

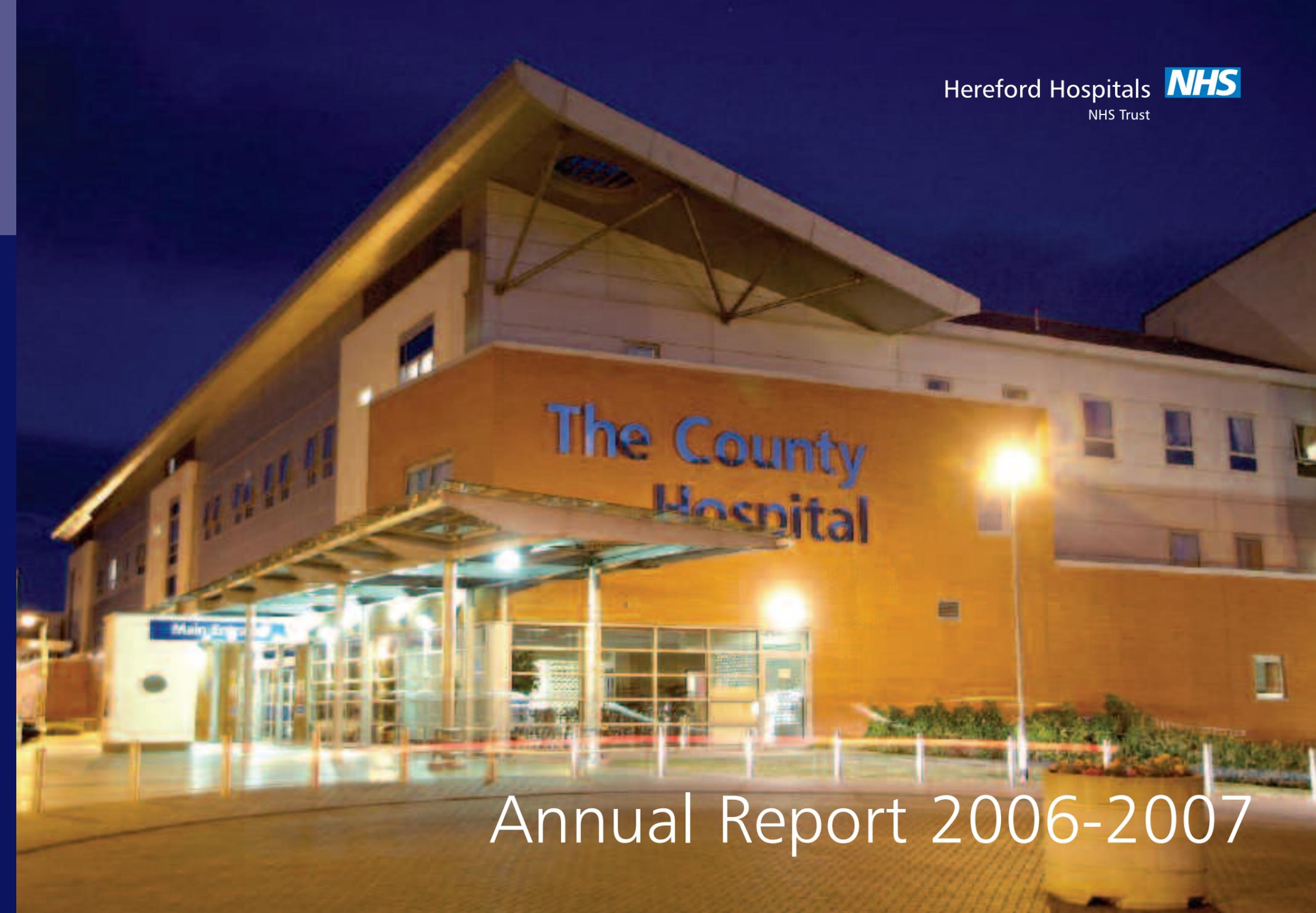
How to contact us

 www.herefordhospital.nhs.uk

 01432 364000

 Trust HQ
The County Hospital
Union Walk
Hereford
HR1 2ER

www.herefordhospital.nhs.uk



Annual Report 2006-2007

Chairman's Foreword

I became the Chairman of Hereford Hospitals NHS Trust on 1st June 2007 following the retirement of Mrs Cessa Moore MBE at the end of May 2007.

Prior to being appointed as Chairman, I was a Non-executive Director of the Trust, serving as Deputy Chairman of the Board and Chairman of the Audit Committee. I pay tribute to Cessa and her leadership of the Board. Cessa's dedication to the Trust and its work was both inspiring and unstinting. On behalf of Hereford Hospitals NHS Trust, I thank you Cessa.

Hereford Hospitals NHS Trust is a relatively small district general hospital with 317 beds and approximately 1,600 full-time employees. We care for a population in one of the most rural regions of the country with a higher than average number over the age of sixty-five years. There are many other characteristics that set us apart and make us stand out from the crowd. I know from the hundreds of letters and emails we receive as a whole, that this is also the view of many patients and relatives who cross our threshold. Within this Annual Report we can only provide you with a flavour of the wonderful compliments we receive but we nonetheless value all comments given to us.

In addition the Annual Report recognises some of the significant achievements made by the Trust over the past year, some of which are highlighted by our Chief Executive Martin Woodford in his introduction. I offer my congratulations to him, his colleagues and all the staff for their hard work and unstinting effort. It is a well used cliché to refer to healthcare today as a "team effort" but that is

really what it is. Such high quality, high performance care requires a huge commitment from everyone, and not only those in direct contact with patients but equally those behind the scenes.

Clinically it has been a good year. The Trust Board see clinical care as a top priority and are routinely presented with facts and figures relating to hospital performance. These are heavily scrutinised to fully understand what we have achieved and more importantly how we can improve. It is the Department of Health that sets the minimum standards which we routinely meet. However we aim to do better still, exceeding the minimum and providing the safest and highest quality of care for our patients.

Balancing the books is also important but this is not the primary purpose of the Trust, it is simply a necessary requirement. Without financial stability we would not be in a position to provide our core services. 2006/07 saw a considerable improvement in this respect as the Trust reduced costs and improved productivity in all areas. This performance needs to continue, as we have to further improve productivity and efficiency.

We continue to make good progress towards Foundation Trust status, which we aim to achieve by summer 2008. Much will depend on whether we can demonstrate recurrent financial stability, improve and refine our governance arrangements, and fully understand the market in which we operate.

I genuinely believe that with increased local involvement and the independence and benefits

that becoming a Foundation Trust will bring, we will continue to excel as a healthcare provider. The ultimate aim is clear; to provide you our patients with care that is safe, of the highest quality, when you need it and that is second to none.



Mark Curtis
Chairman



Chief Executive's Reflections

For the Trust and for Hereford County Hospital, 2006/07 was a year of achievement, change and to some degree uncertainty as we strove to improve the quality and accessibility of our services whilst at the same time balancing our books. This is in a context where patients, quite

rightly, have increasing choice as to where they are treated and where hospitals are paid strictly at a nationally set price for the number of patients that they treat.

We are delighted to be able to report that we have continued to achieve reductions in the waiting time for our services. By the 31st March 2007, no patient was waiting more than 11 weeks for outpatient treatment or 20 weeks for inpatient treatment. We also achieved significant improvements in access times for our diagnostic services. On the back of this and in conjunction with Herefordshire Primary Care Trust, we have set ourselves the challenge of ensuring that by December 2007, one year ahead of the Government's target date, no patient waits more than 18 weeks in total from referral by their GP to treatment at the hospital.

In this context, we were also able to achieve our key financial targets and in particular to report a surplus of £1.3m for 2006/07. This was in part

achieved by one-off measures that will not be available to us in future years and we recognise that we need to reduce our costs by some £3m on an ongoing basis to put our finances on a sound footing going forwards. This financial pressure has regrettably caused some uncertainty for our staff, but we are pleased to report a significant improvement in our position early in the new financial year without the recourse to the drastic measures seen elsewhere in the country.

With 2006/07 now successfully under our belt and a much improved position early this financial year, we now envisage re-applying in the autumn to become a Foundation Trust by no later than summer 2008. Over the coming months, we will concentrate on building up a potential membership for the new Foundation Trust from patients, staff and stakeholder organisations so that it can truly be a different kind of organisation, accountable to local people.

Our patients and staff justifiably expect our hospital to provide the highest quality of care in a safe and clean environment. Whilst we have been acclaimed by CHKS, independent benchmarking experts, as one of the best performing hospitals in the UK, we recognise that there is no room for complacency. Reducing and ultimately eliminating hospital acquired infections is a major priority for us all in the NHS and as a hospital we are doubling our efforts in this area.

We are also conscious of the continuing pressure on hospital beds at the County Hospital, which has an inevitable impact on the quality of service, and are currently formulating plans with our partners to

reduce these pressures and to close the remaining and outdated hatted wards.

Our achievements and our success in addressing the challenges that we face are entirely dependent on the efforts and commitment of all those working at the hospital, either for the Trust, our operational partners or as volunteers, and we would like to pay tribute to them all through this Annual Report.



Martin Woodford
Chief Executive

Better access . . . better services

Providing treatment more quickly

The Trust has continued to perform well throughout 2006/07. The table below demonstrates the Trust's track record in achieving key national waiting time targets. Outpatient and inpatient waits continue to fall as the Trust strives to reach a total referral to treatment wait of 18 weeks by December 2007. High standards of cancer care have been maintained throughout the year.

Table 1

Key Target	2003/04	2004/05	2005/06	2006/07
Patients with suspected cancer seen within 2 weeks	100%	99%	99.9%	99.5%
Elective patients waiting longer than the standard	Nil over 12 months	Nil over 9 months	Nil over 6 months	Nil over 5 months
Outpatient waiting longer than the standard	Nil over 21 weeks	Nil over 17 weeks	Nil over 13 weeks	Nil over 11 weeks
Total time in A&E: four hours or less	90%	98%	98%	98%
Outpatient & elective booking	67%	86.6%	100%	100%
Cancer waiting time from decision to Treat (31 days)	N/A	N/A	100%	99.9%
Total cancer waiting time from referral to treatment (62 days)	N/A	N/A	89%	99.3%

Hereford Hospitals NHS Trust in the top 40 hospitals!

This year culminated in CHKS, an independent company responsible for benchmarking hospital Trusts, listing Hereford Hospitals NHS Trust as one of the top 40 performing hospitals in the country. Hospital performance was measured against hospitals from across the UK on 20 different indicators such as waiting times, infection rates, cancelled procedures and complications, length of stay, day case rates and length of time taken for diagnoses.

Staff at Hereford Hospital are very proud to have received this award as it puts them "on the map" with other top performing Trusts like Guy's and St Thomas's, York Hospitals NHS Foundation Trust, Royal United Hospital Bath and Hammersmith Hospital.

More patients treated

In 2006/07 we treated more patients than ever before, as reflected in the table below.

Table 2

Activity	2004/05	2005/06	2006/07	Increase 06/07 on 05/06 %
Elective	4,350	4,421	4,223	-4.5%
Day Case	9,070	9,866	10,391	5.3%
Emergency	16,160	18,797	18,812	0.1%
New Outpatient Attendances	46,985	49,777	52,224	4.9%
Follow Up Outpatient Attendances	117,712	124,698	117,198	-6.0%
A & E Attendances	40,798	42,776	44,010	2.9%

Preventing Infection

Safeguarding patients through the prevention and control of infection remains a high priority for the Trust and 2006/07 saw us facing a number of challenges. Overall the rates of Clostridium difficile and Methicillin Resistant Staphylococcus Aureus (MRSA) decreased over the year. As antibiotics are known to increase the risk for certain patients to develop Clostridium difficile, new antibiotic prescribing guidelines were introduced in March 2007 and we have since seen a dramatic reduction in new cases of this infection.

Over the last year the Infection Prevention and Control team, with nursing and medical staff, implemented a wide range of initiatives, aimed at improving infection control including audit, education and directly observing staff at work. The teams regularly monitor standards of cleanliness and have welcomed the independent monitoring by the Patients Forum which helps to ensure our standards meet patients' expectation.

2007 will see the launch of "5 To Fight Infection" a strategy to engage visitors in the prevention and control of infection in the Trust.

The strategy focuses on 5 important points for hospital visitors to consider. Leaflets will be available for all visitors at the entrances to the wards and various initiatives to promote the strategy will be rolled out later this year.

Hereford Hospital patients to benefit from the early achievement of the 18 week referral to treatment target!

Patients at Hereford Hospital are set to be some of the first in the country to receive their completed course of treatment within 18 weeks of visiting their GP, a whole year ahead of the rest of the NHS.

In conjunction with Herefordshire PCT, the Trust has been chosen as an early achiever of the 18 week referral to treatment target. To ensure that more patients receive their treatment as soon as possible, the Trust has appointed a 7th Orthopaedic consultant and we are going to appoint a third ENT consultant.

Trust Priorities for the Future

To ensure Trust performance continues to improve we have a clear set of challenging, yet realistic, corporate priorities for 2007/08. It will be important that all staff feel they can contribute to their delivery: This will be achieved through roll out of objectives through our individual appraisal process.

Our priorities to . . .

Improve	Develop	Enhance	Achieve
<ul style="list-style-type: none"> Access to service Time to completion of treatment to 18 weeks Efficiency of service and staff team (Commercial "LEAN Systems" approaches) Health Care Commissions Annual Health Check Standards for Better Health rating 	<ul style="list-style-type: none"> Further improvements to the patient experience The hospitals estate to meet increasing demand Further public involvement through membership 	<ul style="list-style-type: none"> Infection control to reduce infection rate Further the skills of our staff Market share of healthcare Collaboration with stakeholders 	<ul style="list-style-type: none"> Recurring Financial Balance

"...I was impressed by the speed and efficiency with which the whole procedure was completed, and it was coupled with the care to make sure I understood what was involved. I wanted to express my thanks as there is so much criticism being flung about at the moment...As I get older I am an increasingly grateful customer!....."

"I recently underwent orthopaedic surgery and would like to express my profound thanks and appreciation for the care and treatment I received from both clinical and nursing staff, who I found to be very caring and extremely professional people. While my stay in hospital was brief I have nothing but praise for my experience and I felt duty bound to say so in writing!"

Listening to our Patients

PALS – We're here to help!

PALS provides a point of contact for advice, information and support for any patient or relative using hospital services. The PALS service is based at the main hospital entrance. The main issues raised during 2006/07 were around clinical care, communication and information and waiting times in clinics.

WE LISTENED to what you had to say AND ACTED on what you told us

- increased staff in the booking centre to answer calls and improve the administration of appointments;
- improved signage around the hospital;
- introduced a 'Pay on Foot' car parking system to increase the availability of spaces;
- formed a patient group to provide feedback on standards of patient care;
- reduced the wait for hearing aids by partnering with another provider;
- introduced a fast track, ward based medicine dispensing system to reduce the time patients have to wait on discharge;
- increased training for staff in respect to patient dietary requirements;
- improved washing facilities in the hatted wards;
- developed information for patients and visitors about infection control and hand-washing.

PALS welcome any comments or suggestions that patients and members of the public may have to improve services. PALS can be contacted on 01432 372 986 or by calling at the desk in the hospital entrance.

Consumer Group

The Hospital Consumer Group is made up of current and former patients. It has been in existence for over ten years and this year the group has:

- conducted a variety of patient surveys including food and visiting times;
- participated in the Trust's externally managed annual cleanliness audit;
- helped devise an action plan for improvements based on the results of the Healthcare Commission Inpatient Survey;
- provided editorial feedback on patient information leaflets.

The work of the Consumer Group is invaluable in bringing the "patient" opinion to the forefront in much of the work we do. The group is always looking for new members so if you are interested in becoming involved, please contact the PALS service on 01432 372 986.

Volunteering Services

We currently have a team of 80 volunteers ranging from 17 to 85 years of age. Together they support the Trust in providing a better experience for both patients and visitors to the hospital.

This year we have recruited 14 ward based volunteers who are being developed and trained to assist patients who are unable to feed themselves. A new mobile hairdressing service has also been introduced which has been very popular.



We are looking for more volunteers to work with us so if you are interested, please contact our Voluntary Services Department on 01432 372970.

Patients Survey – "what patients say about us"

This survey, carried out by the Healthcare Commission, involved 850 Hereford Hospital patients who used our services during July 2006. 531 patients responded, representing 65% of those questioned. The overall results were favourable with many of our services receiving high levels of positive feedback.

The most significant change since the previous survey carried out in 2005 is that more patients now feel they are being admitted from the waiting list on time.

The Trust performed well nationally with respect to single sex facilities, explaining the anaesthetic procedure to the patient, patients receiving a copy of letters and information provided on discharge. Areas for improvement include general information provided to patients and relatives, giving patients a choice of admission dates for surgery, hospital food and assistance with feeding and discharge delays.



We listened and are acting

The following have been put in place or are being developed:

- a red tray system is being introduced to identify patients who require assistance with feeding;
- ward volunteers have been appointed, specifically to assist with feeding of patients;
- ward information packs are being developed and the Trust is looking at ways to make staff more accessible to answer concerns;
- volunteers and Patient Forum representatives are carrying out regular food tasting and surveys of patients;
- a checklist for patients to ask questions on discharge is being prepared.



HANDLING COMPLAINTS

Issues you've raised

The Trust has a well established 'Being Open' policy which ensures that the Trust and staff communicate openly with patients and carers when responding to incidents and complaints. We received significantly fewer formal complaints from the previous year, down from 207 to 143, which equates to 31% less.

We have made improvements as a direct result of complaints:

- junior doctor teaching practices to reflect patient's experiences;
- nursing admission documentation;
- audit use of transfer document when patients are moved between wards;
- communication between department and wards when radiological investigative findings need urgent attention;
- case management for primary cancer.

The Trust already has established investigation and reporting protocols within tight timescales and the Trust is fully committed to reporting local incidents and to promote the learning outcomes from incidents as well as learning from national trends to inform local practice.

The Trust is consistently looking to reduce the number of complaints received and improving our response time.

Smarter Working

LEAN Improvements

Hereford Hospitals NHS Trust is one of a few hospitals in the country that is implementing LEAN thinking. During the year, the Trust continued its drive to improve services by completing a number of projects using LEAN improvement techniques. LEAN thinking is all about improving processes and reducing waste and was developed from the Toyota Production System. It has been applied in many corporate sectors and Tesco for example, is one of the biggest and most successful LEAN companies in the world.

As pioneers in the implementation of "LEAN thinking" to reduce unnecessary delays for patients, Hereford Hospital was chosen by the UK's leading health management magazine, Health Service Journal, to showcase their achievements, by hosting a "Good Management Live" event at the Hospital in March 2007.

Radiology

Dr Peter Wilson, Consultant Radiologist, described how his department has directly benefited from

the service improvement work and "LEAN thinking". By working hard on shortening the patient journey through radiology, waiting times were significantly reduced. In 2004 there were 524 people waiting for a barium enema test, today there are 40. In 2005 there were 1700 patients waiting for Ultrasound, today there are 270. The Radiology department is aiming to further reduce these figures during 2007 and 2008.

Pathology

As a direct result of the service improvement work, some test results for inpatients can be turned around on average 40 minutes faster. Director of Pathology Dr Steve Jones is happy that results are getting back to the doctors for the welfare of the patients more rapidly and pleased that efficiency has improved in the department.

The Pathology work at Hereford Hospital has been supported by the NHS Institute. Feedback from delegates was extremely positive and the sessions will be repeated for all hospital staff, to hear about how this work may be applied elsewhere in the Trust.

PATHOLOGY LAB BEFORE AND AFTER LEAN IMPROVEMENT



Work waiting to go into centrifuge. Various things left waiting to be processed.



Centrifuges moved into specimen reception freeing up a whole work area. Workplace cleaned and tidied. Unnecessary equipment has been removed.



Pharmacy – Managing Your Medicines on the Wards

During 2006/07 the Pharmacy Department has been focusing on improving waiting times for medication and ensuring the safe supply of over 1/3 million items issued to patients and wards.

By reviewing the way we work, we now have more pharmacists and pharmacy technicians working regularly at ward level, providing specialist support



Specimens put in a rack then taken to centrifuge, left waiting, unloaded and put in centrifuge.

and advice to patients and staff on the safe and effective use of medicines.

This "ward based medicines management" system is already working well in the wards, with implementation due to be complete in 2007.

The Pharmacy department has been using the LEAN approach to review their systems, which has led to up to a 50% reduction in waiting times for discharge medication. To promote seamless care, patients are now encouraged to bring in their own medicines for use during their stay and where possible discharge medicines are prepared earlier to facilitate almost immediate discharge when the patient is ready to leave and to improve the cost management of medicines.

We are proud of our Medicines Information Service, a phone service which provides high quality advice to patients, members of the public and health professionals within Herefordshire. In addition, our modern in-house manufacturing facilities provide a safe environment for the production of chemotherapy drugs for use in the Charles Renton Unit and produce many other difficult to purchase products used to treat our patients.



Standardised process: Specimens put directly into centrifuge carriage. This stops double handling. Carriages are loaded directly into centrifuge, eliminating 40 minutes of delays per day.

Promoting our Services

The Trust is operating in an increasingly competitive healthcare environment. Patients now have more choice and are able to choose where they wish to be treated. They are more likely to choose hospitals which are convenient and provide excellent quality and standards of service. As well as introducing patient choice, the Government has extended the role of the independent sector, particularly for the provision of diagnostics and minor surgery.

To continue to be a successful and vibrant hospital, the Trust needs to respond appropriately to this increased competition. Our aim is to be the 'Hospital of Choice' for the population we serve, working together with our partner organisations and stakeholders to deliver excellent, high quality services.

The Trust has implemented a number of initiatives during the year:

- undertaken an audit to determine the key influencers over patient choice (key elements include: convenience of location and parking; waiting times; standards of hospital cleanliness; quality of food);
- established a Hospital Senior Clinical Team which regularly meets with GPs to determine areas for improvement in services (both in terms of clinical services and support processes – such as patient booking);
- introduced services which are more responsive to the needs of patients and GPs (e.g. direct access to MRI by GPs);
- developed a new internet site (www.herefordhospital.nhs.uk) which provides details of the services the Trust provides, together with the latest developments;



- implemented LEAN processes in a number of service areas to improve efficiency and cut out any unnecessary waste;
- implemented direct electronic booking, enabling patients to book an appointment at the hospital at a date and time convenient to them (when referred by their GP).

looking ahead

A key influence over patient choice is how long they have to wait for treatment. The Trust is pleased to be one of only 13 national trailblazers for implementing the maximum 18 weeks from referral to treatment by December 2007, a year ahead of the rest of the NHS.

In 2007-08 the Trust will continue to work closely with stakeholders such as GPs; the new Herefordshire Public Service Trust; the voluntary sector and other organisations to further strengthen the services the hospital provides.

Our Members



The Story so Far...

In December 2006 the Trust launched a "Membership Recruitment Drive" encouraging people from the communities we serve to sign up as members of the hospital. This was the first step in seeking greater involvement from the local community in developing future plans for services, whilst also helping improve the services we currently offer and enhancing the environment in which patients receive care. Initial communication resulted in us recruiting 278 members, 229 from Herefordshire and 49 from the Powys area which was a fantastic response.

The Trust welcomed members by holding 2 events, one in Hereford and one in Powys. We were overwhelmed by the support and enthusiasm of members at these events and the Trust would like to thank all those who are already on board for their contributions to date and for their patience and understanding whilst we have been working on establishing a structure for membership engagement.

Foundation Trust Status

Building a wide membership base and working together with these members is one of the key steps a hospital needs to take when applying for Foundation Trust status and consequently securing its future. Foundation Trusts are still part of the NHS but have greater autonomy and control over their

financial affairs and most importantly are accountable to local people via the membership. Hereford Hospitals NHS Trust will be applying for Foundation Trust status in 2008 and having a strong membership base will be a key part of this application.

The Next Steps

Following feedback from the members welcome events, the Trust will aim to hold quarterly events to proactively engage members with the work of the hospital. In addition to these events, focus groups will be established to allow members with a particular area of interest to get together and discuss their suggestions and ideas with representatives from the Trust.

Many of our members bring with them valuable skills, knowledge, experience and contacts which could also be of great benefit to the hospital so every effort will be made to harness these.

The Trust will also be offering members who are interested in becoming Governors of the Foundation Trust, the opportunity to stand for election and represent the communities they serve on the "Council of Governors". Further information on the role of members and governors can be found in the Foundation Trust section on the Trust website: www.herefordhospital.nhs.uk

Please see the inside back cover of this report for a membership application form.

Making I.T. work for patients

Quick diagnosis

Clinicians can now view x-ray results more quickly thanks to a new high speed 'broadband' IT network throughout the hospital. X-ray results are available on the network immediately (no film processing necessary) enabling more rapid diagnosis and treatment to be carried out.

In the near future, doctors will be able to view patients blood tests and x-ray results, on mobile computers at the bedside.

Right information – right time

To ensure clinicians have access to the right information at the right time the Trust implemented a new central patient administration system in October 2006 which records patient information on a central database.

Ultimately this will end the frustration patients currently experience when repeatedly being asked the same simple questions when they come to hospital (name; address; date of birth; allergies; etc)

Your appointment – you choose

All patients who need to be seen at the hospital will soon be able to book appointments on-line whilst at the GP at a date and time convenient to them. This eliminates the unnecessary wait from GP visit to appointment letter, thus reducing the time waited for treatment.

Out of the Huts and into the Hospital

looking ahead

We are planning some of the biggest changes to the County Hospital site since the new hospital opened 5 years ago and are focusing not only on improving the physical environment for patients but also the quality of care.

We want to ensure that patients are seen quickly, in the right place at the right time by the right clinicians. The improvements we are planning will not only enable us to vacate the remaining Canadian hutted wards, but also to create;

- a Clinical Decisions Unit; a front of house facility which supports A&E, to speed up patient assessment and where necessary, admission;
- a dedicated high dependency unit, for patients with more complex care needs;
- a dedicated short stay surgical facility.

Bed numbers will not reduce as a result of the hutted ward closures. All beds from the huts will be relocated into underutilised areas in the main hospital building, making best use of the space we have available.

"You're Amazing..."

Thanks to a successful fundraising campaign in Herefordshire and beyond, led by Macmillan Cancer Support, we anticipate that building work will start on a new state of the art Cancer Unit in 2008.

The new unit will offer superb facilities for the diagnosis, treatment and support of local cancer patients and will also allow the majority of patients to receive chemotherapy treatment locally, preventing lengthy journeys to the Cancer Centre at Cheltenham.

Hereford Hospital is working with the Cancer Centre in Cheltenham and Worcester Royal Hospital to undertake an option appraisal for the future provision of radiotherapy across the Three Counties Cancer Network. The Network will be assessing bids from Hereford, Worcester and Cheltenham to accommodate the linear accelerators necessary for providing radiotherapy.

A decision on where the new accelerators will be housed will be made by the Three Counties Network Board by the end of 2007.

"Site for Unit is identified"

"Help at hand for patients"



© Hereford Times

"Cancer Unit will Carry on Spencer's legacy"

"ENGLAND HELPS RENTON APPEAL"

Our Staff

The source of our success to date is the hard working, dedicated and committed teams of people we have working at all levels, in a variety of different disciplines at the Trust.

Whilst it has been a tough year operationally and financially for the Trust, this report pays tribute to the achievements of the staff who all pull together to ensure patients receive the high standard of care they deserve. Staff are receiving regular performance reviews and personal development plans, and managers are being encouraged to develop staff to their full potential by providing support, guidance and access to training and development opportunities where possible.

Trust Training Successes

The Trust is accredited to deliver the Institute of Leadership and Management's Introductory Certificate in First Line Management in house, a qualification aimed at those clinical and non-clinical staff starting in or wishing to move into jobs involving the management of people and resources. During the year, twelve Trust staff achieved the qualification, alongside individuals from other organisations such as Herefordshire Primary Care Trust.

We also support trainees studying for National Vocational Qualifications (NVQ's) and during the year.

Managing our Staff

A new Director of Human Resources was appointed in January 2007. By the end of the financial year he had worked with the Unions to introduce an up to date "Management of Change" policy in the Trust.

This new policy underpins our ability to redesign services, raising the quality, speed of delivery and cost effectiveness of our services.

More Doctors . . .

Since last year the numbers of doctors at the Trust has increased by 10%, an actual total of 21 new doctors in post. Our nursing and other staff remain at the same level.

The Government's strategy for the NHS was crystallised in the publication of the NHS plan in 2000. It pledged that there needed to be more significantly more nurses, doctors and other health care professionals required to reduce waiting times and improve the quality of care. We are working to fulfil this pledge and now have the following number of staff in post, many of whom work on a part time basis.

Table 3

Staff Group	Number at 31/3/2007
Ancillary	6
Nurses	804
Doctors	229
Allied Health Professionals (e.g. Therapists)	116
Scientific & Technical	163
Administration and Management	388
Total (headcount)	1706

We also have a new approach to managing sickness absence. As a result we are now seeing a reduction in the amount of money spent covering sick leave, savings which can then be passed on to our patients.



Staff Survey

The 2006/07 staff survey continued to show the Trust as a strong performer in terms of staff opinion and of the NHS as an employer. The staff commended the level of training available to them and its relevance to their roles in delivering quality health care. Important findings from our staff survey show that since last year there have been significant improvements to;

- the number of staff who have had an appraisal and agreed a personal development plan, up by 22% and 24% respectively, putting us into the top 20% of Trusts nationally;
- the number of staff reporting stress at work, down by 5%;
- training and development where 97% said that they had received pertinent job focused training, putting us again into one of the top 20% of Trusts in the country.

In addition, the Trust scored highly on employee retention and came in the top 20% of Trusts for our ability to retain staff.

The Declared Ethnicity of Our Workforce

Declared ethnicity	Number of Staff at 31/3/2007	Percentage of Staff at 31/3/2007 – to nearest second decimal	Census data for the County – 2001
African	11	0.64	0.05
Caribbean	3	0.18	0.04
Chinese	3	0.18	0.12
Indian	63	3.70	0.01
Irish	5	0.29	0.45
Not stated	30	1.76	0.00
Other Asian Background	13	0.76	0.07
Other Black Background	1	0.06	0.01
Other Ethnic Background	7	0.41	0.09
Other Mixed Background	4	0.23	0.45
Pakistani	4	0.23	0.03
White British	1522	89.21	97.54
White Other	40	2.35	1.11
Total	1706	100	100

Table 4

Looking ahead

New Electronic Staff Record

Plans are in place for the Trust to "go live" with this new system in September 2007. It will mean that all NHS staff nationwide will eventually have their details on a central database, linked with payroll, to streamline the current process and make it more efficient. Recent audits show that as of May 2007 we are achieving one of the highest success rates in the country with preparations for a smooth transition to the new system.

Management of Staff

To improve the management of our staff and consequently patient care the Trust will:

- set up a focus group to look at how best we can address the violence and abuse that our staff suffer;
- review and bring up to date a number of our other key employment policies;
- exploit the opportunities to attract recurring work to consolidate our position as a provider of quality employee related services.

Governance

Managing Risk “From Board to Ward”

The Trust Board is ultimately accountable for ensuring that all clinical and non-clinical risks are identified and plans put in place to reduce them. The Board oversees the management of the organisation’s strategic risks, supported by the Governance and Risk Committee.

The Governance and Risk Committee

The Governance and Risk Committee is required to establish robust governance arrangements and advise and help manage risk, ultimately giving the Trust Board assurance on the safety, quality and effectiveness of services. On behalf of the Board, the Committee considers monthly the adequacy of high-level risk management arrangements across the Trust.

Patient Safety – “the highest priority”

Patient and staff safety has always been a high priority within Hereford Hospitals NHS Trust. The Governance and Risk Committee receives monthly reports on all aspects of patient safety and the management of associated risks.

Our aspiration to achieve Foundation Trust (FT) status has improved our understanding of risks associated with running a more business like organisation. Any high level strategic risks which are identified in “business plans” are escalated to the Governance and Risk Committee and reported to the Board.

Risk Management Strategy

This helps us to identify and reduce clinical and non-clinical, strategic risks. The Chief Executive, on behalf of the Trust Board, has responsibility for the introduction and implementation of the strategy. Staff are encouraged to integrate risk management into their daily activities, where possible.

The Trust’s Risk Strategy defines strategic risks as issues that could:

- threaten the safety of service users;
- close down a service/services;
- lead to significant financial imbalance and/or the need to seek additional funding to allow it to be resolved, and/or result in significant diversion of resources from another aspect of the business;
- threaten the reputation of the Trust/ NHS;
- seriously prejudice or threaten achievement of a principal objective.

The above ‘strategic criteria’ have been applied to identify a number of strategic risks and the next section describes the actions taken to reduce these top risks.

‘Being Open’

Staff are encouraged and supported, in line with the Trust’s ‘Being Open’ Policy, to share learning and best practice creating a culture of supportive learning with accountability, even when mistakes have been made.

Knowledge is seen as a cornerstone of building safer care in the future and we are working to adopt and provide a proactive knowledge management infrastructure.



Being aware of our risks

The Trust Risk Register

All risks identified across the Trust are added to the Trust-wide Risk register, following an assessment and verification of their severity in terms of impact and probability of occurrence.

Clinical and Corporate Risk

Clinical and Corporate Risk – The Director of Finance and Information, Director of Nursing and Quality, Head of Governance and the Governance and Risk Committee are responsible for advising the Trust Board on all aspects of clinical and corporate risk and ensuring that the Trust has effective systems for managing these risks. In particular, the management of risks that threaten patient safety, such as infection control and the risks associated with the successful delivery of the new Cancer Unit in partnership with Macmillan Cancer Support.

Delivery of the strategy will support the development of continuous improvements in care and practice. It will produce clear outcomes, which can be measured against targets and performance indicators to ensure national and local standards are achieved.

Business / Financial Risk

The Director of Finance and Information and the Head of Governance are responsible for advising the Finance and Performance Committee, the Governance and Risk Committee and the Trust Board on all aspects of business and financial risk and ensuring mechanisms are in place to manage these risks. They are primarily concerned with risks that have the potential to threaten the achievement of the Trust’s key objectives, including delivery of the Cost Improvement Programme, maintaining market share and managing capacity to achieve access targets despite continuing high-levels of emergency demand.

Making things safer for you . . .

Staff work consistently to ensure they are providing the best care for patients by operating in a safe environment and the Trust strives for continuous improvement in this area. The Health and Safety Committee exists to reduce health and safety risks throughout the Trust, improving the environment in which we care for patients and the working situation for staff. Their findings are reported to the Governance and Risk Committee for information and monitoring.

Over the last year the Trust has:

- undertaken further analysis of patient falls to further reduce them – improved incident reporting has been implemented;
- improved hospital security in A&E, Maternity and Paediatrics;
- improved fire safety standards throughout the hospital;
- continued to improve the management of health and safety within the Trust – more staff have obtained qualifications in managing health and safety;
- introduced a security lead for the hospital site to help ensure patient and staff safety.

We also have a dedicated health and safety lead on site to raise risk awareness throughout the Trust. This will continue to be a top priority.

Standards for Better Health (S4BH)

“The inspection regime”

Each May, the Trust Board is required to make a declaration of compliance to the Healthcare Commission against the 24 Core Standards for Better Health, plus statements this year against two developmental standards.

The intention behind the standards is to ensure that health services are provided that are safe and of acceptable quality. Patients and the public can see what local trusts say about whether they measure up against the 24 standards in areas like safety, clinical effectiveness and patient focus.

The final 2006/07 S4BH declaration was approved by the Trust Board in April, submitted to the Healthcare Commission and published on the Trust Website on 18th May 2007. The declaration includes a statement of compliance with the ‘Hygiene Code’ which was introduced by the Department of Health and applied from October 2006. In overall terms the Trust declared full compliance with the standards (a declaration of “fully met”) whilst highlighting “insufficient assurance” against four individual elements (this was within the accepted tolerance limit);

- risk management (achieved at year end but not fully in place for the whole year);
- infection control (because the Trust has yet to see year on year reductions in MRSA);
- recruitment policies (enhancements are required to our processes);
- discrimination and equality schemes (enhancements are required to our processes).

Plans are in place to improve aspects of the above to ensure compliance when they are next reviewed.

looking ahead

Annual Health Check

The Annual Health Check looks at a much broader range of performance than the previous system of star ratings and enables us to paint a more comprehensive picture than ever before of what is happening in healthcare.

It has several components which are used to assess different aspects of performance and whether general standards, in areas such as safety, patient focus and clinical effectiveness, are being met on behalf of patients across the NHS.

The S4BH declaration will form part of the Trust’s 2006/07 Annual Health Check, which will be released in the autumn of 2007.



Public Interest and Other

Audit

The Audit Commission is the Trust’s external auditor. The audit fee for the year amounted to £141,000 of which £54,000 was in respect of national use of resource initiative reviews required by the Department of Health;

- implementation of Payment by Results;
- consultant contracts post implementation;
- emergency admission prevention;
- data quality.

No non-audit services were provided.

The Audit Committee was chaired by Mark Curtis; other Non-Executive members were Caroline Brown, Sebastian Bowen, Tim Heywood and Stephan Ludwig.



Emergency Planning



The Civil Contingencies Act 2004 (enacted in November 2005) placed statutory duties on Trusts and other responders in the following areas:

- Risk Assessments
- Business Continuity Planning
- Exercising
- Training

Co-operation and information sharing with other responders

The Trust has an established Major Incident Plan, recently reviewed by the Board in March 2007 that fully complies with the NHS Emergency Planning guidance issued in 2005 as shown below:

- **Risk assessments:** we have contributed to the establishment and ongoing maintenance of a Community Risk Register through involvement in the Local Resilience Forum Risk Assessment Working Group;

- **Business Continuity Planning:** we have specific continuity plans in place to cope with a range of failures, including utilities failure. Ongoing work has been done during 2006/7 to develop a draft Operational Pandemic Flu plan which identifies contingency arrangements for shortages of staff during a period of high demand;
- **Exercising and Training:** we have organised and participated in several exercises both internal and multi-agency during 2006/7, with further training delivered during 2006/7 and extended during 2007/08;
- **Co-operation and information sharing:** we are actively involved with Herefordshire Emergency Response to Major Incidents Team (HERMIT) and the Local Resilience Forum during 2006/7.



Environment

The Trust has an Environmental Policy adopted in December 2004. It acknowledges that the protection and enhancement of the environment is of importance to assist patients to recover and we recognise our role in protecting the environment of our local community, although at present we do not have a formal Social and Community policy.

The County Hospital was built as part of the Private Finance Initiative (PFI) and the Trust and our PFI partners are committed to improve the environmental performance of the organisation to eliminate or reduce pollution and to comply with all legislation, present and future, that will impact on the environmental position of the Trust.

Statement of Internal Control

This can be found on the Trust Website, together with other key Trust documents.

Quality Improvement – “striving for excellence”

The Trust’s governance function is focused on the dual role of supporting clinicians to implement quality improvements and develop embedded risk management and governance processes whilst also ensuring that the Trust is able to respond effectively to the new compliance and inspection regimes.

Remuneration Report

The Remuneration Committee is a formal committee of the Trust Board, composed of all Non-Executive Directors with the Chief Executive in attendance as appropriate.

The Committee is responsible to the Board for the remuneration of the Chief Executive and Executive Directors. The Chief Executive is not part of the meeting when the Chief Executives remuneration is discussed.

The Chairman of the Committee is the Chairman of the Board, with secretarial support provided by the Director of Human Resources.

The key purpose of the committee is to review the reward structure of the Chief Executive and Executive Directors. Although there is no formal remuneration policy, Directors' salaries and benefits are decided after consideration of market forces, performance and individual contribution based upon the advice and recommendations of the Chief Executive.

The Chief Executive and Executive Directors are permanent employees, under local Trust contract terms and conditions, with six monthly notice by the Director and twelve months notice by the Trust. With the exception of the new Chief Executives' salary, there are no arrangements for additional performance related payments, although the committee is considering introducing an element of up to 6% of salary being based on the achievement of individual objectives.

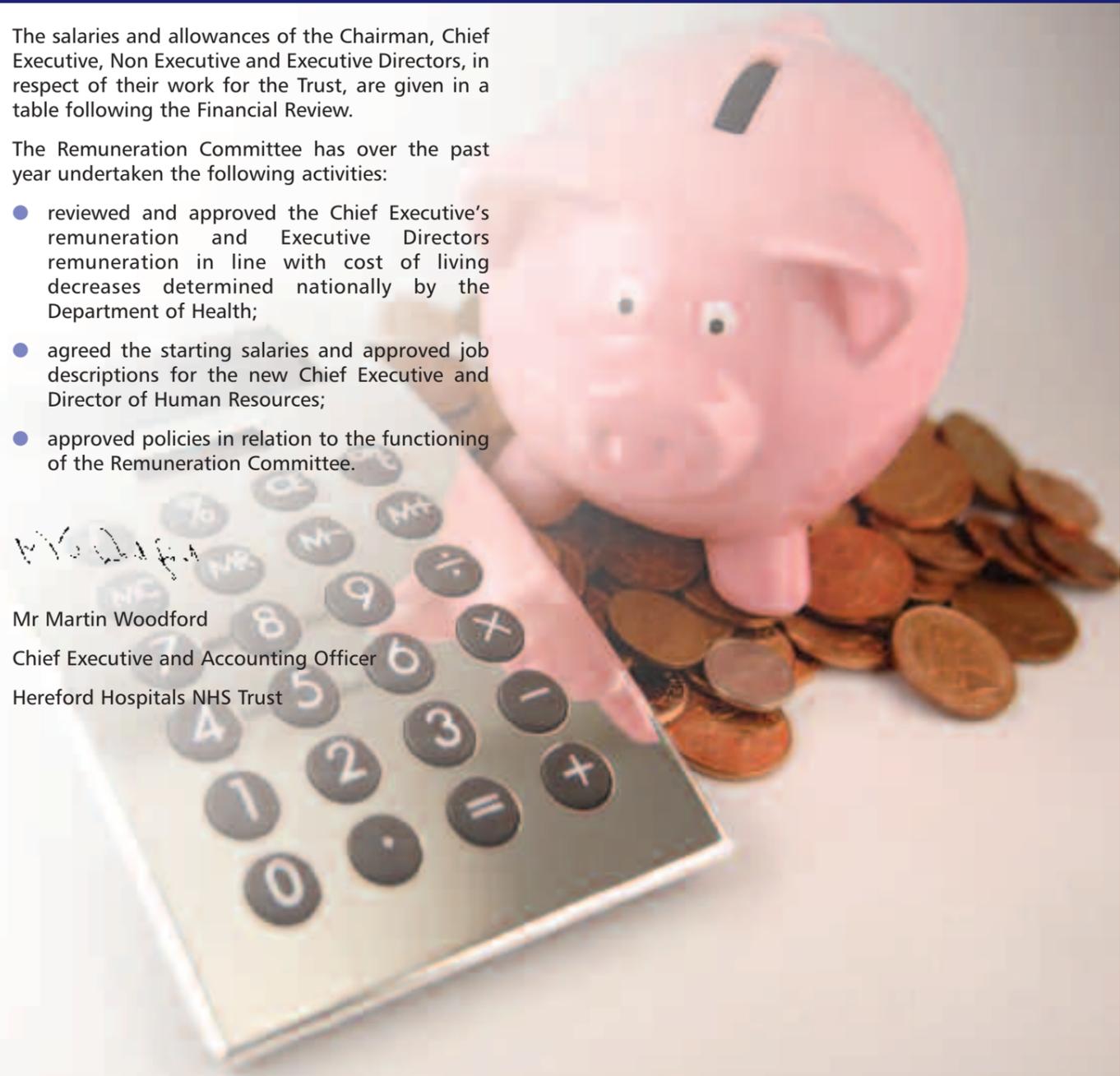
In the event of an early contract termination by the Trust, Directors are eligible for full payment in respect of the Trust notice period.

The salaries and allowances of the Chairman, Chief Executive, Non Executive and Executive Directors, in respect of their work for the Trust, are given in a table following the Financial Review.

The Remuneration Committee has over the past year undertaken the following activities:

- reviewed and approved the Chief Executive's remuneration and Executive Directors remuneration in line with cost of living decreases determined nationally by the Department of Health;
- agreed the starting salaries and approved job descriptions for the new Chief Executive and Director of Human Resources;
- approved policies in relation to the functioning of the Remuneration Committee.

Mr Martin Woodford
Chief Executive and Accounting Officer
Hereford Hospitals NHS Trust



Long term – Financial Objectives

The Trust has a good financial track record, achieving financial balance in 5 of the last 6 years and consistently achieving its External Financing Limit (the limit regulating what it can spend). However it had an underlying recurrent deficit in 2006/2007 which was been bridged by one-off measures.

The Trust has a well defined financial strategy based on generating surpluses, improving cost effectiveness and optimising cash-flow. The financial forecasts for the next five years demonstrate that the Trust can eliminate its normalised trading deficit by the end of 2007/08, realising surpluses from 2007/08 onwards, provided that it delivers recurrent savings of around £7m over this period.

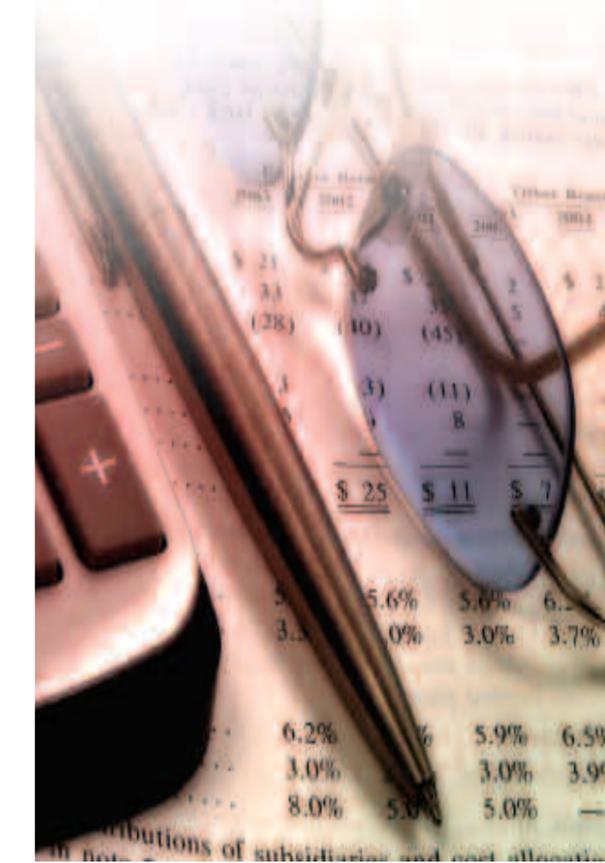
The key to financial success lies in consolidating clinical services into the main PFI hospital, enabling the hutted wards to be closed, and improving workforce productivity. Benchmarking information illustrates that, in spite of the Trust's good performance on many indicators, there is clear opportunity to improve productivity without impacting on patient care.

The Trust has three principal financial objectives:

1. to generate surpluses for investment in improving healthcare;
2. to improve the cost effectiveness and productivity of the Trust's services;
3. to optimise the cash flow of the organisation in support of healthcare delivery.

The financial position of the Trust is dependant on realising sufficient savings in order to achieve a

recurrent surplus, the achievement of cost improvement/productivity programmes and the successful further development of Payment by Results where each hospital is paid for every patient treated. The achievement of Foundation Trust status would require even greater financial discipline.



Accounting Policies

The Trust follows the Accounting Policies prescribed in the NHS Trust Manual for Accounts.

The Trust has a 30 year agreement to provide and operate the PFI hospital. This incorporates quarterly payments in advance which require up front borrowings.

The Trust pays a PDC payment to the Department of Health based on its net relevant assets. This is currently payable based on 3.5% interest. This financial regime would change on reaching Foundation Trust status where different borrowing rules are in place.

Eligible Trust directors and employees are covered by the provisions of the NHS Pensions Scheme which is an unfunded defined benefit scheme. It is a defined contribution scheme and the cost represents the contributions payable to the scheme for the accounting period.

Significant Contractual Arrangements

In addition to its contracts for the provision of Healthcare services, the Trust has significant contractual arrangements with Herefordshire PCT for financial services and IT provision, Mercia Healthcare for the PFI hospital provision and services and NHS suppliers for clinical suppliers.

Cash Flow

The optimisation of cash flows is a vital component in the work of the Finance department which requires detailed daily management. The large quarterly payment in advance of the PFI unitary payment requires careful planning and the achievement of Income and Expenditure balance is crucial to the avoidance of cash pressures.

Making our £s work for patients: a financial review of 2006/07

Headline Achievements

2006/07 was another challenging but ultimately successful year in financial terms for the Trust as we managed to treat the highest number of patients ever whilst still meeting our statutory financial targets. This was in large part due to the skilled and prudent use of resources by front line clinical and other staff.

The headline statutory financial achievements for the year, which as a Trust we should rightly be proud of were as follows: -

- we successfully achieved a balanced Income and Expenditure position in relation to our day to day activities as a hospital, generating a surplus of £1,308,000. Included within this figure is a one-off gain of £6,863,000 for de-recognition of deferred income and one-off costs totaling £1,394,000. In 2005/06 the surplus was £2,000;
- we exactly hit the External Financing Limit (in effect a cash limit for all our activities) set by Government of £6,443,000. This sum includes a cash loan of £3,300,000 which requires repayment over the three years to 2009/10;
- we achieved a Capital Cost Absorption Rate (in effect a return on capital employed) of 2.9%. This fell outside the acceptable range of the official target of 3.0% to 4.0% because the late de-recognition of PFI related deferred income occurred after the 2006/07 Public Dividend Capital was arranged;
- our capital spending (i.e. expenditure on new buildings and equipment etc) was within the Government set Capital Resource Limit of £5,620,000 by £2,722,000.

Our Income

In order to fund the hospital services (secondary care) we provide as a Trust, we secure the majority of our income from NHS commissioner organisations (Primary Care Trusts in England and Local Health Boards in Wales). In 2006/07, of our total income of £93,562,000, £76,493,000 came from NHS commissioners and other Income from Activities with the remainder being £2,517,000 funding for the Education and Training of our staff and £14,552,000 for Other Operating Income (including the £6,863,000 de-recognition gain referred to above). The chart below provides a breakdown of our income from commissioners in 2006/07: -

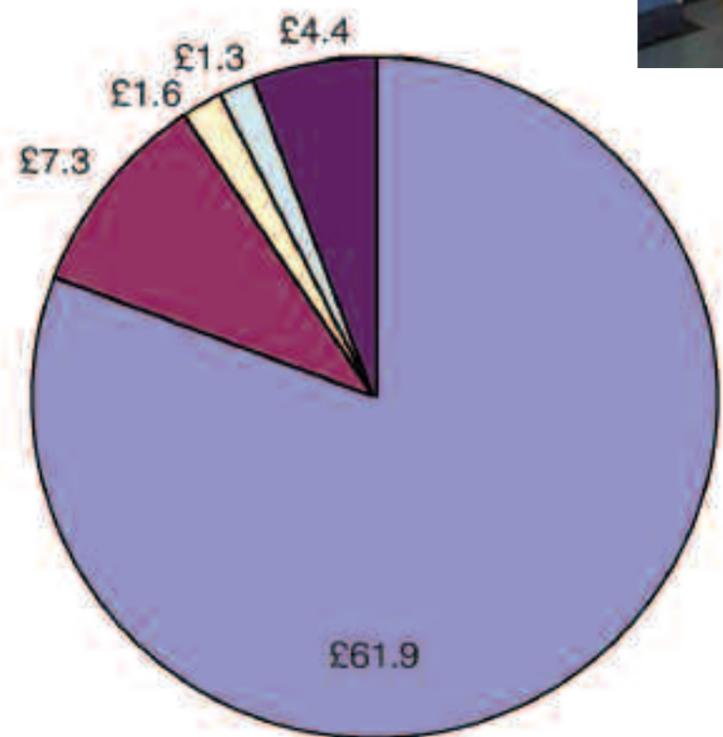
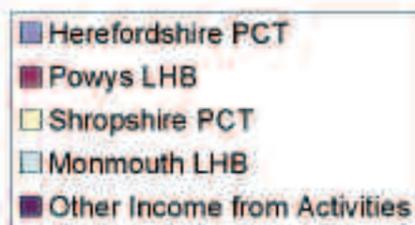


Chart 1: 2006 / 07
Commissioner Income £m



What we spent on Services

In 2006/07 we spent £91,582,000 on the direct provision of services, an increase of £7,258,000 or 8.6% over the previous year, reflecting the fact that with additional income we were able significantly to continue expansion or improvement to a range of services including Gastroenterology, Orthopaedics, Paediatrics, Diabetic Medicine and Dermatology. As a result patients can expect to wait for a shorter time for treatment and to receive a higher quality service.

Not surprisingly, the bulk of our day to day spending goes on front line services and in particular medical and nursing staff as is demonstrated in the chart below:-

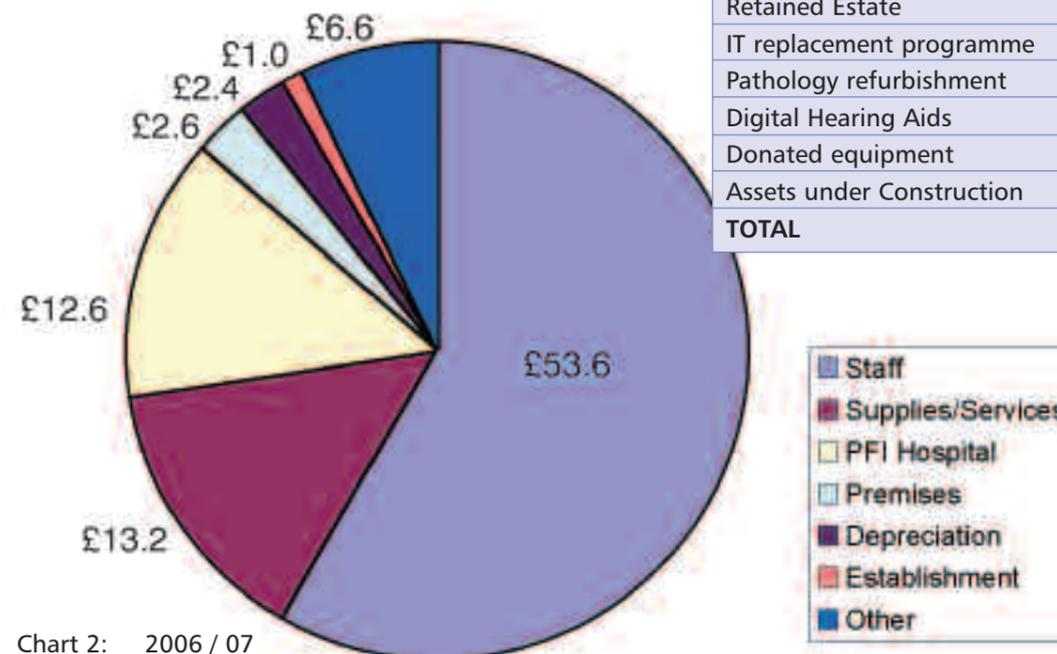


Chart 2: 2006 / 07
Annual Expenditure £m

What we spent on Buildings and Equipment

During the year we were also able to commit capital expenditure (building construction/improvement and equipment items over £5000) of £3,025,000, a decrease of £37,000 over the previous year. Amongst other things, this enabled us to continue the refurbishment of our Pathology laboratories and to make a significant investment in clinical equipment and IT for front line service areas. A breakdown of our capital expenditure programme is provided below:

Table 5

	£K
PFI Tariff – capital element	1,147
Medical equipment	455
IT HIS development	332
Retained Estate	242
IT replacement programme	326
Pathology refurbishment	168
Digital Hearing Aids	141
Donated equipment	124
Assets under Construction	90
TOTAL	3,025

These achievements aside, the financial experiences and challenges of 2006/07 again sound a cautionary note for the future because in essence we were only able to achieve a surplus of Income over Expenditure last year through one off gains totaling some £7m (primarily through the de-recognition of PFI deferred income no longer required by the PCT).

A summary of the Trust's Annual Accounts for 2006/07, as audited and signed off by our external auditors (the Audit Commission), follow at the end of this section. A complete set of accounts and the statement of internal control can be obtained by contacting Howard Oddy, Director of Finance, on 01432 364428.

looking ahead

Looking ahead to 2007/08 when we expect to treat an even greater number of patients as we strive to reduce waiting times, we are estimating that we will need to find increased operational savings through improved efficiency of some £3.2m to achieve break even once again. Our bid to become a Foundation Trust was deferred in January 2007 in order for us to achieve these savings and to develop further other financial diligence and governance issues.

Summarised Annual Accounts

BALANCE SHEET AS AT 31 March 2007

	31 March 2007 £000	31 March 2006 £000
FIXED ASSETS		
Intangible assets	689	487
Tangible assets	30,031	27,977
Investments	0	0
	<u>30,720</u>	<u>28,464</u>
CURRENT ASSETS		
Stocks and work in progress	1,210	1,038
Debtors	16,410	15,173
Investments	0	0
Cash at bank and in hand	2,281	456
	<u>19,901</u>	<u>16,667</u>
CREDITORS: Amounts falling due within one year	<u>(8,276)</u>	<u>(8,001)</u>
NET CURRENT ASSETS/(LIABILITIES)	11,625	8,666
TOTAL ASSETS LESS CURRENT LIABILITIES	42,345	37,130
CREDITORS: Amounts falling due after more than one year	<u>(2,186)</u>	<u>(6,863)</u>
PROVISIONS FOR LIABILITIES AND CHARGES	(1,297)	(546)
TOTAL ASSETS EMPLOYED	38,862	<u>29,721</u>
FINANCED BY:		
TAXPAYERS' EQUITY		
Public dividend capital	16,124	9,660
Revaluation reserve	13,519	12,149
Donated asset reserve	4,081	4,235
Government grant reserve	0	0
Other reserves	0	0
Income and expenditure reserve	5,138	3,677
TOTAL TAXPAYERS' EQUITY	38,862	<u>29,721</u>

Signed (Peter Harper of behalf of the Chief Executive)
22 June 2007

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 March 2007

	2006/07 £000	2005/06 £000
Income from activities	76,493	72,921
Other operating income	17,069	11,887
Operating expenses	(91,582)	(84,324)
OPERATING SURPLUS/(DEFICIT)	1,980	484
Cost of fundamental reorganisation/restructuring	0	0
Profit/(loss) on disposal of fixed assets	(3)	0
SURPLUS/(DEFICIT) BEFORE INTEREST	1,977	484
Interest receivable	176	126
Interest payable	(4)	0
Other finance costs - unwinding of discount	(7)	(7)
Other finance costs - change in discount rate on provisions	0	(47)
SURPLUS/(DEFICIT) FOR THE FINANCIAL YEAR	2,142	556
Public Dividend Capital dividends payable	(834)	(554)
RETAINED SURPLUS/(DEFICIT) FOR THE YEAR	1,308	2

All income and expenditure is derived from continuing operations.

Summarised Annual Accounts

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 March 2007

	2006/07 £000	2005/06 £000
Surplus/(deficit) for the financial year before dividend payments	2,142	556
Fixed asset impairment losses	0	0
Unrealised surplus/(deficit) on fixed asset revaluations/indexation	1,801	703
Increases in the donated asset and government grant reserve due to receipt of donated and government grant financed assets	124	15
Defined benefit scheme actuarial gains/(losses)	0	0
Additions/(reductions) in "other reserves"	0	0
Total recognised gains and losses for the financial year	4,067	1,274
Prior period adjustment	0	0
Total gains and losses recognised in the financial year	4,067	<u>1,274</u>

Income from Activities

	2006/07 £000	2005/06 £000
Strategic Health Authorities	0	0
NHS Trusts	0	0
Primary Care Trusts*	65,536	63,470
Foundation Trusts	0	0
Local Authorities	0	0
Department of Health	2,990	859
NHS Other	0	0
Non NHS:		
- Private patients	212	181
- Overseas patients (non-reciprocal)	0	0
- Road Traffic Act	260	381
- Injury cost recovery	0	0
- Other	7,495	8,030
	<u>76,493</u>	<u>72,921</u>

[Road Traffic Act income is subject to a provision for doubtful debts of 7.7% to reflect expected rates of collection]

Non NHS Other includes £7,448 from Welsh health bodies

Other Operating Income

	2006/07 £000	2005/06 £000
Patient transport services	0	0
Education, training and research	2,517	2,798
Charitable and other contributions to expenditure	0	0
Transfers from donated asset reserve	556	584
Transfers from government grant reserve	0	0
Non-patient care services to other bodies	0	0
Income Generation	82	55
Other income	13,914	8,450
	<u>17,069</u>	<u>11,887</u>

Summarised Annual Accounts

Operating Expenses

Operating expenses comprise:

	2006/07 £000
Services from other NHS Trusts	0
Services from other NHS bodies	1,011
Services from Foundation Trusts	0
Purchase of healthcare from non NHS bodies	0
Directors' costs	769
Staff costs	53,574
Supplies and services - clinical	12,825
Supplies and services - general	401
Establishment	984
Transport	86
Premises	2,588
Bad debts	49
Depreciation	2,443
Amortisation	124
Fixed asset impairments and reversals	0
Audit fees	141
Other auditor's remuneration	0
Clinical negligence	1,282
Redundancy costs	860
New Hospital development (note 25.1)	12,590
Ambulance and other patient travel	436
Waiting list initiatives	12
Consultancy fees	372
Internal Audit fees	79
Insurance	162
Course fees	127
Amortisation of deferred assets	74
Other	593
	<u>91,582</u>

Management costs

	2006/07 £000
Management costs	3,986
Income	93,667

Management costs are defined as those on the management costs website at www.dh.gov.uk/PolicyAndGuidance/OrganisationPolicy/FinanceAndPlanning/NHSMManagementCost

Summarised Annual Accounts

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 March 2007

	2006/07 £000
OPERATING ACTIVITIES	
Net cash inflow/(outflow) from operating activities	(2,635)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE:	
Interest received	166
Interest paid	0
Interest element of finance leases	0
Net cash inflow/(outflow) from returns on investments and servicing of finance	166
CAPITAL EXPENDITURE	
(Payments) to acquire tangible fixed assets	(2,779)
Receipts from sale of tangible fixed assets	0
(Payments) to acquire intangible assets	(485)
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	(3,264)
DIVIDENDS PAID	(834)
Net cash inflow/(outflow) before management of liquid resources and financing	(6,567)
MANAGEMENT OF LIQUID RESOURCES	
(Purchase) of investments with DH	0
(Purchase) of other current asset investments	0
Sale of investments with DH	0
Sale of other current asset investments	0
Net cash inflow/(outflow) from management of liquid resources	0
Net cash inflow/(outflow) before financing	(6,567)
FINANCING	
Public dividend capital received	8,878
Public dividend capital repaid (not previously accrued)	(2,414)
Public dividend capital repaid (accrued in prior period)	0
Loans received from DH	3,279
Other loans received	0
Loans repaid to DH	0
Other loans repaid	0
Other capital receipts	124
Capital element of finance lease rental payments	0
Cash transferred (to)/from other NHS bodies	0
Net cash inflow/(outflow) from financing	9,867
Increase/(decrease) in cash	<u>3,300</u>



Funds held in trust Directors Interests

The accumulated balance of sums received through legacies, donations and gifts from the public was £946,000 at 31 March 2007. This is invested on deposit with Cazenove Fund Management and Barclays Business Premium Account. In 2006/2007 £424,000 additional charitable income was received, including interest of £48,000. £577,000 was spent on patients' and staff welfare, amenities and hospital building and equipment. Management and administration costs were £31,000. An annual report of the activities of the Funds held in Trust is sent to the Charity Commission and is available on request from the Director of Finance (Tel: 01432 364000).

The above figures are subject to audit.

Directors Interests and Trust Umbrella Charity Trustee Interests as at 31 March 2007

Mr Cessa Moore, Chairman

President St John Ambulance Brigade, Herefordshire
Trustee and Chairman, Support for the Sick Newborn and their Parents, John Radcliffe Hospital, Oxford
Trustee, Sick Newborn Education and Research Trust, John Radcliffe Hospital, Oxford
Patron of Herefordshire Muheza Link Society

Mr Martin Woodford, Chief Executive
None

Mrs Helen Blanchard, Director of Nursing and Quality
Member of the Investigating Committee of the Nursing and Midwifery Council

Mr Alan Dawson, Director of Service Delivery
Associate member of Powys Local Health Board

Mr Tim Gleghorn, Acting Director of Finance
None

Mr Peter Harper, Medical Director
None

Mr John Howden, Director of Human Resources
None

Mr John Campbell, FT Programme Director
None

Cllr Sebastian Bowen, Non-Executive Director
Elected Member of Herefordshire Council

Mrs Caroline Brown, Non-Executive Director
Trustee, BODS

Mr Mark Curtis, Non-Executive Director
Partner of The Design IV Partnership

Mr Tim Heywood, Non-Executive Director
None

Mr Stephan Ludwig, Non-Executive Director
Director of The Fine Art Auction Group
Director of Link Financial
Director of Poston Farms Ltd
Director of Ludwig Investments Ltd
Director of One management Ltd
Director of EP Holdings Ltd

Directors Salaries and Allowances

Name and title	2006-07			2005-06		
	Salary (bands of £5,000) £000	Other Remuneration (bands of £5,000) £000	Benefits in kind (Rounded to the nearest £100)	Salary (bands of £5,000) £000	Other Remuneration (bands of £5,000) £000	Benefits in kind (Rounded to the nearest £100)
David Rose Chief Executive (to 3/11/06)	55 - 60			100 - 105		
M Woodford Chief Executive (from 3/11/06)	40 - 45					
M Woodford Director of Finance (to 2/11/06)	50 - 55			85 - 90		
T Gleghorn Acting Director of Finance (from 1/11/06)	25 - 30					
M Johnson Director of Planning (to 26/7/06)	20 - 25	60 - 65		70 - 75		
P H Harper Medical Director	100 - 105	25 - 30		100 - 105	25 - 30	
Mrs S Beamish Director of Service Delivery (to 30/4/06)	5 - 10			75 - 80		
A Dawson Director of Operations (from 1/5/06)	65 - 70					
Mrs H Blanchard Director of Nursing & Quality	65 - 70			65 - 70		
P Mogg Director of Human Resources				5 - 10		
J Howden Director of Human Resources (from 1/1/07)	15 - 20					
J Campbell FT Programme Director	55 - 60					
Mrs C C Moore Chairman	20 - 25			15 - 20		
Other Non Executive Directors:						
S Ludwig	5 - 10			5 - 10		
M S Curtis	5 - 10			5 - 10		
WLS Bowen	5 - 10			5 - 10		
Mrs C M Brown	5 - 10			5 - 10		
Mrs J L Whitlock (to 30/10/06)	0 - 5			5 - 10		
T Heywood (from 1/11/06)	0 - 5					

Director's Pensions

Pension Benefits

Name and title	Real increase in pension at age 60 (bands of £2,500) £000	Real increase in pension lump sum at aged 60 (bands of £2,500) £000	Total accrued pension at age 60 at 31 March 2007 (bands of £5,000) £000	Lump sum at age 60 related to accrued pension at 31 March 2007 (bands of £5,000) £000	Cash Equivalent Transfer Value at 31 March 2007 £000	Cash Equivalent Transfer Value at 31 March 2006 £000	Real increase in Cash Equivalent Transfer Value £000	Employer's contribution to stakeholder pension £00
D Rose Chief Executive (to 3/11/06)	0 - 2.5	2.5 - 5.	20 - 25	60 - 65	234	198	13	
M Woodford Chief Executive	2.5 - 5.	7.5 - 10	30 - 35	90 - 95	435	378	34	
T Gleghorn Acting Director of Finance	0 - 2.5	2.5 - 5.	10 - 15	35 - 40	137		14	
M Johnson Director of Planning (retired 26/7/06)						272		
P Harper Medical Director	-0 - 2.5	-0 - 2.5	50 - 55	150 - 155	906	885	-1	
S Beamish Director of Service Delivery (to 30/4/06)	0 - 2.5	0 - 2.5	20 - 25	55 - 60	375	271	6	
A Dawson Director of Operations	2.5 - 5.	10 - 12.5	10 - 15	30 - 35	108		25	
H Blanchard Director of Nursing and Quality	0 - 2.5	5 - 7.5	15 - 20	45 - 50	204	166	24	
J Howden Director of Human Resources	0 - 2.5	0 - 2.5	25 - 30	80 - 85	446		6	
J Campbell FT Programme Director	0 - 2.5	2.5 - 5.	10 - 15	35 - 40	128		8	

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

The independent auditor's report

Independent auditors' statement to the Directors of the Board of Hereford Hospitals NHS Trust

I have examined the summary financial statement which comprises the Income and Expenditure Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Cashflow Statement and supporting notes set out on pages 20 to 26.

This report is made solely to the Board of Hereford Hospitals NHS Trust in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 36 of the Statement of Responsibilities of Auditors and of Audited Bodies prepared by the Audit Commission.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report.

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

I also read the other information contained in the Annual Report and consider the implications for my report if I become aware of any misstatements or material inconsistencies with the summary financial statement.

Basis of opinion

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

Opinion

In my opinion the summary financial statement is consistent with the statutory financial statements of the Trust for the year ended 31 March 2007.



22nd June 2007
Mr Mark Stocks, District Auditor
The Audit Commission
No.1 Friarsgate, 1011 Stratford Road,
Solihull, West Midlands B90 4EB

Become a member now

Welcome to a new way of working with your local NHS hospital

This is your opportunity to get involved

Please join us - it's free

Your local Hospital is seeking greater involvement from the local community in developing future plans for services.

We are seeking to establish a membership body drawn from the area we serve.

Who can become a public member?

- Residents of Herefordshire, Powys and bordering areas of Monmouthshire and Shropshire;
- Anyone 14 years old and over;
- Hereford Hospitals NHS Trust staff will automatically become members, so don't need to apply.

What does membership involve?

- Receiving information about the hospital;
- Electing the Council of Governors, the representatives of the members, or standing for election yourself;

- Contributing ideas and making suggestions for improvements through your elected governor;
- The chance to attend open meetings of the Council of Governors and be consulted on their activities;
- The opportunity to participate in focus groups and attend exclusive events to gain an inside view of the hospital;

We want all our members to enjoy their involvement with the hospital. You choose how actively involved you are.

How can I apply?

Please fill in the attached form if you would like to apply. If you are unsure of your eligibility please contact us.

Anything else I need to know?

- You can apply to be a member or cancel your membership anytime you want to;
- Members do not receive any preferential NHS treatment above non-members;
- Hereford Hospitals NHS Trust is applying for Foundation Trust Status, which requires that members and governors are involved in key decisions.

What is a Foundation Trust?

A Foundation Trust is not directly accountable to the Government but instead is accountable to local people like you. Foundation Trusts are still a part of the NHS.

How can I become a governor?

To become a governor you must be elected. To stand for election as a governor you must first sign up to be a member.

Governors form the Council of Governors.

Governors make the hospital aware of the needs and expectations of the local community and members.

If you are interested in becoming a governor and would like to find out more, please tick the box on the membership application form.



Membership Application

If you would like to apply to become a member please complete this form in BLOCK CAPITALS and return to us at: The Foundation Trust Office, Trust Headquarters, Hereford County Hospital, Union Walk, Hereford HR1 2ER. Please feel free to photocopy this form should any of your friends or family also wish to apply. This form is available online. For more information go to www.herefordhospital.nhs.uk

Title Address

First Name

Surname Postcode

Telephone Email

Please tick if email is your preferred contact method If you are interested in becoming a governor please tick the box

Date of Birth...../...../..... Gender Male Female

Please tell us what aspects of the hospital you are interested in that may be relevant.

Ethnic Origin (This section is optional but allows us to ensure that our potential membership reflects the diversity of our community. Please tick one of the following boxes as appropriate.)

White	<input type="checkbox"/> British	<input type="checkbox"/> Irish	<input type="checkbox"/> White other
Mixed	<input type="checkbox"/> White/Black Caribbean	<input type="checkbox"/> White/Black African	<input type="checkbox"/> White/Asian <input type="checkbox"/> Mixed other
Asian/Asian British	<input type="checkbox"/> Indian	<input type="checkbox"/> Pakistani	<input type="checkbox"/> Bangladeshi <input type="checkbox"/> Asian other
Black/Black British	<input type="checkbox"/> Caribbean	<input type="checkbox"/> African	<input type="checkbox"/> Black other
Other	<input type="checkbox"/> Chinese	<input type="checkbox"/> Any other ethnic group	
I prefer not to say	<input type="checkbox"/>		

Thank you for registering. The information you provide will be held on a confidential database, which will be processed in accordance with the Data Protection Act 1998. Your name will appear on a public list of members. If you do not wish your name to appear on the public register please tick this box.

Signed Date

