – Non-Executive Director					
MICHAEL MITCHELL – Non-Executive Director				✗	✔
DAME YVONNE MOORES – Non-Executive Director/ Vice Chairman	✔	✔	✗	✗	✔
MARY SHERRY – Chief Operating Officer					✗
MARTIN SMITS – Director of Nursing	✔	✗	✔	✗	✔
GUY SPENCER – Non-Executive Director/SID	✗	✗	✗	✗	✔
ROBERT TALBOT – Medical Director	✗	✔	✗	✗	✗
PAUL TURNER – Director of Finance			✔	✗	✗

* Extraordinary meeting

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 the Trust Chairman, and comprises two public members, one nominated member, and one staff member. Members during 2010/11 were:

- Ms Kris Knudsen (elected clinical staff member)
- Mr James Pride (elected member for Poole constituency) – from October 2010
- Mrs Elizabeth Purcell (elected member for Poole constituency)
- Mr Erik Warwick-White (elected member for Poole constituency) (until 31 October 2010)
- Cllr Michael Wilkins (nominated member for Borough of Poole)

The Committee met four times during the course of the 12 month period with the second meeting being held electronically.

In July 2010 the Committee considered the outcome of the Chairman's performance review for 2009/10; the outcome of the Non-Executive Directors' performance review for 2009/10; the process for the Council of Governors evaluation; the Chairman's and Non-Executive Directors' remuneration and allowances; the absences and continuing tenure of governors and the nomination of re-appointment of two Non-Executive directors.

In September/October 2010 the Committee considered the nomination for appointment of two new Non-Executive directors and the absences and continuing tenure of governors.

In January 2011 the Committee considered the performance appraisal process for the Chairman and Non-Executive Directors; the nomination for the reappointment of a non-executive director; the remuneration of the Chair of the Quality and Safety Committee; the appointment process for the post of substantive Trust Chairman; the appointment process for a Non-Executive director vacancy and the nomination for appointment of a temporary Non-Executive extension of tenure.

At a special January 2011 meeting the Committee considered the appointment process for the recruitment of a substantive Chairman of the Trust using external agencies and oen advertising with formal interviews planned for the 14 May 2011.

On the recommendation of the Nominations, Remuneration and Evaluation Committee, the Council of Governors approved:

- The re-appointment of Mrs Jean Lang from 1 December 2010 and Dame Yvonne Moores from 1 November 2010 as Non-executive Directors in July 2010;
- The appointment of Michael Mitchell from 1 November 2010 and Ian Marshall from 1 February 2011 as Non-executive Directors in October and November 2010;
- The re-appointment from 25 April 2011 of Mr Guy Spencer as Non-executive Directors in January 2011
- The temporary re-appointment from 1 February 2011 of Mrs Elizabeth Hall as Non-executive Directors in January 2011.

The change of Vice Chair and the appointment of an Interim Chair of the Trust was instigated and approved by the Council of Governors in November 2010.

NOMINATIONS, REMUNERATION & EVALUATIONS COMMITTEE ATTENDANCE 2010/2011

Name	Constituency	Type of Membership	Meetings			
			July 2010	October 2010 (Electronic contribution)	January 2011	31 January 2011 (Special Meeting)
Mr Peter Harvey	(Chairman)		✔	✔		
Dame Yvonne Moores	(Interim Chair)				✔	✗
Mr Guy Spencer	SID					✔
Ms Kris Knudsen	Clinical staff	Elected 3 years	✔	✔	✔	✗
Mr Jamie Pride*	Poole	Elected 3 years			✔	✗
Mrs Elizabeth Purcell	Poole	Elected 3 years	✔	✔	✗	✔
Mr Erik Warwick-White	Poole	Elected 3 years	✔	✔		
Mr Michael Wilkins	Poole Borough Council	Appointed 3 years	✗	✗	✗	✗

***** Elected to Committee October 2010

MEMBERSHIP

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

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

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

The 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.

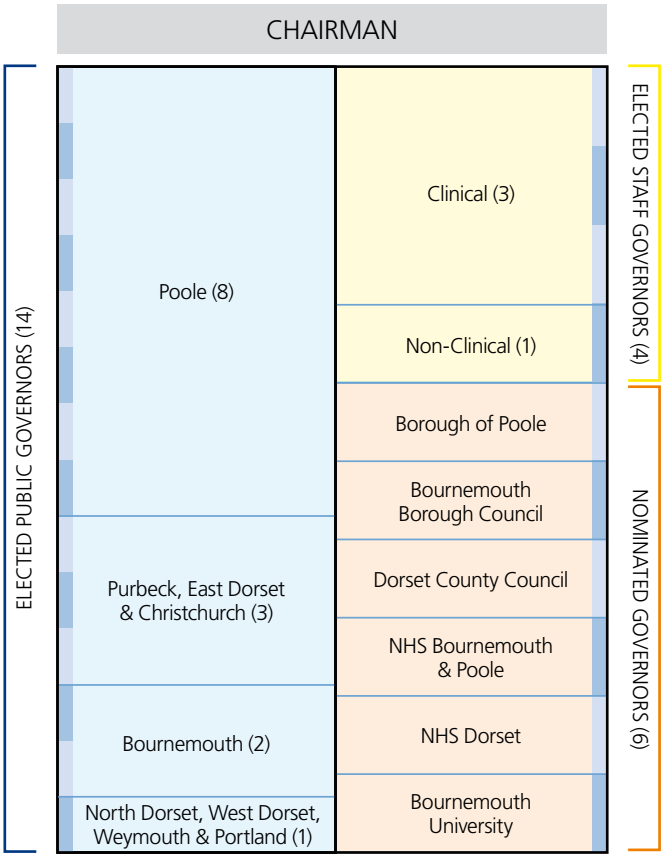
At 31 March 2011 we had 6,287 public members. The annual target for new members was 5% of the previous year's total which equated to 322 new members; the Trust achieved 339 new members for the year. Governors were concerned that the additional costs of recruiting and managing a membership at the higher level would exacerbate the financial pressures faced by the Trust.

The staff and volunteer members total was 4,986. All staff and volunteers are members of the Trust automatically unless they choose to opt out.

The membership broadly reflects the populations the Trust serves in terms of diversity. However, as may be expected given the demographics of the local area, the Trust has proportionally slightly more members in the female and older age groups.

MEMBERSHIP BY CONSTITUENCY AND CLASS

Public constituency	
Poole:	3,107
Purbeck, East Dorset and Christchurch:	1,816
Bournemouth:	1,056
North Dorset, West Dorset and Weymouth and Portland:	308
Staff constituency	
Clinical:	3,514
Non-clinical (including volunteers):	1,472



HIGHLIGHT OF THE YEAR

Wish List relaunches as Poole Hospital Charity

Poole Hospital's charity The Wish List was relaunched in November 2010 at a special event at The Lighthouse, Poole. The charity will now be known simply as Poole Hospital Charity, giving it a fresh new identity and a clear name that tells people exactly what the charity is all about. The charity relaunch was attended by new patrons Olympic marathon runner Liz Yelling and Mrs Anthony Pitt-Rivers, HM Lord-Lieutenant of Dorset. The Wish List has raised over £1 million for wards and departments across Poole Hospital since it was launched in 2004.

GOVERNANCE AND MEMBERSHIP REPORT

The main aim of the Trust's Membership Development Strategy is to ensure that Poole Hospital NHS Foundation Trust continues to grow a membership that is representative of the community it serves and that members have the opportunity to be fully engaged with the Trust.

In line with the strategy, the 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

Governors were invited to attend public events, including:

- Poole Fest
- Harry Paye Day on the Quay
- Mayor's Fair in Poole Park
- Bournemouth U3A AGM
- 'Meet a Governor' events in local libraries

At their meeting in January 2011, The Council of Governors agreed a Governor Development Plan which will be incorporated into a revised Membership Strategy next year.

The Fundraising and Membership Engagement Reference Group was disbanded and will be replaced in the new financial year with a Membership Engagement Reference Group which will review the Membership Development Strategy and continue to look at ways in which Governors can promote and engage with members in their constituencies.

Recruitment and engagement events at libraries in the area were held during 2010/11. These were extremely successful in drawing new members to the Hospital and engaging with differing age and ethnic groups.

The Trust held its third Annual Members' Meeting on 7 October 2010. Members were invited via the membership newsletter, Foundation Talkback and letters to individuals who expressed an interest in attending previously. The event was publicised in the local press, on our website and throughout the Hospital. The event was well attended and Specialist Nurse Practitioner James Abel provided a presentation on diabetes management within the Hospital.

Elections were held during September to fill eight seats across the public and staff constituencies of Poole (4), Bournemouth (1), Purbeck, East Dorset and Christchurch (1), clinical (1) and non clinical (1) members of staff. The turnout for the elections was Poole 28%, Bournemouth 20%, Purbeck, East Dorset and Christchurch 30%, clinical staff (19%) and non clinical staff (30%). These figures were consistent with national trends.

A diary of events and talks will be put together to support the Governor Development Plan during 2010/11.

The re-development of the public website has been delayed and is now planned to be completed in the summer 2011. This will feature a new membership section.

The staff governors continue to hold staff surgeries where staff members can approach them to express views on services and developments within the Hospital. Staff governors also continue to have a regular slot in the induction programme for new members of staff.

Members may contact the Council of Governors through the membership office by telephone 01202 448723, in writing, by email **members.contact@poole.nhs.uk** 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.

CODE OF GOVERNANCE COMPLIANCE STATEMENT 2010/11

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 **http://www.monitor-nhsft.gov.uk/sites/default/files/Code%20of%20Governance%20web-enabled%20version%20March%202010_0.pdf**

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, the Trust has, during the last year of Foundation Trust status, applied the principals and met the requirements of the Code of Governance.

The Trust's approach to the application of the main and supporting principles of the code is described throughout the body of this report.

Quality Report

PART 1 – CHIEF EXECUTIVE'S STATEMENT

Poole Hospital includes a quality report within the annual report for the third 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 and for which we should be held to account.

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 excellent achievement against quality standards despite the financial challenges that the Trust faced. We were particularly pleased to receive a very positive endorsement from patients reporting on their experience of the Trust during the year.

The Board of Directors has continued its commitment to the quality and patient safety with these issues being at the top of each meetings agenda. In support of this, the Board adopted a 'zero tolerance' policy for hospital acquired infection. This resulted in low numbers of MRSA bacteraemias being reported at the end of the year and the lowest number of Clostridium Difficile infections the Trust has ever recorded. We have more than met our target for Clostridium Difficile and are among the best performing hospitals in the country in preventing infections.

Further evidence of our commitment to patient safety was provided by the National Patient Safety Agency (NPSA). Each year the NPSA publish 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% of all reported incidents resulted in no or low harm to patients compared with a national average of 93%.

It is a testament to all our staff and their hard work that 96% of patients rated their care as good, very good or excellent in the national patient survey an improvement on last year and in the top 25% of trusts nationally. 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 our performance on a range of issues you can read about in this report and focussing particularly on the quality of care delivered to patients.

I am pleased to confirm that to the best of my knowledge the information contained in this report is accurate.

Signed:

Chris Bown
Chief Executive
Poole Hospital NHS Foundation Trust

Date: 3 June 2011

PART 2 – PRIORITY FOR IMPROVEMENT

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 2010-2011, we made good progress against 6 key quality improvement measures. We fully achieved what we set out to achieve in last year's quality report in 4 key areas. Details of what we have achieved can be found later on in this report.

The most encouraging of the quality improvements achieved has been the measures of fundamental care, hospital acquired pressure ulcers and patient falls. In each of these two key indicators both the number of incidents has fallen and the harm done to patients has lessened. Clinical staff have worked really hard to achieve this significant improvement.

In infection prevention the improvements noted last year have been continued. It was disappointing to have 4 MRSA bacteraemias (blood infections) early in the year after 18 months without one but by the end of March the Trust has been 8 months without a further MRSA bacteramia. It has been really encouraging that, during the year, we recorded the lowest number of acquired Clostridium Difficile infections since records began. Whilst norovirus has continued across the community the Trust has been successful in reducing the outbreaks in hospital and improved the position compared with last year. During 2011-2012 we will expand our reporting to include other bacteraemias (MSSA-Meticillin Sensitive Staphylococcus Aureus) and E-Coli infections.

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.

The Trust successfully completed the process for registering as a healthcare provider with the Care Quality Commission. At the 1st April 2010 the Trust has been registered, without conditions, to provide:-

- nursing care
- accommodation for persons who require nursing or personal care
- diagnostic and screening procedures
- treatment of disease, disorder and injury
- surgical procedures
- maternity and midwifery care
- personal care
- termination of pregnancies
- management of supply of blood and blood derived products
- assessment or medical treatment for persons detained under the Mental Health Act.

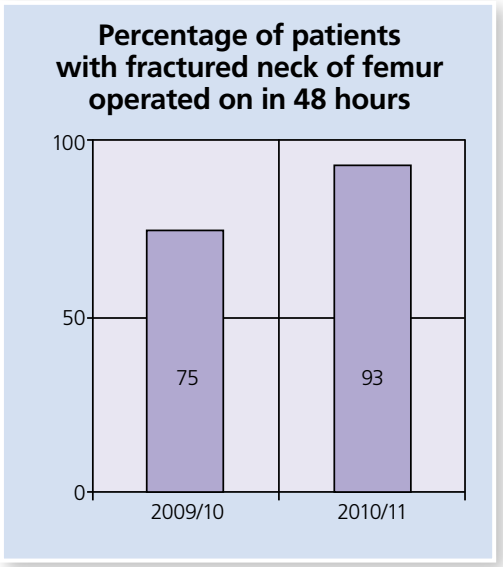
The Care Quality Commission has risk assessed the Trust on a monthly basis for quality and safety and these assessments show a consistent pattern of achievement against patient safety and quality outcomes.

QUALITY IMPROVEMENTS IN 2010-2011

The Trust set out 6 quality improvements for 2010-2011 in its Quality Report for 2009-2010. The Trust has worked hard to achieve these improvements with considerable success the details are:-

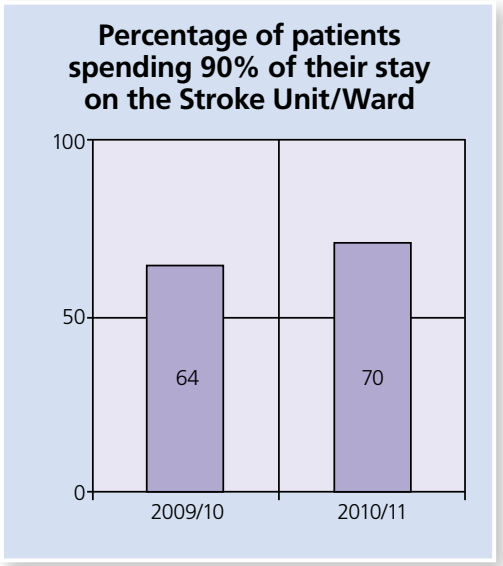
Timeliness of Surgery
We set ourselves a target of increasing the percentage of patients having surgery for fractured neck of femur within 48 hours of admission. Table 1 shows that the percentage has increased from 75% at the end of March 2010 to 93% at the end of 2011.

Improvement target achieved.



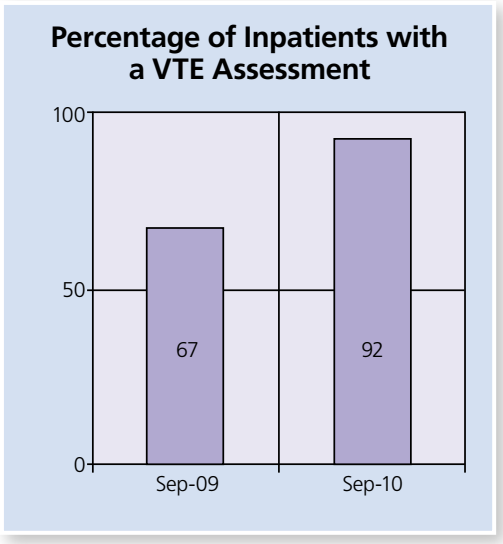
Stroke Treatment
We set ourselves a target of increasing the percentage of patients with a diagnosis of stroke who spend 90% of their inpatient time on the stroke unit/ward. Table 2 shows that the percentage has increased from 64% at the end of March 2010 to 70% at the end of March 2011.

Improvement target achieved.



Blood Clots
We set ourselves the target of ensuring that 90% of patients have an assessment of venous thromboembolism risk (VTE) on admission to hospital. Table 3 shows the improvement made comparing September 2009 (67%) with September 2010 (92%). Technical difficulties with the data since January 2011 have not allowed an end of year comparison.

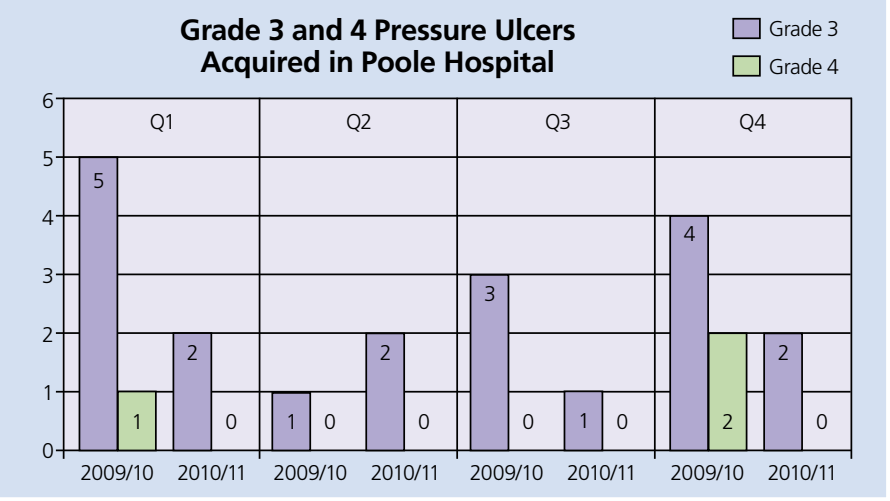
Improvement target achieved for first six months.



Pressure Ulcers

We set ourselves a target of reducing the number of grade 3 and grade 4 pressure ulcers acquired by patients in Poole Hospital. Table 4 shows that the total number reduced from 16 in 2009-2010 to 7 in 2010-2011. There has also been a decrease in grade 4 acquired pressure ulcers from 3 to none in the corresponding period.

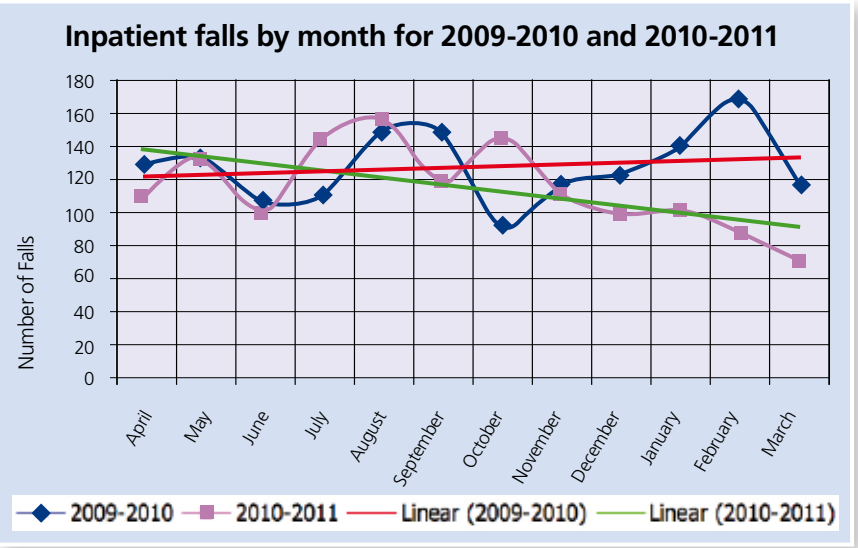
Improvement target achieved.



Patient Falls

We set ourselves the target of reducing the number of avoidable falls happening to inpatients during their stay in Poole Hospital. Table 5 shows the year on year falls data per quarter. Overall the numbers reduced and although not shown in the table here there has also been a reduction in harm experienced by falling patients.

Improvement target achieved.



Mixed Gender Accommodation

We set ourselves a target of reducing the number of inpatients in mixed gender accommodation. The Trust has introduced a breach reporting system and has found no breaches with the national guidance on mixed sex accommodation during the year. However we said last year that we would measure this improvement by what patients report. Table 6 shows what patients reported to us in the national patient survey in the autumn of 2010.

Percentage of inpatients reporting the sharing of sleeping areas with a person of the opposite sex

YEAR	2007	2008	2009	2010
Sharing sleeping areas (initial area)	32%	23%	20%	22%
Sharing sleeping areas (after move from assessment unit)	12%	8%	6%	7%

Improvement target not achieved.
As a result of the non achievement of this target the Board of Directors has agreed an action plan designed to improve the approach to single sex accommodation.

QUALITY IMPROVEMENTS FOR THIS COMING YEAR

The Board of Directors considers issues relating to patient care and safety, quality and clinical performance as a first priority during the public part of each and every monthly Board meeting. In reviewing patient care, patient safety, clinical effectiveness and patient experience the board has targeted five key areas for improvement in this year (April 2011-March 2012). These areas will help deliver the Board of Directors' top two strategic goals which are to:

- deliver the highest possible standard of patient care
- provide high quality NHS health services

The areas for improvement in 2011-2012 are:

Readmissions to the Trust
- Reducing the number of unnecessary readmissions to the Trust, particularly in the first 30 days after treatment.

Mortality
- Understanding better why people die in hospital and reducing the overall mortality rates below the national mean.

Discharge from hospital
- Reducing the number of patients whose discharge has been delayed and ensuring that people have the information they need on discharge so they do not need feel the need to complain.

Patient length of stay in hospital
- Reducing the average length of stay of patients in Poole Hospital in each quarter of 2011-2012.

Patient Experience of Children's Services and Cancer Services
- Listening to the feedback from patients in paediatrics and cancer services and using comments made to improve the services in both areas.

THE DETAILS OF OUR QUALITY IMPROVEMENTS

PRIORITY 1

This priority for quality improvement is about reducing the number of patients who have to return to Poole Hospital within thirty days of an inpatient discharge.

Description of the Issue

Around 8% of patients who have a spell of inpatient care are readmitted. Some of these patients' readmission is unavoidable but in some cases the readmission could be avoided.

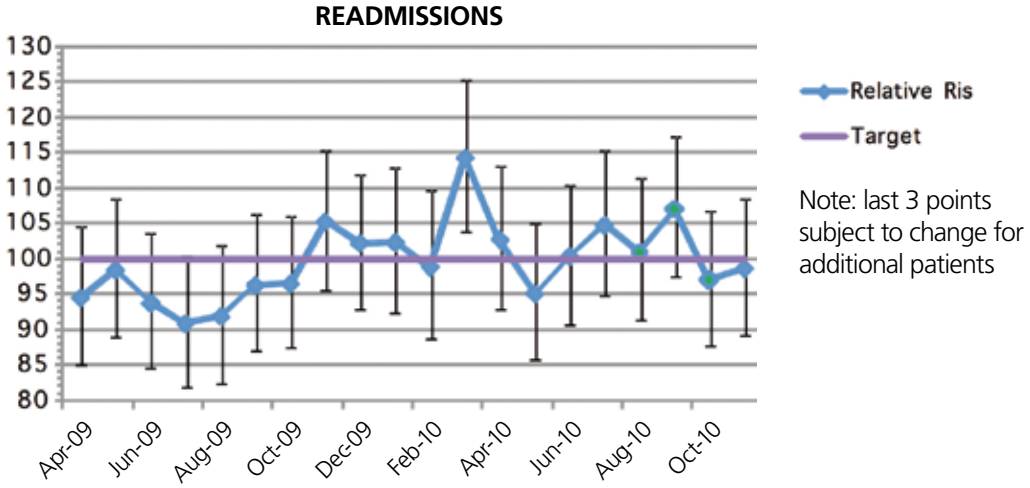
Aim

To reduce the percentage of patients readmitted to hospital during 2011-2012 compared to the percentage readmitted in 2010-2011 using national bench mark data.

Current Position

The current position for readmissions is detailed in the table below. This table shows the expected range of readmissions and the Trusts performance against the national mean level (100%).

Readmissions in 2009-2010



Note:- this data is derived from the national Dr Foster database and is therefore time delayed

Actions to Deliver this Improvement

1. Establish an implementation programme for readmissions;
2. Analyse the readmission data for inpatients identifying potential areas for improvement;
3. Implement action to reduce admissions.

Measurement, Monitoring and Reporting

All readmitted patients will be recorded on the hospital data system. Figures drawn from this database will be reported to the Board of Directors monthly and specifically the percentage of readmitted inpatients. Further detailed audit data will be published in the Trust.

Board Sponsor: Chief Operating Officer

Implementation Leads: Clinical Directors and Matrons/Heads of Service

PRIORITY 2

This priority about reducing inpatient mortality (death) through better understanding the data, ensuring that the data is correctly collected and action is taken to reduce areas where mortality is unnecessarily high.

Description of Issue

Mortality is part of clinical work and experience. What the Trust is keen to achieve is the best possible outcomes from treatment and care. To do this the data that describes care needs to be accurate and understood. Action can then be taken to address the issues identified and improve the outcomes.

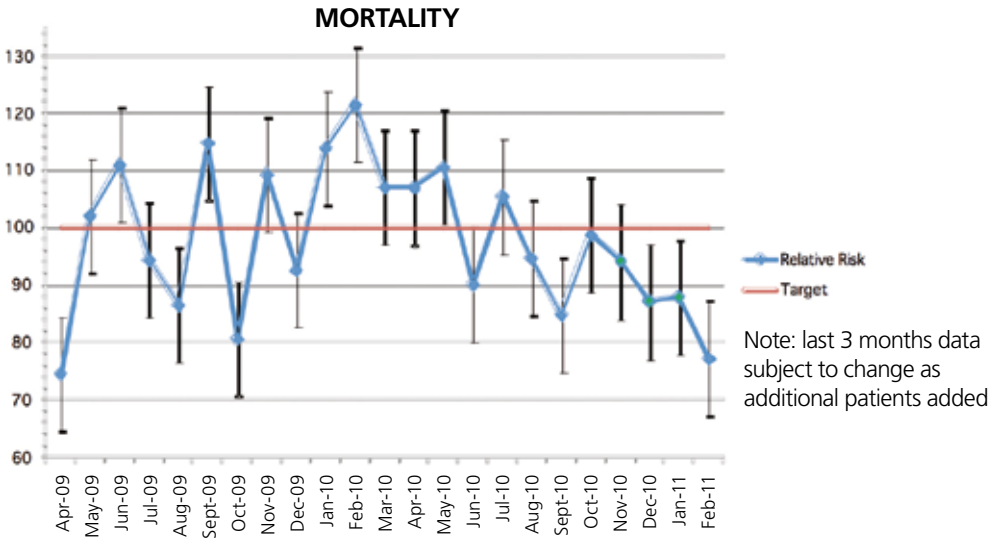
Aim

Understand better why people die in hospital and reduce the overall mortality rates so that they are consistently below the national average.

Current Position

The current data shown in Table 8 below indicates a current performance ahead of the national average. However during the year there have been fluctuations that need to be investigated and any issues addressed.

Mortality Rates measured against the national average and expected range



Note: last 3 months data subject to change as additional patients added

Note: - this data is derived from the national Dr Foster database and is therefore time delayed

Actions to Deliver this Improvement

1. Detailed analysis of mortality data and coding of clinical events
2. Clinical group meeting to review data
3. Action planning to improve mortality

Measurement, Monitoring and Reporting

All inpatient mortality will be recorded through the national Dr Foster database. The latest available data will be reported on a monthly basis as part of the integrated performance report and scrutinised by the Quality and Safety Committee.

Board Sponsor: Medical Director
Implementation Leads: Clinical Directors

PRIORITY 3

This priority for quality improvement is about ensuring that people leave the hospital after an episode of inpatient care as soon as they are ready to be discharged or transferred. It is also about ensuring people have the right information as they leave.

Description of Issue

The Trust has a target of just 3.5% of transfers being delayed for whatever reason. Current performance is nearly triple that level and as a result too many people are waiting in hospital unnecessarily for the next step in their onward care. The feedback from patients in the annual patient survey is improving around the experience of discharge but the Trust wants to continue this improvement.

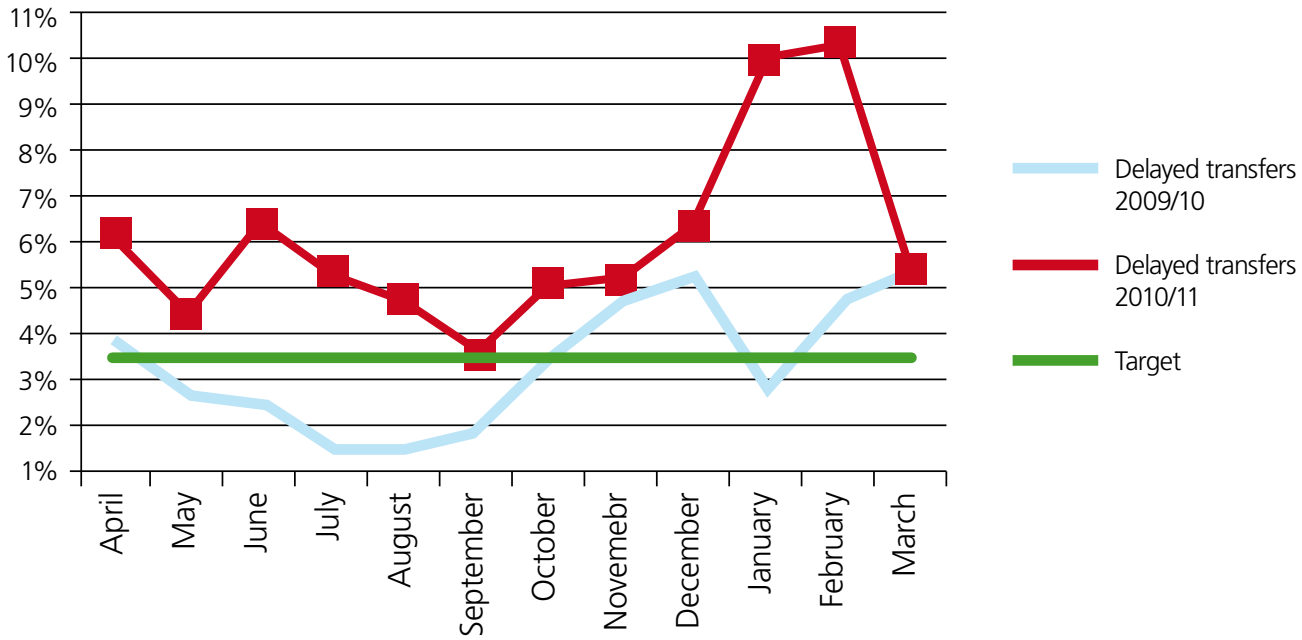
Aim

To ensure that the percentage of patients whose onward care (discharge or transfer) is delayed reduces from the level at the end of March 2011. To improve the patients experience of discharge as reported in the national patient survey.

Current Position

The table below shows the percentage of patients whose transfer has been delayed during 2010-2011.

Percentage of patients whose discharge or transfer has been delayed



Actions to Deliver this Improvement

1. Pathway management in the hospital
2. Interagency working led by Trust to achieve pathway compliance
3. Action plan on patient communication
4. Performance monitoring

Measurement, Monitoring and Reporting

All inpatient delayed transfers will be recorded through the Trust database. The latest available data will be reported on a monthly basis as part of the integrated performance report and scrutinised by the Quality and Safety Committee.

Board Sponsor: Chief Operating Officer
Implementation Leads: Discharge Team, Matrons & Clinical Directors

PRIORITY 4

This priority for quality improvement is about reducing the length of stay of inpatients ensuring that the exposure to risk in hospital is minimised and that people return in a timely fashion to their place of residence.

Description of Issue

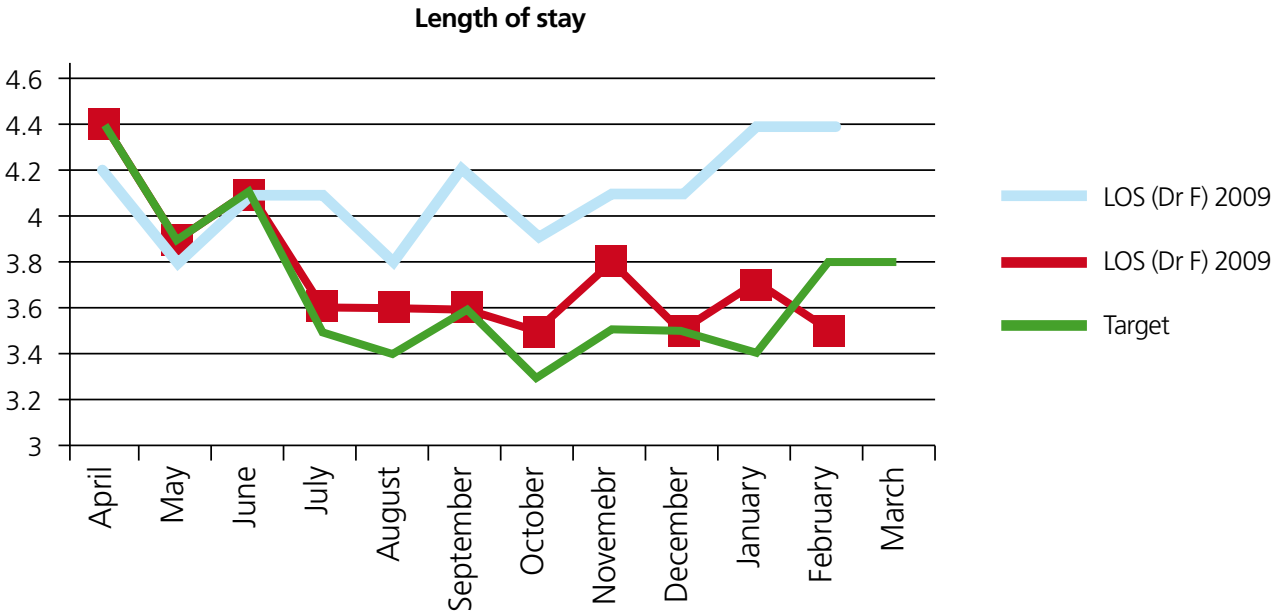
Hospital stay is a necessary but risky event. Evidence suggests that the majority of people recover more quickly in their own environment so the sooner they can be returned home or to their normal residence the better.

Aim

To reduce the average length of stay of patients at Poole Hospital below the level achieved at the end of March 2011.

Current Position

The Trust has worked hard to reduce the length of stay and is making progress as can be seen in the table below:-



Actions to Deliver this Improvement

1. Work on patient care pathways
2. Review of "bottlenecks"
3. Robust performance management

Measurement, Monitoring and Reporting

All admitted patients are recorded on the hospital data system. Length of stay will be recorded for all inpatients and reported on a monthly basis as part of the integrated performance report and scrutinised by the Quality and Safety Committee.

Board Sponsor: Chief Operating Officer
Implementation Lead: Clinical Directors and Matrons/Heads of Service

PRIORITY 5

This quality improvement priority focuses on the experience of inpatients and families in cancer care and in paediatrics during their time in Poole Hospital. The Trust is seeking to get feedback from patients and families and from this feedback identify how care and treatment might be improved.

Description of Issue

The value of feedback is well illustrated in the literature and previous work at the Trust. It is intended to use this in the areas of cancer care and paediatrics.

Aim

To use feedback to improve care and treatment.

Current Position

The Trust undertakes a number of surveys and focus groups each year. During the last year the Trust participated in the national cancer experience survey which is reported on later in this annual report.

Actions to Deliver this Improvement

1. Survey and patient experience programme
2. Action planning following feedback
3. Robust performance management

Measurement, Monitoring and Reporting

The results of surveys/patient experience feedback will be scrutinised by the Trust's Quality and Safety Committee.

Board Sponsor: Director of Nursing and Patient Services

Implementation Leads: Divisional Directors, Clinical Directors and Matrons

STATEMENTS OF ASSURANCE FROM THE BOARD OF DIRECTORS

The Trust, as provider of health care services, is required to make a number of statements.

Provision of Clinical Services

During 2010-2011, Poole Hospital NHS Foundation Trust provided a range of NHS services.

The Trust has reviewed all the data available on the quality of these NHS Services.

The income generated by the NHS services reviewed in 2010-2011 represents 100 per cent of the total income generated from the provision of these services.

Clinical Audits

During 2010-2011 42 national clinical audits and two national confidential enquiries covered NHS services that Poole Hospital NHS Foundation Trust provides.

During that period Poole Hospital NHS Foundation Trust participated in 93% of national clinical audits and in 100% national confidential enquiries of which it was eligible to participate in.

The national clinical audits and national confidential enquiries that Poole Hospital NHS Foundation Trust was eligible to participate in and did participate in during 2010-2011 are listed below.

NATIONAL CLINICAL AUDITS & NATIONAL CONFIDENTIAL ENQUIRIES

No.	Title
1	The National Hip Fracture Database
2	National Pain Database Audit: Chronic Pain Services
3	BTS Paediatric Asthma
4	National Mastectomy and Breast Reconstruction Audit
5	Myocardial Infarction National Audit Project
6	National Head and Neck Cancer Audit (DAHNO)
7	National Lung Cancer Audit
8	National Maternal & Perinatal Mortality Surveillance (CEMACH)
9	National Sentinel Stroke Audit
10	Vital Signs National Audit
11	The National Heart Failure Audit and Meeting National Standards
12	The European Chronic Obstructive Pulmonary Disease (COPD) Audit
13	Heart Rhythm Management (pacing/implantable defibrillators)
14	Management of Renal Colic within the Emergency Department (ED)
15	National Audit of Adult Community Acquired Pneumonia
16	National Audit of Heavy Menstrual Bleeding
17	National Audit of Non Invasive Ventilation (Adults)
18	TARN Severe Trauma
19	National Audit of the Organisation of Services for Falls & Bone Health for Older People
20	National Comparative Audit of Blood Transfusion: Platelets
21	National Comparative Re-audit of the Use of Group O RhD Negative Red Cells
22	National Joint Registry (NJR)
23	National NCASP Diabetes Audit - Adults
24	NCASP (National Clinical Audit Support Programme) Diabetes Audit - Children
25	National UK Inflammatory Bowel Disease (IBD) Audit
26	Feverish Children National Audit
27	ICNARC NCAA: Cardiac Arrest
28	National Audit of Bronchiectasis
29	National Pleural Procedures Audit
30	British Thoracic Society (BTS) Emergency Oxygen Audit
31	Intensive Care National Audit and Research Centre (ICNARC): Case Mix Programme
32	National Audit of Continence Care
33	National Audit of Dementia (Care in General Hospitals)
34	National Bowel Cancer Audit
35	National British Thoracic Society (BTS) Adult Asthma Audit
36	National Elective Surgery Patient Reported Outcome Measures (PROMs)
37	National Neonatal Audit Programme (NNAP)
38	National Oesophago-Gastric Cancer Audit
39	NHS Blood and Transplant: Potential Donor Audit

The national clinical audits and national confidential enquiries that Poole Hospital NHS Foundation Trust participated in, for which data collection was completed during 2010-2011, are listed below alongside the number of cases submitted to each audit or enquiry as a percentage of the number of registered cases required by the terms of that audit or enquiry.

PARTICIPATION RATES IN NATIONAL CLINICAL AUDITS

No.	Title	Data collection completed in 2010/11	Submitted % Cases	Comments
1	The National Hip Fracture Database	Yes	Awaiting publication of national report	
2	National Pain Database Audit: Chronic Pain Services	No	N/A	Data collection in progress
3	BTS Paediatric Asthma	Yes	97%	
4	National Mastectomy and Breast Reconstruction Audit	No	N/A	Data collection completed prior to 2010/11.
5	National Oesophago-Gastric Cancer Audit	No	N/A	Data collection completed prior to 2010/11.
6	National Lung Cancer Audit	Yes	Awaiting publication of national report	
7	Myocardial Infarction National Audit Project	Yes	100%	Local agreement with the RCP to input 15 patients which was achieved (15/15). However, the 2010/11 report states that only 10 patients were input and there are concerns that the system did not register the other 5.
8	National Head and Neck Cancer Audit (DAHNO)	Yes	Awaiting publication of national report	
9	National Maternal & Perinatal Mortality Surveillance (CEMACH)	Yes	Awaiting publication of national report	
10	National Sentinel Stroke Audit	Yes	100%	
11	Vital Signs National Audit	Yes	100%	
12	TARN Severe Trauma	Yes	25%	TARN has confirmed that 96 submissions have been received against an expected 382 (HES data).
13	Management of Renal Colic within the Emergency Department (ED)	Yes	100%	
14	National Comparative Re-audit of the Use of Group O RhD Negative Red Cells	Yes	Awaiting publication of national report	
15	National Audit of Heavy Menstrual Bleeding	No	N/A	Data collection in progress
16	The European Chronic Obstructive Pulmonary Disease (COPD) Audit	No	N/A	Data collection in progress
17	National Comparative Audit of Blood Transfusion: Platelets	Yes	Awaiting publication of national report	
18	NCASP (National Clinical Audit Support Programme) Diabetes Audit – Children	Yes	Awaiting publication of national report	
19	National Audit of Non Invasive Ventilation (Adults)	No	N/A	Data collection in progress
20	National Audit of Adult Community Acquired Pneumonia	No	N/A	Data collection in progress

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PARTICIPATION RATES IN NATIONAL CLINICAL AUDITS

No.	Title	Data collection completed in 2010/11	Submitted % Cases	Comments
21	National UK Inflammatory Bowel Disease (IBD) Audit	No	N/A	Data collection in progress
22	National Audit of the Organisation of Services for Falls & Bone Health for Older People	Yes	95%	
23	National Joint Registry (NJR)	Yes	Awaiting publication of national report	
24	Heart rhythm management (pacing/implantable defibrillators)	Yes	Awaiting publication of national report	
25	The National Heart Failure Audit and Meeting National Standards	Yes	Awaiting publication of national report	
26	National NCASP Diabetes Audit – Adults	Yes	Clarifying	3,473 cases submitted.
27	ICNARC NCAA: Cardiac Arrest	Yes	54 cases*	*Not applicable to calculate participation rates due to nature of the project.
28	Feverish Children National Audit	Yes	100%	
29	National Bowel Cancer Audit	Yes	Awaiting publication of national report	
30	Intensive Care National Audit and Research Centre (ICNARC): Case Mix Programme	Yes	Awaiting publication of national report	
31	National Neonatal Audit Programme (NNAP)	Yes	Awaiting publication of national report	
32	National Audit of Continence Care	No	N/A	Data collection completed prior to 2010/11.
33	National Audit of Dementia (Care in General Hospitals)	Yes	100%	
34	National Pleural Procedures Audit	Yes	100%	
35	NHS Blood and Transplant: Potential Donor Audit	Yes	N/A*	*Not applicable to calculate participation rates due to nature of the project.
36	National Elective Surgery Patient Reported Outcome Measures (PROMs)	Yes	50.6%	
37	British Thoracic Society (BTS) Emergency Oxygen Audit	Yes	100%	
38	National British Thoracic Society (BTS) Adult Asthma Audit	Yes	100%	
39	National Audit of Bronchiectasis	Yes	100%	

The reports of 100% national clinical audits (5 available) were reviewed by the provider in 2010-2011 and Poole Hospital NHS Foundation Trust and the Trust is taking or intends to take the following action:-

NATIONAL CLINICAL AUDITS REVIEWED IN 2010-2011 AND LOCAL ACTION PLANS

No.	Title	Reviewed in 2010/11	Actions being taken
1	The National Hip Fracture Database	Yes	No local action plan received
2	BTS Paediatric Asthma	Yes	1. To add 3 asthma specific criteria on discharge checklist
3	National Mastectomy and Breast Reconstruction Audit	Yes	1. To streamline the patient referral pathway to Salisbury Hospital.
4	Myocardial Infarction National Audit Project	Yes	1. All junior doctors to be given thrombolysis training at local induction training 2. Nursing teams to be briefed on thrombolysis target and clinical need to deliver drug within 30 minutes of arrival 3. Monthly monitoring of all thrombolysis patients and exception report to be shared with Emergency Department (ED) leads
5	National Head and Neck Cancer Audit (DAHNO)	Yes	Report reviewed by local multi disciplinary team (MDT) and determined that no local action required.
6	National Joint Registry (NJR)	No local data provided in the national report.	

The reports of 106* local audits were reviewed by Poole Hospital NHS Foundation Trust in 2010-2011 and the trust is taking action to improve the quality of healthcare in the following areas as an example of many actions:

*Of the 106 local clinical audits reviewed, 22 identified that change in practice was not required due to good performance.

Of the remaining **84**, Poole Hospital has undertaken the following actions to improve the quality of healthcare provided. The following are a number of examples:

Develop new and improve existing patient information

- The maternity unit has introduced the use of the Royal College of Obstetrics and Gynaecology (RCOG) advice leaflet for mothers regarding vaginal birth after caesarean section (VBAC).

Improve the education and training of new as well as existing staff

- The Tissue Viability Team (TVT) has provided training and implemented the pressure ulcer prevention care plan (PUPs), improving awareness and identification of pressure ulcers and subsequent required actions.
- The Hospital Palliative Care Team (HPCT) has undertaken a programme of educational updates regarding the use of the Liverpool Care Pathway (LCP).
- Updated consent training for caesarean section to include the Royal College of Obstetricians and Gynaecologists document "Consent Advice 7" on caesarean section.
- Education sessions undertaken during new doctors Gynaecology induction meeting regarding the requirements for accurate record keeping.

Develop new and update existing local policy and guidance documents

- In response to NICE guidance, the Pharmacy Department have introduced a trust-wide policy regarding medicines reconciliation and in order to improve compliance have updated the clerking documentation.
- NICE guidelines on the management of children presenting with diarrhoea and vomiting have been added to the local paediatric guidelines folder.
- Following participation in a regional audit of the use of red blood cells, an algorithm has been set up to assess the need to quantify ferritin, folate and B12 levels in patients depending on Hb and MCV levels at their initial pre-operative appointment. This algorithm provides calculated advice on the pathology report. The report goes to the pre-operative assessment lead nurse who either refers the patient to the GP or to the Iron Clinic for clinical intervention.

Develop new and improve existing local proforma / charts / forms

- The Intensive Care Unit have implemented standardised documentation to be used to record percutaneous tracheostomy procedures.
- The Blood transfusion team perform daily quality checks to ensure appropriate documentation and use of blood products via the track logic system.
- A new proforma has been developed by the ENT Department to aid surgical pre-assessment of patients diagnosed with otitis media with effusion.
- Wards have implement a new discharge planning and progress checklist.
- A new standardised proforma is being used in the paediatric coeliac clinic to improve information gathering.
- The acute medical team have implemented a medical elective admissions record which is available on EPR. This reduces the impact on out of hour's doctors clerking patients they have little knowledge of and provides a clear plan for the admission.

Updates to local clinical working practice

- The Orthopaedic physiotherapy team have amended their working practices and offer a service at weekends enabling the continuation of patient flow.
- The Oral Maxillofacial Team has secured funding for a dental hygienist supporting patients who have had head and neck surgery and/or radiotherapy.
- The Trauma Assessment Unit (TAU) has undertaken a review of the nursing establishment in conjunction with a review of patient acuity and dependency and has established appropriate staffing levels.
- The Oncology Department has introduced an Acute Oncology Service to promptly assess new or changing clinical needs in patients receiving systemic anticancer therapy.
- The General Surgical team have amended practice so that patients are now informed of their estimated date of discharge by the consultant on the post-take ward round.
- The Gynaecology Department have introduced a "See and Treat" scheme for patients with severe smears.
- The Radiology Department has received funding which has allowed the use of prospective ECG gating during CT angiography. This allows a reduction of radiation dose during the procedure whilst maintaining diagnostic accuracy.
- Introduction of a new nurse led direct current (DC) cardioversion service.

Clinical Research
The number of patients receiving NHS services provided by Poole Hospital NHS Foundation Trust in 2010-2011 that were recruited during that period to participate in research approved by a research ethics committee was 882.

Goals agreed with Commissioners
A proportion of Poole Hospital NHS Foundation Trust's income in 2010-2011 was conditional on achieving improvement and innovation goals agreed between the Trust and its Lead Commissioner, - NHS Bournemouth and Poole. NHS Bournemouth and Poole and Poole Hospital NHS Foundation Trust had a contract for the provision of NHS services that included a commissioning for quality and innovation payment framework (CQUIN). In 2010-2011 this was equivalent to £1.2 million which was paid to the Trust. Further details of the agreed goals for 2010-2011 and for the following twelve month period (2011-2012) are available on request from:-

Director of Nursing and Patient Services,
Poole Hospital NHS Foundation Trust,
Longfleet Road,
Poole ,
Dorset, BH15 2JB.

Registration with the Care Quality Commission
Poole Hospital NHS Foundation Trust is required to register with the Care Quality Commission.

The Trust is registered unconditionally with the Care Quality Commission from 1 April 2010.

The Care Quality Commission has not taken any enforcement action against Poole Hospital NHS Foundation Trust during 2010-2011.

Poole Hospital NHS Foundation Trust is subject to periodic reviews by the Care Quality Commission and no reviews were undertaken in the period 1 April 2010 to 31 March 2011.

Data Quality
Poole Hospital NHS Foundation Trust submitted records during 2010-2011 to the Secondary Uses service for inclusion in the Hospital Episode Statistics which are included in the latest publication data. The percentage of records in the published data which included the patient's valid NHS number was:

99.5% for admitted care
99.7% for outpatient care
96.1% for accident and emergency care

The percentage of records in the published data which included the patient's valid General Practitioner code was:

99.9% for admitted care
100% for outpatient care
100% for accident and emergency care

Poole Hospital NHS Foundation Trust's Information Governance Assessment Report overall score for 2010-2011 was 71% and was graded as "not satisfactory".

Poole Hospital NHS Foundation Trust will be taking action to improve data quality through compliance with IG Toolkit Action Plan to obtain level 3 in all criteria.

Poole Hospital NHS Foundation Trust was not subject to the Payment by Results clinical coding audit during the reporting period by the Audit Commission following the previous year's reports that placed Poole Hospital NHS Foundation Trust in the best performing 25% of trusts nationally.

PART 3 – REVIEW OF QUALITY PERFORMANCE

WHAT PATIENTS AND THE PUBLIC HAVE SAID

The Trust participated in three national surveys during the course of the year, the National Inpatient Survey, the National Maternity Survey and the National Cancer Patient Experience Survey in 2010-2011.

The National Inpatient Survey sought the views of 850 inpatients of the Trust in the autumn of 2010. 96% of patients rated care as good, very good or excellent and of those 48% rated the care as excellent. Patients rating the Trust as excellent increased compared to 2009 and was above the national average.

Patients rated the Trust as performing in the top 25% of Trusts nationally in 53% of questions.

The National Maternity Survey sought the views of 339 women on maternity services at the Trust. Women rated the Trust as performing at the national average in all but one area (timeliness of stitching if required).

The National Cancer Experience Survey sought the views of 705 patients with a diagnosis of cancer. Patients rated the Trust as performing in the top 25% of Trusts in 48% of questions.

PERFORMANCE AGAINST SELECTED MEASURES

The Trust has selected a number of measures to indicate what progress has been made during 2010-2011 in three key areas, patient safety, clinical effectiveness and patient experience. These areas have remained the same as in last years Quality Report. They remain unchanged as the Board of Directors consider them to be appropriate measures and wished to ensure continuity of measurement year on year.

The data presented here is derived nationally collected data (MRSA; Mortality; Cancelled Operations; Patient Experience; PEAT and Privacy & Dignity) or locally collected data presented to the Board of Directors.

PATIENT SAFETY

MEASURE	2010-2011	2009-2010	2008-2009
Hospital acquired MRSA bacteraemia	**4**	0	4
Hospital acquired pressure ulcer Grade 3 or Grade 4	**7**	16	15
Patient falls from bed or trolley (Note 1)	**18**	46	63

Note 1: Quarter 4 data only

CLINICAL EFFECTIVENESS

MEASURE	2010-2011	2009-2010	2008-2009
Hospital mortality rate (figure in brackets is expected levels) (Note 2)	**88.5% (101.6)**	5.2% (6.0%)	6.2% (7.1%)
Cancelled operations not readmitted within 28 days	**0%**	0%	0%
Stroke high risk patients treated in 24 hours (45% target)	**80%**	85%	46%

Note 2: Expected figure derived from Dr Foster data and is standardised for a number of factors. Reporting is now by relative risk compared to national figures rather than actual rate.

PATIENT EXPERIENCE

MEASURE	2010-2011	2009-2010	2008-2009	National Average
Overall patient satisfaction rated excellent or very good	**81%**	81%	81%	78%
Patient Environment Action Team (PEAT) Inspection Report	**Excellent** (environment) **Good** (food) **Excellent** (privacy & dignity)	**Excellent** (environment) **Excellent** (food) **Excellent** (privacy & dignity)	Green	N/A
Patient rating of privacy and dignity (inpatient)	**84%**	82%	81%	81%

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.

NATIONAL TARGET PERFORMANCE

Target Description	2010-2011	2009-2010	2010-2011
Care Quality Commission Standards/Regulated Activities	16/16 (regulated activities)	24/24	16
Clostridium Difficile Infections	42	45	72
MRSA bacteraemias (bloodstream infections)	4	0	0
Maximum 31 day cancer first treatments	100%	98%	96%
Maximum 62 day cancer treatments	94%	90%	85%
18 week maximum wait (admitted patients)	95%	98%	90%
18 week maximum wait (non-admitted patients)	98%	99%	95%
Less than 4 hour wait in A&E	99%	98%	95%
31 days to subsequent treatment for all cancers	95%	98%	94%
62 days urgent referral to treatment for all cancers	94%	90%	85%
Thrombolysis within 60 minutes	75%	100%	68%
Screening for MRSA	100%	100%	100%
Cancer two week wait all cancers	97%	96%	93%
Cancer two week wait breast cancer	100%	98%	93%

Performance Against National Operating Framework
The Department of Health's Operating Framework also includes the following priorities against which Trust performance is noted:

Keeping adults and children well – Trust is Compliant
Reducing healthcare associated infections = Trust is Compliant
Reducing health inequalities = Trust is Compliant
Improving health inequalities = Trust is Compliant
Staff satisfaction and engagement = Trust is Compliant
Emergency preparedness = Trust is Compliant

OTHER QUALITY IMPROVEMENTS

During 2010-2011 Poole Hospital NHS Foundation Trust made progress on improving the quality of patients care in a number of ways. A selection is reported here:-

Same Day Admissions Unit
The Trust established a same day admissions unit during 2010. This has enabled patients coming in for surgery to be admitted on the day of their operation rather than the previous day. This has been welcomed by patients and their families and means that the whole process around a patients operation runs much more smoothly.

Medical Investigations Unit
The Trust has expanded its Medical Investigations Unit, tripling its capacity. This means that many patients who would otherwise had to spend several days in hospital can now have their treatment on a day basis. For patients who need a blood transfusion or the administration of complex drugs this means having the freedom to return home at the end of the day rather than having to stay in hospital.

Newly Elderly Care Ward
With the help from generous donations the Trust refurbished one of one of its wards for older people. The ward was not simply refurbished but the planning ensured that it is more suitable for people with dementia by coordinating colour schemes to help people orientate more easily and to find their way around. The refurbishment has also provided an increase in single rooms so that issues such as infections, single sex accommodation and disruptive patients can be better managed.

Elderly Persons Assessment Unit
The Trust has followed its success in medical and surgical assessment by opening a ward purpose made for assessing the elderly. The multidisciplinary team have the skills necessary to rapidly assess the elderly and make the right decisions for their care. This has meant that upwards of 45% of older people coming to hospital for admission to hospital have been rapidly assessed and treated, given support and necessary follow-up and, consequently, have not needed to be admitted as inpatients.

Practice Development Unit Status
The Trust welcomed the award to the Critical Care Unit and Outpatient Department of Practice Development Unit status by Bournemouth University. This rigorous assessment involves the whole clinical and clinical support team demonstrating that they work together to improve clinical practice. Its achievement is evidence that the whole of that team is committed to delivering quality clinical care and improvement in clinical services to patients.

The Trust now has 5 practice development units and in June 2011 will have a whole Trust practice development unit status, one of the first acute trusts in the country to achieve that status.

Trust and Individual Staff Recognition
During 2010/11 a number of members of the Trust have been recognised as leaders in their fields through national awards and award nominations. The awards have ranged from national nursing awards, to research awards, innovation awards and an award to the Trust for the best patient experience. This continues a proud tradition of the Trust being recognised nationally for its high quality care and staff.

Keeping Patients and Staff Safe
In May 2010 the Trust was assessed by its insurers, the National Health Service Litigation Authority, against their risk management standards. This detailed assessment against 50 standards establishes how safe the Trust is and the level of risk carried for insurance purposes. The outcome of the assessment was a level 3 rating the highest that can be awarded to a Trust. The Trust was the first in the South and South West of England to achieve this level. In addition to the assurance it provides for the public and the Trust it also results in a 30% discount on insurance premiums.

INVOLVEMENT IN QUALITY

This Quality Report will be presented for approval to the Board of Directors of Poole Hospital NHS Foundation Trust at their May 2011 meeting. At each meeting the Board of Directors receives a comprehensive scorecard containing 51 indicators related to the quality of patients' clinical care. The Board also considers matters related to care and safety as the first part of its meeting agenda. During the year the Board of Directors had presentations on clinical quality issues at the start of each public meeting from the following areas:

Cardiology, emergency assessment, same day admissions, enhanced recovery, dementia, infection prevention, mortality, maternity services, acute services configuration, medical investigations.

Supporting the Board of Directors are clinical staff throughout the Trust who are involved in discussions, planning and action around quality improvements.

In October 2010 the Board of Directors reviewed its governance arrangements and as a result established a new Quality and Safety Committee which had its first meeting in January 2011. The committee meets generally monthly and considers matters related to the quality of clinical care and patient safety.

The Board of Directors has approved the areas for quality improvement identified in this quality report following detailed discussion at the Quality & Safety Committee.

Directors of the Trust, commissioners, members of overview and scrutiny committees and patients representatives have visited areas across the Trust accompanying the Director of Nursing, the Medical Director and Matrons on rounds and visits. They have heard first hand from patients, their families and friends about the care and treatment being given. They have also talked to staff about their views and experiences.

During the year a number of face to face meetings have been held with patients and relatives about their issues with care and treatment. These meetings have helped answer questions and provided the Trust with understanding of how it might improve care and treatment in the future.

Discussions have also taken place with patients and the public concerning quality improvements. Input into approaches to care and to quality have also been sought and given from NHS Commissioners, local authorities, LINKS and various patient groups.

STATEMENTS FROM EXTERNAL BODIES

This Quality Report was sent to:

NHS Bournemouth and Poole (Lead Commissioner)

Borough of Poole, Overview and Scrutiny Committee

Borough of Bournemouth, Overview and Scrutiny Committee

Dorset County Council, Overview and Scrutiny Committee

Poole Local Involvement Network (LINk)

Council of Governors of Poole Hospital NHS Foundation Trust (members of Quality Report Task Group)

The following comments have been made:

NHS Bournemouth and Poole

NHS Bournemouth and Poole are pleased to be given the opportunity to comment on the Quality Accounts for Poole Hospital NHS Foundation Trust. We recognise all the work that staff at the Trust have undertaken over the last year to ensure that the quality of care provided remains at a suitably high level despite the challenges faced by the Trust. The Trust has managed to meet the targets for Clostridium Difficile and since June 2010 has not had any cases of MRSA Bacteraemia.

There is positive feedback from patients with high levels of patient satisfaction. The Trust has been rated in the top 25% of Trusts nationally following publication of the national patient satisfaction survey results. The Quality Account provides details of the achievement of a number of quality indicators 2010/11, which includes reduction in Pressure Ulcers, increase in the number of patients having a VTE assessment and a decrease in the last five months of the year of individuals falling whilst being cared for by the Trust. The PCT has reviewed the priorities for 2011/12 and fully supports the Trust in taking these forward.

Borough of Poole, Overview and Scrutiny Committee

No response received

Borough of Bournemouth, Overview and Scrutiny Committee

No response received

Dorset County Council Health Scrutiny Committee

Dorset County Council Health Scrutiny Committee received the Quality Report from the Trust and had a presentation from the Trust on proposed quality improvements in 2011-2012. It has decided to leave the host scrutiny committee (Borough of Poole) to comment on their behalf and provided that authority with its detailed comments.

Your voice on local health and social care

Poole Local Involvement Network (LINk)
Poole LINk welcomes this opportunity to comment on their work with Poole Hospital over the last year.

LINK MATERNITY PROJECT

Poole LINk received a rise in comments about maternity services throughout the summer of 2010. The responses we received were quite mixed, so the LINk Stewardship Group decided to gather wider information.

LINk Development Officer, Louise Bate & Stewardship Group member Sarah Sanford took the lead for this project, working with midwives, local breastfeeding support groups, PALS (Patient Advice & Liaison Service), Children's Centres, the Maternity Services Liaison Committee, local third sector & CQC (Care Quality Commission).

From November 2010 to January 2011 we attended 6 local parent & baby sessions / breastfeeding groups and spoke to over 60 people. We also gathered feedback from a further 32 people including midwives and community workers. The full report of our findings is available at: www.poolelink.org.uk

The LINk used the feedback gathered to make 6 recommendations to Poole Hospital:

LINk Recommendation 1: Put together a bedside booklet of ward information, including details on where to get a cup of tea, what to expect when you're in the unit, information about breastfeeding & how to give your feedback etc. We feel that this could have other advantages for the Trust, for example cutting down re-admittance rates. The LINk would be happy to work with you to create this information booklet.

Hospital response: The maternity services do have a bedside booklet/leaflet, I am sorry that some of your respondents were not aware. We note the helpful comments about what could be included in this booklet and will review its content in the light of those and other comments. We will aim to produce a revised booklet by 31st May 2011.

LINk Recommendation 2: Low staffing levels have seriously affected staff morale, people's experience of the unit and their choice of birth plan. The Trust stated in the Daily Echo, 30/9/10, that an additional 23 members of maternity staff will be employed. Please can you confirm this and give us some more details about the posts, when they'll be filled and how staffing levels will be monitored in the future.

Hospital response: We accept that at times staffing levels have not kept pace with an increasing workload. The Board of Directors have recognised recent gaps in staffing levels and as you rightly pointed out have approved the recruitment of 14 extra midwives, 2 additional medical consultants and 7 theatre workers to free up midwives from theatre duties. Recruitment to these posts is underway and the response to our adverts has been strong. We have already been able to fill some of the posts. We monitor staffing levels on a shift by shift basis in the maternity unit and on a monthly basis at Trust level with a quarterly review of performance that is presented to the Board of Directors.

LINk Recommendation 3: We've been told that the one day ante-natal talks at St Marys Maternity Unit have been stopped, because of low staffing levels. The feedback we've gathered about these sessions is very positive, women told us they felt more relaxed having been on a tour of the unit. The LINk recommends that these sessions are re-instated.

Hospital response: Thank you for your positive comments about ante-natal classes. It is correct that on one or two occasions classes have been cancelled but that has been because of last minute staff sickness. We have recently reviewed our cover arrangements and now have in place the option to cover from a new team of education midwives. This will ensure continuity of these classes.

LINk Recommendation 4: We understand that the Trust has a pot of money available to refurbish the unit. The LINk has gathered a number of practical suggestions to improve the look and feel of the unit. We therefore recommend you spend some of the refurbishment funds on new nursing pillows, changing the delivery suite door, re-decorating the post natal ward & waiting areas and improving the windows in the unit.

Hospital response: Thank you for these comments on the fabric of the building and nursing pillows. The Trust has invested money to maintain the fabric of the building and a recent redecoration of the whole unit has been completed, I hope your members will appreciate this when they next visit. The next priority is the refurbishment of the obstetric theatres which starts this month. During that programme the doors of the delivery suite will be replaced. We note the comments about pillows and will review what needs to be provided including any replacements.

LINk Recommendation 5: Ongoing feedback about the unit will help the Trust to continually improve services. The LINk is happy to help the Maternity Unit devise a more effective way of gathering feedback in the future.

Hospital response: Thank you for the offer of help. We current have a variety of ways in which feedback is gathered but would be very pleased to discuss with you how best to involve the LINk.

LINk Recommendation 6: The LINk recommends the unit work towards UN Baby Friendly Initiative status, or equivalent, as recommended in NHS SW Strategic Framework 2008 to 2011.

Hospital response: We have committed to the baby friendly initiative and in early March had confirmation from the lead at NHS South West saying "I will be able to assure the Baby Friendly Initiative that the unit is now very committed to achieving this accreditation".

Joint Working
The LINk has regular contact with the Patient Advice & Liaison Service (PALS) and has been involved in the hospitals disability impact group. Poole LINk stewardship group members worked with PALS in August 2010 to carry out an independent patient information standard audit.

Our current hospital project is a Poole LINk Hospital Discharge survey for older people. The LINk is working with PALS, the older peoples' wards, the discharge matron and the hospitals questionnaire review panel on this project. A full report will be published in the autumn 2011, www.poolelink.org.uk.

Council of Governors (individual governor comments)
Thank you for the final draft of the Quality Report. I had no idea how many National Clinical Audits there are. You must tell me sometime how long it takes to collect and collate the information in the Report, and how on earth you find the time to write it bearing in mind your other responsibilities. Of course, as a non-medical person I do not understand all of it, but nevertheless it gives a valuable insight of what is going on behind the scenes at the hospital. You deserve our thanks for its production.

Overall it paints a very positive picture of the Hospital and one we should be very proud of. Like any report that contains a lot of statistics, but those statistics do look very positive. It also points areas that I do not know much about and it would be helpful to have a bit more of an understanding. I am pleased that the input into key areas to look at has being taken on board, and like we agreed at the original meeting, these are very pertinent to the changing NHS. It will also prove a financial benefit as well as further improving our quality. On certain areas such as the paeds and cancer patient review. Do we have a baseline from which to compare, or has this being carried out in other areas so we have some dea of a benchmark?

The only other comment I would like to make is more one looking forward. It is fantastic that Governor input was sought when looking at this report, and maybe regular Governor input on PEAT visits etc would be very beneficial. I know that this process has begun and I am looking forward to experiencing this first hand. But it is important that this should become a regular involvement.

Huge praise should go to the staff of the Trust with a report like this, particularly with the pressures the Trust is under. A great report and a good reflection of the excellent work.

ANNEX 1 TO QUALITY REPORT 2010-2011

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE QUALITY REPORT

The directors are required under the Health Act 2009 and the National Health Service (Quality Accounts) Regulations 2010 to prepare Quality Accounts for each financial year.

Monitor has issued guidance to NHS foundation trust boards on the form and content of annual quality reports (which incorporate the above legal requirements) and on the arrangements that foundation trust boards should put in place to support the data quality for the preparation of the quality report.

In preparing the quality report, directors are required to take steps to satisfy themselves that:

1) the content of the quality report meets the requirements set out in the NHS Foundation Trust Annual Reporting Manual 2010-11;

2) the content of the Quality Report is not inconsistent with internal and external sources of information including:

- Board minutes and papers for the period April 2010 to June 2011
- Papers relating to Quality reported to the Board over the period April 2010 to June 2011
- Feedback from the commissioners dated 16/05/2011
- Feedback from governors dated 13/05/2011 and 20/05/2011
- Feedback from LINks dated 23/05/2011
- The trust's complaints report published under regulation 18 of the Local Authority Social Services and NHS Complaints Regulations 2009, dated 23/02/2011, 01/12/2010 and 25/08/2010;
- The 2010 national patient survey April 2011
- The 2010 national staff survey 16/03/2011
- The Head of Internal Audit's annual opinion over the trust's control environment dated 14/04/2011
- CQC quality and risk profiles dated; 16/03/2011,17/02/2011,16/12/2010,18/11/2010,21/10/2010,22/09/2010.

3) the Quality Report presents a balanced picture of the NHS foundation trust's performance over the period covered;

4) the performance information reported in the Quality Report is reliable and accurate;

5) there are proper internal controls over the collection and reporting of the measures of performance included in the Quality Report, and these controls are subject to review to confirm that they are working effectively in practice;

6) the data underpinning the measures of performance reported in the Quality Report is robust and reliable, conforms to specified data quality standards and prescribed106 definitions, is subject to appropriate scrutiny and review; and the Quality Report has been prepared in accordance with Monitor's annual reporting guidance (which incorporates the Quality Accounts regulations) (published at www.monitornhsft.gov.uk/annualreportingmanual) as well as the standards to support data quality for the preparation of the Quality Report (available at www.monitornhsft.gov.uk/annualreportingmanual)).

The directors confirm to the best of their knowledge and belief they have complied with the above requirements in preparing the Quality Report.

By order of the Board

NB: sign and date in any colour ink except black

Angela Scholfield
_____

Chairman
3 June 2011

_____

Chief Executive
3 June 2011

ANNEX 2 TO QUALITY REPORT 2010-2011

Independent Auditor's Report to the Council of Governors of Poole Hospital NHS Foundation Trust on the Annual Quality Report

We have been engaged by the Council of Governors of Poole Hospital NHS Foundation Trust to perform an independent assurance engagement in respect of the content of Poole Hospital NHS Foundation Trust's Quality Report for the year ended 31 March 2011 (the "Quality Report").

Scope and subject matter
We read the Quality Report and considered whether it addresses the content requirements of the NHS Foundation Trust Annual Reporting Manual, and considered the implications for our report if we become aware of any material omissions.

Respective responsibilities of the Directors and auditors
The Directors are responsible for the content and preparation of the Quality Report in accordance with the criteria set out in the NHS Foundation Trust Annual Reporting Manual 2010/11 issued by the Independent Regulator of NHS Foundation Trusts ("Monitor").

Our responsibility is to form a conclusion, based on limited assurance procedures, on whether anything has come to our attention that causes us to believe that the content of the Quality Report is not in accordance with the NHS Foundation Trust Annual Reporting Manual or is inconsistent with the documents.

We read the other information contained in the Quality Report and considered whether it is materially inconsistent with:

- Board minutes for the period April 2010 to June 2011;
- Papers relating to quality reported to the Board over the period April 2010 to June 2011;
- Feedback from the commissioners dated 15/05/2011;
- Feedback from governors dated 13/05/2011 and 20/05/2011;
- LINks Comment for Poole Hospital's Quality Report 2011;
- The trust's complaints report published under regulation 18 of the Local Authority Social Services and NHS Complaints Regulations 2009 dated 28/07/2010;
- The Listening to Patient: National Inpatient Survey Results report 2010;
- The 2010 National NHS staff survey;
- The Head of Internal Audit's annual opinion over the trust's control environment dated 14/04/2011; and
- CQC quality and risk profiles dated September 2010 and March 2011.

We considered the implications for our report if we became aware of any apparent misstatements or material inconsistencies with those documents (collectively, the "documents"). Our responsibilities do not extend to any other information.

This report, including the conclusion, has been prepared solely for the Council of Governors of Poole Hospital NHS Foundation Trust as a body, to assist the Council of Governors in reporting Poole Hospital NHS Foundation Trust's quality agenda, performance and activities. We permit the disclosure of this report within the Annual Report for the year ended 31 March 2011, to enable the Council of Governors to demonstrate they have discharged their governance responsibilities by commissioning an independent assurance report in connection with the Quality Report. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council of Governors as a body and Poole Hospital NHS Foundation Trust for our work or this report save where terms are expressly agreed and with our prior consent in writing.

Assurance work performed
We conducted this limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) – "Assurance Engagements other than Audits or Reviews of Historical Financial Information" issued by the International Auditing and Assurance Standards Board ("ISAE 3000"). Our limited assurance procedures included:

- Making enquiries of management;
- Comparing the content requirements of the NHS Foundation Trust Annual Reporting Manual to the categories reported in the Quality Report; and
- Reading the documents.

A limited assurance engagement is less in scope than a reasonable assurance engagement. The nature, timing and extent of procedures for gathering sufficient appropriate evidence are deliberately limited relative to a reasonable assurance engagement.

Limitations
It is important to read the Quality Report in the context of the criteria set out in the NHS Foundation Trust Annual Reporting Manual.

Conclusion
Based on the results of our procedures, nothing has come to our attention that causes us to believe that, for the year ended 31 March 2011, the content of the Quality Report is not in accordance with the NHS Foundation Trust Annual Reporting Manual.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
London

3 June 2011

Non-Financial Information

REGULATORY RATINGS

To ensure NHS Foundation Trusts remain well-governed, financially viable and legally constituted after authorisation, Monitor assigns a financial risk rating and a governance risk rating to each NHS Foundation Trust on the basis of Trusts' annual plans and in-year performance. Monitor will use these risk ratings to guide the intensity of its monitoring and signal to the NHS Foundation Trust its degree of concern with specific or a range of issues identified and evaluated, and the risk of breach of the Terms of Authorisation.

The Annual Plan for 2009/10 projected a financial risk rating of 3, as well as green risk ratings for governance and mandatory service ratings. The Trust achieved these targets for the first three quarters of the year, however during 2009/10 it saw a significant deterioration in the Trust's financial position which resulted in a deficit at the end of the financial year. As a result the Trust's financial risk rating fell to 2 in the final quarter and for the year as a whole, and this led to Monitor declaring the Trust to be in serious breach of its authorisation (July 2010).

The Annual Plan for 2010/11 projected a financial risk rating of 3 for each of the three years from 2010/11 to 2012/13 and green risk ratings for both governance and mandatory services. However, the financial risk rating for the first two quarters of 2010/11 was forecast at 2 because of the phasing of the cost improvement programme towards the latter half of the year. A revised plan was submitted in September 2010, forecasting a deficit for the year and a financial risk rating of 2 for the year as a whole and for each quarter.

In July 2010 the Trust was declared by Monitor to be in serious breach of its authorisation as a result of an operational deficit of £4.5m in 2009/10 and weaknesses in its governance arrangements. The Trust has therefore been rated as Red for Governance in each of the 4 quarters. However, without this 'override' the Trust would have demonstrated good and improving performance against the key governance targets and would have achieved the following risk ratings in each of the quarters:

	Annual Plan 2010/11	Q1 2010/11	Q2 2010/11	Q3 2010/11	Q4 2010/11
Governance risk rating	Green	Amber Red	Amber Green	Green	Green

In the final quarter the only target which the Trust 'failed to meet' was the 'thrombolysis within 60 minutes' target and this was because of issues arising before the patients arrived at the Trust.

Since July 2010 the Trust has achieved significant improvements in both its governance processes and in its financial performance:

- Established sound governance processes, including eight new key appointments at both non-executive and executive level
- Achieved sustainable improvements in financial performance reducing the underlying deficit from £6m in 2009/10 to <£1m in 2010/11, and improving liquidity from a cash balance of £3m in Feb 2010 to £9m in Mar 2011
- Achieved savings of £8m (fye) whilst continuing to deliver high quality, safe patient services and key access targets

	Annual Plan 2009/10	Q1 2009/10	Q2 2009/10	Q3 2009/10	Q4 2009/10
Financial risk rating	3	3	3	3	2
Governance risk rating	Green	Green	Green	Green	Amber
Mandatory services	Green	Green	Green	Green	Green

	Annual Plan 2010/11	Q1 2010/11	Q2 2010/11	Q3 2010/11	Q4 2010/11
Financial risk rating	2	2	2	2	2
Governance risk rating	Green	Red	Red	Red	Red
Mandatory services	Green	Green	Green	Green	Green

HANDLING COMPLAINTS

Poole Hospital received 436 formal complaints between 1 April 2010 and 31 March 2011. At the time of preparing this report 409 had been concluded: 32% were dismissed, 38% were upheld partially, 20% were upheld in their entirety, 5% received reimbursement for loss of or damage to property and 4% of complainants subsequently withdrew their complaints.

Seven complaints were referred to the Health Service Ombudsman.

It is critical that we learn from patients' experiences of our services. Examples of learning from complaints included:

- Lignocaine gel for catheterisation was introduced in the Maternity Unit
- An information leaflet for women on induction in labour was written and introduced
- New guidance in collaboration with RBH was produced for patients attending for LLETZ procedures with pacemakers in situ
- Redevelopment of website to address issue that Ladybird Unit was not on website maps
- Consent training amended to reflect possible complication of neurovascular damage in surgery to treat clavicular fractures
- Admission proforma developed and implemented for all women admitted in labour
- Nursing staff reminded of the importance of ensuring that appropriate documentation check lists are completed
- Reassessment of competency for log roll manoeuvres implemented

HIGHLIGHT OF THE YEAR

Rapid Assessment Unit means improved experience for older patients

Poole's new Rapid Assessment and Consultant Evaluation (RACE) unit is delivering quality outcomes for older patients by avoiding unnecessary admissions and providing rapid multidisciplinary assessment and interventions, resulting in a reduced length of stay. The 22-bedded consultant-led unit opened in June 2010, and aims to provide a timely comprehensive assessment for older patients, who may be referred for same-day clinic or admitted for a short stay of less than 48 hours.

COUNTER FRAUD AND SECURITY

Poole Hospital has adopted the Counter Fraud and Security Management Services model to deal with fraud and corruption within the National Health Service.

The accountable officer is the Director of Finance, who is responsible for all operational matters such as authorising investigations, including the arrest, interviewing and prosecution of subjects and the recovery or write-off of any sums lost to fraud.

We have a nominated Local Counter Fraud Specialist (LCFS) who is responsible for the investigation of any allegations of fraud and corruption and for the delivery of a programme of pro-active counter fraud work as detailed in the annual work-plan approved by the Trust. Where fraud is established or improvements to systems or processes identified, the LCFS will recommend appropriate action to the Trust.

The LCFS works closely with the Human Resources Department when investigating cases involving members of staff and provides evidence to the Trusts investigating officer for disciplinary matters.

Monitoring of the Trust's counter fraud arrangements is undertaken by the Audit & Governance (A&G) Committee. The LCFS attends each A&G Committee meeting to report progress against the agreed counter fraud work-plan and advise the outcome of any completed investigations or pro-active exercises.

We have approved a Fraud Response Plan which sets out these roles and responsibilities and the steps to be taken by the Trust if fraud is suspected. All staff are required to report any suspicions of fraud or corruption that they may have either to the LCFS or the Director of Finance.

Since 2001 the LCFS has been provided by the Dorset & Somerset Counter Fraud Service (DAS), hosted by NHS Dorset. During this period a number of cases have been successfully investigated at the Trust leading to the application of a range of disciplinary, professional and criminal sanctions as well as the recovery of overpaid sums.

An annual assessment of the Trust's counter fraud arrangements is provided by the Counter Fraud and Security Management Service. For the last year the Trust has been rated at level 4 (Trust performing strongly).

EMERGENCY PREPAREDNESS

The Trust's Emergency Preparedness Plan provides a comprehensive set of procedures for dealing with sudden major incidents such as fires, explosions and major transport accidents.

Like all hospitals, we regularly test our plans for responding to major incidents to ensure we are properly prepared to care for patients in the event of a major emergency.

Clinical staff and senior managers took part in a number of Trust specific, pan-Dorset and regional exercises to test emergency plans during the year. These included 'Aquarius', a live exercise designed to test the Hospital's plans for dealing with casualties resulting from a chemical, biological, radiological or nuclear (CBRN) incident. The exercise took place in February 2011, with the support of the Health Protection Agency.

The Hospital played an active role in the Local Resilience Forum, working alongside other key category one organisations such as the Police, Fire, Ambulance Service and Councils to ensure robust plans are in place for dealing with events including chemical, biological, radiological and nuclear (CBRN) incidents, flooding, pandemic flu and other major incidents.

The Trust's Emergency Preparedness Group continued to meet regularly through the year to review activities and plan for the future, giving particular consideration to preparations for the forthcoming Olympics in 2012.

STAFF ENGAGEMENT

Statement of approach to staff involvement
Poole Hospital's commitment to staff involvement is enshrined within the principles laid down in the Poole Approach, the philosophy that underpins our values both as an employer and provider of care. The Poole Approach contains pledges that promise we will listen to staff and promote partnership working.

We have a range of processes promoting staff engagement and involvement. These include:

- The Staff Partnership Forum, which promotes pro-active working with staff representatives on a wide range of issues
- A monthly Team Briefing, which is given face-to-face by the Chief Executive to senior managers, Heads of Department and Matrons for cascade to all staff through line management arrangements and actively encourages dialogue and feed back
- Open briefing sessions with the Chief Executive on key issues. All staff are invited to attend these meetings and ask questions; feedback on topics raised at the meeting is provided in the staff news bulletin
- Regular team meetings, held by all directorates, care groups and professional groupings. Regular meetings take place in which staff members are invited to participate and influence, for example the Nursing and Midwifery Executive Group, and Operational Managers' Group
- Grapevine, the widely-read trust magazine involves staff in many aspects of Trust life
- Regular staff news bulletins
- The intranet
- Staff governor 'surgeries' held in the dining room to canvas and capture staff views on a range of topics
- Participation in the national staff survey

HIGHLIGHT OF THE YEAR

Porter named Employee of the Year

Porter Graham Kean was named 'Employee of the Year' in the Hospital's annual Meggitt Staff Excellence Awards. Graham has worked at Poole Hospital for 15 years, and has been employed as a porter in the Emergency Department for the last five. His compassion for patients was described as 'inspirational' by the colleagues who nominated him.

Summary of Performance – Results from the NHS staff survey
A comparison of the Trust's 2010 staff survey results with those of 2009 (or with the national average for acute Trusts where the questions were new for the 2010 survey) reveals several areas where our results have improved or, for the new questions, are better than national average.

Staff are generally positive about their experience of personal development, access to appropriate training and line management support, demonstrated by staff appraisals and personal development plans.

Staff also responded positively in relation to support and opportunities available to maintain health, well-being and safety. This was reflected in a reduction in the percentage of staff reporting errors, near misses or incidents, and also by staff feeling that incident reporting procedures are fair and effective. Positive responses were also expressed for infection control and hygiene, and also the impact of occupational health and safety on staff member's ability to perform work or daily activities.

The Trust's commitment to equality and diversity was reflected by an increase in staff receiving equality and diversity training in last 12 months and in a reduction in staff experiencing discrimination at work.

SUMMARY OF PERFORMANCE – NHS STAFF SURVEY

	2009 Trust	2009 National Average	2010 Trust	2010 National Average	Trust Improvement/ Deterioration
Response rate	60%	51%	58%	51%	Deterioration of 2% but remains higher than national average

	2009 Trust	2009 National Average	2010 Trust	2010 National Average	Trust Improvement/ Deterioration
Top 4 Ranking Scores					
Question KF22 Fairness and effectiveness of incident reporting procedures	3.46	3.42	3.48	3.45	Improvement 0.02 score increase
Question KF38 Percentage of staff experiencing discrimination at work in the last 12 months	n/a	n/a	11%	13%	New Question Better than the national average
Question KF21 Percentage of staff reporting errors, near misses or incidents witnessed in the last month	95%	95%	96%	95%	Improvement 1% increase
Question KF28 Impact of health and well-being on ability to perform work or daily activities	1.53	1.57	1.55	1.57	Improvement 0.02 score increase

	2009 Trust	2009 National Average	2010 Trust	2010 National Average	Trust Improvement/ Deterioration
Bottom 4 Ranking Scores					
Question KF10 Percentage of staff feeling there are good opportunities to develop their potential at work	41%	42%	31%	41%	Deterioration 10% decrease
KF7 Trust commitment to work-life balance	3.38	3.40	3.19	3.38	Deterioration 0.19 score reduction
KF36 Percentage of staff having equality and diversity training in last 12 months	22%	35%	25%	41%	Improvement 3% improvement although this remains lower than national average
KF5 Work pressure felt by staff	3.12	3.11	3.26	3.11	Deterioration 0.14 score reduction

Action plans to address areas of concern
15 key areas for improvement have been identified following a comparison of the Trust's 2010 results with other acute trusts in England, and our 2009 results. A high-level Trust action plan identifying a suggested Champion Executive Director has been designed, which supports directorates and clinical divisions in setting local actions to ensure a positive response is made to the survey results in all areas.

Delivery of these actions will be monitored at Board of Director meetings through the performance review process and on a regular basis through management meetings.

Action taken by the Trust will support the commitment to staff engagement outlined within the Operating Framework for the NHS 2011-12.

Future priorities and targets
Our future priorities are to continue to monitor and improve the quality of our patient care, supporting staff to deliver their best and to ensure staff views as expressed within the Staff Survey are responded to. These will be monitored by the Executive Directors through the Performance Review process.

HIGHLIGHT OF THE YEAR

Poole nurse nominated for Patient's Choice award

A Poole Hospital nurse was nominated for the Claire Rayner Patient's Choice award, organised by the nursing journal Nursing Standard as part of its prestigious annual awards. Karen Cuthbert works in the Children's Unit at Poole, and was chosen by Lindsey Woodward of Verwood in Dorset, who said: 'We feel her professionalism saved our baby's life.' Karen was the first nurse to see Lindsey's six-month old daughter Poppy when she was admitted to the hospital's high dependency unit. "Karen was ultra professional and so tender," said Lindsey. "She gave my husband and I so much support.'

EQUALITY AND DIVERSITY

Summary of approach to equality and diversity
Poole Hospital has an absolute commitment to equality and diversity, both as a healthcare organisation and as an employer. We have welcomed the provisions of the Equality Act 2010, which replaced existing equality legislation with a single act, and are implementing these across services and for our staff.

Within this positive approach we are working to ensure that our general public duties under the Equality Act are met and form part of our good practice. We also have a commitment to increase engagement on equality issues and to use equality information and analysis to the benefit of patient care and treatment and the support of our staff.

To progress our commitment to continually improving equality performance we have adopted the NHS Equality Delivery System. This means that we will be developing, in full engagement with local organisations, equality objectives and priorities over the coming year to be in place by next spring. These will relate to a set of practical outcomes grouped under the goals of: better health outcomes for all; improved patient access and experience; empowered, engaged and included staff; and inclusive leadership at all levels.

Equality diversity, and human rights are also promoted through the Poole Approach, which sets out the Hospital's values and philosophy of care. The Poole Approach commits us to the provision of *'friendly, professional patient-centred care with respect and dignity for all'*. It includes pledges for our staff to treat others with respect and consideration, and value and benefit from diversity in beliefs, cultures, and abilities.

In line with the Poole Approach and the NHS Constitution, Poole Hospital is committed to providing services that do not discriminate on any of the protected characteristics of: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion and belief, sex and sexual orientation. We oppose all forms of unlawful and unfair discrimination.

We are also committed to being a model employer in respect of equality of employment, developing, supporting and sustaining a diverse workforce that is representative of the community it serves.

The Trust is involved in a range of activities aimed at promoting and monitoring equality and diversity. The Director of Human Resources provides leadership of this agenda, supported by the Equality and Diversity Group, which has a broad membership of representatives from within the Trust, including the equality lead for Human Resources, together with local community members.

Activities include:

- An Equality Impact Assessment process, with high-level support and a programme of training, resulting in Equality Impact Assessments being carried out by suitably trained staff and published on the Trust public website
- An equality and diversity session on both the general induction programme and the Core Skills training programme
- A Disability Impact Group as a process of giving focus to a range of disability issues for service users and staff, which includes local community membership

Future priorities and targets

The Equality and Diversity Lead will continue to ensure the promotion of equality, diversity and human rights at a high level and ensure engagement with service leaders throughout the hospital and local stakeholders.

The Equality Delivery System process of setting objectives through a process of engagement will enable clinical divisions, corporate directorates and the Board of Directors to identify and focus more closely on specific actions required within their own areas to promote equality. This will engage staff working in both clinical and non-clinical roles, together with service users and their representatives, and make sure equality activity can be more closely supported and monitored by the Equality and Diversity Group.

Employment monitoring continues and will inform and support the Equality Delivery System goals for staff.

We will increase the number of Equality Impact Assessments carried out within clinical divisions and corporate directorates, resulting in equality and diversity becoming integral to service priorities and plans.

The engagement and commitment of the Board of Directors will be strengthened by the nomination of a Non-Executive Director to become directly involved in the Equality and Diversity agenda.

ENVIRONMENTAL REPORT

Sustainability/Climate Change
It has been estimated that the NHS is responsible for releasing over 18 million tonnes of CO_2 a year, making it the biggest single public sector contributor to climate change. Recognising this, the Department of Health issued the document Saving Carbon, Improving Health in January 2009. This document incorporates the NHS Carbon Reduction Strategy and is aimed at significantly reducing the impact the NHS has on the environment by setting out a series of action points relating to energy and carbon management, procurement and food, waste, water, travel and transport.

Poole Hospital formally signed up to the measures set out in the NHS Carbon Reduction Strategy in February 2009, and is in the process of developing strategic and operational plans for achieving carbon reductions. The Trust has developed a sustainability management plan to help identify, monitor and target carbon reductions.

Poole Hospital's Sustainability Strategy
The NHS Carbon Reduction Strategy states that by 2015, the NHS must reduce its 2007 carbon footprint by 10%. Poole Hospital's own target for carbon reduction has been set at the higher level of 18%. The NHS Carbon Reduction Strategy also sets out ambitious longer term achievements, and states that the NHS should meet a 26% reduction of carbon emissions by 2020, and an 80% reduction by 2050.

In order to achieve these targets, Poole Hospital has completed a Carbon Management Implementation Plan (CMIP) which has been ratified by the Board of Directors.

This plan sets out our commitment towards reducing carbon emissions, identifies where we will focus our efforts, and states how and when we intend to achieve our goals. The plan looks at low-cost measures such as good housekeeping and an education/awareness programme, as well as longer term plans such as upgrading boilers, improved monitoring systems and additional insulation.

Reporting and measuring sustainability
Poole Hospital has registered with the Good Corporate Citizenship Assessment Model and undertaken an initial assessment of sustainability. The model provides an online resource designed to help NHS organisations assess and improve their contribution to sustainable development, and monitor progress against other similar organisations.

It supports the Department of Health's contribution to the UK Sustainable Development Strategy and contains information on sustainability divided into six areas:

- Transport
- Procurement
- Facilities Management
- Employment and skills
- Community engagement
- New buildings

The Sustainability Management Plan brings together:

- Our carbon reduction commitment
- The principles contained within the Good Corporate Citizen Model
- Our 'Travel to Work' commitments
- Minimum design criteria for our new developments
- A new Energy Policy to help reduce consumption
- A clear plan to undertake and achieve certification by the Carbon Trust Standard

The Board of Directors will ensure sustainability and related targets / information is disseminated throughout the organisation.

Senior managers within the Trust will ensure appropriate training is provided for their team members and undertake any awareness raising activities to ensure all staff can comply with, and support, actions as directed in the CMIP. They will be responsible for ensuring monitoring and measuring of targets as appropriate.

HIGHLIGHT OF THE YEAR

Catering team pick up plaudits

Four of Poole Hospital's catering staff picked up accolades in the HCA Wessex Branch Salon Culinaire Competition. Teresa Martins was awarded first place in the Patients' Afternoon Tea Tray and Napkin Folding categories, Danguole Lukseviciene came second in the Decorated Chocolate Sponge Cake category, and David Smith and James Bayliss were awarded third place in the 'Live Class'.

Outside organisations/contractors working on the premises will be made aware of the plan, and project managers should ensure they adhere to all guidelines in the plan and work towards its targets.

Summary Performance – Waste minimisation and management
We operate full site recycling in conjunction with Poole Borough Council to help actively reduce the amount of waste going to landfill sites. We plan to extend this to include key areas that historically have been unable to recycle such as Main Theatres. We recycle all of our cardboard waste through the use of a mini compactor and collection made by the local authority. We are to include new waste streams including our main kitchens to increase our recycling capacity.

We are also reviewing our purchasing procedures to help minimise waste and enable packaging to be returned to suppliers where practicable.

A clinical waste audit was carried out in February 2011 which identified no significant areas of concern regarding compliance. A waste bin audit has also been commissioned to assist with segregation and fire compliance; once issued a bid for funding will be made to cover any areas of improvement.

Summary performance - Use of finite resources
Membership of the Carbon Trust's Carbon Management Programme and the development of a Carbon Management Plan are helping us achieve a carbon emission reduction in line with the national NHS target of 10% by 2015. Our target has been set at 18% which has been established as achievable.

A Carbon Reduction Opportunities Assessment was completed on behalf of the Carbon Trust which investigated potential opportunities to save carbon through energy efficiencies.

The Trust has worked hard in identifying and minimising waste wherever possible and has just completed an extensive review of our Building Management System heating controls to better manage heating levels.

Future priorities and targets
The Carbon Management Plan sets out responsibilities regarding performance target and monitoring reporting procedures. The establishment of Sustainability Working Groups will ensure that all clinical and non clinical measures are taken to reduce carbon emissions to help achieve the 18% target.

A Sustainability Strategy will be developed to pull together all the threads of sustainability into one cohesive strategy encompassing:

- Good Corporate Citizen – working towards becoming a Foundation Trust advocate in developing and achieving the South West Regional target
- Travel to Work – review and evaluation of our current travel to work patterns, methodologies and alternatives, including the use of subsidised public transport
- Carbon Reduction – our established target to reduce carbon is set at 18% by 2015. Our Carbon Management Plan (CMP) lays out clear funded projects that will deliver the required emission reduction and subsequent savings
- Energy Management – an update to our current Energy Policy reflecting the projects identified within the CMP and establishing minimum room temperatures and controlling the use of split air conditioning units
- The review of the impact that the Carbon Reduction Commitment (CRC) will have on the Trust's activities both financially and operationally in terms of priorities.

HIGHLIGHT OF THE YEAR

Neo-natal consultant awarded professorship

Dr Minesh Khashu, Lead Neonatologist at Poole Hospital, was appointed Visiting Professor at the Centre for Midwifery, Maternal & Perinatal Health in the School of Health and Social Care at Bournemouth University. Dr Khashu has been involved in multiple areas of neonatal/perinatal research. His areas of special interest are neonatal nutrition, neonatal infections and prematurity.

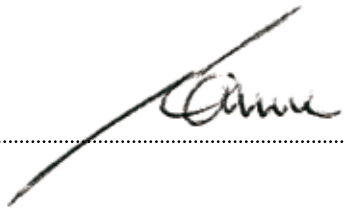
Annual Accounts 2010/11

FOREWORD TO THE ACCOUNTS

Poole Hospital NHS Foundation Trust

These accounts for the year ended 31 March 2011 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 Annual Reporting Manual (FT ARM) for the financial period.

Signed .....



Chris Bown
Chief Executive and Accounting Officer

Date: 3 June 2011 .....

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 the 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.

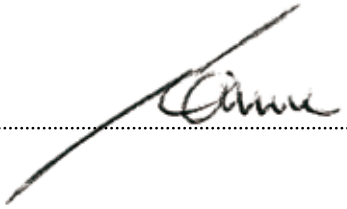
In preparing the accounts, the Accounting Officer is required to comply with the requirements of the NHS Foundation Trust Annual Reporting Manual and in particular to:

- observe the Accounts Direction issued by Monitor, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the NHS Foundation Trust Annual Reporting Manual have been followed, and disclose and explain any material departures in the financial statements; and
- prepare the financial statements on a going concern basis.

The Accounting Officer is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the NHS Foundation Trust and to enable him/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.

Signed .....



Chris Bown, Chief Executive

Date: 3 June 2011 .....

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 March 2011

	NOTE	2010/11 £000	Re-stated 2009/10 £000
Operating income	2	**194,711**	188,721
Operating expenses	3	**(190,525)**	(198,157)
OPERATING SURPLUS/(DEFICIT)		**4,186**	**(9,436)**
Finance Costs			
Finance income	5	**59**	70
Finance costs - financial liabilities	6	**(54)**	(62)
Finance costs - interest expense - unwinding of discount	16	**(7)**	(8)
Public Dividend Capital dividends payable		**(3,044)**	(3,625)
Net Finance Costs		**(3,046)**	(3,625)
SURPLUS/(DEFICIT) FOR THE YEAR (See Note a below)		**1,140**	**(13,061)**
Other comprehensive (expense)/income			
Impairments		**(1,014)**	(6,614)
Revaluations		**4,444**	0
Increase in the donated asset reserve due to receipt of donated assets		**699**	1,071
Other recognised gains and losses		**(995)**	0
Reduction in the donated asset reserve in respect of depreciation, impairment, and/or disposal of donated assets		**(633)**	(671)
TOTAL COMPREHENSIVE (EXPENSE)/INCOME FOR THE YEAR		**3,641**	**(19,275)**

Note a : The Operating Surplus for the year amounting to £1,140k includes impairment of £477k and reversal of impairment of £5,891k in respect of property, plant and equipment following the revaluation of the estate by the District Valuer as at 31 March 2011. The actual Operating Deficit was £4,274k

Note b: Previous year's figures have been re-stated - see Note 1.19

The notes on pages 5 to 38 form part of these accounts.

All income and expenditure is derived from continuing operations.

The notes on pages 98 to 129 form part of these accounts.
All income and expenditure is derived from continuing operations.

STATEMENT OF FINANCIAL POSITION AS AT 31 March 2011

STATEMENT OF FINANCIAL POSITION AS AT 31 March 2011	NOTE	31 March 2011 £000	Re-stated 31 March 2010 £000	1 April 2009 £000
NON CURRENT ASSETS				
Intangible assets	7	**519**	160	0
Property, plant and equipment	8	**102,427**	98,946	110,292
Trade and other receivables	11	**1,071**	1,100	1,108
		104,017	100,206	111,400
CURRENT ASSETS				
Inventories	10	**2,052**	2,237	1,711
Trade and other receivables	11	**5,526**	8,751	10,463
Cash and cash equivalents	18	**8,969**	4,535	11,834
TOTAL CURRENT ASSETS		**16,547**	15,523	24,008
CURRENT LIABILITIES				
Trade and other payables	12.1	**(14,760)**	(13,439)	(14,150)
Borrowings	13	**(316)**	(316)	(201)
Provisions	16	**(86)**	(110)	(122)
Tax payable	12.1	**(2,694)**	(2,749)	(2,718)
Other liabilities	12.2	**(277)**	(237)	(391)
TOTAL CURRENT LIABILITIES		**(18,133)**	(16,851)	(17,582)
TOTAL ASSETS LESS CURRENT LIABILITIES		**102,431**	98,878	117,826
NON CURRENT LIABILITIES				
Borrowings	13	**(516)**	(830)	(596)
Provisions	16	**(520)**	(340)	(450)
Other liabilities	12.2	**(12)**	(16)	(18)
TOTAL NON CURRENT LIABILITIES		**(1,048)**	(1,186)	(1,064)
TOTAL ASSETS EMPLOYED		**101,383**	97,692	116,762
FINANCED BY:				
TAXPAYERS' EQUITY				
Public dividend capital		**86,049**	85,999	85,794
Revaluation reserve	17	**5,363**	3,032	8,092
Donated asset reserve		**6,927**	6,757	7,911
Income and expenditure reserve		**3,044**	1,904	14,965
TOTAL TAXPAYERS' EQUITY		**101,383**	97,692	116,762

The financial statements on pages 98 to 105 were approved by the Board on 2 June 2011 and signed on its behalf by:

Signed: .....Chief Executive **Date: 3 June 2011**

Name: Chris Bown

Signed: .....Director of Finance **Date: 3 June 2011**

Name: Paul D. Turner

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY
31 March 2011

	Public dividend capital (PDC) £000	Revaluation reserve £000	Donated asset reserve £000	Income and Expenditure Reserve £000	Total £000
Balance at 1 April 2009	**85,794**	**8,092**	**7,911**	**14,965**	**116,762**
Changes in taxpayers' equity for 2009/10					
Total Comprehensive Income for the year:					
Retained surplus for the year	0	0	0	(13,061)	(13,061)
Revaluation gains/(losses) and impairment losses property, plant and equipment	0	(5,060)	(1,554)	0	(6,614)
Reduction in the donated asset reserve in respect of depreciation, impairment, and/or disposal on donated assets	0	0	(671)	0	(671)
Receipt of donated assets	0	0	1,071	0	1,071
Other transfers between reserves	0	0	0	0	0
Transfer of the excess of current cost depreciation over historical cost depreciation to the Income and Expenditure Reserve	0	0	0	0	0
Public Dividend Capital received	205				205
Balance at 31 March 2010 - restated	**85,999**	**3,032**	**6,757**	**1,904**	**97,692**
Balance at 31 March 2010 as previously stated	**85,999**	**1,264**	**6,618**	**6,831**	**100,712**
Prior period adjustment (see Note)	0	1,768	139	(4,927)	(3,020)
Balance at 31 March 2010 - restated	**85,999**	**3,032**	**6,757**	**1,904**	**97,692**
Changes in taxpayers' equity for 2010/11					
Total Comprehensive Income for the year					
Retained surplus/(deficit) for the year	0	0	0	1,140	1,140
Impairments	0	(1,014)	0	0	(1,014)
Revaluations	0	4,340	104	0	4,444
Reduction in the donated asset reserve in respect of depreciation, impairment, and/or disposal on donated assets	0	0	(633)	0	(633)
Receipt of donated/government granted assets	0	0	699	0	699
Reclassification adjustments:					
- transfer from donated asset/government grant reserve	0	0	0	0	0
Transfer of the excess of current cost depreciation over historical cost depreciation to the Income and Expenditure Reserve	0	0	0	0	0
Other recognised gains and losses	0	(995)	0	0	(995)
Public Dividend Capital received	50				50
Balance at 31 March 2011	**86,049**	**5,363**	**6,927**	**3,044**	**101,383**

Note. Prior year figures have been restated - for further details see Note 1.19.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 March 2011

	2010/11 £000	Re-stated 2009/10 £000
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating (deficit)/surplus from continuing operations	**4,186**	**(9,436)**
Non-cash income and expense:		
Depreciation and amortisation	8,274	7,774
(Reversal of impairments)/Impairments	(5,414)	7,909
Transfer from the donated asset reserve	(633)	(671)
(Increase)/decrease in trade and other receivables	3,254	1,720
(Increase)/decrease in other assets	0	0
(Increase)/decrease in inventories	185	(526)
Increase/(decrease) in trade and other payables	1,321	(711)
Increase/(decrease) in other liabilities	36	(154)
Increase/(decrease) in tax paid	(55)	31
Increase/(decrease) in provisions	156	(122)
Other movements in operating cash flows	86	(8)
Net cash generated from operations	**11,396**	5,806
Cash flows from investing activities		
Interest received	59	70
Purchase of financial assets	0	0
Sale of financial assets	0	10,000
Purchase of property, plant and equipment	(3,968)	(10,950)
Purchase of intangible assets	(333)	(164)
Sales of property, plant and equipment	0	0
Net cash generated generated used in investing activities	**(4,242)**	(1,044)
Cash Flows from financing activities		
Public dividend capital received	50	205
Capital element of finance lease rental payments	(314)	349
Interest element of finance lease	(54)	(62)
PDC Dividend paid	(3,101)	(3,624)
Cash flows from other financing activities	699	1,071
Net cash used in financing activities	**(2,720)**	(2,061)
Increase in cash and cash equivalents	**4,434**	2,701
Cash and Cash equivalents at 1 April	**4,535**	1,834
Cash and Cash equivalents at 31 March	**8,969**	4,535

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 Annual Reporting Manual which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the 2010/11 NHS Foundation Trust Annual Reporting Manual issued by Monitor. The accounting policies contained in that manual follow International Financial Reporting Standards (IFRS) and HM Treasury's FreM to the extent that they are meaningful and appropriate to NHS foundation trusts. The accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment, intangible assets, inventories and certain financial assets and financial liabilities.

1.1 Income

Income in respect of services provided is recognised when, and to the extent that performance occurs and is measured at the fair value of the consideration receivable. The main source of income for the Trust is contracts with commissioners in respect of healthcare services.

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

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

1.2 Expenditure on Employee Benefits

Short-term Employee Benefits

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

Pension costs

NHS Pension Scheme

Past and present employees are covered by the provisions of the NHS Pensions Scheme. The scheme is an unfunded, defined benefit scheme that covers NHS employers, general practices and other bodies, allowed under the direction of the Secretary of State, in England and Wales. 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. Employer's pension cost contributions are charged to operating expenses as and when they become due.

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

1.3 Expenditure on other goods and services

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

1.4 Property, Plant and Equipment Recognition

Property, Plant and Equipment is capitalised where:

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

Property, Plant and Equipment 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.

Where a large asset, for example a building, includes a number of components with significantly different asset lives e.g. plant and equipment, then these components are treated as separate assets and depreciated over their own useful economic lives.

Measurement

Valuation

All property, plant and equipment assets are measured initially at cost, representing the costs directly attributable to acquiring or constructing the asset and bringing it to the location and condition necessary for it to be capable of operating in the manner intended by management. All assets are measured subsequently at fair value.

All land and buildings are re-valued using professional valuations in accordance with IAS16 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 31 March 2009 (with an effective date of 1 April 2008) the land and buildings were re-valued on a modern equivalent asset basis (MEA). Further valuations were undertaken with effective dates of 31 March 2010 and 31 March 2011. See also Note 1.18 regarding critical estimates and key accounting judgements.

Subsequent expenditure

Where subsequent expenditure enhances an asset beyond its original specification, the directly attributable cost is added to the asset's carrying value. Where a component of an asset is replaced, the cost of the replacement is capitalised if it meets the criteria for recognition above. The carrying amount of the part replaced is de-recognised.

Depreciation

Items of Property, Plant and Equipment are depreciated over their remaining useful economic lives on a straight line basis, in a manner consistent with the consumption of economic or service delivery benefits. Freehold land is considered to have an infinite life and is not depreciated. Property, Plant and Equipment which has been reclassified as 'Held for Sale' ceases to be depreciated upon the reclassification. Assets in the course of construction are not depreciated until the asset is brought into use.

Equipment is depreciated on a straight line basis, 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

Revaluation gains and losses

Revaluation gains are recognised in the revaluation reserve, except where, and to the extent that, they reverse a revaluation decrease that has previously been recognised in operating expenses, in which case they are recognised in operating income.

Revaluation losses are charged to the revaluation reserve to the extent that there is an available balance for the asset concerned, and thereafter are charged to operating expenses.

Gains and losses recognised in the revaluation reserve are reported in the Statement of Comprehensive Income as an item of 'other comprehensive income'.

Impairments

In accordance with the FT ARM, impairments that are due to a loss of economic benefits or service potential in the asset are charged to operating expenses. A compensating transfer is made from the revaluation reserve to the income and expenditure reserve of an amount equal to the lower of (i) the impairment charged to operating expenses; and (ii) the balance in the revaluation reserve attributable to that asset before the impairment.

An impairment arising from a loss of economic benefit or service potential is reversed when, and to the extent that, the circumstances that gave rise to the loss is reversed. Reversals are recognised in operating income to the extent that the asset is restored to the carrying amount it would have had if the impairment had never been recognised. Any remaining reversal is recognised in the revaluation reserve. Where, at the time of the original impairment, a transfer was made from the revaluation reserve to the income and expenditure reserve, an amount is transferred back to the revaluation reserve when the impairment reversal is recognised.

Other impairments are treated as revaluation losses. Reversals of 'other impairments' are treated as revaluation gains.

De-recognition

Assets intended for disposal are reclassified as 'Held for Sale' once all of the following criteria are met:

- the asset is available for immediate sale in its present condition subject only to terms which are usual and customary for such sales;
- the sale must be highly probable i.e.:
- management are committed to a plan to sell the asset;
- an active programme has begun to find a buyer and complete the sale;
- the asset is being actively marketed at a reasonable price;
- the sale is expected to be completed within 12 months of the date of classification as 'Held for Sale'; and
- the actions needed to complete the plan indicate it is unlikely that the plan will be dropped or significant changes made to it.

Following reclassification, the assets are measured at the lower of their existing carrying amount and their 'fair value less costs to sell'. Depreciation ceases to be charged and the assets are not re-valued, except where the 'fair value less costs to sell' falls below the carrying amount. Assets are de-recognised when all material sale contract conditions have been met. Property, plant and equipment which is to be scrapped or demolished does not qualify for recognition as 'Held for Sale' and instead is retained as an operational asset and the asset's economic life is adjusted. The asset is de-recognised when scrapping or demolition occurs.

Donated assets

Donated 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.

1.5 Intangible assets

Recognition

Intangible assets are non-monetary assets without physical substance which are capable of being sold separately from the rest of the Trust's business or which arise from contractual or other legal rights. They are recognised only where it is probable that future economic benefits will flow to, or service potential be provided to, the Trust and where the cost of the asset can be measured reliably.

Internally generated intangible assets

Internally generated goodwill, brands, mastheads, publishing titles, customer lists and similar items are not capitalised as intangible assets.
Expenditure on research is not capitalised.
Expenditure on development is capitalised only where all of the following can be demonstrated:

- the project is technically feasible to the point of completion and will result in an intangible asset for sale or use;
- the Trust intends to complete the asset and sell or use it;
- the Trust has the ability to sell or use the asset;
- how the intangible asset will generate probable future economic or service delivery benefits e.g. the presence of a market for it or its output, or where it is to be used for internal use, the usefulness of the asset;
- adequate financial, technical and other resources are available to the Trust to complete the development and sell or use the asset; and
- the Trust can measure reliably the expenses attributable to the asset during development.

Software

Software which is integral to the operation of hardware e.g. an operating system is capitalised as part of the relevant item of property, plant and equipment. Software which is not integral to the operation of hardware e.g. application software, is capitalised as an intangible asset.

Measurement

Intangible assets are recognised initially at cost, comprising all directly attributable costs needed to create, produce and prepare the asset to the point that it is capable of operating in the manner intended by management. Subsequently intangible assets are measured at fair value. Revaluation gains and losses and impairments are treated in the same manner as for Property, Plant and Equipment. Intangible assets held for sale are measured at the lower of their carrying amount or 'fair value less costs to sell'.

Amortisation

Intangible assets are amortised over their expected useful economic lives in a manner consistent with the consumption of economic or service delivery benefits.

1.6 Government grants

Government grants are grants from Government bodies other than income from primary care trusts or NHS trusts for the provision of services. Grants from the Department of Health, including those for achieving three star status, are accounted for as Government grants as are grants from the Big Lottery Fund. Where the Government grant is used to fund revenue expenditure it is taken to the Statement of Comprehensive Income to match that expenditure. Where the grant is used to fund capital expenditure the grant is held as deferred income and released to operating income over the life of the asset in a manner consistent with the depreciation charge for that asset.

1.7 Inventories

Inventories are valued at the lower of cost and net realisable value. The material management stock system values the stock at latest invoice price. Pharmacy stock is valued at average price. This is considered to be a reasonable approximation to current cost due to the high turnover of stocks.

1.8 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. Financial assets or financial liabilities in respect of assets acquired or disposed of through finance leases are recognised and measured in accordance with the accounting policy for leases described below.

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 with are not quoted in an active market. They are included in current assets. The Trust's loans and receivables comprise: current investments, cash and cash equivalents, 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 Statement of Comprehensive Income.

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 Statement of Financial Position 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 Finance Costs. Interest on financial liabilities taken out to finance property, plant and equipment or intangible assets is not capitalised as part of the cost of those assets.

Impairment of financial assets

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

1.9 Leases

Finance 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 Property, Plant and Equipment and a corresponding liability is recorded. The value at which both are recognised is the lower of the fair value of the asset or the present value of the minimum lease payments, discounted using the interest rate implicit in the lease. The implicit interest rate is that which produces a constant periodic rate of interest on the outstanding liability. The asset and liability are recognised at the inception of the lease, and are de-recognised when the liability is discharged, cancelled or expires. The annual rental is split between the repayment of the liability and a finance cost. The annual finance cost is calculated by applying the implicit interest rate to the outstanding liability and is charged to Finance Costs in the Statement of Comprehensive Income.

Operating leases

Other leases are regarded as operating leases and the rentals are charged to operating expenses on a straight-line basis over the term of the lease. Operating lease incentives received are added to the lease rentals and charged to operating expenses over the life of the lease.

Leases of land and buildings

Where a lease is for land and buildings, the land component is separated from the building component and the classification for each is assessed separately. Leased land is treated as an operating lease.

1.10 Provisions

The NHS Foundation Trust provides for legal or constructive obligations that are of uncertain timing or amount at the Statement of Financial Position date on the basis of the best estimate of the expenditure required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using HM Treasury's discount rate of 2.2% in real terms terms,except for early retirement provisions and injury benefit provisions which both use the HM Treasury's pension discount rate of 2.9% in real terms.

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.

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 when the liability arises.

1.11 Contingencies

Contingent liabilities 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.

1.12 Public dividend capital

Public dividend capital (PDC) is a type of public sector equity finance based on the excess of assets over liabilities at the time of establishment of the predecessor NHS Trust. HM Treasury has determined that PDC is not a financial instrument within the meaning of IAS 32.

A charge, reflecting the cost of capital utilised by the NHS Foundation Trust, is payable as public dividend capital dividend. The charge is calculated at the rate set by HM Treasury (currently 3.5%) on the average relevant net assets of the NHS Foundation Trust during the financial year, according to the draft financial statements submitted on 22 April 2010. Relevant net assets are calculated as the value of all assets less the value of all liabilities, except for donated assets and cash held with the Office of the Paymaster General.

1.13 Value Added Tax

Most of the activities of the NHS Foundation 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 Third party assets

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

1.16 NHS Charitable Funds

Monitor has obtained an additional dispensation – for 2010/11 only - from HM Treasury to the application of IAS 27 by NHS foundation trusts in relation to the consolidation of NHS charitable funds. The disclosure requirements of the standard will, however, apply for 2011/12 as the Trust considers the NHS Charitable Fund to be a subsidiary of the NHS Foundation Trust under IAS 27.

1.17 Description of Reserves

Revaluation Reserve relates to revaluation gains on the estate following valuations by the District Valuer.
Donated Asset Reserve relates to the net book value of donated assets received by the Foundation Trust.
Income and Expenditure Reserve relates to accumulated surpluses by the Foundation Trust.

1.18 Losses and Special Payments

Losses and Special Payments are disclosed in Note 27 and relate mainly to the NHSLA policy excesses on third party and employer's libility claims against the Trust.

1.19 Prior Period Adjustment

Prior year figures have been restated to reflect the full effects of the DV valuation of the estate at 31 March 2010 and additional costs not accrued in 2009/10.

In accordance with IAS 8 Accounting policies, changes in accounting estimates and errors adjustments to prior period comparatives have to be made where there are material errors discovered in a subsequent accounting period. The Trust has made several adjustments to the 2009/10 prior period comparatives in the financial statements. The reasons these prior period adjustments have occurred and an assessment of which balances and classes of transactions have been adjusted have been set out below.

Processing of Estate valuation 2009/10

The Trust commissioned an estate valuation for the purposes of determining the value of its estate at 31 March 2010. This exercise was undertaken during the audit of the 2009/10 financial statements and due to timing issues, a number of estimates and assumptions needed to be made as to the scope of the valuation exercise carried out and the grouping of assets applied by the valuer. In completing the audit, the external auditors advised that the Trust re-visit the processing of the estate valuation in 2010/11, to review the impact on an asset by asset basis, to make sure that the estimates and assumptions made at the time of initial processing were valid.

The Trust re-visited the 2009/10 estate valuation processing as requested and identified a number of errors in the estimates and assumptions made in preparing its 2009/10 financial statements. Both the Trust and its external auditors agreed that the assignment of the downward valuation movements to the statement of comprehensive income (impairment expense), revaluation reserve and donated asset reserve were incorrect and that the differences were material. In addition, the external audit identified that both the 2010/11 and 2009/10 valuations included "assets under construction" but the Trust had manually added these

back in determining the value of its estate in preparing its accounts in both years, i.e. they had been double counted. The total impact of the prior period adjustment is as follows:

- Increase operating expenses (statement of comprehensive income) by £4.3m.
- Increase revaluation reserve (statement of financial position) by £1.8m.
- Decrease property, plant and equipment (statement of financial position) by £2.4m.Increase donated asset reserve (statement of financial position) by £0.1m.

These adjustments to the prior period comparatives have the effect of making the deficit reported in the 2009/10 worse by £4.3m, although there is no cash impact and no impact on the underlying financial position of the Trust.

Other prior period adjustment

The Trust and its external auditors undertook a review of non-recurring expenditure being reported to the Trust Board as "costs relating to last year" and determined that approximately £0.7m of expenditure initially being charged in 2010/11 did in fact directly relate to costs incurred in 2009/10 and could therefore be considered as prior period errors. The majority of this balance related to staff cost-related items which the Trust had occurred obligations for in the prior year.While on its own this would not meet the requirements of a prior period adjustment due to immateriality, as the further prior period adjustments are being made as a result of re-visiting processing of the 2009/10 estate valuation, it has been considered appropriate to adjust for this additional £0.7m through the prior period comparatives.

As a result the following adjustments to the prior period comparatives were agreed:

- Increase operating expenses (statement of comprehensive income) by £0.7m.
- Increase other trade payables (statement of financial position) by £0.7m.
- These adjustments to the prior period comparatives have the effect of making the deficit reported in 2009/10 worse by a further £0.7m.

1.19 Prior Period Adjustment Continued

Summary

The Trust has processed prior period adjustments through its 2010/11 financial statements relating to the incorrect processing of the estate valuation in 2009/10 and identification of costs in 2010/11 which were actually incurred in 2009/10. The total prior period adjustments processed are as follows:

Increase operating expenses (statement of comprehensive income) by £5.0m. This adjustment can be seen in Note 3.1 Operating expenses as an increase to the "Impairment of property, plant and equipment" charge in the year and in Note 8.1 "Property, plant and equipment" as an increase to the impairment charge in the year.

Decrease property, plant and equipment (statement of financial position) by £2.4m. This adjustment can be seen in note 3.1 Operating expenses as an increase to "Impairment of property, plant and equipment" charge in the year and in Note 8.1 "Property, plant and equipment" as an increase to the impairment charge in the year.

Increase other trade payables (statement of financial position) by £0.7m. This adjustment can be seen in Note 3.1 Operating expenses as an increase to "Other" of £0.2m and in Note 4.1 Employee expenses as increases to "Salaries and wages" of £0.4m and "Termination payment" of £0.1m respectively. The adjustment can also been seen as in increase to "Accruals" in Note 12.1 Trade and other payables.

Increase revaluation reserve (statement of financial position) by £1.8m. This adjustment can be seen in Note 17 Revaluation reserve as a reduction in "Impairment losses property, plant and equipment".

Increase donated asset reserve (statement of financial position) by £0.1m. This adjustment can be referenced to the statement of financial position only.

The figures for 2009/10 included as prior period comparatives in the 2010/11 financial statements which have changed as a result of these adjustments have been highlighted as "Restated" in the primary financial statements and their associated notes which follow.

1.20 Accounting Standards issued but not adopted

The following recent standards have been issued but not yet adopted by the NHS:

Amendment to IAS 24 - related party disclosure (NHS proposed adoption date 2011/12); IAS 27 (Revised) - Consolidated and separate financial statements (NHS 2010/11); Amendment to IAS 32 - Financial instruments: presentation on classification or right issues (NHS 2010/11); Amendment to IAS 39 - Eligible hedged items (NHS 2010/11); IFRS 2 - Share based payment - Group cash-settled share-based payment transactions (NHS 2010/11): IFRS 3 (Revised) - Business combinations (NHS 2010/11); IFRS 9 - Financial instruments (NHS 2013/14); Amendment to IFRIC 14, IAS 19 - Prepayment of a minimum funding requirement (NHS 2011/12); IFRIC 17 - Distribution of non-cash assets to owners (NHS 2010/11); IFRIC 18 -Transfer of assets from customers (NHS 2010/11); IFRIC 19 - Extinguishing financial liabilities with equity instruments (NHS 2011/12).

The Trust has considered the potential impact on its accounts of adopting the accounting standards issued but not adopted listed above. No significant impact has been identified.

1.21 Critical estimates and key accounting judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The following areas of the financial statements are subject to key estimates and judgements.

Valuation of the Trust's estate

A valuation of the Trust's land and buildings was undertaken with an effective date of 31 March 2011 by the District Valuer. The valuations have been undertaken applying the principles of IAS 16 'Property, Plant and Equipment' and RICS advises that assumptions underpinning the concepts of fair value should be explicitly stated and identifies two potential qualifying assumptions:

"the Market Value on the assumption that the property is sold as part of the continuing enterprise in occupation" (effectively Existing Use Value); or
"the Market Value on the assumption that the property is sold following a cessation of the existing operations" (in effect the traditional understanding of Market Value).

The Department of Health has indicated that for NHS assets it requires the former assumption to be applied for operational assets; this is the approach that was taken by the DV. The Market Value used in arriving at fair value for operational assets is therefore subject to the assumption that the property is sold as part of the continuing enterprise in occupation.

The Trust estimates the pattern of consumption of property, plant and equipment by writing assets down on a straight line basis over useful economic lives. The useful economic lives determined for each asset or group of assets are informed by historical experience or specific information provided by the District Valuer where appropriate.

Recoverability of accounts receivable

Amounts receivable from NHS organisations are generally considered to be recoverable based on historical experience, however specific provisions are made against non-NHS receivables when it is considered prudent to do so having considered the age of the receivable and other factors. The value of this provision is disclosed in note 11.

Other estimates and judgements

Estimates and judgements are also made in respect of provisions for liabilities and charges (see Note 16) and contingent liabilities (see Note 21) where there is some uncertainty at the balance sheet date as to either the timing or amount of the Trust's financial liability.

The Trust also makes a significant estimate for amounts due from its commissioners in respect of partially completed spells at the balance sheet date, which is supported by patient activity data and historical experience.

The NHS Foundation Trust provides for legal or constructive obligations that are of uncertain timing or amount at the Statement of Financial Position date on the basis of the best estimate of the expenditure required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using HM Treasury's discount rate of 2.2% in real terms terms,except for early retirement provisions and injury benefit provisions which both use the HM Treasury's pension discount rate of 2.9% in real terms.

In the view of the Trust there are no further estimates or judgements which if wrong could significantly affect financial performance.

2 Operating Income

2.1 Operating Income

Income from Activities	2010/11 £000	Re-stated 2009/10 £000
Elective income	**24,706**	22,713
Non elective income	**74,338**	72,779
Outpatient income	**21,910**	17,524
A & E income	**5,386**	4,906
Other NHS Clinical Income	**44,298**	50,480
Other types of activity income	**1,449**	1,971
Private patient income	**1,442**	613
	173,529	170,986
Other Operating Income		
Education and training	**5,981**	6,194
Charitable and other contributions to expenditure (Note 1)	**0**	732
impairment and disposal of donated assets	**633**	671
Non-patient care services to other bodies	**5,327**	6,811
Reversal of impairment property, plant and equipment	**5,891**	0
Income generation (Note 2)	**1,806**	2,302
Other income	**1,544**	1,025
	21,182	17,735
Total Operating Income	**194,711**	**188,721**

Note 1 - Monitor has confirmed the delay in implementing IAS27 and does not require Foundation Trusts to consolidate accounts of charities or include charitable funds in Financial Risk Ratings. It is anticipated that consolidation will take place in 2011/12,

Note 2 - Income generation relates mainly to restaurant income and car park income received by the Trust

2.2 Private Patient Income

	2010/11	2009/10	Base Year 2002/03
	£000	£000	£000
Private patient income	**1,442**	613	1,473
Total patient related income	**173,529**	170,986	95,931
Proportion			
Cap			1.5%
Actual	**0.8%**	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 the base year. Private patient income has been re-defined by Monitor during the year. Private patient income now includes income which is attributable either directly or indirectly and which has its origin in the provision of goods and services to non-NHS patients.

2.4 Mandatory and Non-Mandatory Income from Activities

	2010/11	2009/10
	£000	£000
Mandatory	**170,638**	168,402
Non-Mandatory	**2,891**	2,584
Actual	**173,529**	170,986

2.5 Income from Activities by Source

	2010/11	2009/10
	£000	£000
Primary Care Trusts	**170,418**	168,390
Local Authorities (see Note 1)	**151**	204
Department of Health	**0**	12
NHS Other	**0**	-
Non NHS: Private patients	**1,442**	613
Non-NHS: Overseas patients (non-reciprocal)	**103**	154
NHS injury scheme (was RTA) (see Note 2)	**1,113**	1,276
Non NHS: Other	**302**	337
	173,529	170,986

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 9.6% (2009/10 7.8%) to reflect expected rates of collection.

2.5 Income from Activities by Source

	2010/11 £000	2009/10 £000
Primary Care Trusts	170,418	168,390
Local Authorities (see Note 1)	151	204
Department of Health	0	12
NHS Other	0	-
Non NHS: Private patients	1,442	613
Non-NHS: Overseas patients (non-reciprocal)	103	154
NHS injury scheme (was RTA) (see Note 2)	1,113	1,276
Non NHS: Other	302	337
	173,529	170,986

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 9.6% (2009/10 7.8%) to reflect expected rates of collection.

3 Operating Expenses and Operating Lease Costs

3.1 Operating Expenses (by type):

	2010/11 £000	Re-stated 2009/10 £000
Services from other Foundation Trusts	1,115	1,320
Services from NHS trusts	634	661
Services from other NHS bodies	489	469
Purchase of healthcare from non NHS bodies	25	94
Employee Expenses - Executive Directors' costs (Note 4)	1,081	726
Employee Expenses - Non Executive Directors' costs (Note 4)	121	127
Employee Expenses - Staff (Note 4)	126,378	129,859
Supplies and services - clinical drugs	16,510	17,073
Supplies and services - clinical other	13,795	13,573
Supplies and services - general	4,786	5,333
Establishment	1,955	2,200
Transport	846	820
Premises	4,581	4,580
Bad debts	189	28
Depreciation and amortisation	8,274	7,774
Impairment of property, plant and equipment	477	7,909
Audit fees - statutory audit (see Note)	102	54
Audit fees - regulatory reporting (see Note)	14	26
Consultancy Costs	2,951	145
Clinical negligence Insurance Costs	4,139	3,685
Other Services including External Payroll	605	560
Training and course fees etc.	366	522
Loss on Disposal of Other Property, plant and Equipment	38	2
Other	1,054	617
	190,525	198,157

The Board of Governors has appointed PricewaterhouseCoopers LLP (PwC) as external auditors of the Trust. The audit fee for the statutory audit on the annual accounts and quality report was £75k excluding VAT (2009/10 £56k). Statutory audit fees paid in 2010/11 include £10k relating to the 2009/10 audit. This was the fee for an audit in accordance with the Audit Code issued by Monitor in March 2011. Fees paid for regulatory reporting relates to a review of Private Patient Income Cap Restatement and the previous year's Quality Report Review. The engagement letter signed on 21 January 2011, 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.

3.2 Arrangements containing an operating lease

	2010/11 £000	2009/10 £000
Minimum lease payments	**132**	169
	132	169

	2010/11 £000	2009/10 £000
Future minimum lease payments due (see Note):		
Not later than one year	**133**	132
Later than one year and not later than five years	**532**	528
Later than five years	**600**	732
	1,265	1,392

Note: The operating lease payments due after five years relate to TOPS Day Nursery and the Staff Residences (see Note 23).

3.3 Operating Segments

For the year to March 2011 the Board of Directors has been the chief operating decision maker for the Trust. The Trust is divided into a number of operating segments in order to support day to day operational effectiveness. The key operating segments during 2010/11, covering the provision of all clinical services are as follows:

- Medical Care Group
- Surgical Care Group
- Maternity, Children and Clinical Support Care Group

These Care Groups, together with supporting corporate functions, reflect the Trust's operational management structure and are accountable for implementing the annual plan which is agreed by the Board of Directors. The operating segments do not have delegated authority for any strategic decisions or for any changes to the annual plan or to the services provided. Financial authority is only delegated to levels within the Trust's scheme of delegation and is limited to compliance with budgets approved by the Board of Directors. Contracts with PCT commissioners for the delivery of services, including the agreement of activity and financial targets, have been negotiated and agreed by the Board of Directors not by the operating segments

The Board of Directors monitors the performance of operating segments against the annual plan and against agreed performance targets and financial budgets in order to assess operational and financial performance. During 2010/11 income was not reported on a segmental basis.

The Trust do not therefore believe it is appropriate for 2010/11 to provide financial information on the income and expenditure of these operating segments.

However the Board of Directors recognise that this approach is not the most effective way to ensure the effective delivery of services and the achievement of the Trust's key strategic priorities. With effect from April 2011 the Trust has restructured the Trust's services into 10 Clinical Directorates, grouped into 3 Operating Divisions. Each clinical directorate is lead by a Clinical Director supported by a local management team. Over time increasing authority will be delegated to these directorates and they will strongly influence the strategic and operating decisions of the Trust. During 2011/12 the directorates and the Board of Directors will receive regular reports on all aspects of Directorate performance including income and expenditure. This information will be summarised in the Annual Accounts for 2011/12

4 Employee costs and numbers

4.1 Employee Expenses

	2010/11 Total	Re-stated 2009/10 Total
	£000	£000
Salaries and wages	**105,621**	106,887
Social Security Costs	**8,040**	8,219
Employer contributions to NHS Pension Scheme	**12,500**	12,567
Termination Payments	**369**	219
Agency/Contract Staff	**1,299**	2,912
	127,829	130,804

4.2 Average Number of Employees

	2010/11 Total Number	2009/10 Total Number
Medical and dental	**372**	369
Administration and estates	**613**	669
Healthcare assistants and other support staff	**173**	176
Nursing, midwifery and health visiting staff	**1,262**	1,345
Scientific, therapeutic and technical staff	**273**	285
Bank and Agency Staff (see Note)	**166**	235
Other	**318**	320
Total	**3,177**	3,399

Note: Bank and agency staff numbers are estimated.

4.3 Employee Benefits

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

4.4 Retirements due to ill-health

During 2010/11 there were eight (2009/10 two) early retirements on the grounds of ill-health. The estimated additional pension liabilities of these ill-health retirements will be £443k (2009/10 £49k). The cost of these ill-health retirements will be borne by the NHS Business Services Authority - Pensions Division. These retirements represented 2.34 per 1,000 active scheme members. This information has been supplied by NHS Pensions.

4.5 Staff Exit Packages

	2010/11			2009/10
Exit package cost band	**Number of Compulsary Redundancies**	**Number of Other Departures Agreed**	**Total Number of Exit Packages by Cost Band**	Total
Less than £10,000	2	0	**2**	0
Between £10,000 and £25,000	0	0	**0**	0
Between £25,001 and £50,000	1	0	**1**	1
Between £50,001 and £100,000	2	0	**2**	1
Between £100,001 and £150,000	0	0	0	1
Total number of exit packages by type	**5**	**0**	**5**	**3**
Total Resource Cost £	**218**	**0**	**218**	**214**

4 Employee costs and numbers

4.6 Salary and pension entitlements of senior managers

Remuneration

Name and Title	2010-11		
	Salary (bands of £5000) £000	Other Remuneration (bands of £5000) £000	Benefits in Kind (bands of £100) £100 Note 1
Mr. Christopher Bown - Chief Executive (Note 2)	145-150	-	-
Mrs. Gill Christian - Acting Chief Operating Officer (Note 3)	20-25	-	-
Mr. Charles Cunningham - Non-Executive Director (Note 4)	0-5	-	-
MS. Carrie Gilmore - Acting HR Director - non voting (Note 5)	90-95	-	-
Mr. Andrew Goodwin - Acting Director of Finance (Note 6)	25-30	-	-
Mrs. Elizabeth Hall - Non-Executive Director	10-15	-	-
Mr. Peter Harvey - Chairman (Note 7)	25-30	-	0-1
Mrs. Heather Hauschild - Director of Operations (Note 8)	45-50	-	-
Mr. Phillip James - Director of Human Resources	90-95	-	-
Mr. John Knowles - Non-Executive Director (Note 9)	10-15	-	-
Mrs. Jean Lang - Non-Executive Director	15-20	-	-
Mr. Ian Marshall - Non Executive Director (Note 10)	0-5	-	-
Mr. Michael Mitchell - Non Executive Director (Note 11)	0-5	-	-
Dame Yvonne Moores - Non-Executive Director and Interim Chair (Note 12)	20-25	-	-
Mr. Martin Smits - Director of Nursing	90-95	-	-
Mr. Martin Sheldon - Interim Director of Finance and Recovery Director (Note 13)	220-230	-	-
Mrs. Mary Sherry - Chief Operating Officer (Note 14)	20-25	-	-
Mr. Guy Spencer - Non-Executive Director	10-15	-	-
Mr. Robert Talbot - Medical Director (Note 15)	85-90	85-90	-
Mr. Paul Turner - Director of Finance (Note 16)	65-70	-	-

4.7 Salary and Pension entitlements of senior managers

Pension Benefits

Name and title	Real increase in pension sum at age 60 (bands of £2500) £000	Real increase in pension lump sum at age 60 (bands of £2500) £000	Total accrued pension and related lump sum at age 60 at 31 March 2011 0	Cash Equivalent Transfer Value at 31 March 2011 £000	Cash Equivalent Transfer Value at 1 April 2010 £000	Real Increase in Cash Equivalent Transfer Value £000
Mrs. Christopher Bown - Chief Executive	7.5-10	27.5-30	212	895	822	73
Mrs. Gill Christian - Acting Chief Operating Officer	0-2.5	0-2.5	161	872	842	1
Mr. Andrew Goodwin - Acting Director of Finance	0-2.5	0-2.5	79	264	266	1
Mrs. Heather Hauschild - Director of Operations	0-2.5	2.5-5	110	425	447	(22)
Mr. Phillip James - Director of Human Resources	5-7.5	17.5-20	77	258	204	54
Mr. Martin Smits - Director of Nursing	0-2.5	2.5-5	152	771	816	(45)
Mrs. Mary Sherry - Chief Operating Officer	2.5-5	10-12.5	112	554	523	7
Mr. Robert Talbot - Medical Director	2.5-5	12.5-15	257	1,498	1,487	11
Mr. Paul Turner - Director of Finance	0-2.5	5-7.5	119	677	670	7

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 a

Real Increase in CETV - This reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

2009-10		
Salary	Other Remuneration	Benefits in Kind
(bands of £5000) £000	(bands of £5000) £000	(bands of £100) £100 Note 1
-	-	-
-	-	-
10-15	-	-
-	-	-
0-5	-	-
10-15	-	-
40-45	-	-
90-95	-	-
30-35	-	-
10-15	-	-
15-20	-	-
-	-	-
-	-	-
10-15	-	-
90-95	-	-
-	-	-
-	-	-
10-15	-	-
85-90	85-90	-
-	-	-

Note 1. Benefits in kind relate to the profit element on business mileage claimed.

Note 3. Mr. Christopher Bown was appointed Chief Executive on 1 April 2010.

Note 3. Mrs Gill Christian was Acting Chief Operating Officer from 4 October 2010 to 9 January 2011.

Note 4. Mr Charles Cunningham resigned in 30 June 2010.

Note 5. Ms. Carrie Gilmore was Acting Director of Human Resources (non voting) from 9 November 2010 and costs above relate to payments for her services to an employment agency.

Note 6. Mr. Andrew Goodwin was Acting Director of Finance to 12 July 2010.

Note 7. Mr. Peter Harvey retired on 30 November 2010.

Note 8. Mrs Heather Hauschild resigned on 3 October 2010.

Note 9. Mr. John Knowles retired on 31 January 2011.

Note 10. Mr. Ian Marshall was appointed on 1 February 2011.

Note 11. Mr. Michael Mitchell was appointed on 1 November 2010.

Note 12. Dame Yvonne Moores was appointed Interim Chair on 1 December 2010.

Note 13. Mr. Martin Sheldon was Interim Director of Finance from 13 July 2010 to 12 September 2010 and Recovery Director from 13 September. Costs above relate to payments made to employment agencies for his services.

Note 14. Mrs. Mary Sherry was appointed on 10 January 2011.

Note 15. Other remuneration relates to clinical work undertaken during the year.

Note 16. Mr. Paul Turner was appointed on 13 September 2010.

5 Finance Income

	2010/11 £000	2009/10 £000
Interest on Loans and Receivables	**59**	70
	59	70

6 Finance Costs - Interest Expense

	2010/11 £000	2009/10 £000
Finance Leases	**54**	**62**
	54	62

7 Intangible Assets

	Software licences £000	Total £000
Gross cost at 1 April 2010	216	216
Additions - Purchased	333	333
Additions - Donated	64	64
Gross cost at 31 March 2011	**613**	**613**
Amortisation at 1 April 2010	56	56
Charged during the year	38	38
Amortisation at 31 March 2011	**94**	**94**
Net book value		
- Purchased at 1 April 2010	160	160
- Total at 1 April 2010	**160**	**160**
- Purchased at 31 March 2011	455	455
- Donated at 31 March 2011	64	64
- Total at 31 March 2011	**519**	**519**

8.1 Property, Plant and Equipment 2010/11

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 2010	12,440	64,792	1,442	2,352
Prior Period Adjustment	0	0	0	(2,352)
Cost or Valuation at 1 April 2010 restated	**12,440**	**64,792**	**1,442**	**0**
Additions purchased	0	949	0	325
Additions donated	0	498	0	0
Impairments	(537)	(477)	0	0
Reclassifications	0	0	0	0
Revaluations	0	5,478	0	0
Disposals	0	0	0	0
Cost or Valuation at 31 March 2011	**11,903**	**71,240**	**1,442**	**325**
Depreciation at 1 April 2010	0	0	0	0
Prior Period Adjustment	0	0	0	0
Cumulative Depreciation at 1 April 2010 restated	**0**	**0**	**0**	**0**
Charged during the year	0	3,269	119	0
Impairments	0	(5,414)	0	0
Reclassifications	0	0	0	0
Revaluation surpluses	0	2,145	(119)	
Disposals	0	0	0	0
Depreciation at 31 March 2011	**0**	**0**	**0**	**0**
Net book value				
- Purchased at 1 April 2010	12,440	59,778	1,442	0
- Donated at 1 April 2010	0	5,014	0	0
- Finance Lease at 1 April 2010	0	0	0	0
- Total at 1 April 2010	**12,440**	**64,792**	**1,442**	**0**
- Purchased at 31 March 2011	11,903	65,809	1,442	325
- Donated at 31 March 2011	0	5,431	0	0
- Finance Lease at 31 March 2011	0	0	0	0
- Total at 31 March 2011	**11,903**	**71,240**	**1,442**	**325**

8.2 Analysis of Property, Plant and Equipment at 31 March 2011

Net book value				
- NBV - Protected assets at 31 March 2011	11,185	67,914	0	0
- NBV - Unprotected assets at 31 March 2011	718	3,326	1,442	325
- Total at 31 March 2011	**11,903**	**71,240**	**1,442**	**325**

Of the totals at 31 March 2011, £718k related to land valued at open market value and £1,442k related to buildings valued at open market value.

Plant and machinery	Transport equipment	Information technology	Furniture & fittings	Total
£000	£000	£000	£000	£000
35,316	28	7,888	467	124,725
0	0	0	0	(2,352)
35,316	**28**	**7,888**	**467**	**122,373**
1,170	0	823	0	3,267
137	0	0	0	635
0	0	0	0	(1,014)
0	0	0	0	0
0	0	0	0	5,478
(1,943)	0	(146)	0	(2,089)
34,680	**28**	**8,565**	**467**	**128,650**
18,494	23	4,576	334	23,427
0	0	0	0	0
18,494	**23**	**4,576**	**334**	**23,427**
3,669	2	1,153	24	8,236
0	0	0	0	(5,414)
0	0	0	0	0
				2,026
(1,906)	0	(146)	0	(2,052)
20,257	**25**	**5,583**	**358**	**26,223**
13,976	5	3,304	133	91,078
1,735	0	8	0	6,757
1,111	0	0	0	1,111
16,822	**5**	**3,312**	**133**	**98,946**
12,197	3	2,976	109	94,764
1,426	0	6	0	6,863
800	0	0	0	800
14,423	**3**	**2,982**	**109**	**102,427**
0	0	0	0	79,099
14,423	3	2,982	109	23,328
14,423	**3**	**2,982**	**109**	**102,427**

8.3 Property, Plant and Equipment 2009/10

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 2009	12,920	76,449	1,482	859
Additions purchased	0	2,038	0	2,468
Additions donated	0	0	0	686
Impairments	(480)	(15,110)	(40)	0
Reclassifications	0	1,415	0	(1,661)
Disposals	0	0	0	0
Cost or Valuation at 31 March 2010	**12,440**	**64,792**	**1,442**	**2,352**
Depreciation at 1 April 2009	0	14	0	0
Charged during the year	0	3,357	88	0
Impairments	0	(3,371)	(88)	0
Disposals	0	0	0	0
Depreciation at 31 March 2010	**0**	**0**	**0**	**0**
Net book value				
- Purchased at 1 April 2009	12,920	70,558	1,482	420
- Donated at 1 April 2009	0	5,877	0	439
- Finance Lease at 1 April 2009	0	0	0	0
- Total at 1 April 2009	**12,920**	**76,435**	**1,482**	**859**
- Purchased at 31 March 2010	12,440	59,917	1,442	2,352
- Donated at 31 March 2010	0	4,875	0	0
- Finance Lease at 31 March 2010	0	0	0	0
- Total at 31 March 2010	**12,440**	**64,792**	**1,442**	**2,352**

8.4 Analysis of Property, Plant and Equipment at 31 March 2010:

Net book value				
- NBV - Protected assets at 31 March 2010	11,702	61,442	0	0
- NBV - Unprotected assets at 31 March 2010	738	3,350	1,442	2,352
- Total at 31 March 2010	**12,440**	**64,792**	**1,442**	**2,352**

Of the totals at 31 March 2010, £738k related to land valued at open market value and £1,442k related to buildings valued at open market value.

Plant and machinery	Transport equipment	Information technology	Furniture & fittings	Total
£000	£000	£000	£000	£000
30,784	28	7,154	467	130,143
4,683	0	687	0	9,876
385	0	0	0	1,071
0	0	0	0	(15,630)
199	0	47	0	0
(735)	0	0	0	(735)
35,316	**28**	**7,888**	**467**	**124,725**
16,101	20	3,408	308	19,851
3,128	3	1,168	26	7,770
0	0	0	0	(3,459)
(735)	0	0	0	(735)
18,494	**23**	**4,576**	**334**	**23,427**
12,333	8	3,726	159	101,606
1,575	0	20	0	7,911
775	0	0	0	775
14,683	**8**	**3,746**	**159**	**110,292**
13,976	5	3,304	133	93,569
1,735	0	8	0	6,618
1,111	0	0	0	1,111
16,822	**5**	**3,312**	**133**	**101,298**
0	0	0	0	73,144
16,822	5	3,312	133	28,154
16,822	**5**	**3,312**	**133**	**101,298**

8.5 The net book value of land, buildings and dwellings at 31 March 2011 comprises:

	31 March 2011	31 March 2010
	£000	£000
Freehold		
Protected	79,099	73,144
Unprotected	5,486	5,530
TOTAL	**84,585**	**78,674**

8.6 Net book value of assets held under finance leases

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

	Plant and machinery	Total
	£000	£000
Cost or valuation at 1 April 2010	1,960	1,960
Additions purchased	0	0
Additions donated	0	0
Impairments charged to revaluation reserve	0	0
Reclassifications	0	0
Revaluation surpluses	0	0
Disposals	0	0
Cost or Valuation at 31 March 2011	**1,960**	**1,960**
Depreciation at 1 April 2010	849	849
Charged during the year	311	311
Reclassifications	0	0
Revaluation surpluses	0	0
Disposals	0	0
Depreciation at 31 March 2011	**1,160**	**1,160**
Net book value		
- Purchased at 1 April 2010	1,111	1,111
- Donated at 1 April 2010	0	0
- Total at 1 April 2010	**1,111**	**1,111**
- Purchased at 31 March 2011	800	800
- Donated at 31 March 2011	0	0
- Total at 31 March 2011	**800**	**800**

Finance leases relate to medical equipment assets.

10.1 Inventories

	31 March 2011 £000	31 March 2010 £000
Materials	2,052	2,237
TOTAL	**2,052**	**2,237**

11.1 Trade receivables and other receivables

Current	Total 31 March 2011	Financial assets at 31 March 2011	Non-financial assets at 31 March 2011	Total 31 March 2010	Financial assets at 31 March 2010	Non-financial assets at 31 March 2010
	£000	£000	£000	£000	£000	£000
NHS Receivables	2,061	2,061	0	5,330	5,330	0
Other receivables with related parties	100	100	0	211	211	0
Provision for impaired receivables	(261)	(135)	(126)	(149)	(53)	(96)
Prepayments	806	0	806	1,040	0	1,040
Accrued income	213	213	0	263	263	0
PDC Receivable	56	0	56	0	0	0
Other receivables	2,551	1,082	1,469	2,057	678	1,379
Total Current Trade and Other Receivables	**5,526**	**3,321**	**2,205**	**8,752**	**6,429**	**2,323**
Non-Current						
NHS Receivables	0	0	0	0	0	0
Provision for impaired receivables	(114)	0	(114)	(93)	0	(93)
Prepayments	0	0	0	0	0	0
Accrued income	0	0	0	0	0	0
Other receivables	1,185	0	1,185	1,193	0	1,193
Total Non Current Trade and Other Receivables	**1,071**	**0**	**1,071**	**1,100**	**0**	**1,100**

11.2 Provision for impaired receivables

	2010/11 £000	2009/10 £000
At 1 April	242	219
Increase in provision	189	28
Amounts utilised	(56)	(5)
Unused amounts reversed	0	0
At 31 March	**375**	**242**

11.3 Analysis of receivables by age:

Ageing of impaired receivables:	2010/11 £000	2009/10 £000
Up to three months	0	0
In three to six months	0	0
Over six months	2,618	2,490
At 31 March	**2,618**	**2,490**

Ageing of non impaired receivables:	2010/11 £000	2009/10 £000
Up to three months	3,891	6,144
In three to six months	347	1,004
Over six months	116	455
At 31 March	**4,354**	**7,603**

12 Current and Non Current Liabilities

12.1 Trade and other payables

	Total	Financial liabilities at 31 March 2011	Non-financial liabilities at 31 March 2011	Total 31 March 2010	Re-stated Financial liabilities at 31 March 2010	Non-financial liabilities at 31 March 2010	Total 1 April 2009
Current	£000	£000	£000	£000	£000	£000	£000
Receipts in advance	87	0	87	274	0	274	96
NHS payables	3,869	3,869	0	4,419	4,419	0	3,850
Amounts due to other related parties	32	32	0	0	0	0	0
Trade payables - capital	716	716	0	357	357	0	681
Other trade payables	6,148	6,148	0	2,541	2,541	0	2,457
Taxes payable	2,694	0	2,694	2,749	0	2,749	2,718
Other payables	3,019	3,019	0	2,535	2,535	0	2,438
Accruals	889	889	0	3,312	3,312	0	4,628
PDC payable	0	0	0	1	1	0	0
Total Current Trade and Other Payables	**17,454**	**14,673**	**2,781**	**16,188**	**13,165**	**3,023**	**16,868**

12.2 Other liabilities

	Total 31 March 2011	Total 31 March 2010
Current	£000	£000
Deferred income	271	235
Deferred Government Grant	6	2
Total Other Current Liabilities	**277**	**237**
Non-current		
Deferred income	0	0
Deferred Government Grant	12	16
Total Other Non- Current Liabilities	**12**	**16**

13 Borrowings

	At 31 March 2011	At 31 March 2010
	£000	£000
Current		
Obligations under finance leases	316	316
Total Other Current Liabilities	**316**	**316**
Non-current		
Obligations under finance leases	516	830
Total Other Non- Current Liabilities	**516**	**830**

14 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 four ratio tests set out in Monitor's Prudential Borrowing Code. 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.

	At 31 March 2011	At 31 March 2010
	£000	£000
Long term borrowing limit set by Monitor	34,900	35,100
Working capital facility agreed by Monitor	13,000	13,000
At 31 March	**47,900**	**48,100**

Note: The Trust did not avail of any borrowing or working capital facility (apart from finance lease borrowing) in 2010/11 or 2009/10.

	2010/11		Restated 2009/10	
	Approved	**Actual**	Approved	Actual
Minimum dividend cover	**2.4x**	**2.4x**	1.7x	1.7x
Minimum interest cover	**n/a**	**n/a**	n/a	n/a
Minimum debt service cover	**n/a**	**n/a**	n/a	n/a
Maximum debt service to revenue	**n/a**	**n/a**	n/a	n/a

15 Finance Lease Obligations

	Minimum Lease Payments		Present Value of Minimum Lease Payments	
	At 31 March 2011 £000	At 31 March 2010 £000	At 31 March 2011 £000	At 31 March 2010 £000
Gross lease liabilities				
of which liabilities are due:				
not later than one year;	322	369	315	316
later than one year and not later than five years;	576	898	515	830
later than five years;	0	0	0	0
Finance charges allocated to future periods	(68)	(121)	0	0
Total Gross Lease Liabilities	**830**	**1,146**	**830**	**1,146**
Net lease liabilities				
not later than one year;	286	316	315	316
later than one year and not later than five years;	544	830	515	830
later than five years;		0	0	0
Total net lease liabilities	**830**	**1,146**	**830**	**1,146**

Note: Finance Leases relate to pharmacy and medical equipment assets.

16 Provisions for Liabilities and Charges

Current	Total 31 March 2011 £000	Total 31 March 2010 £000
Pensions relating to other staff	33	21
Other legal claims	53	89
Total Current Provisions for Liabilities and Charges	**86**	**110**

	£000	£000
Pensions relating to other staff	520	340
Other legal claims	0	0
Total Non-current Provisions for Liabilities and Charges	**520**	**340**

Provisions for liabilities and charges

	Pensions relating to other staff	31 March 2011 Legal claims	Total
	£000	£000	£000
At 1 April 2010	361	89	450
Arising during the period	229	54	283
Utilised during the period	(44)	(64)	(108)
Reversed unused	0	(26)	(26)
Unwinding of discount	7	0	7
At 31 March 2011	**553**	**53**	**606**
Expected timing of cashflows:			
Not later than one year	33	53	86
Later than one year and not later than five years	131	0	131
Later than five years	389	0	389
Total	**553**	**53**	**606**

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

Clinical Negligence Liabilities:

£47,927k is included in the provisions of the NHS Litigation Authority at 31 March 2011 in respect of clinical negligence liabilities of the NHS Trust (31 March 2010 £32,957k).

Non Clinical Liabilities

Note: Refer to Note 21 re Contingent Liabilities for Non Clinical claims.

17 Revaluation Reserve

	31 March 2011 £000	Restated 31 March 2010 £000	1 April 2009 £000
At 1 April	**3,032**	**8,092**	13,338
Impairment losses property, plant and equipment	(1,014)	(5,060)	0
Revaluation gains/(losses) losses property, plant and equipment	4,340		(2,653)
Other recognised losses	(995)	0	(2,564)
Other transfers between reserves	0	0	(29)
At 31 March	**5,363**	**3,032**	**8,092**

18 Cash and Cash Equivalents

	31 March 2011 £000	31 March 2010 £000
At 1 April	**4,535**	**1,834**
Net change in year	4,434	2,701
Balance at 31 March	**8,969**	**4,535**
Broken down into:		
Cash at commercial banks and in hand	39	24
Cash with the Government Banking Service	8,930	4,511
Cash and Cash Equivalents as in SoFP and SoCF at 31 March	**8,969**	**4,535**

19 Contractual Capital Commitments

	2010/11 £000	2009/10 £000
Property, Plant and Equipment	226	1,917
Total at 31 March	**226**	**1,917**

20 Events after the Reporting Period

There were no events after the reporting period having a material effect on the accounts.

21 Contingent Liabilities

	2010/11 £000	2009/10 £000
Gross value of contingent liabilities	(25)	(35)
Amounts recoverable against contingent liabilities	0	0
Total Contingent Liabilities	**(25)**	**(35)**

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 16 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 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, with the exception of the contractual pay which has been disclosed in the Remuneration Report within the Directors' Report.

The Department of Health and any other body within the Whole of Government Accounts 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::

	2010/11		2009/10	
22.1 Value of Transactions with Other Related Parties	**Income** £'000	**Expenditure** £'000	**Income** £'000	**Expenditure** £'000
Department of Health	-	37	12	35
Royal Bournemouth and Christchurch NHS FT	3,053	3,961	3,654	4,533
Bournemouth and Poole PCT	115,720	288	116,575	283
Dorset PCT	47,245	132	45,657	187
Dorset County Hospital FT	239	2,316	165	1,912
South West Ambulance NHS Trust	-	472	243	551
South West SHA	5,783	-	5,900	-
Yorkshire and Humber SHA	167	19	748	-
Bristol PCT	3,105	-	2,889	-
Hampshire PCT	3,517	-	3,959	-
NHS Litigation Authority	-	4,286	-	3,757
NHS Purchasing and Supply Agency	-	1,540	-	3,338
Other NHS Bodies	3,132	3,972	3,268	760
Charitable Funds			705	705
National Blood Authority	-	1,527	-	1,861
NHS Pension Scheme	-	12,500	-	12,567
National Insurance Fund	-	8,685	-	8,229
Other WGA Bodies	-	82	204	-
Total Value of Transactions with Other Related Parties	**181,961**	**39,817**	**183,979**	**38,718**

Note: The Trust paid income tax on behalf of its employees to HMR&C amounting to £18,000k (2009/10 £18,049k) and recovered net Vat amounting to £2,384k (2009/10 £1,822k). These amounts have not been included in the accounts as income or expenditure.

	At 31 March 2011		At 31 March 2010	
22.2 Balances with Other Related Parties	**Receivables** £000	**Payables** £000	**Receivables** £000	**Payables** £000
Royal Bournemouth and Christchurch NHS FT	851	1,062	1,168	1,563
Bournemouth and Poole PCT	107	45	1,343	31
Dorset County Hospital NHS FT	331	647	385	820
Dorset PCT	376	64	1,089	92
NHS Pension Scheme	-	1,058	-	1,045
NHS Purchasing and Supply Agency	-	316	-	333
Prescription Pricing Authority	-	355	-	197
Other NHS Bodies	396	322	1,344	338
Charitable Funds	32	-	17	-
National Insurance Fund	-	1,237	-	1,289
HMR&C	171	1,457	148	1,486
Department of Health		27	1	
Other WGA Bodies	58	5	-	-
Forest Holme	10	-	46	-
Total Balances with Other Related Parties	**2,332**	**6,595**	**5,541**	**7,194**

23 Private Finance Transactions

PFI schemes deemed to be off-SoFP

Re Staff Residences

£280k (£269k 2009/10) is included within operating expenses in respect of PFI transactions deemed to be off SoFP.

The Trust is committed to make a payment of £103k 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 £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

£30k (£30k 2009/10) is included within operating expenses in respect of PFI transactions deemed to be off SoFP.

The Trust is committed to make a payment of £30k during the next year in respect of a PFI scheme that is expected to expire in approximately 8 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 £30k per annum for a period of 15 years. TOPS will pay a similar amount to the Trust over the same 15 year period.

24 Financial Instruments

Financial reporting standard IFRS7 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 the financial reporting standards 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. Refer to Note 14 re the Prudential Borrowing Code.

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 invests surplus funds with major UK banks and building societies. There were no short term investments held at the year end. Therefore 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 Government Banking Service (GBS). Additionally the Foundation Trust has invested surplus cash with an approved panel of major UK banks and building societies during the year. The panel of banks used has complied with Monitor's strict criteria for investments.

As set out in Note 18 - £8,930k (31 March 2010 £4,511k) of the Trust's cash deposits is held with the Government Banking Service (GBS). At the end of the financial year there were no sums held in the form of short term investments (2009/10: £nil).

An analysis of the ageing of receivables and provision for impairment can be found at Note 11.1 "Receivables". The majority of the outstanding debt relates to other NHS bodies, related parties and the CRU in respect of RTA income. Receivables from other NHS bodies and related parties is considered to be fully recoverable. A bad debt provision of 9.6% (2009/10 7.8%) is made against the CRU (RTA income) receivables.

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. Capital commitments at 31 March 2011 amounted to £226k (£1,917k at 31 March 2010) - see Note 19 and Finance Lease commitments amounted to £832k (£1,146k at 31 March 2010) - see Note 13.. The NHS Foundation Trust is not, therefore, exposed to significant liquidity risks.

25 Financial Assets and Liabilities by Category

Set out below are the NHS Trust's financial assets and liabilities as at 31 March 2011. There are no material differences between the book value and fair value.

	Loans and Receivables	
	31 March 2011	31 March 2010
	£000	£000
Financial assets		
Cash	**8,969**	4,535
Current Asset Investments	**0**	0
NHS Receivables	**2,061**	5,330
Accrued Income	**213**	263
Other Receivables	**1,047**	835
Total	**12,290**	**10,963**

The following are not considered to be financial instruments and therefore have been excluded from the above table:
- The NHS Injury Cost Recovery Scheme amounting to £2,243k (2009/10 £2,235k).
- Prepayments amounting to £806k (2009/10 £1,040k).
- PDC receivable amounting to £56k (2009/10 £nil).
- Vat recoverable amounting to £171k (2009/10 £148k).

Financial liabilities	Other Financial Liabilities 31 March 2011	Restated 31 March 2010	1 April 2009
Trade and Other Payables			
NHS Payables	**3,869**	4,419	3,850
Accruals	**889**	3,980	4,628
Capital Payables	**716**	357	681
Other Payables	**9,199**	5,077	4,895
Total Trade and Other Payables	**14,673**	**13,833**	**14,054**
Other Financial Liabilities			
Finance Lease obligations (Note 1)	**830**	1,146	797
Provisions under contract (Note 2)	**553**	361	476
Total Other Financial Liabilities	**1,383**	**1,507**	**1,273**
Total	**16,056**	**15,340**	**15,327**

The following are not considered to be financial instruments and therefore have been
- Deferred Income amounting to £271k (2009/10 £235k).
- Other Tax Payables amounting to £2,694k (2009/10 £2,749k).
- Provisions not under contract amounting to £53k (2009/10 £89k).
- Deferred Government Grant amounting to £18k (2009/10 £18k).
- Receipts in Advance amounting to £87k (2009/10 £274k).

Note 1 - Fair value is not significantly different from book value, in the calculation of book value, the expected cash flows have been discounted by the discount rate of 6.0% in real terms.

Note 2 - Fair value is not significantly different from book value, in the calculation of book value, the expected cash flows have been discounted by HM Treasury pension discount rate of 2.9% (2009/10 2.2%) in real terms.

26 Third Party Assets

The Trust held £11k cash at bank and in hand at 31 March 2011 (£1k - at 31 March 2010) 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 Losses and Special Payments

There were 176 (172 cases 2009/10) cases of losses and special payments totalling £73k (£123k 2009/10) during the period 1 April 2010 to 31 March 2011.

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 2011 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Taxpayers' Equity and the related notes. The financial reporting framework that has been applied in their preparation is the NHS Foundation Trust Annual Reporting Manual issued by the Independent Regulator of NHS Foundation Trusts ("Monitor").

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Accounting Officer's Responsibilities set out on page 93, 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 and express an opinion on the financial statements in accordance with the NHS Act 2006, the Audit Code for NHS Foundation Trusts issued by Monitor and International Standards on Auditing (ISAs) (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. In addition, we read all the financial and non-financial information in the Annual Report and Accounts to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view, in accordance with the NHS Foundation Trust Annual Reporting Manual, of the state of the NHS Foundation Trust's affairs as at 31 March 2011 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 Annual Reporting Manual.

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

In our opinion

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

Matters on which we are required to report by exception
The Audit Code for NHS foundation trust requires us to report where 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. We draw your attention to the Trust's Statement on Internal Control on page 133. Monitor considers that the NHS Foundation Trust has contravened and is failing to comply with the terms of its Authorisation which require it to exercise its functions "effectively, efficiently and economically" and the contravention and failures are significant.

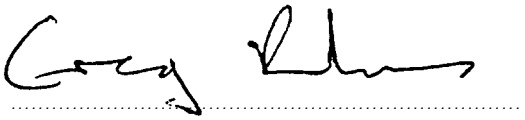
Consequently we have not been able to satisfy ourselves that the NHS Foundation Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources and our certificate in this report is qualified in this regard.

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.

Qualified certificate
Monitor considers that the NHS Foundation Trust has contravened and is failing to comply with the terms of its Authorisation which require it to exercise its functions "effectively, efficiently and economically" and the contravention and failures are significant. We have therefore been unable to satisfy ourselves that the Trust has put in place adequate arrangements for securing economy, efficiency and effectiveness in its use of resources.

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 Marc Rubins (Senior Statutory Auditor)

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

3 June 2011

Note:

The maintenance and integrity of the Poole Hospital NHS Foundation Trust's 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 £1,105k and £750k was spent.

The balance of funds held at 31 March 2011 totalled £4,270k. This sum includes £176k 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 2011
	£000
Management costs	7,354
Income	188,820
Management Costs as a percentage of income	3.9%

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 2011	
	Number	£000
Total bills paid within target	34,876	67,258
Total bills paid in the year	40,322	73,303
Percentage of bills paid within target	86%	92%

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

The Late Payment of Commercial Debts (Interest) Act 1998

Interest paid in respect of claims under this legislation in the year to 31 March 2011 was £126.

STATEMENT ON INTERNAL CONTROL 2010-2011

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 2011 and is up to the date of approval of the Annual Report and Accounts.

3. Capacity to handle risk

The risk management process is led by a nominated Director for Risk, supported by Divisional Directors, Clinical Directors, Matrons, 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. The NPSA national reporting and learning service shows the Trust continues 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 Clinical Divisions and Directorates;

- monthly Risk Management and Safety Committee meetings with representation from all Clinical Divisions 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. Clinical Divisions/Directorate trends and analysis are reviewed;

- risk being discussed at monthly Clinical Divisions/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 report on new red and amber risks at each meeting. The Quality and Safety 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 Quality and Safety Committee;

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

- quarterly internal performance reviews of Clinical Divisions 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 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 meetings of Sub Committees of the Board of Directors who receive minutes of the Hospital Executive Group and other key executive groups for scrutiny.

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

- meeting all financial targets:- The Trust has sought external help in producing and delivering a robust financial recovery plan.

- major building programmes:- The Trust has put on hold implementation of major building programmes in Maternity Services and Accident & Emergency services because of the financial position.

- service line reporting:- The Trust has initiated a major project on service line reporting and management

- The Trust established a Quality and Safety Committee during the year to provide assurance on quality governance issues including compliance with the Care Quality Commission's registration requirements, the production of the annual quality report and quality standards.

- The Trust is registered unconditional to carry out all its activities with the Care Quality Commission and is fully compliant with the essential standards of quality and safety.

- The Trust has undertaken risk assessments and carbon reduction delivery plans are in place in accordance with emergency preparedness and civil contingency requirements, as based on UKCIP 2009 weather projects, to ensure the Trust's obligations under the Climate Change Act and the Adaption Reporting Requirements are complied with.

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

- As an employer with staff entitled to membership of the NHS Pension Scheme, control 139 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.

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 Clinical Divisions.

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

In July 2010 the Trust was judged by Monitor to be in serious breach of its Authorisation as a result of a reported operational of £4.5m in 2009/10 and weaknesses in its governance arrangements. (The reported operational deficit for 2009/10 has since increased as a result of a prior period adjustment of £0.7m). Since July 2010 the Trust has achieved significant improvements in both its governance processes and in its financial performance including the establishment and delivery of a challenging financial recovery plan with support from KPMG and an interim Recovery Director. It is anticipated that full compliance with the Trust's Authorisation will be achieved in 2011-2012.

6. Annual Quality Report

- The directors of the Trust are required under the Health Act 2009 and the National Health Service (Quality accounts) Regulations 2010 to prepare Quality Accounts (know as Quality Reports) for each financial year. Monitor has issued guidance to NHS foundation trust boards on the form and content of the annual Quality Reports which incorporates the above legal requirements.

- The Trust has engaged clinical staff, the board, governors, LINks, health scrutiny panels in the process of building the quality report.

- Clinical quality and patient safety have been at the forefront of meetings of the Board of Directors and the Trust has established a Quality and Safety Committee to provide further assurance on the arrangements for maintaining clinical quality and patient safety.

7. 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, clinical audits and the executive managers and clinical leads 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 drawn on the content of the Quality Report attached to this Annual Report and other performance information available to me.

- As a result of the independent regulator of foundation Trusts, Monitor, finding the Trust in breach of its terms of authorisation with respect to its general duty to exercise its functions effectively, efficiently and economically in July 2010 and the Trust remaining in breach, the auditors have not been able to satisfy themselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources and their certificate in this report is qualified in this regard.

- The Trust has been working on a financial recovery plan to address the issues of the breach and good progress has been made during the course of the year. The Trust is on target to achieve compliance with the terms of authorisation during 2011-2012. Notwithstanding the breach of authorisation during this year the Chief Executive has received assurance on the robustness of other governance arrangements from a variety of sources. My review is also informed by the external auditors in their management letter and other reports.

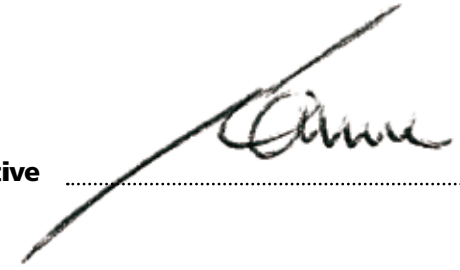
- The Chief Executive has been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Audit and Governance Committee, Quality and Patient Safety Committee, Information Committee and Risk Management and Safety Committee. Plans to address weaknesses and ensure continuous improvement of the system are in place.

- On an operational level, the Trust has reviewed its compliance with the outcome of the Care Quality Commission and the Clinical Negligence Scheme for Trusts (CNST)/NHS Litigation Authority Risk Management Standards. During the year the Trust has successfully obtained a Level 3 assessment under the NHSLA Risk Management Standards for acute trusts and Level 1 for Maternity Standards under CNST.

8. Conclusion

- **Based upon available Department of Health guidance, and the Trust's internal and external auditors' views, the Board of Directors, other than the financial position of the Trust (see section 5.2 and 7.3 above), has not identified any significant internal control issues at this time.**

Signed



Chris Bown
Chief Executive ..... **Date:** 3 June 2011

We can supply this information in larger print, on audiotape or have it translated for you - please call 01202 448499 or 448003