

Annual Report

2009 - 2010



Foreword

the Trust in 2009/2010

The past year has been a very challenging one for Portsmouth Hospitals NHS Trust. Despite that, we have continued to provide the people of Portsmouth and beyond with the highest standards of care possible.

The single largest 'event' of 2009/10 was the redevelopment of the Queen Alexandra Hospital which was completed on time and on budget in June 2009 and formally opened by the Princess Royal in October 2009. Consolidating three sites onto one involved nearly 200 moves of departments, equipment and staff from St Mary's Hospital and Royal Hospital Haslar to the expanded Queen Alexandra site. Ten years in the planning, the new hospital stands comparison with any other in the UK and enables us to deliver an enhanced range of services to patients and to flex the facilities as clinical needs change. The new facilities won the national Best Building Award at the Health Business Awards in December 2009.

Like all NHS facilities, our care is independently assessed. In October 2009 we were delighted to be rated as 'excellent' for quality of service by the Care Quality Commission - the second consecutive year that the Trust has received this excellent rating. In December 2009 Dr Foster (a private sector analytical services firm specialising in the NHS) gave the Trust four out of a possible five for patient safety in its annual Hospital Guide. The statistics emphasise that we continue to improve in many areas, for example our success in reducing the incidence of hospital-acquired infections.

Such ratings arise from several factors, including staff skills and commitment. But our innovative use of information technology to monitor individual patient progress, our use of e-learning to speed staff training and other innovations materially contributed.

However the difficult conditions in 2009/10 were reflected in our financial performance and in underperforming against some national targets. The costs of moving into a new hospital, the additional costs arising from our PFI mortgage on the building, the shortage of funding in the local health economy and other factors led us to make a larger deficit than we had planned. Despite some moderation in patient demand for our services, the numbers attending our Emergency Department were 3% more than in 2008/09. This put extreme stress on staff and our finances.

The consequence of all this and of the inevitable future reductions in public spending led us to put in place two major developments. The first was a 'turnaround' programme designed to examine all aspects of the hospital's operations and make them much more efficient. The second was to work with our local NHS and local authority partners to try to make the entire health system work effectively and without duplication. Both of these linked schemes will force substantial changes in clinical and other practice over the coming months and years – inside the Trust and the wider NHS community. A painful but necessary reduction in staff in early 2010 was part of this change. Central to all this however is that clinical quality and patient safety will be maintained.

Portsmouth Hospitals NHS Trust works because of the contributions of its staff, the 800 volunteers who support patients, the Primary Care Trusts, GPs, the South Central Ambulance Trust, local authorities, our Council of Governors and many other parties. We thank them all for their help in 2009/10.



Ursula Ward
Chief Executive



David Rhind
Chairman

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Overview

Who are we?

Portsmouth Hospitals NHS Trust is one of the largest acute hospital trusts in the country providing a full range of emergency and other care services to more than half a million people across our core area in Portsmouth and surrounding areas but also across the whole of South East Hampshire and beyond.

We employ around 7,800 people, largely drawn from the local area; we are the second largest employer in our area. These staff include a wide range of specialists such as doctors, nurses and pharmacists and those whose jobs are related to medicine such as physiotherapists, radiographers and speech and language therapists. Members of staff also work in corporate services such as finance, information technology, scientific services and human resources. Facilities management services, such as portering, cleaning and catering are provided through our contractors Carillion.

As well as acute services the Trust provides many specialist and tertiary services. For example, the Wessex Renal and Transplant Unit is one of only two tertiary centres in all of Berkshire, Buckinghamshire, Hampshire, Oxfordshire and the Isle of Wight. Portsmouth Hospitals is also one of two designated NHS Cancer Centres in Hampshire and the Isle of Wight, which is providing the most up to date diagnostic equipment and facilities for treatment including a PET (Position Emission Tomography) scanner. We are one of eight designated laparoscopic training centres in the country and our blood sciences laboratories analyse around 4,000 samples a day from across the Wessex region.

With the completion of the new hospital, we have some of the best facilities in the south for Critical Care, Neonatology, Paediatrics, Oncology and Cardiology and have the most up to date surgical theatres including two new digital key-hole Endotheatres.

The Trust is also a major provider of education and training of under and post-graduate students including nurses, doctors and pharmacists. In 2009/10 the Trust provided training and support for about 1,200 under-graduate students.

Where we fit in the NHS family

Funding to pay for the National Health Service is voted by parliament and distributed from the Department of Health to the central NHS and then to local Primary Care Trusts (PCTs). Strategic Health Authorities exist to ensure that local health services are of a high quality and to develop plans for improving health services within their region. Primary Care Trusts agree what services are to be provided by hospitals, GPs and other service providers: they spend 80% of the NHS budget. A large majority of the Portsmouth Hospitals' activity is commissioned by two Primary Care Trusts: NHS Portsmouth and NHS Hampshire. All NHS bodies are set national targets, for example waiting times, and these are monitored and the results publicly reported.

What we set out to do

We are totally committed to providing high quality care at an affordable cost.

Our vision is:

To be recognised as a world-class hospital, leading the field through innovative healthcare solutions focused on the best outcome for our patients delivered in a safe, caring and inspiring environment.

We see the building blocks for achieving our vision as comprising excellence in care, staff and facilities. Under each category we have set ourselves new strategic aims which are designed to facilitate measuring and communicating how successful we have been. These are:

Best Care

- Provide best care as measured by clinical effectiveness, safety and the patient experience
- Being the hospital of choice for patients

Best People

- Achieve our strategic aims through living our values, and through the skills and personal development of our staff
- Being the employer of choice in South East Hampshire

Best Hospital

- Be in the top quartile of NHS Hospitals for 95% of all the services we provide
- Work with our partners to create a sustainable economic enterprise which eliminates waste and provides real value for money

How well have we performed?

External assessments

The Trust was awarded an 'excellent' rating – the highest level - by the Care Quality Commission (CQC) for our quality of service in its annual health check 2008/09, published in October 2009. These are the latest definitive quality assessments available. Only two of the 10 acute Trusts in the South Central SHA achieved the excellent rating. This was the second year in succession that we received this quality rating. In addition, the Trust was rated as "fair" for its use of resources. Table 1 shows how the Trust compared with other acute trusts in the South Central Region according to the CQC report.

The annual health check report is considered as the most comprehensive assessment of performance of NHS trusts. The quality of services rating is based on how well the Trust meets the government's core standards as well as existing NHS targets, such as patient safety, cleanliness and waiting times. Twenty four core standards must be met, covering safety, clinical and cost effectiveness, good governance, patient focus, accessible and responsive care, the care environment and amenities, and public health. The CQC check also looks at whether the Trust is making and sustaining ongoing improvements in its services.

At the end of 2009 Dr Foster, the UK's leading independent provider of health information, ranked all English acute hospital trusts for patient safety in its annual Hospital Guide (<http://www.drfoosterhealth.co.uk/features/hospital-guide-2009.aspx>). The patient safety score is determined on how well the Trust performs against 13 safety measures including infection control, mortality rates and how well the Trust complies with national guidelines. Portsmouth Hospitals was in the second top category of five.

In March 2010 the CQC gave Portsmouth Hospitals its licence to provide services under a new, tougher system for regulating standards in the NHS. Trusts must now show they meet new essential standards of quality and safety, which the regulator will constantly monitor. The new standards also formally cover important issues for patients beyond traditional areas including treating patients with respect and involving them in decisions about care. Portsmouth Hospitals' registration with the CQC was accepted without any conditions or restrictions.

Table 1

Trust Name	08/09 Overall Quality Score	08/09 Financial Management Score
Portsmouth Hospitals NHS Trust	Excellent	Fair
Basingstoke and North Hampshire NHS Foundation Trust	Good	Excellent
Buckinghamshire Hospitals NHS Trust	Good	Weak
Heatherwood and Wexham Park Hospitals NHS Foundation Trust	Fair	Fair
Milton Keynes Hospital NHS Foundation Trust	Good	Good
Nuffield Orthopaedic Centre NHS Trust	Good	Good
Oxford Radcliffe Hospitals NHS Trust	Excellent	Good
Royal Berkshire NHS Foundation Trust	Good	Excellent
Southampton University Hospitals NHS Trust	Fair	Good
Winchester and Eastleigh Healthcare NHS Trust	Good	Fair

Performance against key national targets

We have however underperformed against some key national targets in 2009/10. Our results were as follows:

- The Trust underachieved against the national target which dictates that 98% of patients attending the Emergency Department should be seen, treated and admitted or discharged within four hours. At the end of 2009/10 the Trust achieved 97.25%. This target is affected by the whole health system including GPs and social services. The Trust is working closely with its partners to ensure the target is met in 2010/11.
- In principle, the 18 week target is measured on the percentage of elective patients treated within and over 18 weeks at any one time, from the time they are referred by their GP. But in practice the target is more complex, being based on the combination of nine separate measures. The results will not be published until October 2010. Of the separate components, we achieved the target for non-admitted patients but did not do so for admitted patients. The latter was due to the Trust and local PCT partners agreeing to reduce the number of patients who had waited over 18 weeks as quickly as possible. These numbers had increased over the winter months and were badly affected by the adverse weather in January 2010. The decision to treat the longest waiting patients first affects recorded performance. We also underachieved on the 13-week target which dictates that new outpatients should wait no longer than 13 weeks to be seen: delayed transfers of care worsened during the winter and we failed this target.
- We surpassed our target for the incidence of Methicillin-resistant *Staphylococcus aureus* (MRSA) cases. Against a target of 22 cases, we had 19 (a reduction of 17% against the previous year); some of these were also brought into the hospital from the community. Whilst this reduction is good by national standards, our ambition is to reduce the number to zero avoidable cases.
- We also surpassed our target for the incidence of Clostridium difficile (C.diff) cases. Against a target of 263 cases, we had 111 (a reduction of 40% against the previous year); some of these were also brought into the hospital from the community. Whilst this reduction is good, our ambition is again to reduce the number to zero avoidable cases.
- The Trust achieved all the national cancer targets.
- We also achieved the targets for access to genito-urinary medicine within 48 hours and for access to chest pain services within two weeks of referral for angina patients.
- Finally, we did not achieve our financial target. We had – with NHS agreement – planned for a £9m deficit for the year in the light of the one-off costs of moving into the new hospital. This was to be covered by funds built up from previous surpluses. In the event, a multiplicity of factors including additional expenditure caused by weather conditions, a larger than planned rise in staff costs and the difficulty of achieving the dual focus of a successful move into the new hospital as well as delivering a significant cost reduction target has led to a final deficit of £14.9m.
- In addition however changes to NHS accounting practise (International Financial Reporting Standards) now require the Trust's financial position to include any changes to the value of the physical estate. Whilst it is recognised that these changes are technical they swell the deficit figure, as is set out and explained in the annual accounts (see page 28 of this report).

New developments and achievements

Turnaround

As a result of the Trust's underperformance against some national targets (see page 7) and its challenging financial position, an internal Turnaround Steering Group led by the Trust Chief Executive, supported by a Turnaround Director and including senior clinicians, was established. The result was a highly detailed analysis of many areas of the Trust's activities, identified savings and efficiencies and an implementation plan. Actions taken included a redundancy programme described on page 12, restrictions on recruitment to all but the most critical posts and a significant reduction in the numbers of temporary staff. The Trust has also worked closely with our Primary Care Trust partners to find efficiencies within the local health system. Staff engagement has been an important contribution to identifying efficiencies. The consequence of all this has been a saving of over £9m in the last half of 2009/10. Though a considerable achievement, the turnaround process must continue since even greater financial pressures face us in 2010/11 and beyond.

Creating a new hospital

The greatest challenge in 2009/10 was to bring together three hospitals – the pre-existing Queen Alexandra Hospital, St Mary's Hospital in Portsmouth and Royal Hospital Haslar in Gosport on to the newly expanded Queen Alexandra site. This had involved meticulous planning over a 10 year period with the layout of the clinical facilities being designed at the direction of clinicians.

The cost of the new development was approximately £256m. This was financed under a Private Finance Initiative (PFI) scheme which also includes facilities management and maintenance of the hospital facilities – both old and new parts – for the next 31 years by Carillion.

The hospital development was completed on time and budget and some 200 departments were moved into the new facilities between Monday 15 June and Friday 10 July 2009. Despite facing some serious challenges, for example moving 24 new born babies from St Mary's together with all equipment, the move was a success and was completed ahead of schedule – notwithstanding that it was carried out whilst 'business as usual' had to go on.

The formal opening of the new hospital was carried out by HRH Princess Royal on 21 October 2009. Further details of this happy day are given on page 18.

The future

If 2009/10 was a challenging year for the Trust, 2010/11 will be even more stretching. This arises from a combination of less available funding, high levels of demand for our services, including greater pressures from an ageing population, obesity, alcoholism and other factors, and the £42m fixed costs of our PFI. Added to this is a need to achieve both national and local targets. As indicated earlier we have taken determined steps to address these challenges but some can only be tackled by action in consort with local partners such as PCTs and social care services. We expect the future shape and nature of the NHS to be different to its current form. But Portsmouth Hospitals NHS Trust is committed to providing excellent quality healthcare for our patients at an affordable cost to the taxpayer.

Best care

Best care is not achieved simply by using best practice – important though that is – but also by innovating new and better approaches and by spreading experience to other Trusts. We describe below some of our recent innovations.

Safer and cleaner hospitals

In June 2009 the Trust won the HCAI (Healthcare Associated Infections) Technology Innovation Award from the NHS Purchasing and Supply Agency and the Department of Health. As a result, we received a grant of £150,000 to develop new technology aimed at further combating healthcare associated infections. Some of the money was used to purchase four hydrogen peroxide decontamination machines which are now being used to decontaminate clinical areas around the Trust.

Furthermore the Infection Prevention and Control Team successfully launched an initiative to review all new cases of MRSA and C.diff within 24 hours of identification. The Team has also enhanced its surveillance and management of all patients with infections. As a result, it sees an estimated 75% more patients per day than last year.

Reducing infection through public engagement

The Infection Prevention and Control Team was also recognised at the Oxoid Infection Control Team of the Year Awards for 2009 for excellent communication of infection prevention and control issues within the hospital and the wider community. The Stop the Bugs campaign, launched in 2008, continued to raise public awareness of the fight against hospital infection. The campaign involved the local press, the use of posters on buses, billboards at bus stops and activities in local schools: feedback indicates the great impact of children impressing the need for good hygiene on their parents.

Care Quality Commission (CQC) inspection

In May 2009 the CQC conducted an unannounced inspection of Queen Alexandra Hospital. The Trust was fully compliant in eight out of the nine measured areas. Within the eight areas assessors were impressed with the Trust's effective arrangements for the cleaning of wards and equipment and the facilities for the public to practice good cleanliness. In the ninth measure, a small amount of dust was found on the curtains of one ward. The Trust immediately put extra cleaning measures in place.

After a follow-up inspection in August 2009 the Trust was fully compliant in all nine measured areas. Assessors praised cleanliness in areas such as patient beds, trolleys, bedside furniture, stands, fixtures and fittings.

Centre of Excellence in Venous Thromboembolism (VTE)

In October 2009 Portsmouth Hospitals NHS Trust became one of seven hospital trusts across the country to be named by the Chief Medical Officer as an Exemplar Centre. This status denotes a site with an outstanding track record of VTE prevention and care.

VTE is a condition in which a blood clot (thrombus) forms in a deep vein, limiting the blood flow. It is extremely serious: between 25,000 and 32,000 people per year in the UK die from hospital-acquired VTE but at least 70% of these deaths are preventable with appropriate risk assessment and preventative measures called Thromboprophylaxis.

Stroke treatment

Trust consultants have successfully combined two different procedures to treat strokes on the same patient – the clot-busting drug thrombolysis and a carotid endarterectomy.

The impact of this is best described by an example. Gloria Lycett was trying to pick up her dressing gown one morning when her husband Brian noticed she was having difficulty controlling her left arm and was slurring her words. On arrival at Queen Alexandra's Emergency Department Gloria had a brain CT scan and was immediately thrombolysed. This dissolved the blood clot in the brain and limited the amount of damage. She then had a Carotid Doppler scan on her neck which showed her right carotid artery had 'furred up': if the arteries are not cleaned, the risk of having another stroke is heightened. Under local anaesthetic Gloria then underwent carotid endarterectomy, a procedure which clears the blockage to improve blood flow. Two weeks after arriving at Queen Alexandra Hospital, Gloria had been diagnosed, thrombolysed, operated upon and discharged home, with support from the Community Stroke Rehabilitation Team. Gloria said: "The speed with which I received all the treatment was amazing. The team were absolutely incredible. I was very scared at the time – it was all a bit surreal – but the treatment was amazing and I feel so much better."

Portsmouth pathology saves lives

Pathology is the study of disease and over 70% of medical diagnoses in the NHS involve at least one branch of pathology. The pathology laboratory at Queen Alexandra Hospital was completed in phase one of the Trust's redevelopment and boasts a fully automated robotic production line – the longest and most advanced of its kind in the country. It deals with nearly 4,000 different blood samples every day from across the Wessex region.

One example of what the laboratory does is the blood screening for five conditions of newborn babies all over the Wessex region. Our laboratory is one of a handful of labs in the country that can screen for phenylketonuria (PKU), congenital hypothyroidism (CHT), sickle cell disease, cystic fibrosis and medium chain acyl coA dehydrogenase deficiency (MCADD). Tiny blood spot samples are taken on the baby's fifth day and tested to show if conditions that may not be noticed until later life are present, allowing suitable and more timely treatment to be administered. Dr David Sinclair, Director of the new born screening programme, said: "This programme has already saved the lives of many babies who have genetic disorders."

Maternity

Portsmouth maternity services provide a wide range of choice to expectant mothers from Portsmouth, Hampshire and beyond. In 2009/10 the local area has seen a 4% increase in birth rate and now women have more choice of where to give birth.

In July 2009 the maternity unit moved to the new Queen Alexandra Hospital following the opening of the new hospital. In addition, other midwife-led services are run in the Grange Birth Centre in Petersfield, Blake Birth Centre in Gosport and in a new birthing facility in St Mary's Hospital in Milton, called Portsmouth Maternity Centre.

Lexi-Lou Stevie Cobb was the very first baby born in the new Queen Alexandra Hospital unit, arriving on the first day it opened. The proud mother Louise Cobb was delighted at Lexi-Lou's safe arrival at 7.04pm on the 30 June, weighing in at 4 pounds 10 and a half ounces.

No baby has ever been abducted from Queen Alexandra Hospital but to enhance our security further every baby born at the unit now has an electronic security tag fitted within an hour of being born. The tag is fitted to the baby's ankle and an alarm is set off if the baby is taken out of a 'safe zone'.



Louise Cobb and daughter Lexi-Lou - the first baby born at the new Queen Alexandra Hospital

Keeping track

It is obvious that having good quality patient records supports good clinical care. We have totally reorganised medical records, moving them from five locations across three hospitals to a new central off-site records library which provides access to all Trust records 24 hours a day, seven days a week. It is based on a common indexing system. This was a major operation: the library has 12.5 miles of shelving with a much improved and more spacious working area for the staff. It handles approximately 100,000 file movements a month and at the end of the year was achieving well over 98% success rate in delivering patient notes to clinics.



The new Health Records Library

Best People

It is impossible to provide world class care without having top quality, skilled and committed staff. The Trust aims to appoint, develop, engage with and reward staff to ensure best care for patients. In addition to providing many training courses and e-learning tools to enhance staff skills, we also seek to encourage staff to be healthy. In support of this aim a comprehensive and easily accessible staff health and wellbeing service opened by the Trust in early May 2010, named Oasis, the Wellness Centre. The services provided will be a focal point for the active promotion of staff health and wellbeing. More details about Oasis can be found on page 18.

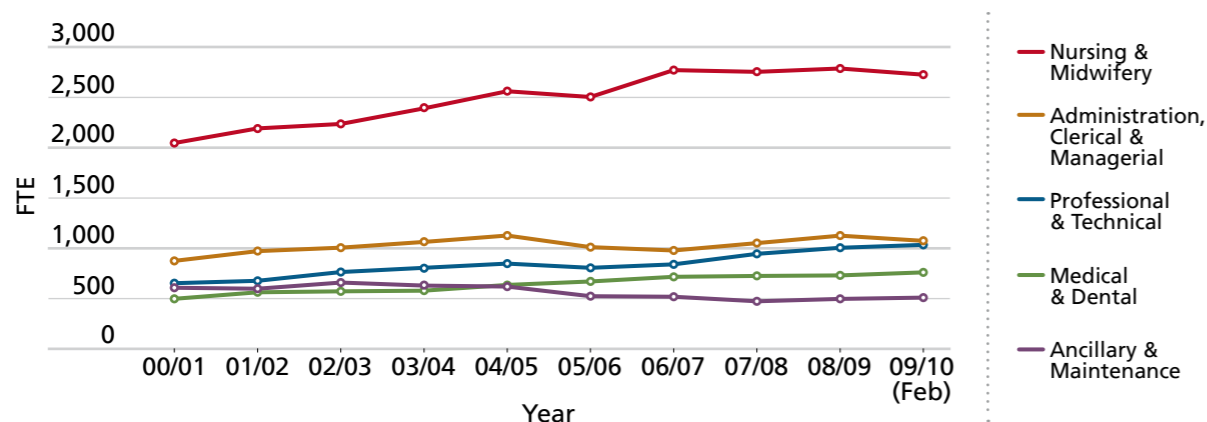
The Trust currently employs some 7,800 individual members of staff; this is equivalent to about 6,105 full time employees and includes 509 staff seconded to Carillion to provide ancillary and maintenance services.

Figure 1 shows how the numbers of staff in different categories have grown. In summary, the Trust's staff is now 31% larger than nine years ago – all part of the government's plan to enhance care by providing more funding for additional staff. The fastest rate of growth in staff numbers was in professional technical staff (58%) followed by medical and dental (53%), nursing and midwifery (33%) and administration, clerical and managerial staff (23%).

The level of staffing in the Trust exceeded the NHS' capacity to fund it during 2009/10. Staff costs account for some 60% of all Trust expenditure. We therefore had to adjust our staffing levels. Consequently, we imposed tight controls on recruitment and on the use of temporary staffing; these will continue in 2010/11. These controls reduced overall staffing numbers and associated pay costs. An additional measure was to make 67 staff redundant. These people were employed in administrative, clerical and certain support areas. We sought to avoid including clinical staff though we are reviewing the workloads in all areas of the hospital to ensure our staffing matches the needs of our patients.

The Trust actively commends and praises employees who work extremely hard to ensure the highest quality of care. The Best People Awards take place annually and this year The News sponsored one of the awards. The Hospital Hero Award nominees were voted for by readers of The News. Mark Waldron, editor of The News, chose 84 year old hospital volunteer, Jack Wynne as the winner and presented the award.

Figure 1. Substantive Staff Capacity by Staff Groups: 2000/01 to 2010/11 (February)



Equality and Diversity

We take it as a given that we must treat every patient and everyone working in the Trust fairly and with dignity. We provide our services irrespective of gender, race, disability, sexual orientation including transgender, religion or belief. In particular, we have strong equal opportunity and disability policies which we actively enforce on a day-to-day basis.

Our Workforce Strategy seeks to promote a culture within the Trust which is diverse, where individual differences are valued and respected and to further develop a workforce which reflects the community we serve. Around 13% of Portsmouth's population as a whole is from the Black and Ethnic Minority (BME) community and almost exactly the same proportion of our staff come from this community. Some 4.9% of BME staff are in higher pay bands and a small minority of these are in the nursing and midwifery group. To improve that representation, the Trust started the Black and Minority Development Programme which includes career reviews, delegation training, team working and handling appraisals.

Portsmouth Hospitals achieved gold status in the Disability Standard in October 2009. This assessment is run by the Employers' Forum on Disability (EFD) and is the only business-led benchmark that measures an organisation's performance on every aspect of disability as it affects their business.

Volunteers

In addition to our salaried staff, the Trust benefits immensely from 800 volunteers of all ages and backgrounds. From helping our patients to navigate our huge hospital to delivering information leaflets and helping feed patients, running shops and the patient library service and assisting with fundraising, our volunteers provide invaluable support to patients, visitors and staff alike.

A prime example of how volunteers help is shown by the League of Friends. Formed in 1952, the League has seen its number of members grow to more than 400, with about 100 of them helping out around the hospital. The group won the prestigious national Attend Retail Award 2009 for having the highest average weekly retail volunteering hours - an average 246 hours a week volunteering in Queen Alexandra Hospital's League of Friends café and shop.

Another example where volunteers play an important role is the Rocky Appeal, which has raised millions of pounds over the last 20 years to pay for state-of-the-art new equipment for the Trust. The current Rocky Appeal is to raise £3million to build four new state-of-the-art digital keyhole surgery Endotheatres at Queen Alexandra Hospital; this has now raised £1 million which allowed the first two theatres to be built. They were opened at the end of January 2010. The theatres will be linked to a teaching centre to train the next generation of surgeons and nurses.

Ministry of Defence Hospital Unit

Portsmouth Hospitals NHS Trust has enjoyed a long standing relationship with the military and hosts the country's largest Ministry of Defence Hospital Unit (MDHU): over 300 military personnel from all three services work in the Trust and carry out the same work as civilian doctors and nurses. The benefit of such an arrangement is that they gain clinical experience to help them function effectively when they are deployed and in turn, the Trust gains considerably from their military experience.

Since the deployment of the British Armed Forces to Southern Afghanistan, members of the Queen Alexandra Royal Naval Nursing Service, Queen Alexandra Royal Army Nursing Corps, Princess Mary's Royal Air Force Nursing Service and the Royal Army Medical Corps have been deployed to Helmand Province. In the last financial year 77 MDHU personnel have been deployed on operational tours in Afghanistan and Iraq. Together they have cared for sick and wounded personnel from the armed forces, members of the Afghan National army and police force,

international troops and civilians who may have been injured as a result of suicide bombings or military operations.

Privacy, Dignity and Respect

As part of our commitment to treating patients with dignity and respect we have invested in eliminating mixed sex accommodation. More than £200,000 was spent within the hospital's older buildings to help improve accommodation and washing facilities. The opening of our new hospital in summer 2009 provided much greater levels of privacy and dignity through the availability of single bed and four-bed wards.

The Trust introduced its Dignity Charter in 2009. This is widely displayed throughout the hospital. Surveys are also conducted to ensure we are aware of patients' experience and views. These help us develop our services and monitor adherence to the Charter. In addition, the Trust held events for staff throughout the year to raise awareness about privacy, dignity and respect due to our patients; we also took part in a public campaign to raise awareness of individuals' rights as patients.

Trust welcomes home Clinical Director

Lieutenant Colonel Simon Hunter is Clinical Director for the Trust's Emergency Department. He was deployed for 10 weeks to Camp Bastion in Afghanistan in November 2009. Simon was the leader of a Medical Emergency Response Team, a four-person team consisting of a doctor, a nurse and two paramedics. This was Simon's sixth deployment. He said: "The trauma cases we saw on this deployment were worse than I had seen before and we had to make some tough decisions.

"We take the Emergency Department to those who need it, irrespective of whether fighting is still going on around us. We make a big difference - for example we pick up injured children and give them medical care that they would not normally have and transfer them to trauma hospitals in the region." His frontline experience also benefits the Trust: "We use the innovations that we developed under extreme pressures in the field back in Portsmouth."



Portsmouth innovations

Innovative approaches to detecting, monitoring and treating illness is key to enhancing the health of our patients. The Trust has an excellent record of innovation, some of which has been replicated in other hospitals across the UK and further afield.

Breast Lymph Node Assay

Portsmouth Hospitals NHS Trust was the first trust in the country and one of very few in Europe to implement a rapid diagnostic test called the Breast Lymph Node Assay for patients with breast cancer. In the past year the Trust treated its 500th patient with the procedure. Most patients with breast cancer undergo surgery to remove the tumour and at the same time some lymph glands are removed from the armpit. This new procedure allows analysis of these lymph glands during the initial operation which helps the surgeon decide whether the rest of the lymph glands need to be removed there and then - saving the patient a second admission to hospital for further surgery and eliminating a long and anxious two to three week wait and consequent patient stress.

Digital pen

Six midwives at the Trust took part in the first pilot of its kind in the country testing futuristic digital pens. Notes are made on special paper with tiny dots which recognise the midwives' handwriting. The information is automatically sent back to the NHS records system and saved. The pen frees up time for midwives to spend with patients and reduces the risk of lost medical records.

VitalPAC

VitalPAC, a revolutionary hand-held computer system which monitors patients' vital signs in real time, was co-developed by Portsmouth Hospitals NHS Trust and The Learning Clinic Ltd. It won the Technology and IT to Improve Patient Safety award at the national Patient Safety Awards in February 2010. VitalPAC records patients' vital signs quicker, will automatically calculate the early warning score for the patient and identifies when the next observation needs to be done. Data can then be viewed anywhere in the hospital by staff using PCs. Professor Smith, the team leader, said: "The system allows us to observe patients better, detect deterioration earlier and ensure early intervention in the patient's care by nurses and doctors. This increases the chance of a better outcome for the patient."





Best hospital

The Trust's achievement in creating a new hospital has been highlighted on page 18. The £256m development brought together St Mary's Hospital and Royal Hospital Haslar with a much extended Queen Alexandra Hospital. After 10 years of planning the new state-of-the-art Queen Alexandra Hospital opened on time and on budget in June 2009. By the end of July 2009 the new build was fully operational with all of the 200 moves of departments, staff and equipment being completed successfully on time and without any major incidents or risk to patient safety. The moves were co-ordinated from an operations centre at Queen Alexandra Hospital by a team of people from all functional areas of the hospital and there were move co-ordinators at both St Mary's and Haslar to report any difficulties and liaise with staff. The Trust was greatly assisted during the moves by the ambulance services, the police and removals company, Commercial Transfer. All Trust staff were kept fully up to date with department moves via daily communications. As a result of all this, we achieved one of our internal key performance indicators for 2009/10.



Designed by clinicians, for patients

The new hospital has been carefully designed from the inside out to benefit patients. Hundreds of clinical and other staff were involved in the design, planning and implementation process. The result is a hospital designed to be clinically efficient, safe, flexible and easy to navigate despite its large size.

Each floor is colour-coded and large atria areas allow light into the heart of the large building. Specially-commissioned artwork, photography of the area by staff, marble-effect tiling at the grand glass entrance, terracotta-colour cladding and an 'under-the-sea' theme are just some of the modern design highlights to make the building appealing to patients and visitors.

In the new part of the hospital one-third of the beds are in single, en-suite rooms and the remaining are in four-bed rooms with en-suite shower facilities. Each room has substantially more space between each bed meaning the rooms are easier to clean and can provide segregation if needed. Other special design features include anti-microbial curtains and curved skirting boards which are easy to clean and help to minimise the spread of infection. The new wards are light and airy and many have spectacular views across Portsmouth.

Other benefits of the new hospital include:

- circa 1200 patient beds
- Greatly enhanced visitor and relative facilities
- Increased patient and visitor parking spaces
- Disabled parking spaces near to entrances
- The latest medical technology

Paying for the hospital

Funding for the new hospital was provided under the Private Finance Initiative (PFI). This had two components: financing the building of the new hospital and maintaining the entirety of the old and new Queen Alexandra Hospital estate for the next 31 years. Both the construction and the on-going maintenance were awarded to Carillion plc. As a consequence, the Trust has to pay an annual unitary charge of £42m of which £20m is the 'mortgage payment'.

Evidence that the building is of a high standard is given by being named the winner of the Hospital Building Award at the annual event held at the Emirates Stadium in London in December 2009. The Trust won this award against tough opposition including St Mary's Hospital in Manchester and the Queen's Centre for Oncology & Haematology at Castle Hill Hospital Hull.



Opening the new hospital

The new hospital was formally opened on 21 October 2009 by The Princess Royal. Her Royal Highness was taken to the Paediatric and Critical Care departments where she met staff and patients and got to see the world-class medical facilities. The Princess Royal was escorted around Queen Alexandra Hospital by Ursula Ward, Chief Executive, before unveiling a commemorative plaque in front of hospital staff and distinguished guests.



The Trust took particular care to inform the public about the new hospital and consequent changes to previous venues. A special supplement was printed in The News and an additional 20,000 copies distributed locally. The supplement included floor plans of the hospital and details of car parks. In addition, and in partnership with its Council of Governors, the Trust held an Open Day for members of the public on Saturday 7 November 2009 to showcase our services and departments. More than 400 people attended the event and toured the hospital. The event was judged to be so successful that it will be repeated in the autumn of 2010.



The third and final phase of redevelopment of the Queen Alexandra site will be complete by summer 2010. This includes refurbishing patient areas, notably the Emergency Department, building a staff multi-storey car park and Oasis, the Wellness Centre. Oasis is designed to help staff stay healthy and opened in May 2010. Oasis is a place for staff to exercise, relax and unwind with therapy rooms, a gym and a 25m swimming pool; it is open seven days a week. The Trust won funding of £1.4m from NHS Plus in 2007 to support creation of the facility; it is designed to operate in a cost-neutral manner, with staff electing to pay their subscription via a salary sacrifice scheme.



Reducing our environmental footprint

The new facilities at Queen Alexandra Hospital have been designed with an energy consumption target lower than the relevant NHS standard. Actual performance has not yet been assessed as there has not been a full year of occupation.

The new buildings have been specifically designed to have the lowest energy use possible while maintaining temperatures at the required levels. The majority of the electricity used is generated onsite with combined heat and power (CHP) units which also generate waste heat. This 'waste' is used to generate hot water and steam for use elsewhere in the buildings. Low energy lighting is used in many parts of the hospital. Solar reflecting glass is used to minimise heat gain in summer; air conditioning is only installed and used where it is clinically required.

During 2009, energy use on the Queen Alexandra Hospital site gave rise to a total of 23,500 tonnes of CO₂. This excludes indirect emissions associated with procurement, waste disposal and transport.

The Trust has a number of policies in place to ensure the hospital is as environmentally friendly as possible. Work has begun to reduce further the organisation's carbon footprint.

Reducing carbon and procuring sustainably are corporate priorities that affect procurers, staff and suppliers. The Trust is working with all partners to enhance our environmental performance.

Governance

The Trust Board

Portsmouth Hospitals' Trust Board is accountable for setting strategic direction, monitoring performance against local and nationally set objectives, ensuring high standards of performance are maintained and promoting links between Portsmouth Hospitals and the local community. The Board has two mandatory committees whose members are solely Non-Executives. These are the Audit Committee, which provides the Board with an independent and objective review of our internal controls and the Remuneration and Nominations Committee which approves substantive appointments of Executive Directors and approves their remuneration including any bonuses.

The Trust Board comprises of a Chairman, Non-Executive Directors and Executive Directors

Non-Executive Directors



David Rhind

Chairman of the Trust Board

David is also Chair of the Government's Advisory Panel on Public Sector Information and of the Bank of England's Pension Trustee. He is also a Non-Executive Director of the UK Statistics Authority.



David Bailey

Deputy Chairman

David has a background in commerce with over 20 years experience in senior commercial management and then 17 years at an academic level. Before retiring in December 2007 David was Head of the School of Law, Management and Education at Southampton Solent University.



Alan Cole

Alan is a management accountant with a strong background in finance and general management, gained through his career at senior level at IBM and also in smaller commercial organisations. Alan has great experience of leading professional, multi-disciplinary, client-focused teams.



Elizabeth Conway

Elizabeth joined the Trust as a Non-Executive Director designate in October 2009, following a successful 20 year period as a marketing and communications specialist in the pharmaceutical and health care industry. Elizabeth was responsible for leading and implementing communication strategies and campaigns for companies such as Glaxo Smith Kline and Astra Zeneca plus charities such as Cancer Research UK.



Brett Gill

Brett is a Chartered Accountant and a former regional Managing Partner of Ernst & Young and ex-Chairman of Southampton Cargo Handling Ltd. His public sector roles have included being a Member of the Council of Southampton University, Governor of Southampton Solent University and Chair of its Audit committee, Trustee of Wessex Medical Research Trust, and President of Southampton and Fareham Chamber of Commerce.



Mark Greenwood

Mark is a Chartered Director, Chartered Engineer, consultant and mentor with extensive experience ranging from start-ups to major multinationals. He is a Director of Compass House Consultancy Ltd and also a Director and Company Secretary for URU Technologies (UK) Ltd.



Mark Nellthorp

Mark is a senior civil servant at HM Revenue and Customs with major staff management responsibilities. He is also a Fellow of the Chartered Management Institute.

Executive Directors



Ursula Ward

Chief Executive

The chief executive has overall leadership responsibility for the Trust, including the development and delivery of the organisation's strategy, aims and objectives.

Ursula has a clinical background, primarily in cardiology and cancer care. She spent five years in academia before pursuing a career in general management. She was appointed to the Trust in 1999 as Director of Nursing and Midwifery, and appointed as Deputy Chief Executive in 2002. She was appointed Chief Executive in June 2004.



Maggie Maclsaac

Chief Operating Officer and Deputy Chief Executive

Maggie joined the NHS as a graduate nurse, moving into general management through the NHS General Management Training Scheme. She has clinical service management experience in acute and community services in Southampton, as well as experience gained at the Regional Health Authority, Department of Health and recently the Strategic Health Authority.



Graeme Zaki

Medical Director

Graeme is a Consultant Maxillofacial Surgeon, with a particular interest in head and neck cancers. He sits on the Board of Faculty Examiners for the Faculty of Dental Surgery. Graeme was instrumental in establishing the Trust's links with Portsmouth University, setting up a partnership to take forward research and development, as well as education for healthcare professionals.



David Eccles

Director of Workforce and Human Resources

David joined the NHS with the Welsh Office in 1978. He has worked in both the NHS and private sector in a range of general management and human resource management roles, being a Director for nearly 20 years. He is on a period of extended leave due to ill health. His position is being covered, on an interim basis, by Jim O'Connell, who is seconded from NHS South Central.



Robert Toole

Director of Finance and Investment

Robert joined the Trust in January 2010 as Director of Finance, succeeding Malcolm Dennett, an interim appointment. He brings a broad range of experience in the public and private sectors. Prior to his appointment at Portsmouth he was the Director of Finance at Airedale NHS Hospital Trust and previously at Bradford City Teaching PCT. Before that he worked for 13 years at Rolls-Royce plc including the role of Vice-President Finance of the global helicopter business based in the USA and before that as Directeur Administratif et Financier of a multi-national materials handling subsidiary headquartered in France.

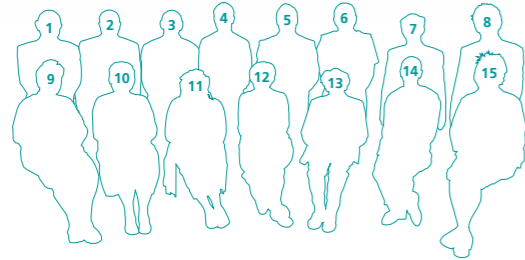


Julie Dawes

Chief Nurse

Julie joined the NHS as a nurse in 1981, became a registered nurse in 1984 and has specialised in both specialist cancer services and palliative care. Julie has been a Ward Sister, Matron, General Manager and Senior Nurse, in both the acute and community sectors. She has worked in organisations in Leeds, Southampton and the South Central Strategic Health Authority. She became Chief Nurse at Portsmouth Hospitals in January 2009. Julie's areas of special interest are patient experience and patient safety.

Our Council of Governors



- | | |
|--------------------------|--------------------|
| 1. Kenneth Thompson | 9. Mary Sheppard |
| 2. Syd Rapson | 10. Jocelyn Booth |
| 3. Nick Courtneidge | 11. Pepe Chisenga |
| 4. Dr Jocelyn Wace | 12. Kate Bowskill |
| 5. Professor David Rhind | 13. Dr Isabel Pine |
| 6. Commodore Noel Bevan | 14. Jackie Powell |
| 7. Dr Robin Marsh | 15. Lucy Docherty |
| 8. Stephen Arkle | |

Governors not included in the photo are; David Gattrell, Martin Marks OBE, Richard Mackay, Cynthia Smith, Roland Howes, Sarah Edmonds, Jayne Jempson, Les Jones, Carol Byatt, Ian Piper, Alex Berry, Cllr Peter Edgar, Norman Robson, David Joel, Lisa Mundy and Cllr Leo Madden.

Public engagement

At each monthly Board meeting one session is held entirely in public and members of the public can quiz the Board. The regular topics covered in this session include the monthly integrated performance report (covering care quality, progress against targets, finance, and workforce matters), the Assurance Framework and details of complaints and claims made against the Trust. In addition, particular topics such as lessons to be learned from events like the failures at Mid-Staffordshire hospital are debated.

Council of Governors

It is the intention of the Board to become a Foundation Trust. Our application to apply for that status was delayed by the Board in January 2009 when it became clear that the risks of proceeding with that simultaneously with the completion of the new hospital project were too great. The Board is keen to achieve that status and the benefits that it brings as soon as our financial sustainability renders it possible.

As part of the preparation for applying for Foundation Trust status, the Trust set up a shadow Council of Governors in 2008. This consists of 31 members representing the local communities. In addition, we have attracted some 10,000 members of the public who elect a large proportion of the Council and whom we keep in touch with developments in the Trust. Notwithstanding the deliberately delayed application for Foundation Trust status, we greatly value and benefit from the inputs of our Council members who meet formally with us four times every year.

Involving our patients

The Trust uses surveys, feedback forms and focus groups as well as letters of complaint or praise from patients and individual members of the public to highlight areas where improvement is needed. The number of positive comments and plaudits outweighs the number of complaints received, but every complaint is taken seriously. Our new Patient and Customer Services Team analyses each complaint, agrees the best form of resolution with the complainant and sorts out the problem – or at least seeks to ensure it should never happen again. The Trust’s Board receives full reports on the nature, number and actions taken in regard to complaints.

When dealing with complaints, we use the Principles of Remedy, as outlined by the Parliamentary and Health Service Ombudsman, which include:

- getting it right
- being customer focused
- being open and accountable
- acting fairly and proportionately
- putting things right
- seeking continuous improvement

Over the past year, the Trust received 1,239 complaints. Where these are not resolved to the complainant’s satisfaction, complainants have the right to refer their complaint to the Parliamentary Ombudsman for an independent review. Of the 14 complaints referred to the Ombudsman this year, five were not upheld and did not require further actions from the Trust. The other nine were yet to be resolved by the end of March 2010.

A valuable source of information comes from the strong relationships the Trust has with its Council of Governors, Patient Experience Council and the Portsmouth Local Involvement Network (LINK). The Patient Experience Council is made up of 20 volunteers who give their time to act as a ‘critical friend’ to the Trust. Council members act as representatives on a number of hospital wards and complete reports on what works well and what can be improved. Their feedback is given to matrons and the Chief Nurse and is incorporated into quality reports for our commissioners.

The LINK is a network of individuals and groups who are interested in being involved in and influencing local health and social care. It has a number of statutory powers: based on feedback from service users, it can refer issues to the Health Overview and Scrutiny Panel and in certain circumstances make visits to healthcare premises.

In addition, various areas of medicine have their own ways to engage with patients and the public. For example, the Rheumatology Department holds 12 public events each year when often more than 400 people attend to hear how the service is being improved through use of new drugs and treatments.

Governance, compliance, quality improvement and patient safety

Quality of care is at the heart of our organisation and over the past year we have done much to embed a culture of continuous improvement through a number of quality initiatives. The Trust has established a Patient Safety Working Group to drive through these initiatives.

In 2008/09, for the second year running, the Trust received a score of 'excellent' for its Quality of Services under the Care Quality Commission (CQC) Annual Health Check (see page 6). In addition, the Trust declared full compliance with the CQC's Standards for Better Health in response to a CQC questionnaire, which was then accepted by the CQC. This demonstrates the Board's confidence in the evidence on quality of care provided by the hospital. In April 2010 Standards for Better Health will be replaced by formal registration under statute with the CQC and compliance will be assessed against the Essential Standards of Quality and Safety. The Trust was registered before the 1 April 2010 deadline.

The NHS Litigation Authority (NHSLA) is a special health authority within the NHS, responsible for handling negligence claims made against NHS bodies in England. The NHSLA has an active risk management programme to help raise standards of care in the NHS and improve patient safety. The Trust was re-assessed against Level One of the Risk Management Standards in March 2010 and all 50 documents submitted by the Trust were fully compliant with the NHSLA requirements.

The overall summary from the NHSLA report of the assessment was:

'The organisation is to be congratulated on achieving a high level of compliance ... the documents were efficiently prepared ... and there was evidence of clear commitment to the process from the organisation.'

Earlier in the year the Trust was re-awarded Level One against the NHSLA Maternity Standards.

Commissioning for Quality and Innovation (CQUIN)

The CQUIN Framework has been developed nationally and is one of a range of developments to put quality of care at the heart of the NHS. The aim of the scheme is to support a shift towards the vision set out in the Department of Health's report High Quality Care for All where quality is the organising principle.

The CQUIN scheme focuses on quality improvement and innovation. The scheme allows for a proportion of the Trust's income to become conditional on locally-set quality and innovation goals rather than simply responding to centrally directed targets.

The goals included in local CQUIN schemes are contained within the contract held with the commissioners. The only national requirement is that there should be at least one goal in each of four areas: safety, effectiveness, patient experience and innovation.

In January 2009, the South Central PCT Alliance ratified a co-ordinated approach to the development of the CQUIN scheme. For acute providers, including Portsmouth Hospitals NHS Trust, it was agreed that the CQUIN scheme will focus on:

- **Stroke** - Supports local and national priorities.
- **Fractured Neck of Femur** - Supports the NHS operating framework focus on safety by reducing mortality.
- **Maternity** - Supports a national priority.
- **Information/data collection** - This relates to compliance with information requirements within the 2009/10 contract

Clinical audit

Clinical audit is concerned with identifying and improving the quality of health care that the NHS provides to patients. The Trust has a dedicated clinical audit team which seeks to drive improvement in clinical effectiveness. This is achieved through a continuous process where healthcare professionals review patient care against agreed standards and make improvements where necessary. The audit is subsequently repeated to ensure the quality of patient care has improved.

There is wide-ranging participation by Portsmouth staff in national clinical audits and consistent evidence of clinical audit activity across all clinical specialties within the Trust. There were 239 clinical audits registered with the Clinical Audit Department during 2009/10 and of these, 122 have been completed with a supporting presentation or report and changes made as a result.

In February 2010 the Payment by Results Data Assurance Framework audit was completed. This audit reviewed a number of medical procedures in the Trust to ensure that they were recorded and medically coded correctly. The audit therefore supports the improvement of data quality and verifies the payment the Trust receives for patient activity. The audit took place later in the year than usual due to the move into the new hospital and the final report was due by end April 2010.

Patient safety

The Trust has actively participated in the NHS Leading Improvements in Patient Safety (LIPS) Programme, the National Patient Safety Agency (NPSA) Safety First Campaign and the NHS South Central Patient Safety Federation programme.

The overall aim of the LIPS programme is to reduce mortality and harm to patients by 50% by 2012. The programme is split into five main aims, which are detailed below:

Aim 1 - To promote a Safety Culture through leadership

Aim 2 - To reduce pressure ulcers by 50% and eliminate Grade 3 and 4 ulcers

Aim 3 - To reduce preventable patient falls by 50%

Aim 4 - Implementation of the WHO Surgical Safety Checklist

Aim 5 - To reduce preventable hospital acquired VTE incidents by 50%

Aim 6 - To reduce the number of medical outliers (patients in beds in inappropriate wards)

We are committed to achieving these aims.

Serious Untoward Incidents

There is no single definition of a Serious Untoward Incident (SUI) but in general terms it is an event that involves a patient, service user, a member of the public, contractors or NHS staff which results, or could have resulted in, serious injury, unexpected death, permanent harm, significant public/media concern or serious disruption to the services we provide. There were 63 SUIs reported within the Trust during 2009/10, all of which were investigated in line with national guidance and local policy and reported both to our Trust Board and our commissioners. Whilst the ideal is zero SUIs, the scale and complexity of an acute hospital's activities is such that some will occur. Our aim is to minimise that number and ensure we learn from them to avoid repetitions. We actively foster a culture where staff are encouraged to report any untoward incidents.

Integrated performance report

Every month the Board of Directors reviews a range of clinical metrics and trends in them through the integrated performance report: quality of care is the first item considered. In addition, the rate of harmful events is measured by a regular review of a random set of patient notes. The objective is to identify areas where care could be improved and provide feedback to, and action in, clinical areas.

Captain's Rounds

To ensure we are providing a safe, clean, pleasant and clutter-free environment for patients and staff, the Trust has introduced 'Captain's Rounds'. Each of the floors in Queen Alexandra Hospital has been assigned a joint team of senior management from both the Trust and Carillion plc. The team carries out monthly inspections to ensure the hospital meets the National Patient Safety Agency's national specifications for cleanliness. Areas in wards under review will include patient bathrooms, ward trolleys and equipment. If an area is noted as a concern, an action plan for improvement is implemented.

Information governance

The timely availability of information on patients, staff, equipment and other facilities is crucial to the safe and effective operation of the hospital; most of this is now provided via computer systems networked across the Trust. There is a potential tension between widespread availability of personal information for clinical reasons and the maintenance of privacy. Information Governance describes the systems and process in place to ensure that appropriate controls are placed on the distribution of information related to the activities of the organisation.

Personal data

We take our responsibilities for preserving the privacy of Person Identifiable Data (PID) extremely seriously. We adhere to the Data Protection Act and observe the Caldicott Principles for Patient Confidentiality. The Trust's Medical Director is the Caldicott Guardian on behalf of access to patient information.

Our programme of work to ensure that all staff understand their responsibilities in relation to Information Governance and in particular, to preserving the confidentiality of person identifiable information work is overseen by the Trust's Information Governance Steering Group (IGSG) and supported by the Information Governance Manager. The IGSG has representation from all service and corporate divisions and a patient representative. Any incidents involving disclosure of PID is reported under national guidelines. In 2009/10 there were 45 such incidents. Each incident was reviewed to establish whether further investigation was needed.

Freedom of Information

We continue to meet the requirements of the Freedom of Information Act 2000. In 2009/10 a total of 234 Freedom of Information requests were received. Full disclosure of information was made in approximately 75% of cases and the average response time was 12 working days, well within the 20 working day limit. The majority of requests came from individuals with an unspecified association (77), the media (62), commercial businesses (44) and members of parliament (31).

We continue to make more information available for the patients and the public, largely through the Trust website. A Publication Scheme, which sets out the classes of information the Trust holds, the means by which we publish information and whether or not a charge will be made, is available on the Trust website.



Planning for an emergency

The Trust is an active member of the Hampshire and Isle of Wight Local Resilience Forum (LRF). The LRF is made up of local authorities and emergency services which plan for major incidents and emergency situations. Trust staff members regularly attend LRF events to ensure our plans are updated and complement our partners' plans, as well as being compliant with NHS guidance on major incident preparedness.

Training is a vital part of preparing our staff to do their normal working roles in an extraordinary situation. Initiatives taken during the year include:

- A Hospital Chemical Biological Radiation and Nuclear Major Incident DVD to use for staff training
- A full day EMERGO desktop training exercise in 'real time' simulating a local building collapse and testing the Trust's major incident response plan. This was reviewed by the Health Protection Agency and the Trust passed
- Progressing e-learning with Trust induction students
- Regular communications exercises (bi-monthly) to ensure that crucial staff can be contacted in under 30 minutes of an alert and are aware of the actions required of them
- Regular major incident awareness sessions for staff, including roles and responsibilities and an interactive exercise

Financial Accounts

Annual Report 2009 - 2010

The accounts of Portsmouth Hospitals NHS Trust for the year ended 31 March 2010 have been prepared in accordance with the financial records maintained by the Trust and the accounting standards and policies for the NHS laid down by the Secretary of State with the approval of the Treasury.

The accounts were approved by the Board of Directors at a meeting on the 3 June 2010 and have been audited. The auditor's certificate is unqualified and is incorporated in the annual report.

External Auditor

The Trust's external auditor is Mr Patrick Jarvis, Audit Commission and he is based at Collins House, Bishopstoke Road, Eastleigh, Hampshire, SO50 6AD.

The audit fee in 2009/10 for statutory work carried out by external audit was £241,120 including non-recoverable V.A.T.

Financial summary

The following financial information is a summary taken from the Trust's Annual Accounts. For a full set of accounts, please visit www.porthosp.nhs.uk or contact the Director of Finance and Investment on 023 9228 6000.

Financial performance in 2009/10

The Trust's performance against its statutory duties was as follows:

- The Trust made a deficit of £77,052,000 which includes a number of technical charges explained below. Excluding technical charges the Trust's deficit was £14,877,000 against a target deficit of £9,000,000.
- The Trust is now required to reflect the public dividend capital dividend within its accounts required to achieve a 3.5% return on average net relevant assets. For 2009/10 this was £2,339,000.
- The Trust's cash flow was contained within its External Financing Limit.
- The Trust's capital expenditure was contained within its Capital Resource Limit.

Finance Director's report

The Trust has ended the 2009/10 financial year with a technical deficit on income and expenditure of £77m (now Statement of Comprehensive Income); £62.1m of this deficit position is due to technical accounting adjustments which are explained in more detail in a separate section below. Excluding these technical items the Trust has ended the year with a reported deficit of £14.9m compared to a planned deficit of £9m.

Operating and financial review

The 2009/10 financial year was foreseen as an extremely challenging one for the Trust owing to the significant operational challenge of co-ordinating a large scale move of services into the redeveloped Queen Alexandra Hospital site midway through the financial year. The Trust's financial plan for the 2009/10 financial year was set at a £9m deficit. This deficit recognised the additional costs of the new build, plus some non recurrent support towards the significant one off and double running costs incurred as a result of the move in to the new hospital.

The Trust's final year end position of a £14.9m deficit clearly represents a shortfall against the plan set at the start of the year. However the year end position must be understood in the context of the following factors:

- The Trust has experienced significant pressures relating to emergency activity which has resulted in additional cost pressures. Emergency admissions to hospital have been 2.7% above 2008/9 levels with attendances to A&E showing a 4% increase.
- The exceptionally cold weather during the winter months led to the Trust having to suspend elective (planned) activity on occasion. For January alone this meant that elective activity was 20% below typical levels and this meant a loss of £1.5m of income for the Trust.
- The Trust had a challenging cost reduction/efficiency savings target of £19.8m for the financial year. The final value for actual savings achieved is £16.5m which reflects some of the difficulties the Trust had delivering savings in the early months of the financial year whilst also trying to focus efforts on a safe and successful move into the new hospital.

Technical adjustments to income and expenditure position

As part of the NHS moving to International Financial Reporting Standards (IFRS) as required by HM Treasury, the Trust is required to capture and show on the balance sheet (now Statement of Financial Position) leased assets which have the characteristics of ownership.

For the Trust this means that the new PFI asset which would have formerly been shown as an operating lease (and only the costs shown) is now brought onto the Statement of Financial Position as a Trust asset.

For building assets the Trust is required to show the cost to the Trust of replacing the asset at a "modern equivalent value". As there has been a considerable fall in building values this has had a direct impact on the value at which the Trust can show the PFI asset and also means that the drop in value of £60.1m has to be shown as a cost to the Trust.

A simple explanation of this is that it is effectively the same as an individual home owner with a mortgage adjusting the value of their house dependant on estimated sales valuation on paper each year. The valuation has no impact on the amount of mortgage payments due and has no direct cash impact. Correspondingly as the property market recovers there will be credits to the Trust's expenditure offsetting previous falls.

The year end Statement of Comprehensive Income deficit for the Trust of £77m includes £60.1m of costs relating to the downward revaluation of fixed assets (impairments) as described above and a further £2m of additional costs which have arisen purely as a result of a change in accounting standards with the move to IFRS.

Excluding these technical adjustments gives a deficit at year end of £14.9m.

Looking forward to 2010/11

In an unprecedented period of change, the new financial year brings a requirement for the Trust to achieve break-even in 2010/11 and in order to achieve this will need to deliver additional savings of £37million.

This significant challenge takes into account the following factors:

- The prices that the Trust charges Primary Care Trusts for treating patients have been frozen for 2010/11 with a zero percent uplift prescribed by the Department for Health. The Trust does have the opportunity to earn 1% of additional income depending on the achievement of certain performance criteria under the CQUIN (commissioning for quality and innovation) initiative.
- Despite the above, the Trust still faces significant cost increases in 2010/11. Pay costs are anticipated to rise by £6.8m which is a combination of national pay awards for NHS staff (£4.5m) and incremental drift as staff progress through incremental salary scales (£2.3m). Non-pay costs are also anticipated to increase by £3.6m in respect of inflationary pressures.
- The Trust will incur an additional £2.9m of costs in respect of the ongoing fixed costs associated with the Queen Alexandra Hospital redevelopment. This represents the full year impact of the unitary charge payment which in 2009/10 was only paid from the date the new hospital opened in mid June.
- The move to International Financial Reporting Standards (IFRS) will have an adverse impact of £2m on the Trust's expenditure position in 2010/11. The Trust has been able to exclude these costs from its reported financial position in 2009/10.
- There has been a £1.1m increase in the premium the Trust must pay as a member of the Clinical Negligence Scheme for Trusts (CNST). It should be noted that this increase in premium is not related to any issues at Portsmouth Hospital NHS Trust.
- The Trust anticipates that there will be further one-off costs associated with estates and facilities developments in 2010/11. These principally arise because of the need to clear and de-commission part of the St Mary's Hospital site in preparation for the sale of this asset.

In order to support the delivery of a savings target of £37m, the Trust will continue with its Turnaround programme with the aim of ensuring a thorough and evidence-based approach to the identification of efficiency savings across all elements of the Trust's operations.

Local NHS partners themselves have significant challenges and this is reflected in their increasing savings targets. As such, significant demand management initiatives are being developed which impact on the Trust's income.

The Trust will continue to work closely with its local NHS and local authority partners in order to develop saving and demand management schemes that will enable us all to continue to provide excellent clinical services - whilst ensuring that we are living within an affordable financial framework.

Audit Committee

The Trust has an Audit Committee comprising three Non-Executive Directors – Alan Cole as Chairman, Brett Gill and Mark Greenwood.

Representatives from External Audit and Internal Audit attend the Audit Committee along with the Director of Finance, Company Secretary and Financial Controller. Where it is determined by the Chairman that the Committee should meet purely as an Audit Committee then the executive directors and other Trust officers are excluded.

The Audit Committee gives specific consideration to matters of probity, the propriety, regularity of public finances and value for money, which arise from the work of the external auditors and the Trust's "local counter fraud specialist" and internal audit service.

The Committee also reviews the adequacy of structures, processes and responsibilities for managing key risks facing the organisation.

Remuneration Committee

NHS Trust constitutions statutorily require that a Remuneration Committee is established as a sub-committee of the Trust Board to consider the employment terms of the Chief Executive Officer and Executive Directors.

The Trust has an established Remuneration Committee whose main functions are to:

- Make recommendations to the Board on remuneration and terms of service for each executive director, including performance pay.
- Make recommendations to the Board on the overall remuneration in terms of service for senior managers not on national contracts.
- Make recommendations on any termination arrangements for executive directors.
- Monitor the performance of executive directors.
- Make recommendations to the Board on special/exceptional payments covering any individual member of staff or staff group.

The Committee membership comprises;

David Rhind (Chairman)

David Bailey (Senior Independent Director)

Alan Cole (Non-executive Director)

Brett Gill (Non-executive Director)

Mark Greenwood (Non-executive Director)

Mark Nellthorp (Non-executive Director)

The Chief Executive and other executive directors may be invited to attend meetings of the Committee but must withdraw for any issue that relates to them personally. The Trust's Director of Organisational Development and Human Resources advises the Committee unless there is a personal interest.

Statement of policy

The Committee has absolute discretion over the terms, conditions and remuneration of the Chief Executive and executive directors. This discretion is exercised through the following guiding principles:

- That all decisions are made within the legally constituted powers of the Trust.
- Ensuring that all directors' remuneration represents value for money.
- The need to attract, retain and motivate, high quality directors.

The Committee makes arrangements to ensure it receives adequate independent advice on remuneration arrangements elsewhere in the NHS and other similar organisations, as well as trends and developments in the area of employment benefits, and terms and conditions of employment for directors.

Directors' remuneration reviews take account of the size, scope, complexity and impact of the individual job, considering any appropriate market rates and/or special circumstances, as well as national guidance and with regard to other pay settlements in the NHS and the public sector.

To ensure the Trust meets its strategic and key performance targets the chief executive officer and executive directors have annual performance objectives set which are reviewed annually by the Remuneration Committee. Subject to affordability, up to an additional 3% of base pay can be used as non-recurrent performance payment, as an incentive to the achievement of these objectives.

All other senior managers have been offered or have transferred onto national terms and conditions that include a pay band range and an annual pre-set incremental recurrent increase subject to satisfactory performance.

Appointments and termination

The Chair and non-executives are lay people drawn from the community served by the Trust. They are accountable to the Secretary of State. They hold the executive directors to account and use their skills and experience to help the Board as it develops health strategies, and ensures the delivery of high quality services to patients. These lay people are also expected to draw from their experience in the local communities to make sure that the interest of the patient remains paramount.

The NHS Appointments Commission, a special health authority within the NHS, appoints non-executive directors.

The executive directors of the Board were appointed through an open and transparent competitive process following National Good Practise Guidelines from the Department of Health. All executive directors (other than interim) have been appointed on an open-ended contract subject to standard periods of notice of six months. Their employment is subject to Codes of Conduct and Accountability for NHS Boards, a Code of Conduct for NHS managers and the Trust's Disciplinary Policy Procedures.

In the event that an executive director's contract of employment is terminated without notice for any reason other than gross misconduct or repudiatory breach, the Remuneration Committee can exercise its discretion for compensation for the financial loss relating to the loss of office. There have been no awards of this nature during 2009-10.

Salaries and allowances/pension benefits 2009/10

On pages 34 and 35 of this report are tables relating to the details of salary, allowances and pension benefits of the executive directors of the Trust.

Pension liabilities

The Trust's accounting policy can be seen at note 1.6 in the Trust's Annual Accounts.

Treasury management

The Trust is restricted in its external investment to a maximum of £50,000. Surplus balances above this level are held within the Government Banking Service or if the interest rate and timing is favourable the National Loans Fund temporary deposit facility.

Cashflow

The cash holdings of the Trust fell significantly in 2009/10 from a cashbook balance at the beginning of the year of £16.4 million to £76k at the end of the year (see Statement of Cash Flows on page 42).

The reasons for the reduction in cash are two-fold, firstly to fund the Trust deficit of £14.9 million and then to part-fund the Trust capital programme of circa £34 million.

The Trust also received £10 million of capital investment loans repayable over a maximum of 7.5 years to assist with the funding of its capital programme.

The Trust has agreement in principle to call down temporary public dividend capital in 2010/11 to help meet cash requirements as required. The temporary public dividend capital will be repaid once the Trust returns to cumulative financial break-even.

Better Payment Practice Code

Details of compliance with the code are given in on page 43 of this report.

Charitable Funds

Portsmouth Hospitals NHS Trust is the Sole Corporate Trustee for the Charitable Funds, with decisions being made on its behalf by the Board of Directors. The Charitable Funds Committee is a sub-committee of the Trust Board, which has responsibility to monitor Charitable Funds and to ensure that expenditure is incurred in accordance with both the terms upon which income is received and with charity law.

The Portsmouth Hospitals NHS Trust General Charitable Fund was registered with the Charity Commissioners (charity number 1047986) as a NHS umbrella charity by Declaration of Trust in July 1995. It has 23 NHS special purpose charities linked to it; the Trust's Rocky Appeal and 22 "specialty" charities (e.g. Radiotherapy, Renal Medicine and Paediatrics).

A copy of the charitable funds Annual Report and Accounts is available on request to the Director of Finance & investment.

Salary and pension entitlements of senior managers

Remuneration								
Name	Title	Start date/leaving date (where not in post for full year)	2009-10			2008-09		
			Salary (bands of £5000) £000	Other remuneration (bands of £5000) £000	Benefits in kind Rounded to the nearest £100	Salary (bands of £5000) £000	Other remuneration (bands of £5000) £000	Benefits in kind Rounded to the nearest £100
Executive Directors in post at 31st March 2010								
Ward Ursula	Chief Executive		£190 - £195			£170 - £175		
Zaki Graeme	Medical Director		£185 - £190	£45-50*		£185 - £190	£45 - £50*	
Maclsaac Maggie	Chief Operating Officer		£150 - £155			£110 - £115		
Toole Robert D	Director of Finance and Investment	01/01/10	£35 - £40					
Eccles David**	Director of Workforce and Human Resources	17/02/10	£115 - £120					
O'Connell Jim	Acting Director of workforce And Human Resources	05/03/10	£0 - £5					
Executive Directors who left post during the year								
Kemsley Neil	Director of Finance and Investment	01/05/09	£10 - £15			£130 - £135		
Dennett Malcolm	Acting Director of Finance and Investment	02/05/09 - 23/12/09	£150 - £155					
Non- Executive Directors in post at 31st March 2010								
David Rhind	Chairman		£20 - £25			£5 - £10		
Bailey David	Non- Executive Director		£5 - £10			£5 - £10		
Cole Alan	Non- Executive Director		£5 - £10			£5 - £10		
Gill Brett	Non- Executive Director		£5 - £10			£5 - £10		
Nellthorp Mark	Non- Executive Director		£5 - £10			£5 - £10		
Greenwood Mark	Non- Executive Director		£5 - £10			£5 - £10		

* Includes payment for medical duties

** Currently on leave of absence

Pension Benefits									
Name	Title	Real increase in pension at age 60	Real increase in pension lump sum at age 60	Total accrued pension at age 60 at 31 March 2010	Lump sum at age 60 related to accrued pension 31 March 2010	Cash equivalent transfer value 31/03/2010	Cash equivalent transfer value 31/03/2009	Real increase in cash equivalent transfer value	Employers contribution to stakeholder pension
		(bands of £2500) £000	(bands of £2500) £000	(bands of £5000) £000	(bands of £5000) £000	£000	£000	(bands of £5000) £000	To nearest £100
Ward Ursula	Chief Executive	7.5 - 10	22.5 - 25	50 - 55	150 - 155	920	705	180 - 185	126.0
Zaki Graeme	Medical Director	0 - 2.5	2.5 - 5	90 - 95	275 - 280	2,201	1,994	105 - 110	75.3
Maclsaac Maggie	Chief Operating Officer	5 - 7.5	17.5 - 20	35 - 40	115 - 120	655	498	130 - 135	93.1
Toole Robert D	Director of Finance and Investment	0 - 2.5	0 - 2.5	10 - 15	30 - 35	191	135	10 - 15	34.6
Eccles David	Director of Workforce and Human Resources	5 - 7.5	17.5 - 20.0	45 - 50	145 - 150	1,028	806	155 - 160	127.3
O'Connell Jim**	Acting Director of Workforce and Human Resources								
Executive Directors who left post during the year									
Kemsley Neil	Director of Finance and Investment	0 - 2.5	0 - 2.5	25 - 30	85 - 90	468	408	0 - 5	27.7
Dennett Malcolm*	Acting Director of Finance and Investment								

* Non NHS employee

** On secondment from the Strategic Health Authority

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

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capital value of the pension scheme benefits accrued by a member at a

particular point in time. The benefits valued are the member's 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 from 2004-05 the other pension details, include the value of any pension benefits in another

scheme or arrangement which the individual has transferred to the NHS pension scheme. They also include any additional 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.

Related party transactions

Professor David Rhind, the Trust Chairman, is a non-executive director and chair of the audit committee of the UK Statistical Authority; he is non-executive director and chair of the Bank of England pension committee; governor of the National Institute for Economic and Social Research, Chairman of the Advisory Panel on Public Sector Information and director and part-owner of Rhind Research Ltd, a small consultancy organisation. Rhind Research Ltd has no business dealings with Portsmouth Hospitals NHS Trust.

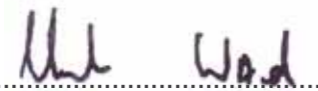
Financial Statements

Statement of the Chief Executive's responsibilities as the accountable officer of the Trust

The Chief Executive of the NHS has designated that the Chief Executive should be the Accountable Officer to the trust. The relevant responsibilities of Accountable Officers are set out in the Accountable Officers Memorandum issued by the Department of Health. These include ensuring that:

- there are effective management systems in place to safeguard public funds and assets and assist in the implementation of corporate governance;
- value for money is achieved from the resources available to the trust;
- the expenditure and income of the trust has been applied to the purposes intended by Parliament and conform to the authorities with govern them;
- effective and sound financial management systems are in place; and
- annual statutory accounts are prepared in a format directed by the Secretary of State with the approval of the Treasury to give a true and fair view of the state of affairs as the end of the financial year and the income and expenditure, recognised gains and losses and cash flow for the year.

To the best of my knowledge and belief, I have properly discharged the responsibilities set out in my letter of appointment as an accountable officer.

Signed:  Chief Executive

Date: 7 June 2010

Independent auditor's report to the Board of Directors of Portsmouth Hospitals NHS Trust

I have examined the summary financial statement for the year ended 31 March 2010 which comprises the statement of comprehensive income, the statement of financial position, the statement of comprehensive income, the statement of financial position, the statement of changes in taxpayers equity and the statement of cashflows.

This report is made solely to the Board of Directors of Portsmouth Hospitals NHS Trust in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 49 of the Statement of Responsibilities of Auditors and of Audited Bodies prepared by the Commission.

Respective responsibilities of directors and auditor

The directors are responsible for preparing the Annual Report.

My responsibility is to report to you my opinion on the consistency of the summary financial statement withing the Annual report with the statutory financial statements.

I also read the other information contained in the Annual Report and consider the implications for my report if I become aware of any misstatements or material inconsistencies with the summary financial statement. The other information comprises only the Foreword, Who are we, Where we fit, How we have performed, New developments and achievements sections and the unaudited part of the Governance and Financial section.

I conducted my work in accordance with Bulletin 2008/03 "The auditors statement on the summary financial statement in the United Kingdom" issued by the Auditing Practices Board. My report on the statutory financial statements describes the basis of my opinion on the financial statements.

Opinion

In my opinion the summary financial statement is consistent with the statutory financial statements of the Portsmouth Hospitals NHS Trust for the year ended 31 March 2010.



Patrick Jarvis
District Auditor

Collins House
Bishopstoke Road
Eastleigh
Hampshire
SO50 6AD

10 June 2010

Accountable Officer's Statement on Internal Control

The attached statement is an extract from the Trust's Statement on Internal Control. The full statement can be obtained by visiting www.porthosp.nhs.uk or by application to the Director of Finance & Investment on (023) 9228 6000.

Scope of responsibility

The Board is accountable for internal control. As Accountable Officer, and Chief Executive of the Board, I have responsibility for maintaining a sound system of internal control that supports the achievement of the organisation's policies, aims and objectives. I also have responsibility for safeguarding the public funds and the organisation's assets for which I am personally responsible as set out in the Accountable Officer Memorandum.

The Trust has a governance framework in place, consisting of Standing Financial Instructions, Standing Orders and a scheme of delegation of powers, including those powers reserved to the Board and its standing committees. These consist of the Audit Committee, the Charitable Funds Committee, the Governance and Quality Committee and Hospital Management Committee, who provide scrutiny and assurance and their accountability and responsibilities are defined within their terms of reference.

As Chief Executive, I retain overall responsibility for the effective functioning, operation and oversight of internal control arrangements and all staff have responsibilities for the systems of risk management as described in the Trust's risk management strategy.

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.

Capacity to handle risk

The Trust recognises that an effective system of internal control requires leadership and therefore the leadership arrangements are clearly defined in the Trust's Risk Management Strategy, which was reviewed and ratified by the Board in January 2010. Whilst I, as Accountable Officer, retain overall responsibility for establishing the internal controls, I have delegated certain risk management responsibilities to specific senior leads.

The risk and control framework

The Risk Management Strategy details the risk management responsibilities and reporting arrangements from Board level down, including where responsibilities are delegated to Executive Leads and line management.

During the year 2009/10 the Trust has, through review of the Assurance Framework, identified a number of highly rated risks where there are gaps in control or assurance. It should be noted that action plans to address these gaps are reported and reviewed regularly.

Review of effectiveness

As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review is informed in a number of ways. The head of internal audit provides me with an opinion on the overall arrangements for gaining assurance through the Assurance Framework and on the controls reviewed as part of the internal audit work. Executive managers within the organisation who have responsibility for the development and maintenance of the system of internal control provide me with assurance. The Assurance Framework itself provides me with evidence that the effectiveness of controls that manage the risks to the organisation achieving its principal objectives have been reviewed. My review is also informed by a number of bodies and reports including:

- Internal Audit Plan and Reports
- External Audit
- Auditors' Local Evaluation (ALE) criteria
- The work of the Local Counter Fraud Specialist
- National Health Service Litigation Authority level one compliance assessment: March 2010
- Clinical Negligence Scheme for Trusts (Maternity) compliance assessment

I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Trust Board, the Audit Committee, the Governance and Quality Committee, the Clinical Standards and Quality Committee and the Risk Assurance Committee. Plans to address any identified weaknesses and ensure continuous improvement of the system are in place.

My review confirms that Portsmouth Hospitals NHS Trust has a generally sound system of internal control that supports the achievement of its policies, aims and objectives.



Chief Executive

Statement of comprehensive income for the year ended 31st March 2010

	2009/10	2008/09
	£000	£000
Revenue		
Revenue from patient care activities	366,934	355,390
Other operating revenue	65,233	67,504
Operating expenses	(495,100)	(424,199)
Operating surplus (deficit)	(62,933)	(1,305)
Finance costs		
Investment revenue	66	1,301
Other gains and (losses)	(249)	(88)
Finance costs	(11,597)	(30)
Surplus/(deficit) for the financial year	(74,713)	(122)
Public dividend capital dividends payable	(2,339)	(5,939)
Retained surplus/(deficit) for the year	(77,052)	(6,061)
Other comprehensive income		
Impairments and reversals	(20,167)	(26,515)
Gains on revaluations	3,204	584
Receipt of donated/government granted assets	1,271	422
Reclassification adjustments		
Transfers from donated and government grant reserves	(905)	(1,081)
Total comprehensive income for the year	(93,649)	(32,651)

Statement of financial position as at 31st March 2010

	31 March 2010	31 March 2009	1 April 2008
	£000	£000	£000
Non-current assets			
Property, plant and equipment	319,684	169,139	196,034
Intangible assets	884	883	532
Trade and other receivables	1,080	463	788
Total non-current assets	321,648	170,485	197,354
Current assets			
Inventories	9,411	8,933	8,010
Trade and other receivables	17,434	25,017	28,193
Other current assets	48	45	0
Cash and cash equivalents	76	16,418	11,553
	26,969	50,413	47,756
Total current assets	26,969	50,413	47,756
Total assets	348,617	220,898	245,110
Current liabilities			
Trade and other payables	(40,761)	(34,923)	(31,392)
DH Capital loan	(1,332)	0	0
Borrowings	(7,370)	(2,059)	(1,603)
Provisions	(409)	(376)	(499)
Net current assets/(liabilities)	(22,903)	13,055	14,262
Total assets less current liabilities	298,745	183,540	211,616
Non-current liabilities			
Borrowings	(267,111)	(43,654)	(40,565)
DH Capital loan	(8,002)	0	0
Provisions	(1,338)	(1,198)	(1,184)
Total assets employed	22,294	138,688	169,867
Financed by taxpayers' equity			
Public dividend capital	42,284	65,029	63,557
Retained earnings	(68,386)	3,225	22,333
Revaluation reserve	41,859	66,038	78,917
Donated asset reserve	6,537	4,396	5,060
Total Taxpayers' Equity	22,294	138,688	169,867

Statement of changes in taxpayers' equity

	Public dividend capital (PDC)	Retained earnings	Revaluation reserve	Donated asset reserve	Gov't grant reserve	Other reserves	Total
	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2008							
As previously stated	63,557	22,333	78,917	5,060	0	0	169,867
Prior period adjustment	0	0	0	0	0	0	0
Restated balance at 01 April 2008	63,557	22,333	78,917	5,060	0	0	169,867
Changes in taxpayers' equity for 2008/09							
Retained surplus/(deficit) for the year	0	(6,061)	0	0	0	0	(6,061)
Transfers between reserves	0	(13,047)	13,047	0	0	0	0
Impairments and reversals	0	0	(26,445)	(70)	0	0	(26,515)
Net gain on revaluation of Property, Plant and Equipment	0	0	519	65	0	0	584
Receipt of Donated/Government Granted Assets	0	0	0	422	0	0	422
Reclassification Adjustments:							
Transfers from Donated Asset and Government Grant Reserve	0	0	0	(1,081)	0	0	(1,081)
New PDC Received	1,472	0	0	0	0	0	1,472
Balance at 31 March 2009	65,029	3,225	66,038	4,396	0	0	138,688
Changes in taxpayers' equity for 2009/10							
Balance at 1 April 2009	65,029	3,225	66,038	4,396	0	0	138,688
Retained surplus/(deficit) for the year	0	(77,052)	0	0	0	0	(77,052)
Transfers between reserves	0	5,441	(5,441)	0	0	0	0
Impairments and reversals	0	0	(19,967)	(200)	0	0	(20,167)
Net gain on revaluation of property, plant, equipment	0	0	1,229	1,975	0	0	3,204
Receipt of donated/government granted assets	0	0	0	1,271	0	0	1,271
Reclassification adjustments:							
Transfers from donated asset government grant reserve	0	0	0	(905)	0	0	(905)
New PDC received	282	0	0	0	0	0	282
PDC repaid in year	(23,027)	0	0	0	0	0	(23,027)
PDC Written off	0	0	0	0	0	0	0
Transferred to NHS Foundation Trust	0	0	0	0	0	0	0
Other Movements in PDC Year	0	0	0	0	0	0	0
Balance at 31 March 2010	42,284	(68,386)	41,859	6,537	0	0	22,294

Statement of cash flows for the year ended 31st March 2010

	2009/10	2008/09
	£000	£000
Cash flows from operating activities		
Operating surplus/(deficit)	(62,934)	(1,305)
Depreciation and amortisation	14,932	15,078
Impairments and reversals	60,097	288
Transfer from donated asset reserve	(905)	(1,081)
Interest paid	(11,565)	(1)
Dividends paid	(2,615)	(5,939)
(Increase)/decrease in inventories	(478)	(923)
(Increase)/decrease in trade and other receivables	7,248	3,469
(Increase)/decrease in other current assets	(7)	0
Increase/(decrease) in trade and other payables	7,021	5,521
Increase/(decrease) in other current liabilities	(84)	0
Increase/(decrease) in provisions	141	(138)
Net cash inflow/(outflow) from operating activities	10,851	14,969
Cash flows from investing activities		
Interest received	69	1,331
(Payments) for property, plant and equipment	(30,995)	(12,457)
Proceeds from disposal of plant, property and equipment	23,324	176
(Payments) for intangible assets	(406)	(626)
(Payments) for other investments	(126,500)	(452,000)
Proceeds from disposal of other financial assets	126,500	452,000
Net cash inflow/(outflow) from investing activities	(8,008)	(11,576)
Net cash inflow/(outflow) before financing	2,843	3,393
Cash flows from financing activities		
Public dividend capital received	282	1,472
Public dividend capital repaid	(23,027)	0
Loans received from the DH	10,000	0
Loans repaid to the DH	(666)	0
Capital element of finance leases and PFI	(5,774)	0
Net cash inflow/(outflow) from financing	(19,185)	1,472
Net increase/(decrease) in cash and cash equivalents	(16,342)	4,865
Cash (and) cash equivalents (and bank overdrafts) at the beginning of the financial year	16,418	11,553
Cash (and) cash equivalents (and bank overdrafts) at the end of the financial year	76	16,418

Better Payment Practice Code - measure of compliance

	2009/10		2008/09	
	Number	£000	Number	£000
Total non-NHS trade invoices paid in the year	81,264	198,057	98,975	170,431
Total non NHS trade invoices paid within target	77,795	189,713	84,236	158,814
Percentage of non-NHS trade invoices paid within target	96%	96%	85%	93%
Total NHS trade invoices paid in the year	2,426	42,942	2,451	35,201
Total NHS trade invoices paid within target	1,991	38,924	1,801	24,850
Percentage of NHS trade invoices paid within target	82%	91%	73%	71%

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

The Trust has applied to become a signatory of the Prompt Payments Code

Staff sickness and absence

	2009/10
	Number
Days lost	45,737
Total days lost	45,737
Total staff years	6,171
Average working days lost	7.41

Management costs

	2009/10	2008/09
	£000	£000
Management costs	17,985	17,274
Income	419,378	410,179
Percentage	4.29%	4.21%

Summary of results

	1998/99	1999/2000	2000/01	2001/02	2002/03	2003/04
	£000	£000	£000	£000	£000	£000
Total income	171,490	186,553	232,522	258,278	276,034	311,736
Surplus (deficit for year)	450	(721)	22	(755)	20	85
Prior period adjustment	0	750	0	0	0	0
Adjustments for impairments	0	0	0	0	0	0
Adjustment for dual accounting under IFRIC 12	0	0	0	0	0	0
Break-even in year position	450	29	22	(755)	20	85
Target surplus/deficit	0	0	0	0	0	0

Summary of results continued

	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
	£000	£000	£000	£000	£000	£000
Total income	335,426	357,591	372,407	409,985	422,836	432,167
Surplus (deficit for year)	882	1,096	857	7,299	159	(77,052)
Prior period adjustment	(17)	(323)	(533)	0	0	0
Adjustments for impairments	0	0	0	0	111	60,097
Adjustment for dual accounting under IFRIC 12	0	0	0	0	0	2,078
Break-even in year position	865	773	324	7,299	270	(14,877)
Target surplus/deficit	0	1,000	0	7,400	1,800	(9000)

The redevelopment of Queen Alexandra Hospital

