

Annual Report and Accounts 2007/08



**Presented to Parliament pursuant to Schedule 7,
paragraph 25(4) of the National Health Service Act 2006
Dorset County Hospital NHS Foundation Trust
Annual Report and Accounts 1 June 2007 – 31 March 2008**



'Agnes' - a life-size wooden horse by artist Mike Chapman on display at Dorset County Hospital (Photo by Nigel Rigden)

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Dorset County Hospital NHS Foundation Trust became a Foundation Trust on 1 June 2007. The accounts and annual report for the two months leading to this (1 April 2007 – 31 May 2007) when the Trust was known as West Dorset General Hospitals NHS Trust are available separately



Chairman's Statement

2007/08 was a signal year for Dorset County Hospital (DCH). The Trust attained Foundation Trust status, changed its name (from West Dorset General Hospitals NHS Trust) and for the first time in its 16 year history essentially became master of its own destiny, albeit within the umbrella of the NHS family. The transition to Foundation status brought with it many positives as well as the formidable challenge of operating as a 'business' with the inherent risks attached to that more commercial model.

In preparing for Foundation status the hospital had mapped out its development strategy. This was founded on growth, quality, accessible and timely clinical care for its patients. Key achievements during the year have included the introduction of a 'one-stop' cardiology service which incorporates more complex procedures in our state-of-the-art catheter laboratory, the opening of a new advanced renal dialysis unit in Poole (in collaboration with Fresenius Ltd), the opening of a modern laparoscopic theatre in Dorchester, the commencement of building a new chemotherapy suite to expand and improve our cancer treatment capacity and the establishment of a comprehensive spinal service to complement our orthopaedic portfolio.

Our record in delivering affordable and timely clinical care in 2007/08 stands us in good stead. We have achieved all our performance targets and in some cases exceeded them.

We have achieved the Government's commitment for the NHS to treat patients within 18 weeks of their referral for treatment nine months ahead of target. What this means is that in March 2008 over 90% of our inpatients and over 95% of our non-admitted patients were treated within 18 weeks of their referral to the hospital. Of course many were treated far more quickly than this; almost all patients with suspected cancer were treated within eight weeks of referral and over 70% of

all patients were treated within 13 weeks. This makes the Trust one of the best performers in the country and in 2008/09 we aim to reduce waits still further by treating 85% of all inpatients within 13 weeks. Over the next three years we aim to reduce the maximum wait to eight weeks and in effect operate a 'no-delay' approach to the provision of healthcare.

We have also achieved or exceeded all other national access targets including ensuring that over 98% of A&E patients are seen within four hours, reducing the wait for diagnostic tests to a maximum of six weeks and ensuring that urgent referrals for suspected cancer are seen in outpatients within a maximum of two weeks and are then treated within a maximum of one month.

On the financial front the Trust achieved its planned surplus of £0.9m before the write off of an exceptional item of £0.2m relating to the revaluation of the Trust's estate which reduced the reported surplus to £0.7m. During the year we were able to invest over £0.5m in refurbishment of the estate and improved cleaning rotas. This is a reasonable level of financial performance and was achieved despite a loss of income arising from reduced emergency admissions and some temporary ward closures due to infection outbreaks.

In assessing the Trust's performance for 2007/08 Monitor, the independent regulator of Foundation Trusts, has issued the following risk rating:

- 3 for Financial Risk (5 being low risk, 1 being high risk)
- Green for Governance (Amber and red denoting increasing levels of risk)
- Green for Mandatory Services (Amber and red denoting increasing levels of risk).

These achievements have been obtained against a background of very tight fiscal control with efficiency gains and financial savings driving the performance agenda. The Board of Directors has exerted close scrutiny of managerial performance and set an exacting programme for the Trust.

The Board of Directors regard this performance as encouraging and is pleased that the organisation is on the right trajectory for a very positive Annual Health Check Rating expected in late summer 2008. We are confident that we will improve on last year's rating of 'good' for quality and 'fair' for the use of resources. The Trust has placed great emphasis on 'performance managing' the achievement of improved ratings and the quest for more effective delivery outcomes.

During the year the hospital has focused very specifically on providing a safe and clean environment, which has resulted in low and falling rates for MRSA and Clostridium Difficile. We acknowledge the great efforts made by patients, visitors, patient representative groups and our staff to comply with and promote good infection control practice. This is an ongoing challenge and the Trust has made very significant financial investment in cleaning staff and the very latest technical equipment. The battle against infections, however, is one that must be waged both inside the hospital and within the community. It is a common fallacy that infections are always contracted within acute hospitals. It is an important priority for the whole of the health community to ensure that infections are fought vigorously both within and outside the hospital setting and this can only be achieved through sustained focus on the issue by healthcare agencies as well as the public.

These expansions and improvements in our services during the year, mentioned above, reflect growing public demand as well as helping to consolidate our role in hospital care within Dorset and South Somerset. The importance of this growth cannot be overstated when set against an uncertain future for acute hospitals of our size in rural and semi-rural areas like West Dorset.

Whilst the Board of Directors is reasonably satisfied with the performance of the Trust over the past year it is far from complacent. It is aware that the patient 'journey' through the hospital can be improved in terms of better personal information and communication, more effective coordination of clinical care and more timely clinical intervention. In this latter regard the waiting times for pain relief, diagnostic tests and some orthopaedic procedures are far too long for patients. These are being addressed and are regularly monitored by the Board.


Lord Darzi, the Junior Health Minister, will shortly be reporting on the reform of hospital services, amongst other things, and it is vital that medium-sized district general hospitals, of which we are one, are robust and successful enough to compete in an increasingly centralised model of hospital care. His mantra of 'localise where possible and centralise where necessary' must prompt us to invest in the core clinical services that will help to consolidate our future. We have embarked on a development strategy, which includes a review, and possible expansion, of our capacity in operating theatres, CT scanning, endoscopy and emergency medical care.

These proposals will be subject to consultation with the Members' Council, made up of unpaid, directly elected members of the public as well as 'stakeholder' representatives. The touchstone that is the Members' Council helps to ensure that the Trust's plans and performance are subject to independent scrutiny as well as reflecting the views of the West Dorset public.

The Trust Board is delighted with the contribution being made by the Members' Council in this and other areas, including its involvement in visiting wards, observing and talking to patients and staff, all of which are directed towards improving the experience and care of our patients. In addition Council Members are soon to join or observe at various committees and working groups covering diverse topics such as governance, infection control and strategy. One Member already contributes to the Audit Committee. These contributions are invaluable and I thank all the Members of the Council for their hard work over the past year.

In summary, the Trust has had a successful year operating as a Foundation Trust having met all its required targets, both in terms of clinical care and the management of resources. There is no doubt that the additional freedoms enjoyed through Foundation status have helped to streamline decision-making. The input of the Members' Council has added immeasurably to our focus on the patient and public perspective. We are all aware however that 2008/09 will pose formidable challenges in terms of more exacting performance targets and the downward pressure on financial resources, but I feel confident that we have put in place the necessary resilience to address them.

Good hospital care is dependent on the contribution of a wide range of people and organisations. These include our own hard working staff, the volunteers from the League of Friends, WRVS and community, the many charitable organisations which donate funds and the myriad of individuals and agencies who play their part in our success. To them all the Trust Board extends a sincere 'thank you'.



Robin Sequeira CBE
Chairman



Chief Executive's Statement

I am proud to report that 2007/08 has been a successful year for Dorset County Hospital NHS Foundation Trust. We set ourselves a key task in applying to be a Foundation Hospital and were successful in achieving this in June 2007. Achieving Foundation Trust status has enabled us to invest in areas which needed investment. These were primarily in improving environmental and cleaning standards across the hospital, investing in clinical support services and investing additional resources to improve infection control.

The results of these investments were that the hospital achieved excellent results in improving infection prevention and control standards and in ensuring that the environment and cleanliness of our wards is vastly improved.

The hospital achieved all of its key performance targets, including being a regional 'early achiever' in reducing waiting times for our patients. For the first time in many years, the Trust achieved a small surplus of £0.7m but I am particularly proud to report that the feedback received from our patients has improved. The Trust was reported in the Times as being the 21st best hospital in the country, as viewed by its patients through the recent independent patient survey. We also did particularly well in being the equal best District General Hospital in the whole of the country for catering services.

In reporting on our successes for last year I would, however, like to reassure the public of West Dorset, and our Trust membership, that we are far from complacent in continuing to deliver improvement.

The Trust has ambition and drive. We intend to go from strength to strength in delivering the best possible care for our patients and ensuring that the patient pathway is tailored to the care of every single patient we treat.

Hospital staff wish to see all our patients not only being given the best clinical care but to also being treated with the dignity and respect that everyone deserves within a 'five-star' environment. It is only when we achieve this that we can call ourselves really successful.

Last year saw many developments. We established a Dorset-wide spinal service, extended our renal services, including a new unit in East Dorset and developed our cardiology service by introducing a further range of treatments such as PCI (Percutaneous Coronary Intervention) – a life-saving procedure which involves inserting stents to unblock coronary arteries.

I would like to take this opportunity to thank those who have helped in our successes, including our volunteers, fundraisers, League of Friends, our Members' Council and members themselves, but particularly my staff who have worked professionally and tirelessly throughout the year to provide the best possible care to our patients.

May I also take this opportunity in wishing our patients every happiness and best wishes for the future.

A handwritten signature in black ink, appearing to read 'Jan Bergman', written over a light blue horizontal line.

Jan Bergman
Chief Executive

About Our Trust

Overview

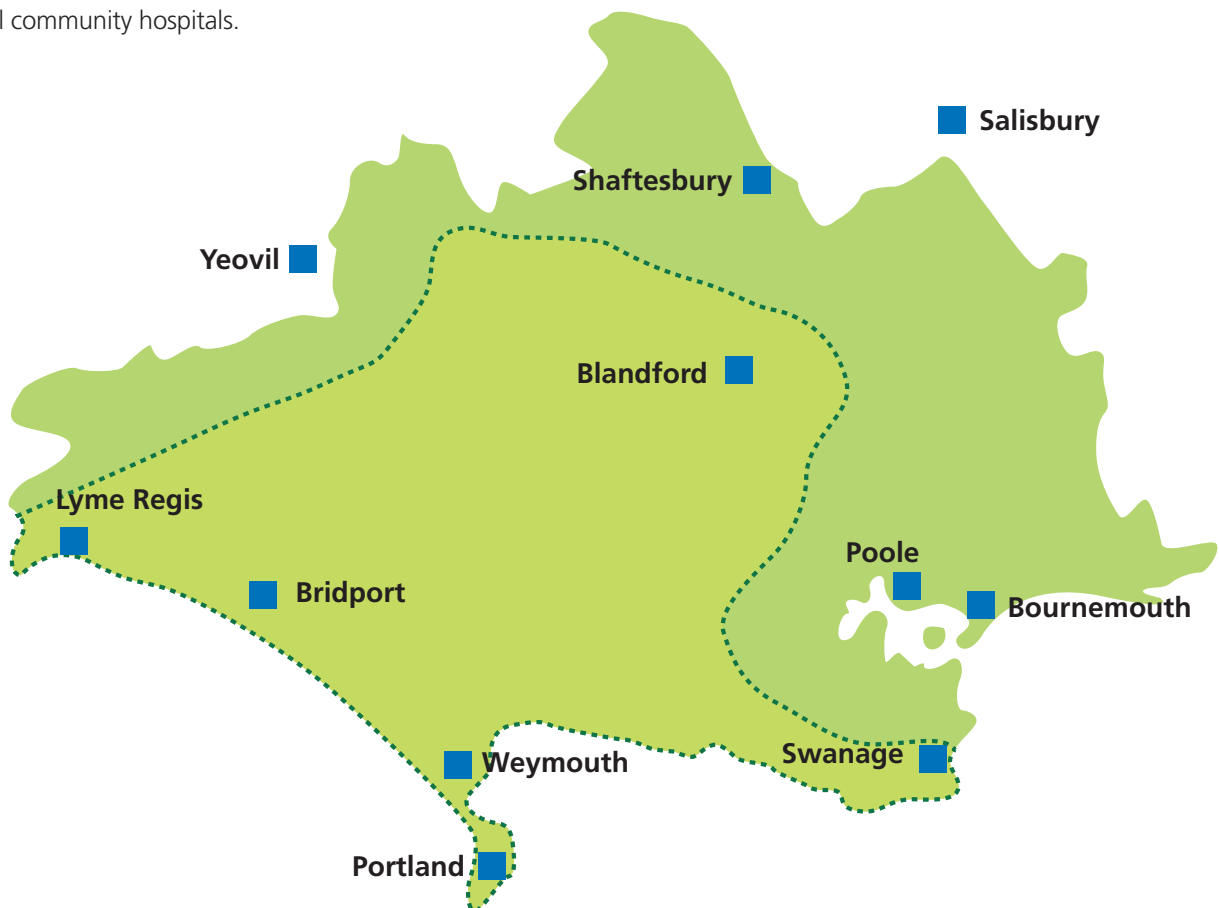
West Dorset General Hospitals NHS Trust was established in 1991 as a first wave NHS Trust. In June 2007 we became an NHS Foundation Trust under the National Health Service Act 2006 and changed our name to Dorset County Hospital NHS Foundation Trust to better reflect the nature of the organisation and the community we serve.

Our main hospital, Dorset County Hospital, is located close to the centre of the county town of Dorchester, and is a modern hospital providing the full range of general hospital services including a busy Accident and Emergency department with links to satellite units in five local community hospitals.

We are the main provider of acute hospital services to a population of approximately 210,000 living within the (yellow) line on the map below in Weymouth and Portland, West Dorset, North Dorset and Purbeck. The Trust's catchment area for renal and spinal services is the whole of Dorset and, for renal extends to future to South Somerset, a total population of 850,000.



Figure 1 : Dorset County Hospital catchment area



For more information about our services you can visit our comprehensive website at www.dchft.nhs.uk

Directors' Report

Principal Activities

The Trust became a Foundation Trust in June 2007 and changed its name from **West Dorset General Hospitals NHS Trust** to **Dorset County Hospital NHS Foundation Trust**.

Directors

The following Directors have served during the year from the 1st June except where noted.

Chairman	
Robin Sequeira CBE	Chairman
Executive:	
Jan Bergman	Chief Executive
Paul Turner	Director of Finance
Alison Tong	Director of Nursing
Sally Brown	Director of Operations
Dr Andrew Webb	Medical Director
Jean George (appointed 2/1/08)	Director of Business Development
Non Executive:	
Jeffrey Ellwood	Senior Independent Non Executive Director
Chris Spry CBE	Non Executive Director
Roderick Knight	Non Executive Director
Peta Turnbull	Non Executive Director
Peter Knell (appointed 15/10/07)	Non Executive Director

Strategic Overview

The Trust's Integrated Business Plan, which was submitted to Monitor to support the Trust's application for Foundation Trust status in November 2006, set out our vision and strategy for the next five years and continues to provide the central themes for the Trust's future.

The main strategic goals highlighted within the IBP were:

- To maintain and develop our position as the First Choice healthcare provider of the full range of secondary care services required by our local population
- Extend the area in which we are the first choice provider of acute healthcare to cover a population of 250,000;
- Develop a range of specialist services and centres of clinical excellence to provide a more comprehensive service to our local community and extend the area for which we provide specialist services, including:
 - increasing renal dialysis and inpatient services to meet increasing demand and National Service Framework (NSF) guidelines,
 - extending the range of cardiology services provided in West Dorset, and
 - developing a local pan-Dorset service for spinal emergencies and elective activity
- Build a financially sustainable organisation as a platform for our ongoing ambition to be one of the most highly regarded NHS healthcare providers in the UK.
- Earn a reputation for clinical excellence including a commitment to achieving an 'excellent' rating for our clinical performance in the Healthcare Commission Annual Health Check and in future years to achieve the highest possible risk rating from Monitor for governance and the provision of services.

These five strategic goals remain key but our experience in our first year as a Foundation Trust has led to some developments in focus and emphasis as summarised in the following sections:

First choice healthcare provider [clinical excellence]

The Annual Health Check Ratings for 2007/08 recognised the quality of our patient services as 'good' and the ratings for 2008/09 are likely to show an improvement to 'Excellent'. However within the Trust it is acknowledged that to sustain this rating, further investment is needed in patient care and patient safety. This process was started in 2007/08 with additional investment in the environment and in patient services including emergency care and diagnostics. The Trust is committed to patient safety and the delivery of high quality services and the Annual Plan for 2008/09 will place increasing focus on this central theme.

Extending the area of 'first choice'

Although the Trust's newly appointed Director of Business Development did not take up post until 2008, the Trust has undertaken initial marketing activity aimed at increasing referrals from the periphery of the Trust's core market area. The initial evidence from this work is that this will be a slow and uncertain process. It is likely that traditional referral patterns will, in the main, continue with small changes at the Trust boundaries.

The Board will revisit the Trust's five year Business Plan based on detailed analysis of current and future market conditions, the implications of the now published Lord Darzi review process, assessment of the Trust's achievable market share for each of its main services and assessment of achievable levels of efficiency and cost within Trust.

Specialist Services

The Trust was successful during 2007/8 in developing the pan-Dorset spinal service, as well as expanding renal and cardiology services. These areas will expand further during 2008/09, with Primary Care Trust (PCT) agreement, and will help to raise the profile of the organisation.

However further opportunities for the development of specialist services are limited and the future focus will be on increasing the quality, effectiveness and efficiency of the Trust's current portfolio of services rather than any significant change in the range of services provided.

Financially Sustainable Organisation

During 2007/8 the Trust achieved a surplus of £0.7m after the write off of an exceptional item of £0.2m. This was achieved despite a significant loss of income arising from reduced emergency admissions and additional investment in key patient areas.

However the Trust faces a number of significant financial pressures over the next three years. This, together with both the need to continue to improve the quality of our core services and the more conservative view on market expansion opportunities, has led to a changing emphasis on our original central themes. The potential impact of the changes in the configuration of primary and community care, and enhanced clinical standards following publication of Lord Darzi's Interim Report, add further emphasis to ensuring resilient alignment between strategic direction and a sound financial position within a realistic assessment of likely income.

In the next three years the financial focus will be on achieving a 10% reduction in the Trust's cost base largely achieved through a fundamental redesign of the Trust's business processes. This work is currently underway.



Business Review

Performance against Plan

The Trust has achieved the following:

- A surplus of £0.7m for the 10 months to March 2008 after the write off of an exceptional item of £0.2m relating to an impairment in fixed assets resulting from the revaluation of the Trust's estate as at March 2008

- An anticipated Annual Health Check rating From the Healthcare Commission of:

Quality of Services - EXCELLENT
Use of Resources - GOOD

The table below shows the anticipated performance rating for each of the elements of the Annual Health Check which if confirmed will produce the above overall ratings.

Ratings	Anticipated Performance rating
Overall Quality Assessment	Excellent
Core Standards	Fully Met
Existing National Targets	Fully Met
New National Targets	Excellent
Use of Resources	Good

- An anticipated Risk Assessment from Monitor in line with plan based on performance in the year as follows:

Financial Risk Rating (scale 1 to 5) **3**
Governance **'Green'**
Mandatory Services **'Green'**

Summary of Financial Performance

Table 1 shows income and expenditure for 2007/08 compared to plan.

	Plan	Actual	Variance
	£m	£m	£m
Income			
Clinical income	116.9	117.5	0.6
Non-clinical income	12.7	14.4	1.7
Total income	129.6	131.9	2.3
Expenditure			
Pay	81.1	82.7	-(1.6)
Non-Pay	38.5	39.9	-(1.4)
Total Expenditure	119.6	122.6	-(3.0)
EBITDA	10.0	9.3	-(0.7)
Depreciation	-(5.9)	-(5.6)	0.3
Interest Receivable	0.1	0.4	0.3
PDC Dividend	-(3.3)	-(3.2)	0.1
Exceptional Items	0.0	-(0.2)	-(0.2)
Net Surplus	0.9	0.7	-(0.2)

The key variances between plan and actual are analysed in the following sections.



Clinical Income and Activity

Although total clinical income was £0.6m ahead of plan, there were a number of significant variances in both directions which are highlighted in the graph opposite:

The most significant of these changes from a strategic point of view is the reduction in emergency medical / elderly activity which is 600 spells lower than plan and 400 lower than the previous year. This combined with a 5% reduction in average tariff, primarily caused by a £0.5m reduction in excess bed days, has led to a £1.3m loss of income. As there has been an increase in the complexity and dependency of emergency admissions there has been no corresponding reduction in costs. This represents a significant risk to the financial viability of core emergency services and will be a central focus of the Trust's evolving strategic approach. The development of service line reporting which will go live during the early part of 2008/09 will greatly assist the Board in ensuring a sound financial position.

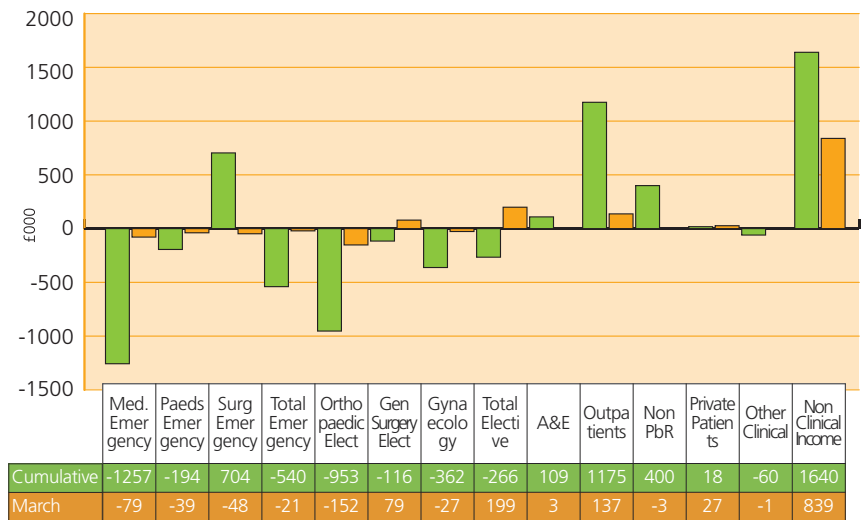
Total Elective activity was 3.5% ahead of plan but income was £0.3m behind plan because of a shortfall in orthopaedic inpatients, caused by a lack of capacity, not a lack of demand. Plans for 2008/09 include a significant increase in orthopaedic inpatients where waits have not reduced in line with other specialties. This will be delivered through specific changes in our organisation of available capacity.

The level of over-trading on outpatients is entirely caused by follow-up attendances. In 2007/08 the PCT assumed significant reductions in previous levels of activity which were not realised.

Non Payment by Results (PbR) income was £0.9m ahead of plan, (after allowing for a £0.6m switch between non-PbR and non-clinical), because of additional income from a number of sources relating to specific areas of additional expenditure:

- £0.3m Department of Health funding for cleaning and the environment
- £0.2m additional renal dialysis activity recharged to Hampshire PCT

Analysis of Income against Plan 2007/8



- £0.2m additional costs of cardiac implants recharged to PCT
- £0.2m additional costs recharged for non-contractual activity;

Non-Clinical Income and Expenditure

Non-clinical income was £1.1m ahead of plan, (after allowing for the £0.6m switch between non-PbR and non-clinical), because of additional income from the following sources relating to specific areas of additional expenditure:

- £0.5m resulting from the hosting of a research contract on behalf of Imperial College (equal and opposite effect on both income and expenditure)
- £0.3m of other non-recurring income;
- £0.3m increase in other areas of non-clinical income.

Expenditure

The increase of £3m in total expenditure has been caused by:

Non-Pay:

- £0.5m investment in cleaning and hospital refurbishment as part of the action taken to reduce infection control
- £0.7m increase in non-pay directly as a result of non-recurring increases in non-clinical income
- £0.2m other increases in non-pay

Pay

- £1.6m increase in pay costs largely caused by additional 'premium rate' payments as follows:
 - Additional 'waiting list initiative' payments of £1.3m
 - Agency costs of £2.3m

On average these extra costs represent a premium on standard NHS costs of 33% (£1.2m).

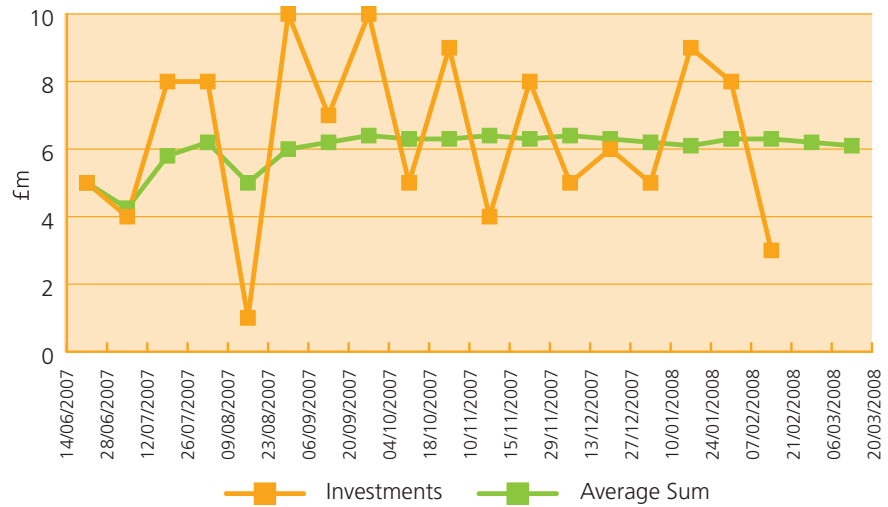
A significant factor in these additional costs was the delay in the creation of additional capacity in the first half of the year. Clinical income in the second half of the year was £3.9m higher than for the first six months.



Cash

The Trust achieved an average cash balance during the year of £6m which generated interest of £0.4m against a plan of £0.1m. At the end of March, the Trust held cash balances of £1.0m against a plan of £0.5m, a favourable variance of £0.5m.

Sums Invested - April 2007 to March 2008



Capital Expenditure and long Term Loans

The Trust has invested £5.5m in capital in 2007/08 against a plan of £9m, the variance of £4.5m resulting from:

- Deferral of two major development schemes, (expansion of endoscopy and the development of the planned Emergency Assessment Unit), to allow further consideration of Trust’s wider estate development strategy.
- Delays in completion of the new chemotherapy facility which will now be completed in 2008/09
- Delays in procurement of major medical equipment replacement planned for final quarter of 2007/08 including MRI scanner, pathology equipment and Fluoroscopy room. These schemes will be completed in 2008/09

The Trust had planned to borrow £3.4m in March 2008, but as a result of the above deferrals, the capital programme was funded without the need for external finance.

Financial Risks

Although the Trust has achieved its surplus target for the year before exceptional items, the Trust faces a number of challenges. The NHS is

undergoing a period of unprecedented change and we are currently entering the most difficult part of that transition. As a small to medium sized District General Hospital (DGH) the Trust’s performance and strategic direction is being affected by a range of developing agendas and initiatives including access targets, the patient experience, their choices and expectations, patient safety, quality, practice based commissioning, the shift in focus from Acute to Primary Care and the emerging recommendations from the Lord Darzi review.

These developing themes are likely to have a fundamental impact on the future structure of healthcare services. For example, recent reports have suggested that over the next 10 years some 40% of services currently carried out in secondary care will move to primary care and it is likely that there will be further, closer integration of the social and health care.

Much of this has been mooted before, but as PCTs become more effective in terms of commissioning, and with increasing expectations and demands from our patients and regulators, the impetus for change is greater than ever before. As a small to medium sized DGH, with a relatively exposed financial position and small market, the Trust has to

change more quickly and more fundamentally than other parts of the NHS if it is going to survive and prosper as an independent provider of the full range of DGH services to its local community.

The Trust recognises that costs have been allowed to increase too rapidly during the latter part of 2007/08 and that the Trust has not yet secured the necessary improvements in efficiency and productivity. To date the Trust has had a very clear commitment to meeting access and other key targets but has perhaps had insufficient focus on working differently to achieve those aims.

Developing our fitness to deliver better quality, whilst at the same time reducing costs, will be a key focus for the Trust in the coming year.

External Auditors

The Trust’s external auditors for the year to March 2008 are KPMG. Following a competitive tendering process the Audit Commission have been appointed as the Trust’s external auditors for three years from 2008/09 onwards. Details of the external auditors’ remuneration can be found in the financial accounts. No fees have been paid to the auditors during the year for non-audit work.

Board of Directors

There is currently a vacancy for one Non-Executive Director which does not represent a significant risk as all key areas of skills and experience are covered by the remaining posts.

The Director of Finance will be leaving the Trust on 30th June 2008 to take up a new appointment within the NHS. The recruitment process for his successor has begun and it is expected that an appointment will be made in July. During the transition the present, experienced Deputy Director of Finance will act into the post and arrangements will be made to ensure adequate financial management arrangements during the transition.

Audit Information

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

Going Concern

The Board of Directors, having completed the Trust's Annual Plan for the three years from 2008/09 to 2010/11 have concluded that the Trust has adequate resources to continue in operational existence for the foreseeable future. The accounts attached to this report have therefore been prepared on a going concern basis as required by Financial Reporting Standard 18.

Accounting for Pensions

Accounting policies for pensions and other retirement benefits are set out in the accounts and details of senior employees remuneration can be found in the remuneration report.

Employee Relations - Ensuring Equality and Involvement

Recruitment - The Trust undertakes to interview all disabled applicants who meet the minimum criteria for a job vacancy and to consider them on their abilities. The Trust also adheres strictly to the commitments associated with the 'Two Ticks' disability symbol and was granted use of the symbol in 2007.

Employment - The Trust makes every effort to retain employees who become disabled and the Management of Sickness Absence Policy and Redeployment Policies provide for the continuing employment and training of these staff.

The Appraisal and Gateway Policy and compliance with the criteria for the 'Two Ticks' disability symbol afford disabled employees the opportunity of training, career development and promotion.

Staff Involvement: - There are a number of ways in which the Trust has maintained the provision of information to, and consultation with, its employees over the last year. These include:

- individual and team meetings within wards and departments
- 'A Conversation with Jan' – a series of engagement sessions for staff to catch up on Trust developments and raise matters of concern with the Chief Executive
- bi-monthly Heads of Departments meetings
- hospital magazine, which is also available through the Trust's intranet
- a widely used intranet site which is used to publicise events and developments
- induction for new members of staff
- bi-monthly meetings of the Trust's Partnership Forum, which affords the Trust the opportunity of meeting with staff representatives to consult and inform them about matters relating to the performance of the Trust
- Staff Focus Groups which look at matters relevant to staff and their working lives





Equality and Diversity

The Trust has recently undertaken a considerable amount of work on equality and diversity laying the foundations to provide a better service to patients from a diverse background and to promote equality of opportunity for staff. The make up of the Diversity Forum, which reports to the Trust Board and is responsible for determining the strategic direction on equality and diversity matters, taking account of legislation, national and local initiatives, has been reviewed and the group reconstituted. The work of the Forum for the coming year will focus on actions derived from the Trust's newly agreed Single Equality Scheme (see below).

- **Equality and Diversity Web Page**

The Trust now has a dedicated equality and diversity web page.

- **Single Equality Scheme**

The Trust's Single Equality Scheme replaces the Trust's race, gender and disability Equality Schemes and is published on the Trust's website. The Scheme and associated action plans set out how the Trust will meet its equality duties, in relation to patients and staff, including disabled employees.



Occupational Health

All staff have access to a comprehensive, flexible occupational health service throughout the working week to support their health and well-being at work.

Over the last year, the Occupational Health Department has undergone a number of changes in order to meet both organisational needs and to provide greater service efficiency. Staff have direct access to the service whether for advice on staff health issues or for personal health advice via self-referral and can access counselling support through the department. Direct referral by staff for physiotherapy interventions is also available.

For the coming year, specialist occupational health computer software will increase efficiency and facilitate more accurate data collection on the services offered. The Occupational Health Department is also working towards becoming more involved and taking a proactive, preventative, health promotional approach and de-medicalising health issues.



Health and Safety

The Trust has an active Health, Safety, Welfare and Environment Management Committee, where managers and staff representatives meet regularly to consider the Trust's performance and agree any actions or plan developments for improvement.

All accidents and incidents are reported; these include staff accidents, patient accidents, clinical incidents and security incidents. Not all incidents result in someone being harmed and to help us prevent accidents, we encourage all our staff to report "near misses" so that we can put things right as quickly as possible.

We like to work on the basis that all incidents give an opportunity to improve and learn and regular reports are available for discussion at directorate clinical governance committees.

Any themes arising from accidents and incidents are identified and shared across the organisation through our quarterly safety newsletter "Risky Times".

All patient safety incidents are anonymised and reported through to the National Patient Safety Agency, whose role is to support the NHS in reducing risks to patients.



Highlights of the Year

Dorset County Cardiac Centre Opening

HRH the Earl of Wessex officially opened the Dorset County Cardiac Centre at Dorset County Hospital.

The new unit, which includes a state-of-the-art cardiac catheter suite, means that patients can now receive complex heart treatments at Dorset County Hospital rather than having to travel to Bournemouth or Southampton.

Most recently, our cardiologists have launched a new life-saving heart treatment called Percutaneous Coronary Intervention (PCI) service, which involves opening up a blocked or narrowing artery with a balloon and then putting a stent in place to prevent the artery blocking again.



Pioneering Cancer Treatment

A Weymouth father was the first patient in West Dorset to have a ground-breaking operation to rid him of cancer.

Barrie Mason had keyhole surgery called a laparoscopic radical nephrectomy to remove a kidney tumour – an innovative new procedure which meant he was only in hospital for three days and was left with very small scars.

The pioneering operation was carried out by Consultant Urological Surgeon Stephen Andrews (pictured on right with Mr Mason), who was delighted to be able to tell Mr Mason that the cancer had been completely removed.



Maternity Unit One of the Best

Dorset County Hospital's maternity unit was rated 'best performing' in a review of maternity care throughout the country.

The Healthcare Commission's report put Dorset County Hospital among the top hospitals.

In a patient survey, mums placed Dorset County Hospital's maternity service among the best in the country.

The local service gained higher scores than any other hospital for patient satisfaction in several key areas in a patient survey.

Head of Midwifery Christine Voce, right, with, from left, Gareth Burrows and Kim Rainford with baby Hayden Burrows and midwife Jackie Maslin – Photo courtesy of the Dorset Echo



Princess Anne Opens New Renal Unit

HRH The Princess Royal officially opened a new department of Dorset County Hospital's county-wide renal service.

The new hi-tech dialysis unit is in Poole at the Fulcrum Business Park and offers 20 additional dialysis stations, which supplement the satellite unit at the Royal Bournemouth Hospital and the main unit at Dorset County Hospital.

Dorset County Hospital provides the renal dialysis service for patients throughout the county.

The new unit can accommodate up to 120 patients and includes special isolation stations to maximise patient safety.





Praise for Excellent Endoscopy Unit

Dorset County Hospital's endoscopy staff received high praise for their exceptional standards from an independent review body.

The Joint Advisory Group on Gastrointestinal Endoscopy (JAG) highlighted the 'excellent team working, excellent staff morale and excellent practice' following an accreditation visit.

The JAG report also praised the unit's clinical quality and safety, as well as the privacy, dignity and comfort experienced by patients.

An Ambassador for Cutting Waiting Times

Dorset County Hospital was singled out as an 'ambassador site' in the nationwide effort to cut waiting times for NHS patients.

Dorset County Hospital was one of just five hospitals in the country to be chosen to work with the 'No Delays Team' at the NHS Institute for Innovation and Improvement on ensuring that by December 2008, no patient has to wait longer than 18 weeks from referral by their GP to the start of treatment at hospital.

As an ambassador site, Dorset County Hospital can access a wealth of expert advice and is receiving free support from a project manager to work on shortening every aspect of the patient's journey through the hospital system, from outpatients and diagnostic tests to inpatient or day surgery treatment.

Spinal Surgery Success

Revolutionary new spinal surgery is changing the lives of patients at Dorset County Hospital. A new technique introduced by the spinal team, called kyphoplasty, has proved highly successful for patients with spinal wedge fractures and myeloma (cancer of the bone).

The surgery involves injecting a balloon between compressed bones, inflating and removing the balloon and then pumping in special repairing cement.

Consultant Spinal Surgeon Andrew Hilton says the new surgery is transforming people's lives and allows them to recover far more quickly than before.

Grant for Osteoporosis Scans

A generous grant from the National Osteoporosis Society was good news for Dorset County Hospital patients needing a special scan.

The hospital's rheumatology team received a £88,310 grant from the Society to cut waiting times for DXA (dual-energy x-ray absorptiometry) scans, which diagnose osteoporosis.

Jane Raleigh, Clinical Specialist in Rheumatology, says the funding will allow additional staffing to carry out scans four days a week instead of one. The change will quadruple the number of scans done in a year and help diagnose the fragile bone condition earlier.



New Kidney Stone Treatment

Dorset County Hospital joined forces with Dorset Primary Care Trust to launch a groundbreaking new kidney stone treatment at Bridport Community Hospital.

The new ultrasonic shockwave treatment - called lithotripsy - means Consultant Urologist Naveed Afzal can treat 10 patients a day at Bridport without general anaesthetic.

Patients previously had to travel to London or Bristol. Now patients can be treated locally, go home immediately and are left with only a small amount of bruising. The treatment takes around 20 minutes to break up the kidney or uric acid stones into sand-size particles which can be passed without trouble.

Pictured are Consultant Naveed Afzal with Bridport Day Surgery Manager Jan Willmott, Dorset County Hospital Chief Executive Jan Bergman, Matron Cara Southgate and patient Clifford Marsh.

Patient Care

Reduction in waiting Times

- Over 91% of patients admitted to hospital for treatment were treated in less than 18 weeks from referral
- Over 96% of patients not requiring admission to hospital were treated in less than 18 weeks from referral
- Over 99% of patients had their diagnostic test within six weeks of request
- 98.7% of patients waited less than four hours in A&E
- Over 99% of patients either partially booked or fully booked their inpatient and outpatient appointments
- 100% of cancer patients waited less than two weeks for an outpatient appointment and were treated within a month of their diagnosis

Responding to Complaints

During the period of 1 April 2007 to 31 March 2008 there were 374 formal complaints received compared with 376 formal complaints received over the previous year. The main issues related to consent, communication and confidentiality, treatment and procedure (including cancelled or delayed surgery/treatment) and clinical assessment (including diagnosis, scans, assessment and tests). We have addressed the issues raised and in turn improved the service we provide.

Over the period 1 April 2007 to 31 March 2008, 178 thank you letters were received centrally, or forwarded by the wards to be formally acknowledged, which compares with 136 thank you letters for the year previous.

Complaints training has continued over the year. This includes two general complaints training courses, intended for all frontline staff, and two complaints training courses for senior staff, who are involved with responding to complaints. Complaints training has also been provided to new junior doctors, and one-off courses for senior staff in the renal unit and staff in the endoscopy unit. Over the last year, a complaints resource session has been included in the multi-professional preceptorship

programme. This programme supports all newly qualified staff in the Trust and provides them with the skills to undertake their jobs.

The Complaints Review Group, chaired by Alison Tong, Director of Nursing, has met on a quarterly basis to review the handling of complaints within the Trust, the trends within the directorates and 'closing the loop' to ensure lessons are learnt and processes are changed where necessary in order to prevent repeat situations occurring in the future. There has been a review of membership of the attendees, in light of the changes to the directorate management structure.

Involving Patients and the Public

A number of initiatives were started during the year, which will help to improve services for our patients.

We have set up a group of volunteers to assist patients at meal times. The volunteers give their time to help patients who have a range of difficulties with eating. All the volunteers are trained and supported by ward staff. We are in the process of widening the recruitment to include young people who have shown considerable interest in being involved with the scheme. Sometimes patients just want someone to sit with them whilst they eat and have a

conversation. Meal times are such a social occasion that many of our patients miss that interaction with others whilst they enjoy a wholesome meal. The scheme is called Dining Companions and if you are interested in joining it we'd love to hear from you.

Members of our Patient and Public Involvement Forum (PPIF), together with representatives of the Members' Council, have formed a Quality Assurance Team. The role of the team is to visit different wards and departments (meeting patients and staff) and provide a view on patient privacy, dignity and the environment.

The PPIF has also been instrumental in working with our Patient Advice and Liaison Manager in undertaking a survey. This involved contacting a number of patients who had for some reason not attended a planned appointment at the hospital. The outcome of this has identified a number of areas where we can change the way we do things to support patients in making their appointments and also to manage our appointment slots more effectively.

Our Diversity Forum has been active in reviewing access arrangements for people with disabilities and in providing feedback on the hearing facilities we have in place for the deaf.

The Members' Council and Trust Board held a workshop to consider the future strategy for the Trust. This was an initial workshop and more are planned so that we can incorporate the views of our community through their representatives on the Members' Council.



Patient Advice and Liaison Service (PALS)

PALS provides a valuable on-site information and advice service for patients and their families and carers at the Hospital. Our advisors can often sort out problems and queries on the spot and can liaise with other hospital departments on a patient's or relative/carers behalf. PALS can be found close to reception in the North Wing.

The PALS Manager has been working closely with the Patient and Public Involvement Forum over the last year. The PPIF ceased to exist on 31 March 2008. In future we shall be involved with Local Involvement Networks (LINKs) and the PALS Manager has been a member of the local Steering Group to work through the implementation of this development.

LINKs are statutory bodies and their remit is to promote and support the involvement of people in the commissioning, provision and scrutiny of local care services; enable people to monitor and review the commissioning and provision of local care services; obtain the views of people about their needs for and their experiences of local care services; and make the views of local people known and reporting and make recommendations about how local care services might be improved.

Healthcare Associated Infections

We have achieved the targets to reduce healthcare associated infections, in line with national targets to reduce these infections. In 2007-08 the Trust trajectory target set for MRSA bacteraemias was 12. We reported nine cases of MRSA bacteraemia, one of which was acquired in the community. Our rates of clostridium difficile are decreasing and we have met and exceeded the target for reduction agreed with Dorset Primary Care Trust for the year. However, we are striving to achieve further reductions next year.

All Trust staff have contributed to reducing healthcare associated infections, indeed our success has been entirely dependent upon everybody supporting key improvement initiatives.

Hand Washing

National initiatives like the National Patient Safety Agency's 'Clean Your Hands' campaign has been strengthened across the Trust. All staff receive rapid feedback from the Clinical Champions for hand washing on their hand washing techniques and patients are encouraged to ask staff to wash their hands if they forget.

Bare from the Elbows



From January patients may well have noticed a difference in the way doctors are dressed when on the wards. Shirt sleeves may well be rolled back, and ties either absent or tucked into their shirts. This is to ensure they are able to decontaminate their hands between patients, and the process is not inhibited by shirt sleeves or watches.

Infection Prevention and Control



2007-08 has proved a significant milestone for the development of Infection Prevention and Control. The Board has supported the recommendations of the Infection Prevention and Control team, led by Alison Tong, Director of Nursing and Director of Infection Prevention and Control. A fundamental underpinning principle of care at Dorset County Hospital is that Clean Care is Safe Care.

The main goal of the infection prevention programme has been to create a clean, safe environment for patients, staff and visitors to the Trust that minimises the risks of infection.



Chief Executive Jan Bergman presents the Cleaning Matters Award to Barnes Ward staff Senior Staff Nurse Kim Carroll and Deputy Sister Debbie Jones

Cleaning Matters

We have undertaken a comprehensive review of housekeeping services, and despite financial pressures, have invested significant resources to increase the housekeeping establishment and improve ward and clinical environments.

All clinical areas have regular environmental audits - these are undertaken jointly with housekeeping supervisors and ward sisters. Matrons are clear that cleanliness of the environment is a key personal responsibility.

All ward sisters have developed cleaning schedules for the environment and clinical equipment to meet the national standards for cleanliness and also the individual ward routines. For example cleaning schedules take account of routine ward activity, and the routines that take place on the ward.

Perhaps, the most significant development is the joint working between clinical staff and housekeeping staff that has made the difference and improved standards of cleanliness within the Trust. We launched a campaign 'Cleaning Matters' in November 2007. This was the culmination of the review of cleaning, supported by a refurbishment programme for all clinical areas.

An award is presented by the Chief Executive monthly to the clinical area that demonstrates the best improvement in cleaning audit scores - these improvements can only be achieved by all staff working together with a common goal encompassing the environment, clinical equipment and key estates maintenance. Most importantly we also undertake monthly patient surveys, encouraging patients to feedback on the cleanliness of the environment.

Clinical Governance

The Trust's well-established clinical governance arrangements have delivered important improvements in patient care and continue to monitor and inform clinical practice across all specialties.

Notable achievements include a Trust-wide initiative to promote and safeguard patients' privacy and dignity. This included the development of a ward-based educational resource folder to raise staff awareness of patient needs in respect of their care, nutrition and privacy as well as reinforcing the importance of treating patients courteously and as individuals. The initiative also included a programme of ongoing ward-based audits measuring patient care against national privacy and dignity standards.

The Trust continues to examine and improve its clinical practice through widespread clinical audit. 127 national, regional and local audits were registered on the Trust's clinical audit database by clinicians from all

specialties. Audit topics included blood transfusion practices, the management of shoulder dislocation, the treatment of fractured neck of femur patients whilst in the A&E department, infection control arrangements, and the care of older patients with head injuries against NICE (National Institute for Clinical Excellence) guidance. The results of all audits are discussed fully amongst clinicians and where the need for improvements are identified, changes in practice are made.

Patient satisfaction surveys conducted throughout the year provided valuable feedback across a range of services, including the colorectal service, breast prosthetics, the Community Dental service and orthopaedic outpatients. As with results from the annual national patient survey commissioned by the Healthcare Commission, results from all patient surveys are analysed and acted on.

Clinical practice continues to be regulated and promoted through

the Evidence Based Practice Committee which oversees the implementation of national guidance, such as that issued by NICE; the introduction of new clinical procedures to the Trust and the Trust's clinical guidelines site which allows clinicians 24-hour intranet access to over 740 evidence-based clinical guidelines. Policies added to the site in the past year include those promoting infection prevention and control practices, patient transfer and discharge arrangements and a policy developed in conjunction with the Dorset PCT for the care of patients with mental health problems.

In March the Trust was awarded Level 1 in the NHS Litigation Authority's rigorous new set of risk management standards covering governance, staff competence, safety, clinical care and learning from experience. Having achieved the first of three levels in the Authority's demanding assessment programme, the Trust is now well placed to go forward for a Level 2 assessment.

Governance and Membership

Board of Directors

The Trust has an established, experienced Board of Directors comprising a Chairman, six Non-Executive Directors and six Executive Directors. The Board and Executive team has been strengthened recently though the following new appointments:

- Director of Business Development appointed January 2008
- Director of Organisational Development (non-Board member) appointed October 2007

There is currently a vacancy for one Non-Executive Director which does not represent a significant risk as all key areas of skills and experience are covered by the remaining posts.

The Director of Finance will be leaving the Trust on 30th June 2008 to take up a new appointment within the NHS. The recruitment process for his successor has begun and it is expected that an appointment will be made in July. During the transition the present Deputy Director will act and adequate arrangements to ensure adequate financial management will be put in place during the transition.

The Board of Directors is responsible for:

- Providing active leadership of the Trust within a framework of prudent and effective controls which enables risk to be assessed and managed.
- Ensuring compliance within its terms of authorisation, its constitution, mandatory guidance issued by Monitor, relevant statutory requirements and contractual obligations.
- Setting out the Trust's strategic aims, taking into consideration the views of the Members' Council, and ensuring financial and human resources are in place to meet its objectives

- Ensuring the quality and safety of healthcare services, education, training and research are delivered through applying the principles and standards of clinical governance set out by the Department of Health, the Healthcare Commission, and other relevant NHS bodies.
- Setting the Trust's values and standards of conduct and ensure that its obligations to its members, patients and other stakeholders are understood and met.
- Taking decisions objectively in the interests of the Trust.

The Chief Executive is the accounting officer with responsibilities and obligations as laid out in the NHS Foundation Trust Accounting Officer Memorandum, April 2005.

All directors have joint responsibility for every decision of the Board of Directors regardless of their individual skills or status. The concept of the unitary board refers to the fact that within the Board of Directors the non-executive directors and the executive directors share the same liability.

All directors, executive and non-executive, have responsibility to constructively challenge the decisions of the board and help develop proposals on strategy. As part of their role as members of a unitary board, non-executive directors have a particular duty to ensure such challenge is made. Non-executive directors should scrutinise the performance of the management in meeting agreed goals and objectives and monitor the reporting of performance. They should satisfy themselves as to the integrity of financial, clinical and other information, and that financial and clinical quality controls and systems of risk management are robust and defensible.

The non-executives are responsible for determining appropriate levels of remuneration of executive directors

and have a prime role in appointing, and where necessary removing, executive directors, and in succession planning.

The Trust is required to maintain a register of Board of Directors' interests which is available to the public. This record can be obtained from Trust Headquarters, Dorset County Hospital, Williams Avenue, Dorchester, Dorset, DT1 2JY, e-mail headquarters@dchft.nhs.uk



Board of directors meeting attendance register 2007/08															
		Tenure for DCHFT		24/04/07	01/06/07	19/06/07	24/07/07	25/09/07	23/10/07	27/11/07	18/12/07	31/01/08	12/02/08 Joint TB/MC	26/02/08	25/03/08
		Start	End												
Robin Sequeira	Chairman	01/06/07	31/06/11	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Executive Directors															
Jan Bergman	Chief Executive			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Paul Turner	Finance Director			✓	✓	✓	✓	X	✓	✓	✓	✓	✓	✓	✓
Alison Tong	Director of Nursing			✓	✓	✓	✓	✓	X	✓	✓	✓	✓	✓	✓
Sally Brown	Director of Operations			✓	✓	✓	✓	✓	✓	✓	X	✓	✓	✓	✓
Dr Andrew Webb	Medical Director			X	X	✓	✓	X	✓	✓	✓	✓	✓	✓	X
Jean George	Director of Business Development (appointed 2/1/08)			X	X	X	X	X	X	X	X	✓	✓	✓	✓
Non Executive Directors															
Jeffrey Ellwood	Senior Independent Non Executive Director	01/06/07	31/05/10	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Chris Spry	Non Executive Director	01/06/07	28/02/09	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Roderick Knight	Non Executive Director	01/06/07	30/08/08	X	✓	✓	✓	✓	X	✓	✓	✓	✓	✓	✓
Peta Turnbull	Non Executive Director	01/06/07	30/04/11	✓	X	✓	✓	✓	✓	X	✓	✓	✓	✓	✓
Peter Knell	Non Executive Director	15/10/07	14/10/10	X	X	X	X	X	✓	✓	X	✓	✓	✓	X

The Members' Council Nominations Committee is responsible for the appointment of the Chairman and Non-Executive Directors which must have final approval from the Members' Council at a general meeting. These appointments may also be terminated by the Members' Council in accordance with the Constitution of the Trust.

Trust Board Background and Experience



Chairman:
Robin Sequeira CBE
Appointed in December 1997

- Former Director of Social Services for Dorset between 1983 and 1997
- Former President of the Association of Directors of Social Services in 1995
- Trustee of the Weldmar Hospicecare Trust
- Experience of general and financial management of large service delivery organisations
- Freelance management consultant providing business development services to the independent healthcare sector
- Provides interim management capacity to the public and independent care sectors
- Board experience with independent Healthcare sector
- Experience of: Audit Committee work, Governance issues, Performance management, Organisational development



Senior Non-Executive Director:
Jeffrey Ellwood

- Retired CEO of international chemical and pharmaceutical distribution business. Expertise and experienced gained:
- Marketing (Dip Inst M)
- General Management
- Strategic Planning
- Change Management Leadership
- HR & EO Management
- Member of the Council of Brunel University.
- Chair of Council
- Chair of Finance Committee
- Chair of Audit Committee
- Chair of Wolfson Institute
- Scrutiny of Vice Chancellor and the Executive Team's actions and performance
- Governance Issues
- Justice of the Peace



Non-Executive Director:
Chris Spry CBE

- 34-year career in NHS management including 23 years as a Chief Executive, in Nottingham, Newcastle, London (as Regional General Manager of South West Thames and then Regional Director of South Thames) and Glasgow
- Director of Management and Consulting – OD Partnership Network since 2001, wide range of health consultancy and organisational development assignments in UK, Spain and Australia
- Awarded a Visiting Professorship at Glasgow University in 2001
- Tutored in 2004 an Open University of Catalonia module on UK experience in clinical governance which has maintained continuing relationships with four teaching hospitals in Barcelona
- Chair of the Dorset County Hospital NHS Foundation Trust Audit Committee since March 2006, developing the Trust's approach to Integrated Governance
- Awarded the CBE in 2002



Non-Executive Director:
Roderick Knight

- Over 30 years experience in Management and delivery of Social Care services
- Former Head of Local Authority Community Care and Adult Services
- Previously member of Professional and Executive Committee of local PCT
- Provides Independent Consultancy and Interim Management Services
- Board member of National Inquiry into Older People's Mental Health
- Expert Reviewer with Health and Social Care Advisory Service
- ADSS National lead on Older People's Mental Health Services
- Non Executive Director of Large Housing Association
- Member of CSIP National Older Peoples Programme Steering Group
- Member of Change Agent Team Reference Group

Non-Executive Director:**Peta Turnbull**

- A commercial finance director who has held senior positions with major UK and US companies working across Europe as well as North and South America.

- Extensive experience of operational management, financial management, business planning and corporate governance at Board level in the commercial sector
- Fellow of the Institute of Chartered Accountants, BA (Hons) Durham University.

**Non-Executive Director:****Peter Knell**

- Extensive experience of:
- Organisational development and change management
- Financial planning, risk analysis and investment appraisals
- IT project management/system procurement
- Personnel planning, development and maintaining/restoring efficiency

- BSc (Hons) Informatics
- MA Strategic Human Resources
- Associate of Institute of Chartered Secretaries and Administrators (ACIS)
- Associate of Chartered Institute of Management Accountants (ACMA)
- Chartered Member of the Chartered Institute of Personnel and Development (Chart MCIPD)

**Chief Executive:****Jan Bergman****Appointed in March 2006**

- Previously Chief Executive of Queen Victoria Hospital Foundation Trust for six and a half years.
- Led hospital to be a first wave Foundation Trust with first class reputation, continually achieving excellent in use of resources and quality.
- Produced best results in patient surveys.
- Significant healthcare experience. Before he joined

Queen Victoria Hospital, Jan was a Director of Southmead District General Hospital, Bristol and former director of NHS International

- Served on a number of Boards, both in the public and private sectors. These include Blonde McIndoe Research Foundation, overseas development Board, West Kent University and a commercial building development company.
- Currently Visiting Lecturer, Imperial College, London.
- Served on a number of Department of Health working taskforce groups.

**Medical Director:****Dr Andrew Webb****Appointed June 2007**

- Appointed to West Dorset as a Consultant specialising in Elderly Care in 1986.
- Previous appointments
- Medical Director of the West Dorset Community Trust 1990-1994

- Chair of the medical staff committee 1998-2003
- Clinical governance directorate lead 1995-2004
- Sabbatical rural hospital in S Africa first 6 months 2005.
- MBBS from Newcastle upon Tyne University 1975
- FRCP (MRCP 1979)





Director of Finance:
Paul D Turner

- Experienced Finance Director in both the private and public sectors
- 21 years Board experience in both the private (8 years) and public sectors (13 years)
- Five years experience as Chief Executive of Community Trust and Primary Care Trust both of which included mental health services
- Six years as a management consultant specialising in consultancy services to the public sector including financial management, organisational change and business planning
- Experience of major PFI capital schemes (Calderdale)
- Chartered Accountant (FCA) Qualified (1977)
- Honours degree in Economics
- Masters in Business Administration



Director of Nursing/Infection Prevention and Control:
Alison Tong

- Director of Nursing/Infection Prevention and Control
- Leadership and development programme expertise in a variety of settings including a large complex teaching hospital
- Experience across a variety of acute sector providers, including teaching and district general hospitals
- Development of quality indicator tools to support management of care in a clinical environment
- Patient and public involvement
- Proven success in working in a multi-disciplinary/interagency context to resolve problems
- Ability to acquire regional/national funding to support development of practice/systems
- First level Registered Nurse
- Specialist qualification in Orthopaedics
- BSc (Hons) in Health Studies
- Certificate in Management
- Qualified Neuro-Linguistic Practitioner.



Director of Operations:
Sally Brown

- NHS Management Trainee
- Several General Management roles across community and acute NHS areas gaining experience in operational management
- Strategic planning
- Service redesign and change management
- Project management
- Performance management
- A 10 year period as company director for a number of small businesses, including a profitable food manufacturing plant
- HNC Public Administration
- Institute of Personnel Management



Director of Business Development:
Jean George

- 30 years' experience of working within the healthcare sector in both the UK and Europe
- Initially spent 16 years within the commercial healthcare sector in marketing, sales and product development
- NHS career has spanned 15 years within community, acute and primary care
- 14 years' NHS Board experience, including 6 years as Deputy Chief Executive.
- Acute Executive Director posts held include: Marketing & Business Development, Income & Information Director, Operations Director, PFI Director [£100 million capital and major change project] and Acting Chief Executive.
- Chartered Institute of Biologists – Graduate Exams, AMIBiol
- Chartered Institute of Marketing – Post Graduate Diploma
- Masters in Business Administration

Members' Council

Every NHS foundation trust must have a board of governors which is responsible for representing the interests of NHS foundation trust members, and partner organizations in the local health economy in the governance of the NHS foundation trust.

Within Dorset County Hospital NHS Foundation Trust (DCHFT) the Board of Governors are known as the Members' Council (MC).

Members must act in the best interests of the Trust and should adhere to its values and code of conduct.

The MC should hold the Board of Directors to account for the performance of the trust, including ensuring the Board of Directors acts so that the foundation trust does not breach the terms of its authorisation.

Members are responsible for regularly feeding back information about the trust, its vision and its performance to the constituencies and the stakeholder organisations that either elected or appointed them.

The Members' Council consists of 32 members - 18 elected public members, 4 elected staff members and 10 appointed members.

The staff and public members were elected in accordance with the Trust's constitution and the Electoral Reform Society supervised this election process.

Elected staff members represent all the employees of the organisation.

Elected public members represent the registered members within Local Authority boundaries within Dorset including Uplyme, which lies just outside on the Devon border, and South Somerset. Following the initial public elections, Purbeck constituency had one vacancy due to lack of candidates. This was filled through a bi-election in October. A vacancy that was created due to ill health within the Weymouth & Portland constituency was filled in August through the appointment of the highest unelected candidate in accordance with the Trust's constitution.

To ensure a rolling tenure programme and maintain continuity of experience within the Members' Council the initial elected members were given a variable tenure based on their position within the initial elections. Further elections for vacancies or end of existing tenures will carry a three-year tenure.

The appointed members who are nominated representatives of stakeholder organisations have been given a three-year tenure and these positions can continue or be renewed by the respective organisations. Unfortunately three of these positions became vacant through work pressures of the initial appointees, namely Local Education, Local Business Community and Voluntary and Charitable for the Elderly. The Trust has found a new member for education and is currently seeking replacements for the other positions.

Tenures are renewable every three years and cannot be extended beyond three tenures, ie nine years.

The Members' Council have held general meetings, which have been advertised and are available for registered staff and public members to attend. In addition the Board of Directors and the Members' Council have held a joint meeting this year and will continue to hold two meetings per year in addition to the Annual General Meeting and others, which may be required from time to time.

To engage the Members' Council in the NHS Trust organisation, topic sub groups have been established and council members will also be encouraged to observe Trust executive committees, which will be implemented next year.

The Trust is required to maintain a register of members' interests which is available to the public. This record can be obtained from Trust Headquarters, Dorset County Hospital, Williams Avenue, Dorchester, Dorset, DT1 2JY, e-mail headquarters@dchft.nhs.uk.

Details of the composition of the Members' Council, in respect of the initial Members' Council, tenures and meeting attendances are as follows:

Members' council tenure and meeting attendance register 2007/08

				27/11/07	18/12/07	31/01/08	Joint TBMC 12/02/08	26/02/08	25/03/08
		Tenure							
Elected Members:	Constituency	Start	End						
Patricia (Tricia) French	North Dorset	01/06/07	31/05/10	✓	✓	✓	X	X	X
Peter Fale	North Dorset	01/06/07	31/05/09	✓	X	✓	✓	X	✓
Paul Nelson	North Dorset	01/06/07	31/05/09	X	✓	✓	✓	✓	✓
Dr Peter Camm	West Dorset	01/06/07	31/05/10	✓	✓	✓	✓	✓	✓
Christine Case	West Dorset	01/06/07	31/05/09	X	✓	✓	✓	X	✓
Sarah (Vicky) Iveson	West Dorset	01/06/07	31/05/09	✓	✓	X	✓	✓	✓
Mr Patrick Jeffery	West Dorset	01/06/07	31/05/10	✓	✓	X	✓	✓	✓
David Reason	West Dorset	01/06/07	31/05/09	✓	✓	✓	✓	✓	✓
Peter Wood	West Dorset	01/06/07	31/05/09	✓	X	✓	✓	X	X
John Bowditch	Weymouth & Portland	01/06/07	31/05/10	✓	X	X	X	X	X
Derek Julian	Weymouth & Portland	01/06/07	31/05/09	✓	✓	✓	✓	✓	✓
Stuart McLeod	Weymouth & Portland	01/06/07	31/05/09	✓	✓	✓	✓	X	✓
Sue Bruce-Payne	Weymouth & Portland	01/06/07	31/05/10	X	✓	✓	✓	✓	X
Mark Burden	Weymouth & Portland	01/06/07	31/05/09		X	X	X	X	X
Michael Thresh	Weymouth & Portland	14/08/07	31/05/09	X	X		✓	✓	✓
Peter Coghlan	East Dorset, Christchurch, Poole & Bournemouth	01/06/07	31/05/09	✓	X	X	✓	X	✓
Russell Wilson	Purbeck	01/06/07	31/05/10	X	✓	X	✓	✓	✓
Josephine (Jo) Briggs	Purbeck	01/06/07	31/05/09	X	X	X	✓	✓	✓
David Hall	South Somerset	01/06/07	31/05/09	✓	✓	X	✓	✓	✓
Dr Duncan Farquhar-Thomson	Staff	01/06/07	31/05/10	✓	✓	✓	X	✓	✓
Mary Martin	Staff	01/06/07	31/05/10	✓	✓	✓	✓	✓	X
Dr Will McConnell	Staff	01/06/07	31/05/10	X	✓	✓	✓	✓	✓
Sue Worth	Staff	01/06/07	31/05/10	✓	✓	✓	✓	✓	✓
Appointed Members:									
Dr Iain Melvin	Education - The Thomas Hardy School (resigned 28/11/07)	01/06/07	31/05/10	✓	X	✓	X	X	X
Dr Paul Booton	Education - Imperial College	01/06/07	31/05/10	X		X	X	X	X
Karen Huckle	Voluntary & Charity - NSPCC (resigned 10/07/07)	01/06/07	31/05/10	X	X	X	X	X	X
Steve Tyson	Voluntary & Charity - NSPCC (commenced 10/07/07)	01/06/07	31/05/10	X	X	X	✓	X	X
Anthony Kirby	Voluntary & Charity - Dorset Kidney Fund	01/06/07	31/05/10	✓	✓	X	X	X	X
Andy May	PCT - Dorset Primary Care Trust	01/06/07	31/05/10	✓	✓	✓	✓	✓	✓
Fran Leaper	Voluntary & Charity - Weldmar Hospicecare Trust	01/06/07	31/05/10	✓	✓	✓	X	X	✓
Wendy Hilton	Voluntary & Charity - Age Concern (resigned 19/02/08)	01/06/07	31/05/10	✓	✓	X	X	X	X
David Crowhurst	Local Authority - Dorset County Council	01/06/07	31/05/10	✓	✓	X	✓	✓	✓
Gwen Hewitt	Voluntary & Charity - Dorchester League of Friends	01/06/07	31/05/10	X	✓	✓	✓	✓	X
Simon Conibear	Local Business Community (resigned 20/09/07)	01/06/07	31/05/10	✓	X	X	X	X	X

Composition of members' council						
Appointed Members (10)			Tenure		Role	
Appointed Members from Statutory Organisations (2)						
Primary Care Trust	Dorset PCT	1	3yrs		<ul style="list-style-type: none"> To represent the main Trust commissioners and key health economic partners 	
Local Authority	Dorset County Council	1	3yrs		<ul style="list-style-type: none"> To represent key local non-NHS local authority health economy partners 	
Appointed Members from Partnership Organisations (8)						
Education	Partnership University (with Medical School) Imperial College London	1	3yrs		<ul style="list-style-type: none"> To ensure strong teaching and research partnership and to represent other education establishments 	
		1	3yrs			
Representative of Local Business Community	Representative of local business community to be identified as part of consultation	1	3yrs		<ul style="list-style-type: none"> To bring commercial focus to the council and foster strong links with the business community 	
Voluntary and Charitable Sector	Dorchester League of Friends	1	3yrs		<ul style="list-style-type: none"> To engage and assist the Trust in local developments 	
	Weldmar Hospicecare Trust	1	3yrs			
	Age Concern	1	3yrs			
	Children's charity-NSPCC	1	3yrs			
	Dorset Kidney Fund	1	3yrs			
Elected Public Members (18)						
Local Authority Areas	West Dorset District Council including Uplyme	6	2 x 3yrs. 4 x 2yrs (initial appt), Subsequent tenure 3yrs.		<ul style="list-style-type: none"> To represent the public and patients who are served by the NHS Foundation Trust 	
		5	2 x 3yrs. 3 x 2yrs (initial appt), subsequent tenure 3yrs.			
		2	1 x 3yrs. 1 x 2yrs (initial appt), subsequent tenure 3yrs.			
		3	1 x 3yrs. 2 x 2yrs (initial appt), subsequent tenure 3yrs.			
		1	1 x 3yrs			
		1	1 x 3yrs			
Elected Staff Members (4)						
	Staff Membership is not split into staff classes	4	3yrs			<ul style="list-style-type: none"> To assist the Trust in developing and delivery of services through active representation from those who deliver the services
TOTAL Members' Council		32				

Membership

The membership for Dorset County Hospital NHS Foundation Trust is made up of two elements:

- Staff membership
- Public membership

Whilst some Foundation Trusts have included a third membership group for past and present patients, this Trust has incorporated this group into the public membership arrangements.

Anyone over the age of 16 can register as a member providing they are not excluded by the Foundation Trust's constituency rules for non-eligibility. Registered members over the age of 18 may put their names forward as a Members' Council candidate when elections are being held for Council vacancies.

All employees of the Foundation Trust are automatically registered as staff members unless they choose to opt out. This membership will also include individuals who exercise a function for the purposes of the Trust who are not under a contract of employment with the Trust, so long as they have been providing that function for 12 months or more.

Public membership is drawn from the Local Authority (LA) boundaries of Dorset including Poole and Bournemouth Unitary Authorities as well as Uplyme, which has a Dorset DT postcode, and South Somerset. The eligible membership population (16+) of these constituency areas is 714,000 based on the Office of National Statistics mid-year estimates. Although the Trust provides some county-wide services within Dorset, eg Renal Dialysis and Spinal, and also some South Somerset patients use our services through patient choice, we recognise that the majority of our membership is likely to be drawn from West Dorset, North Dorset and Weymouth & Portland LA areas which has an eligible membership of 200,000.

Our long-term membership recruitment strategy plans are to increase the membership base from

the current position of 6,500 (staff and public) to approximately 20,000 members. It is important to the Foundation Trust that membership is representative of the community reflecting the socio-economic structure of the population as well as age, ethnicity and gender. Areas of low representation will be targeted for possible recruitment. The membership will then provide the Foundation Trust with an excellent base to develop our strategic plans, and monitor developments and our existing services.

The Members' Council of the Foundation Trust, as representatives of their constituencies are actively engaging with the public, encouraging them to register as members. Membership is free and registered members will have a greater say in how the local healthcare facilities are planned and developed. Our current membership

has already received and will continue to receive information through a half yearly newsletter. Interested members of the public can either telephone 0870 707 1549 or simply fill in the membership application form at our membership website www.dchft.nhs.uk

Within the Annual Report we have identified the Members' Council and the constituencies and organisation they represent. If you would like to contact a Council Member, you are welcome to write to the Foundation Office at Dorset County Hospital, Trust HQ, Williams Avenue, Dorchester DT1 2JY, or telephone 01305 254114 or send an e-mail to foundation@dchft.nhs.uk

Set out below in the table is our current membership. Staff members are not identified by constituency or by professional discipline:

Membership Overview as at 31/03/2008		
Membership Overview		%
East Dorset Christchurch Poole and Bournemouth	41	1.31
North Dorset	386	12.32
Purbeck	219	6.99
South Somerset	49	1.56
West Dorset	1510	48.21
Weymouth and Portland	927	29.60
Total Public Membership	3132	100.00
Staff Members	332	
Total Membership	6464	

Membership breakdown - Ethnicity

Ethnicity	East Dorset Christchurch Poole and Bournemouth	North Dorset	Purbeck	South Somerset	West Dorset	Weymouth and Portland	Total Public Membership	Staff Members	Total Membership
White	34	372	206	47	1395	855	2909	331	3240
Black	0	1	0	0	3	10	14	8	22
Asian	1	2	0	0	3	3	9	11	20
Other	0	0	0	0	0	0	0	2	2
Mixed	0	0	1	0	3	3	7	3	10
Unknown	6	11	12	2	106	56	193	2977	3170
Total	41	386	219	49	1510	927	3132	3332	6464

Membership breakdown - Age group

Age Group	East Dorset Christchurch Poole and Bournemouth	North Dorset	Purbeck	South Somerset	West Dorset	Weymouth and Portland	Total Public Membership	Staff Members	Total Membership
0-16	0	0	0	0	0	0	0	0	0
17-21	1	2	0	0	14	11	28	77	105
22+	35	365	205	46	1375	844	2870	2964	5834
Unknown	5	19	14	3	121	72	234	291	525
Total	41	386	219	49	1510	927	3132	3332	6464

Membership breakdown - Gender

Gender	East Dorset Christchurch Poole and Bournemouth	North Dorset	Purbeck	South Somerset	West Dorset	Weymouth and Portland	Total Public Membership	Staff Members	Total Membership
Male	23	202	107	24	740	478	1574	531	2105
Female	18	183	109	25	767	447	1549	2524	4073
Unknown	0	1	3	0	3	2	9	277	286
Total	41	386	219	49	1510	927	3132	3332	6464

Audit Committee

Following authorisation as a Foundation Trust on 1 June 2007 the Audit Committee has met on five occasions. In addition to this the Committee held its annual joint event with the Integrated Governance Committee on 8 January 2008.

At all meetings the Committee is particularly concerned to ensure the Trust has systems which:

- Safeguard assets
- Maintain proper records
- Can produce reliable information
- Provide effective control systems
- Can be independently reviewed and assessed by both External and Internal Audit

The Director of Finance, who has the executive responsibility for liaising with both Internal and External Audit functions (whose responsibilities are set out below), attends the Committee to comment and inform as required.

Membership and Attendance

The Audit Committee is chaired by Mr Chris Spry, a Non-Executive Director, and includes three other Non-Executive Directors. Mr Jeffrey Ellwood and Mr Roderick Knight stood down from their membership of the Committee in January 2008, with Mr Peter Knell taking up his membership at the following meeting in March 2008.

Meeting attendance	Chris Spry	Peta Turnbull	Peter Knell	Jeffrey Ellwood	Roderick Knight
18 June 2007	✓	✓	✗	✓	✓
19 September 2007	✓	✓	✗	✗	✓
14 November 2007	✓	✓	✗	✓	
8 January 2008	✓	✓	✗	✓	✓
24 January 2008	✓	✓	✗	✓	✓
13 March 2008	✓	✓	✓	✗	✗

How the Committee Discharges its Responsibilities

The Audit Committee assures the Trust Board that probity and professional judgement are exercised in all financial matters. It is authorised by the Board to seek relevant professional advice and to secure attendance of relevant parties at its meetings. The Chairman of the Committee provides a summary of discussion and action arising out of all meetings for the Trust Board.

Statement by Internal Auditors on their Responsibilities

It is the responsibility of internal audit to review and evaluate risk management, control and governance, which comprise the policies, procedures and operations in place to:

- establish and monitor the achievement of the organisation's objectives;
- identify, assess and manage the risks to achieving the organisation's objectives;
- ensure the economical, effective and efficient use of resources;
- ensure compliance with established policies, procedures, laws and regulations;
- safeguard the organisation's assets and interests from losses of all kinds, including those arising from fraud, irregularity or corruption;

- ensure the integrity and reliability of information, accounts and data, including internal and external reporting and accountability processes.

Statement by External Auditors on their Responsibilities

Our external auditors are KPMG and their statement is set out below:

In auditing the accounts, we have a statutory duty as set out in paragraph 1 of Schedule 5 of the Health and Social Care (Community Health and Standards) Act 2003 (the Act) by examination of the accounts or otherwise, to satisfy ourselves:

- (a) that they are prepared in accordance with directions given by Monitor;
- (b) that they comply with the requirements of all other provisions contained in, or having effect under, any enactment which are applicable to the accounts;
- (c) that proper practices have been observed in the compilation of the accounts; and
- (d) that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

We have a professional responsibility to report if the accounts do not comply in any material respect with the directions given by Monitor, unless in our opinion the non-compliance is justified in the circumstances. In determining whether or not the departure is justified we consider:

- (a) whether the departure is required in order that the accounts give a true and fair view; and
- (b) whether adequate disclosure has been made concerning the departure.

Our professional responsibilities also include:

- (a) including in our report a description of the Accounting Officer's responsibilities for the accounts where the accounts or accompanying information do not include such a description; and

(b) considering whether other information in documents containing audited accounts is consistent with those accounts.

Nominations Committee

Dorset County Hospital NHS Foundation Trust has two Nominations Committees. One is responsible for the identification and nomination of the executive directors and the other for the non-executive directors. The committees evaluate the balance of skills, knowledge and experience of the Board and, in the light of this evaluation, prepare a description of the role and capabilities required for a particular appointment and interview potential candidates.

The Nominations Committee, responsible for the appointment of executive directors, consists of:

- Chairman - Robin SeQueira
- Chief Executive - Jan Bergman
- Senior Independent Non Executive Director - Jeffrey Ellwood
- Non Executive Director (representing the Members' Council)
- An Independent assessor with specific skills knowledge.

The Members' Council Nominations Committee, responsible for the appointment of non-executive directors, consists of:

- Chairman - Robin SeQueira
- Senior Independent Non Executive Director - Jeffrey Ellwood (where the Chairman's appointment is involved)
- Two Elected Members - Dr Peter Camm (Public Member) and Dr Duncan Farquhar-Thompson (Staff Member)
- One Appointed Member – Andy May, Dorset Primary Care Trust
- An Independent assessor if required

During the financial year the Members' Council Nominations Committee interviewed and selected the additional Non-Executive post to complement the number and the skills of executive members of the Board of Directors.

This post had been advertised and was filled by Peter Knell following approval from the Members' Council at a general meeting held on the 27 November 2007.

The Nominations Committee have met once this year to interview the executive position of Director of Business Development, which was filled by Jean George on 2 January 2008.

Information Governance

The Board ensures that all information used for operational purposes and financial reporting purposes is encompassed, and evidence maintained of effective information governance processes and procedures with risk based and proportionate safeguards. In order to demonstrate compliance with relevant information governance guidance and the Data Protection Act 1998 the Trust needs to be able to demonstrate that:

- information governance policies and procedures are understood by all relevant staff and are operating in practice
- reliable incident reporting procedures are in place, with

appropriate follow up

- there have been no material breaches in data security (including personal data in transit) resulting in actual data loss
- risk assessments are undertaken and updated on a regular basis
- proper levels of security and access controls operate
- an information lead, with appropriate access to the board including the delivery of periodic reports on governance issues, is in post

The 'Information Governance Toolkit' is used to demonstrate compliance, in a structured way, with appropriate Information Governance standards and the Director of Finance is identified as the senior 'Information Risk Owner' at Board level.

The Table below summarises the Trust's self-assessment using the Information Governance Toolkit, a tool with which organisations can assess their compliance with current legislation, Government directives and other national guidance.

Initiative	Results
Clinical Information Assurance	79% (Green)
Confidentiality and Data Protection Assurance	77% (Green)
Corporate Information Assurance	25% (Red)*
Information Governance Management	77% (Green)
Information Security Assurance	83% (Green)
Secondary Use Assurance	82% (Green)
Overall Result	76% (Green)

During the year a number of high profile losses of personal data in the public sector were reported in the national press. As a result the Trust undertook a review of data security in order to assure itself and its patients and staff that appropriate controls were in place. Overall the Board were assured that the systems and procedures for securing personal data, including patient data in transit have been and remain compliant with relevant information governance guidance and the Data Protection Act 1998. The Trust is undertaking further discussion with the Department of Health to agree whether or not further controls are required to ensure full compliance. In order to provide further assurance to the Board Internal Audit have been requested to include a review of data security within their audit programme for 2008/09.

There have been no Serious Untoward Incidents relating to data security during the year nor any other personal data related incidents which require reporting in the Annual Report.

*There were two areas requiring policies to be written and implemented.

Statement on Internal Control (SIC) for the period 1 June 2007 to 31 March 2008.

Note: The NHS Trust was authorised as a NHS Foundation Trust (FT) on the 1 June 2007. A separate SIC has been prepared for the West Dorset General Hospitals NHS Trust during the period 1 April 2007 – 31 May 2007.

1. Scope of responsibility

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

2. The purpose of the system of internal control

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

- Identify and prioritise the risks to the achievement of the policies, aims and objectives of Dorset County Hospital NHS Foundation Trust,
- Evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The system of internal control has been in place in Dorset County Hospital NHS Foundation Trust for the period 1 June 2007 to 31 March 2008 and up to the date of the approval of the annual report and accounts.

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

3. Capacity to handle risk

As Chief Executive, I have overall responsibility for risk management.

The Director of Nursing has been designated the Executive Director accountable for implementation of the risk management process. The Director of Nursing is supported by the senior management team in conjunction with the involvement of other senior health care professionals at Directorate level.

Clear lines of accountability for risk management have been established throughout the organisation.

Staff are trained and equipped to manage risk through the NHS Foundation Trust's induction training process, specific training programmes and reporting mechanism.

The whole system of risk management is continuously monitored and reviewed by management and the Board in order to learn and make improvements to the system. Staff, are also kept

informed of current risk management issues and training opportunities through the Trust's internal communications network.

The Trust learns from good practice and review:

- All serious untoward incidents, significant incidents, adverse occurrences, near misses and concerns, which identify risk, are reported through the Trust's Risk Event Reporting system or the committee structure in a discreet manner.
- Root cause analysis investigations are carried out for serious incidents and the lessons from these are shared via the Operational Risk Group to the Directorate Governance Groups
- Risk issues, treatments, action plans and priorities are communicated through a "bottom up and top down" approach
- Risk awareness, assessment, control and prevention becomes second nature and is a Directorate responsibility unless a significant risk is identified that cannot be managed at a local level.

4. The risk and control framework

The Integrated Governance Committee (a sub-committee of the Trust Board) is chaired by the Chief Executive, and develops the risk strategy, prioritises risks and allocates resources where necessary to address these issues. It also oversees the work of other Trust Committees', which deal with specific risk areas such as the Operational Risk Group, Health Safety Welfare and Environment Management Committee, Hospital Transfusion Committee, Decontamination & Infection Control Committee etc.

It is the responsibility of the Executive Team through the Senior Executive Group to put in place an effective structure throughout all levels of the organisation to ensure that Risk Management is integrated into operational practice and the Risk Management strategy is delivered through the line management structure.

Each Directorate has a Governance Group which manages risk, with senior representation from each specialty within the directorate and is supported by a Risk Lead. The group's role is to identify risks, share solutions and good practice and propose measures to address the problems, following in some cases, further detailed analysis work. Each Directorate has a Risk Lead who is responsible for liaison with all colleagues in the Directorate and for ensuring that risk assessments are undertaken routinely in risk areas. The Risk Lead creates and maintains a Directorate Risk Register and Action Plan, which are considered by the Operational Risk Group on a bi-monthly basis. Any Risks that Directorates cannot resolve or reduce may be escalated to the Trust-wide Risk Register.

Risks are evaluated using the Risk Evaluation Matrix. The Trust Board is asked to consider all Red and Red+ issues on the Register and to agree the proposed treatment plan.

The purpose of the Assurance Framework is to provide the Trust Board with assurance that the systems, policies and people they have in place are operating in a way that is effective, is focused on key risks and is driving the delivery and achievement of key objectives.

In order that the Chief Executive can sign the Statement on Internal Control (SIC), as part of the statutory accounts and annual report, the Board needs to be able to demonstrate that they have been properly informed through assurances about their risks, not just financial, and have arrived at their conclusions based on all the evidence presented to them. The Risk Register has developed over the year to incorporate all business risks.

The Assurance Framework is a strategic document that seeks to provide the Board with assurance by encompassing the following headings:

Principal Corporate Objectives

The organisations key objectives are encompassed and extracted from the following key documents:

- Local Delivery Plan,
- Contracts with Dorset Primary Care Trust,
- Business Plan
- Local Improvement Plan.

Principal Risks

The key risks are identified against each corporate objective, focusing on risks that would both prevent the Trust from achieving and implementing the objective. A risk assessment is then conducted against each risk, assisting the Board to recognise threats and prioritise risk treatment plans. This is cross-referenced to the Corporate Risk Register if there is a link.

Key Controls & Systems

Key controls and systems are identified listing the systems and processes that currently exist to help control the risks identified.

Assurance on Controls and Positive Assurance

The assurance on controls provides evidence showing that the key controls and systems exist and that they are as effective as practicable. The information on positive assurance provides the Board with details of the source of assurance e.g. Internal Audit Reports, external assessment reports or minutes of the meetings of Sub Committees of the Board.

Gaps in Controls & Systems

Where evident, gaps in controls and systems are highlighted to identify further processes, systems and control measures required to overcome the risk. There are no significant gaps in the Controls and Systems of Dorset County Hospital

NHS Foundation Trust that need to be reported in this SIC under section 5. However the Trust recognises that there are areas where controls and systems, whilst satisfactory, can be further improved. Management action has therefore been identified to further strengthen controls and systems in these areas.

Gaps in Assurance

Gaps in assurance, where evident are highlighted to identify any deficiencies with the assurance provided for a particular key control and system and to identify the necessary corrective action that has to be taken. There are no significant gaps in Assurance for Dorset County Hospital NHS Foundation Trust that need to be reported in this SIC under section 5. Where minor gaps have been identified, they have been recorded on local or Corporate risk registers. These gaps have received management attention in 2007/08 and have been finalised but are reported within this SIC.

- Operational – C20b Standards for Better Health requires that "Healthcare Services are provided in environments which promote effective care and optimise health outcomes by being supportive of patient privacy and confidentiality". Following a visit from the Healthcare Commission it was found that whilst ward environments are generally supportive of patient privacy and confidentiality, there was no evidence of formal monitoring of the ward environments other than the annual PEAT inspection.

The Trust has introduced a monthly Matron's monitoring tool in 2007/08.

- Operational – C4a Health care organisations should keep patients, staff and visitors safe by having systems to ensure that the risk of health care acquired infection to patients is reduced, with particular emphasis on high standards of hygiene and cleanliness, achieving year-on-year reductions in MRSA;

The Trust requires all staff to attend mandatory training in Hygiene and Infection Control and this attendance is registered. The Housekeeping Services in conjunction with the Estates Department have worked hard to ensure the hospital maintains a high standard of cleanliness throughout the hospital and in particular, patient areas.

Action Plan to Address Gaps in Existing Controls

The Assurance Framework is extended to provide an action plan, including lead responsibility, to address any gaps in control or assurance within clearly defined time frames.

External Assessment

Assessment is carried out by the usual internal and external agencies that report their findings to the NHS Foundation Trust

The NHS Foundation Trust has maintained Level 1 status for both the Clinical Negligence Scheme and the Risk Pooling Scheme for Trusts during 2007/08 and it is now working towards level 2 CNST status. We have also worked closely with the National Patient Safety Agency (NPSA) to ensure compliance with their reporting requirements on patient safety incidents. The NHS Foundation Trust is also routinely involved in Patient Survey exercises and, as a result of this, action plans are developed and progress is monitored to improve the quality of services.

The Integrated Governance Committee sets the strategy for risk management and has two patient / public representatives involved in discussions and decision-making.

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

The Trust Board has identified key Clinicians and Senior Managers within Directorates to ensure resources are used economically, efficiently and effectively in line with the Trust's overall objectives and Annual Plan. Financial Resources,

Human Resources and Activity are monitored on a monthly basis and reported to the Trust Board and the Members' Council.

The Trust Board is responsible for satisfying themselves as to the integrity of financial, clinical and other information, and that financial and clinical quality controls are robust and defensible.

Internal Audit is required to assess the organisation's system of internal control, through a risk-based plan of work, agreed with management and approved by the Audit Committee, which should provide a reasonable level of assurance. An internal Audit opinion is provided at the end of the Financial Year

6. Review of effectiveness

As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors (Dorset Internal Audit Consortium) and the executive managers within the NHS Foundation Trust who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors (KPMG) in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the board, the audit committee and the Integrated Governance Committee, which is kept informed by the organisational risk group and a plan to address weakness and ensure continuous improvement of the system is in place.

My review is also informed by comments made by the

- Healthcare Commission
- Standards for Better Health
- Dorset & Somerset Strategic Health Authority
- Clinical Negligence Scheme for Trusts
- Risk Pooling Scheme for Trusts

- Health & Safety Executive
- Local Counter Fraud Service
- Patient & Public Involvement Forum
- Overview & Scrutiny Committee
- Members' Council

I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the following internal mechanisms:

- NHS Foundation Trust Board
- Audit Committee,
- Integrated Governance Committee,
- Clinical Audit Committee
- Evidence Based Practice Committee
- Education Committee
- Information Strategy Committee
- Research Governance Committee
- Patient & Public Involvement Steering Group
- Pay and Remuneration Committee
- Operational Risk Group

A plan to address weaknesses and ensure continuous improvement of the system is in place.

All weakness identified by internal and external assessments are brought to my attention and reported to the Audit Committee as well as to the Director of Nursing, the Director of Finance and the Head of Corporate Governance. Each report is sent to the appropriate line manager for corrective action to be taken and a review of this action and its effectiveness is monitored closely by the Trust Board to ensure an improvement before future assessments are effected.

- The Board is kept informed of all major issues that might impact on the effectiveness of its internal control through submission of the Risk Register by the Head Corporate Affairs and the Integrated Governance Committee

- The Audit Committee receive regular internal control assessment reports from the Internal and External Audit agencies as well as the Local Counter Fraud Service
- The relevant Committees, e.g. Audit, Risk, Integrated Governance, Evidence Based Practice, Education, Information, Research Governance and Patient & Public Involvement Steering Group, when identifying any major internal control concerns and risks to the organisation, report these issues using the formal risk management process.
- Executive managers who form the Senior Executive Group are accountable to the NHS Foundation Trust Board and are responsible for ensuring the Risk Management Strategy is delivered across the organisation and for the development and maintenance of the system of internal control to provide me with assurance
- The Internal Audit service has responsibility to evaluate the soundness of the internal control mechanisms in place and in operation and to also report any deficiencies. The Head of Internal Audit is required to provide an Opinion on the Effectiveness of the System of Internal Control within the NHS Foundation Trust. This Statement on Internal Control is a mandatory element of the Annual Accounts submission which is externally assessed by the Audit Commission

7. Information Risks

The Board ensures that all information used for operational purposes and financial reporting purposes is encompassed, and evidence maintained of effective information governance processes and procedures with risk based and proportionate safeguards.

The 'Information Governance Toolkit' is used to demonstrate compliance, in a structured way, with appropriate Information

Governance standards and the Director of Finance is identified as the senior 'Information Risk Owner' at Board level.

During the year a number of high profile losses of personal data in the public sector were reported in the national press. As a result the Trust undertook a review of data security in order to assure itself and its patients and staff that appropriate controls were in place. Overall the Board were assured that the systems and procedures for securing personal data, including patient data in transit have been and remain compliant with relevant information governance guidance and the Data Protection Act 1998. The following areas were identified as potential risks:

- Although no patient identifiable data should be held on the hard disks of computer laptops, or other portable computer media, there are insufficient controls to ensure that this policy is rigorously adhered to and any data held on computer laptops or portable media is not encrypted.
- Clinical emails to GPs, although sent via secure networks (N3 and NHS Email) and controlled via application programmes, are not encrypted.

As a result of the above potential weaknesses the Board feels that there is a risk that small amounts of personal data may not be entirely secure and has agreed the following steps to improve control and security:

- Regular audit of the information stored on computer hard drives to ensure that the Trust's policies are being adhered to;
- Implementation of a system of encryption to protect the data held on computer hard drives and any other portable electronic digital storage removed from the premises;
- Further discussion and investigation with the SHA and other local stakeholders to agree whether or not further controls over email transfers are required to ensure full compliance.

The order to provide further assurance to the Board by Internal Audit has been requested to include a review of data security within their audit programme for 2008/09.

There have been no Serious Untoward Incidents relating to data security during the year nor any other personal data related incidents which require reporting in the Statement of Internal Control.

Conclusion - Significant Internal Control Issues

As mentioned in section 4, (Gaps in Controls & Systems and Assurance), significant gaps have to be reported in the SIC within this section.

There are no significant internal control issues for Dorset County Hospital NHS Foundation Trust that is required to be reported in this section.

Signed



J E Bergman
Chief Executive

Date: 10 June, 2008

Annual Accounts 2007-08

Foreword to the accounts

These accounts for the 10 month period ended 31 March 2008 have been prepared by Dorset County Hospital NHS Foundation Trust in accordance with paragraphs 24 and 25 of Schedule 7 to the National Health Service Act 2006, and comply with the annual reporting guidance for NHS Foundation Trusts within the NHS Foundation Trust Financial Reporting Manual (FT FReM) for the financial period.

Dorset County Hospital NHS Foundation Trust Annual Report and Accounts are presented to Parliament pursuant to Schedule 7,

paragraph 25(4) of the National Health Service Act 2006.

The Foundation Trust was formed on 1 June 2007, therefore, in line with the FT FReM and specific guidance from Monitor, no prior year figures have been shown in these accounts.

All balance sheet amounts brought forward at 1 June 2007 reflect those contained in the audited accounts of West Dorset General Hospitals NHS Trust as at 31 May 2007, the predecessor body of the Foundation Trust.

Signed



J E Bergman
Chief Executive

Date: 10 June, 2008

Statement of Accounting Officer's Responsibilities

The Health and Social Care (Community Health and Standards) Act 2003 states that the chief executive is the accounting officer of the NHS foundation trust. The relevant responsibilities of accounting officer, including their responsibility for the propriety and regularity of public finances for which they are answerable, and for the keeping of proper accounts, are set out in the accounting officers' Memorandum issued by the Independent Regulator of NHS Foundation Trusts ("Monitor").

Under the Health and Social Care (Community Health and Standards) Act 2003, Monitor has directed Dorset County Hospital NHS foundation trust to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of Dorset County Hospital NHS foundation trust and of its income and expenditure, total recognised gains and losses and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the NHS foundation trust Financial Reporting Manual and in particular to:

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

The accounting officer is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the NHS foundation trust and to enable him

to ensure that the accounts comply with requirements outlined in the above mentioned Act.

The Accounting officer is also responsible for safeguarding the assets of the NHS foundation trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

To the best of my knowledge and belief, I have properly discharged the responsibilities set out in Monitor's NHS Foundation Trust Accounting Officer Memorandum.

Signed



J E Bergman
Chief Executive

Date: 10 June, 2008

Independent Auditors' Report

Opinion on the financial statements

We have audited the financial statements of Dorset County Hospital NHS Foundation Trust for the ten months ended 31 March 2008 under the National Health Service Act 2006. These comprise the Income and Expenditure Account, the Balance Sheet, the Cash flow Statement, the Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies relevant to NHS Foundation Trusts set out therein.

This report is made solely to the Board of Governors of Dorset County Hospital NHS Foundation Trust ('the Trust'), as a body, in accordance with the National Health Service Act 2006. Our audit work has been undertaken so that we might state to the Board of Governors of the Trust, as a body, those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trust and the Trust's Governors as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Accounting Officer Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements in accordance with directions issued by Monitor. Our responsibilities, as independent auditors, are established by statute, the Code of Audit Practice issued by Monitor and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view of the state of affairs of the Trust and its income and expenditure for the ten month period ended 31 March 2008.

We review whether the statement on internal control reflects compliance with Monitor's guidance issued in the NHS Foundation Trust Financial Reporting Manual. We report if it does not meet the requirements specified by Monitor or if the statement is misleading or inconsistent with other information we are aware of from our audit of the financial statements. We are not required to consider, nor have we considered, whether the directors' statement on internal control covers all risks and controls. We are also not required to form an opinion on the effectiveness of the Trust's corporate governance procedures or its risk and control procedures. Our review was not performed for any purpose connected with any specific transaction and should not be relied upon for any such purpose.

We read the information contained in the Annual Report and the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the statement of accounts.

Basis of audit opinion

We conducted our audit in accordance with the National Health Service Act 2006 and the Code of Audit Practice issued by Monitor, which requires compliance with relevant auditing standards issued by the Auditing Practices Board.

An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Trust's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which

we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of Dorset County Hospital NHS Foundation Trust as at 31 March 2008 and of its income and expenditure for the ten month period then ended.

Certificate

We certify that we have completed the audit of the accounts in accordance with the requirements of the National Health Service Act 2006 and the NHS Foundation Trust Audit Code of Practice issued by Monitor.



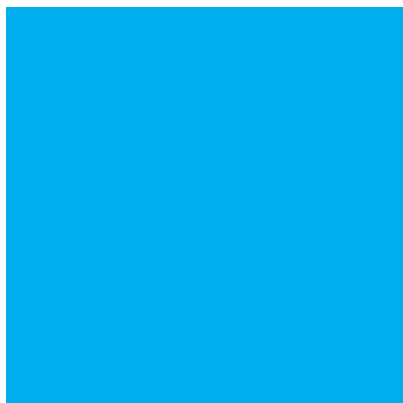
KPMG LLP
London

Date: 13 June 2008

Income and Expenditure Account for the period ended 31 March 2008		
		2007/08
	NOTE	£000
Income from activities	3	99,277
Other operating income	4	11,982
Operating expenses	5	(108,243)
OPERATING SURPLUS		3,016
Cost of fundamental reorganisation/restructuring		0
Loss on disposal of fixed assets	8	(18)
SURPLUS BEFORE INTEREST		2,998
Interest receivable	9	387
Interest payable	9	0
Other net gains/(losses) on financial instruments	9	0
Other finance costs - unwinding of discount	17	(12)
Other finance costs - change in discount rate on provisions	9	0
SURPLUS FOR THE FINANCIAL PERIOD BEFORE TAXATION		3,373
TAXATION		0
SURPLUS FOR THE FINANCIAL PERIOD AFTER TAXATION		3,373
Public Dividend Capital dividends payable		(2,670)
RETAINED SURPLUS FOR THE PERIOD		703

The notes on pages 42 to 67 form part of these accounts.

All income and expenditure is derived from continuing operations.



Balance Sheet as at 31 March 2008			
		31 March 2008	1 June 2007
	NOTE	£000	
FIXED ASSETS			
Intangible assets	10	1,019	666
Tangible assets	11	97,175	99,633
Investments	12	0	0
		98,194	100,299
CURRENT ASSETS			
Stocks and work in progress	13	2,272	1,861
Debtors	14	6,904	4,936
Investments	15	0	0
Cash at bank and in hand	19.3	984	3,701
		10,160	10,498
CREDITORS: Amounts falling due within one year	16	(9,363)	(10,844)
NET CURRENT ASSETS/(LIABILITIES)		797	(346)
TOTAL ASSETS LESS CURRENT LIABILITIES		98,991	99,953
CREDITORS: Amounts falling due after more than one year	16	0	0
PROVISIONS FOR LIABILITIES AND CHARGES	17	(585)	(603)
TOTAL ASSETS EMPLOYED		98,406	99,350
FINANCED BY:			
TAXPAYERS' EQUITY			
Public dividend capital	18.2	81,609	81,229
Revaluation reserve	18.3	29,626	31,982
Donated asset reserve	18.3	2,693	2,895
Available for sale investments reserve	18.3	0	0
Other reserves	18.3	0	0
Income and expenditure reserve	18.3	(15,522)	(16,756)
TOTAL TAXPAYERS' EQUITY	18.1	98,406	99,350

The financial statements on pages 38 to 41 were approved by the Board on 10 June 2008 and signed on its behalf by:

Signed



J E Bergman
Chief Executive

Date: 10 June, 2008

Statement of Total Recognised gains and losses for the Period ended 31 March 2008

	2007/08
	£000
Surplus for the financial period before dividend payments	3,373
Fixed asset impairment losses	0
Unrealised surplus/(deficit) on fixed asset revaluations/indexation	(1,766)
Net gains/losses on available for sale investments	0
Increases in the donated asset reserve due to receipt of donated assets	0
Reductions in the donated asset due to the depreciation, impairment and disposal of donated assets reserve	(261)
Additions/(reductions) in "other reserves"	0
Other recognised gains/(losses)	0
Total recognised gains and losses for the financial period	1,346
Prior period adjustments	0
Total gains and losses recognised in the financial period	1,346



Cash Flow Statement for the Period Ended 31 March 2008		
		2007/08
	NOTE	£000
OPERATING ACTIVITIES		
Net cash inflow/(outflow) from operating activities	19.1	3,091
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE:		
Interest received		385
Interest paid		0
Interest element of finance leases		0
Net cash inflow/(outflow) from returns on investments and servicing of finance		385
CAPITAL EXPENDITURE		
(Payments) to acquire tangible fixed assets		(3,423)
Receipts from sale of tangible fixed assets		0
(Payments) to acquire intangible assets		(480)
Receipts from sale of intangible assets		0
(Payments to acquire)/receipts from sale of fixed asset investments		0
Net cash inflow/(outflow) from capital expenditure		(3,903)
DIVIDENDS PAID		
Net cash inflow/(outflow) before management of liquid resources and financing		(3,097)
MANAGEMENT OF LIQUID RESOURCES		
(Purchase) of other current asset investments		0
Sale of other current asset investments		0
Net cash inflow/(outflow) from management of liquid resources		0
Net cash inflow/(outflow) before financing		(3,097)
FINANCING		
Public dividend capital received		380
Public dividend capital repaid		0
Loans received from Foundation Trust Financing Facility		0
Other loans received		0
Loans repaid to Foundation Trust Financing Facility		0
Other loans repaid		0
Other capital receipts		0
Capital element of finance lease rental payments		0
Net cash inflow/(outflow) from financing		380
Increase/(decrease) in cash		(2,717)

NOTES TO THE ACCOUNTS

1 Accounting Policies

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

1.1 Accounting convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of fixed assets at their value to the business by reference to their current costs. NHS Foundation Trusts, in compliance with HM Treasury's Financial Reporting Manual, are not required to comply with the FRS3 requirements to report "earnings per share" or historical profits and losses.

1.2 Acquisitions and discontinued operations

Activities are considered to be discontinued where they meet all of the following conditions:

- (a) The sale (this may be at nil consideration for activities transferred to another public sector body) or termination is completed either in the period before the earlier of three months after the commencement of the subsequent period and the date on which the financial statements are approved

- (b) If a termination, the former activities have ceased permanently
- (c) The sale or termination has a material effect on the nature and focus of the reporting NHS Foundation Trust's operations and represents a material reduction in its operating facilities resulting either from its withdrawal from a particular activity or from a material reduction in income in the NHS Foundation Trust's continuing operations and
- (d) The assets, liabilities, results of operations and activities are clearly distinguishable, physically, operationally and for financial reporting purposes.

Operations not satisfying all these conditions are classed as continuing.

Activities are considered to be acquired whether or not they are acquired from outside the public sector.

1.3 Income Recognition

Income is accounted for applying the accruals convention. The main source of income for the Trust is under contracts from commissioners in respect of healthcare services. Income is recognised in the period in which services are provided. Where these services are partially completed during the year an appropriate proportion of the total income due for that service is accrued. Where income is received for a specific activity which is to be delivered in the following financial year, that income is deferred.

Since 2004-05 Foundation Trusts have contracted with NHS commissioners under the Department of Health's payment by results methodology. This means that a significant proportion of the Trust's patient related income is based on the actual activity undertaken by the Trust funded at an agreed national tariff. To manage the financial impact of this change on the NHS Foundation Trust and its commissioners the Department of Health has agreed a transitional relief/clawback provision. The relief

provides for the Trust to receive from the Department of Health part of the difference between tariff price under payment by results and local price as agreed with local Primary Care Trusts. This relief reduces over time and is planned to cease in 2007-08, the gain from the relief is shown in note 3.1 to the accounts.

1.4 Expenditure

Expenditure is accounted for applying the accruals convention.

1.5 Intangible fixed assets

Intangible assets are capitalised when they are capable of being used in a Trust's activities for more than one year, they can be valued, and they have a cost of at least £1,000.

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

Purchased computer software licences are capitalised as intangible fixed assets where expenditure of at least £1,000 is incurred. They are amortised over the shorter of the term of the licence and their useful economic lives.

1.6 Tangible fixed assets

Capitalisation

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

- individually have a cost of at least £1,000 or
- form a group of assets which collectively have a cost of at least £1,000 and where the assets are functionally interdependent, they had broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control or

- form part of the initial equipping and setting-up cost of a new building, or refurbishment of a ward or unit irrespective of their individual or collective cost.

Valuation

Tangible fixed assets are stated at the lower of replacement cost and recoverable amount. On initial recognition they are measured at cost (for leased assets, fair value) including any costs such as installation directly attributable to bringing them into working condition. The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable. The costs arising from financing the construction of the fixed assets are not capitalised but are charged to the income and expenditure account in the year to which they relate.

All land and buildings are revalued to current value using professional valuations in accordance with FRS15 every five years. A three yearly interim valuation is also carried out.

Valuations are carried out by professionally qualified valuers in accordance with the Royal Institute of Chartered Surveyors (RICS) Appraisal and Valuation Manual. The previous asset valuations were undertaken in 2004 as at the prospective valuation date of 1 April 2005. The revaluation undertaken on that date was accounted for on the 31 March 2005. An interim valuation was undertaken in 2007 as at the prospective date of 1 April 2008. That revaluation was accounted for on the 31 March 2008.

The valuations are carried out primarily on the basis of depreciated replacement cost for specialised operational property and existing use value for non-specialised operational property. The value of land for existing use purposes is assessed at existing use value. For non-operational properties including surplus land, the valuations are carried out at open market value.

Additional alternative open market value figures have only been supplied for operational assets

scheduled for imminent closure and subsequent disposal.

Assets in the course of construction are valued at cost and are valued by professional valuers as part of the five or three-yearly valuation or when they are brought into use.

Residual interests in off-balance sheet private finance initiative (PFI) properties are included in tangible fixed assets as 'assets under construction' at the amount of unitary charge allocated for the acquisition of the residual with an adjustment. The adjustment is the net present value of the change in the fair value of the residual as estimated at the start of the contract and at the balance sheet date.

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

Depreciation, amortisation and impairments

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

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

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

Equipment is depreciated on current cost evenly over the estimated life of the asset.

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

The following table details the useful economic lives for the main classes of assets and, where applicable, sub-categories within each class.

Main asset class	Sub-category	Useful economic life (years)
Buildings		In line with District Valuer
Plant and Machinery	Short term	5
	Medium term	10
	Long term	15
Information technology		5
Furniture and fittings		10
Transport equipment		7
Intangible assets		5

1.7 Donated fixed assets

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

1.8 Liquid Resources

Deposits and other investments that are readily convertible into known amounts of cash at or close to their carrying amounts are treated as liquid resources in the cashflow statement.

1.9 Government Grants

The Trust received no Government Grants during the period 1st June 2007 to 31st March 2008.

1.10 Private Finance Initiative (PFI) transactions

The NHS follows HM Treasury's Technical Note 1 (Revised) "How to Account for PFI Transactions" which provides definitive guidance for the application of the Application Note F to FRS 5.

Where the balance of the risks and rewards of ownership of the PFI property are borne by the PFI operator, the PFI payments are recorded as an operating expense. Where the trust has contributed land and buildings, a prepayment for their fair value is recognised and amortised over the life of the PFI contract by charge to the Income and Expenditure Account. Where, at the end of the PFI contract, a property reverts to the Trust, the difference between the expected fair value of the residual on

reversion and any agreed payment on reversion is built up over the life of the contract by capitalising part of the unitary charge each year, as a tangible fixed asset.

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

1.11 Stocks and work-in-progress

Stocks and work-in-progress are valued at the lower of cost and net realisable value. This is considered to be a reasonable approximation to current cost due to the high turnover of stocks. Work-in-progress comprises goods in intermediate stages of production.

1.12 Cash, bank and overdrafts

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

1.13 Research and development

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

- there is a clearly defined project
- the related expenditure is separately identifiable

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

Expenditure so deferred is limited to the value of future benefits expected and is amortised through the income and expenditure account on a systematic basis over the period expected to benefit from the project. It is revalued on the basis of current cost. Expenditure which does not meet the criteria for capitalisation is treated as an operating cost in the year in which it is incurred. Where possible NHS foundation trusts disclose the total amount of research and development expenditure charged in the Income and Expenditure account separately. However where research and development expenditure cannot be separated from patient care activity it cannot be identified and is therefore not separately disclosed.

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

1.14 Provisions

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

1.15 Contingencies

Contingent Assets (that is, assets arising from past events whose existence will only be confirmed by one or more future events not wholly within the entity's control)

are not recognised as assets, but are disclosed in note 22 where an inflow of economic benefits is probable.

Contingent liabilities are provided for where a transfer of economic benefits is probable. Otherwise, they are not recognised, but are disclosed in note 22 unless the probability of a transfer of economic benefits is remote. Contingent liabilities are defined as:

Possible obligations arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the entity's control or

Present obligations arising from past events but for which it is not probable that a transfer of economic benefits will arise or for which the amount of the obligation cannot be measured with sufficient reliability.

Clinical negligence costs

The NHS Litigation Authority (NHSLA) operates a risk pooling scheme under which the NHS foundation trust pays an annual contribution to the NHSLA which, in return, settles all clinical negligence claims. Although the NHSLA is administratively responsible for all clinical negligence cases, the legal liability remains with the NHS Foundation Trust. The total value of clinical negligence provisions carried by the NHSLA on behalf of the Trust is disclosed at note 17.

Non-clinical risk pooling

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

1.16 Pension costs

Past and present employees are covered by the provisions of the NHS Pensions Scheme. The Scheme

is an unfunded, defined benefit scheme that covers NHS employers, general practices and other bodies, allowed under the direction of the Secretary of State, in England and Wales. As a consequence it is not possible for the NHS Foundation Trust to identify its share of the underlying scheme liabilities. Therefore the scheme is accounted for as a defined contribution scheme under FRS17.

Employers pension contributions are charged to operating expenses as and when they become due.

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

1.17 Value Added Tax

Most of the activities of the Trust are outside the scope of VAT and, in general, output tax does not apply and input tax on purchases is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

1.18 Corporation Tax

The Foundation Trust is a Health Service body exempt from corporation tax on their principal health care income under section 519A Income and Corporation Taxes Act 1988. In determining whether an activity may be taxable, a three-stage test must be employed which asks whether the activity is an authorised activity related to the provision of core healthcare, whether the activity is actually or potentially in competition with the private sector, and whether the annual taxable profits of the activity are in excess of £50k per trading activity. The Trust has applied these three tests to its income and has determined that it does not have

any corporation tax liability in the current period.

1.19 Foreign Exchange

There were no Foreign Exchange gains or losses during the period.

1.20 Third Party Assets

Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the accounts since the trust has no beneficial interest in them. However, they are disclosed in note 25 to the accounts in accordance with the requirements of the HM Treasury Financial Reporting Manual.

1.21 Leases

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

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

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

1.22 Public Dividend Capital (PDC) and PDC Dividend

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

A charge, reflecting the forecast cost of capital utilised by the NHS foundation trust, is paid over as public dividend capital dividend. The charge is calculated at the real rate set by HM Treasury (currently 3.5%) on the average relevant net assets of the NHS foundation trust.

Relevant net assets are calculated as the value of all assets less the value of all liabilities, except for donated assets and cash held with the office of the Paymaster General. Average relevant net assets are calculated as a simple mean of the opening and closing relevant net assets.

1.23 Financial instruments

The Trust may hold any of the following financial assets and liabilities:

- assets: investments, long-term debtors and accrued income, short-term debtors and accrued income and

- liabilities: loans and overdrafts, long-term creditors, long-term provisions arising from contractual arrangements, short-term creditors, short-term provisions arising from contractual arrangements.

The Trust can borrow within the limits set by Monitor's Prudential Borrowing Code. The Trust's position against its Prudential Borrowing Limit is disclosed in note 16.3. The Trust has currently not borrowed against this limit.

The Trust will only acquire assets under finance leases in the future where this represents the most effective use of the Trust's resources.

All other financial instruments are held for the sole purpose of managing the cash flow of the Trust on a day to day basis or arise from the operating activities of the trust. The management of risks around these financial instruments therefore relates primarily to the Trust's overall arrangements for managing risks to the financial position.

2 Segmental reporting				
	Healthcare	[Other] *	[Other] *	Total
	£000	£000	£000	£000
Income by segment				
Income from activities	99,277	0	0	99,277
Other operating income	11,982	0	0	11,982
TOTAL INCOME	111,259	0	0	111,259
Surplus/(deficit) by segment				
Surplus/(deficit) before interest and common costs	2,998	0	0	2,998
Common costs	0	0	0	0
SURPLUS/(DEFICIT) BEFORE INTEREST	2,998	0	0	2,998
TOTAL ASSETS EMPLOYED	98,406	0	0	98,406

Income relating to partially completed spells is accrued based on the number of occupied bed days and an average cost per bed day. A prior period adjustment has been made in 2007-08 to reflect partially completed spells as at 31 March 2007. The value of these is £692,381.

The impact of this adjustment is an increase in income and debtors by £692,381 and an increase of the same amount on the closing balance of the Income and Expenditure Reserve as at March 2007. Partially completed spells are accounted in 2007-08 in the same way, the corresponding figure being £829,274.

3.1 Income from Activities	
	2007/08
	£000
Elective Income	25,890
Non elective income	31,722
Outpatient income	19,019
Other NHS clinical income	19,985
A&E income	2,623
Total income at full tariff (protected)	99,239
PBR Transitional relief gain (protected)	(870)
Private patient income	508
Other non-protected clinical income *	400
Total income from activities	99,277

Section 15 of the 2003 Act requires that the proportion of private patient income to the total patient related income of NHS foundation trusts should not exceed its proportion whilst the body was an NHS trust (the "private patients cap"). The trust's private patient cap is set out in the NHS foundation trust's Terms of Authorisation i.e, 0.5%. The Trust has met this requirement.

3.2 Private patient income		
	2007/08	
	Total	Base Year
	£000	£000
Private patient income	508	365
Total patient related income	99,277	75,253
	%	%
Proportion	0.5%	0.5%

3.3 Income from Activities	
	2007/08
	£000
Strategic Health Authorities	0
NHS Trusts	0
Primary Care Trusts	96,412
Foundation Trusts	0
Local Authorities	0
Department of Health - Grants	0
Department of Health - Other	1,958
NHS Other	0
Non NHS:	
- Private patients	508
- Overseas patients (non-reciprocal)	13
- NHS injury scheme	323
- Other	63
	99,277

NHS Injury Scheme income is subject to a provision for doubtful debts of 7.8% to reflect expected rates of collection

4. Other Operating Income	
	2007/08
	£000
Research and Development	37
Education and training	3,442
Charitable and other contributions to expenditure	0
Transfers from donated asset reserve	261
Non-patient care services to other bodies	8,242
Other income	0
	11,982

5. Operating Expenses	
5.1 Operating expenses comprise:	
	2007/08
	£000
Services from NHS Foundation trusts	215
Services from NHS Trusts	953
Services from other NHS bodies	2,204
Purchase of healthcare from non NHS bodies	837
Executive Directors' costs	630
Non Executive Directors' costs	94
Staff costs	68,767
Drug costs	7,163
Supplies and services - clinical (excluding drug costs)	12,817
Supplies and services - general	1,245
Establishment	1,348
Research and development	0
Transport	312
Premises	4,103
Bad debts	15
Other impairment of financial assets *	0
Depreciation and amortisation	4,630
Fixed asset impairments	212
Fixed asset reversal of impairments	0
Audit fees - statutory audit	87
Other auditor's remuneration	0
Clinical negligence	1,286
Exceptional items	0
Other	1,325
	108,243

5.2 Operating leases	
5.2.1 Operating expenses include:	
	2007/08
	£000
Hire of plant and machinery	0
Other operating lease rentals	148
	148

5.2.2 Annual commitments under non - cancellable operating leases are:		
	Land and buildings	Other leases
	2007/08	2007/08
	£000	£000
Operating leases which expire:		
Within 1 year	0	87
Between 1 and 5 years	34	62
After 5 years	23	0
	57	149



6. Staff costs and numbers

6.1 Staff costs

	2007/08		
	Total	Permanently Employed	Other
	£000	£000	£000
Salaries and wages	56,598	56,556	42
Social Security Costs	4,222	4,219	3
Employer contributions to NHS pension scheme	6,510	6,504	6
Other pension costs	0	0	0
Agency/Contract staff	2,067	0	2,067
	69,397	67,279	2,118

6.2 Average number of persons employed

	2007/08		
	Total	Permanently Employed	Other
	Number	Number	Number
Medical and dental	250	242	8
Ambulance staff	0	0	0
Administration and estates	430	428	2
Healthcare assistants and other support staff	379	379	0
Nursing, midwifery and health visiting staff	665	650	15
Nursing, midwifery and health visiting learners	0	0	0
Scientific, therapeutic and technical staff	255	252	3
Social care staff	0	0	0
Bank and agency staff	0	0	0
Other	153	150	3
Total	2,132	2,101	31

6.3 Employee benefits

The Trust had no expenditure in relation to employee benefits.

6.4 Retirements due to ill-health

	2007/08		
		£000	Number
No of early retirements on the grounds of ill-health			5
Value of early retirements on the grounds of ill-health		325	

6.5 Senior managers' remuneration

	2007-08		
	Salary (Bands of £5,000)	Other remuneration (Bands of £5,000)	Benefits in kind * nearest £100
Name and title	£'000	£'000	£'000
Chairman			
Mr R SeQueira CBE, Chairman	30-35	0	1.3
Non Executive Directors			
Mr J Ellwood, Non-Executive Director	10-15	0	1
Mr C Spry, Non-Executive Director	10-15	0	0
Mr R Knight, Non-Executive Director	10-15	0	0
Ms P Turnbull, Non-Executive Director	10-15	0	0
Mr P Knell, Non-Executive Director	5-10	0	0
Executive Directors			
Mr J Bergman, Chief Executive	115-120	0	0.9
Mr P Turner, Director of Finance	85-90	0	0
Ms S Brown, Director of Operations	60-65	0	0
Ms J George, Director of Business Development	15-20	0	0
Dr A Webb, Medical Director	45-50	65-70	3.3
Ms CA Tong, Director of Nursing	65-70	0	0

* Benefits in kind is the taxable value of benefits provided, the values are calculated in accordance with Inland Revenue rules and relate to travel expenses subject to income tax



6.5 Senior managers' remuneration

2007-08						
	Real increase in pension and related lump sum at age 60 (bands of £2,500)	Total accrued Pension at age 60 at 31.03.08 (bands of £5,000)	Related lump sum at age 60 at 31.03.08 (bands of £5,000)	Cash Equivalent Transfer Value at 31.03.08	Cash Equivalent Transfer Value at 31.03.07	Real increase in Cash Equivalent Transfer Value
Name and title	£'000	£'000	£'000	£'000	£'000	£'000
Executive Directors						
Mr J Bergman, Chief Executive	2.5 - 5	45-50	145-150	832	739	75
Mr P Turner, Director of Finance	0-2.5	15-20	55-60	329	286	35
Mrs S Brown, Director of Operations	0-2.5	15-20	50-55	262	236	21
Ms J George, Director of Business Development	0-2.5	10-15	40-45	0	0	0
Dr A Webb, Medical Director	0	0	0	0	0	0
Ms A Tong, Director of Nursing	0-2.5	15-20	55-60	263	229	28

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

Cash equivalent transfer values

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 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.

Real increase in CETV

Real Increase in CETV – This reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another scheme or

arrangement) and uses common market valuation factors for the start and end of the period.

The Trust has not made any contributions to Stakeholder Pensions for senior managers during the year.

7. The Late Payment of Commercial Debts (Interest) Act 1998

There were no charges in relation to Late Payment of Commercial Debt

8. Profit/(Loss) on Disposal of Fixed Assets

Profit/(loss) on the disposal of fixed assets is made up as follows:

	2007/08
	£000
(Loss) on disposal of plant and equipment	(18)
	(18)

9.1 Finance Income

	2007/08
	£000
Interest on loans and receivables	387
	387

9.2 Finance Costs - Interest Expense

The Trust attracted no Interest Expense for the financial period.

9.3 Other Net Gains/(Losses) on Financial Instruments

There were no Gains/Losses on Financial Instruments.



10. Intangible Fixed Assets					
	Software licences	Licenses and trademarks	Patents	Development expenditure	Total
	£000	£000	£000	£000	£000
Gross cost at 1 June 2007	949	0	0	0	949
Impairments	0	0	0	0	0
Reclassifications	0	0	0	0	0
Other revaluation	0	0	0	0	0
Additions purchased	481	0	0	0	481
Additions donated	0	0	0	0	0
Disposals	(41)	0	0	0	(41)
Gross cost at 31 March 2008	1,389	0	0	0	1,389
Amortisation at 1 June 2007	283	0	0	0	283
Charged during the period	128	0	0	0	128
Impairments	0	0	0	0	0
Reversal of impairments	0	0	0	0	0
Reclassifications	0	0	0	0	0
Other revaluation	0	0	0	0	0
Disposals	(41)	0	0	0	(41)
Amortisation at 31 March 2008	370	0	0	0	370
Net book value					
- Purchased at 1 April 2007	0	0	0	0	0
- Donated at 1 April 2007	0	0	0	0	0
- Total at 1 April 2007	0	0	0	0	0
- Purchased at 31 March 2008	1,019	0	0	0	1,019
- Donated at 31 March 2008	0	0	0	0	0
- Total at 31 March 2008	1,019	0	0	0	1,019

11. Tangible Fixed Assets

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

	Land	Buildings excluding dwellings	Dwellings	Assets under construction and payments on account	Plant and machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 June 2007	19,562	63,635	2,400	1,249	22,677	23	6,419	393	116,358
Additions purchased	4	744	105	430	1,858	0	870	17	4,028
Additions donated	0	0	0	0	43	0	0	7	50
Impairments	(24)	(188)	0	0	0	0	0	0	(212)
Reclassifications	0	1,086	2	(1,122)	34	0	0	0	0
Other in period revaluation	1,848	(6,107)	(227)	0	0	0	0	0	(4,486)
Disposals	0	0	0	0	(1,158)	0	(328)	0	(1,486)
Cost or Valuation at 31 March 2008	21,390	59,170	2,280	557	23,454	23	6,961	417	114,252
Depreciation at 1 June 2007	0	426	18	0	13,084	10	3,116	71	16,725
Provided during the period	0	2,157	91	0	1,559	3	685	7	4,502
Impairments	0	0	0	0	0	0	0	0	0
Reversal of Impairments	0	0	0	0	0	0	0	0	0
Reclassifications	0	28	0	0	(28)	0	0	0	0
Other in period revaluation	0	(2,611)	(109)	0	0	0	0	0	(2,720)
Disposals	0	0	0	0	(1,102)	0	(328)	0	(1,430)
Depreciation at 31 March 2008	0	0	0	0	13,513	13	3,473	78	17,077
Net book value									
- Purchased at 1 April 2007	0	0	0	0	0	0	0	0	0
- Donated at 1 April 2007	0	0	0	0	0	0	0	0	0
- Total at 1 April 2007	0	0	0	0	0	0	0	0	0
- Purchased at 31 March 2008	21,390	57,912	2,280	557	8,795	10	3,488	50	94,482
- Donated at 31 March 2008	0	1,258	0	0	1,146	0	0	289	2,693
- Total at 31 March 2008	21,390	59,170	2,280	557	9,941	10	3,488	339	97,175

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

	Protected	Unprotected	Total
	£000	£000	£000
Freehold	74,251	8,589	82,840
Long leasehold	0	0	0
Short leasehold	0	0	0
TOTAL	74,251	8,589	82,840

Note 11.6 Impairment of assets

	£000
Loss or damage from normal operations	0
Loss as a result of catastrophe	0
Abandonment of assets in course of construction	0
Unforeseen obsolescence	0
Over specification of assets	0
Other*	0
Changes in market price	212
TOTAL	212

12. Investments

The Trust held no fixed or current asset investments at 1 June 2007 or 31 March 2008.

13. Stocks and Work in Progress

	2007/08	1 June 2007
	£000	£000
Raw materials and consumables	2,272	1,861
Work-in-progress	0	0
Finished goods	0	0
TOTAL	2,272	1,861

14.1 Debtors

	2007/08	1 June 2007
	£000	£000
Amounts falling due within one year:		
NHS debtors	4,787	2,658
Provision for irrecoverable debts	(33)	(24)
Other prepayments and accrued income	760	1,132
Corporation tax receivable	0	0
Other debtors	1,005	814
Sub Total	6,519	4,580
Amounts falling due after more than one year:		
NHS debtors	115	115
Provision for irrecoverable debts	0	0
Other prepayments and accrued income	0	142
Other debtors	270	99
Sub Total	385	356
TOTAL	6,904	4,936

14.2 Provision for impairment of NHS debtors

The Trust made no provision for the impairment of NHS debtors

15. Current asset investments

The Trust holds no current asset investments.

16. Creditors

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

	2007/08	1 June 2007
	£000	£000
Amounts falling due within one year:		
Bank overdrafts	0	0
Current instalments due on loans	0	0
Interest payable	0	0
Payments received on account	0	0
NHS creditors	1,100	4,131
Corporation tax payable	0	1,373
Other tax and social security costs	1,788	0
Obligations under finance leases and hire purchase contracts	0	1,689
Capital creditors	738	121
Other creditors	5,235	2,570
Accruals and deferred income	502	960
Sub Total	9,363	10,844
Amounts falling due after more than one year:		
Long - term loans	0	0
Obligations under finance leases and hire purchase contracts	0	0
NHS creditors	0	0
Other	0	0
Sub Total	0	0
TOTAL	9,363	10,844

Note 16.1 Creditors - early retirements detail

There were no amounts outstanding in relation to early retirement compensation pensions and Injury benefit.

16.2 Loans

There were no loans outstanding at 1 June 2007 or 31 March 2008.

16.3 Prudential borrowing limit:

	2007/08
	£000
Total long term borrowing limit set by Monitor	18,800
Working capital facility	10,000
Total Prudential Borrowing Limit	28,800
Actual borrowing in year - long term	0
Actual borrowing in year - working capital	0

The NHS Foundation Trust is required to comply with and remain within the prudential borrowing limit. This is made up of two elements:

The maximum cumulative amount of long term borrowing. This is set by reference to the five ratio tests set out in Monitor's prudential borrowing code. The financial risk rating set under Monitor's Compliance Framework determines one of the ratios and therefore can impact on the long term borrowing limit.

The amount of any working capital facility approved by Monitor.

16.4 Finance lease obligations

The Trust held no Finance leases at 31 March 2008.

17. Provisions for liabilities and charges

	Pensions relating to former directors	Pensions relating to other staff	Legal claims	Other	Other	Total
	£000	£000	£000	£000	£000	£000
At 1 June 2007	0	547	56	0	0	603
Change in the discount rate	0	0	0	0	0	0
Arising during the period	0	19	19	0	0	38
Utilised during the period	0	(44)	(12)	0	0	(56)
Reversed unused	0	0	(12)	0	0	(12)
Unwinding of discount	0	11	1	0	0	12
At 31 March 2008	0	533	52	0	0	585
Expected timing of cashflows:						
Within one year	0	43	52	0	0	95
Between one and five years	0	195	0	0	0	195
After five years	0	295	0	0	0	295
	0	533	52	0	0	585

17a. Clinical Negligence liabilities

	£000
Amount included in provisions of the NHSLA at 31 March 2008 in respect of clinical negligence liabilities of Dorset County Hospital NHS Foundation Trust	13,080

18.1 Movement in taxpayers' equity:

	2007/08
	£000
Taxpayers' equity at 1 June 2007	0
Prior period adjustments *	0
Taxpayers' equity at start of period for new foundation trusts	99,350
Surplus for the financial period	3,373
Public dividend capital dividends	(2,670)
Fixed asset impairments	0
Surplus/(deficit) from revaluations of fixed assets and current asset investments	(1,766)
Net gains/(losses) on available for sale assets	0
New public dividend capital received	380
Public dividend capital repaid in period	0
Public dividend capital repayable (creditor)	0
Public dividend capital written off	0
Other movements in public dividend capital in period	0
Additions/(reductions) in donated asset reserve	(261)
Additions/(reductions) in other reserves	0
Taxpayers' equity at 31 March 2008	98,406

18.2. Movement in Public Dividend Capital

	2007/08
	£000
Public Dividend Capital at 1 June 2007	81,229
New Public Dividend Capital received	380
Public Dividend Capital repaid in period	0
Public Dividend Capital repayable (creditor)	0
Public Dividend Capital written off	0
Other movements in Public Dividend Capital in period	0
Public Dividend Capital as at 31 March 2008	81,609

18.3 Movements on Reserves

Movements on reserves in the period comprised the following:

	Revaluation Reserve	Donated Asset Reserve	Available for Sale Investments Reserve	Other Reserves	Income and Expenditure Reserve	Total
	£000	£000	£000	£000	£000	£000
At 1 June 2007 as previously stated	0	0	0	0	0	0
Prior Period Adjustments	0	0	0	0	0	0
At 1 June 2007 as restated	31,982	2,895	0	0	(16,756)	18,121
Transfer from the income and expenditure account					703	703
Fixed asset impairments	0	0	0			0
Surplus on other revaluations of fixed asset/current asset investments	(1,825)	59	0			(1,766)
Revaluations of available for sale investments - gross			0			0
Revaluations of available for sale investments - tax			0			0
Transfer of realised profits/(losses) to the income and expenditure reserve	0	0			0	0
Net gains/(losses) on available for sale investments through the income and expenditure account			0			0
Receipt of donated assets		0				0
Transfers to the income and expenditure account for depreciation, impairment, and disposal of donated assets		(261)				(261)
Other transfers between reserves	(531)	0	0	0	531	0
Other movements on reserves				0		0
At 31 March 2008	29,626	2,693	0	0	(15,522)	16,797

19. Notes to the cash flow Statement

19.1 Reconciliation of operating surplus to net cash flow from operating activities:

	2007/08
	£000
Total operating surplus/(deficit)	3,016
Depreciation and amortisation charge	4,630
Fixed asset impairments	212
Fixed asset reversal of impairments	0
Transfer from donated asset reserve	(261)
Other movements	692
(Increase)/decrease in stocks	(411)
(Increase)/decrease in debtors	(2,659)
Increase/(decrease) in creditors	(2,098)
Increase/(decrease) in provisions	(30)
Net cash inflow/(outflow) from operating activities before restructuring costs	3,091
Payments in respect of fundamental reorganisation/restructuring	0
Net cash inflow/(outflow) from operating activities	3,091

19.2 Reconciliation of net cash flow to movement in net debt

	2007/08
	£000
Increase/(decrease) in cash in the period	(2,717)
Cash (inflow) from new debt	0
Cash outflow from debt repaid and finance lease capital payments	0
Cash (inflow)/outflow from (decrease)/increase in liquid resources	0
Change in net debt resulting from cash flows	(2,717)
Non - cash changes in debt	0
Change in net funds	(2,717)
Net debt at 1 June 2007	3,701
Net debt at 31 March 2008	984

19.3 Analysis of changes in net debt

	At 1 June 2007	Cash changes in period	Non-cash changes in period	At 31 March 2008
	£000	£000	£000	£000
Commercial cash at bank and in hand	(820)	615		(205)
OPG cash at bank	4,521	(3,332)		1,189
Bank overdraft	0	0		0
Other debt due within one year	0	0	0	0
Other debt due after one year	0	0	0	0
Finance leases	0	0	0	0
Current asset investments	0	0	0	0
	3,701	(2,717)	0	984

The negative commercial cash at bank position is a result of uncleared payments.

20. Capital Commitments	
	£000
Commitments under capital expenditure contracts at 31 March 2008	1,990

21. Post Balance Sheet Events	
There have been no post balance sheet events.	

22. Contingencies		
	2007/08	1 June 2007
	£000	£000
Contingent liabilities (gross value)	(177)	(237)
Amounts recoverable against contingent liabilities	0	0
Net value of contingent liabilities	(177)	(237)
Net value of contingent assets	0	0

23.1 Related Party Transactions		
	Income	Expenditure
	2007/08	2007/08
	£000	£000
Value of transactions with board members in 2007/08	0	0
Value of transactions with key staff members in 2007/08	0	0
Value of transactions with other related parties in 2007/08	106,106	19,251
See Pages 62 and 63		

23.2 Related Party Balances		
	Debtor	Creditor
	2007/08	2007/08
	£000	£000
Value of balances (other than salary) with board members at 31 March 2008	0	0
Value of balances (other than salary) with key staff members at 31 March 2008	0	0
Value of balances with other related parties at 31 March 2008	4,750	2,944

24.1 For PFI schemes deemed to be off-balance sheet	
	£000
Gross charge to operating expenses in respect of off balance sheet PFI transaction(s)	119
Amortisation of PFI deferred asset(s)	0
Net charge to operating expenses in respect of off-balance sheet PFI transaction(s)	119

24.2 The trust is committed to make the following payments for off-balance sheet PFIs during the next year in which the commitment expires:	
	£000
11th to 15th years (inclusive)	119
Estimated Capital Value of Project	1,054

24.3 For PFI schemes deemed to be off-balance sheet	
Total length of project (years)	25
Number of years to the end of the project	15

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

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

In addition, the Foundation Trust has had a significant number of material transactions with other Government Departments and other central and local Government bodies. Most of these transactions have been with:

- Customs & Excise
- Inland Revenue
- Pension Contributions Agency

The Foundation Trust has also received revenue and capital payments from Charitable Funds. The main material related parties are:

- Dorset County Hospital Charitable Fund, with it's own Trustees drawn from the Dorset County Hospital NHS Foundation Trust Board.
- League of Friends
- Dorset Kidney Fund



Organisation

Dorset PCT
Bournemouth & Poole PCT
Devon PCT
Hampshire PCT
Somerset PCT
South West Ambulance Service NHS Trust
Dorset Healthcare NHS Trust
North Bristol NHS Trust
Portsmouth Hospitals NHS Trust
Southampton University Hospitals NHS Trust
Poole Hospitals NHS Trust
Poole Hospitals NHS Foundation Trust
Royal Bournemouth & Christchurch Hospitals Foundation Trust
Yeovil District Hospital NHS Foundation Trust
Department of Health
South West Strategic Health Authority
Other Health Authorities
NHS Litigation Authority
NHS Supplies Authority
Blood Transfusion Service
NHS Prescription Pricing Authority
Health Protection Agency
Dorset County Council
Weldmar Hospice
Dept for Works and Pensions
National Insurance Fund
NHS Pension Scheme (Employers)
Dorchester League of Friends
Dorset Kidney Fund
British Kidney Association
Dorset County Hospitals NHS Trust Charitable Funds
Lister Inhealth Group
Fresenius Medical Care (UK) Ltd
Western Challenge Housing Association
McKesson Information Solutions UK
Infor Global Solutions (Midland II) Ltd
iSOFT Group PLC
Fujitsu Services Ltd

	Commissioning Healthcare Income	Other Services Income	Other Services Expenditure
Relationship	£000	£000	£000
Member of Governing Council	89,516	2,932	2,351
Purchaser of Healthcare	2,604	113	61
Purchaser of Healthcare	166		
Purchaser of Healthcare	502	4	7
Purchaser of Healthcare	1,899		
Provider of Trust Patient Transport and Hospital Car Service.		50	673
Joint Venture		79	7
Joint Venture			76
Joint Venture		4	70
Joint Venture		7	116
Joint Venture		462	347
Joint Venture		637	168
Joint Venture		50	101
Joint Venture		478	84
Provider of Market Forces Factor Funding & R&D Funding.	1,959	287	
Provider of NMET & MADEL Training Funding		3,207	
Provider of Funding for Medical Training		186	2
Insurance.			1,386
Procurement.			176
Supplier of Blood Service to Trust.			990
FP10 Prescriptions.			496
Quality testing for Endoscopy Water & Microbiology (form Public Health Lab)		57	26
Member of Governing Council		497	135
Local Palliative Care Hospice.			
Road Traffic Accidents CRU Payments.		323	
Statutory Health Insurance.			4,222
Statutory Pension Fund.		32	6,510
Friends of the Hospital.		17	
Member of Governing Council			
Funding for Specialist Dietician.		20	
Trust Charitable Funds.		15	
Supplier of MRI Service.			152
Supplier of Renal Haemodialysis consumables & Poole Dialysis Service.			420
PFI Agreement with		3	84
Supplier of Patient based Information Systems			36
Supplier of Trust Financial General Ledger System.			95
Supplier for Software Support of Patient Administration System (PAS).			106
Supplier of Hospital PACS X-Ray System.			354
	96,646	9,460	19,251
		106,106	19,251

25 Financial Instruments

FRS 13, Derivatives and Other Financial Instruments, requires disclosure of the role that financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities. Because of the continuing service provider relationship that the NHS foundation trust has with local primary care trusts and the way those primary care trusts are financed, the NHS foundation trust is not exposed to the degree of financial risk faced by business entities. Also financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which FRS 13 mainly

applies. The NHS foundation trust has limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the NHS foundation trust in undertaking its activities.

As allowed by FRS 13, debtors and creditors that are due to mature or become payable within 12 months from the balance sheet date have been omitted from all disclosures other than the currency profile. Provisions are shown gross. Any amount expected in reimbursement against a provision (and included in debtors) are separately disclosed.

Liquidity risk

The trust's net operating costs are incurred under annual service

agreements with local primary care trusts, which are financed from resources voted annually by Parliament. The trust also largely finances its capital expenditure from funds made available from Government under an agreed borrowing limit. Dorset County Hospital NHS Foundation Trust is not, therefore, exposed to significant liquidity risks.

Interest-Rate Risk

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

25.1 Financial Assets	
	Floating rate
	£000
Denominated in £ Sterling	7,128
In other currencies, restated in £ sterling	0
Gross financial assets at 31 March 2008	7,128

25.2 Financial Liabilities	
	Floating rate
	£000
Denominated in £ Sterling	9,819
In other currencies, restated in £ sterling	0
Gross financial assets at 31 March 2008	9,819

25.3a Financial assets by category					
	Loans and receivables	Assets at fair value through the I&E *	Held to maturity	Available-for-sale	Total
	£000	£000	£000	£000	£000
Assets as per balance sheet					
Fixed asset investments	0	0	0	0	0
NHS Debtors (net of provision for irrecoverable debts)	4,869	0	0	0	4,869
Accrued income	0	0	0	0	0
Other debtors	1,275	0	0	0	1,275
Current asset investments	0	0	0	0	0
Cash at bank and in hand	984	0	0	0	984
Total at 31 March 2008	7,128	0	0	0	7,128

25.3b Financial liabilities by category

	Other financial liabilities	Liabilities at fair value through the I&E	Total
	£000	£000	£000
Liabilities as per balance sheet			
Bank overdrafts	0	0	0
Loans	0	0	0
Interest payable	0	0	0
NHS Creditors	(1,100)	0	(1,100)
Other creditors	(7,761)	0	(7,761)
Accruals	(958)	0	(958)
Finance lease obligations	0	0	0
Total at 31 March 2008	(9,819)	0	(9,819)

25.4a Fair values of financial assets at 31 March 2008

	Book Value	Fair value
	£000	£000
Debtors over 1 year - Agreements with commissioners to cover creditors and provisions	385	385
Investments	0	0
Other	6,743	6,743
Total *	7,128	7,128

25.4b Fair values of financial liabilities at 31 March 2008

	Book Value	Fair value
	£000	£000
Creditors over 1 year - Finance lease obligations	0	0
Provisions under contract	(9,819)	(9,819)
Loans **	0	0
Total *	(9,819)	(9,819)

Note 25.5 Maturity of financial liabilities

	2007/08
	£000
Less than one year	(9,329)
In more than one year but not more than two years	(195)
In more than two years but not more than five years	(295)
In more than five years	0
Total	(9,819)

26.1 Losses and Special Payments

(Approved cases only)	Total number of cases	Total value of cases
	Number	£000's
LOSSES:		
1. Losses of cash due to:		
a. theft, fraud etc		
b. overpayment of salaries etc.	18	8
c. other causes		
2. Fruitless payments		
3. Bad debts and claims abandoned in relation to:		
a. private patients	15	1
b. overseas visitors	4	3
c. other	24	11
4. Damage to buildings, property etc. due to:		
a. theft, fraud etc		
b. other		
TOTAL LOSSES	61	23
SPECIAL PAYMENTS:		
5. Compensation under legal obligation		
6. Extra contractual to contractors		
7. Ex gratia payments in respect of:		
a. loss of personal effects	21	5
b. clinical negligence with advice		
c. personal injury with advice		
d. other negligence and injury		
e. other		
f. maladministration, no financial loss		
8. Extra statutory and regulatory		
TOTAL SPECIAL PAYMENTS	21	5
TOTAL LOSSES AND SPECIAL PAYMENTS	82	28

27. Third Party Assets

The Trust held £700 cash at bank and in hand at 31st March 2008 which relates to monies held by the NHS foundation trust on behalf of patients. This has been excluded from the cash at bank and in hand figure reported in the accounts.

28. Private Finance transactions

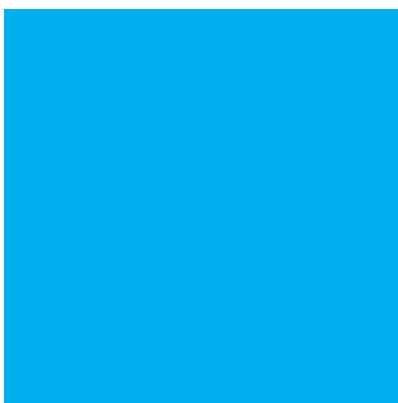
The Trust has not entered into any private finance transactions.

29. Pooled budgets

Dorset County Hospital NHS Foundation Trust has a pooled budget arrangement with Bournemouth & Poole PCT, Royal Bournemouth and Christchurch Hospital NHS Trust, Dorset PCT, Poole Hospital NHS Trust, Bournemouth Social Services, Dorset Social Care and Health and Poole Social Services. This is hosted by Dorset County Council.

Dorset Integrated Community Equipment Service (ICES) 1st June - 31st March 2007 / 08				
Gross Funding	Cash	Staff	Other	Total
Dorset County Council	698,984.03	0	0	698,984.03
Bournemouth Borough Council	443,914.48	0	0	443,914.48
Borough of Poole	422,846.31	0	0	422,846.31
Bournemouth & Poole Primary Care Trust	480,519.48	0	0	480,519.48
Dorset Primary Care Trust	708,191.59	0	0	708,191.59
Royal Bournemouth and Christchurch Hospital NHS Trust	102,995.00	0	0	102,995.00
Poole Hospital NHS Trust	85,052.50	0	0	85,052.50
Dorset County Hospital NHS Foundation Trust	7,165.00	0	0	7,165.00
Total Funding	2,949,668.39	0	0	2,949,668.39
Expenditure				
Integrated Community Equipment Service	2,949,668.39	0	0	2,949,668.39
Total Expenditure	2,949,668.39	0	0	2,949,668.39
Net underspend/overspend	0.00	0	0	0.00

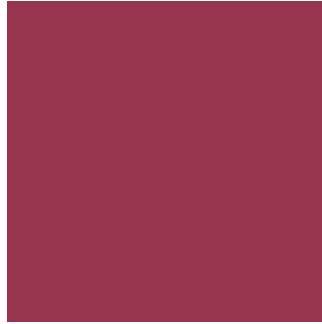
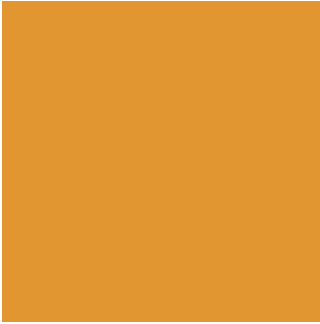
The above is audited as part of the Dorset County Council Audit, not Dorset County Hospital NHS Foundation Trust.





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The content of our annual report can be made available in large print and audiotape formats, and in other languages, on request. Please call 01305 254645 or e-mail headquarters@dchft.nhs.uk

Dorset County Hospital 
NHS Foundation Trust