

# Annual Report



2007/08



## CONTENTS

Chairman's Statement.....	<b>3</b>		
Directors' Report.....	<b>4-27</b>	Financial Review 2007/08.....	<b>23</b>
Review of 2007/08.....	<b>4</b>	Private Patient Income.....	<b>23</b>
Future Outlook & Principal		Income .....	<b>24</b>
Financial Risks .....	<b>7</b>	Expenditure .....	<b>25</b>
Board of Directors Roles &		Cash .....	<b>25</b>
Responsibilities.....	<b>7</b>	Borrowing Limit .....	<b>25</b>
Audit Committee .....	<b>9</b>	Capital Programme .....	<b>26</b>
Remuneration Committee.....	<b>10</b>	Pension Liabilities.....	<b>26</b>
Members' Council.....	<b>10</b>	Post Balance Sheet Events.....	<b>26</b>
Nomination Committee .....	<b>12</b>	Compliance with Better	
Membership Overview .....	<b>12</b>	Payments Practice Code.....	<b>26</b>
Public Membership .....	<b>12</b>	Annual Accounts .....	<b>27</b>
Patient Membership.....	<b>12</b>	Accounting Policies.....	<b>27</b>
Staff Membership .....	<b>12</b>	Audit .....	<b>27</b>
Membership Numbers.....	<b>13</b>		
Employees .....	<b>13</b>	Statement of the Chief Executive's	
Communication & Consultation		responsibilities as the accounting officer of	
with Employees.....	<b>13</b>	York Hospitals NHS Foundation Trust....	<b>28</b>
Staff Support Services .....	<b>13</b>	Summarised financial statements ....	<b>29-31</b>
Staff Development.....	<b>13</b>	Audit certificate .....	<b>32</b>
Inclusivity .....	<b>14</b>	Statement on Internal Control.....	<b>33</b>
Volunteers .....	<b>14</b>		
Charitable Giving .....	<b>14</b>	Contact details.....	<b>36</b>
Openness & Accountability .....	<b>14</b>		
Freedom of Information .....	<b>15</b>		
Annual General Meeting.....	<b>15</b>		
Feedback .....	<b>15</b>		
Safeguarding the Environment.....	<b>15</b>		
Board of Directors Composition &			
Interests.....	<b>16</b>		
Remuneration Report.....	<b>20</b>		



## CHAIRMAN'S STATEMENT

**It gives me great pleasure to present to you the first Annual Report of the York Hospitals NHS Foundation Trust. Gaining Foundation Trust status in April 2007 was a remarkable achievement, particularly given the financial difficulties of the local NHS, and is a tribute to the splendid work of all our staff.**

It is also a credit to all the staff who contribute so much to the delivery of safe and effective care within the organisation that in spite of capacity problems experienced during the year, all new and existing national service targets were met, with the sole exception of the target of MRSA, which was narrowly missed. In addition, the Trust achieved a financial surplus for the year of £1.6m against the planned deficit of £0.3m.

The 2007/08 period covered by this report was very challenging. After contracting to reduce bed capacity an initial reduction in the bed stock had to be reversed due to winter pressures. Despite these problems the hospital continues to provide good care for patients by developing services and achieving national performance targets, driving down waiting times and continuing investment in infection control to improve performance. The Safer Patients Initiative is contributing significantly to our control of the patient environment. Continuing investment in our facilities has led to the partial opening of new intensive care capacity which will be completed in 2008/09.

Despite the financial uncertainties of the local NHS and the challenge and circumstances created by fluctuation in patients' demand and capacity restructuring, the hospital continues to provide excellent patient care for the local population.

The year ahead will continue to be challenging. Reduced levels of growth in NHS funding and even more ambitious national performance targets, and penalties for poor performance, will require collaborative and vigorous management throughout the organisation, including ongoing consultation with our governors and members. We are determined to be a high quality organisation driving performance where possible in the next two years into the top quartile of NHS organisation.

**Professor Alan Maynard  
Chairman**





## DIRECTORS' REPORT

**The York Hospitals NHS Foundation Trust was approved by Monitor as a Foundation Trust under the NHS Act 2006, and came into being on 1 April 2007. The creation of the Foundation Trust has led to significant changes to the overall governance of the organisation, and increased the links to the local community through the appointment of governors and members.**

The Trust provides health care from its main site York Hospital and two community rehabilitation hospitals at St Helen's and White Cross Court, with a total of 627 beds. We also manage satellite renal dialysis units based at Acorn Court, Easingwold and in Harrogate District Hospital.

Outpatient services are also provided from premises operated by the North Yorkshire and York Primary Care Trust including Selby War Memorial Hospital. Sexual health services are based at Monkgate Health Centre and School Health Services are provided across York and Selby. Full addresses and telephone numbers are included at the end of this report.

The Trust provides acute hospital services for approximately 350,000 people living in and around York and also a range of specialist services over a wider catchment area of around 500,000 in North Yorkshire. The Trust also works collaboratively in certain specialties with Harrogate and District Foundation Trust through the Clinical Alliance arrangement.

More than 92% of the Trust's Clinical Income arises from contracts with the North Yorkshire & York Primary Care Trust. The financial position of

the North Yorkshire & York PCT heavily influences the level of activity that they can afford to pay for, and the Trust is funded to undertake.

### Review of 2007/8

Building on our successful move to Foundation Trust status, the primary aims of the Trust in 2007/8 were

#### ● To manage the impact of the PCT's planned reductions in activity undertaken within the York Hospital setting

The Clinical Service Contract for 2007/8 with the North Yorkshire & York PCT, reflected the intended reduced activity levels, and in response the Trust adjusted its capacity to meet this lower demand. The additional activity that the move towards an 18 week maximum waiting time initiative was expected to create in 2007/8 was also incorporated in the PCT's contract with the Trust and included in the Trust plans. In the second half of the year, the Trust's activity increased significantly beyond the PCT's planned levels and necessitated the reopening of wards, which had been previously closed to meet the intended activity reductions, putting additional strain on the Trust's capacity and staffing.

During 2007/8 the Trust received a total of 56,874 referrals from GPs, compared with the planned number of 55,355. There were 64,814 in patient spells, (planned 63,971) 284,500 outpatient attendances (planned 243,000), and 64,658 Accident and Emergency attendances. The plan for outpatient attendances had assumed a decrease, but the actual attendances were close to the figure for the previous year.



## DIRECTORS' REPORT

### ● To continue to provide excellent clinical care to all of our patients

The Trust has received very favourable feedback from the patient survey undertaken during 2007/8.

The focus of service development and improvement has expanded from the concentration largely on issues of flow and access across patient pathways to embrace quality, safety and patient outcomes.

We have supported the development of

- A centralised admissions function for elective patients undergoing surgery which has helped make York Hospital a national leader in preventing unnecessary pre-operative admissions
- A new hip fracture unit led clinically by elderly medicine. This is a new approach for this group of patients

In addition, we have supported the implementation of national programmes including:

- Safer Patients Initiative, which has enabled clinical teams to examine existing clinical processes and patient safety issues and identify changes to practice and culture that will result in safe and reliable care delivery
- Releasing Time to Care, whose key objective is to increase the proportion of staff time spent on direct patient care. By empowering ward teams to redesign their processes, safer and more efficient care can be delivered improving the experience for both patients and staff

- In the forthcoming year, we will strive to build on last year's successes and look forward to enhancing our educational role through collaboration with Ripon and St. John University.

### ● To maintain our good performance in managing our finances

The impact of the associated income and expenditure requirements to meet the 2007/8 contract activity reductions, were incorporated in the Trust's financial plan for the year. This resulted in a relatively small planned financial deficit of £0.3m for the year. To deliver the plan the Trust put in place a challenging cost reduction programme to release savings of £6.4m, arising from the projected reduced levels of activity and other cost reductions. The achievement of the savings was a significant objective for 2007/8 and £5.3m of this was actually achieved.

The increase in activity beyond the contracted levels, resulted in additional income being paid to the Trust by PCTs, and this contributed to the Trust achieving a surplus for the year of £1.6m against the planned deficit of £0.3m.

The Trust's cash position during the year remained very robust, and was exceptionally high at the end of the year, as the PCT paid over in March, cash due in April.



## DIRECTORS' REPORT

### ● To meet all new and existing national service targets, particularly the movement towards a maximum waiting time of 18 weeks from referral to treatment

It is a credit to all the staff who contribute so much to the delivery of safe and effective care within the organisation that in spite of capacity problems experienced last year, all new and existing national service targets were met, with the sole exception of the target of MRSA

2007/8 was a very challenging year for the Trust and the local health community as a whole. Despite the pressure on financial resources and capacity within the organisation, the Trust continued to deliver high quality services and achieved all of the Department of Health's five top priorities for acute Trusts in 2007/08, with the sole exception of the MRSA target. The top five priorities were:

- Progress towards an 18 week patient journey by the end of 2008 (Access)
- Cancer waiting times (31 and 62 day maximum waiting times)
- Health of the population: Sexual health and access to genito-urinary medicine clinics
- Reductions in MRSA and other healthcare associated infection levels
- Patient choice and booking

Although regrettably the 16 cases of MRSA that the Trust reported exceeded the target maximum of 12, these numbers are very low nationally compared with other Trusts delivering similar services.

### ● To continue to improve the hospital environment for patients

The annual Patient Environment Action Team report on the Hospital indicated a level of "Good" for patient meals, and privacy and dignity, with a score of "acceptable" for the environment.

Towards the end of the year, the Trust received additional funding for deep cleaning initiatives under the Government's improving cleanliness strategy. A programme was put in place to "deep-clean" all wards, specialist departments and public areas before the end of March. Targeted areas included ductwork, light fittings and patient furniture and equipment. The initiative also included replacing carpets, blinds and curtains in patient areas and the purchase of specialist equipment for future deep cleaning programmes.

The central funding was supplemented by a significant financial investment by the Trust and this additional funding meant that very real improvements will be seen on the wards in 2008/9 onwards. Patients will benefit from new lockers, bed tables and chairs and the installation of dishwashers that will signify an end to disposable cups as these will be replaced by new crockery. The new, more easily cleaned furniture and equipment will not only contribute to improved cleanliness and infection control but will also go a long way towards providing a more up to date and welcoming environment for patients.



## DIRECTORS' REPORT

### Future Outlook and Principal Financial Risks

Responding to the changing demands of the PCT's planned activity reductions, whilst also fulfilling the requirements to deliver the 18 week maximum waiting time target and reducing infection rates remains a significant challenge for 2008/9.

Inflation rates and national pay awards higher than the levels funded for 2008/9 will put increasing pressure on the Trust, and a further significant cost improvement programme is planned for 2008/09.

The Trust is planning to build in extra capacity by reopening additional wards in 2008/9 and will also strengthen nursing levels on the wards

Other challenges facing the Trust include:

- Increasing competition from both the NHS and private sector through the Choice policy, which gives patients a range of options of where they would like to be treated. The main impact for the Trust continues to be the Clifton Park Unit operated by Ramsay Healthcare delivering Orthopaedic services and further initiatives planned by PCTs to move care away from hospitals in to primary care settings.

- The impact of financial penalties related to any future failure to meet infection rate and 18 week targets

### The Board of Directors

The role of the Board of Directors is to manage the Trust by:

- Setting the overall strategic direction of the Trust, within the context of NHS priorities;
- Regularly monitoring our performance against objectives;
- Providing effective financial stewardship through value for money, financial control and financial planning.

The Board meets monthly throughout the year, and in addition delivers some of its responsibilities through the following formal sub-committees:

- Audit
- Governance
- Resource Management
- Strategy



## DIRECTORS' REPORT

### BOARD OF DIRECTORS ATTENDANCE APRIL 2007 – MARCH 2008

	25th Apr 07	30th May 07	27th June 07	25th July 07	26th Sept 07	31st Oct 07	28th Nov 07	19th Dec 07	30th Jan 08	27th Feb 08	26th Mar 08
ALAN MAYNARD	✓	✗	✓	✓	✓	✓	✓	✓	✓	✗	✓
JIM EASTON	✓	✗	✓	✗	N/A	N/A	N/A	N/A	N/A	N/A	N/A
PATRICK CROWLEY	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
MIKE PROCTOR	✓	✓	✗	✓	✓	✓	✓	✓	✓	✓	✓
IAN WOODS	✓	✓	✓	✓	✗	✓	✓	✓	✓	✓	✓
ROBERT CHAPMAN	N/A	N/A	N/A	N/A	N/A	✓	✓	✓	✓	✓	✓
ALISON HUGHES	✓	✓	✓	✗	✓	✓	✓	✓	✓	✓	✗
PETA HAYWARD	✓	✓	✗	✓	✓	✓	✓	✗	✓	✓	✓
GILLIAN FLEMING	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
LINDA PALAZZO	✓	✓	✗	✓	✓	✓	✓	✓	✓	✓	✗
JOHN HUTTON	✓	✓	✗	✓	✓	✓	✓	✓	✓	✓	✓
CAI MALLETT	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
ALAN ROSE	✓	✓	✓	✓	✓	✓	✓	✗	✓	✓	✓
LIBBY MCMANUS	✓	✓	✓	✓	✓	✗	✓	✓	✗	✓	✓



## DIRECTORS' REPORT

### Audit Committee

The Audit Committee provides independent assurance on internal controls at the Trust affecting financial and all other aspects of the Trust's business. During 2007/8 it was chaired by Cai Mallett, and had two other Non-Executive Directors as members. Meetings were held bimonthly throughout the year and were attended by the Finance Director, Deputy Chief Executive, Internal and External Auditors. Details of attendance during 2007/8 are shown below.

	16 May 2007	22 June 2007	27 July 2007	12 Sept 2007	14 Nov 2007	16 Jan 2008	26 Mar 2008
Cai Mallett (Chair)	✓	✓	✓	✓	✓	✓	✓
John Hutton	✓	✓	✓	✓	✓	✗	✓
Linda Palazzo	✓	✓	✓	✓	✓	✓	✗

The work of the Committee during 2007/8 is fully detailed in the minutes of the meetings and their annual report which are reported to the Board of Directors, and is summarised below.

- Review of the Trust's Financial Policies
- Monitoring plans for the production of the Trust's Financial Accounts and Annual Report
- Review and approval of the Trust's draft and final Financial Accounts and Annual Report, including the Statement of Internal Control, before their submission to the Board of Directors
- Review of External Audit, Internal Audit and Counter Fraud Plans, detailed monitoring of in year reports, and end of year summaries
- Considering the effectiveness of systems of internal control through review of the findings of external audit, internal audit and the counter fraud specialist
- Self assessment of the effectiveness of the Audit Committee and assessment of the effectiveness and performance of external and internal audit
- Leading and managing the tendering process for the appointment of External Auditors, on behalf of the Governors



## DIRECTORS' REPORT

### Remuneration Committee

The Remuneration Committee decides the remuneration of the Chief Executive and Directors. It generally meets at least once a year, usually more often. Details of Directors' remuneration and pensions are included in the Remuneration Report.

### Members' Council

The Members' Council is our equivalent of the Board of Governors as described in the legislation. The Members' Council consists of public governors, staff governors and patient governors, who have all been elected by their constituencies from the membership of the Foundation Trust. It also includes nominated representatives of the PCT, Local Authority, University and other partnership organisations. The current membership is set out in the table below. The governors are appointed for a term of three years.

The Members' Council provides support and advice to the Foundation Trust to:

- Ensure that the Trust delivers services that best meet the needs of patients and the communities we serve;
- Ensure that the Trust provides high quality, effective and patient-focused services;
- Ensure high standards of corporate governance and personal conduct;
- Promote effective dialogue between the Trust and the local communities we serve.

In addition, the Members' Council fulfils a number of formal functions such as the appointment of external auditors, approval of the appointment of the Chief Executive, and agreeing the remuneration of Non Executive Directors. The Members' Council may, at a General Meeting, appoint or remove the Chairman and the other Non-Executive Directors of the Trust, although the decision to remove a Non-Executive Director would require the support of three-quarters of the Members' Council. Governors are appointed for a period of three years.

The Members' Council met three times in 2007/08, with all meetings in public. Details of membership and attendances for 2007/8 are shown in the table opposite. The meetings are chaired by the Chair of the Board of Directors, Alan Maynard.



## DIRECTORS' REPORT

### MEETING ATTENDANCE – MEMBERS COUNCIL MEETINGS 2007/08

Forename	Surname	4th July 2007	3rd October 2007	8th January 2008
Lynne	Atkinson	✓	✗	✓
Paul	Baines	✓	✗	✓
Winifred	Blackburn	✓	✓	✗
Lee	Bond	✓	✓	✓
Gill	Cashmore	N/A	N/A	✓
Elizabeth	Casling	✓	✗	✗
Jane	Farquharson	✓	✗	✓
Alexander	Fraser	✓	✓	✓
Ian	Greer	✗	✗	✗
Jane	Hardy	✓	✓	✓
Ann	Harrison	✓	✓	✓
Linda	Hatton	✓	✓	✓
Madeline	Kirk	✓	✓	✓
Stephen	Lewis	✓	✓	✓
Helen	Mackman	✓	✓	✓
Mandy	McGale	✓	✓	✓
Mike	Moran	✓	✗	✓
Nevil	Parkinson	N/A	N/A	✓
Caroline	Patmore	✓	✓	✓
Anne	Penny	✓	✓	✓
James	Porteous	✓	✓	✓
Rodney	Price	✓	✗	✓
Geoffrey	Rennie	✓	✓	✓
Stefan	Ruff	✓	✓	✓
Martin	Skelton	✓	✓	✓
Michael	Sweet	✓	✓	✓
Brian	Thompson	✓	✓	✓
Bob	Towner	✓	✓	✓
Pam	Turpin	✗	✓	✗
David	Vasey	✓	✓	✓
Sian	Wiseman	N/A	N/A	✓



## DIRECTORS' REPORT

### **Nomination Committee**

The Nominations Committee was established by the Members' Council for the purposes of determining the processes to secure the appointments of Non Executive Directors and for making recommendations to the Members Council on their appointment. Members of the nomination committee are Professor Maynard, (Chair), and Governors Jim Porteous, (Vice Chair), Geoff Rennie, Pam Turpin, and Ian Greer. Peta Hayward, Director of Human Resources, and Patrick Crowley, Interim Chief Executive, also attend these meetings

### **Contacting the Governors**

If you wish to contact any of the governors for any reason, Information on how to make contact, together with details of forthcoming meetings and the register of interests for our Members' Council are available on the Foundation Trust's website. [www.yorkhospitals.nhs.uk](http://www.yorkhospitals.nhs.uk), or alternatively contact [enquiries@york.nhs.uk](mailto:enquiries@york.nhs.uk), or telephone 01904 725075.

### **Membership Overview**

Members participate in the local ownership and accountability of the Foundation Trust, contributing to and influencing its future plans and development. There are three categories of membership.

### **Public Membership**

You may apply to be a public member if you live in one of three constituencies

- Within the City of York
- Within the Selby District area
- Within the Hambleton District Wards of Helperby, Huby and Sutton, Shipton, Stillington or Tollerton

### **Patient Membership**

In order to provide membership opportunities for those patients from outside the main residential qualification areas, there are alternative membership qualification criteria for those that have been patients since April 2001, or their close family carer / guardian

### **Staff Membership**

This is open to staff who are directly employed by York Hospitals NHS Foundation Trust, on a permanent contract, or a series of temporary contracts with more than 12 months service, or work within the Trust but are not directly employed.

The main focus of this first year has been to develop and improve membership communication. A newsletter (YorkTalk) has been developed and this has been well received and we are encouraging and supporting elected Governors to meet with their constituents. Members are invited to attend specific educational and informative events.



## DIRECTORS' REPORT

### Membership Numbers

The current numbers of members for each constituency, are set out in the table below.

City of York Public Constituency	8124
Easingwold (Hambleton) Public Constituency	752
Selby Public Constituency	2208
Total Public Membership	11084
Patient Membership	2877
Staff Membership	4240
<b>Total Membership</b>	<b>18201</b>

Whilst this is one of the largest memberships of any NHS Foundation Trust nationally, the Board of Directors is working to develop the membership to ensure that is representative of the communities that the Trust serves. If you are interested in becoming a patient or public member, you can apply by:

1. By contacting our Members helpline on 0870 7030151
  2. By emailing our membership office on [york@nhs-membership.co.uk](mailto:york@nhs-membership.co.uk)
  3. By writing to York Hospital NHS Foundation Trust, C/o The Pavillions, Bridgwater Road, Bristol, BS13 8AE
  4. By completing the online Application Form at [www.nhs-membership.co.uk/yor](http://www.nhs-membership.co.uk/yor)
- EMPLOYEES

### Communication and Consultation with Employees

Staff continue to be involved in the Trust's plans, through formal and informal consultation processes, and kept aware of major issues and Trust's performance through monthly team briefs. A staff survey is undertaken each year, which provides valuable feedback. The Chairman and Chief executive also meet with Staff Governors bi-monthly.

### Staff Support Services

Ongoing support for staff continues with a range of services being offered, including chaplaincy, plus a variety of services through occupational health and learning and development. The occupational health service has successfully bid for funding under a national initiative from the Department of Health. to purchase new premises to develop occupational health services for local private sector businesses. The staff counselling service produced some excellent results with over 94% of its clients experiencing a clinical post-therapy improvement.

### Staff Development

Achievements against the Trust's learning strategy have continued to develop the capability and capacity within York NHS Foundation Trust in supporting all staff to develop knowledge and skills which will enable them to maintain up-to-date practice, be responsive to "customer" demands and be pro-active in achieving corporate objectives. In particular, real progress has been made in creating a climate of organisational development, enhancing leadership and management practices and creating a culture of excellence.



## DIRECTORS' REPORT

The Trust is actively involved in the delivery of training for undergraduate trainees at Hull and York Medical School. This collaboration between the medical school and the Trust is an investment in the future provision of healthcare. Our first students will graduate in 2008.

### Inclusivity

Our stated aim as an organisation is to work to ensure that there are no barriers to services and employment for our patients, users and staff through inappropriate environments, information, practices and policies. An equality and diversity strategy including a clear action plan has been agreed and supported by the Board of Directors. We have established a steering group and have patient and user representation on this group and have begun work on implementing our inclusivity strategy.

#### Volunteers

Well over 120 volunteers worked in the hospital over the year serving patients' needs in all sorts of ways.

The Friends of York Hospital run a small ward – level library service as well as helping patients and visitors find their way around the hospital.

Many volunteers are now regular members of particular ward and department teams, releasing important nursing and clinical time with their assistance. The Friends also made a very significant donation for the purchase of specialist lifting and patient moving equipment for which the Trust and our patients are very grateful.

### Charitable Giving

The Trust receives additional income each year from donations and legacies, from a wide variety of benefactors. These include former patients and relatives in recognition of the Trust's work, and fundraising initiatives undertaken by staff. These funds are greatly appreciated and make a considerable contribution to local NHS services. The Trust is extremely grateful and continues to use these funds for the benefit of staff and patients.

The funds are held completely separately from NHS funding, and are accounted for through the York Health Services General Charity, which is a registered charity. The Board Members of the Trust act as Trustees of the charity.

A separate set of accounts and an annual report for the Charity are prepared each year and copies can be obtained from the Finance Department at Park House, Wigginton Road, York, YO31 8ZZ.

### Openness and Accountability

Fewer complaints, more positive patient feedback and continued improvement in the results from patient surveys are all indicators that patients' experiences of York Hospital are improving.

This year we received 260 formal complaints compared with 313 the previous year. Another 84 were resolved on an informal basis by the Patient Experience Team and other managers (115 last year). 13 of the 260 complainants asked the Healthcare Commission to review their case in the second stage of the NHS complaints procedure (11 in 2006/7). Ensuring that we learn lessons from complaints and take action to make improvements remains a key focus area for us in the Trust.



## DIRECTORS' REPORT

The Patient Advice & Liaison Service (PALS) is a focal point for patients and relatives for sharing concerns and obtaining information on a wide range of subjects. The PALS team continues to deal with an increased number of enquiries. We continue to involve patients and the public in the development of our services, through survey, interviews and local organisations. Hospital Patient Forums have been replaced by Local Involvement Networks (LINKs). The introduction of LINKs is part of a wider process to help the community have a stronger local voice and we look forward to working with them.

### Freedom of Information

The Trust is committed to working as openly and transparently as possible, in the spirit of the Freedom of Information Act 2000.

The Trust's publication scheme is a guide to the information we publish routinely. The scheme is available on the hospital website at [www.yorkhospitals.nhs.uk](http://www.yorkhospitals.nhs.uk) and visitors to the website will be able to access many documents electronically. Where the required information is not provided, requests can be e-mailed to [foi.requests@york.nhs.uk](mailto:foi.requests@york.nhs.uk), or write to

The Freedom of Information Officer, Park House, Wigginton Road, York, YO31 8ZZ

### Annual General Meeting

The Annual General meeting will be held on 15th September 2008

### Feedback

If you have any complaints, compliments, queries or praise, further information of how to contact us is obtainable through the Trust's website, [www.yorkhospitals.nhs.uk](http://www.yorkhospitals.nhs.uk) including a

form that may be downloaded and posted to the Freepost address. Alternatively, you may:

- contact the Patient Experience Office, at Bootham Park Hospital, York YO30 7BY, telephone 01904 725074.
- contact the PALS team, based in the main entrance at York Hospital and can be contacted on York (01904) 726262. The PALS team are available Monday to Friday 8 30 am to 4 30 pm.
- or contact the Chief Executive.

**Patrick Crowley**

**Interim Chief Executive**

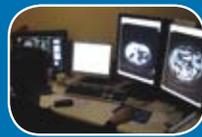
**Tel No: 01904 725087**

**Email: [patrick.crowley@york.nhs.uk](mailto:patrick.crowley@york.nhs.uk)**

### Safeguarding the Environment

The Trust has continued to make considerable progress in the last 12 months in caring for the environment and hence reducing its 'carbon footprint'. Here are some of the positive developments:

- Introduction of a new waste segregation policy
- One of the hospital boilers has been replaced by a more efficient model that reduces the Trust's carbon emissions by over 12 per cent
- The Trust's new buildings are constructed to more energy efficient standards and refurbishment always increases the amount of insulation
- The new lighting in the York Hospital main corridor uses 20 per cent less energy – but appears brighter
- Plastic bottles and cardboard compacting machines are helping in recycling of these materials
- The percentage of staff travelling to work by bicycle is now 15 per cent, the highest for any York employer. The Trust enhanced the service to cyclists by providing more covered secure cycle parking and a cycle purchase scheme.



# DIRECTORS' REPORT

## THE BOARD OF DIRECTORS

The profiles and responsibilities of the Executive and Non-Executive Directors of the Board are shown below.

The board is satisfied that all directors are appropriately qualified to discharge their functions effectively, including setting strategy, monitoring and managing performance, and ensuring management capacity and capability;

### Professor Alan Maynard, Chairman



Alan Maynard chairs both the Board of Directors and the Members' Council. Alan has spent his career deeply involved in the theory and practice of the funding and delivery of health care. He has been Chair of York Hospital since 1997 and involved in NHS management in York since 1983.

His specialist interests in the hospital are general surgery and urology, clinical support services and systems and network services. He also works at the University of York where he was Founding Director of the Centre for Health Economics (1983-95) and is currently Professor of Health Economics in the Department of Health Sciences.

Alan chairs Compass, a charity that provides treatment services for drug users in Yorkshire, the Humber area, the Midlands and London.

Alan chairs the Remuneration Committee and is a member of the Governance and Resource Management Committees.

### Declaration of Interest

- Member (unpaid) of the Dr Foster Ethics Committee Ltd concerned with the production of hospital guides and performance data.
- Professor of Health Economics and Director of York Health Policy Group in the Department of Health Sciences, University of York.
- Chair of Council (unpaid): Compass Council of Management –an organisation based in York providing treatment services for drug misuse.
- An expert witness for the National Institute for Health and Clinical Excellence (NICE) for their judicial review in relation to dementia drugs.
- Specialist adviser, Select Committee on Health, House of Commons, 2006-2008

### Professor John Hutton, Vice Chairman/ Senior Independent Non-Executive Director



A Non-Executive Director and Vice Chair since January 2005, John's special interest at the Trust is in medicine for the elderly. His training is in economics, and his career has included periods in universities, local government and the private sector. He is now Professor of Health Economics at the University of York. John chairs the Resource Management Committee and is a member of the Audit and Remuneration Committee.

### Declaration of Interest

- Visiting Scientist and shareholder. The UBC Health Care Analytics Group, a contract research firm undertaking health economics and health policy research for pharmaceutical and medical



## DIRECTORS' REPORT

device companies and government agencies.

- Professor of Health Economics, Department of Health Sciences and York Health Economics Consortium, University of York.

- Honorary Chair, Patient, Industry and Professionals Forum, British Health Care Trades Association

### **Cai Mallett, Non-Executive Director**



Cai trained as a chartered accountant with Price Waterhouse and continued to work with that business for nine years, latterly as a Financial Management Consultant.

Since then she has worked with business, charities and community groups in Yorkshire. Her interest in health services developed through her membership and chairmanship of a Community Health Council, her work in education with children with special needs and her use of health services as a patient and parent. Within the Trust, Cai took an interest in children's services and head and neck services. Cai chaired the Audit Committee and was a member of the Charity Management Committee and Remuneration Committee. She resigned from the Trust at the end of April 2008 to take up a post within the NHS in Sheffield.

### **Declaration of Interest**

- Director of Malabar Hill Underwriting Ltd

- Feoffee (Trustee) of St Michael's Spurriergate, York

### **Gillian Fleming, Non-Executive Director**



Gillian has been a member of the Board since January 2005. She has wide experience in disputes resolution and has worked for Citizens Advice, with trades unions and within the local government sphere for the Ombudsman. She is an accredited mediator and now works independently undertaking investigation and conciliation assignments. Gillian chairs the Governance Committee and is a member of the Resource Management and Remuneration Committees.

### **Declaration of Interest**

- Lay Partner with the Health Professions Council

- Lay Conciliator for PCTs in Hull and East Yorkshire

- Lay Member of the Investigating Committee for the Royal Pharmaceutical Society.

### **Alan Rose, Non-Executive Director**



Alan has been a Non-Executive at the Trust for two years and has over 25 years' experience in private sector business management and consulting, mainly in the energy sector, with Shell and Booz Allen Hamilton. His focus has been on marketing, strategy, partnering and business development. He currently runs his own small business, based in York. Alan is chair of the Strategy Committee and a member of the Governance and Remuneration Committees

### **Declaration of Interests**

Nil



## DIRECTORS' REPORT

### Linda Palazzo, Non-Executive Director



Linda has previously been employed in senior management positions in finance and has been involved in various community activities. She was previously a Non-Executive Director and Chair of a Health Authority in London prior to moving to Yorkshire three years ago. She is currently a part-time student in art history. Linda chairs the Charitable Funds Committee and is a member of the Audit and Remuneration Committees

#### Declaration of Interests

- Director – ADS Management Services Ltd

### Patrick Crowley, Interim Chief Executive



Patrick Crowley has worked with the York Hospitals NHS Foundation Trust since 1991 in a variety of finance and performance management roles, and was appointed to the role of Director of Finance and Performance in 2001. He became Interim Chief Executive in November 2007, following the resignation of Jim Easton. He previously worked for the Ministry of Defence financial management development unit in Bath and in private sector industry. Patrick is a member of the Resource Management, Governance and Strategy Committees

#### Declaration of Interest

- Trustee York Peptic Ulcer Research Trust.

### Jim Easton, Former Chief Executive



Jim Easton was Chief Executive from September 2004 until November 2007, when he resigned to become Chief Executive of South Central Strategic Health Authority.

### Mike Proctor, Deputy Chief Executive/ Chief Operating Officer



Mike Proctor is a Registered Nurse and has worked in acute hospitals in the NHS for 32 years in a variety of clinical, educational and managerial roles. He became a Director at York Hospital in March 1998. As Chief Operating Officer Mike has responsibility for the day-to-day running of the hospital, and the operational delivery of key performance targets. He also takes the lead on communications, and acts as the Trust's point of contact for media enquiries. He is a member of the Governance, Charity and Resource Management Committees and attends the Audit Committee.

#### Declaration of Interest

Nil

### Dr Ian Woods, Medical Director



Ian was appointed Medical Director to the Trust in January 2006. He has been a consultant at the Trust since 1988, specialising in anaesthesia and until 2000 in critical care services. He originates from Lancashire, trained in medicine at Manchester and prior to his arrival in York worked in several locations, including Australia. Ian now combines his duties as Medical Director with a continued clinical input into anaesthesia, while maintaining an interest in his specialist area of peri-operative care. Prior to becoming Medical Director, Ian spent time on secondment to the National Patient Safety Agency. Ian is a member of the Governance and Strategy Committees and Chairs the Clinical Risk Group



## DIRECTORS' REPORT

### **Declaration of Interests**

Trustee and Research Commissioner,  
Samantha Dickson Brain Tumour Trust

### **Alison Hughes, Director of Strategy and Facilities**



Alison has been working in the NHS for over 20 years. She began her career in 1985, qualifying as a chartered physiotherapist at Guy's Hospital. A number of

clinical posts followed in various acute hospitals and teaching hospitals across the country. In 1993, Alison moved into health service management and studied for an MBA at Manchester Business School which she gained with distinction in 1996. She subsequently worked as a general manager across a number of specialties gaining a wide-ranging operational experience in both small rural district general hospitals and a large tertiary centre. She was appointed to the role of Director of Strategy and Planning at York in January 2005, and during 2007 extended her role to include Facilities. Alison is a member of Governance, Resource Management and Strategy Committees

### **Declarations of Interest**

Nil

### **Robert Chapman, Acting Director of Finance**



Robert has been with York Hospitals NHS Foundation Trust in various roles within the Finance Directorate since 1986. He has 28 years experience in Finance in the NHS, all of which

has been in the acute hospital sector. Robert is a member of the Chartered Institute of Management

Accountants. Robert has responsibility for both Finance and Purchasing. He is a member of the Resource Management Committee, Strategy Committee and Charitable Funds Committee, and attends the Audit Committee.

### **Declaration of Interest**

Nil

Two Associate Directors also attend the Board of Directors meetings

### **Elizabeth McManus, Director of Nursing and Improvement**



"Libby" has worked in the NHS for 22 years, mainly in acute hospitals but also with the NHS Modernisation Agency for the two years prior to her

appointment at York in Spring 2003. As a registered nurse she worked in cardiothoracic surgery and intensive care units before leaving to pursue a managerial role in hospitals. She held a variety of middle management operational posts in Leeds and Birmingham and also had the opportunity to project-manage implementation of large, bespoke IT systems. Her focus on healthcare improvement commenced in the mid-nineties in Leeds when she took a leadership role in a large organisational development programme. Since then Libby has worked closely with the NHS Institute for Innovation and Improvement and its partners nationally and internationally on local and national healthcare improvement programmes. For the last two years she has provided expert advice to the Department of Health on its national improvement programme to reduce MRSA



## DIRECTORS' REPORT

infections across England. Libby took on the additional role of Director of Nursing during 2007. Her additional responsibilities include corporate leadership for clinical effectiveness, research and development, patient access and pharmacy. Libby is a member of both the Governance and Resource Management Committees.

### **Declaration of Interest**

Nil

### **Peta Hayward, Director of Human Resources and Legal Services**



Peta Hayward has been with York Hospitals NHS Foundation Trust as Director of Human Resources for four years after arriving from Birmingham Heartlands and Solihull NHS Trust (Teaching). She has over 10 years' experience in Human Resources in the NHS, all of which has been in the acute sector. Her experience within HR is broad, covering a wide range of specialist and generalist issues with a particular interest in employment law matters. Peta has an honours degree in Mathematics and Economics and more recently gained a diploma in Employment Law and Personnel Practice. Peta is a member of the Resource Management Committee, Joint Medical and Staff Committee and Local Negotiating Committee.

### **Declaration of Interest**

Nil

## REMUNERATION REPORT

### **Appointment**

The Chairman and Non-Executive Directors are appointed by the Members Council, which also approves their remuneration. Executive Directors are appointed by the Chairman and Non-Executive Directors. The appointment of the Chief Executive must be approved by the Members' Council.

### **Remuneration Policy**

Directors' remuneration is set by the Trust's Remuneration Committee. The Committee met on 25 July 2007, and all members attended.

### **Service Contracts**

Senior management contracts covered in this report are all permanent, and subject to six months notice. Non-Executive Directors are appointed for a period of four years.

### **Salary and Pension Entitlements**

The following section provides details of remuneration and pension interests of the Trust's Senior Management Team and Non-Executive Directors.

### **Salaries and Allowances**

Details of the remuneration and pension benefits of the Trust's Executive and Non-Executive Directors are set out in the tables below and have been audited. No payments were made during the year to former directors. No element of the remuneration is performance related.



## DIRECTORS' REPORT

Executive Directors	Salary as Director (Bands of £5000) £000	Other Remuneration (Bands of £5000) £000	Benefits in Kind £000
P Crowley Interim Chief Executive	120-125		3.5
J Easton Chief Executive	85-90		3.3
R Chapman Acting Director of Finance	40-45	30-35	0.1
M Proctor Deputy Chief Executive	95-100		5.2
A Hughes Director of Strategy & Facilities	80-85		2.8
I Woods Medical Director	125-130	55-60	3.8

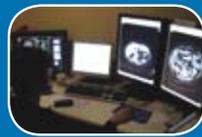
Jim Easton resigned as Chief Executive November 2007

Patrick Crowley commenced as Interim Chief Executive November 2007

Robert Chapman commenced as Acting Director of Finance November 2007

Non-Executive Directors	2007/8 Salary as Director (Bands of £5000) £000
A Maynard (Chairman)	40-45
G Fleming	10-15
C Mallett	10-15
A Hutton	10-15
A Rose	10-15
L Palazzo	10-15

None of the Non-Executive Directors received benefits in kind.



## DIRECTORS' REPORT

### PENSION BENEFITS

	Real increase in pension at age 60 (bands of £2,500)	Real increase in pension lump sum at age 60 (bands of £2,500)	Total accrued pension at age 60 at 31 March 2008 (bands of £5,000)	Lump sum at age 60 related to accrued pension at 31 March 2008 (bands of £5,000)	Cash equivalent transfer value at 31/03/07	Cash equivalent transfer value at 31/03/08	Real increase in cash equivalent transfer value
	£000	£000	£000	£000	£000	£000	£000
P Crowley Interim Chief Executive	5-7.5	15-17.5	30-35	90-95	381	489	69
J Easton Chief Executive	0	0-2.5	20-25	60-65	246	270	8
R Chapman Acting Director of Finance	2.5-5	7.5-10	30-35	90-95	394	504	34
M Proctor Deputy Chief Executive	2.5-5	15 -17.5	35-40	110-115	486	600	71
I Woods Medical Director	2.5-5	12.5-15	40-45	125-130	562	619	30
A Hughes Director of Strategy & Facilities	2.5-5	10-12.5	20-25	65-70	246	316	45

The remuneration of Non-Executives is non-pensionable

Signed  Interim Chief Executive

Date: 6 June 2008



## DIRECTORS' REPORT

### FINANCIAL REVIEW 2007/8

A summary of the Trust's financial results for 2007/8 is shown below.

Summary Income and Expenditure			
	2007/8 Plan £million	2007/8 Actual £million	2007/8 Variance £million
Clinical Income	168.7	174.1	5.4
Non clinical Income	23.6	24.9	1.3
<b>Total Income</b>	<b>192.3</b>	<b>199.0</b>	<b>6.7</b>
Pay Spend	-126.2	-128.5	-2.3
Non Pay Spend	-62.7	-65.5	-2.8
<b>Total Spend Before Dividend &amp; Interest</b>	<b>-188.9</b>	<b>-194.0</b>	<b>-5.1</b>
Dividend & Interest	-3.7	-3.4	0.3
Retained Surplus/Deficit	-0.3	1.6	1.9
Cash Balance	3.1	22.1	19.0
Financial Risk Rating	3	4	

#### Private Patient Income

Section 15 of the 2003 Act requires that the proportion of private patient income to the total patient related income of the Foundation Trust should not exceed a cap

based on its proportion whilst the body was an NHS Trust in 2002/3. For York Trust the cap is 0.8%. Actual private patient income for 2007/8 totalled £0.8m and represented 0.5% of total patient related income.



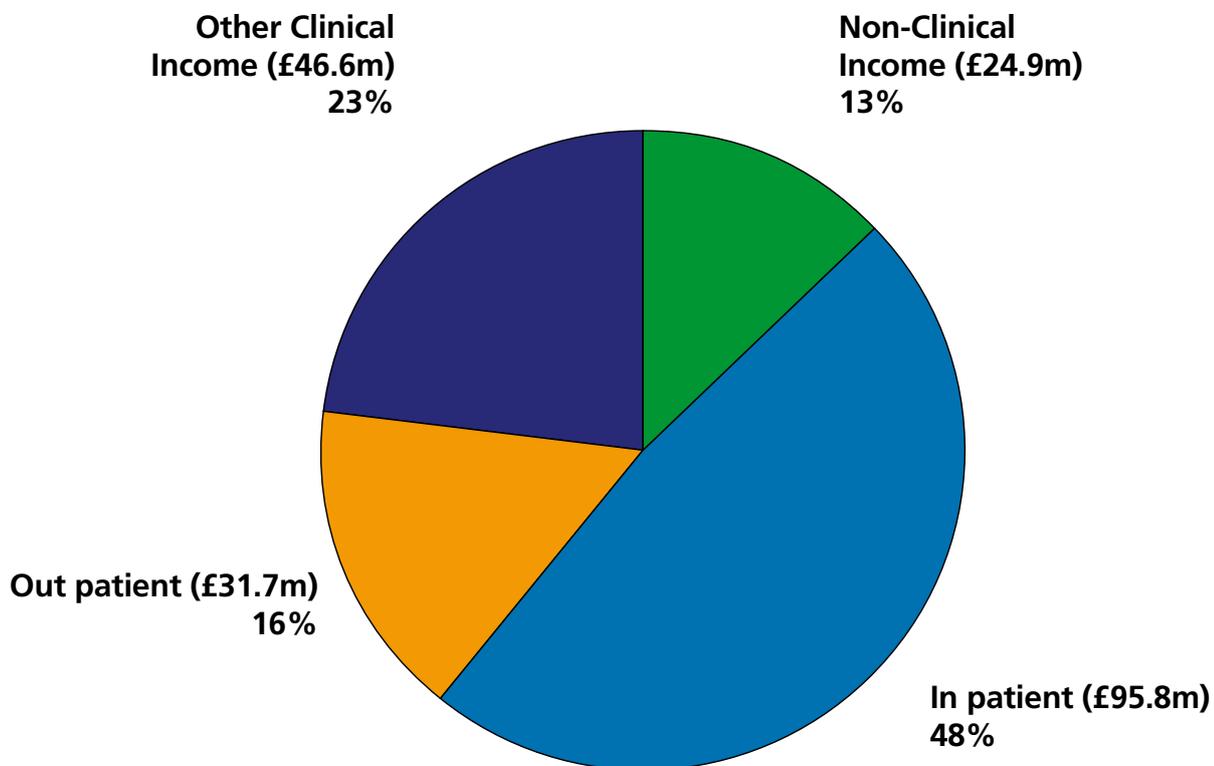
## DIRECTORS' REPORT

### Income

Clinical income of £174.1million comprised 87.5% of total income. It arose mainly from contracts with the North Yorkshire & York PCT and other local Primary Care Trusts (£172.4million), with the balance of £1.7 million from other patient related services, including private patients and road traffic accidents.

Non-clinical income of £24.9m comprised 12.5% of total income and arose from funding for training, and research and development and from the provision of various non-clinical services to other organisations and individuals.

Total income for the year totalled £199.0 million, £6.6million higher than plan, mainly due to the increase in outpatient numbers, and issues of high cost drugs being significantly above planned levels.

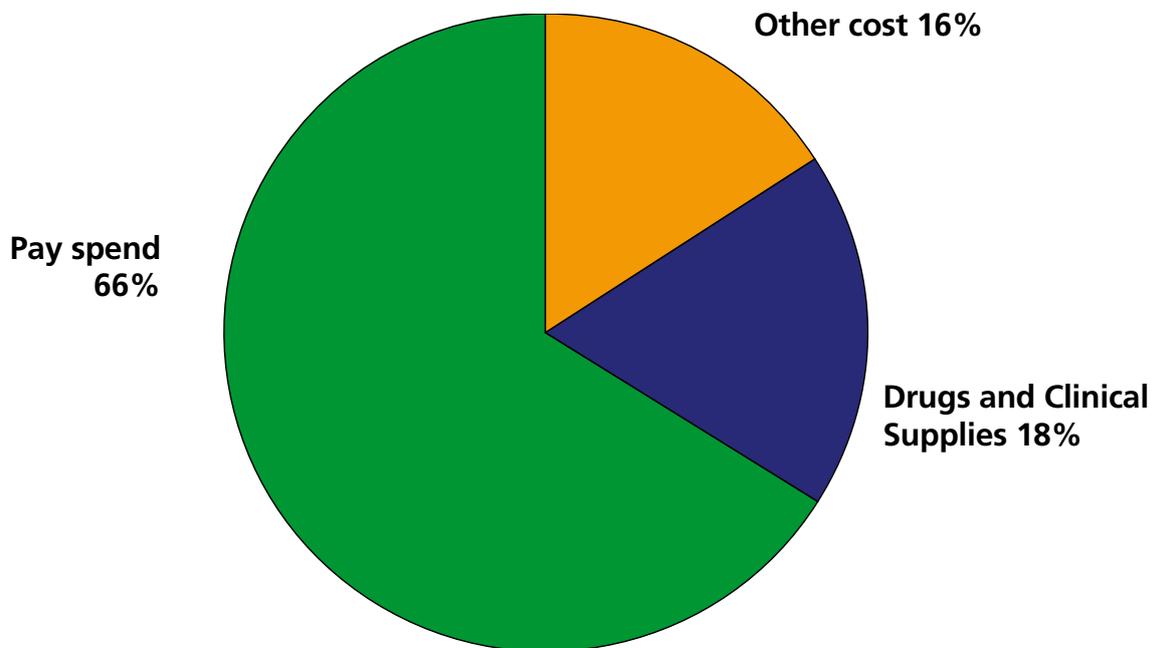




## DIRECTORS' REPORT

### Expenditure

Operating expenditure for the year totalled £194 million. £128.5 million (66%) of total expenditure was for staff pay, with the remainder for non pay costs. Spend was higher than plan by £5.1m, mainly due to additional costs associated with activity and drug issues, being ahead of plan. Additional income was received to cover these costs.



### Cash

The Trust's cash balance at the end of the year totalled £22.1m. This balance significantly exceeded the original plan as it included a prepayment of £11.7m against the contract for 2008/9, plus settlement by the North Yorkshire & York PCT of the estimated outturn of the 2007/8 contract, earlier than forecast, and advance funding from the Department of Health and other organisations for projects planned to be undertaken in 2008/9.

### Borrowing Limit

As a Foundation Trust, the Trust has a Total Borrowing Limit of £29.1m, set by Monitor, based upon a detailed financial risk assessment. This is the amount of money the Trust can borrow for both long-term investment and short-term working capital needs. As forecast, the Trust did not need to borrow against its Borrowing Limit during the year.



## DIRECTORS' REPORT

### Capital Programme

Capital spend for the year amounted to £8.8 million. The first two phases of the major upgrade of the Critical Care Unit were completed during the year, using funding previously provided by the Yorkshire and Humber SHA. During the year, the Health Records Department relocated offsite and a new building purchased to house the Occupational Health Department funded by the Department of Health under a national initiative to develop these services for local private sector businesses. A three year programme to refurbish and re-equip the Main Theatre Suite also began during the year. In addition the Trust bought significant amounts of new and replacement Medical and IT equipment and plant through a combination of purchasing and lease finance.

The value of the Trust's fixed assets at the end of the year totalled £136.3million, after including the impact of an interim revaluation of the Trust's land and buildings at the end of the year. The next full revaluation is due in 2010.

The Capital programme for 2008/9 is expected to include the provision of a dedicated Oncology/Haematology Ward with full air conditioning and environmental controls, and a refurbished pharmacy aseptic facility, plus the purchase of a replacement CT scanner.

During 2008/9 work will start on the construction of a multi storey car park for patients and visitors use, to be located at the front of York Hospital. The scheme will be financed and operated by Apcoa, and it is expected to come into use during the summer of 2009.

No material differences are expected between the carrying value and the market value of land.

### Pension Liabilities

Past and present employees are covered by the provisions of the NHS Pensions Scheme. The scheme is accounted for as a defined contribution scheme. Further details are included in the accounting policies notes to the Trust's Annual Accounts.

### Post Balance Sheet Events

There are no post balance sheet events.

### Compliance with Better Payments Practice Code

The NHS Executive requires Trusts to pay their trade creditors in accordance with the Better Payment Practice Code and government accounting rules. The target is to pay trade creditors within 30 days of receipt of goods, or a valid invoice, (whichever is the later), unless other payment terms have been agreed with the supplier. The Trust's performance for 2007/8 against this target is shown below, after allowing five days for goods to be despatched and received within the Trust.

	Non NHS Trade		NHS	
	Number	£000	Number	£000
Total bills paid	52,397	50,471	2,406	21,936
Number paid within target	41,730	42,130	1,643	13,137
Percentage within target	80%	83%	60%	68%



## DIRECTORS' REPORT

### Annual Accounts

Summarised financial information taken from the Trust's Annual Accounts for 2007/8, is shown on the following pages. This summarised financial information does not contain sufficient information to allow as full an understanding of the results of the Trust and the state of affairs of the Trust and of its policies and arrangements concerning directors remuneration, as would be provided by the full annual accounts and reports. Where more detailed information is required, copies of the Trust's full report and accounts are obtainable free of charge from the Finance Department at Park House, Wigginton Road, York YO31 8ZZ.

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

### Accounting Policies

After making enquiries, the directors have a reasonable expectation that the NHS Foundation Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the accounts.

The accounts were prepared on 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.

### Audit

The Trust's auditors are PricewaterhouseCoopers LLP, and their address is Benson House, 33 Wellington Street, Leeds LS1 4JP. The fee for audit services for 2007/8 was £65,000. The auditors did not undertake any other work for the Trust.

After a full tendering process led by the Audit Committee on behalf of the Governors, the Trust has appointed Grant Thornton to be the Trust's auditors for 2008/9.





## STATEMENT

### STATEMENT OF THE CHIEF EXECUTIVE'S RESPONSIBILITIES AS THE ACCOUNTING OFFICER OF YORK HOSPITALS NHS FOUNDATION TRUST

The National Health Service Act 2006 states that the Chief Executive is the accounting officer of the NHS foundation trust. The relevant responsibilities of accounting officer, including their responsibility for the propriety and regularity of public finances for which they are answerable, and for the keeping of proper accounts, are set out in the accounting officers' Memorandum issued by the Independent Regulator of NHS Foundation Trusts ("Monitor").

Under the National Health Service Act 2006, Monitor has directed the York Hospitals 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 York Hospitals NHS Foundation Trust and of its income and expenditure, total recognised gains and losses and cash flows for the financial year.

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

- Observe the Accounts Direction issued by Monitor, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- Make judgements and estimates on a reasonable basis;
- State whether applicable accounting standards as set out in the NHS foundation

trust Financial Reporting Manual have been followed, and disclose and explain any material departures in the financial statements; and

- Prepare the financial statements on a going concern basis.

The accounting officer is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the NHS foundation trust and to enable him/her to ensure that the accounts comply with requirements outlined in the above mentioned Act. The Accounting officer is also responsible for safeguarding the assets of the NHS foundation trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Signed 

Interim Chief Executive  
Date: 6 June 2008



## SUMMARISED FINANCIAL STATEMENTS

<b>Income and expenditure for the year ended 31 March 2008</b>	
Income from activities	<b>174,131</b>
Other operating income	<b>24,908</b>
Operating expenditure	<b>(194,031)</b>
Operating Surplus	<b>5,008</b>
(Loss) on disposal of fixed assets	<b>(26)</b>
Surplus before Interest	<b>4,982</b>
Interest receivable	<b>553</b>
Unwinding of discount	<b>(18)</b>
Surplus for the financial year	<b>5,517</b>
Public Capital Dividend payable	<b>(3,962)</b>
Retained Surplus for the year	<b>1,555</b>



## SUMMARISED FINANCIAL STATEMENTS

### Balance Sheet as at 31 March 2008

	2008 £000	2007 £000
<b>Fixed Assets</b>		
Intangible assets	448	616
Tangible assets	135,872	116,016
	<b>136,320</b>	<b>116,632</b>
<b>Current Assets</b>		
Stocks	3,229	3,360
Debtors	10,574	9,953
Cash	22,143	454
	<b>35,946</b>	<b>13,767</b>
Creditors: Due within one year	(28,306)	(9,203)
Net Current Assets (Liabilities)	<b>7,640</b>	<b>4,564</b>
Total Assets less Current Liabilities	<b>143,960</b>	<b>121,196</b>
Creditors: Due after more than one year	(215)	(340)
Provisions for Liabilities and Charges	(1,421)	(1,062)
Total Assets Employed	<b>142,324</b>	<b>119,794</b>
<b>Financed by:</b>		
<b>Capital and Reserves</b>		
Public dividend capital	64,811	62,146
Revaluation reserve	59,771	41,584
Donation reserve	403	280
Income and expenditure account	17,339	15,784
<b>Total Capital and Reserves</b>	<b>142,324</b>	<b>119,794</b>

Signed  Interim Chief Executive Date: 6 June 2008



## SUMMARISED FINANCIAL STATEMENTS

### Statement of Total Recognised Gains and Losses for the year ended 31 March 2008

	2007/08 £000
Surplus for the financial year	5,517
Unrealised surplus on revaluation & indexation of fixed assets	18,222
Increase in donation reserve due to receipt of donated assets	179
Reduction in the donated asset reserve due to depreciation, impairment and/or disposal of donated assets	(91)
<b>Total Gains and Losses Recognised in financial year</b>	<b>23,827</b>

### Cash Flow Statement for the year ended 31 March 2008

	2007/08 £000
Net Cash Inflow from Operating Activities	30,159
Interest received	553
Net Cash Outflow from Returns on Investments and Servicing of Finance	553
Capital payments	(8,762)
Receipts from sale of fixed assets	1,077
Payments to acquire intangible fixed assets	(41)
Net cash outflow from Capital expenditure	(7,726)
Dividends paid	(3,962)
Net Cash Outflow before financing	19,024
Financing:	
Public dividend capital received	2,665
<b>Increase in cash</b>	<b>21,689</b>



## AUDIT CERTIFICATE

### **Independent auditor's statement to the Board of Governors of York Hospitals NHS Foundation Trust**

We have examined the summary financial statements for the year ended 31 March 2008 which comprise the Income and Expenditure Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Cashflow Statement, the related notes and the information in the Remuneration Report that is described as having been audited. This statement, including the opinion, is made solely to the Board of Governors of York Hospitals NHS Foundation Trust in accordance with paragraph 24(5) of Schedule 7 of the National Health Service Act 2006 (the Act) and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this statement is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

#### *Respective responsibilities of directors and auditors*

The directors are responsible for preparing the Annual Report and summary financial statements, in accordance with directions issued by the Independent Regulator of Foundation Trusts ("Monitor"). Our responsibility is to report to you our opinion on the consistency of the summary financial statements within the Annual Report with the statutory financial statements and the Remuneration Report and its compliance with the relevant requirements of the directions issued by Monitor.

We also read the other information contained in the Annual Report and consider the implications for our statement if we become aware of any apparent misstatements or material inconsistencies with the summary financial statements.

#### *Basis of opinion*

We conducted our work in accordance with Bulletin 1999/6 'The auditors' statement on the summary financial statement' issued by the Auditing Practices Board. Our report on the statutory financial statements describes the basis of our audit opinion on those financial statements and the Remuneration Report.

#### *Opinion*

In our opinion the summary financial statements are consistent with the statutory financial statements and the Remuneration Report of the Trust for the year ended 31 March 2008 and complies with the relevant requirements of the directions issued by Monitor. We have not considered the effects of any events between the date on which we signed our report on the statutory financial statements and the date of this statement.

Date: 4 August 2008

PricewaterhouseCoopers LLP  
Benson House  
33 Wellington Street  
Leeds LS1 4JP



## STATEMENT

### STATEMENT ON INTERNAL CONTROL 2007/08

#### 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.

#### 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 York Hospitals NHS Foundation Trust, to 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 York Hospitals NHS Foundation Trust for the year ended 31 March 2008 and up to the date of approval of the annual report and accounts.

#### Pensions Scheme

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.

#### Capacity To Handle Risk

The Chief Executive has responsibility for risk management and provides overall leadership at Board level for integrated governance and risk management. The Trust's Risk Management Strategy, which is endorsed by the Board, defines responsibilities of individual Directors. Specifically the Director of Finance has executive responsibility for financial risk; the Director of Strategy & Facilities has executive responsibility for other non-clinical and organisational risk and the Medical Director for clinical risk.

The Strategy applies to all employees and is supported by detailed policy and procedures, which include reporting adverse and serious untoward incidents. To ensure the successful maintenance of the Trust's approach to risk management staff are trained in incident reporting and in managing risk on induction, and through mandatory annual training for relevant groups.

Groups of staff have been trained as local risk reviewers and in investigation and root cause analysis in respect of adverse incidents and Serious Untoward Incidents, a key part of which is disseminating lessons learnt across the organisation. The Governance Committee reviews actions, including learning points relating to key corporate risks through the quarterly risk review report.

#### The Risk And Control Framework

The Governance Committee, as a formally constituted sub-committee of the Board, is responsible for integrated governance. The Governance Committee is chaired by a Non-Executive Director, and membership includes the Chairman of the Trust as well as other non-executive and executive members of the Board.



## STATEMENT

The Board of Directors monitors the Assurance Framework, through the Corporate Objectives performance report, where the principal risks to the Trust's objectives are identified. This document serves to assure the Board that the Trust is addressing its risks systematically, and is also used to plan and monitor actions to mitigate risks. The Governance Committee considers the Corporate Risk Register and controls are examined and appropriate assurances sought from responsible executive directors.

The Governance Committee is supported by two operational committees, one considering issues of clinical risk, the other non-clinical risk, which regularly review risks on the corporate risk register.

The Audit Committee, as a formally constituted sub-committee of the Board, provides independent assurance on all aspects of governance and risk management, and specifically advises the Board on internal controls utilising opinions and assurances from a number of providers, primarily internal and external audit. The Director of Finance and Deputy Chief Executive attend the Audit Committee and the Chief Executive is a member of the Governance Committee, thus integrating governance processes within the Trust.

The key elements of the Trust's Risk Management Strategy are based on the principle that the identification and management of risk requires the active involvement of staff at all levels of the organisation. The Trust recognises that staff operating within their given area are best placed to understand risks and establish appropriate controls, whilst well structured communication and support systems have to exist to strengthen this activity. Each Directorate or service area has a trained risk

reviewer who links directly to a central supporting team. The risk reviewers are responsible for the identification of risks within each directorate, recording them in a risk register and establishing controls to manage or eliminate the risks. If necessary, significant risks are escalated through the Trust risk management structure to the Board of Directors via the Governance Committee.

The governors of the Foundation Trust also receive the Corporate Objectives Report and use this to inform their challenges to the Board of Directors on the adequacy of established controls.

The Trust has a comprehensive Board-approved Information Governance Policy in place and an established work programme to ensure compliance with the NHS Connecting for Health IG Toolkit standards. Its self-assessment score for the year 2007-8 was 85%, achieving a 'Green' rating in all initiatives.

The Trust's Internal Auditors have given significant assurance to the Board of Directors, that the self-assessment scores are accurate and supported by appropriate evidence of risk control measures in place.

The Trust complies, at attainment level 2 or greater, with all the requirements of the current NHS Connecting for Health Statement of Compliance.

In accordance with the Information Governance Assurance Programme, the Trust completed its data flow mapping and information security process reviews between December 2007 and March 2008. All risk reduction measures were implemented and reporting requirements were met to the prescribed schedule.



## STATEMENT

There have been no Serious Untoward Incidents involving any loss of data or breach of confidentiality.

### **Review Of Economy, Efficiency And Effectiveness Of The Use Of Resources**

The Resource Committee, as a formal sub-committee of the Board of Directors review the FT use of resources including assessment of previously approved business cases and the productivity of the organisation. The Resource Committee is chaired by the Trust Vice Chairman and is attended by other executive and non-executive directors.

### **Review Of Effectiveness**

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the NHS foundation trust who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board of Directors, Audit Committee, Governance Committee, Clinical Risk Group and Non-Clinical Risk Group. Each of the groups has a key and distinct role and is linked to the others to ensure a comprehensive system of risk identification, risk management and of internal control. A plan to address weakness and ensure continuous improvement of the system is in place.

The Board of Directors reviews the clinical and financial performances of the organisation formatively on a monthly basis. Summative assessments of performance against

objectives are undertaken quarterly.

The key formal Board sub-committees (Audit, Governance, Resource, Strategy) undertake detailed assessments of these areas and their work informs the degree of Board awareness.

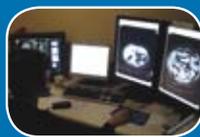
- The Trust's self-assessed declaration of compliance with the core Standards for Better Health was evidenced for all Members of the Board to review and sign.
- Monitor, the Independent Regulator of Foundation trusts issues financial risk ratings between 1 and 5. The Trust has a financial risk rating of 4.
- The Governance risk rating is amber, (having maintained a green rating during the first 3 quarters of the year) due to difficulties in achieving three national performance standards in quarter four, including the MRSA target for the whole year. Urgent action is being taken to address these issues.
- The mandatory services risk rating is green
- The Trust failed to achieve level one of the NHSLA Risk Management Standards for Acute Trusts (General) due to concerns with the connectivity of its policies and some practices. However, I am assured this does not reflect a failure in actual working practice and as such work is progressing urgently to rectify the Trusts documentation with re-assessment planned for June 2008.

### **Conclusion**

No significant internal control issues have been identified.

Signed

Interim Chief Executive  
Date: 6 June 2008



## CONTACT DETAILS

### Wards and Departments

Hospital Wards:-

Ward G1 - 01904 726001

Ward G2 - 01904 726002

Ward G3 - 01904 726003

For all other Hospital Wards, please dial 01904 7260 followed by the Ward number eg 01904 726014 for Ward 14 or 01904 726032 for Ward 32 etc

### Other Departments/ Clinical areas:-

Admission Enquiries  
01904 726400

Ambulance Enquiries  
01904 726540

A & E Reception  
01904 726588

Antenatal Clinic  
01904 725666

Breast Imaging Unit  
01904 725590

Cancer Care Centre  
01904 726515

Child Assessment Unit  
01904 726018

Children's Centre  
01904 726539

Coronary Care Unit  
01904 726030

CT Scanning  
01904 725936

Day Unit  
01904 725542

Delivery Ward  
01904 726004

Dermatology Appointments  
01904 726624

Endoscopy Unit - Clinical  
Enquiries  
01904 726694

Endoscopy Unit - Admin  
Enquiries  
01904 726181

Intensive Care Unit  
01904 726040

Neurosciences  
01904 725752

Orthopaedic Out-patient Clinic  
01904 726536

Patient Appliances (Orthotics)  
01904 726538

Physiotherapy  
01904 725389

Special Care Baby Unit  
01904 726005

X-Ray Appointments  
01904 726676

X-Ray Enquiries  
01904 726328



## CONTACT DETAILS

Hospitals	Contact numbers of services provided by York Hospitals Foundation Trust on other premises
<p><b>York Hospital</b> Wigginton Road York YO31 8HE Tel: (01904) 631313</p>	<p><b>School Health Services</b> York base: Tel: (01904) 725331 / (01904) 725332 / (01904) 725334 Selby base: Tel: (01904) 724281 / (01904) 724282 / (01904) 724283 Haxby Base: Tel: (01904) 724678</p>
<p><b>St Helen's Rehabilitation Hospital</b> Nelson Court 1a Nelson Lane Tadcaster Road York YO24 1HD Tel: (01904) 700651 (Main Reception)</p>	
<p><b>White Cross Court Rehabilitation Hospital</b> Wilson Drive Huntington Road York YO31 8FT Tel: (01904) 641464 (Main Reception) Tel: (01904) 640957 (Community Outreach Services)</p>	<p><b>Renal Dialysis Satellite Unit</b> Acorn Court Satellite Unit Tanpit Lodge Easingwold York YO6 3HD Tel: (01904) 724800 Harrogate Renal Satellite Unit 'Heatherdene' Harrogate Hospital Lancaster Park Road Harrogate Tel: (01423) 544519</p>
<p><b>Patient Advice and Liaison Service (PALS)</b> Tel: (01904) 726262</p>	<p><b>Out Patients</b> <b>Selby War Memorial Hospital:</b> Outpatient Department Tel: (01904) 724312</p>
	<p><b>Sexual Health Services based at Monkgate Health Centre, York</b> Family Planning: Tel: (01904) 630352 Genito-Urinary Medicine: Tel: (01904) 725417 Appointments and results Tel: (01904) 725412 General Enquiries</p>





York Hospitals 

NHS Foundation Trust



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

York Hospitals NHS Foundation Trust  
Annual Report and Accounts 2007-08