

Better Medicine, Better Health

Annual Report and Accounts

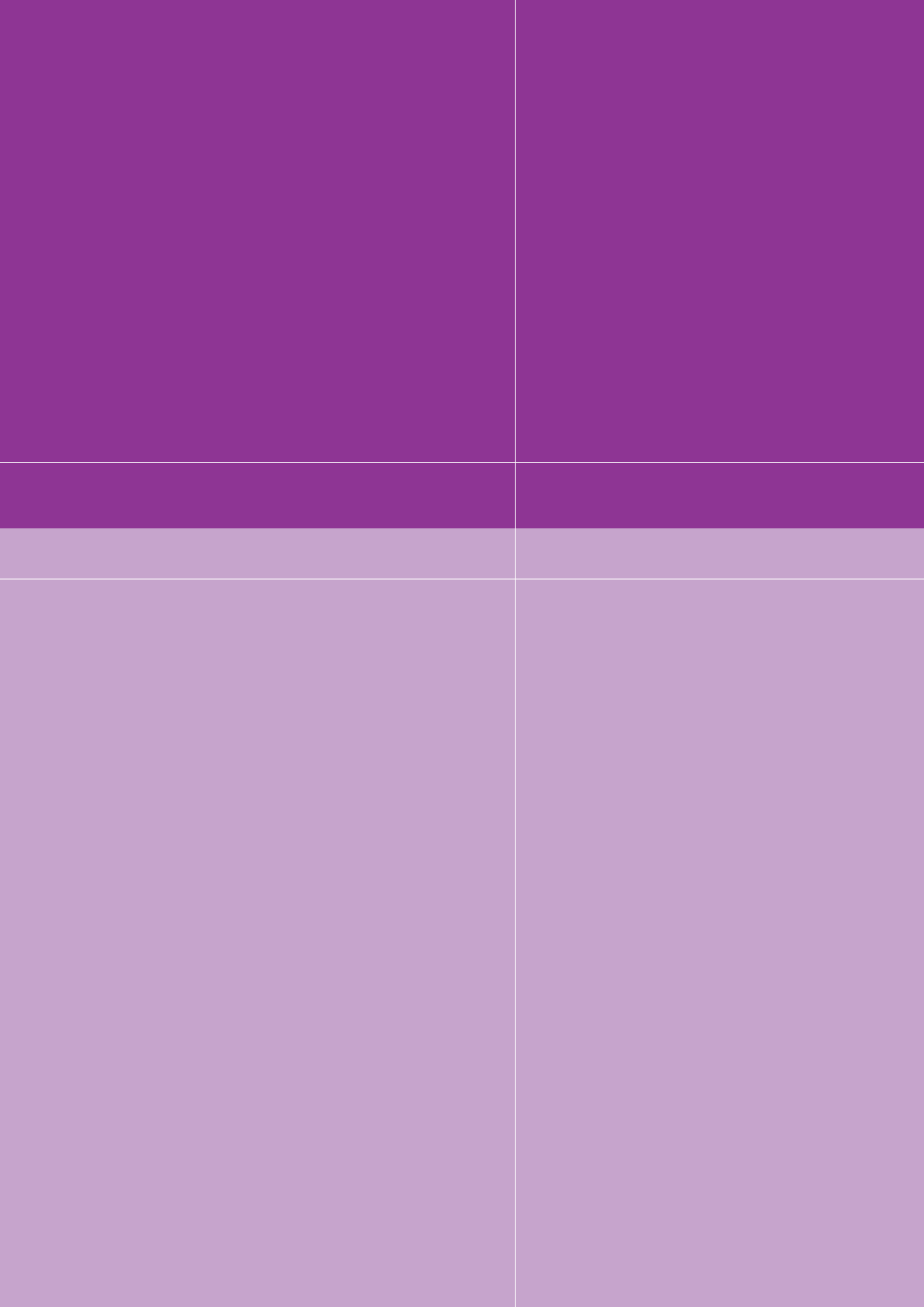
2008/09



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

Bradford Teaching Hospitals NHS
Foundation Trust

Annual Report and Accounts
2008-2009





Better Medicine, Better Health

Annual Report

2008/09





Contents

Chairman's and Chief Executive's Welcome	4-5
Board of Directors' Report	6-7
Statement of Compliance with Foundation Trust	6
Code of Governance	7
Our staff	7
Operating and Financial Review	8-16
Meeting and beating performance targets	8
Making our hospitals cleaner	9
Improving safety	9
Enhancing patient care	10-11
Improving Quality	12-13
Advancing information technology	14
Developing our health research role	15
Modernising our facilities	15
Handling complaints	15-16
Our Finances	17-22
Income and expenditure position	17-18
Performance Improvement Programme	19
Financial risk ratings	19
Key financial risks	19
Improving value for money	20
Cash and balance sheet position	21
Prudential borrowing	21
Private patients' cap	21
Public sector payments policy performance	21
Investments	22
Capital programme	22
Statement on going concern	22
Charitable funds	22
Board of Governors	23-34
Appointments	23-24
Elections	24
Attendance Record	25
Evaluating our Performance	26
Working Together	27
Appointments to the Board Of Directors	27
About Our Directors	28-30
Attendance at Board of Directors' Meetings	31
Governance Committee	31
Audit Committee	32
External Audit	33
Charitable Funds Committee	34
Search Committee	34
Remuneration Report	35-37
Remuneration Committee	35
Register of Interests	35
Directors' Remuneration	36-37
Our Membership	38-43
Membership Constituencies	38
Number of Members	39
A Summary of the Membership Strategy	40-43
Contact Procedure for Members Who Wish to Communication With Governors	43
Public Interest Disclosures	44-47
Countering Fraud and Corruption	44
Equality and Diversity	44
Communicating with our Staff	45
Caring for our Environment	45
Volunteering	45-46
Health and Safety	47
Occupational Health	47
Statement of Internal Control	48-53



Chairman's and Chief Executive's Welcome

Thanks to the enormous hard work of all our staff, volunteers and members, the past 12 months have been another year of success for this Foundation Trust.

We have built on the progress made in previous years, ensuring that our hospitals stay at the very forefront of excellence in patient care.

In the fast-moving world of healthcare, our aim is to keep pace with the latest improvements and innovations for the benefit of the community we serve.

By drawing upon the pool of talent that exists among our staff, volunteers and growing membership, we are well-placed to meet such a challenge.

As testified by the pages that follow, the past year has created a strong platform on which to continue to move forward - always changing; always improving.

In summary, it was a year in which more of our patients were treated more quickly, and more safely, in more modern facilities.

Throughout 2008/09, we have continued to meet the overall target to treat all our patients within 18 weeks of referral. We have achieved this in parallel to delivering a range of other key performance targets.

Central to these has been the work carried out by everyone connected with the Foundation Trust in driving down healthcare associated infections - a key focus for all of us this year. As a direct result, incidences of MRSA (from 49 cases to 21) and C-difficile (from 291 cases to 151) have approximately halved.

Assessors from the Healthcare Commission carried out a spot check of our hygiene and infection control work in March. Their subsequent report confirmed that we met all duties of the Department of Health hygiene code that were inspected.

This improved performance resulted in the awarding of full registration - without any conditions - by the new Care Quality Commission, the new

health and social care regulator for England which was launched on April 1 2009.

We have also worked hard to enhance the safety of our patients in many other ways. After being invited to take part in the Safer Patients Initiative, we used it as a platform for taking forward other work we were doing to make our hospitals safer.

Our involvement in this international health improvement drew to a close towards the end of the year - with significant improvements for us, and the wider NHS, to build on.

Among other successes, we have achieved a 16 per cent reduction in our mortality rate and a 36 per cent fall in the average number of days that patients stay on ventilators, minimising the potential for patients to develop pneumonia.

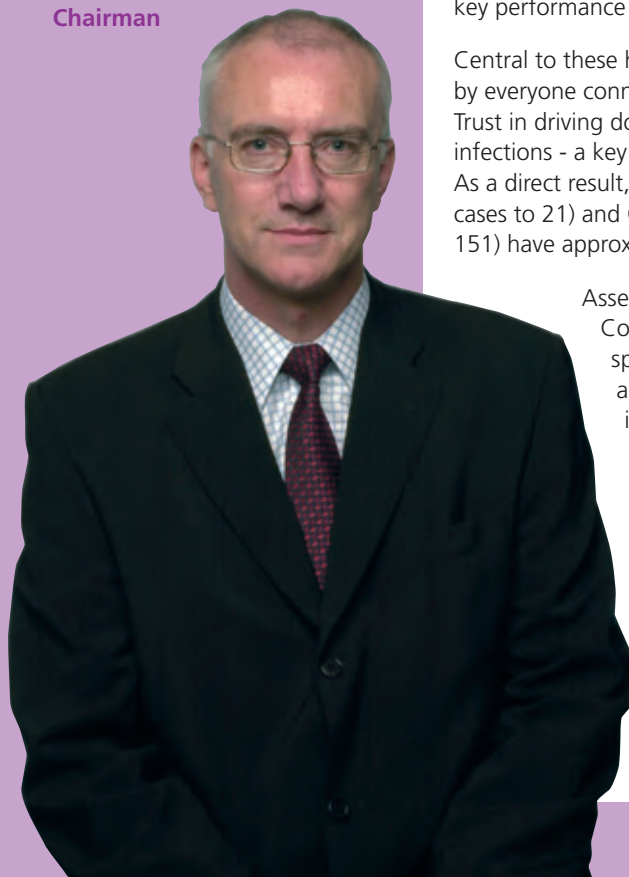
These initiatives complement a raft of other improvements to patient care that characterised 2008/09 as a year of success. The modernisation of our hospital estate, particularly at Bradford Royal Infirmary, saw outdated and cramped accommodation replaced with modern, purpose-designed facilities.

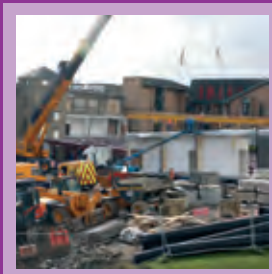
Two new wards were created in a new £10m block, constructed in what is believed to have been the fastest project of its kind that the NHS has witnessed. They have generated much-needed extra capacity to meet the increased demand on our services, especially during winter. It was completed on time and on budget - just four months after builders moved on site.

Plans to increase bed capacity further by creating additional wards at BRI took another major step forward at the year-end. Approval was secured from the Foundation Trust Financing Facility to borrow £15m to build two new wards in a new block which we hope will welcome its first patients by this time next year. The money will also be used to carry out a refurbishment of the main entrance at BRI.

Another flagship project was the opening of our new £3m Sovereign Lecture Theatre by Professor Lord Robert Winston. Its state-of-the-art facilities will act as a focal point for the continuing development of the skills of our staff, and help maintain their position at the head of healthcare innovation.

David Richardson
Chairman





Key service developments have included the opening of a new pain management and macular centre at St Luke's hospital; the appointment of additional Consultants in a number of specialties; and the 500th patient to have their world of deafness opened up to new sounds after being fitted with a cochlear implant by our expert team.

Research - the lifeblood of high quality healthcare - has also reached unprecedented levels across the Foundation Trust, thanks to the establishment of the Bradford Institute of Health Research and the nurturing of a new 'research friendly' culture.

Our grant income has increased by 52 per cent to £1.8m; publications have risen from 130 to 156; and income from the National Institute for Health Research has also been lifted to more than £1.2m. This has enhanced our profile on both the national and international clinical stage.

Monitor, the Independent Regulator of NHS Foundation Trusts, endorsed our governance arrangements - which shape the way an organisation like ours is run and held to account - with the highest possible 'green' rating in the last quarter of the year. This is another signal of the improvements we are making and we are determined to maintain this rating as part of the ongoing assessment of our governance arrangements.

Despite these achievements, we are aware that a number of challenges remain. As home to one of the NHS's biggest, and busiest, maternity units, we recognise that we need to reduce the prevalence of smoking during pregnancy, as well as increase the breastfeeding rate among new mums.

The year-end coincided with our 5th anniversary as one of the NHS's inaugural Foundation Trusts - and fittingly the milestone was reached by news that we had passed 50,000 members for the first time. We are delighted to involve so many members of our community in the way their hospital services are shaped - and are particularly pleased that our work in recruiting more young people has been successful.

Each member plays an important part in our future success - a fact underlined by the weight of response, both in quality and quantity, that we received from our membership when we

consulted widely over our corporate strategy in July. This resulted in an important addition to our corporate strategy and demonstrates how our membership can and does influence our major organisational decisions.

The way our membership wanted to get involved and have their say on this strategy highlighted the esteem in which our hospitals are held by the local community. Their views have been reflected in this important blueprint which sets out our ambitions for Bradford's hospitals over the next five years and beyond.

We look forward to updating you on the first phase of this work in next year's annual report. For those of you who want more regular news and involvement, please visit www.bradfordhospitals.nhs.uk - or, better still, join more than 50,000 other people with an interest in healthcare and become a member of our Foundation Trust.

David Richardson
Chairman

Miles Scott
Chief Executive

This annual report and accounts is available on our website at www.bradfordhospitals.nhs.uk

If you need a copy in a different format, such as large print, Braille or in another language then please contact Lorraine Cameron, Head of Equality and Diversity, on 01274 382428 or email lorraine.cameron@bradfordhospitals.nhs.uk

Miles Scott
Chief Executive



Board of Directors' Report



Bradford Teaching Hospitals NHS Foundation Trust is responsible for providing hospital services for the people of Bradford and, in a growing number of specialties, for communities across Yorkshire.

The Foundation Trust operates over two sites. Bradford Royal Infirmary provides the majority of inpatient services, and St Luke's Hospital, which is centered around the modern Horton Wing, providing outpatient and rehabilitation services.

Bradford Royal Infirmary has 971 beds and is also home to one of the busiest A&E departments in the country, with more than 100,000 attendances each year. Its maternity unit is also one of the NHS's busiest, delivering more than 5,000 babies.

St Luke's Hospital has 119 beds and houses our renal dialysis unit.

As a teaching hospital, the Foundation Trust is at the forefront of research and development in healthcare. This promotes a culture of learning and professional development that ensures that all doctors, nurses and other healthcare professionals practise the highest clinical standards.

We were one of the first in the country to become a Foundation Trust due to our excellent performance. The last few years has seen us being named as among the very safest hospitals in the NHS.

The Foundation Trust has an excellent record of meeting the national targets such as treatment within 18 weeks from referral, being seen within 4 hours in A&E and treating cancer.

The Board of Directors is responsible for the day-to-day management of the Foundation Trust and the operational delivery of its services, targets and performance. The Board of Directors comprises the following members:

Chair

Mr David Richardson

Non-Executive Directors

Mrs Nadira Mirza
Mr Chris Jelley
Mr John Bussey
Mr John Waterhouse
Mr Richard Bell
Professor David Cottrell (University of Leeds representative)*

Executive Directors

Mr Miles Scott - Chief Executive
Mr Bryan Millar - Director of Finance, Deputy Chief Executive
Ms Sally Ferguson - Chief Nurse
Dr Clive Kay - Medical Director
Dr Dean Johnson - Director of Planning and Performance

**Mr Peter Noble was replaced by Professor David Cottrell on 1st June 2008.*

Bradford Teaching Hospitals NHS Foundation Trust became a Foundation Trust on April 1 2004 - among the very first in the NHS to do so.

Foundation Trusts were created under the Health and Social Care (Community Health and Standards) Act 2003 and are regulated by Monitor, the Independent Regulator of NHS Foundation Trusts. Therefore, we are not performance managed by our local Strategic Health Authority (SHA).

We provide services for the population of the metropolitan district of Bradford and beyond. We run two hospitals - Bradford Royal Infirmary and St Luke's Hospital - and employ almost 5,000 staff. We serve a population of around 500,000.

The Foundation Trust started 2008/09 with a number of significant financial risks, which have been managed effectively through the delivery of our financial position.

We have a corporate risk register that sets out potential risks about meeting our targets and objectives. Our Governance Committee regularly reviews this register.

The Foundation Trust works to be environmentally friendly where possible. We have worked with the Carbon Trust, to improve energy efficiency have taken part in an awareness campaign around our hospitals to inform staff and the public about saving energy.

So far as the Directors are aware, there is no relevant audit information of which the auditors are unaware. Each director has taken all reasonable steps to make themselves aware of any relevant audit information, and to establish that the auditors are aware of this information. This includes making inquiries of fellow directors and the Foundation Trust's auditors for this purpose.



Statement of Compliance with the NHS Foundation Trust Code of Governance

The Foundation Trust is committed to high standards of corporate governance and meets all the main principles of the NHS Foundation Trust Code of Governance.

Monitor issued a Code of Governance for NHS Foundation Trusts in 2006 which set out recommendations for the Governance for each Foundation Trust, by a comply or explain ruling, this is now mandatory to declare within the publication of the Annual Report as from 2007/08.

At its February 2009 meeting, our Board of Directors once more formally reviewed the Code of Governance by Monitor to consider the Board's position regarding compliance to the principles of the Code.

The Board paper outlined the headings for disclosure to the Code, with the full description to support the evidence for compliance, and gave full details of the present system in place and the action required to support full compliance.

The Board of Directors can confirm that the Foundation Trust complies with the Code of Governance with the exception of the following three elements - each of which has a supporting explanation.

(i) Nominations Committee

The Foundation Trust has not established a Nominations Committee. The structure, size and composition of the Board of Directors is set out in our constitution, which was revised in 2006 and 2008. When Non-Executive Director vacancies arise, a Search Committee is convened in line with the provisions of the constitution - this fulfils the same role as outlined in the code for the Nominations Committee in this respect

(ii) Appointment of Executive Directors

Executive Directors hold permanent contracts in line with accepted NHS practice. They are not subject to a reappointment process at regular intervals.

(iii) Remuneration Committee to consider compensation commitments

In light of the recent high profile case reviewed by the High Court regarding service contact

compensation issues, the Remuneration Committee will consider the findings and review the Foundation Trust's policy in line with recommendations. Hence the Trust is partially compliant but will review the appropriate Human Resources (HR) policy to reflect this.

Our Staff

Staff are our greatest asset. We employ almost 5,000 staff and have a workforce rich in diversity. A total of 77% of staff are female, and 23% are male. At December 2008, the gender breakdown of senior staff (those on band 8 and above, and all medical staff) was 50% female and 50% male.

The Foundation Trust does not discriminate against people on the grounds of age, disability, ethnicity, gender, religion and belief, and sexual orientation. We have policies in place and aim to give a fair opportunity to all applicants that apply for jobs alongside staff applying for promotion.

We have consulted on a number of policies over the last year to ensure they reflect current legislation and maintain our position at the forefront of best practice. This includes the Grievance Procedure, Policy on Raising Concerns, and a full review of the Policy on Managing Attendance.

We have successfully met the requirement of the Investors in People standard. Assessors praised the Foundation Trust for having well-established consultation processes with staff representatives. This ensures they feel they are appropriately consulted on matters that affect them and their membership, and there is a high level of engagement in planning processes.

We hold events to recognise the achievements of our staff in terms of Team of the Year, Hospital "Oscars" and long service awards and hold staff benefits days.

Within our revised Policy on Managing Attendance we have strengthened the section on reasonable adjustments for employees who are disabled, or have become disabled in the course of their employment, and offer prior consideration for any similar vacant post within the Foundation Trust should redeployment be required.

Our recruitment policy and practices also take into account the need for reasonable adjustments within the selection.



Operating and Financial Overview



Meeting - and Beating - Performance Targets

Healthcare Associated Infections (HCAIs)

2008/09 saw the Foundation Trust achieve a further reduction in MRSA infections and a significant reduction in the number of C difficile infections. This improvement has been supported by the following initiatives:

A root cause analysis is carried out on all reported MRSA and C. difficile infections. These are reported to the Executive Directors and from there to the Board of Directors

Where it is clinically appropriate all patients are screened for MRSA before being admitted for elective treatment. If MRSA is found, patients will be treated before they are admitted.

Facilities to isolate infected patients have improved, with the opening of the two new wards providing a further 24 single rooms.

Audit systems are in place to monitor compliance with infection control measures and regular reports are made to the Chief Nurse and the Board of Directors

A recent Healthcare Commission inspection visit reported that the Foundation Trust had *“very good standard of cleaning of equipment and wards”*

18 Weeks

The Foundation Trust has been meeting the overall target to treat patients within 18 weeks of referral since September 2008 but, in common with many other Trusts, there are still challenges in some areas. Work is on-going with these specialties to understand the complexity of the patient treatment pathway with a view to reducing the time between referral and treatment.

Choose and Book

By April 2009 all specialties are offering directly bookable slots where it is appropriate so that patients can book directly into a first outpatient appointment from their GP practice, at a provider of their choice.

Cancer

Cancer services have been developed over the previous year to improve the service for patients.

This has included collaboration with Airedale NHS Trust in the delivery of oncology services and the appointment of an additional colorectal consultant.

Responding to Non-Financial Risks

In achieving the success outlined above, the Foundation Trust has to work hard to overcome two non-financial risks that it faced during the year.

The first centred on our MRSA rate - after being given an “amber” rating by Monitor during the first and second quarters of the year. As our hospital hygiene turnaround programme began to deliver real improvements, we had progressed to a “green” rating by quarter three, which we built on in the final quarter.

The second risk we faced involved our A&E waiting times and target to ensure patients were treated within four hours of assessment. In common with the wider NHS, we faced immense pressures from increased winter demands on our service. We failed to meet the 98% target in quarter three, despite the very best efforts of our staff and our winter planning preparations.

National and Local Challenges that shape our future planning

Our overall plans continue to be formulated within the context of national and local challenges. The drive towards improvement in quality and performance, whilst managing reduced growth in income, has led to a focus on inward investment in improvement in estate, productivity and performance.

Initiatives such as the establishment of the Corporate Improvement Board are aimed at positioning the organisation to deliver the requisite quality demanded from regulatory bodies, whilst maintaining performance improvement and programmes of cost savings.

We achieved unconditional registration with the Care Quality Commission in relation to the Hygiene Code in March 2009 and will be working towards full registration in the coming year.

Locally, commissioners are gearing up for a programme of world-class commissioning aligning with aspirations set out in Healthy Ambitions. This will be underpinned by their development of tendering capabilities aimed at achieving best value for money and improved quality.



We have responded accordingly by improving tender response processes and ensuring the proper resources are targeted at analysing and responding to relevant tenders.

There are recognised areas of high deprivation within the geographical locations covered by the Foundation Trust and this is likely to generate increased pressure on health services as the full impact of the recession plays out and unemployment rises.

Key relationships with Public Health colleagues will be utilised along with information analysis available through the recently established Public Health Observatory in order to understand and prepare for potential pressures on our services.

Making Our Hospitals Cleaner

One of the biggest achievements throughout the year was the success of our hospital hygiene turnaround programme. It was launched at the start of the year to ensure we continued to improve our performance in reducing healthcare associated infections (HCIs) and meet the duties of the Health Act 2006 (Hygiene Code). As part of this work, we set ourselves two key targets:

- To bring about a reduction in MRSA bacteraemia to no more than 22 cases by March 31 2009
- To achieve a decrease in C difficile infections by 3% per annum until 2010/11

During the period of the year-long programme, the cumulative overall total of MRSA bacteraemia at March 31 2009 was 21 cases, with 16 counting against the contractual target set by NHS Bradford and Airedale.

This is within our contractual trajectory of 22 cases for the year, and represents a 56 per cent reduction compared to the corresponding period in 2007/08.

We have also remained significantly below trajectory for C difficile cases in 2008/09, the total almost halving from 291 to 151.

In addition, the Foundation Trust-wide infection control audit results have consistently achieved the required compliance standard of 95%, with the average scores recorded as follows:

- Hand hygiene = 97.0%

- Dress code = 98.8%
- Cleaning = 96.2%

We are determined to maintain, and build on, this progress. The Board of Directors and directorate management teams will have a critical role to play in being vigilant in recognising, and responding promptly, to any warning signs of decline, and potential failure in relation to achieving infection control targets.

Improving Safety

Patient care has this year reached unprecedented heights of safety across the Foundation Trust after we were handed a major role in a ground-breaking health improvement programme.

Since winning selection - and £330,000 - to join other top-performing NHS hospitals in the Safer Patient Initiative (SPI) which concluded this year, we have achieved a 16% fall in mortality rates.

During the two-year international programme - supported by patient safety experts at the Harvard-based Institute for Healthcare Improvement (IHI) - wide-ranging changes were carried out across both our hospitals to minimise the risk of medical mistakes being made.

The project was used as a platform to build on our track record for excellent patient safety. The independent **Dr Foster** good hospital guide has praised the Foundation Trust for our work in driving down the number of patient deaths to a level far lower than expected.

Staff worked closely together to explore ways of making patient care safer in a number of key areas - including on the wards; before, during and after operations; and in critical care.

In each of the settings, staff analysed new ways to improve infection control; the management of drugs; and communication between staff and patients.

In addition to the reduction in mortality rates, we also achieved:

- A 30% decrease in the 'crash call' rate, following the introduction of a new early warning system on the wards to
- A 60% reduction in the MRSA bloodstream infection rate - including no such infections on the Intensive Care Unit for more than 300 days



Operating and Financial Overview

- A 36% fall in the average number of days that patients stay on ventilators, minimising the potential for patients to develop pneumonia
- A 67% increase in the number of safety briefings among staff that take place before a patient undergoes surgery. Their aim is to identify - and address - any possible health issues that may arise before, during and after the operation
- A 48% drop in the number of mistakes involving anti-clotting medicines

The latest SPI progress report gave Bradford's achievements a score of 4.5 out of a possible 5, making it one of the top-performers among the 20 hospital groups that were invited to take part.

We are now focused on delivering further improvements under the new National Patient Safety First Campaign, which is sponsored by the NHS Institute for Innovation and Improvement; the National Patient Safety Agency; and The Health Foundation.

Enhancing Patient Care

During the year, we have again maximised the benefits of being an NHS Foundation Trust to develop our services and continue to improve patient care. One highly visible way that highlights how this has been achieved is the creation of our new £10m ward block at Bradford Royal Infirmary, which welcomed its first patients at the turn of the calendar year. We believe it is the fastest build of its scale in the NHS - and testimony to the pace at which the funding, planning, tendering and building processes can now be achieved.

The contract was put out to tender on August 1; building work began on August 18; and the wards were complete by December 19.

Located between wards 20 and 21 and the dining room, the development provides facilities for two elderly care and medical wards, each housing patients in 24 single rooms with en-suite facilities, and four-bed bays, each with its own bathroom. The three-storey modular building is playing an important role in helping us manage the extra pressures and demands on our services that we face, particularly during the winter period.

As part of its construction, 36 modular units were escorted through Bradford before being lifted into place using a 300 tonne crane. They were constructed off site, allowing the works to progress

at double the speed of a traditional project.

Works were delayed for one week due to strong winds but extra resources were drafted in to ensure the project finished on time - just four months after builders moved in.

Improving our capabilities and increasing our capacity have been twin themes that summarise the progress that has been made by each of our Clinical Directorates over the past 12 months. A selection of key developments is outlined here:

Anaesthesia

A new pain management centre has opened at St Luke's Hospital. It includes a treatment area for the nurse-led TENS (Transcutaneous Electrical Nerve Stimulator) pain relief clinic and other supporting facilities. It provides a much better environment for patients to be treated, paving the way for the pain management service to expand. The service offers assessment and investigation of pain symptoms, particularly from musculoskeletal and nervous system disorders. The team can also offer advice and guidance on drugs in the management of chronic pain. We have also commissioned four High Dependency Unit (HDU) beds on ward 21 to ensure a high quality service to elective surgical patients. This will ensure that a larger number of acutely-ill patients will be able to be admitted to the core unit.

Cancer

Building on our success in achieving waiting time targets, we have made a range of improvements to ensure we are prepared for an extension of the standards as outlined in 'Going Further on Cancer Waits' which came into force on January 1 2009. This work has included a restructuring our database; the recruitment of six additional administrative staff; and centralised cancer tracking. Other developments in-year include the launch of a patient and public involvement strategy for cancer services and the success of our falls prevention project on ward 7, which has seen falls more than halve from 37 in 2007 to just 16 in 2008.

Head and Neck

A new macular centre which opened at St Luke's Hospital in shared facilities with the pain management service has added an extra dimension to our work. The opening was performed by the Vice Lord Lieutenant of West Yorkshire, John Brennan OBE. From the new unit, the ophthalmology team provides Anti-VEGF (vascular endothelial growth factor) treatments to slow





down vision loss. This is a new, approved therapy for some patients which treats age-related macular degeneration - or wet AMD. The treatment involves monthly assessments. In another development for the department, we marked the fitting of our 500th cochlear implant by achieving specialist status for this service.

Imaging

Patient care was improved by the replacement of outdated equipment with more modern alternatives, particularly in ultrasound. This investment in new equipment was complemented by the refurbishment of our facilities and improvements in waiting times and waiting lists. The past 12 months also saw the breast imaging service being successfully incorporated into the directorate and the opening of a new radiology interventional suite by Bradford South MP, Gerry Sutcliffe. The newly refurbished facility provides important diagnostic tests and treatments for patients with cancer and other serious diseases. After visiting, Mr Sutcliffe wrote: *"I was impressed by the hard work and dedication of all the staff involved who deserve a gold medal for their high quality care to the people of Bradford South."*

Medicine

The year witnessed an unprecedented demand for acute services - a challenge that we were able to meet thanks to the efforts of our staff and the opening of new wards for elderly patients. We launched a refractory angina - a specialist service offering treatments over and above what is usually needed to control the symptoms caused by the narrowing of the coronary arteries. There have also been staffing improvements in the fields of neurophysiology and diabetes.

Orthopaedics

Further progress has been made in driving down outpatient waiting times. In April 2007, six of our 14 consultants had a 12-week wait for a patient's first appointment. By January 2009, just two of our consultants exceeded that date. The approval of two additional consultant points (specialising in foot and ankle, and upper limb) will help accelerate further progress in the area of waiting times. Our redevelopment of ward 23 has played a key role in the control of infection through the provision of additional isolation rooms.

Acute Surgery

We increased capacity by launching additional

sessions in general surgery, gastroenterology and urology to meet rising demand and achieve waiting time targets. To build on this work, we have expanded our surgical expertise by appointing our third upper GI (gastro-intestinal) consultant, our second hepatologist and our fifth colorectal surgeon. We have piloted new techniques, such as porcine breast reconstruction and radiofrequency (RF) ablation of varicose veins. We increased the amount of laparoscopic (keyhole) surgery - a development that has coincided with our becoming a colorectal laparoscopic training centre for the North of England. Three of the surgical wards have also been upgraded.

Women and Children's Services

In addition to waiting time targets, we have worked hard to make improvements in a variety of other areas - including the safeguarding of children; improved nursing and midwifery staffing levels; the appointment of new consultants in SUDIC (sudden or unexpected death in childhood); paediatrics and neonatology. We also won the "Excellence in Recruitment and Retention" prize in the Royal College of Midwives' annual awards for our work in inspiring students, particularly those of South Asian origin, to seek out a career in midwifery and the wider NHS.

Safeguarding Children

Child protection is the business of everyone - and the Foundation Trust has strengthened its support to staff to ensure it remains a top priority.

We have responded to recommendations arising from inquiries into the tragic death of Baby P in Haringey and other vulnerable children by launching a new training strategy which clearly identifies what level and frequency of training all staff need.

Improved and more frequent information has been produced to ensure all staff keep up-to-date with the latest developments in relation to the safeguarding of children, particularly between mandatory training sessions.

We have also launched a newsletter which explains the role of different agencies in Bradford involved in child protection and includes a 'Who's Who' of the key people within the Foundation Trust with a key role in safeguarding children. It gives links to important websites where further information can be obtained - including the Intranet which houses the Foundation Trust's child protection policy and procedures.



Improving Quality



We know from listening to, and talking to, our patients, members and staff, that the quality of the care we provide is one of our greatest assets - and also one of our most important priorities.

Our services are ever-changing, ever-improving, to meet the needs of the community we serve. There is no shortage of examples in this report of how the quality of healthcare across our hospitals is improving as a result.

For the first time, our annual report this year includes this dedicated section on quality, so you can see first-hand examples of the work we have all undertaken; monitor the success that we have achieved; and share in some of our plans for building on this platform in the future.

We identified several priorities for quality improvement in 2008/09, including:

- Improving patient safety
- Improving clinical effectiveness
- Improving the patient experience

This report gives us the opportunity to update you on the progress that has been made in improving the quality of patient care in each of these areas.

(i) Improving Patient Safety

The Safer Patient Initiative, covered in more detail elsewhere in this report, has played an important role in enhancing our approach to quality healthcare throughout the year. In relation to the key outcome measures of the programme, we have achieved a 16 per cent reduction in mortality; and a 30 per cent fall in the 'crash call' rate.

Another important element arising from this work has been the introduction and development of the World Health Organisation-endorsed 'Safer Surgery Checklist', which is used by our theatre teams ahead of an operation to check basic information about the patient and the site for surgery, as well as ensuring the right surgical instruments are in place.

Following the successful launch of these safety briefings, we aim to improve the checklist further in the ensuing year.

Coupled with this work has been the introduction of our 'Green Wristband' initiative

- which is improving another important safeguard in making sure we have correct details of the patient immediately prior to surgery.

(ii) Improving Clinical Effectiveness

We have been able to demonstrate our progress in several ways.

The Hospital Standardised Mortality Ratio is an important indication of the quality of care provided by hospitals, being an internationally-recognised measure of mortality.

It covers 56 medical conditions that account for 80 per cent of deaths. All in-hospital deaths that relate to one of these conditions are included to calculate a hospital's ratio, compared to a norm of 100.

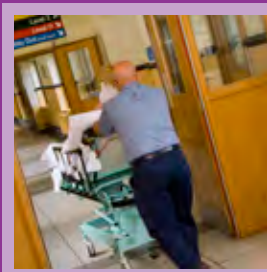
Our hospitals' latest mortality ratio is 81.1, making us the tenth safest in the country according to these figures. This has been achieved by several initiatives focused on eliminating drug and medication errors, infection control, improved patient observations, and better communications - key areas of success that will continue in the future.

Clinical effectiveness has also improved as a result of our work in fighting infections so that our patients can be reassured that they are receiving treatment in the cleanest environment possible. Last year, we launched a major £3.7m programme of initiatives to improve hygiene across both our hospitals. This programme has proved very successful, with rates of MRSA (from 49 cases to 21) and C-Difficile (from 291 cases to 151) falling significantly.

The programme put in place an additional monthly programme of cleanliness spot checks, and matrons are now leading the monitoring of cleanliness.

We also have in place a "bare below the elbows" policy, which means that staff in contact with patients can only wear a plain wedding band, wear no other jewellery, and not wear long sleeves. This is guidance that has come from the Department of Health and is being put in place across the country.

We have also increased the number of patients screened for MRSA and are continuing with the deep clean programme.



(iii) Improving the Patient Experience

One important way in which the quality of care is measured is the speed with which a patient has his or her treatment. We continue to meet all parts of the 18-week referral to treatment target - and are committed to maintaining, and where possible, improving our performance in this area during 2009/10.

As part of improving the patient experience, we are committed to improving the privacy and dignity of our patients wherever possible and, as part of this, we have accelerated our plans to eliminate mixed sex accommodation during the year. An important role was played by the opening of the purpose-designed new ward accommodation on the Bradford Royal Infirmary site at the turn of the year, which provides same sex accommodation and improved washing and toilet facilities. A detailed audit has taken place across wards and departments at both hospitals to identify where improvements need to be made and an action plan has been developed as a result.

The quality of end-of-life care for patients who are terminally ill in our hospitals has been improved by the introduction of the acclaimed Liverpool Care Pathway. It encourages a multi-professional approach to the delivery of care that focuses on the physical, psychological and spiritual comfort of patients and their relatives. It has also been shown to empower generic staff in the delivery of care.

Its introduction at the Foundation Trust follows recognition that care of the dying should become a quality indicator in support of the governance and performance management framework of all organisations at executive level.

Response to Reports on Quality by Our Regulators

Our response to a Healthcare Commission report on hygiene also generated an improvement in the high quality care we strive to provide.

In 2007/08, we were judged not to be fully compliant with the NHS Hygiene Code - which led to Monitor placing an 'amber' warning on our performance in this area. Thanks to the efforts of all our staff to improve hospital cleanliness, and turn around our performance by delivering an agreed strategy, we were

able to meet the code in March 2009 after ensuring no breaches of it during the past 12 months. This performance was recognised by Monitor, who awarded us a 'green' rating in the third quarter of the year as our improved performance matched what we had set out to achieve in our action plan.

Standards for Better Health

Our ongoing drive to improve the quality of patient care has also been endorsed by our latest compliance report to the Care Quality Commission, which replaced the Healthcare Commission in April 2009, regarding Standards for Better Health.

Standards for Better Health measure progress in a wide range of areas, including patient safety, public health, clinical and cost effectiveness, and accessibility of services.

We declared full compliance with 43 of the 44 standards measured as part of the annual 'health check' to monitor our performance.

We stated compliance with the remaining standard - relating to the administrative management of medical devices - as of March 31 2009, but said there was insufficient assurance for full compliance for the whole of the assessment year. Action has been taken to ensure this happens in the future.

Meeting these standards is another important indicator of our performance - both in providing high-quality services as well as in making sure every Pound of taxpayers' money goes as far as possible.

Miles Scott
Chief Executive
04 June 2009



Operating and Financial Overview



Advancing Information Technology

Our IT team has played a pivotal role in translating many of our technological advancements into benefits to patient care, notably in areas such as our direct booking system and ensuring we met waiting time targets.

One important development was the launch, and roll-out, of the eCclipse maternity information system. It records patient care electronically during and after labour, equipping the Foundation Trust with better data and information and reduced paperwork. The system will be integrated with the Patient Administration System (PAS) during 2009/10 and there is further potential for eCclipse to link in with the national patient record.

The system will also help with primary care links and electric patient discharge, which will improve the information that GPs receive from the hospital.

The year also saw the Foundation Trust start the first stage of a phased live service roll-out of the new clinical software, Lorenzo, as part of the early adopter project. It has been used successfully in the care of an initial group of patients who have attended a weekly joint replacement review clinic run by nurse practitioners. We plan to build on this platform by extending the use of Lorenzo into a consultant-led clinic and two orthopaedic wards. We are finalising the wider-roll out programme which will enable electronic requesting and reporting of all imaging and pathology investigations via Lorenzo. We are also developing a separate project to use Lorenzo's 'clinical documentation' functionality to capture clinical information in clinics and wards for patients on the elective hip and knee replacement pathway within orthopaedics.

The Foundation Trust was the first NHS Trust in the Yorkshire and Humber region to gain national accreditation for its IT service desk. Awarded by Connecting for Health (CfH), the status allows us to log incidents directly to the suppliers of systems run through the National Programme for IT (NPfIT) - providing speedier solutions to issues that can affect both staff and patients.

We consider any incident involving the actual or potential loss of personal information that could lead to identity fraud, or have other significant impact on individuals, as serious. During the

year, we had no incidents or losses of personal information that have been reported as a serious untoward incident (SUI).

There has been one incident of data loss reported as a SUI between the end of the year and the writing of this report. This involved the loss of a computer memory stick containing the confidential personal details of 5,684 patients.

The memory stick was lost by a member of staff, who was in breach of our established Information Governance policy by taking patient-sensitive information off-site and in a non-secure device.

As soon as the matter was reported, we proactively wrote to all patients whose information may have been contained on the memory stick, and carried out a comprehensive internal investigation into the circumstances.

We have further tightened our Information Governance policy as a result and immediately launched a number of measures to prevent a reoccurrence. This has included a ban on the use of unauthorised memory sticks; the purchase of 300 encrypted memory sticks - each protected by a secret password - for use by staff authorised to do so; and the modifying of desktop computers so that only memory sticks that are authorised and encrypted can be used in them.

There is also a requirement for all wards and departments to review their approach to the safe storage of patient data on a monthly basis.

We have reinforced to all staff the importance of data security and their responsibilities in ensuring patient information remains confidential.

The additional safeguards we have introduced give new levels of protection for confidential patient information.

In addition, it has asked data security experts from outside the Foundation Trust to assess the range of measures that are now in place and ensure they comply with the very best practice in the NHS. They will also advise on any further action that can be taken to strengthen the arrangements further.

The incident was reported to both the Information Commissioner and to Monitor and we will be sharing the findings of our inquiry with them.



Developing Our Health Research Role

The establishment of the Bradford Institute of Health Research, and accompanying clinical research facility, has led to an increase in research activity and income - raising our profile on the national and international stage as a result. Research grant income has increased by 52 per cent to £1.8m; publications have risen from 130 to 156; and income from the National Institute for Health Research has also been lifted to more than £1.2m. One example of major grants received is that of £2m, over four years, to the ground-breaking Born in Bradford (BiB) study to explore the prevention of childhood obesity in the local community. The award comes as BiB celebrates another major milestone - the recruitment of its 5,000th baby. This marks the half-way point in researchers' efforts to recruit a cohort of 10,000 babies, whose health will be tracked from womb to adulthood as part of the initiative.

Another high-profile research project has been inspired by soccer legend Bobby Moore - and sees the Foundation Trust working with other major centres in the fight against bowel cancer. The research will explore the best ways of treating patients with the disease - the second largest cause of cancer deaths in the UK. It will look at the benefits of two different courses of treatment - a process called 'stenting', which involves an expandable metal tube being placed into the bowel to open the area that is blocked, and surgery to remove the affected part of the bowel. Known as CReST (Colo-Rectal Stenting Trial), the project will measure survival rates, length of hospital stay, and the quality of life in a bid to identify best practice in the treatment of patients.

Modernising Our Facilities

We are determined to provide the most advanced healthcare in the most advanced facilities possible and, in addition to the projects outlined above, the transformation of our estate has continued apace during the last 12 months with two other projects.

Bradford Royal Infirmary's flagship new lecture theatre - whose hi-tech facilities will help all staff stay at the forefront of healthcare innovation - was officially opened by Professor Lord Robert Winston.

Built at a cost of £3m, this purpose-designed theatre is a focal point for enhancing the skills and expertise of our staff. It will play a key role in helping them to keep pace with the fast-moving world of medicine - translating their learning into all wards and departments so that patient care benefits as a result.

It also strengthens our position as one of the NHS's leading teaching hospitals and takes our education programme into a new and exciting era. The two-storey building has seating for 200 and doubles the size of the existing auditorium. It takes the form of a large domed wooden pod encased in an external wall of glass. It has been designed to provide optimum acoustics and boasts the latest IT facilities, such as audience feedback.

Plans for the lecture theatre turned into reality with the help of a £500,000 donation by Sovereign Health Care, the Bradford not-for-profit company that provides health care cash plans to private and corporate clients across the UK.

As part of widening access to healthcare advice, a new Cancer Information Centre has opened within the main entrance of Bradford Royal Infirmary. Developed in partnership with Bradford Cancer Support, it provides access to information about diagnosis, treatment and care. It can also put people in touch with practical, emotional and social support, which is free of charge through Bradford Cancer Support. It offers help and support to anyone who is affected by or concerned about cancer, including families and carers and there is no need to make an appointment.

Handling Complaints

All complaints received by the Foundation Trust were dealt with through our Complaint Policy, in line with the Complaints Regulation 2004.

During the year, we had over a million patient contacts, with 350 formal complaints received, six of which were sent to the Healthcare Commission (HCC) for reviews. Two have been forwarded to the Ombudsman from the HCC as they will be out of time for them to investigate.

The Foundation Trust acknowledged 98 per cent of complaints within two working days. We remain one of the top performing Trusts



Operating and Financial Overview



within Yorkshire and the Humber Strategic Health Authority.

Significant work has been ongoing by the complaints team, working alongside the directorates, to maintain and continue to stretch the performance target achieved this year. Complaint information is fed back to the directorates on a quarterly and annual basis, also through the quarterly Complaints Steering Group which in turn is cascaded to the wards and departments to help facilitate action learning. Annually, a report is presented to the Board of Directors on Complaints and the Patient Advice and Liaison Service (PALS).

The quarterly Complaints Steering Group monitors compliance with the Complaints Policy and develops areas of good practice to assist in action planning and reflective learning from the complaints to improve patient the experience. In 2008 complaints training was delivered by 'Bond Solon Solutions' to senior managers and a report has been compiled on the success of this training.

This year, the Foundation Trust has been preparing for a single complaints process for Health and Social Care. The new complaints regulations Listening Responding Improving - A guide to better customer care will be implemented from 1st April 2009. The complaints policy has been reviewed to take account of the new regulations and further training and awareness raising will be taking place to support staff to respond to patients, service users, carers and visitors in a way that best suits their needs and wishes. The key emphasis in the new regulations is for local resolution and finding out what people want from the start of raising a concern and agree a way forward at the beginning of the process.

Feedback on complaints handling is carried out each year on how patients and carers feel their complaint has been dealt with and the evaluation of this has been positive for the last year.

Our Finances



Income and Expenditure Position

The Foundation Trust continues to report improvements in the year on year surplus. This year, the year-end surplus of £4.2m (or 1.4% of turnover) exceeds our plan of £2.7m by £1.5m and also represents an improvement of £2.3m over the previous year. The table below summarises how the position has changed between 2007/08 and 2008/09:

	Position at 31.3.08 £m	Position at 31.3.09			% Change on Previous Year
		Plan £m	Actual £m	Variance £m	
Total income	257.9	270.3	288.6	18.3	12%
Operating Expenditure	-245.6	-255.1	-268.3	-13.2	9%
EBITDA	12.3	15.3	20.3	5.0	
Depr/Int Rec & Pay/PDC	-10.4	-12.6	-16.1	-3.5	
Surplus/(Deficit)	1.9	2.7	4.2	1.5	

The Foundation Trust commenced the year with a challenging performance improvement target of £13.2m to deliver the targeted surplus of £2.7m (or 1% of turnover). In reporting a surplus of £4.2m the Foundation Trust has secured delivery of its savings target on a recurrent basis, providing a strong foundation for the forthcoming year. This success is also further recognition of the significant efforts made throughout the organisation in controlling cost and maximising income.

The Foundation Trust has continued to maintain a strong cash position throughout the year and ended the year with a higher cash balance than previously planned.

The annual plan submitted to Monitor awarded the Foundation Trust a financial risk rating of 4 (with ratings ranging from 1 - significant financial risk to 5 - no financial risk). Throughout the financial year, the financial results reported on a quarterly basis have delivered a financial risk rating of 4, with the final year end position also being a 4.

The trend is one of significant year-on-year improvement as demonstrated below:-

2004/05	£8.0m deficit
2005/06	£2.9m deficit
2006/07	£0.7m surplus
2007/08	£1.9m surplus
2008/09	£4.2m surplus

The improved financial position has been delivered in conjunction with the achievement of access and waiting time targets in a year where record levels of admissions have been experienced within acute services.

The initial planning assumptions suggest 2009/10 will be as equally if not more challenging for 2008/09. The Foundation Trust will continue to maintain its focus on delivering its financial targets and ensuring, as with previous years, that cost improvements are

delivered on a recurrent basis to ensure there is no deterioration in the underlying position.

Income

The total income reported for the 2008/2009 financial year was £288.6m which is split as follows:

■ Income from Activities	£251.0m
■ Other Operating Income	£37.6m

The composition of the income is summarised in the table in figure 1 on the next page.

Income from activities is primarily income from Primary Care Trusts (PCTs) in relation to the provision of patient treatment services under contractual and commissioning arrangements. Other income is primarily non-patient related income and includes income for education and training, catering, car parking and other services.

Overall this represented an Income over recovery of £18m. The main items making up this over recovery are:

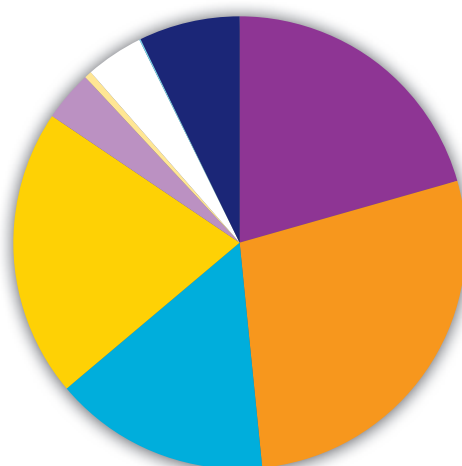
- Increased workload associated with:
 - Elective work to deliver the 18 week referral to treat target
 - Acute work reflecting the unprecedented levels over the winter months



Our Finances

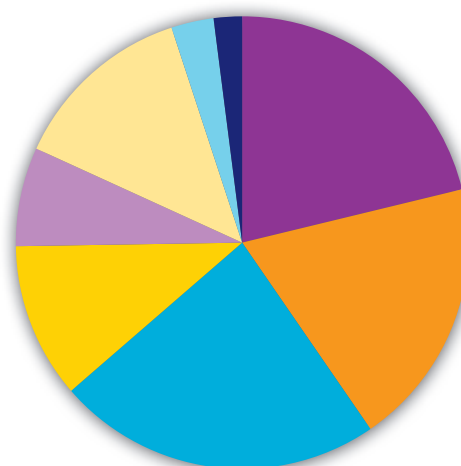


Figure 1:
Income Composition 2008/09



- Elective Inpatients 20%
- Non elective Inpatients 27%
- Outpatients 15%
- Other Activity Income 20%
- A & E Activity 3.5%
- Private Patients 0.5%
- Education & Training 4%
- Research & Development 0.1%
- Other Income 9.5%

Figure 2:
Expenditure Composition 2008/09



- Medical & Dental 21%
- Nursing & Midwifery 19%
- Other Pay 23%
- Clinical Supplies & Services 11%
- Drugs 7%
- Other Non Pay 13%
- Depreciation 3%
- Public Dividend Capital 2%

- Higher than planned levels of outpatient activity
- Higher than planned level of activity in critical care and direct access services
- Increased high cost items such as drugs and blood products chargeable to the PCTs on a usage basis
- Other operating income as a result of additional income relating to infection control initiatives and income associated with the development of the new lecture theatre

Expenditure

The composition of the total expenditure of £284m is summarised in Figure 2 shown on the above.

Overall this represents an over spend of £17m. The main items making up this over spend are

- The delivery of extra work generating the income
- The prescribing of specialist drugs, blood and the use of specialist equipment all of which were sourced through directly attributable income
- Service developments together with investment in the estate and environment all of which attracted separate income streams



Performance Improvement Programme (PIP)

The Foundation Trust commenced the year with a plan to deliver a surplus of £2.7m which represented 1.0% of turnover. Delivery of this target required the Foundation Trust to secure a performance improvement target of £13.2m, through a mixture of cash releasing savings and additional income. The majority of the cash releasing savings were delivered through a 1% cost improvement programme levied across the Directorates/Departments with further schemes identified corporately.

By delivering a surplus of £4.2m, exceeding the plan by £1.5m, the Foundation Trust has delivered its performance improvement target both in full and recurrently going forward into 2008/09.

The Foundation Trust plans to maintain this underlying trend of improvement and to secure as a minimum a 1% surplus for the forthcoming year. The continued delivery of surpluses in excess of 1% provides further opportunity for reinvestment back into services and further more provides a strong foundation for future delivery of the ambitious corporate strategy.

The financial outlook for future years looks particularly challenging, which places even more emphasis on the requirement to identify sustainable productivity and efficiency gains in the future. The financial performance of the Foundation Trust will be maintained through the delivery of:

- Directorate specific cash releasing programmes.
- Directorate specific and centrally driven productivity and efficiency initiatives supported by the Corporate Improvement Board
- And maximising the capacity and resources of the Foundation Trust to secure additional income

Financial Risk Ratings

The Foundation Trust's Annual Plan for 2008/09 included an assessment of the forecasted annual financial risk rating (as prescribed by Monitor the Independent Regulator). The assessment is based on a number of financial metrics which

produces an overall risk rating of between 1 and 5 (with 5 representing the most financially secure organisations).

The financial plan calculated a planned financial risk rating of 4 for 2008/09. Throughout the year, the financial results reported on a quarterly basis have achieved a rating of 4 with the final year end position also being a 4.

Key Financial Risks

The Foundation Trust started 2008/2009 with a number of significant financial risks, which have been managed effectively through the delivery of the financial position highlighted above.

The main financial risks for 2009/10 are similar to those experienced in 2008/09, namely the delivery of:

- Budgetary control targets and the performance improvement plan against a backdrop of inflationary cost pressures, service developments and challenging cost improvement targets
- Planned activity and income levels and ensuring robust, timely counting and charging processes are in place to facilitate monthly reporting through the secondary uses service (SUS) - the national charging system which will be used as the sole basis of charging during later part of 2009/10
- A Financial Risk Rating of 3 or better in relation to both the revenue income and expenditure position as well as facilitating the ambitious capital programme
- Infection control targets (ie C-Diff and MRSA bacteraemia) and the associated financial penalties for non achievement of targets
- 18 week referral to treat targets and associated financial penalties

In addition to maintaining the strong financial management arrangements, the main contingencies identified to mitigate against the above risks should they materialise are to:

- Identify further centrally driven productivity and efficiency initiatives together with an increased requirement for cash releasing programmes across all Directorates



Our Finances



- Explore options around development slippage to match the savings achieved
- Increase the Identify non recurrent measures that will release savings in year
- Maintain the accurate monitoring arrangements in place for infection rates and consolidate the enhancements made in both hospital hygiene and the rigorous internal mechanisms for targeting improvement
- Maintaining strong / robust working relationships with the PCT's and closely monitoring progress on 18 weeks referral to treatment (RTT) target, utilising where necessary the capacity review provisions within the contract to mitigate against the application of financial penalties
- Generate additional income/contribution
- Regular monitoring and dialogue throughout the organisation to ensure robust processes are in place to facilitate accurate charging in the appropriate format as prescribed by secondary uses (SUS).

Improving Value for Money

The Foundation Trust continues to pursue improvements in value for money for the services it provides. It has demonstrated year on year through improved surpluses that continuous improvement has been achieved. This has also been achieved in conjunction with significant improvements in the qualitative aspects of care with 2008/09 no exception. This has been demonstrated through the £10m investment in the modular ward block housing two care of the elderly wards, providing a modern, fit for purpose facility.

The Foundation Trust is committed to not only maintaining but improving its financial position to release financial resources for reinvestment back into services. In recognition of this sustainable ongoing financial success the Foundation Trust is exploring the viability of a second modular build, again housing modern ward facilities.

The Directorates' annual plans and the capital programme also identify a number of ambitious schemes/service developments that will enhance

service delivery, increase capacity and deliver very real qualitative improvements to the services provided.

The Foundation Trust's Corporate Improvement Board have identified and are pursuing a number of modernisation and service improvement initiatives which will deliver improved value for money through recurrent productivity and efficiency benefits. Examples include:

- The implementation of an Electronic Medical Record, replacing paper based patient notes, transforming the medical records function
- The modernisation of processes carried out in the administrative departments and contact centre supporting outpatient services
- Continued implementation of the peri-operative review, maximising the efficiency and effectiveness of its operating facilities and inter-related services
- Service improvement work in Accident & Emergency to improve patient flows and maximise resource utilisation
- Implementation of software tools and products designed to improve the rostering of staff
- Continued participation in national benchmarking pilots

The Foundation Trust monitors on a regular basis a number of key productivity metrics, in particular length of stay data and occupancy rates. The unprecedented levels of acute workload experience during winter placed significant pressure on the availability of beds, for both acute and elective patients. To address this for future years and to reduce the number of outliers experienced, the Foundation Trust is undertaking a Foundation Trust wide bed review. This process will ensure bed usage is optimised by ensuring:

- Each speciality is allocated the appropriate number of bed numbers to accommodate the workload and
- The beds are located appropriately to eliminate outliers

The continued roll out of service line reporting/management, extending the Foundation Trust's knowledge regarding the relative standing of services in relation to the income it receives



through tariff. This will be further facilitated by the introduction of the patient level costing system, providing detailed costing schedules on a per patient basis. The information produced by these two systems provides an excellent opportunity to examine in detail those services that both do and do not appear to provide value for money.

Cash and Balance Sheet Position

The cash position has increased in year to £45.8m (2007/08 £37.0m). The increase is through a combination of the income expenditure (I & E) surplus, a small decrease in stocks, an increase in creditors, both less than and greater than a year and Public Dividend Capital offset by capital payments of £20.4m including capital creditors (2007/08 £10.7m including capital creditors), an increase in debtors and a decrease in provisions.

The largest cash inflows have been due to the increased I & E surplus, the increase in creditors including the £10m loan from the Foundation Trust Financing Facility and the £2.4m Public Dividend Capital.

Prudential Borrowing

The Foundation Trust had a maximum long-term borrowing of £58.2m (2007/08: £33.6m).

The Foundation Trust secured a loan of £10m over 10 years with the final principal repayment due on the 25 January 2019 from the Foundation Trust Financing Facility. The Foundation Trust has also secured approval for a further £15m over 15 years from the Foundation Trust Financing Facility.

The Foundation Trust has £18.5m (2007/08: £18.5m) of approved working capital facility. The Foundation Trust did not draw on this facility during 2008/09 or in the previous year.

Private Patients' Cap

Private patients are treated on the York Suite at Bradford Royal Infirmary. In the last year it has had substantial refurbishment, including replacing the carpet flooring with a more practical vinyl floor. There has also been

additional investment in electric beds and patient monitoring equipment.

The Foundation Trust is required to remain within its Private Patient cap of 1.09%. The table below shows that the Foundation Trust was compliant for 2008/09 and 2007/08.

	2008/09 £000s	2007/08 £000s
Private patient income	1,533	1,195
Total patient related income	252,551	227,502
Proportion as a percentage	0.61%	0.53%

Public Sector Payment Policy Performance

The Better Payment Practice Code requires organisations to aim to pay all valid undisputed invoices by the due date or within 30 days of receipt of goods or a valid invoice, whichever is later. As an NHS Foundation Trust, the Foundation Trust is not bound by this code, but seeks to abide by it as it represents best practice.

The performance in 2008/09 for non-NHS creditors continues to show improvement on previous year's performance although the NHS creditors shows a slight decline; the Foundation Trust is working to improve this.

	2008/09	
	Number	£000s
Total non-NHS trade invoices paid in the year	54,766	96,832
Total non-NHS trade invoices paid within target	48,348	86,761
Percentage of non-NHS trade invoices paid within target	88%	90%
Total NHS trade invoices paid in the year	1,744	22,254
Total NHS trade invoices paid within target	680	10,343
Percentage of NHS trade invoices paid within target	39%	46%



Our Finances



	2007/08	
	Number	£000s
Total non-NHS trade invoices paid in the year	47,546	70,153
Total non-NHS trade invoices paid within target	40,364	62,252
Percentage of non-NHS trade invoices paid within target	85%	89%
Total NHS trade invoices paid in the year	1,590	21,633
Total NHS trade invoices paid within target	523	12,994
Percentage of NHS trade invoices paid within target	33%	60%

Statement on Going Concern

After making enquiries, the Directors have a reasonable expectation that the 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.

Charitable Funds

Purpose of Charitable Funds

The Foundation Trust's charitable funds are operated for the benefit of staff and patients in accordance with the objects of the charity.

Significant Donations during the Year

The Foundation Trust received a large number of very generous donations throughout the year, from many parts of the community. The Friends of BRI and Friends of St Luke's were again very supportive in their fundraising efforts.

Amongst the very generous donations received were legacies from Jenny Fishwick (£17,812) and Ivy Wood (£10,000).

Key Benefits Accruing from the Charitable Funds for 2008/09

During the year, the Charitable Funds purchased a large number of items of equipment and new fixtures and fittings for the wards and departments within the Foundation Trust.

The most significant purchases were of medical equipment, including items for the Cardiology unit, and over £20,000 was invested in state of the art equipment for the 2 new wards.

Investments

The Foundation Trust does not have any investments in subsidiaries or joint ventures. However, where the Foundation Trust had short-term cash surpluses to invest it placed them with selected banks to maximise the interest received in line with the approved policy. Since October 2008 the Foundation Trust took the decision to keep all surplus cash in the Office of HM Paymaster General or the National Loans Fund because of the uncertainties within the banking sector and the global financial markets. At no point did the Foundation Trust have deposits in any bank that needed to be supported by the British Government or in a non registered UK counterparty.

Capital Programme

Capital investment totalling £21.9m was made during the year. The main elements of the capital programme are as follows:

Scheme	£ Million
Information Technology Schemes	0.8
Medical Equipment	1.9
Patient Environment /Statutory Compliance	1.1
Buildings and Engineering Maintenance	3.7
New Buildings Schemes including New Ward Block, Lecture Theatre, Listening for Life Centre	14.4
Total	21.9

All building investment related to protected assets.

Board of Governors



Appointments

Our Board of Governors holds a number of statutory duties, one of which is to be consulted on the future plans of the organisation. They appoint and remove the Chairman and Non-Executive Directors. They set the terms, conditions and remuneration of Non-Executive Directors and they receive the annual report, the annual accounts and the auditors' report on the accounts. They appoint and remove the external auditors.

The Board of Governors meet formally four times a year in addition to the Annual General Meeting (AGM). The work programme of the Board of Governors is largely undertaken through Governor working groups. Individual Governors also participate in a selection of Foundation Trust business meetings, and one Governor retains an elected seat on the executive of the National Governors' Forum. Although the working groups involve varied numbers of Governors, it is recognised that those who sit on them act as representatives for the full Board of Governors. They regularly report back to the full Board at the scheduled Board of Governor meetings on activities undertaken along with any recommendations for action, discussion and agreement.

This year, in line with their statutory duties, the Governors have reappointed the external auditors; been consulted on the Foundation Trust's annual plan; contributed to the Foundation Trust's new corporate strategy 2011/2015; and, attended workshops to aid their preparation of the Standards for Better Health declaration.

Individual Governors have participated in the Foundation Trust's Green Transport Group and, the Charitable Funds and Investment Committee. Two Governors are involved in the National Governors' Forum.

Governors have worked towards significantly increasing membership amongst one of the Foundation Trust's hard-to-reach groups; supported the continued development of the Focus on Medicine presentation series for members, and overseen the delivery of the membership quarterly communications update.

Governors oversaw the AGM in September 2008 which attracted over a 100 people and they were also central to the planning and

delivery of the accompanying open event (our third annual major showcase event) which highlighted the work of over 40 departments, clinical areas and projects. More than 1,200 members of the public attended - an increase of 300 on the previous year.

In targeting hard-to-reach groups, Governors have worked with the Foundation Trust in developing distinct web-based communications for young people in general, and our new members in particular. An annual student open event supported by Governors attracted approximately 300 students from across the district and neighbouring regions.

Governors were involved in supporting the Volunteers' Forum in the delivery of a number of high-profile activities and events throughout the year including a volunteering fair delivered in August 2008 which successfully highlighted the role of the volunteer as well as providing an opportunity for the group to develop links and network with external groups and organisations.

During the past year, two elections have been held to the Board of Governors. The vacant seat of Bradford West was filled by Mr Michael Warr in May 2008, and in June 2008 Maureen Sharpe was successfully re-elected for a second term of office running from October 2008 for three years.

The make up of the Board of Governors from April 1 2008 to March 31 2009 is set out the next page.

Monitor, the Independent Regulator of Foundation Trusts, has confirmed its endorsement of the proposed change to our constitution, which revises the size of our Board of Governors from 21 to 20. We would like to place on record our thanks to Jenny Scott, representing the Patient Forum, for her contribution to the success of the Foundation Trust during her period sitting on the Board as a Partner Governor.



Board of Governors



Public Governors

Bradford North	Mrs Mary Brewer
Bradford North	Mr Mohammad Yaqoob
Bradford South	Mrs Sylvia Reilly
Bradford South	Mrs Maureen Sharpe
Bradford West (from 8 May 2008)	Mr Michael Warr
Bradford West	Mrs Nora Whitham
Keighley	Mr Ron Beale
Keighley	Mr Mike Richings
Shipley	Mrs Astrid Hansen
Shipley	Mr Norman Roper

Patient Governors

Out of Bradford Patients	Mr John Speight
Out of Bradford Patients	Mr Mick Young

Staff Governors

All Other Staff Groups	Mr John Sidebottom
Allied Health Professionals and Scientists	Mrs Alison Haigh
Medical and Dental	Mr Mark Steward
Nursing and Midwifery	Sister Janet Collett

Partner Governors

Bradford and Airedale tPCT	Mr Shafiq Ahmed
Bradford Metropolitan District Council	Cllr Matt Palmer
Bradford University	Professor Grace Alderson
Leeds University	Professor John Young
Patient Forum (until 21 January 2009)	Mrs Jenny Scott

Elections

Elections to the Board of Governors held April 1 2008 - March 31 2009

During 2008/2009, two elections were held for Public Governor seats within the Bradford West public membership constituency and the Bradford South membership constituency. The table below indicates the total number of votes cast and the percentage turnout in voting.

Sub-constituency	vacancy	candidates standing	ballot papers despatched	votes cast	turnout
Bradford West	1	2	6,883	1107	16.1%
Bradford South	1	2	7,197	1077	15%

Expenses

Governors do not receive any remuneration for the role, however they are entitled to claim out of pocket expenses, for the year this totalled £1,271.98.

Attendance Record Attendance at Board of Governors' Meetings

Board of Governor Meetings Attendance Record 2008/2009								
Name	Governor Status	Representing	16/04/08	16/07/08	18/09/08 (AGM)	08/10/08	21/01/08	Total attendances*
Mr Shafiq Ahmed	Partner Governor	Bradford and Airedale tPCT	N	N	Y	N	N	1 of 5
Professor Grace Alderson	Partner Governor	Bradford University	Y	Y	N	Y	N	3 of 5
Mr Ron Beale	Public Governor	Keighley	Y	N	Y	N	N	2 of 5
Mrs Mary Brewer	Public Governor	Bradford North	Y	Y	Y	Y	Y	5 of 5
Sister Janet Collett	Staff Governor	Nursing and Midwifery	N	N	Y	N	N	1 of 5
Mrs Alison Haigh	Staff Governor	Allied Health Professionals and Scientists	Y	Y	Y	Y	Y	5 of 5
Mrs Astrid Hansen	Public Governor	Shipley	N	Y	Y	Y	Y	4 of 5
Cllr Matt Palmer	Partner Governor	Bradford Metropolitan District Council	N	Y	N	Y	N	2 of 5
Mrs Sylvia Reilly	Public Governor	Bradford South	Y	Y	Y	Y	Y	5 of 5
Mr Mike Richings	Public Governor	Keighley	Y	Y	Y	Y	Y	5 of 5
Mr Norman Roper	Public Governor	Shipley	Y	Y	Y	Y	Y	5 of 5
Mrs Maureen Sharpe	Public Governor	Bradford South	Y	Y	Y	Y	Y	5 of 5
Mrs Jenny Scott	Partner Governor	Patient Forum	Y	Y	Y	N	N	3 of 5
Mr John Sidebottom	Staff Governor	All Other Staff Groups	Y	Y	Y	N	Y	4 of 5
Mr John Speight	Patient Governor	Out of Bradford Patients	Y	Y	Y	Y	Y	5 of 5
Mr Mark Steward	Staff Governor	Medical and Dental	Y	Y	Y	Y	Y	5 of 5
Mr Michael Warr	Public Governor	Bradford West		Y	Y	Y	Y	4 of 4
Mrs Nora Whitham	Public Governor	Bradford West	Y	Y	Y	Y	Y	5 of 5
Mr Mohammad Yaqoob	Public Governor	Bradford North	Y	Y	Y	Y	Y	5 of 5
Professor John Young	Partner Governor	Leeds University	Y	Y	N	N	N	2 of 5
Mr Mick Young	Patient Governor	Out of Bradford Patients	Y	Y	Y	Y	Y	5 of 5

denotes period when not a Governor * provides total attendances out of maximum number of meetings could attend



Board of Governors



The Board of Directors is responsible for the day-to-day management of the Foundation Trust and the operational delivery of its services, targets and performance.

It is made up of both Non-Executive Directors and Executive Directors. The Executive Team has specific roles, with defined skills as stated in the Constitution. The Non-Executive Directors are appointed for their business skills and links to the serving the local community. Prior to any new appointment of a Non-Executive Director, the Chairman carries out a skills assessment of the Board of Directors to review the person specification to accompany the generic job description of the Non-Executive Director.

The Board of Directors meets monthly. After most Board meetings, a training and development session takes place.

Four times a year the Board of Directors holds time-out meetings, which operate on a workshop style model. The way these meetings are held varies, with the Executive Team, Chairman and Non-Executive Directors meeting separately and then coming together to discuss a range of issues. Twice a year the Board of Directors have held joint timeout sessions with the Board of Governors.

Following each Board meeting, there is a lunchtime operational visit to a directorate. The Clinical Director and General Manager are invited to give a short presentation to the Board followed by a visit to the clinical areas.

Key management structures that feed into and out of the Board of Directors are the Executive Directors' group and clinical management group, both of which meet monthly. Any new business case, which presents a variance to the annual plan approved by the Board of Directors, will be reviewed and approved by the clinical management group before they are presented to the Board of Directors.

Evaluating our Performance

The Chairman and the Non-Executive Directors set objectives for the Executive Directors to deliver on targets as defined by our corporate objectives.

Appraisal of the Non-Executive Directors was reported to the Board of Governors at the July

2008 meeting of the Board of Governors.

The Senior Independent Director carried out the appraisal of the Chairman at separate meetings of the Board of Governors and Board of Directors, and collated her feedback to present at the Board of Governors meeting in January 2009.

The Chief Executive carried out the appraisals of the executive team, which is collated and considered by the remuneration committee.

External appraisal regarding the overall delivery and performance of the Foundation Trust is set by the ratings issued by Monitor for three key categories - financial, governance and mandatory services.

The Foundation Trust achieved an improved risk rating by Monitor for financial performance by Monitor - being awarded a rating of four with five being the best rating available. With regard to governance, the Foundation Trust was rated "amber" throughout the year, improving to "green" for the final quarter. This improvement was as a result of the improved performance in infection control and prevention. We were rated as "green" for mandatory services (these are a range of services we have to provide as set out in the terms of our licence from Monitor). This means that we are performing well.

The healthcare regulator for England, the Healthcare Commission, rated the Foundation Trust as both "good" for the use of our resources and "good" for the quality of our services.

In January 2007 the Board of Directors participated in a governance self-assessment processes piloted by Yorkshire Forward, the local regional development agency. This was an externally facilitated assessment by the Leeds-based Back to Work Company. This process was undertaken collectively by both Boards. In January 2009 the Chairman invited the Back to Work Company to revisit the Foundation Trust to re-evaluate the Board of Directors and the Board of Governors, in this case the assessments were carried out as two processes. In each case, the action plan from the previous assessment was re-visited and considered in light of the new assessment.



Working Together

The Board of Directors has formally consulted with the Board of Governors throughout the year to support the delivery of their statutory duties.

Consultation with the Governors about the corporate strategy, which sets out the vision of the Foundation Trust for the next five years, began in July 2006.

Through regular consultation, they also play a key role in shaping, developing and evaluating the success of our annual plan, a process that begins every autumn.

The Director of Planning and Performance has presented regular updates throughout the year to the Board of Governors to seek their views, in order to feed into the development of the annual plan.

The Board of Governors and Board of Directors meet twice a year in closed workshop meetings to address issues in the emerging agenda in the Foundation Trusts work programme for the Executive Directors to develop further with the Board of Directors.

The Board of Governors formally consulted the membership in the summer regarding the proposed corporate strategy.

Appointments to the Board of Directors

Name and title	Commenced in post/terms of office
David Richardson, Chairman	July 1 2005 to June 30 2011
Miles Scott, Chief Executive	Permanent post from August 30 2005
Bryan Millar, Director of Finance and Deputy Chief Executive	Permanent post from October 10 2005
Sally Ferguson, Chief Nurse	Permanent post from March 31 2008
Dean Johnson, Director of Planning and Performance	Permanent post from November 21 2005
Dr Clive Kay, Medical Director	Permanent Post from November 1 2006
Nadira Mirza, Deputy Chair and Senior Independent Director	December 1 1998 to November 30 2009
Richard Bell, Non-Executive Director and Chair of Audit Committee	June 1 2005 to May 31 2011
Chris Jelley, Non-Executive Director	June 1 2005 to May 31 2011
Peter Noble, Non-Executive Director	July 21 2004 to July 30 2010*
John Bussey, Non-Executive Director	May 1 2006 to April 30 2012**
John Waterhouse, Non-Executive Director	February 1 2008 to January 31 2011
Professor David Cottrell - Non-Executive Director	June 1 2008 to May 31 2011

* Mr Peter Noble was replaced by Professor David Cottrell as the University of Leeds' representative on the Board of Directors on June 1 2008.

** John Bussey was re appointed for a further three year term of office by the Board of Governors at their meeting on April 22 2009.



Board of Governors

Register of Interests

The Head of Corporate Affairs maintains a register of interests for both the Board of Directors and Board of Governors. These are available to the public and requests should be directed to the Head of Corporate Affairs, Trust HQ, Bradford Royal Infirmary, Bradford, BD9 6RJ

There are no Company Directorships or other significant interests held by the individual Directors or Governors that may cause a conflict with the responsibilities of their respective roles.

Each Non-Executive Director is appointed/reappointed to serve a three-year term of office.

It is a statutory duty of the Board of Governors to appoint and remove the Chairman and the Non-Executive Directors. Therefore, in order to carry out this duty, the Chairman reports to the Governors on the outcome of the annual appraisal with each of the Non-Executive Directors at the July public meeting of the Board of Governors. The Senior Independent Director then carries out the appraisal of the Chairman, taking a sounding from both the Board of Directors and Board of Governors, to formally report back to the Board of Governors at a public meeting.

Should the Chairman have any concerns regarding the performance of the Non-Executive Directors then he would raise this with the individual and, where necessary, consult the Board of Governors for further action.

About our Directors

David Richardson, Chairman

David was appointed as Chairman to Bradford Teaching Hospitals NHS Foundation Trust in July 2005 and re-appointed by the Governors in 2008. David is currently the Director of his own company called DGR (UK) Ltd. He is the Chairman of Bradford and Airedale Care Partnerships Ltd-LIFT Co, and Chief Executive of Bradford Breakthrough Ltd, which is the senior business leaders' forum for the district.

These posts have been held since the Chairman was appointed at the Foundation Trust. The work undertaken in these posts does not interfere with the Chairman's commitments at the Foundation Trust and their overlap with

health partners, and all the major businesses and city institutions, strengthens effectiveness in the role as Chairman.

Miles Scott, Chief Executive

Miles has been Chief Executive of Bradford Teaching Hospitals NHS Foundation Trust since August 2005. Before coming to Bradford, Miles was Chief Executive of Harrogate and District NHS Foundation Trust for four years. During his time in Harrogate, the Foundation Trust went to the top of the performance league tables, delivered the NHS Plan access standards two years ahead of target, and developed a wide range of clinical services for local people.

Miles joined the NHS as a national management trainee in 1988. He has undertaken a range of management roles in acute, community and mental health services. Miles is a member of the National Institute for Clinical Excellence (NICE) Technology Appraisals Committee; Chairs the NHS Confederation National Council; and is active in management development, notably as a mentor to successive national management trainees.

Sally Ferguson, Chief Nurse

Sally qualified as a Registered Nurse and Registered Sick Children's Nurse at Great Ormond Street Hospital for Children in 1985 and then worked within the speciality of neonatal surgery in London and Manchester. Sally has undertaken a range of management roles within the North West including paediatrics, neonatal medicine, adult head & neck services, and children's community and mental health services. Sally became Director of Nursing and Support Services / Deputy Chief Executive at the Cardiothoracic Centre Liverpool NHS Trust in 2002, prior to moving to the post of Director of Nursing and Patient Services at Aintree Hospitals NHS Foundation Trust in 2004. Sally commenced as Chief Nurse at Bradford Teaching Hospitals NHS Foundation Trust in March 2008.

Bryan Millar, Director of Finance/ Deputy Chief Executive

Bryan has worked in the NHS for over 30 years in a variety of financial roles within Yorkshire and the North East of England. After occupying a number of posts at District and Regional Health Authorities, Bryan joined Northgate and Prudhoe NHS Trust becoming their Director



of Finance and Performance Management in 1993. He became Director of Finance at Bradford Community Health NHS Trust in 1999 before moving to Bradford South and West PCT where he was Director of Finance and Deputy Chief Executive. Bryan joined the Foundation Trust as Director of Finance in October 2005. He is a fellow of the Association of Chartered Certified Accountants.

Dr Dean Johnson, Director of Planning and Performance

Dean spent six years at Loughborough University studying mathematics to degree and PhD level. Following university, Dean started working for the NHS in 1992, on the management training scheme. After seven years working at Queens Medical Centre in operational and corporate roles, he moved to Nottingham Health Authority to be responsible for the commissioning of elective services. Following three years at the Health Authority, Dean moved to Broxtowe and Hucknall PCT as Director of Planning and Performance. Following this and in the year preceding working at the Foundation Trust, Dean worked for the Department of Health in both Leeds and London, looking at urgent care in a primary care setting. Dean's current responsibilities are for planning services, the performance management of the organisation, planning capital investment, information services and marketing.

Dr Clive Kay, Medical Director

Clive took over the role as Medical Director in November 2006 and has worked as a Consultant Radiologist at the Foundation Trust since 1998. Before working in Bradford, he spent three years at the Medical University of South Carolina as Chief of Radiological Services at the Digestive Disease Centre. Clive has been the Lead Clinician for the Western West Yorkshire Upper Gastrointestinal Cancer Centre since July 2001. He is the Chairman of the British Society of Gastrointestinal and Abdominal Radiology, Chairman of the Royal College of Radiologists' Scientific Programme Committee, and an Associate Editor for 'Clinical Radiology'. He is a Fellow of the Royal College of Radiologists and a Fellow of the Royal College of Physicians of Edinburgh.

Nadira Mirza, Non-Executive Director

Nadira is Dean of the School of Lifelong Education and Development and Director of Community Engagement at the University of Bradford. She has been a youth and community officer and was instrumental in establishing the voluntary sector infrastructure in Bradford. Nadira sits on a number of local, regional and national committees charged with raising educational aspiration and attainment. She is also a school governor, a commissioner for the Bradford District Infant Mortality Commission and Chair of the Born in Bradford project. Nadira sits on the Widening Participation and Business and Community strategic advisory committees of the Higher Education Funding Council of England, and is advisor to Management Development Foundation, a training consultancy for the developing world based in the Netherlands. Nadira is also a Fellow of the Royal Society of the Arts, and visiting Scholar at the University of Azad Jammu Kashmir.

Richard Bell, Non-Executive Director

Richard is a chartered accountant with over 30 years' post-qualification experience. Currently, he is part-time Financial Director to a biotech company and part-time director of a software company, as well as running his own consulting business, which has in the past provided finance director services to a number of clients including the University of Liverpool, a utilities repair business and other manufacturing and service companies.

Previously, he ran a Ford motor group with a turnover of £130 million for two years and prior to that worked for Barr and Wallace Arnold Trust plc for 12 years, where he was Group Finance Director for five years and Company Secretary for nine.

Chris Jelly, Non-Executive Director

After reading politics, philosophy and economics at Balliol College, Oxford, Chris taught economics at the City of London School for Boys for four years. He then joined BBC's educational television department, producing economics and management programmes, the BBC's first numeracy campaign, and a series of programmes analysing the NHS in 1986.

At Yorkshire Television, he was Chairman of the ITV Schools TV Committee and Chairman of



Board of Governors



the European Broadcasting Union's Education Expert Group. In 1998 he was one of the team appointed by the Department for Education and Skills to set up the University for Industry, known as learndirect, and commissioned many of their IT courses. He has also been a Consultant to the NHS University. He is currently Chairman of the Governors of Moorfield School, Ilkley and Chairman of the Trustees of the Open College of the Arts.

John Waterhouse, Non-Executive Director

After attending Bradford Grammar School and reading physics at St Catherine's College, Oxford, John worked in computing in industry and the NHS. Later he was Managing Director of a number of industrial services companies - computer services, waste management and construction services. From 2001 he served two terms as a Non-Executive Director of North Bradford Primary Care Trust, when he was the PCT's partner governor at the Foundation Trust. Later he was elected a public governor.

He was a member of the Community Health Council and the successor organisation for public and patient involvement. He maintains his interest in the improvement of both primary and secondary NHS services in his native Bradford, particularly in the tackling of health inequalities in our city.

He lives in Idle and has served as a Magistrate in Bradford since 1992 and was a school governor. A lifetime runner, he is a member of the regional council for England Athletics, charged with modernising the sport in our region.

John Bussey, Non-Executive Director

After ten years in shipping and forwarding, John spent two years in corporate finance before jointly founding the Driver Hire Group. From 1985 when Driver Hire was founded it has grown from two offices to a nationwide company with more than 120 offices and a turnover of over £70m in 2004 when the business was invested in by private equity investors.

John is a member of the Institute of Logistics, the Institute of Management, holder of the Certified Diploma in Accounting and Finance from the Association of Certified Accountants and a Fellow of the Institute of Directors. He is

also a chartered director and an interviewer for the Chartered Director Programme on behalf of the Institute of Directors. For 11 years John was also a board member of the British Franchise Association has been an advisor to the Prince's Trust and is a retired Justice of the Peace.

Professor David Cottrell

David is the Foundation Chair in Child and Adult Psychiatry, and Dean of Medicine, at the Leeds School of Medicine. Until recently, he was Associate Medical Director of Leeds Primary Care Trust, where he was actively involved in reshaping the way children's services are provided, as well as forging partnerships with local education, social services and the voluntary sector. He remains a clinician and is a registered family and systemic psychotherapist. He has recently been awarded a large grant to conduct a major research project evaluating family therapy following self-harm. David represents the University of Leeds.



Attendance at Board of Directors' Meetings 2008/09

Board Members	30.4.08	28.5.08	25.6.08	30.7.08	27.8.08	24.9.08	29.10.08	26.11.08	17.12.08	28.1.09	25.2.09	25.3.09	TOTAL
David Richardson	√	√	√	√	√	√	√	√	√	√	√	√	12
Miles Scott	√	√	√	√	√	√	√	√	√	√	√	√	12
Bryan Millar	√	x	√	√	√	√	x	√	√	√	√	√	10
Dean Johnson	√	√	x	√	√	√	√	x	√	√	√	√	10
Sally Ferguson	√	x	√	√	√	√	√	√	√	√	√	√	11
Clive Kay	√	√	√	√	x	√	√	x	√	√	√	√	10
Jo Bray (In attendance)	x	√	√	√	√	√	√	√	√	√	√	√	11
John Bussey	√	√	√	√	√	√	√	√	√	√	√	√	12
Chris Jelley	√	√	√	√	√	√	√	√	√	√	√	√	12
Richard Bell	√	√	√	√	√	√	√	√	√	√	√	√	12
Nadira Mirza	√	√	√	√	x	√	√	√	√	√	√	√	11
John Waterhouse	√	x	√	√	√	√	√	√	√	√	√	√	11
David Cottrell			x	√	√	x	√	x	x	√	√	√	6

√ = Attended x = Apologies sent

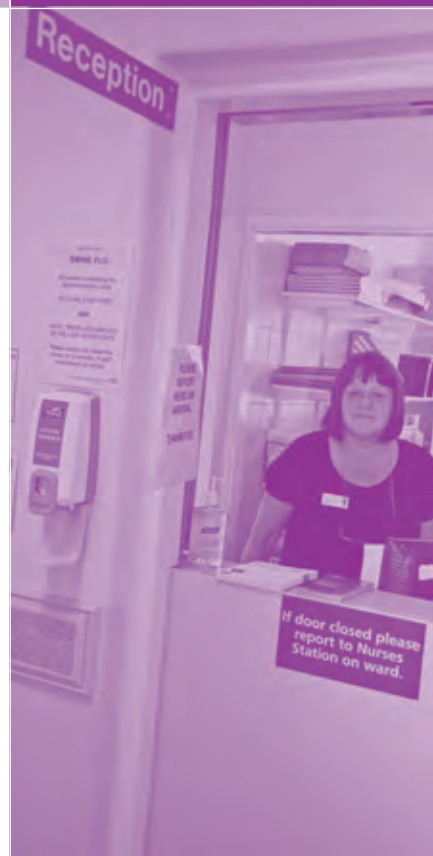
* NB David Cottrell not appointed until June 1 2008

Governance Committee

The Governance Committee is a committee of the Board of Directors. The purpose of the committee is to ensure that the Foundation Trust maintains and develops an effective assurance framework and system of internal control across a range of its clinical, non-clinical, financial and business activities. Its aim is to maintain the risk to compliance with the authorisations, standards, targets, quality and safety criteria in a unified assessment framework designed to achieve organisational objectives. This is to be achieved through a process of regular reporting and evaluation, and the maintenance of risk registers at corporate and operational levels.

It does not remove from the Board of Directors the overall responsibility for the system of internal control, but provides a forum for detailed consideration of such matters in order to give Board confidence in signing the Statement of Internal Control and self-certification process required by Monitor, the Healthcare Commission and other external organisations.

The committee meet three times during the year from 1st April 08 to 31 March 09.



Board of Governors

Attendance at Board of Directors' Governance Committee Meetings 2008/09

Board Members	25.6.08	29.10.08	25.2.09	Total
David Richardson	√	√	√	3
Miles Scott	√	√	√	3
Bryan Millar	√	x	√	2
Dean Johnson	X	√	√	2
Sally Ferguson	√	√	√	3
*Clive Kay	C Sides	x	D Thompson	2
Jo Bray (In attendance)	√	√	√	3
Chris Allcock	√	√	x	2
Richard Bell	√	√	√	3
Nadira Mirza	√	√	√	3
John Waterhouse	√	√	√	3

*Clive Kay is represented by members of the Medical Directors' office

Audit Committee

The Audit Committee is a committee of the Board of Directors. The purpose of the committee is to review the establishment and maintenance of an effective system of integrated governance, risk management and internal control, across the whole of the organisation's activities (both clinical and non-clinical), that supports the achievement of the organisation's objectives. During the year, the committee approved the audit plans for both the internal and external auditors. Representatives from both auditors have attended each meeting and presented details of the work carried out and their main findings.

The committee has reviewed a number of key documents and the processes supporting them including the Standards for Better Health declaration, head of internal audit opinion and the Foundation Trust's annual accounts and the report produced by the external auditor on these accounts.

The committee has sought and been given assurance that the necessary co-operation had been received from Trust managers and staff. The committee was also satisfied that there was appropriate liaison and co-operation between Internal and External Auditors.

The committee's membership is as follows:

- Richard Bell, Chair
- Chris Jelley
- Peter Noble (to May 31 2008)
- John Bussey (from June 1 2008)

In addition, the Director of Finance and representatives of both internal and external audit normally attend meetings. One of the Assistant Directors of Finance acts as Secretary to the committee.

The committee met nine times during the year. Attendance at these meetings is shown opposite:



Attendance at Audit Committee Meetings 2008/09

Board Members	23.4.08	28.4.08	30.4.08	11.6.08	30.7.08	17.9.08	26.11.08	28.1.09	25.3.09	Total
Bryan Millar (In attendance)	√	√	√	√	√	√	√	√	√	9
Chris Allcock (In attendance)	x	x	x	√	√	√	√	√	√	6
Chris Jelley	√	√	√	√	√	√	√	√	√	9
Peter Noble	x	x	√	N/A	N/A	N/A	N/A	N/A	N/A	1
John Bussey	N/A	N/A	N/A	x	√	x	√	√	√	4
Richard Bell	√	√	√	√	√	√	√	√	√	9

√ = Attended

x = Apologies sent

External Audit

The external auditor for the Foundation Trust is:

PricewaterhouseCoopers LLP
Benson House
33 Wellington Street
Leeds
LS1 4JP

The auditor was re-appointed by the Board of Governors in October 2008 following a procurement exercise led by a working group of the Board of Governors. The appointment is in accordance with the Audit Code for NHS Foundation Trusts, published by Monitor.

The fee for the year is shown below:

Fee (excluding VAT)	2008/09 £
Audit Code Work	54,550
Non-Audit Work	8,000
Total	62,550

The non-audit work relates to the review of the restatement of the Foundation Trust's opening balance sheet for 2008/09 under International Financial Reporting Standards (IFRS).

The provision of non-audit services by the external auditor is governed by the Foundation Trust's Policy on the Use of External Audit for Non-Audit Services, which was approved by the Board of Governors in July 2007. The main objective of the policy is to ensure that any non-audit service provided by the external auditor cannot impair or cannot be seen to impair, the objectivity of their opinion on the financial statements.

Any proposal for the use of the external auditors to provide non audit services is reported to the Audit Committee.



Board of Directors



Charitable Funds Committee

The purpose of the Charitable Funds Committee is to give additional assurances to the Board of Directors that the Foundation Trust's charitable activities are within the law and regulations set by the Charity Commissioners for England and Wales and to ensure compliance with the charity's own governing document.

The Charitable Funds Committee monitors all aspects of charitable activity with the Foundation Trust as set out within its governing

document. During the year the committee reviewed the income and expenditure of the funds and approved changes to signatories and the setting up and closure of specific funds. Other business addressed during the year included monitoring the investment performance of the fund, minor amendments to the investment policy and approval of UBS as brokers for the investment management of the fund. Other business addressed looked at the expenditure strategy and how money could be deployed to enhance and upgrade ward refurbishments.

Attendance at Charitable Funds Committee Meetings 2008/09

Members	30.4.08	27.8.08	17.12.08	Total
David Richardson	√	√	√	3
Miles Scott	√	x	√	2
Sally Ferguson	√	√	x	2
Professor John Young (In attendance)	√	√	√	3
John Sidebottom (In attendance)	√	x	√	2
Mike McDonnell	√	√	√	3
Ben Galbraith	√	√	√	3
Bryan Millar	x	√	√	2
John Waterhouse	x	√	√	2
John Bussey	x	x	√	1

√ = Attended x = Apologies sent

Search Committee

The appointment of Non-Executive Directors is defined in the Foundation Trust's constitution, which states that *"The search committee will be expected to make a recommendation to the Board of Governors"*. The constitution goes on to state that *'a Non-Executive Director may stand for re-appointment and the Search Committee may recommend them'*.

The new Code of Governance issued by Monitor in September 2006 also states that *'the Governors are responsible at a general meeting for the appointment and re-appointment of the Chair and Non-Executive Directors'*.

The Search Committee of the Board of Governors held a meeting in March 2009 to commence the consideration of John Bussey's position as Non- Executive Director.

Remuneration Report



Remuneration Committee

All the Non-Executive Directors are members of the Remuneration Committee. In attendance are Miles Scott, Chief Executive; Pat Campbell, Director of Human Resources; and Jo Bray, Head of Corporate Affairs. There were three meetings held during the year:

The Chairman and the Non-Executive Directors set objectives for the Executive Directors to deliver on as defined by the corporate objectives. These objectives were agreed at the meeting of May 28 2008.

Cost-of-living pay awards are automatically linked to Agenda for Change for Executive Directors.

Contracts for Executive Directors are permanent, and include a six-month notice period. Incremental progression is subject to achievement of objectives. The exception being the Medical Director - who has retained Medical

and Dental Terms and Conditions. There is no separate provision for compensation for early termination. No significant awards were made to senior managers during the year.

In terms of the definition of senior managers, it is the view of the Board of Directors that the authority and responsibility for controlling manager activities is retained by the Board and not exercised below this level.

During 2008/09 Executive Directors were paid a non recurring bonus based on the Remuneration Committee's assessment of performance against objectives for 2007/08.

The Remuneration Committee has decided to discontinue this bonus scheme and as a result no bonus payment has been made in relation to 2008/09 (despite the excellent performance of the organisation in this year).



Attendance At Remuneration Committees 2008/2009

Members	30.4.08	28.5.08	29.10.08	Total
David Richardson	√	√	√	3
Miles Scott (In attendance)	√	√	√	3
Richard Bell	√	√	√	3
Peter Noble	√	√	√	3
Nadira Mirza	√	√	√	3
John Bussey	√	√	√	3
John Waterhouse	√	x	√	2
Chris Jelley	√	√	√	3
Pat Campbell (In attendance)	√	√	√	3
Jo Bray (In attendance)	N/A	x	√	1

√ = Attended x = Apologies sent

Remuneration Report

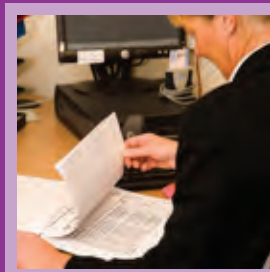
Directors' Remuneration

Remuneration of Senior Managers

Note: It is the view of the Board that the authority and responsibility for controlling major activities is retained by the Board and is not exercised below this level.

This table is subject to audit

Name and title	Salary (Bands of £5,000)	Other remuneration (Bands of £5,000)	Golden hello	Compensation for loss of office	Benefits in kind (Rounded to the nearest £100)
	£000s	£000s	£000s	£000s	£
2008/09					
David Richardson (Chairman)	50 - 55				
Miles Scott (Chief Executive)	165 - 170				
Bryan Millar (Director of Finance / Deputy Chief Executive)	135 - 140				
Dr Clive Kay (Medical Director)	65 - 70	165 - 170			
Dr Dean Johnson (Director of Planning & Performance)	120 - 125				
Sally Ferguson (Chief Nurse)	120 - 125				
Richard Bell (Non Executive Director)	15 - 20				
John Bussey (Non Executive Director)	10 - 15				
Professor David Cottrell (Non Executive Director)	10 - 15				
Chris Jelley (Non Executive Director)	10 - 15				
Nadira Mirza (Senior Non Executive Director)	15 - 20				
Peter Noble (Non Executive Director)	5 - 10				
John Waterhouse (Non Executive Director)	10 - 15				



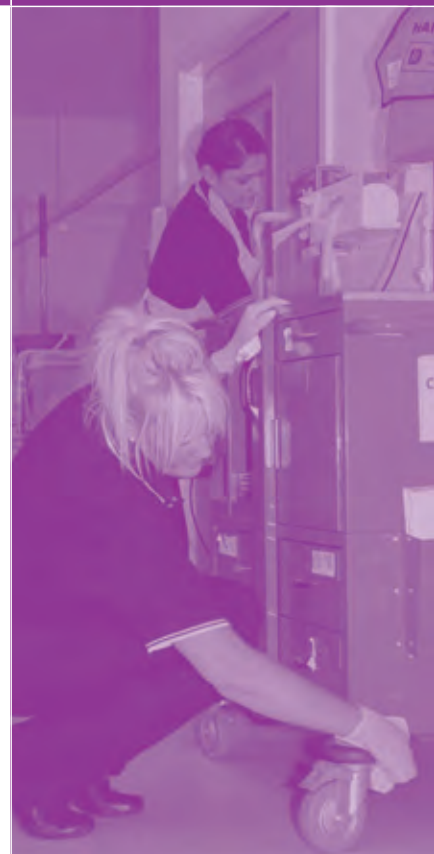
Pension Entitlements of Senior Managers

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

Name and title	Total accrued pension at age 60 at 31st March 2009	Value of automatic lump sums at 31st March 2009	Real increase in pension during the year	Real increase in automatic lump sum during the year	CETV at 31st March 2009	CETV at 31st March 2008	Real increase in CETV during the year
	(Bands of £2,500) £000s	(Bands of £2,500) £000s	(Bands of £2,500) £000s	(Bands of £2,500) £000s	(Bands of £1,000) £000s	(Bands of £1,000) £000s	(Bands of £1,000) £000s
2008/09							
Miles Scott (Chief Executive)	42.5 - 45.0	132.5 - 135.0	5.0 - 7.5	17.5 - 20.0	660 - 661	440 - 441	145 - 146
Bryan Millar (Director of Finance, deputy Chief Executive)	55.0 - 57.5	167.5 - 170.0	5.0 - 7.5	20.0 - 22.5	1,075 - 1,076	714 - 715	240 - 241
Dr Clive Kay (Medical Director)	32.5 - 35.0	102.5 - 105.0	2.5 - 5.0	10.0 - 12.5	563 - 564	390 - 391	114 - 115
Dr Dean Johnson (Director of Planning and Performance)	22.5 - 25.0	72.5 - 75.0	0.0 - 2.5	5.0 - 7.5	344 - 345	246 - 247	64 - 65
Sally Ferguson (Chief Nurse)	32.5 - 35.0	97.5 - 100.0	5.0 - 7.5	20.0 - 22.5	533 - 534	323 - 324	141 - 142

Accounting policies for pensions and other retirement benefits are set out in note 1 to the annual accounts.

Miles Scott, Chief Executive
04 June 2009



Our Membership

Membership Constituencies

Bradford Teaching Hospitals NHS Foundation Trust membership is made up of Public, Patient and Staff membership constituencies.

Public Membership Constituency

To be eligible for Public membership a person needs to be over the age of 16 years and resident within the Bradford Metropolitan District Council (BMDC) boundary.

The Public membership constituency is divided into five sub-constituencies which are Keighley, Shipley, Bradford North, Bradford South and Bradford West and correspond to the local electoral ward areas as defined by BMDC. The electoral ward a person lives in determines which membership sub-constituency they are registered in. Public members are automatically registered in one of the sub-constituencies as determined by their home postcode.

Patient Membership Constituency

To be eligible for Patient membership a person needs to be over the age of 16 years and, have received treatment at Bradford Teaching Hospitals NHS Foundation Trust and, live outside the BMDC boundary or, where appropriate, they are the carers of such a patient and act on their behalf.

Staff Membership Constituency

To be eligible for Staff membership a person needs to be an employee of the Foundation Trust who holds a permanent contract of employment or, has worked for the Foundation Trust for at least 12 months. Contract staff or staff holding honorary contracts and have worked at the Foundation Trust for at least 12 months are also eligible for membership.

The staff membership constituency is made up of four sub-constituencies which are Allied Health Professionals & Scientists, Nursing and Midwifery, Medical and Dental and All Other Staff Groups.

Membership Sub-Constituency	Wards
Keighley	Craven, Ilkley, Keighley Central, Keighley East, Keighley West, Worth Valley, Addingham, Silsden, Steeton with Eastburn, Haworth, Cross Roads and Stanbury, Oxenhope
Shipley	Baildon, Bingley, Bingley Rural, Shipley, Wharfedale, Windhill and Wrose
Bradford North	Bolton and Undercliffe, Bowling and Barkerend, Bradford Moor, Eccleshill, Idle and Thackley
Bradford South	Great Horton, Queensbury, Royds, Tong, Wibsey, Wyke
Bradford West	City, Clayton and Fairweather, Heaton, Little Horton, Manningham, Thornton, Toller



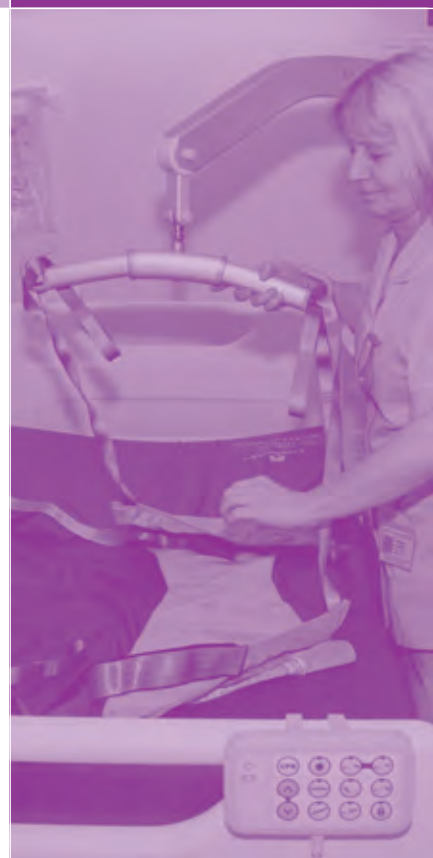
Number of Members

During 2008/2009 membership of the Foundation Trust has increased by a total of 7,156 from the year start figure of 44,098 to a year end figure of 51,254. However, total new members recruited in year across all groups equals 16,785. Public membership has increased from 29,899 to 38,484 and represents 11% of the local eligible membership population. Patient membership has decreased from 9,589 to 8,169. The total staff population eligible for membership has reduced in year from 4,710 to 4,664. However staff membership stands at 99% of the total

staff population which represents a 1% increase on the previous year's figure of 98%.

New staff members employed are automatically opted into membership of the Foundation Trust unless they advise that they do not wish to be a member. Employees who are ineligible for staff membership due to the nature of their contracts are offered either public or patient membership of the Foundation Trust as long as they meet the qualifying criteria for those membership constituencies. Staff members who leave employment of the Foundation Trust are offered public membership if they reside within the BMDC area.

Public Membership Constituency Breakdown	FT Members	Total BMDC 16 plus pop.	Total BMDC pop	Membership as % of total BMDC 16 plus eligible public pop.
Keighley	2,996	70,895	94,368	4%
Shipley	6,629	71,428	90,029	9%
Bradford North	8,237	69,042	92,364	12%
Bradford South	8,659	71,606	110,308	12%
Bradford West	11,963	68,911	105,954	17%
Total Public Membership	38,484	351,882	493,023	11%
Total Patient Members	8,169			
Staff Membership Constituency Breakdown	FT Members		Total staff pop.	Membership as % of total staff pop.
Allied Health Professionals and Scientists	557		571	98%
Nursing and Midwifery	1,687		1,707	99%
Medical and Dental	492		505	97%
All Other Staff Groups	1,865		1,881	99%
Total Staff	4,601		4,664	99%



Our Membership

Membership Recruitment Activity during 2008 to 2009

The target set within the Foundation Trust's annual plan for 08/09 was that of achieving a total membership of 47,000 representing an additional 3,000 new members. However it was noted that with an annual membership churn rate of approximately 4,000; an in year recruitment drive would need to elicit 7,000 new members.

In October 2008 the Board of Governors, following recommendations from the governor working group for membership development and communications supported an opt-in mailing targeted specifically at young people aged 16 to 25, one of the Foundation Trust's hard to reach groups.

As a result of this recruitment campaign the Foundation Trust has approximately 13,000 additional new members that fall within the 16 to 25 age range. This recruitment campaign has been one of the most successful undertaken by the Foundation Trust with very few people declining membership. It is clear that as part of this recruitment campaign, the key messages of engagement around career development, training and education opportunities and, health and well-being have resonated with our younger members. A key challenge moving forward is ensuring that the Foundation Trust delivers an engagement programme that meets these members' needs and aspirations.

New members have also been recruited at a variety of events held at the Foundation Trust and within the local district, aimed specifically at our younger target group as well as members of the general public and patients,

The Foundation Trust and our Governors are pleased that we have managed to not only exceed the targets set within our annual corporate objectives. However, it is also recognised that a distinct strategy for engagement and communications with our younger members is required to ensure that we retain and increase membership within this hard to reach group.

A Summary of the Membership Strategy

The Membership Development Strategy covers the period April 2007 to March 2010 and was

approved by the Board of Governors at their meeting in March 2007. The total membership recruitment target set within the strategy has been achieved. The membership engagement and recruitment activities continue to be implemented and further developed. Activities undertaken during 2008 to 2009 are highlighted below.

Membership Activity 2008 - 2009

This year has again seen a number of key developments with regard to membership recruitment, engagement, development and communications.

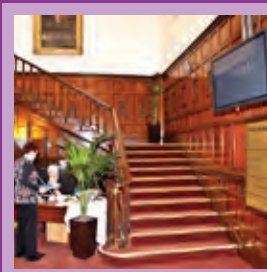
Governor Working Groups

The Governor Working Group programme includes areas of activity where Governors have influenced developments at the Foundation Trust including all aspects of membership recruitment, engagement, development and communications. Although the working groups involve varied numbers of Governors those who sit on them act as representatives for the full Board of Governors. They regularly report back to the full Board at the scheduled Board of Governor meetings on activities undertaken and bring recommendations for further actions to the full Board for further discussion and agreement. There are Governor Working Groups involved with each of the developments relating to membership activity outlined below.

Open Event/AGM

In September 2008 the Foundation Trust, with the support of Governors delivered its third annual Open Event combined with our AGM which attracted approximately 1,200 visitors (an increase of 300 on the previous year). Approximately 100 people attended the Annual General Meeting. The Open Event provided interactive displays, presentations and behind the scenes tours from 44 departments/specialties and voluntary/charitable groups operating within the Foundation Trust. As part of the review process, Governors considered the comments and views provided by visitors to the event. An evaluation sheet provided on the day asked them to provide a rating, in response to three questions posed, of either 'excellent', 'good', 'fair' or 'poor'. Approximately a quarter of the forms were returned with the following results which were compared to the previous year's analysis;





	2007	2008
How do you rate the event overall	70% - Excellent 30% - Good	80% - Excellent 20% - Good
How interesting was the event	65% - Excellent 35% - Good	75% - Excellent 25% - Good
How enjoyable was the event	57% - Excellent 43% - Good	70% - Excellent 30% - Good

It was particularly pleasing to note that visitors' experience of the event had improved over the previous year. Additional comments from visitors variously described the displays and tours as 'interesting and enjoyable', 'providing useful insights into departments' and many were 'pleased at having had the opportunity to attend'. The review also analysed responses from staff who provided displays, tours and presentations and were pleased to note that staff recognised the importance of engaging with members of the public and in the majority of cases felt that their department/team had benefited greatly from taking part. This information is being used to inform planning for the next Open Event scheduled for September 2009.

Volunteers Forum

The Volunteers Forum comprises of eleven charitable and voluntary organisations operating within the Foundation Trust. Governors support the work of the forum by providing regular feedback on activities and developments to the main board of governors. The forum has an agreed remit to;

- Represent of all volunteer groups and charities active at the Foundation Trust regardless of whether they were an active part of the forum
- Share skills/knowledge between forum members and, forum members and the Foundation Trust
- Link with local and national organisations around volunteering
- Network and share communications between forum members and the Foundation Trust
- Support each other in profile raising amongst forum members, Foundation Trust Staff and Foundation Trust members

During 2008/2009 the forum has continued to raise and consolidate its profile within and outside of the Foundation Trust. The forum

delivered a very successful and well attended Volunteers Fair in August 2008 which included participation from local community based voluntary and charitable organisations. The forum participated in the Foundation Trust's major open event held in September 2008 and, played a key role in the Student Open Event held in March 2009. The forum's involvement in these events has served to increase awareness of the roles of volunteers across the Foundation Trust but also served to support an increase in the number of people registering as volunteers.

Regular articles continue to be placed within the Trust's internal staff magazine (Trust Today) and within Focus, the membership magazine. In September 2008 the third annual Volunteers Thank You took place - a formal luncheon hosted by the Chairman and Chief Executive honouring volunteers with long service awards and a volunteer of the year award.

Young Peoples Engagement Programme

This year the Governor Working Group has supported the delivery of the Foundation Trust's third successful Student Open Event. To support the development and planning of the event a local student from the UK Career Academy Programme was employed by the Foundation Trust as part of a summer work placement. The event was successfully delivered in March 2009.

As well as young people from the local community's educational establishments, a large number of students from Wakefield, York and the Kirklees and Calderdale areas attended. With a focus on careers and jobs, training and education and, health and well being; students had the opportunity to visit interactive stands, take part in clinical tours and, attend presentations delivered by younger newly qualified members of staff who shared their experiences of as newer members of the NHS workforce. The feedback to date has been extremely positive. The working group is currently undertaking an evaluation of the event which will inform the delivery of the programme during the next year.



Our Membership



The working group began the process of developing a distinct engagement and communications strategy to support membership engagement with our newly recruited young members and other young people across the district. Early indicators are that this group is keen to engage around the areas that formed the focus of the Student Open Event. It was recognised early on that the method of communications with this group was key to maintaining their interest and so retain them as members. As such the group have overseen the development of a micro-site attached to the Foundation Trust's main website. Initial feedback has been positive however, it has been recognised that the development of the website and other associated means of communication will require a major focus during 2009/2010.

Focus on Medicine and Governor Meet Members Sessions

Focus on Medicine sessions are presentations/demonstrations scheduled in response to the interests declared by our members. They provide all members with opportunities to gain more of an insight into how our services, operate (and on occasion those of our partners within the health community). Importantly, members are letting the Foundation Trust know what they think about what we do. During the year the programme has provided members with opportunities to find out more about;

- Children's Services
- 'Born in Bradford', the major research project
- Hospital Cleanliness
- Infection Control
- Audiology
- Ophthalmology

Reports on the sessions have been presented to the membership as a whole via update articles within issues of the membership magazine.

Governor Meet Members sessions have taken place (following on directly from the Focus on Medicine sessions) and members are increasingly using the opportunities to meet and talk informally with Governors.

Corporate Strategy 2008 to 2015 Membership Consultation - 'Better Medicine, Better Health'

In July 2008 all public and patient members

were consulted on the Foundation Trust's new corporate strategy. They were sent a short questionnaire which highlighted the five key areas from the strategy and asked for their views on the priorities established for the next seven years. The priorities covered

- Improving Patient Satisfaction
- Improvements to facilities
- Delivering more community based services
- Developing Specialist Services
- Training, Education and Health Research

Almost 5,000 members responded, equating to approximately 13% of the public and patient membership. The questionnaire involved a combination of closed questions and open questions. Many of our members did use the opportunity to provide comments and expand on their views. From an analysis of the information received the following strong threads emerged with regard to the views of our members;

- Safety and quality of services was the most important thing for the majority of our members
- There was a high degree of support for some tests and minor surgery to be undertaken in the community
- 90% would like to see more outpatient appointments in the community
- 34% said that reducing infections would be the biggest thing we could do to improve patient satisfaction
- Many were keen to see the nightingale wards refurbished
- In general many members supported an improvement to facilities and refurbishment of wards and clinics
- Many were in favour of smaller bedded bays on wards
- Many strongly supported the development of training and education for our staff and future staff of the NHS

As a result of the comments received from members, an additional sixth priority area has been added to the Corporate Strategy. The Foundation Trust has committed to 'the right



staff, with the right training, in the right place, at the right time.

This has proved to be a very successful consultation. Feedback from the questionnaire was published in the membership magazine via a four page pull out spread. Further feedback on the progress of the strategy will be reported to members via the membership magazine.

Membership Communications

Members have received regular quarterly communications consisting of two update letters alternating with two membership magazines (FOCUS) per year. These communications remain exclusive to our members and they provide updates on new developments at the Foundation Trust, information on membership activities, useful patient information, spotlights on services, reports to the membership from the Governors and useful contact information

All new members receive a welcome letter which includes information requesting preferred methods of communication, thus the Foundation Trust is collating a database for members to receive electronic communication and share mailings with members of the same household. The membership welcome letter also includes a membership identify card containing useful contact details for the Foundation Trust including PALS, Complaints and Membership contact information and details for the Foundation Trust website.

With the recruitment of approximately 13,000 new members from one of our hard to reach groups (16 to 25year olds) a micro-site has been developed specifically for this age group with a focus on careers and jobs, training and education and, health and well being. The Governor Working Group for young people's engagement is working to develop a strategy for engagement with young people where a central strand will be that of developing a variety of communications methods appropriate in terms of content and delivery to this particular group of members.

Membership Interests / PPI

Within the general welcome mailing members are asked if they would be willing to support the Foundation Trust by giving their feedback to many of our patient and public involvement (PPI) projects. In doing so members have provided a range of areas they are interested in contributing to and have stated their preferred options (e.g.

- would they be willing to fill in a questionnaire, talk to a member of staff on the phone, read information and comment, attend a meeting or a focus group etc).

There remains a steady 15 per cent of our members who have expressed their interest in getting involved with PPI activities.

Members have this year participated in a number of Patient and Public Involvement activities. These include

- Improving the Patient Experience Focus Groups
- Outpatient Surveys
- Equality Impact Assessments being carried out on policies that affect members of the public and patients
- Patient Environment Action Team (PEAT) visits

Contact Procedures for Members who wish to communicate with Governors

If members have specific issues they wish to raise they can contact individual Governors, the Chairman, or the Board of Governors as a whole via a dedicated helpline telephone number or via a dedicated email address or, in writing c/o the Foundation Trust Membership Office.

Members can meet with Governors and raise questions and issues in person at the Governor Meet Members sessions which are scheduled to follow on from the Focus on Medicine sessions.

Members are encouraged to raise questions regarding the business of the Board of Governors by contacting the Head of Corporate Affairs in the first instance in advance of meetings.

Board of Governor papers and agendas are published on the Foundation Trust's website two weeks prior to the meetings taking place.

Members are advised of these processes through the membership welcome pack, the quarterly membership communications updates, the agenda for the Board of Governors meetings and, via the Foundation Trust's dedicated membership website pages.



Public Interest Disclosures

Countering Fraud and Corruption

The Foundation Trust complies with the Secretary of State's directions on counter fraud measures that were issued in 2004.

The Audit Committee approved a programme of proactive work to be carried out during the year by the Foundation Trust's Local Counter Fraud Specialist and has monitored the implementation of this programme.

The Foundation Trust's Fraud and Corruption Policy and a range of related materials are available on the intranet and work has continued to raise the profile of the Local Counter Fraud Specialist through a range of initiatives.

Foundation Trust staff have been communicated to about tackling fraud in the NHS and who to contact if they suspect fraud has been committed in an article within our staff magazine, which supported the internal publicity to promote counter fraud week. Display stands were present on both sites in the restaurant areas to promote awareness to staff

Equality and Diversity

As part of implementing our Equality and Diversity Strategy 2008-2015, we have set up the Equality and Diversity Scrutiny Committee. This committee is Chaired by the Chief Nurse who has Executive level responsibility for Equality and Diversity. Membership includes our partners in the health economy and Council. The committee is also attended by key voluntary sector and charity partners working on the six equality strands. The committee will scrutinise our work on Equality and Diversity and suggest further improvements for ensuring that our services and employment practices reflect the needs of the local community.

We consulted widely with our partners and community organisations when drafting our strategy. In addition, we sought the views of 18 members who expressed an interest in Equality and Diversity Issues. In addition, we held a presentation on the draft Equality and Diversity Strategy and the draft Corporate Strategy in July 2008 when 17 organisations/ individuals attended. In early September, we also consulted a group of 14 disabled people.

The Foundation Trust is committed to promoting equality and diversity for all patients, visitors, volunteers and staff. Key achievements over the past financial year in relation to equality and diversity include:

- Equality Impact Assessments (EqIA)
- all initial EqIA of 199 policies and 182 functions completed. 45 full EqIA underway with 37 due to be completed by end of March 2009. Bespoke training organised for functions that have completed the process eg: Pre-operative Assessment, PALS Service, Delivery Suite
- Race Equality Scheme 2008-2011- produced in May 2008
- Equality Strategy 2004-2007 was revised to 2008-2015, incorporating 20 Equality and Diversity pledges
- Equality and Diversity Scrutiny Committee established to improve governance of Equality and Diversity agenda
- Establishment of Staff Networks for Black Minority Ethnic (BME), Lesbian, Gay and Bisexual (LGB) and Disabled
- Positively Diverse Lead Site: status awarded January 2009 with the following summary of submission: *"Forward thinking submission. Demonstrated long term planning and 'now' action for equality, diversity and human rights. Continuous improvement demonstrated. Leadership and commitment evident. The systematic style of the organisations submission gave confidence through demonstrating structure, systems and processes in place. Evidence demonstrated that the organisation continues to strive to do more work with governance and workforce monitoring. They may be leaders in equality in this field"*
- Workforce Equality Data produced February 2009 after completion of Workforce Validation Exercise
- In 2008, our interpreting service provided over 13,000 interpreting sessions for patients and visitors



Communicating with our staff

During the year, we have made sure that we communicate effectively with our staff over matters that concern them as employees. Staff have access to information through our staff magazine, monthly core briefings after the Board of Directors meeting, globally-sent emails and individual directorate briefings.

We have continued to use these methods of communication to make our staff aware of the financial and economic factors affecting the performance of the Foundation Trust.

We make every effort to make sure that our staff are engaged and involved in the day-to-day decision-making at the Foundation Trust. We have a staff involvement policy, which sets out how we do this.

Our policy on equality and diversity includes a code of practice on recruitment and selection, which takes into account the need for reasonable adjustments for disabled employees.

We also have a policy on managing attendance, which contains specific provisions for dealing with employees who have become disabled. We manage the development of staff, including disabled employees, within the Knowledge and Skills Framework and their personal development plan.

Caring for our Environment

We are committed to providing quality healthcare. In doing so, our services consume resources and produce waste material which will, in turn, have an effect on the environment, and ultimately may impact on the health of the people for whom we provide a service.

We acknowledge our corporate and social responsibility (CSR) to consider the environmental implications of our corporate business strategy, and to promote policies and practices that will provide a responsible approach to environmental management at the Foundation Trust.

For this purpose, the Foundation Trust adopted an Environmental Policy and established an Environmental Steering Group led by the Chairman. The remit of this group includes:

- Green transport issues and fleet management
- Corporate citizenship
- Energy and NHS carbon management initiatives
- Environmental impact
- Waste management
- Procurement

It is recognised that the growth of clinical services and equipment will inevitably increase demand for electricity and gas and ways of neutralising this impact, through recycling and using new energy saving technologies, have been explored, which includes introduction of the following:

- Installation of plate heat exchangers - (modern technology supplying both domestic hot water and heating)
- Installation of combined heat and power plant, generating both heating and hot water effectively
- De-steaming the St Luke's Hospital site
- Energy campaigns
- Use of low-energy lighting systems
- Water leak monitoring

Since 1999, the Foundation Trust has held Energy Efficiency Accreditation which is validated by the Carbon Trust. We continue to work closely with the Carbon Trust to meet the requirements of the Carbon Management Strategy and engage with other local NHS healthcare providers to facilitate benchmarking of environmental initiatives.

Volunteering

Our volunteering community is considered as an invaluable resource - providing a variety of practical services that contributes to, and enhances, the quality of patient care. Volunteering provides the opportunity for members of the public to take on meaningful roles, to be involved with the provision of local health care services, and to really make a difference. Volunteers are welcome at the Foundation Trust from the age of 16 years.



Public Interest Disclosures



Membership continues to grow significantly and constitutes a group of all ages and backgrounds.

In the current economic climate, there have been many job losses and redundancies within the community. The demand for volunteer placements is on the increase, as many see volunteering as a way back into employment, through gaining experience. For those who are nearer retirement age, volunteering provides a worthwhile activity and a purpose in life and this has resulted in younger, pre-retirement aged people coming forward for volunteer work.

A number of groups (volunteer-led and other charitable organisations) continue to operate from within the Foundation Trust. Through membership of the Volunteer Forum Group, these groups collectively continue to grow and develop into a mutually supportive network, raising and promoting the good work of our volunteers. The Volunteer Forum Group continues to be supported by three Governors of the Foundation Trust, providing support, advice and a good communication link with the Trust Board. Close links are maintained with external groups such as the Bradford Strategic Volunteer Partnership and Bradford University Volunteer Services.

The voluntary services department continues to manage the relationship between the Foundation Trust and a number of those voluntary and charitable organisations.

The ten most active groups have a combined total membership community of 886 people. Through a variety of services and activities, our volunteers are able to support the Foundation Trust, staff, patients and visitors.

Five distinct voluntary organisations, most with charitable status, are registered with the Foundation Trust and are directly managed through the voluntary services department:

- The Friends of BRI
- The Friends of SLH
- Radio Royal
- St Luke's Sound
- Bradford Heart Support Group
- Stroke Group (does not have charitable status).

A number of other voluntary groups are registered with the voluntary services department and maintain strong links with

them. These groups fall within the management of those who specialise in that particular field:

- The Chaplaincy Group
- Born In Bradford Project
- Cancer Information Centre Volunteers
- Downs Syndrome Support

The number of registered and active volunteers across all these groups stands at 436. This demonstrates an increase in permanent volunteers of 11.8%. The voluntary services department continues to work closely with Bradford University, and local schools and colleges, to provide valuable learning opportunities and experiences for students, through voluntary placements. There are two periods of recruitment for students each year with 30 places available in each intake. Students are required to commit to a minimum of six months and recruitment has been organized to allow for exam timetables.

The demand for volunteers within wards and departments has also increased, with new projects being introduced. These have included a new guiding service in the phlebotomy outpatients' department and ward hostess/activity roles within the stroke unit, both at St. Luke's Hospital. Surgical wards 20 and 21, at Bradford Royal Infirmary, have also requested support and now have a team of volunteers fulfilling ward hostess/host style roles. In addition, a new project has been set up (as a pilot) in the eye department at BRI. Volunteers are working closely with the Morley Street Resource Centre to provide a much-needed support system for visually impaired patients. In particular, this service provides immediate support for patients who have been placed onto the visually impaired register and offers help and advice to patients and their carers. If the pilot scheme is successful, the intention is to have a permanent team of volunteers based within the eye department.

A number of other voluntary and charitable organisations continue to have strong links with the Foundation Trust and liaise closely with the voluntary services department. Whilst most groups maintain their own distinct identity and purpose, all groups share the same aim to assist and improve the experiences of patients who receive healthcare within the Foundation Trust.

In addition to practical assistance, volunteer groups continue to raise a vast amount of funds which are then donated to wards and departments, with the aim of improving the experience of patients and visitors.



Health and Safety

The work to continually improve health and safety within the Foundation Trust is progressing. Generally, awareness of health and safety has been raised through training, risk management meetings, communicating health and safety statistics and shared learning bulletins. The risk management website on the Foundation Trust's intranet site also plays an important role in highlighting key messages.

Our risk coordinators have continued the good work within their respective directorates in enabling managers to meet their responsibilities.

The Foundation Trust's risk assessment programme continues and is incorporated within relevant directorate risk registers and where appropriate, onto the corporate risk register.

Around 3,400 health and safety risk incidents are reported in each 12 month period, with the following areas continuing to be our highest reported health and safety incidents:

- Injuries caused by physical assault on staff by patient
- Injuries caused as a result of slips, trip and falls
- Injuries caused by staff coming into contact with sharps

Effort continues to be focused on the above risk areas with particular attention being paid to the risks posed to lone workers. This work has recently been bolstered by the award of more than 200 personal safety alarms after a successful bid to the Department of Health.

Occupational Health

Highlight of the year was approval for plans to create a £1.6m Workplace Health and Wellbeing Centre as an NHS demonstration site, which includes the refurbishment of part of Field House at BRI. This is scheduled for completion at the end of September 2009. The scheme includes a gym for vocational rehabilitation and counselling facilities, and will enable the creation of a multi-disciplinary team.

The development will act as a catalyst for modernising the existing occupational health

service and bringing all aspects of workplace health together "under one roof" at the main hospital site.

It will also result in the provision of a proactive, comprehensive workplace health and wellbeing service that addresses the needs of the staff in the NHS and extends its services to small and medium sized enterprises (SMEs) and other external clients.

By supporting local businesses to address the health need of their staff and comply with health and safety legislation, this will build a stronger local community. It will support the Bradford Economic Strategy of building a stronger economy and encouraging investment and spending, generating greater wealth, better housing and better health.

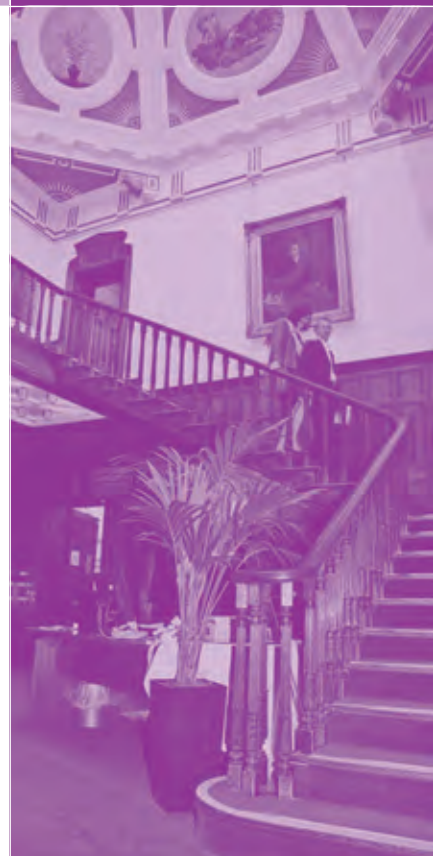
The scheme includes the introduction of a mobile occupational health unit to make the service more accessible to small and medium private companies and other clients in the local community.

A business development manager was appointed in August 2008, with a remit of leading on income generation activities, business development, performance and co ordination.

A marketing strategy has been developed and is being implemented; the department has acquired six new contracts in the SME sector in the last six months.

There were several other key initiatives during the year:

- The occupational health nurse advisers ran a display on smoking cessation on National No Smoking Day
- The staff flu vaccination campaign was successful in 2008/9. The uptake was 16% - a slight increase on the previous year
- The department participated in the first two national audits of occupational health clinical practice. This was run by the Occupational Health Clinical Effectiveness Unit at The Royal College of Physicians. The areas audited were back pain and depression - the two main causes of absenteeism in the UK
- We have implemented feedback questionnaires that are sent out with all reports and there are some forms for clients to complete in the department. This is part of the quality improvement process



Statement of Internal Control



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 Bradford Teaching 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 Bradford Teaching Hospitals NHS Foundation Trust for the year ended 31 March 2009 and up to the date of approval of the annual report and accounts.

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

As the Chief Executive of a large acute teaching hospitals Foundation Trust, I recognise that committed leadership in the area of risk management is essential to maintaining the sound systems of internal control required to manage the risks associated with the achievement of corporate objectives and

compliance with our terms of authorisation as an NHS Foundation Trust.

To this end I also recognise that diligence and objectivity are personal attributes required to ensure that appropriate structures are in place to gain assurance about the management of risk, from both internal and external sources.

In order to demonstrate this commitment, the Medical Director and Head of Corporate Affairs are personally accountable to me for the maintenance and development of the governance framework for the organisation. The Medical Director is responsible for clinical risk and the Head of Corporate Affairs is responsible for corporate governance.

The Governance Committee of the Board of Directors, chaired by the Foundation Trust's Chairman, is charged with coordinating, monitoring and overseeing risk management of both clinical and non-clinical governance agendas. I am a member of this committee, together with Executive Directors and representative Non-Executive Directors. The Governance Committee of the Board of Directors complements the Audit Committee of the Board of Directors.

In addition to this I recognise that effective training is essential in the management of risk and this is demonstrable at all levels within the organisation. At an operational level, the Foundation Trust has in place well developed programmes of generic and specific risk management training. These programmes, including those at induction, are aimed at minimising common risks at ward and development level.

At the Clinical Directorate level, designated risk coordinators are in place to coordinate devolved risk management arrangements. Local policies are in place at this level, as are directorate risk registers. Specialist advisors are available to provide input to these arrangements and generic advice and support is provided by the risk management team.

At the senior management level the system of control for business, financial and service delivery risk use encompassed within the Operational Management Framework, as described in the Risk Management Strategy. The use of the risk assessment tool and the processes of control and assurance attendant to risk minimisation has been shared and disseminated



at senior management level through regular risk management meetings. It is working practice that all Board of Directors' papers and reports include a summary of risk assessment.

Learning from good practice and from untoward incidents, is seen as a primary mechanism for continuously improving risk management systems. In the Foundation Trust these lessons are derived from external guidance, from site visits and from incidents reported through the hospital's risk incident reporting system. All Serious Untoward Incidents (SUIs) are reported formally to the Board of Directors.

The Risk and Control Framework

The Foundation Trust's Risk Management Strategy is founded on a holistic approach to risk management that embraces business, financial, service delivery, clinical and non-clinical risks. The latest update of the Strategy was approved by the Board of Directors in August 2008. A review of the Assurance Framework was carried out by the Board of Directors in February 2009.

The strategy clearly defines how the broad spectrum of risks managed by the Foundation Trust is identified, assessed, managed and controlled. Business, financial and services delivery risks are derived from organisational objectives through the business planning process of the Foundation Trust. Clinical and non-clinical risks are identified through well-defined processes of assessment and reporting.

Evaluation of all these risks, independent of source, is performed using a risk assessment tool that may be applied in a structured and uniform way. Residual organisational risk is ranked and prioritised on the Foundation Trust's risk register.

The strategy describes how risk management is embedded in the organisation using three interacting and complementary management systems intrinsic to operational practice.

These are:

- The corporate plan
- The governance framework
- The strategic management framework

Internal assurances as to the effectiveness of this system of internal control, are provided under the auspices of one of these systems.

The corporate objectives incorporate the primary system of risk minimisation. These control mechanisms are initiated by the setting of personal objectives at senior management level that are derived from the principle organisational objectives defined by the corporate objectives and the Annual Plan submission to Monitor, the Independent Regulator of Foundation Trusts.

The performance management, progress monitoring and control processes embedded in this structure ensure that the corrective actions required to deliver objectives are consistently applied. Within the same framework, the consequences of partial or non-achievement of objectives are regularly monitored and assessed. In this way, the risks associated with the business, financial and service objectives are actively minimised.

The role of the governance framework in respect of the management of risk is twofold:

- To oversee and monitor the process of internal control in the Foundation Trust to assure itself, from both internal and external sources, that the risks run by the organisation are properly identified and appropriately managed
- To identify, evaluate and prioritise clinical and non-clinical risks and gain assurance that these are appropriately controlled and treated within the corporate risk management framework

The inter-relationship of these systems is described in the risk management strategy.

The assurances the Board of Directors and I require to endorse and approve the statement of internal control are derived from internal and external sources of evidence. The governance framework has a key role in monitoring, evaluating, reporting and collating this evidence. This evidence is to a great extent derived from the schedule of reports and reviews that are generated by:

- The operational management and governance systems
- Internal audit
- External audit and external reviews



Statement of Internal Control

These reviews and reports have taken the form of:

- Monthly reports to the Board of Directors, for on-going monitoring
- Annual, or more frequent, internal reports to the Board of Directors, and other key meetings, required by guidance or statute resulting from monitoring processes within the operational management frameworks
- External reports from inspecting bodies
- Specific reports on particular focussed key risk issues

These reports and reviews are generally associated with action plans whose achievement priority is reflected in the risk register and in organisational and personal objectives.

Key internal assurances can be derived from the following reviews by the Board of Directors:

- Self-assessment against the requirements of Monitor's Compliance Framework
- Self-assessment against the requirements of the Standards for Better Health
- Routine monitoring returns to Monitor
- Performance management monitoring
- Financial monitoring
- Claims and complaints
- Clinical governance
- Clinical and non-clinical risk management, including health and safety
- Human resources and service equity

These areas have been covered in statutory, mandatory or advisory reports to the Board of Directors or to the Governance Committee during the last 12 to 15 months, or incrementally on a month-by-month basis.

The responsibility for reporting is a personal requirement of the senior managers with delegated responsibility in these areas. The report highlights the current status of compliance and residual risk in respect of relevant statute, guidance, targets or good practice in the areas covered, and act as primary

internal assurances to the Board of Directors. They also highlight areas where corrective action must be undertaken. In addition, the groups within the governance framework and Board sub-committees have specific delegated responsibilities in monitoring the effectiveness of risk minimisation in the Foundation Trust to support the Board of Directors in endorsing the statement of internal control.

Overlaid on this framework, are a series of external reports that reinforce the assurance required by the Board of Directors in endorsing the Statement of Internal Control. These include assessments carried out on behalf of the NHS Litigation Authority (NHS LA).

The NHS LA administers the Clinical Negligence Scheme for Trusts which provides a means for funding the cost of clinical negligence claims and the Risk Pooling Scheme for Trusts, which provides a means for funding the cost of legal liabilities to third parties and property losses. Organisations receive discounts on their contributions to the schemes where they can demonstrate compliance with the NHS LA's risk management standards.

Assessment against these standards is currently in two parts - Maternity Services and Risk Management Standards for Acute Trusts. The Foundation Trust holds the highest level - Level III - for maternity services. During the 2008/09 financial year the Foundation Trust was assessed for the Level II of the Risk Management Standards for Acute Trusts, however it narrowly missed attaining this Level and has therefore was awarded Level I.

In 2008/09, the Foundation Trust again proactively involved public stakeholders in the management of risks that impacted on them by jointly reviewing the compliance assessment for the Standards for Better Health with the Board of Governors, and members of the Overview and Scrutiny Committee of Bradford and Metropolitan District Council. The local LINKs have stated that they will not be capable of making a statement to support the Foundation Trust declaration for Standards for Better Health and this was formally reported to the Board of Directors in March 2009. The Foundation Trust declared full compliance with 43 out of 44 of the core standards in the Care Quality Commissions annual health check. There was insufficient



assurance for full compliance for the whole year regarding the administrative management of medical devices.

The Foundation Trust is 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 are in accordance with the scheme rules, and that the members' pension scheme records are accurately updated in accordance with the time scales detailed in the regulations.

The Board of Directors received a report in September 2008 and endorsed the initiation of the encryption implementation project. It is recognised that effective information governance is essential in safeguarding the Foundation Trust's information assets from all threats.

The Board of Directors received a report in February 2009 on the Foundation Trust's information governance structure and endorsed the appointment of Dean Johnson, Director of Planning and Performance, as the Senior Information Risk Owner (SIRO). This is an appointment required by the NHS to strengthen controls around information risk and security. The SIRO will ensure that there is an effective information governance infrastructure in place and report any information risks to the accounting officer and Board of Directors.

The Foundation Trust appointed a new Caldicott Guardian in September 2008. The role has been taken over by Mr Tony Shenton, Consultant in Accident and Emergency Medicine, who works closely with the SIRO, particularly where any identified information risks include patient confidentiality or information sharing issues.

The Foundation Trust's Serious Untoward (SUI) Policy has been amended to incorporate incidents including data loss or breach of confidentiality.

In 2008-09 the Foundation Trust did not have any serious untoward incidents involving data loss or breach of confidentiality.

At the end of April 2009, however, the Foundation Trust did report one incident involving the loss of confidential patient information as a SUI. The loss of the

information by a member of staff was found to be a clear breach of our Information Governance policy.

As soon as the incident was reported, immediate steps were taken to apologise to all those patients potentially affected; launch an investigation to analyse the circumstances behind the data loss; and introduce new and additional safeguards to protect the confidentiality of patient information in the future.

The Foundation Trust recognises that safeguarding patient confidentiality is essential and will continue to monitor and assess our information risks in order to identify and address any weaknesses and ensure continuous improvement of our systems and processes.

Review of Economy and Effectiveness of the Use of Resources

The Foundation Trust's financial plan, which was submitted to Monitor in May 2008, included a planned surplus of £2.7 million. This plan included a savings target (described within the organisation as the performance improvement target) which has been delivered in full in year and recurrently and this provides a firm baseline for the forthcoming year. In addition the Foundation Trust has overachieved against the planned surplus.

The resources of the Foundation Trust are managed within the framework set by the Standing Financial Instructions and various guidance documents that are produced within the Foundation Trust which have a particular emphasis on budgetary control and ensuring that service developments are implemented with appropriate financial controls.

The Board of Directors receives a comprehensive finance report on a monthly basis encapsulating all relevant financial information to allow them to discharge their duties effectively. The Foundation Trust also provides financial information to Monitor on a quarterly basis inclusive of financial tables and a commentary.

The resource and financial governance arrangements are further supported by both internal and external audit to secure economic,



Statement of Internal Control



efficient and effective use of the resources the Foundation Trust has at its disposal.

The Foundation Trust has complied with cost allocation and charging requirements set out in HM Treasury and Office of Public Sector Information Guidance.

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 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, the audit committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

My review is also informed by the following reports:

- Self-assessment against compliance with the Standards for Better Health
- Self-assessment against Monitor's Compliance Framework
- The assurance framework review
- External and internal audits reports and risk management arrangements
- Report on annual clinical governance reviews
- Regular structured reports on finance and performance management
- Patient and staff satisfaction surveys
- Governance self-assessment by both Board of Directors and Board of Governors following each meeting (in addition to the externally facilitated self assessment process carried out by both Boards)

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
- The Audit Committee
- The Governance Committee

The process of internal control has been maintained and reviewed within the following framework, particularly in respect of:

- The Board of Directors receives monthly performance and financial management reports as the primary mechanism for assessing compliance with national and local targets, and the identification of existing and potential risks. Alongside this the Board of Directors receives a quarterly report on the delivery of the corporate objectives. The Board of Directors also receives and endorses key internal and external reports that specifically demonstrate the adequacy of the internal control function in designated risk areas
- The Audit Committee examines and monitors the financial reporting and controls, ensures compliance with relevant regulatory legal and conduct requirements, adherence to both internal and external policies and guidance
- The Governance Committee monitors the corporate governance of the Foundation Trust and its supporting risk management framework that monitors the performance of the internal control functions and reviews the assurance framework
- The Executive Directors and senior managers, who have delegated responsibility for the achievement of organisational objectives and risk minimisation, and for the management of risks generated within the clinical and non-clinical areas
- Internal audit, who undertake a series of audits based on a risk based audit plan that incorporates agreed elements of the assurance framework
- Other explicit reviews and assurance mechanisms, such as reports from the NHSLA.

During 2008/09, the Foundation Trust achieved its targeted reduction in the number of MRSA bacteraemia to be 21 cases for the year.



Conclusion

The Foundation Trust and its officers are alert to their responsibilities in respect of internal control and has in place organisational arrangements to identify and manage risk. The Foundation Trust has not identified any significant internal control issues.

A handwritten signature in black ink, appearing to read 'M. B. Scott'.

Miles Scott
Chief Executive
04 June 2009





Bradford Teaching Hospitals NHS
Foundation Trust

Bradford Royal Infirmary
Duckworth Lane
Bradford
BD9 6RJ
T: 01274 364022
www.bradfordhospitals.nhs.uk



Better Medicine, Better Health

Annual Accounts

2008/09



Contents



Directions by Monitor in respect of National Health Service Foundation	
Trusts' Annual Accounts	3
Statement of the Chief Executive's responsibilities as the Accounting Officer	4
Statement of Directors' Responsibility in Respect of Internal Financial Control	5 - 9
Independent Auditor's Report to the Board	10 - 11
Foreword to the Accounts	12
Income and Expenditure Account	13
Balance Sheet	14
Statement of Total Recognised Gains and Losses	15
Cash Flow Statement	16
Notes to the Accounts	17 - 41

National Health Service Act 2006



Directions by Monitor in Respect of National Health Service Foundation Trusts' Annual Accounts

Monitor, the Independent Regulator of NHS Foundation Trusts, with the approval of HM Treasury, in exercise of powers conferred on it by paragraph 25(1) of Schedule 7 of the National Health Service Act 2006, (the 2006 Act) hereby gives the following Directions:

1. Application and interpretation

- (1) These Directions apply to NHS foundation trusts in England.
- (2) In these Directions "The Accounts" means: for an NHS foundation trust in its first operating period since authorisation, the accounts of an NHS foundation trust for the period from authorisation until 31 March; or for an NHS foundation trust in its second or subsequent operating period following authorisation, the accounts of an NHS foundation trust for the period from 1 April until 31 March.

The "NHS foundation trust" means the NHS foundation trust in question.

2. Form of Accounts

- (1) The accounts submitted under paragraph 25 of Schedule 7 to the 2006 Act shall show, and give a true and fair view of, the NHS foundation trust's gains and losses,

cash flows and financial state at the end of the financial period.

- (2) The accounts shall meet the accounting requirements of the NHS Foundation Trust Financial Reporting Manual (FT FReM) as agreed with HM Treasury, in force for the relevant financial year.
- (3) The Balance Sheet shall be signed and dated by the Chief Executive of the NHS foundation trust.
- (4) The Statement on Internal Control shall be signed and dated by the Chief Executive of the NHS foundation trust.

3. Statement of Accounting Officer's responsibilities

- (1) The statement of Accounting Officer's responsibilities in respect of the accounts shall be signed and dated by the chief executive of the NHS foundation trust.

4. Approval on behalf of HM Treasury

- (1) These directions have been approved on behalf of HM Treasury.

Signed by the authority of Monitor, the Independent Regulator of NHS Foundation Trusts

Signed:

Dr. William Moyes
Chairman

Dated: 17 January 2008



Directors' Statements



Statement of the Chief Executive's Responsibilities as the Accounting Officer of Bradford Teaching 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 Bradford Teaching 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 Bradford Teaching 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:

Chief Executive Date: 04 June 2009



Statement of Directors' Responsibility in Respect of Internal Control

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 Bradford Teaching 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 Bradford Teaching Hospitals NHS Foundation Trust for the year ended 31 March 2009 and up to the date of approval of the annual report and accounts.

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

As the Chief Executive of a large acute teaching hospitals Foundation Trust, I recognise that committed leadership in the area of risk management is essential to maintaining the sound systems of internal control required to manage the risks associated with the achievement of corporate objectives and compliance with our terms of authorisation as an NHS Foundation Trust.

To this end I also recognise that diligence and objectivity are personal attributes required to ensure that appropriate structures are in place to gain assurance about the management of risk, from both internal and external sources.

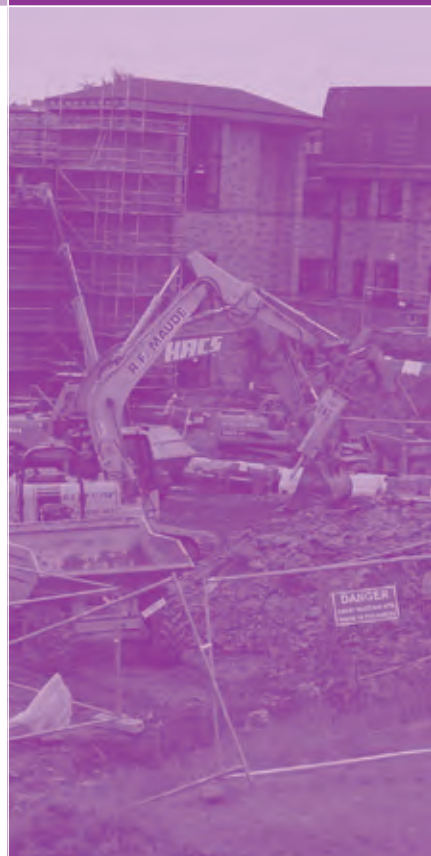
In order to demonstrate this commitment, the Medical Director and head of corporate affairs are personally accountable to me for the maintenance and development of the governance framework for the organisation. The Medical Director is responsible for clinical risk and the Head of Corporate Affairs is responsible for corporate governance.

The Governance Committee of the Board of Directors, chaired by the Foundation Trust's Chairman, is charged with coordinating, monitoring and overseeing risk management of both clinical and non-clinical governance agendas. I am a member of this Committee, together with Executive Directors and representative Non-Executive Directors. The Governance Committee of the Board of Directors complements the Audit Committee of the Board of Directors.

In addition to this I recognise that effective training is essential in the management of risk and this is demonstrable at all levels within the organisation. At an operational level, the Foundation Trust has in place well developed programmes of generic and specific risk management training. These programmes, including those at induction, are aimed at minimising common risks at ward and development level.

At the Clinical Directorate level, designated risk coordinators are in place to coordinate devolved risk management arrangements. Local policies are in place at this level, as are directorate risk registers. Specialist advisors are available to provide input to these arrangements and generic advice and support is provided by the risk management team.

At the senior management level the system of control for business, financial and service delivery risk use encompassed within the Operational Management Framework, as described in the Risk Management Strategy. The use of the risk assessment tool and the processes of control and assurance attendant to risk minimisation has been shared and disseminated at senior management level through regular risk management meetings. It is working practice that



Statement of Directors' Responsibility in Respect of Internal Control



all Board of Directors' papers and reports include a summary of risk assessment.

Learning from good practice and from untoward incidents, is seen as a primary mechanism for continuously improving risk management systems. In the Foundation Trust these lessons are derived from external guidance, from site visits and from incidents reported through the hospital's risk incident reporting system. All Serious Untoward Incidents (SUIs) are reported formally to the Board of Directors.

The Risk and Control Framework

The Foundation Trust's Risk Management Strategy is founded on a holistic approach to risk management that embraces business, financial, service delivery, clinical and non-clinical risks. The latest update of the Strategy was approved by the Board of Directors in August 2008. A review of the Assurance Framework was carried out by the Board of Directors in February 2009.

The strategy clearly defines how the broad spectrum of risks managed by the Foundation Trust is identified, assessed, managed and controlled. Business, financial and services delivery risks are derived from organisational objectives through the business planning process of the Foundation Trust. Clinical and non-clinical risks are identified through well-defined processes of assessment and reporting.

Evaluation of all these risks, independent of source, is performed using a risk assessment tool that may be applied in a structured and uniform way. Residual organisational risk is ranked and prioritised on the Foundation Trust's risk register.

The strategy describes how risk management is embedded in the organisation using three interacting and complementary management systems intrinsic to operational practice.

These are:

- The corporate plan
- The governance framework
- The strategic management framework

Internal assurances as to the effectiveness of this system of internal control, are provided

under the auspices of one of these systems.

The corporate objectives incorporate the primary system of risk minimisation. These control mechanisms are initiated by the setting of personal objectives at senior management level that are derived from the principle organisational objectives defined by the corporate objectives and the Annual Plan submission to Monitor, the Independent Regulator of Foundation Trusts.

The performance management, progress monitoring and control processes embedded in this structure ensure that the corrective actions required to deliver objectives are consistently applied. Within the same framework, the consequences of partial or non-achievement of objectives are regularly monitored and assessed. In this way, the risks associated with the business, financial and service objectives are actively minimised.

The role of the governance framework in respect of the management of risk is twofold:

- To oversee and monitor the process of internal control in the Foundation Trust to assure itself, from both internal and external sources, that the risks run by the organisation are properly identified and appropriately managed
- To identify, evaluate and prioritise clinical and non-clinical risks and gain assurance that these are appropriately controlled and treated within the corporate risk management framework

The inter-relationship of these systems is described in the risk management strategy.

The assurances the Board of Directors and I require to endorse and approve the statement of internal control are derived from internal and external sources of evidence. The governance framework has a key role in monitoring, evaluating, reporting and collating this evidence. This evidence is to a great extent derived from the schedule of reports and reviews that are generated by:

- The operational management and governance systems
- Internal audit
- External audit and external reviews



These reviews and reports have taken the form of:

- Monthly reports to the Board of Directors, for on-going monitoring
- Annual, or more frequent, internal reports to the Board of Directors, and other key meetings, required by guidance or statute resulting from monitoring processes within the operational management frameworks
- External reports from inspecting bodies
- Specific reports on particular focussed key risk issues

These reports and reviews are generally associated with action plans whose achievement priority is reflected in the risk register and in organisational and personal objectives.

Key internal assurances can be derived from the following reviews by the Board of Directors:

- Self-assessment against the requirements of Monitor's Compliance Framework
- Self-assessment against the requirements of the Standards for Better Health
- Routine monitoring returns to Monitor
- Performance management monitoring
- Financial monitoring
- Claims and complaints
- Clinical governance
- Clinical and non-clinical risk management, including health and safety
- Human resources and service equity

These areas have been covered in statutory, mandatory or advisory reports to the Board of Directors or to the Governance Committee during the last 12 to 15 months, or incrementally on a month-by-month basis.

The responsibility for reporting is a personal requirement of the senior managers with delegated responsibility in these areas. The report highlights the current status of compliance and residual risk in respect of relevant statute, guidance, targets or good practice in the areas covered, and act as primary internal assurances to the Board of Directors. They also highlight areas

where corrective action must be undertaken.

In addition, the groups within the governance framework and Board sub-committees have specific delegated responsibilities in monitoring the effectiveness of risk minimisation in the Foundation Trust to support the Board of Directors in endorsing the statement of internal control.

Overlaid on this framework, are a series of external reports that reinforce the assurance required by the Board of Directors in endorsing the Statement of Internal Control. These include assessments carried out on behalf of the NHS Litigation Authority (NHSLA).


The NHSLA administers the Clinical Negligence Scheme for Trusts which provides a means for funding the cost of clinical negligence claims and the Risk Pooling Scheme for Trusts, which provides a means for funding the cost of legal liabilities to third parties and property losses. Organisations receive discounts on their contributions to the schemes where they can demonstrate compliance with the NHSLA's risk management standards.

Assessment against these standards is currently in two parts – Maternity Services and Risk Management Standards for Acute Trusts. The Foundation Trust holds the highest level - Level III - for maternity services. During the 2008/09 financial year the Foundation Trust was assessed for the Level II of the Risk Management Standards for Acute Trusts, however it narrowly missed attaining this Level and has therefore was awarded Level I.

In 2008/09, the Foundation Trust again proactively involved public stakeholders in the management of risks that impacted on them by jointly reviewing the compliance assessment for the Standards for Better Health with the Board of Governors, and members of the Overview and Scrutiny Committee of Bradford and Metropolitan District Council. The local LINKs have stated that they will not be capable of making a statement to support the Foundation Trust declaration for Standards for Better Health and this was formally reported to the Board of Directors in March 2009. The Foundation Trust declared full compliance with 43 out of 44 of the core standards in the Care Quality Commissions annual health check. There was insufficient assurance for full compliance for the whole year regarding the administrative management of medical devices.



Statement of Directors' Responsibility in Respect of Internal Control



The Foundation Trust is 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 are in accordance with the scheme rules, and that the members' pension scheme records are accurately updated in accordance with the time scales detailed in the regulations.

The Board of Directors received a report in September 2008 and endorsed the initiation of the encryption implementation project. It is recognised that effective information governance is essential in safeguarding the Foundation Trust's information assets from all threats.

The Board of Directors received a report in February 2009 on the Foundation Trust's information governance structure and endorsed the appointment of Dean Johnson, Director of Planning and Performance, as the Senior Information Risk Owner (SIRO). This is an appointment required by the NHS to strengthen controls around information risk and security. The SIRO will ensure that there is an effective information governance infrastructure in place and report any information risks to the accounting officer and Board of Directors.

The Foundation Trust appointed a new Caldicott Guardian in September 2008. The role has been taken over by Mr Tony Shenton, Consultant in Accident and Emergency Medicine, who works closely with the SIRO, particularly where any identified information risks include patient confidentiality or information sharing issues.

The Foundation Trust's Serious Untoward (SUI) Policy has been amended to incorporate incidents including data loss or breach of confidentiality.

In 2008-09 the Foundation Trust did not have any serious untoward incidents involving data loss or breach of confidentiality.

At the end of April 2009, however, the Foundation Trust did report one incident involving the loss of confidential patient information as a SUI. The loss of the information by a member of staff was found to be a clear breach of our Information Governance policy.

As soon as the incident was reported, immediate steps were taken to apologise to all those patients potentially affected; launch an investigation to analyse the circumstances

behind the data loss; and introduce new and additional safeguards to protect the confidentiality of patient information in the future.

The Foundation Trust recognises that safeguarding patient confidentiality is essential and will continue to monitor and assess our information risks in order to identify and address any weaknesses and ensure continuous improvement of our systems and processes.

Review of Economy, Efficiency and Effectiveness of the Use of Resources

The Foundation Trust's financial plan, which was submitted to Monitor in May 2008, included a planned surplus of £2.7 million. This plan included a savings target (described within the organisation as the performance improvement target) which has been delivered in full in year and recurrently and this provides a firm baseline for the forthcoming year. In addition the Foundation Trust has overachieved against the planned surplus.

The resources of the Foundation Trust are managed within the framework set by the Standing Financial Instructions and various guidance documents that are produced within the Foundation Trust which have a particular emphasis on budgetary control and ensuring that service developments are implemented with appropriate financial controls.

The Board of Directors receives a comprehensive finance report on a monthly basis encapsulating all relevant financial information to allow them to discharge their duties effectively. The Foundation Trust also provides financial information to Monitor on a quarterly basis inclusive of financial tables and a commentary.

The resource and financial governance arrangements are further supported by both internal and external audit to secure economic, efficient and effective use of the resources the Foundation Trust has at its disposal.

The Foundation Trust has complied with cost allocation and charging requirements set out in HM Treasury and Office of Public Sector Information Guidance.



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 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, the audit committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

My review is also informed by the following reports:

- Self-assessment against compliance with the Standards for Better Health
- Self-assessment against Monitor's Compliance Framework
- The assurance framework review
- External and internal audits reports and risk management arrangements
- Report on annual clinical governance reviews
- Regular structured reports on finance and performance management
- Patient and staff satisfaction surveys
- Governance self-assessment by both Board of Directors and Board of Governors following each meeting (in addition to the externally facilitated self assessment process carried out by both Boards)

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
- The Audit Committee
- The Governance Committee

The process of internal control has been maintained and reviewed within the following framework, particularly in respect of:

- The Board of Directors receives monthly performance and financial management

reports as the primary mechanism for assessing compliance with national and local targets, and the identification of existing and potential risks. Alongside this the Board of Directors receives a quarterly report on the delivery of the corporate objectives. The Board of Directors also receives and endorses key internal and external reports that specifically demonstrate the adequacy of the internal control function in designated risk areas

- The Audit Committee examines and monitors the financial reporting and controls, ensures compliance with relevant regulatory legal and conduct requirements, adherence to both internal and external policies and guidance
- The Governance Committee monitors the corporate governance of the Foundation Trust and its supporting risk management framework that monitors the performance of the internal control functions and reviews the assurance framework
- The Executive Directors and senior managers, who have delegated responsibility for the achievement of organisational objectives and risk minimisation, and for the management of risks generated within the clinical and non-clinical areas
- Internal audit, who undertake a series of audits based on a risk based audit plan that incorporates agreed elements of the assurance framework
- Other explicit reviews and assurance mechanisms, such as reports from the NHSLA

During 2008/09, the Foundation Trust achieved its targeted reduction in the number of MRSA bacteraemia to be 21 cases for the year.

Conclusion

The Foundation Trust and its officers are alert to their responsibilities in respect of internal control and has in place organisational arrangements to identify and manage risk. The Foundation Trust has not identified any significant internal control issues.

Miles Scott
Chief Executive 04 June 2009



Independent Auditors' Report to the Board of Governors of Bradford Teaching Hospitals NHS Foundation Trust



We have audited the financial statements of Bradford Teaching Hospitals NHS Foundation Trust for the year ended 31 March 2009 which comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement, the Statement of Total Recognised Gains and Losses, and the related notes. The financial reporting framework that has been applied in their preparation is the NHS Foundation Trust Financial Reporting Manual issued by the Independent Regulator of NHS Foundation Trusts ("Monitor").

Respective Responsibilities of Directors and Auditors

As explained more fully in the Directors' Responsibilities Statement the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with relevant statute, the Audit Code for NHS Foundation Trusts issued by Monitor and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Board of Governors of Bradford Teaching Hospitals NHS Foundation Trust in accordance with paragraph 24(5) of Schedule 7 of the National Health Service Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the Audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the NHS Foundation Trust's circumstances and have been consistently

applied and adequately disclosed; the reasonableness of significant accounting estimates made by the NHS Foundation Trust; and the overall presentation of the financial statements.

Opinion on Financial Statements

In our Opinion the Financial Statements:

give a true and fair view, in accordance with the NHS Foundation Trust Financial Reporting Manual, of the state of the NHS Foundation Trust's affairs as at 31 March 2009 and of its income and expenditure and cash flows for the year then ended 31 March 2009; and

have been properly prepared in accordance with the NHS Foundation Trust Financial Reporting Manual.

Opinion on other Matters Prescribed by the Audit Code for NHS Foundation Trusts

In our Opinion:

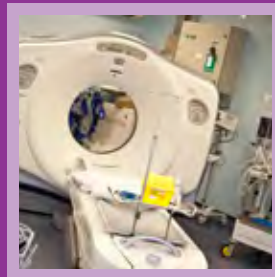
the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the NHS Foundation Trust Financial Reporting Manual; and

the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are Required to Report by Exception

We have nothing to report in respect of the following matters where the Audit Code for NHS Foundation Trusts requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from locations not visited by us; or



- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit; or
- the Statement on Internal Control does not meet the disclosure requirements set out in the NHS Foundation Trust Financial Reporting Manual or is misleading or inconsistent with information of which we are aware from our audit; or
- we have not been able to satisfy ourselves that the NHS Foundation Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

(a) The maintenance and integrity of the Bradford Teaching Hospitals NHS Foundation Trust website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

(b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Certificate

We certify that we have completed the audit of the accounts in accordance with the requirements of Chapter 5 of Part 2 to the National Health Service Act 2006 and the Audit Code for NHS Foundation Trusts issued by Monitor.

Ian Looker (Partner)

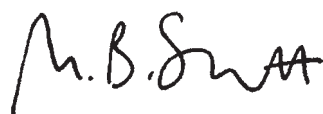
For and on behalf of PricewaterhouseCoopers
LLP
Chartered Accountants and Statutory Auditors
Leeds
05 June 2009



Foreword to the Accounts



These accounts for the year ended 31 March 2009 have been prepared by Bradford Teaching Hospitals NHS Foundation Trust under paragraph 24 and 25 of Schedule 7 to the National Health Service Act 2006 in the form which Monitor, the Independent Regulator of NHS Foundation Trusts has, with the approval of the Treasury, directed.

A handwritten signature in black ink, reading 'M. B. Scott'.

Miles Scott
Chief Executive

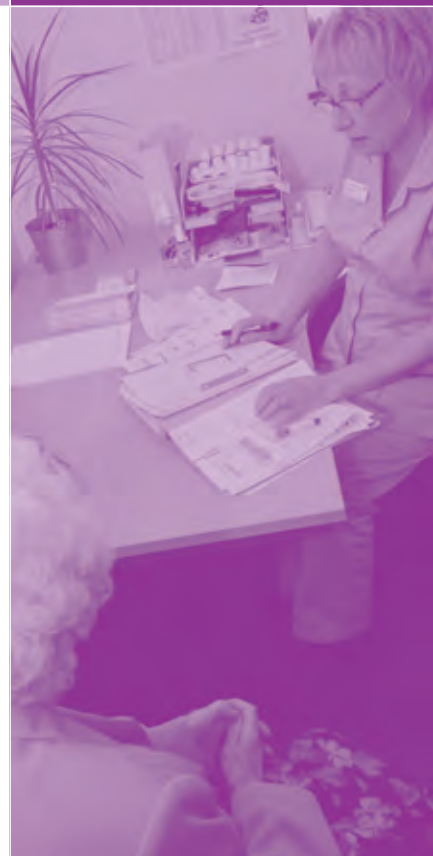
04 June 2009

Income and Expenditure Account for the Year Ended 31st March 2009

	Note	2008/09 £000	2007/08 £000
Income	3	288,578	257,943
Operating Expenses	4	(280,973)	(252,552)
OPERATING SURPLUS		7,605	5,391
(Loss) / profit on disposal of fixed assets	6	(8)	(25)
SURPLUS BEFORE INTEREST		7,597	5,366
Interest receivable		1,538	1,767
Interest payable		(54)	0
Other finance costs - unwinding of discount	7	(44)	(42)
SURPLUS FOR THE FINANCIAL YEAR		9,037	7,091
Public Dividend Capital dividends payable	5.4	(4,860)	(5,208)
RETAINED SURPLUS FOR THE YEAR		4,177	1,883

All income and expenses shown relate to continuing operations.

The notes on pages 17 to 41 form part of these financial statements.



Balance Sheet



	Note	31st March 2009 £000	31st March 2008 Restated* £000
FIXED ASSETS			
Tangible assets	8	152,414	167,975
CURRENT ASSETS			
Stocks	9	3,681	3,713
Debtors	10	7,582	5,813
Cash at bank and in hand	15.3	45,821	37,036
		57,084	46,562
CREDITORS: Amounts falling due within one year	11	(47,157)	(43,102)
NET CURRENT ASSETS		9,927	3,460
DEBTORS: Amounts falling due after more than one year	10	810	1,355
TOTAL ASSETS LESS CURRENT LIABILITIES		163,151	172,790
CREDITORS: Amounts falling due after more than one year	11	(11,909)	(1,790)
PROVISIONS FOR LIABILITIES AND CHARGES	12	(2,874)	(4,302)
TOTAL ASSETS EMPLOYED		148,368	166,698
FINANCED BY:			
Public Dividend Capital	20	113,661	111,261
Revaluation reserve	14	51,280	73,648
Income and expenditure reserve	14	(17,294)	(19,126)
Donated asset reserve	14	721	915
TOTAL FUNDS		148,368	166,698

The Financial Statements on pages 13 to 41 were approved by the Board on 03 June 2009.

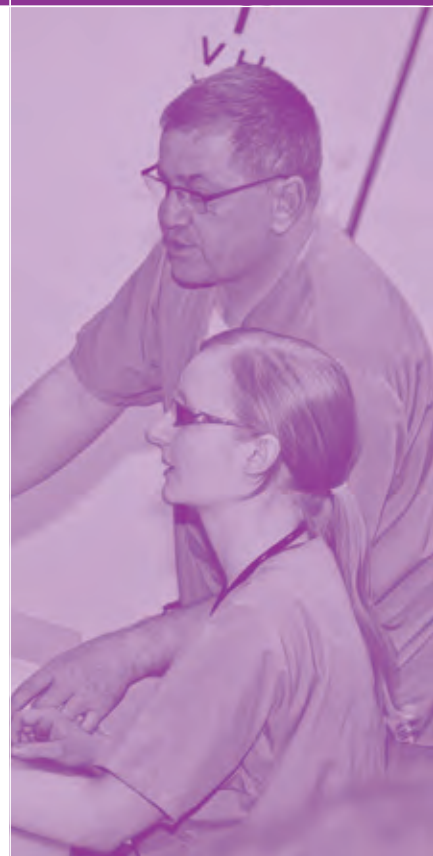
*Restated: please see Note 8.

Miles Scott
Chief Executive

04 June 2009

Statement of Total Recognised Gains and Losses for the Year Ended 31st March 2009

	2008/09 £000	2007/08 £000
Surplus for the financial year before dividend payments	9,037	7,091
Unrealised surplus / (deficit) on fixed asset revaluations / indexation	(24,827)	37,122
Receipt of donated assets	47	234
Reductions in the donated asset reserve due to depreciation	(127)	(202)
Total gains and losses relating to the financial year	(15,870)	44,245
Prior year adjustment	(29,262)	0
Total gains and losses recognised since last annual report	(45,132)	44,245



Cash Flow Statement for the Year Ended 31st March 2009



	NOTE	2008/09 £000	2007/08 £000
OPERATING ACTIVITIES			
Net cash inflow from operating activities	15.1	20,135	28,897
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE:			
Interest received		1,538	1,767
Interest paid		(54)	0
Net cash inflow from returns on investments and servicing of finance		1,484	1,767
CAPITAL EXPENDITURE			
Payments to acquire tangible fixed assets		(20,358)	(10,697)
Receipts from sale of tangible fixed assets		0	300
Net cash outflow from capital expenditure		(20,358)	(10,397)
DIVIDENDS PAID		(4,860)	(5,208)
Net cash (outflow) / inflow before management of liquid resources and financing		(3,599)	15,059
MANAGEMENT OF LIQUID RESOURCES			
Investment in short-term deposits		(550,288)	(379,007)
Divestment of short-term deposits		550,288	379,007
Net cash (outflow) / inflow before financing		(3,599)	15,059
FINANCING			
Public Dividend Capital received		2,400	324
Loans received from Foundation Trust Financing Facility		10,000	0
Net cash inflow from financing		12,400	324
Increase in cash		8,801	15,383

Notes to the Accounts



1. Accounting Policies and Other Information

Monitor has directed that the financial statements of NHS Foundation Trusts shall meet the accounting requirements of the NHS Foundation Trust Financial Reporting Manual which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the 2008/09 NHS Foundation Trust Financial Reporting Manual issued by Monitor. The accounting policies contained in that manual follow UK generally accepted accounting practice for companies (UK GAAP) and HM Treasury's Financial Reporting Manual to the extent that they are meaningful and appropriate to NHS Foundation Trusts. The accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.

Accounting Convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of tangible fixed assets at their value to the business by reference to their current costs. NHS Foundation Trusts, in compliance with HM Treasury's Financial Reporting Manual (FReM), are not required to comply with the FRS 3 requirements to report "earnings per share" or historical profits and losses.

In following guidance laid down in the FReM, these accounts are prepared following UK Generally Accepted Accounting Practice (UK GAAP) to the extent that it is relevant and appropriate in the public sector. This is the last year that the Foundation Trust's accounts will be prepared under UK GAAP; 2009/10 will be prepared under International Financial Reporting Standards (IFRS).

Income Recognition

Income is accounted for applying the accruals convention. The main source of income for the NHS Foundation Trust is under contracts from commissioners in respect of healthcare services. Income is recognised in the period in which services are provided. Where income is received for a specific activity which is to be delivered in the following financial year, that income is deferred.

The NHS Foundation Trust contracts with NHS commissioners following the Department of

Health's Payment by Results methodology. The Foundation Trust's 4 year period of Transitional Relief ended in 2006/07.

Expenditure

Expenditure is accounted for applying the accruals convention.

Tangible Fixed Assets

Capitalisation

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

- Individually have a cost of at least £5,000; or
- Form a group of assets which individually have a cost of more than £250, collectively have a cost of at least £5,000, where the assets are functionally interdependent, they had broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control; or
- Form part of the initial setting-up cost of a new building or refurbishment of a ward or unit, irrespective of their individual or collective cost

Valuation

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

All land and buildings are revalued using professional valuations in accordance with FRS 15 every five years. A three yearly interim valuation is also carried out and additional interim valuations are carried out if the Foundation Trust believes that there has been a significant change in value.



Notes to the Accounts



Valuations are carried out by professionally qualified valuers in accordance with the Royal Institute of Chartered Surveyors Valuation Standards. The last asset valuations were undertaken by the District Valuer Service, part of the Valuation Office Agency of HM Revenue and Customs during 2009 as at the prospective valuation date of 31 March 2009.

The valuations are carried out primarily on the basis of depreciated replacement cost for specialised operational property and existing use value for non-specialised operational property.

For valuations carried out up to 31 March 2008, depreciated replacement cost was based on the cost of replacement of the existing asset by an asset of similar design to the original and constructed with similar materials. From 1 April 2008 onwards depreciated replacement cost is based on the value of a modern equivalent substitute and brought forward figures have been restated on this basis.

The value of land for existing use purposes is assessed at existing use value. For non-operational properties including surplus land, the valuations are carried out at open market value.

Additional alternative open market value figures have only been supplied for operational assets scheduled for imminent closure and subsequent disposal.

Assets in the course of construction are valued at cost and are valued by professional valuers when they are brought into use.

Operational equipment is valued at net current replacement cost.

Depreciation, Amortisation and Impairments

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

Assets in the course of construction are not depreciated until the asset is brought into use.

Buildings, installations and fittings are depreciated on their current value over the estimated remaining life of the asset

as assessed by the NHS Foundation Trust's professional valuers.

Equipment is depreciated on current cost evenly over the estimated lives, which are:

	No. of years
Engineering plant and equipment	5-15
Vehicles	7
Office equipment, furniture and soft furnishings	5-10
Medical and other equipment	5-15
IT equipment	4-8
Buildings	15-80

Government granted assets are disclosed within donated assets. Government granted assets are held as deferred income and donated assets held in the donated asset reserve. Depreciation is charged on both Government granted assets and donated assets in line with the above estimated lives. However for Government granted assets and donated assets a transfer is made to the I&E account to match the depreciation charged.

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

Protected and Unprotected Assets

The NHS Foundation Trust's unprotected assets include land, car parking, residential accommodation, administrative offices and unused wards.

Donated Fixed Assets

Donated fixed assets are capitalised at their current value on receipt and this value is credited to the donated asset reserve. Donated fixed assets are valued and depreciated as described above for purchased assets. Gains and losses on revaluations are also taken to the donated asset reserve and, each year, an amount equal to the depreciation charge on the asset is released from the donated asset reserve to the income and expenditure



account. Similarly, any impairment on donated assets charged to the income and expenditure account is matched by a transfer from the donated asset reserve. On sale of donated assets, the net book value of the donated asset is transferred from the donated asset reserve to the Income and Expenditure Reserve.

Liquid Resources

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

Government Grants

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

Stocks

Pharmacy stocks are valued at weighted average historical cost. Other stocks are valued at the lower of cost and net realisable value.

Cash, Bank and Overdrafts

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

Research and Development

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

- There is a clearly defined project
- The related expenditure is separately identifiable
- The outcome of the project has been assessed with reasonable certainty as to its technical feasibility and its resulting in a product or services that will eventually be brought into use; and
- Adequate resources exist, or are reasonably expected to be available, to enable the project to be completed and to provide any consequential increases in working capital

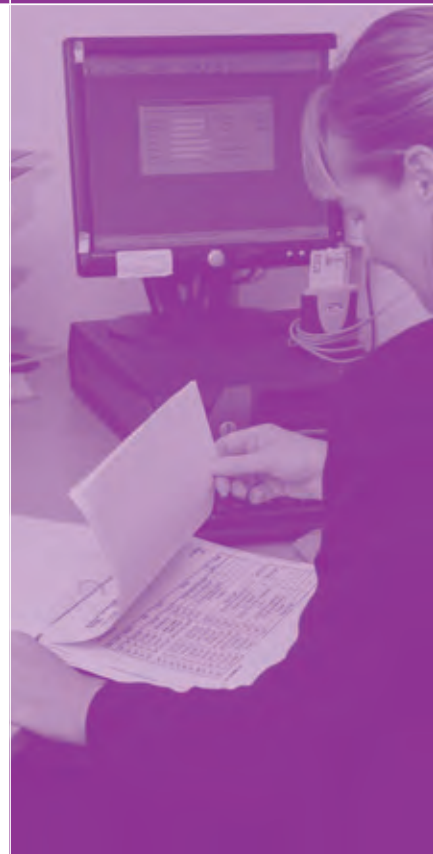
There was no such expenditure requiring capitalisation at the balance sheet date. Expenditure which does not meet the criteria for capitalisation is treated as an operating cost in the year in which it is incurred. NHS Foundation Trusts disclose the total amount of research and development expenditure charged in the Income and Expenditure account separately. However, where research and development activity cannot be separated from patient care activity it cannot be identified and is therefore not separately disclosed.

Provisions

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

Contingencies

Contingent assets (that is, assets arising from past events whose existence will only be confirmed by one or more future events not wholly within the entity's control) are not recognised as assets, but are disclosed in note 19 where an inflow of economic benefits is probable.



Notes to the Accounts



Contingent liabilities are provided for where a transfer of economic benefits is probable. Otherwise, they are not recognised, but are disclosed in note 19 unless the probability of a transfer of economic benefits is remote. Contingent liabilities are defined as:

- Possible obligations arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the entity's control; or
- Present obligations arising from past events but for which it is not probable that a transfer of economic benefits will arise or for which the amount of the obligation cannot be measured with sufficient reliability.

Clinical Negligence Costs

The NHS Litigation Authority (NHSLA) operates a risk pooling scheme under which the NHS Foundation Trust pays an annual contribution to the NHSLA, which, in return, settles all clinical negligence claims. Although the NHSLA is administratively responsible for all clinical negligence cases, the legal liability remains with the NHS Foundation Trust. The total value of clinical negligence provisions carried by the NHSLA on behalf of the Foundation Trust is disclosed at note 13.

Non-clinical Risk Pooling

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

Pension Costs

Past and present employees are covered by the provisions of the NHS Pensions Scheme. The scheme is an unfunded, defined benefit scheme that covers NHS employers, general practices and other bodies, allowed under the direction of Secretary of State, in England and Wales. The scheme is not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and

liabilities. As a consequence it is not possible for the NHS Foundation Trust to identify its share of the underlying scheme liabilities. Therefore, the scheme is accounted for as a defined contribution scheme under FRS 17. The NHS Pension Scheme (England and Wales) Resource Account is published annually and can be found on the Business Service Authority - Pensions Division website at www.nhs.gov.uk.

"The NHS pension scheme is subject to a full valuation every four years by the Government Actuary. The latest published valuation relates to the period 1 April 1999 to 31 March 2004 which was published in December 2007 and is available on the Pensions Agency website:

http://www.nhs.gov.uk/nhs.gov.uk/foi/foi1/Scheme_Valuation_Report/NHSPS_Valuation_report.pdf

The notional deficit of the scheme was £3.3 billion as per the last scheme valuation by the Government Actuary for the period 1 April 1999 to 31 March 2004. The conclusion of the valuation was that the scheme continues to operate on a sound financial basis. Employer contribution rates are reviewed every four years following the scheme valuation, on advice from the actuary. At the last valuation, it was recommended that employer contribution rates should continue at 14% of pensionable pay. From 1 April 2008, employees' contributions will be on a tiered scale from 5% to 8.5% of their pensionable pay."

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

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

Value Added Tax

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



or input VAT is recoverable, the amounts are stated net of VAT.

Corporation Tax

The NHS Foundation Trust is a Health Service body within the meaning of s519 AICTA 1988 and accordingly is exempt from taxation in respect of income and capital gains within categories covered by this. There is a power for the Treasury to disapply the exemption in relation to the specified activities of an NHS Foundation Trust (s519A (3) to (8) ICTA 1988), but, as at 31 March 2009, this power has not been exercised. Accordingly, the NHS Foundation Trust is not within the scope of Corporation Tax.

Foreign Exchange

Transactions that are denominated in a foreign currency are translated into sterling at the exchange rate ruling on the dates of the transactions. Resulting exchange gains and losses are taken to the income and expenditure account.

To meet the requirements of some research projects, the NHS Foundation Trust operates a Euro account. The balance of this account is translated into sterling at the exchange rate ruling at the time of receipt of the monies and at the end of the accounting period. Any resulting exchange gains and losses are taken to the income and expenditure account.

Third Party Assets

Assets belonging to third parties (such as money held on behalf of patients) are banked and shown within cash and creditors in the NHS Foundation Trust's accounts. The total value of these is disclosed in note 15.3 to the accounts in accordance with the requirements of the HM Treasury Financial Reporting Manual.

Leases

The NHS Foundation Trust does not hold any leases which would be defined as finance leases. Other leases are regarded as operating leases and the rentals are charged to the income and expenditure account on a straight-line basis over the term of the lease.

Public Dividend Capital

Public dividend capital (PDC) is a type of public sector equity finance based on the excess of assets over liabilities at the time of

establishment of the original NHS Trust.

A charge, reflecting the forecast cost of capital utilised by the NHS Foundation Trust, is paid over as public dividend capital dividend. The charge is calculated at the real rate set by HM Treasury (currently 3.5%) on the average relevant net assets of the NHS Foundation Trust. Relevant net assets are calculated as the value of all assets less the value of all liabilities, except for donated assets and cash held with the Office of the Paymaster General. Average relevant net assets are calculated as a simple mean of opening and closing relevant net assets.

Financial Instruments and Financial Liabilities

Recognition

The only financial assets and financial liabilities that the NHS Foundation Trust has are receivables and payables arising from normal business. Some contracts contain embedded derivatives but these are related to the contract and are accounted for as financial liabilities. Financial assets and financial liabilities which arise from contracts for the purchase or sale of non-financial items (such as goods or services), which are entered into in accordance with the NHS Foundation Trust's normal purchase, sale or usage requirements, are recognised when, and to the extent which, performance occurs, i.e. when receipt or delivery of the goods or services is made.

De-Recognition

All financial assets are de-recognised when the rights to receive cash flows from the assets have expired or the NHS Foundation Trust has transferred substantially all of the risks and rewards of ownership.

Financial liabilities are de-recognised when the obligation is discharged, cancelled or expires.

Classification and Measurement

Financial assets are all categorised as 'loans and receivables'. Financial liabilities are all classified as 'other financial liabilities'. The basis for measuring our financial assets and liabilities is set out below:

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable



Notes to the Accounts



payments which are not quoted in an active market. They are included in current assets.

The Foundation Trust's loans and receivables comprise: cash at bank and in hand, NHS debtors (excluding Injury Prevention Scheme), accrued income and 'other debtors'.

Loans and receivables are recognised initially at fair value. In all cases the fair value is the transaction costs. Any long term debtors that are financial instruments require discounting to reflect fair value.

Interest on loans and receivables is calculated using the effective interest method and credited to the income and expenditure account.

Other Financial Liabilities

Other financial liabilities are included under current liabilities, except for amounts more than 12 months after the balance sheet. All other financial liabilities are recognised initially at fair value, which in all cases is the transactional cost.

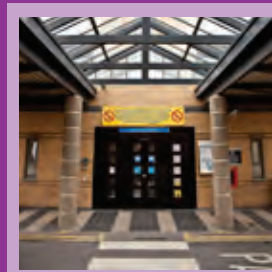
They are included in current liabilities except for amounts payable more than 12 months after the balance sheet date, which are classified as long-term liabilities.

Interest on financial liabilities carried at amortised cost is calculated using the effective interest method and charged to the income and expenditure account.

Impairment of Financial Assets

At the balance sheet date, the Foundation Trust assesses whether any financial assets (loans and receivables), are impaired. Financial assets are impaired and impairment losses are recognised if, and only if, there is objective evidence of impairment as a result of one or more events which occurred after the initial recognition of the asset and which has an impact on the estimated future cash flows of the asset.

The impairment of the financial assets is recognised in the income and expenditure account and the carrying amount of the asset is reduced through the use of a bad debt provision.



2. Segmental Analysis

The Foundation Trust considers that all of its activities fall within the single category of the provision of healthcare services.

3. Income

3.1 Income Comprises:

	2008/09 £000s	2007/08 £000s
Elective income	57,145	53,937
Non-elective income	76,978	72,246
Outpatient income	41,682	37,723
Other types of activity income	65,179	52,929
A&E income	10,034	9,472
Total income at Full Tariff	251,018	226,307
PBR clawback	0	0
Income from Activities	251,018	226,307
Private patients	1,533	1,195
Other Operating Income (see note 3.3)	36,027	30,441
	288,578	257,943

The figures quoted are based upon income received in respect of actual activity undertaken within each category.

The Terms of Authorisation set out the mandatory goods and services that the Foundation Trust is required to provide (protected services). All of the income from activities shown above is derived from the provision of protected services. The Foundation Trust's four year period of Transitional Relief ended in 2006-07.

Notes to the Accounts



3.2 Income from Activities Comprises:

	2008/09 £000s	2007/08 £000s	2002/03 £000s
Private patient income	1,533	1,195	1,632
Total patient related income	252,551	227,502	160,654
Proportion as a percentage	0.61%	0.53%	1.02%

Section 15 of the Health and Social Care (Community Health and Standards) Act 2003 requires that the proportion of private patient income to the total patient related income of NHS Foundation Trusts should not exceed its proportion whilst the body was an NHS Trust in 2002/03, which was 1.02%.

The above note shows that the Foundation Trust was compliant for 2008/09 and 2007/08.

3.3 Other Operating Income

	2008/09 £000s	2007/08 £000s
Research and development	2,187	1,497
Education and training	13,201	11,914
Charitable and other contributions to expenditure	294	490
Transfers from the donated asset reserve in respect of depreciation of donated assets	127	202
Provider to provider income	5,362	5,651
Car parking income	1,173	1,181
Catering income	1,314	1,149
Other	12,369	8,357
	36,027	30,441



4. Operating Expenses

4.1 Operating Expenses Comprise:

	2008/09 £000s	2007/08 £000s
Services from NHS Foundation Trusts	60	0
Services from other NHS Trusts	6,784	5,939
Purchase of healthcare from non NHS bodies	0	13
Directors' costs	1,179	1,132
Staff costs	177,608	164,028
Drugs costs	20,285	17,530
Supplies and services - clinical	29,128	29,574
Supplies and services - general	4,386	3,817
Establishment	5,531	4,294
Research and development	42	0
Transport	682	787
Premises	15,129	10,851
Bad debts	988	1,188
Depreciation and amortisation	8,703	6,931
Fixed asset impairments	3,978	553
Audit services - statutory audit	63	61
Other auditor's remuneration	8	20
Clinical negligence	2,835	3,322
Other	3,584	2,512
	280,973	252,552

4.2 Operating Leases

4.2a Operating Expenses Include:

	2008/09 £000s	2007/08 £000s
Hire of plant and machinery	69	70
Other operating lease rentals	317	350
	386	420

4.2b Annual Commitments under non-cancellable Operating Leases are:

	Non land and building leases		Land and buildings	
	2008/09 £000	2007/08 £000	2007/08 £ 000s	2006/07 £ 000s
Operating leases which expire:				
Within 1 year	320	97	0	0
Between 1 and 5 years	680	277	0	0
	1,000	374	0	0

4.3 Limitation on Auditor's Liability

	2008/09 £000s	2007/08 £000s
Limitation of auditor's liability	1,000	1,000

Notes to the Accounts

5. Staff Costs and Numbers

5.1 Staff Costs

	2008/09 £000s	2007/08 £000s
Salaries and wages	141,016	133,150
Social security costs	11,270	10,409
Employer contributions to NHSPA	15,947	14,680
Agency and contract staff	10,159	7,005
	178,392	165,244

All employer pension contributions in 2008/09 and 2007/08 were paid to the NHS Pensions Agency.

5.2 Average Number of Persons Employed

	2008/09 Total number	2007/08 Total number
Medical and dental	505	465
Administration and estates	972	913
Healthcare assistants and other support staff	909	882
Nursing, midwifery and health visiting staff	1,517	1,483
Nursing, midwifery and health visiting learners	190	184
Scientific, therapeutic and technical staff	571	543
Other	197	151
Total	4,861	4,621

5.3 Retirements due to ill-health

During 2008/09 there were 8 (2007/08: 7) early retirements from the Foundation Trust agreed on the grounds of ill health. The estimated additional pension liabilities of these ill-health retirements will be £488,566 (2007/08: £388,000). The cost of these ill-health retirements will be borne by the NHS Pensions Agency.

5.5 Losses and Special Payments

NHS Foundation Trusts are required to record cash and other adjustments that arise as a result of losses and special payments. In the year the Foundation Trust had 1,783 (2007/08: 593) separate losses and special payments, totalling £878,000 (2007/08: £149,000). The bulk of these were in relation to bad debts and ex gratia payments in respect of personal injury.

5.4 Public Dividend Capital Dividend

The Foundation Trust is required to pay a dividend to the Department of Health at a rate of 3.5% of average relevant net assets. The rate is calculated as the percentage that dividends paid on Public Dividend Capital, totalling £4,860,000 (2007/08: £5,208,000) bears to the average relevant assets of £115,710,000 (2007/08: £146,128,000) that is 4.2% (2007/08: 3.6%).



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

	2008/09 £000s	2007/08 £000s
(Loss) on disposal of land and buildings	0	(25)
(Loss) on disposal of other tangible fixed assets	(8)	0
	(8)	(25)

7. Interest Payable

Interest payable amounted to £54,000 (2007/08: £0). This is interest due on a 10 year £10,000,000 loan from the Foundation Trust Financing Facility.

No interest or compensation has been paid under the Late Payment of Commercial Debts (Interest) Act 1998 during 2008/09 or 2007/08.



8. Tangible fixed assets

8.1 Tangible Fixed Assets at the Balance Sheet Date Comprise the Following Elements:

	Land	Buildings excluding dwellings	Dwellings	Assets under construction and payments on account	Plant and machinery	Transport equipment	Information technology	Furniture and fittings	Total
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Cost or valuation at 1st April 2008	33,225	145,443	2,553	811	32,437	379	10,116	468	225,432
Prior period adjustments *	(8)	(29,576)	42	0	0	0	0	0	(29,542)
At 1 April 2008, as restated	33,217	115,867	2,595	811	32,437	379	10,116	468	195,890
Additions – purchased	0	8,540	(1)	10,611	1,869	0	889	0	21,908
Additions – donated	0	0	0	0	28	0	19	0	47
Impairment	0	(3,978)	0	0	0	0	0	0	(3,978)
Reclassifications	0	10,739	0	(10,739)	(6)	0	0	6	0
Other in year revaluation	(11,569)	(18,104)	(122)	0	0	0	0	0	(29,795)
Disposals	0	0	0	0	(350)	(22)	(21)	(17)	(410)
At 31st March 2009	21,648	113,064	2,472	683	33,978	357	11,003	457	183,662
Accumulated depreciation at 1st April 2008	0	274	6	0	22,603	335	4,699	278	28,195
Prior period adjustments *	0	(274)	(6)	0	0	0	0	0	(280)
At 1 April 2008, as restated	0	0	0	0	22,603	335	4,699	278	27,915
Provided during the year	0	4,909	59	0	2,300	5	1,397	33	8,703
Impairments	0	0	0	0	0	0	0	0	0
Reversal of Impairments	0	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0	0	0
Other in year revaluation	0	(4,909)	(59)	0	0	0	0	0	(4,968)
Disposals	0	0	0	0	(344)	(21)	(21)	(16)	(402)
Accumulated depreciation at 31st March 2009	0	0	0	0	24,559	319	6,075	295	31,248
NET BOOK VALUE									
- Purchased at 1st April 2008	33,225	144,907	2,547	811	9,196	44	5,417	190	196,337
- Donated at 1st April 2008		262	0	0	638	0	0	0	900
Total at 1st April 2008	33,225	145,169	2,547	811	9,834	44	5,417	190	197,237
NET BOOK VALUE RESTATED									
- Purchased at 1st April 2008	33,217	115,682	2,595	811	9,196	44	5,417	190	167,152
- Donated at 1st April 2008	0	185	0	0	638	0	0	0	823
Total at 1st April 2008	33,217	115,867	2,595	811	9,834	44	5,417	190	167,975
- Purchased at 31st March 2009	21,648	112,901	2,472	683	8,845	38	4,911	162	151,660
- Donated at 31st March 2009	0	163	0	0	574	0	17	0	754
Total at 31st March 2009	21,648	113,064	2,472	683	9,419	38	4,928	162	152,414

* The brought forward buildings figure has been restated to take account of a change in accounting policy in respect of buildings that are valued at depreciated replacement cost. The value of these buildings was originally based on the cost of replacement of the existing asset by an asset of similar design to the original and constructed with similar materials, this has been restated to a replacement based on the value of a modern equivalent substitute.

8.1 Tangible Fixed Assets (cont'd)

	Land	Buildings excluding dwellings	Dwellings	Assets under construction and payments on account	Plant and machinery	Transport equipment	Information technology	Furniture and fittings	Total
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Net book value									
- Protected assets at 1st April 2008	18,540	118,563	0	0	0	0	0	0	137,103
- Unprotected assets at 1st April 2008	14,685	26,606	2,547	811	9,834	44	5,417	190	60,134
Total at 1st April 2008	33,225	145,169	2,547	811	9,834	44	5,417	190	197,237
- Protected assets at 31st March 2009	13,570	95,523	0	0	0	0	0	0	109,093
- Unprotected assets at 31st March 2009	8,078	17,541	2,472	683	9,419	38	4,928	162	43,321
Total at 31st March 2009	21,648	113,064	2,472	683	9,419	38	4,928	162	152,414

Of the totals at 31st March 2009, £1,573,000 (31st March 2008: £2,396,000) related to land valued at open market value, £282,000 (31st March 2008: £637,000) related to buildings valued at open market value and £409,000 (31st March 2008: £326,000) related to dwellings valued at open market value.

No assets were held under finance leases and hire purchase contracts at the balance sheet date (31st March 2008: £ nil).

No depreciation was charged to the income and expenditure in respect of assets held under finance leases and hire purchase contracts (31st March 2008: £ nil).

8.2 The Net Book Value of Land, Buildings and Dwellings at 31st March 2009 Comprises:

	31st March 2009 £000s	31st March 2009 £000s Protected	31st March 2009 £000s Unprotected
Freehold	137,184	109,093	28,091

9. Stocks

	31st March 2009 £000s	31st March 2008 £000s
Raw materials and consumables	3,681	3,713

Notes to the Accounts

10. Debtors

	Financial assets	Non-financial assets	31st March 2009 £000s	Financial assets	Non-financial assets	31st March 2008 £000s
AMOUNTS FALLING DUE WITHIN ONE YEAR:						
NHS debtors	4,243	0	4,243	3,659	0	3,659
Provision for irrecoverable debts	(2,570)	0	(2,570)	(2,609)	0	(2,609)
Prepayments	0	1,460	1,460	0	1,406	1,406
Accrued income	3	0	3	0	0	0
Other debtors	2,736	1,710	4,446	2,964	393	3,357
	4,412	3,170	7,582	4,014	1,799	5,813
AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR:						
NHS debtors	0	0	0	378	0	378
Provision for irrecoverable debts	0	0	0	(162)	0	(162)
Other debtors	0	810	810	0	1,139	1,139
	0	810	810	216	1,139	1,355

10.1 Ageing of Impaired Debtors by Due Date

	31st March 2009 £000s	31st March 2008 £000s
Up to three months	92	1,428
In three to six months	35	243
Over six months	2,443	1,100
Total	2,570	2,771

The Foundation Trust considered the recent collection history of individual/ classes of debtors in determining whether to provide for them.

10.2 Ageing of Non-impaired Debtors

	31st March 2009 £000s	31st March 2008 £000s
Up to three months	2,075	1,095
In three to six months	581	190
Over six months	64	58
Total of items due	2,720	1,343
Items not yet due	5,672	5,825
Total	8,392	7,168



10.3 Provision for Impairment of Debtors

	2008/09 £000s	2007/08 £000s
At 1 April	2,771	1,564
Provision for debtors impairment	(201)	1,966
Debtors written off during the year as uncollectable	(725)	(316)
Unused amounts reversed	725	(443)
At 31 March	2,570	2,771



Notes to the Accounts

11. Creditors

	Financial liabilities	Non-financial liabilities	31st March 2009	Financial liabilities	Non-financial liabilities	31st March 2008 Restated
	£000s	£000s	£000s	£000s	£000s	£000s
AMOUNTS FALLING DUE WITHIN ONE YEAR:						
Bank overdrafts	0	0	0	16	0	16
Loans	1,000	0	1,000	0	0	0
Payments received on account	0	2	2	0	1	1
NHS creditors	2,915	0	2,915	3,551	0	3,551
Other tax and social security costs	0	5,799	5,799	0	5,440	5,440
Capital creditors	3,917	0	3,917	2,369	0	2,369
Other creditors	17,774	0	17,774	18,038	0	18,038
Accruals	6,380	0	6,380	5,177	0	5,177
Deferred income	0	9,370	9,370	0	8,510	8,510
	31,986	15,171	47,157	29,151	13,951	43,102
AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR:						
Loans	9,000	0	9,000	0	0	0
Deferred income	0	2,909	2,909	92	1,698	1,790
	9,000	2,909	11,909	92	1,698	1,790
INCLUDED IN NHS CREDITORS:		Number	£000		Number	£000
To buy out liability for early retirements over 5 years			0			92
Number of cases involved		0			1	
Outstanding pension contributions at 31st March			0			1,840



12. Provisions for Liabilities and Charges

	Legal claims £000s	Other £000s	Total £000s
At 1st April 2008	2,225	2,077	4,302
Arising during the year - other	140	235	375
Utilised during the year	(147)	(1,041)	(1,188)
Reversed unused	(177)	(482)	(659)
Unwinding of discount	44	0	44
At 31st March 2009	2,085	789	2,874

	Legal claims £000s	Other £000s	Total £000s
EXPECTED TIMING OF CASH FLOWS:			
Within 1 year	302	789	1,091
1 - 5 years	482	0	482
Over 5 years	1,301	0	1,301
	2,085	789	2,874

Legal claims consist of amounts due as a result of third party and employee liability claims. The values are based on information provided by the NHS Litigation Authority, NHS Business Services Authority and NHS Pensions.

As at 31st March 2009 £46,659,274 is included in the provisions of the NHS Litigation Authority in respect of clinical negligence liabilities of the Foundation Trust (31st March 2008: £31,887,000).

Notes to the Accounts

13. Prudential Borrowing Limit

The Foundation Trust is required to comply and remain within a Prudential Borrowing Limit. This is made up of two elements:

- The maximum cumulative amount of long-term borrowing. This is set by reference to the five ratio tests set out in Monitor's Prudential Borrowing Code. The financial risk rating set under Monitor's Compliance Framework determines one of the ratios and therefore can impact on the long term borrowing limit
- The amount of any working capital facility approved by Monitor

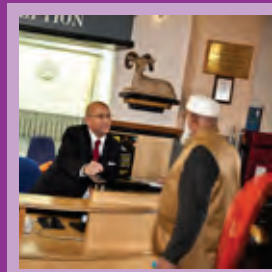
The Foundation Trust had a maximum long term borrowing limit of £58,200,000 (2007/08: £33,600,000). The Foundation Trust has borrowed £10,000,000 in 2008/09 (2007/08: £nil) and has a further £15,000,000 loan approved for 2009/10.

The variances are due to the Foundation Trust taking out a £10,000,000 loan in the year. All the actual Prudential Borrowings ratios are all well within approved limits.

The Foundation Trust has £18,500,000 (2007/08: £18,500,000) of approved working capital facility. The Foundation Trust did not draw down any amounts under its working capital facility in either 2008/09 or 2007/08.

Further information on the *NHS Foundation Trust Prudential Borrowing Code and Compliance Framework* can be found on the website of Monitor, the Independent Regulator of Foundation Trusts.

	2008/09		2007/08	
	Actual	Approved	Actual	Approved
FINANCIAL RATIOS				
Maximum debt / capital	6.73%	25%	n/a	15%
Minimum dividend cover	4.5	1	2.3	1
Minimum interest cover	398	3	n/a	3
Minimum debt service cover	398	2	n/a	2
Maximum debt service to revenue	0.02%	3%	n/a	3%



14. Movements on Reserves

Movements on reserves in the year comprised the following:

	Revaluation reserve	Donated asset reserve	Income and expenditure reserve	Total
	£000s	£000s	£000s	£000s
At 1st April 2008	100,603	978	(16,882)	84,699
Prior period adjustments	(26,955)	(63)	(2,244)	(29,262)
At 1 April, as restated	73,648	915	(19,126)	55,437
Transfer from the income and expenditure account	0	0	4,177	4,177
Other revaluations / indexation of fixed assets	(24,805)	(22)	0	(24,827)
Receipt of donated assets	0	47	0	47
Transfers to the income and expenditure account for depreciation, impairment and disposal of donated assets	0	(127)	0	(127)
Other transfers between reserves	2,437	(92)	(2,345)	0
At 31st March 2009	51,280	721	(17,294)	34,707

The prior period adjustment relates to the restatement of the opening value of buildings on a modern equivalent basis, this reduces the revaluation reserve by value by £29,262,000.



Notes to the Accounts

15. Notes to the Cash Flow Statement

15.1 Reconciliation of Operating Surplus to Net Cash Flow from Operating Activities

	2008/09 £000s	2007/08 £000s
Total operating surplus	7,605	5,391
Depreciation and amortisation charge	8,703	6,931
Fixed asset impairment	3,978	553
Transfer from donated asset reserve	(127)	(202)
Decrease in stocks	32	296
(Increase)/decrease in debtors	(1,225)	3,771
Increase in creditors	2,641	11,862
(Decrease)/increase in provisions	(1,472)	295
Net cash inflow from operating activities	20,135	28,897

15.2 Reconciliation of Net Cash Flow to Movement in Net Funds

	2008/09 £000s	2007/08 £000s
Increase in cash in the period	8,801	15,383
Net funds at 1st April 2008	37,020	21,637
Net funds at 31st March 2009	45,821	37,020

15.3 Analysis of Changes in Net Funds

	At 31st March 2009 £000s	Cash changes in year £000s	At 31 March 2008 £000s
Cash at bank	45,821	8,785	37,036
Bank overdrafts	0	16	(16)
	45,821	8,801	37,020

Third party assets held by the Foundation Trust were £3,198 (31st March 2008: £29,859).

The Foundation Trust operate a separate bank account for The Bradford Development Trust, an independent charity for which the Foundation Trust staff perform outsourced accounting duties. At 31 March 2009 the balance on this account was £20,315 (31st March 2008: £53,773).

Cash at bank at 31st March 2009 includes an amount of £45,479,773 (31st March 2008: £37,027,334) held in accounts with the Office of HM Paymaster General.



16. Pooled Budget

The Foundation Trust is not party to any pooled budget arrangements.

17. Capital Commitments

Commitments under capital expenditure contracts at the balance sheet date were £1,221,937 (31st March 2008: £5,330,609).

18. Post Balance Sheet Events

There are no disclosable post balance sheet events.

19. Contingent Assets and Liabilities

There is a contingent liability for the potential payment to staff members under the provisions of the equal pay legislation. It is too early in the claims process to estimate the likely outcome or the potential liability. This contingent liability was also noted in last year's accounts.

There are no contingent assets as at 31st March 2009.

There were no contingent assets as at 31st March 2008.

20. Movements in Total Funds

	2008/09 £000s	2007/08 £000s
Taxpayers' equity at 1st April	195,960	156,599
Surplus for the financial year	9,037	7,091
Public Dividend Capital dividends paid	(4,860)	(5,208)
	200,137	158,482
(Losses)/gains from revaluation/indexation of purchased fixed assets	(24,827)	37,122
New Public Dividend Capital drawn down	2,400	324
Increases in donated asset reserve	(80)	32
Total funds at 31st March	177,630	195,960
Opening Public Dividend Capital	111,261	110,937
New Public Dividend Capital drawn down	2,400	324
Closing Public Dividend Capital	113,661	111,261

21. Private Finance Transactions

The Foundation Trust is not party to any Private Finance Initiatives. There are therefore no on-balance sheet or off-balance sheet transactions which require disclosure.

Notes to the Accounts

22. Related Party Transactions

Bradford Teaching Hospitals NHS Foundation Trust is a public interest body authorised by Monitor, the Independent Regulator for NHS Foundation Trusts.

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

The Register of Interests for the Board of Governors for 2008/09 has been compiled in accordance with the requirements of the Constitution of Bradford Teaching Hospitals NHS Foundation Trust.

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

other entities for which the Department is regarded as the parent Department. The entities with whom there were material transactions are listed below.

All transactions were for the provision of healthcare services, apart from expenditure with NHS Litigation Authority, who supplied legal services.

The Foundation Trust has also received capital payments from a number of funds held within Bradford Teaching Hospitals NHS Foundation Trust Charitable Funds, the Trustee of which is the Foundation Trust. Furthermore, the Foundation Trust has levied a management charge on the Charitable Funds in respect of the services of its staff. The Charitable Funds are not part of the Foundation Trust's accounts.

	This year		This year ended		Last year		Last year ended	
	Income £m	Expenditure £m	Debtor £m	Creditor £m	Income £m	Expenditure £m	Debtor £m	Creditor £m
Bradford & Airedale PCT	207	0	2	0	197	0	1	1
Calderdale PCT	8	0	0	0	8	0	0	0
Kirklees PCT	19	0	0	0	5	0	0	0
Leeds PCT	6	0	0	0	6	0	0	0
North Yorkshire and York PCT	3	0	0	0	3	0	0	0
Yorkshire & the Humber Strategic Health Authority	14	0	0	0	13	0	0	0
Bradford District Care Trust	1	0	0	0	0	0	0	0
Leeds Teaching Hospitals NHS Trust	1	12	0	1	0	12	0	0
NHS Litigation Authority	0	3	0	0	0	4	0	0



23. Financial instruments

FRS 29, Financial Instruments: Disclosures, requires disclosure of the role that financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities. Bradford Teaching Hospitals NHS Foundation Trust actively seeks to minimise its financial risks. In line with this policy, the Foundation Trust neither buys nor sells financial instruments. Financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the Foundation Trust in undertaking its activities.

Liquidity Risk

The Foundation Trust's net operating costs are incurred under three year agency purchase contracts with local Primary Care Trusts, which are financed from resources voted annually by Parliament. The Foundation Trust receives such contract income in accordance with Payment by Results (PBR), which is intended to match the income received in year to the activity delivered in that year by reference to the National Tariff procedure cost. The Foundation Trust receives cash each month based on an annually agreed level of contract activity and there are quarterly corrections made to adjust for the actual income due under PBR. This means that in periods of significant over-performance against contract there can be a significant cash-flow impact. To alleviate this issue the Foundation Trust has put in place a £18.5m working capital facility, which to date, due to careful cash management, it has yet to draw on. The working capital facility expires on 30th May 2009 but can be renewed on an annual rolling basis.

The Foundation Trust presently finances its capital expenditure from internally generated funds and funds made available from Government, in the form of additional Public Dividend Capital, under an agreed limit. In addition, the Foundation Trust can borrow, both from the Department of Health Financing Facility and commercially, to finance capital schemes. Financing is drawn down to match the spend profile of the scheme concerned and the Foundation Trust is not, therefore, exposed to significant liquidity risks in this area

Interest Rate Risk

With the exception of cash balances, the Foundation Trust's financial assets and financial liabilities carry nil or fixed rates of interest.

The Foundation Trust monitors the risk but does not consider it appropriate to purchase protection against it.

Foreign Currency Risk

The Foundation Trust has negligible foreign currency income, expenditure, assets or liabilities

Credit Risk

The Foundation Trust receives the majority of its income from Primary Care Trusts and statutory bodies and so the credit risk is negligible.

Price Risk

The Foundation Trust is not materially exposed to any price risks through contractual arrangements.



Notes to the Accounts

24. Financial Assets and Liabilities

24.1 Financial Assets by Category

	Total £000	Loans and receivables £000
ASSETS AS PER BALANCE SHEET		
NHS debtors	4,243	4,243
Provision for irrecoverable debts	(2,570)	(2,570)
Other debtors	2,736	2,736
Cash at bank and in hand	45,821	45,821
Total at 31st March 2009	50,230	50,230
NHS debtors	1,266	1,266
Other debtors	2,964	2,964
Cash at bank and in hand	37,036	37,036
Total at 31st March 2008	41,266	41,266

All financial assets fall within "loans and receivables".

24.2 Financial Liabilities by Category

	Total £000	Other financial liabilities £000
LIABILITIES AS PER BALANCE SHEET		
Bank overdrafts	0	0
Loans	10,000	10,000
NHS creditors	2,915	2,915
Other creditors	17,774	17,774
Accruals	6,380	6,380
Capital creditors	3,917	3,917
Total at 31st March 2009	40,986	40,986
Bank overdrafts	16	16
Loans	0	0
NHS creditors	3,551	3,551
Other creditors	18,130	18,130
Accruals	5,177	5,177
Capital creditors	2,369	2,369
Total at 31st March 2008	29,243	29,243

All financial liabilities fall within "other financial liabilities".



24.3 Fair Values

For all of the Foundation Trust's financial assets and financial liabilities fair value matches carrying value.

24.4 Maturity of Financial Liabilities

All financial liabilities, with exception of the £10,000,000 loan, fall due within one year. The loan is repayable in equal amounts over the next 10 years, hence £1,000,000 is due next year.

The loan has been taken over 10 years, with the final principal payment due on 25th January 2019.





Bradford Teaching Hospitals NHS
Foundation Trust

Bradford Royal Infirmary
Duckworth Lane
Bradford
BD9 6RJ
T: 01274 364022
www.bradfordhospitals.nhs.uk