

Annual Report 2007/08

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

Chairman's Statement

I am delighted to share with you the 2007/08 Annual Report and Accounts for Bradford Teaching Hospitals NHS Foundation Trust.

In the last year the foundation trust has made excellent progress towards improving the quality of our services. Financially, the foundation trust is reporting a £1.9 million surplus this year, which will be used to further improve the services we provide to patients.

We have also performed well against our national targets. During the year, we have significantly reduced waiting times for diagnostic tests. No one waited longer than six weeks for a diagnostic test and the majority of patients were treated within 18 weeks from being referred by their GP. We achieved this target for March 2008. Over 98 per cent of our patients are seen and treated in Accident & Emergency within four hours.

We are also working towards achieving our targets for reducing MRSA bloodstream infections. During the year, we have worked on a number of different projects to help combat infections, such as a rolling deep clean programme. However, MRSA and other infections are present in every day life, both in the community and within the hospital environment. That is why we are working with GPs, nursing homes and people in the community to reduce the risks to people who come into our hospitals.

During the year, we have seen the first babies born into our major Born in Bradford study – a huge milestone in this largest ever study of how people's health changes over time from birth through to adulthood.

We have started work on a new state-of-the-art lecture theatre and building work has started on a new Listening for Life Centre, which will be a purpose-built base for the cochlear implant service, which serves the whole of Yorkshire.

We have put in place an extensive programme to improve the environment for our patients, refurbishing wards and patient areas, including new windows and floors in some areas, improving the environment for our patients

Throughout the year, we have looked at ways that we can develop our services - for example we have opened a new maternity transitional care unit, which means mums can stay with their babies, when they require a bit more support and care after they are born.

We continue to have close links with the community we serve. We have maintained our close relationship with Bradford and Airedale teaching Primary Care Trust and continue to work closely with local NHS Trusts, along with independent sector providers.

As part of engaging with our local community, we have worked to increase our foundation membership numbers. Our Board of Governors has led on

implementing a new membership development strategy and we have had a huge increase in members, from just over 5,000 to an amazing 45,000. We have continued to work with our Board of Governors on a range of issues, including our annual plan. Our Board of Governors were also heavily involved in the planning for our successful Open Event, which was attended by over 900 people.

We are proud of the developments we have made in the last year but recognise that there is still more work to be done to make sure we continue to provide first-class services for our patients.

David Richardson
Chairman

Chief Executive's Statement

I am pleased to echo the words of the chairman and welcome you to this annual report and accounts.

We have had a successful year, being rated as good for the quality of our services and excellent for the use of our resources, in the Healthcare Commission's Annual Health Check.

We continue to take part in the Health Foundation's Safer Patients Initiative, along with Airedale NHS Trust. Although, we are already one of the safest trusts in England, this is helping us to make our patients even safer, as we are already rated as the third safest trust in England, in terms of our mortality rate.

During the year, we have seen many key achievements and developments. We have become a laparoscopic (keyhole) surgery training centre, one of only ten in the country, which demonstrates the leading role we have played in using less invasive surgery techniques, which means that patients can usually recover faster, stay in hospital for less time and have fewer side effects.

The Board of Directors and I would like to thank all our staff for their hard work and dedication throughout the year. Because of their hard work, the foundation trust has been able to offer high standards patient care as well as delivering key achievements to make the foundation trust one of the safest hospitals in the country, with some of the lowest waiting times.

I am confident that the foundation trust can be even more successful over the coming year.



Miles Scott
Chief Executive

Board of Directors Report

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 is made up of the following members: David Richardson, chairman, Miles Scott, chief executive, Rose Stephens, deputy chief executive/chief nurse (retired at the end of the financial year), Bryan Millar, director of finance, Dr Dean Johnson, director of planning and performance, Dr Clive Kay, medical director, Nadira Mirza, non-executive director and senior independent director Richard Bell, non-executive director and chair of the Audit Committee, Chris Jelley, non-executive director, Peter Noble, non-executive director, Balbir Singh, non-executive director (stepped down in November 2007), John Waterhouse, non-executive director (replaced Balbir Singh) and John Bussey, non-executive director.

Bradford Teaching Hospitals NHS Foundation Trust became a foundation trust on April 1 2004.

The foundation trust started 2007/08 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.

Caring for Patients

During the year, we have used our status as a foundation trust to develop our services and continue to improve patient care.

We are currently working towards achieving the national 18 week target for December 2008, so that patients wait no longer than 18 weeks from the date of referral by their GP to receiving treatment, such as an operation or being given drugs to manage their condition.

By March 2008, virtually all patients referred to the foundation trust were treated within 18 weeks. For patients that were admitted to hospital, 88 per cent of patients were treated within 18 weeks. For patients treated as outpatients, 91 per cent were treated within 18 weeks. We have brought in a range of measures to make sure that the patients wait less, such as Saturday surgery. We have also appointed Dr Jonathon Barber, consultant radiologist as clinical lead for 18 weeks.

The foundation trust expects to be awarded a score of 'fully met' by the Healthcare Commission as compliance against the core standards of Standards for Better Health. These set a minimum standard for all healthcare organisations to meet.

These standards are across seven areas covering safety, clinical and cost effectiveness, governance, patient focus, accessible and responsive care, care environment and amenities and public health.

In addition, key standards have been delivered around reducing the number of emergency bed days used, access to Genitourinary Medicine (GUM) services within 48-hours and ethnicity coding.

We have improved the efficiency of our services in the last year. We have worked with patients to reduce the number that do not turn up for their appointments. This is now down to below ten per cent for patients who come for their first outpatient appointment. We have also reduced the numbers of patients who have to be admitted the day before their surgery and most are now admitted on the day of their operation. We have also increased the numbers of patients who can have their operation and go home on the same day. We have also improved the efficiency of our operating theatres, in most weeks with over 90 per cent of available capacity being used.

We also continue to work towards meeting the targets to reduce the number of cases of MRSA bloodstream infections. The foundation trust has informed Monitor, the Independent Regulator of NHS Foundation Trusts that we still have challenges to meet and work to do in terms of this target.

In March 2008, the foundation trust received an unannounced visit by the Healthcare Commission. This visit highlighted some areas of concern about cleanliness in two patient areas, which were acted upon immediately. The foundation trust has kept Monitor, the Independent Regulator of NHS Foundation Trusts, informed of this.

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. A small number of the supporting principles are not met and these are detailed below:

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 the foundation trust's constitution, which was revised in 2006. 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.

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.

Our Finances and Future Developments

The foundation trust has finished the year with a financial surplus of £1.9 million which will be reinvested in services and the development of our hospitals.

The surplus of £1.9 million when compared to the plan of £1.2 million represents a favourable variance of £0.7m.

The significant efforts applied over the previous two years have continued to be invested in controlling and reducing costs throughout the organisation during the year.

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.

Monitor assesses the financial risk of foundation trusts using a rating whereby one is significant financial risk and five is no financial risk. The foundation trust finished the financial year with a rating of three.

The trend of improvement recognised over the previous three years creates a strong foundation for the forthcoming year.

Political and Charitable Donations

The foundation trust's charitable funds are operated for the benefit of the staff and patients in accordance with the objects of the charity. The foundation trust received a large number of very generous donations throughout the year, from many parts of the community. We received no political donations.

Research and Development

During the past year, we have seen significant developments in the fields of research and development.

The year started with the opening of the Bradford Institute for Health Research in April 2007 by the Vice Chancellor of the University of Leeds, and ended with the opening of the Clinical Research Facility by the Vice Chancellor of the University of Bradford. This £2 million investment in research infrastructure was funded from the foundation trust's capital development programme and Department of Health research and development funding.

The foundation trust's research programme received £1.89 million worth of external grants, throughout the year. This includes two National Institute for Health Research (NIHR) applied research programmes totalling £2.7 million over five years, for rehabilitation and patient safety, awards totalling £500,000 from NIHR Research for Patient Benefit, for oncology and rehabilitation and Wellcome and Medical Research Council awards totalling over £2 million over five years, for Born in Bradford and stroke research.

During the year, our major birth cohort study Born in Bradford has seen the arrival of the first babies taking part in the project. Ten thousand babies born at Bradford Royal Infirmary over the next two years will be followed, into adulthood, as we try to understand why Bradford has such high rates of illness and disease.

Cancer Services

We will develop our cancer services through new appointments and facilities in:

- Urology so that we can treat the complex patients referred to us from Airedale, Calderdale and Huddersfield
- Upper gastro-intestinal (stomach and oesophagus) so that we have the right people to provide surgery quickly
- Head and neck so that there are specialist beds for patients who have major surgery
- Chemotherapy so that we can provide a prompt treatment and service 24-hours a day should a patient experience problems outside of normal working hours
- Imaging, with a new scanning service (PET-CT) to provide the best possible way to diagnose conditions and plan the right treatment
- Early detection of bowel cancer through continued development of our bowel cancer screening programme for local people and to provide prompt treatment

We are committed to investing over £1.5 million per year in these services.

Services for Women and Children

Children's services will be developed in the coming year with the appointment of three consultants and associated services for general hospital-based services and community based services, including for those with neurodisability.

Plans are being developed to expand specialist services for children with:

- Chronic conditions such as rheumatology and cardiology
- Musculo-skeletal (bones, muscles, tendons and ligaments) problems
- Genetic diseases through further developing metabolic services
- High dependency and neonatal facilities

Investment will be made to increase the number of midwives for expectant mothers. Investment in services will exceed £500,000 per year plus investment for facilities.

Adult Services

These services are for patients living with medical conditions and for those that develop short-term problems. In general adult services we will invest for those with conditions of:

- Blindness through blood vessels that burst behind the retina in the eye (wet age-related macular degeneration)
- Musculo-skeletal where surgery is required on hips, knees, shoulders, elbows and hands
- Obesity by developing surgical services where all other treatment has failed
- Support for elderly patients will be provided through a new consultant to provide specialist care and enhance alternatives to admission such as short notice outpatients clinics and reviews
- Angina through expanding Enhanced External Counter Pulsation in our fast growing nationally recognised centre
- Hepatitis, particularly hepatitis B and C
- Chronic pain in a new Pain Management Centre for those patients who need help controlling their pain. This centre will be built at St Luke's Hospital and be self-contained with a reception area, treatment room with the latest technology and somewhere to recover after procedures
- Expanded restorative dentistry for cancer and other patients
- Critical care facilities will be increased by two intensive care beds for patients who require one-to-one care, with specialist nurses and doctors and two high-dependency care beds for patients who need specialist care. In total this increases our critical care beds to 16

In total £5 million has already been committed per year and with more to be committed during the year as business cases are approved.

Finally, the Board of Directors can report that they have taken all the necessary steps to make ourselves aware of any relevant audit information and to make the external auditors aware of any such information. The Board of Directors can report that, as far as we are aware, there is no relevant audit information to make you aware of.

Our Staff

As a foundation trust, we do not discriminate against people on the grounds of age, disability, ethnicity, gender, religion and belief or sexual orientation. We aim to give full and fair consideration to all applicants that apply for jobs at the foundation trust, along with staff, patients and visitors.

During the year, we have made sure that our staff are communicated to effectively over matters that concern them as employees. Staff have access to information through our staff magazine, our twice-yearly membership magazine, through monthly core briefings, which are cascaded throughout the organisation within 72-hours after the Board of Directors meeting, through globally sent emails and individual directorate briefings. Individual directorates also have their own newsletters. Our communications policy details the methods used to communicate with our staff.

We have also held an Open Event, which staff attended and a procurement event, which staff could attend to meet suppliers. We also hold human resources roadshows to give information to our staff.

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.

We have 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.

Background Information

Bradford Teaching Hospitals NHS Foundation Trust became a foundation trust on April 1 2004.

Foundation trusts were created under the National Health Service Act 2006 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 over 5,000 staff. We serve a population of around 500,000.

The foundation trust's external auditor is PricewaterhouseCoopers LLP, Benson House, 33 Wellington Street, Leeds, LS1 4JP

The auditor was appointed by the Board of Governors in March 2007, 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's work (including VAT) is £61,040.

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 make sure 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.

The fees for this year's work (excluding VAT) are:

	2007/2008 £
Audit Code Work	51,950
Additional Work	19,500
Total	71,450

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This annual report and accounts will be 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.co.uk

Operating and Financial Review

Introduction

Bradford Teaching Hospitals NHS Foundation Trust became a foundation trust on April 1 2004.

We have several different ways of assessing whether we have met our objectives. Every month the Board of Directors receives a report about our finances and performance progress.

We have a corporate risk register that sets out potential risks to us meeting our targets and objectives. Our governance committee regularly reviews this register.

The foundation trust has close links with the community it serves. Over the past year, the foundation trust has sought to work with a number of outside agencies as part of our membership engagement activities. This included working with the education sector (including further and higher education), Bradford Metropolitan District Council and other health partners.

The Voluntary Services Forum continues to work closely with external groups such as Bradford University where it promotes volunteering, Bradford Vision, Millennium Volunteers, Volunteering Bradford, Bradford Volunteers Strategic Partnership, which is a networking group that involves leaders of regional voluntary groups including social services, the police, Marie Curie, Bradford University and others.

Caring for Patients

We have improved the efficiency of our services in the last year, which is detailed in the Board of Directors report. We continue to work towards meeting the targets to reduce the number of cases of MRSA bloodstream infections. The foundation trust has informed Monitor, the Independent Regulator of NHS Foundation Trusts that we still have challenges to meet and work to do in terms of this target.

We have put in a range of measures to help combat infections. We have received £1.2 million from Bradford and Airedale teaching Primary Care Trust, which will help fund a deep cleaning programme. There are also plans in place to purchase new equipment and to complete a number of schemes to improve the environment in terms of infection control with this funding. New signs for alcohol gels are being implemented across all wards and departments. We have refurbished many of our wards, replacing floors and windows in some areas and provided more isolation facilities.

All of our areas with higher rates of MRSA are now screening high-risk patients and the next aim is to screen all planned inpatient admissions by mid-2008. This would put us ahead of the national plan to screen all planned admissions by March 2009.

An audit system is in place to monitor compliance with infection control measures, which are reported directly to our chief nurse. All wards and departments have alcohol hand gel bottles by each bedside and all staff members have individual hand gel bottles.

Root Cause Analysis (RCA) on every MRSA bacteraemia (bloodstream) case is carried out. They are completed by the directorates, wards and clinical teams that were involved in the care of the patient. The RCA is completed within seven days of the notification of the bacteraemia infection and feedback on learning points is distributed to the ward and directorate responsible for the care of that patient but additionally to all directorates and the Board of Directors.

The foundation trust is working in partnership with the Bradford and Airedale teaching Primary Care Trust and works closely with other external organisations to help combat infections.

During the year, we have improved our IT systems. We launched the Picture Archiving and Communications System (PACS) in January 2008. This means that x-rays and scans will now be stored electronically – a bit like digital cameras rather than cameras with traditional film.

The new system means that patients will be able to access different services across the foundation trust without having to repeat their details and it will mean that patient information is always up-to-date.

Choose and Book

During the year, the foundation trust has utilised the Choose and Book system across all of its front-line specialties as part of the national Choose and Book programme.

This means that at the point of referral by their GP, patients are being offered the choice of four to five providers of hospital care. The patient is able to arrange an appointment for a first outpatient consultation which is convenient to them, at a provider of their choice.

To support this, a regularly updated directory of services has been published to provide detailed information on the services for which bookings can be made.

During the year, the foundation trust has also started to implement direct booking. This means that patients will be able to book their first outpatient appointment in their GP surgery, directly with the hospital, so that, before they leave the surgery, they will know the date and time of their appointment.

Patient Information

We have updated the foundation trust's Communication with Patients policy and mechanisms for approving patient information. Each department has its

own Communicating with Patients Working Group, which is responsible for making sure that the information provided to patients is up to date and relevant. We are working towards ensuring that patient information is available in the right formats, at the right time and in the right place.

Complaints

The foundation trust offers a wide range of services to an even wider range of people. However diligent and skilful our staff are, there will inevitably be circumstances where service users' expectations have not been met and they will need to voice their feelings.

All complaints received by the foundation trust are dealt with through the Foundation Trust Complaint Policy, in line with the Complaints Regulation 2004.

During the year, the foundation trust had over a million patient contacts, with 304 formal complaints received, with six Healthcare Commission reviews. None have been forwarded to the Ombudsman.

The foundation trust acknowledged 99 per cent of its complaints within two working days. Complaints were resolved in 87 per cent of cases within 25 days. The foundation trust remains one of the top performing trusts within Yorkshire and the Humber, our strategic health authority region.

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 weekly, monthly, quarterly and yearly basis, which in turn is cascaded to the wards and departments to help facilitate action learning. Annually it is reported to the Board of Directors.

The quarterly Complaints Steering Group monitors compliance with the Complaints Policy and develops areas of good practice to assist in action and reflective learning from the complaints to improve patient experiences.

Patient Satisfaction Surveys were introduced in 2005 and the results of these surveys are evaluated at the quarterly Complaints Steering Group meetings. The surveys were revised in June 2007, following an evaluation and a further evaluation will be done in June 2008. We have also developed a number of training sessions for staff involved in complaints investigation and compiling final responses - these are due to take place in April and May 2008.

Changes to Our Senior Staff

Our long-standing chief nurse and deputy chief executive, Rose Stephens retired on March 31 2008 and has been succeeded by Sally Ferguson who will take over as chief nurse. Our existing finance director Bryan Millar will take over as deputy chief executive.

In anaesthesia, Ben Garside has been appointed as general manager. In pathology, Alan Crossland has retired as general manager for head and neck services and has been replaced by Ann Bannister. Philip Turner left to take up a new post at Airedale NHS Trust. Chris Durkin is now the general manager for both acute medicine and specialty medicine and chronic disease management

Dr Liakat Parapia stepped down as clinical director for pathology on March 31 2008 and has been succeeded by Dr David Gouldesborough. Dilshad Khan has retired from his role as director of equality and diversity. Barry Mortimer retired from his post as director of personnel on March 31 2008.

Buildings and Equipment

We are working towards improving our older buildings at Bradford Royal Infirmary have refurbished wards and patient areas in order to do this. This has involved replacing some floors and windows as well as redecorating. More side rooms have also been added. We refurbished five wards and partially refurbished three. More wards will be refurbished in the coming year.

We have begun building work on a new state-of-the-art lecture theatre, with an auditorium for 200 people. Work has also started on a new Listening for Life Centre, which will provide cochlear implant services for the whole of Yorkshire as well as newborn hearing screening in a modern purpose-built setting.

We have purchased a state-of-the-art bone density unit, which was officially opened by HRH The Princess Royal in February 2008. The new scanner emits less radiation than normal X-rays, can scan a higher number of patients than the scanner it replaced, which means waiting times are reduced and is helping to reduce the risks to patients who are prone to fractures.

Relationships with Others

In 2005, the foundation trust was approached to provide our consultants, surgeons and anaesthetists for day case operations at the Independent Sector Treatment Centre (ISTC) at Eccleshill. Following this successful partnership, we were asked to extend this to our radiology services. Our consultant radiologists and radiographers have added to the team that provides ultrasounds, MRIs and CT scans at Independent Sector Treatment Centre (ISTC), Eccleshill.

The partnership with Airedale NHS Trust has further developed over the last year. Both trusts have joined their medical oncology teams together to form a single service. This is to ensure that patients continue to get expert care from doctors who specialise in two or three particular types of cancer. It will also ensure that specialist care is available 24-hours a day.

The partnership with Airedale NHS Trust has been extended to improving patient safety. We are jointly participating as a pair, as part of the Safer

Patients Initiative. Patients across Bradford and Airedale will benefit from safer care from this programme of work.

Along with Airedale, we have become a Bowel Cancer Screening Centre. The administrative office is based at Bradford Royal Infirmary (BRI) and clinics and colonoscopies are carried out at both BRI and Airedale General Hospital. It is the first such centre in West Yorkshire.

Patients who need specialist gynaecology, bone cancer and radiotherapy are treated at Leeds Teaching Hospitals NHS Trust. We diagnose patients and then refer them to Leeds Teaching Hospitals NHS Trust. Some of the consultants provide diagnosis and aftercare in Bradford.

The foundation trust regularly communicates with local Primary Care Trusts, GPs and other NHS Trusts. We have set up a quarterly newsletter, which goes to GPs who refer to our services. We also send copies of our internal staff newsletter to communications staff at Bradford and Airedale Teaching PCT. All of our newsletters are available to view on our website www.bradfordhospitals.nhs.uk

The Overview and Scrutiny Committee has been involved in the development of services for children by helping us develop services for those children who suddenly become ill and need the skills of our highly trained paediatricians, paediatric nurses and therapists. They have also helped us check how well we are doing through ensuring we are meeting all of the Standards for Better Health. These are a set of minimum standards for all NHS services developed by the Healthcare Commission.

Teaching Status

Education and training are fundamental elements in developing staff to deliver high quality, patient-centred services. In the past year there has been an increase in:

- The number of staff attending internal study programmes
- The use of e-learning
- The number of medical students, as part of the Leeds University medical school expansion within Bradford

To deliver this increasing workload the current education facilities have been improved. There are an extra three teaching rooms and two study areas with computer facilities, both of which are accessible to staff 24-hours a day. This development is the first stage of the strategy to centralise the education department into Field House and develop high-quality conference facilities for all. The second stage of this work – a 200-seat tiered lecture theatre is due for completion in December 2008.

The achievement of teaching hospital status has further established our role as an institute of learning. The foundation trust will continue to contribute to the wider NHS and health community through the education, training and

development of our staff and students. This will enhance the quality of patient care in Bradford, in Yorkshire and nationally.

Our Finances

Income and Expenditure Position

The foundation trust has ended the financial year with an improved surplus on the previous year. The year-end surplus is an encouraging £1.9 million, which exceeds our plan of £1.2 million by £0.7million and also represents an improvement of £1.2 million over the previous year. The table below summarises how the position has changed between 2006/07 and 2007/08:

	Position at 31.3.07 £m	Position at 31.3.08 £m	% Change on Previous Year
Total Income	237.6	257.9	8.5%
Operating Expenditure	-225.6	-245.1	8.7%
EBITDA	12.0	12.8	
Depr/Int Rec & Pay/PDC	-11.3	-10.9	
Surplus/(Deficit)	0.7	1.9	

The foundation trust has continued to invest significant effort in controlling cost and maximising income. The demonstration of this effort is represented in the achievement of a £8.3 million performance improvement target on a recurrent basis, providing a very strong foundation for the forthcoming year.

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, the Independent Regulator of Foundation Trusts, awarded the foundation trust a financial risk rating of three (with ratings ranging from one - significant financial risk to five - no financial risk). Throughout the financial year, the financial results reported on a quarterly basis have delivered a financial risk rating of three, with the final year end position also being a three.

The trend is one of improvement as demonstrated in the reported financial positions over the previous three years, which is summarised below:

2004/05	£8 million deficit
2005/06	£2.9 million deficit
2006/07	£0.7 million surplus
2007/08	£1.9 million surplus

The improved financial position, when considered in conjunction with the foundation trusts success in delivering access and waiting time targets, is recognition for all the hard work invested by all staff within the organisation.

The underlying position is one of surplus which provides a healthy foundation for the forthcoming year which, based on initial planning assumptions, will be as equally, if not more challenging as 2007/08. The foundation trust will

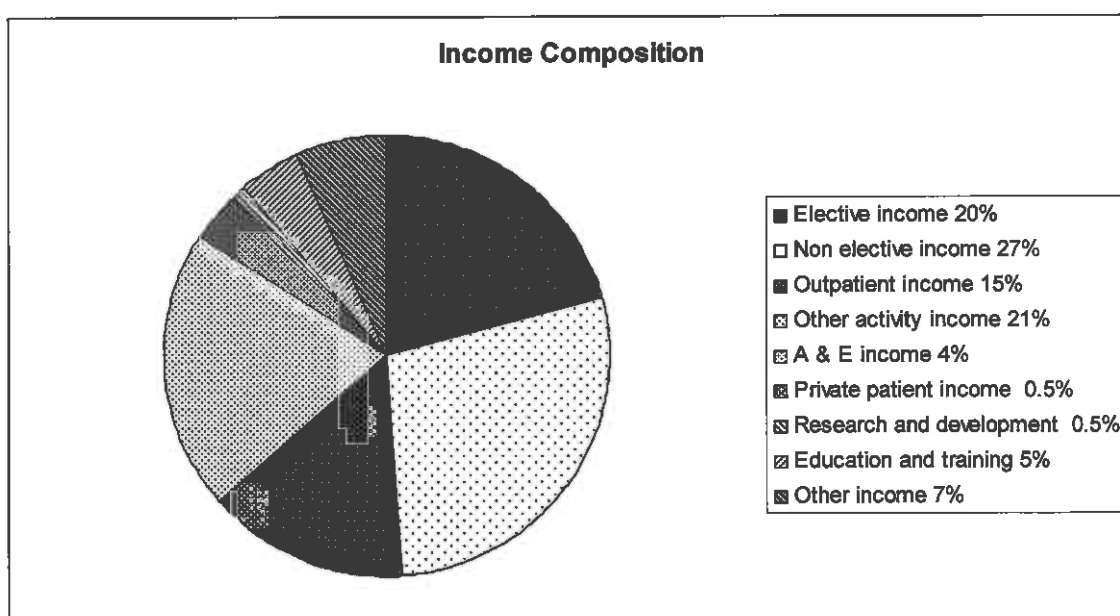
continue to maintain its focus on delivering its financial targets and ensuring, as with previous years, that cost improvements are delivered on a recurrent basis to ensure there is not deterioration in the underlying position.

Income

The total income reported for the 2007/2008 financial year was £257.9 million which is split as follows:

- Income from Activities £226.3 million
- Other Operating Income £31.6 million

The composition of the income is summarised in the table below:



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.

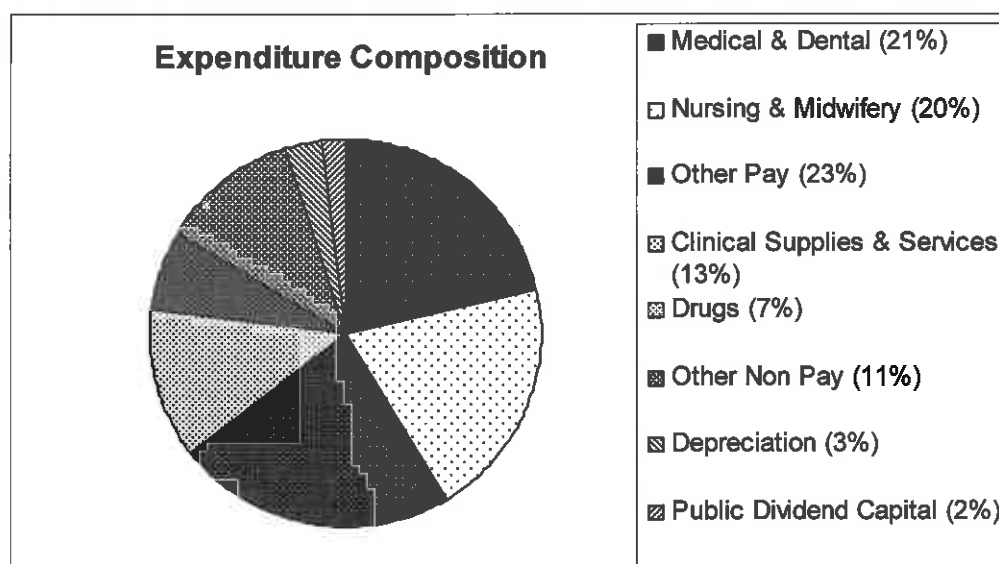
The planned level of income for the year was £242.5 million with the actual income of £257.9 million, which represents an over recovery of £15.4 million. The main items making up this over recovery of income are:

- Treatment of additional patients to achieve the 18 week referral to treatment targets - £5.5 million
- Increased high cost items such as drugs and blood products chargeable to the PCTs on a usage basis - £2.9 million
- Increased activity in areas such as intensive care, neonatal special care, renal dialysis and direct access - £2.3 million.
- An under recovery on non-elective and A&E work - £2 million reflecting reduced activity levels

- Other operating income as a result of additional income relating to education and training income, research and development income and income relating to the costs of the implementation of the upgraded patient administration system £6.6 million

Expenditure

The composition of the total expenditure of £256 million is summarised in the chart below:



The annual plan submitted to Monitor, the Independent Regulator of Foundation Trusts, in May 2007 planned for a total expenditure figure of £242 million. The final outturn of £256 million represents additional costs, not planned for originally, of £14 million. The additional costs incurred in year are associated with the following areas:

- 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 began the year with a plan to deliver a surplus of £1.2 million, which represented 0.5 per cent of turnover. To deliver this surplus the resulting PIP target of £8.3 million had to be delivered through a mixture of cash releasing savings and additional income. The majority of the cash releasing savings were delivered through a one per cent cost improvement programme levied across the directorates and departments with further schemes identified corporately.

By delivering a surplus of £1.9m, exceeding the plan by £0.7m, 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 improving trend for the forthcoming year and generate increased surpluses for reinvestment back into services. In addition to the increased surpluses the financial environment remains challenging, placing a continued requirement on the foundation trust to identify further PIP savings for the forthcoming and future years. The target will once again be delivered through a number of centrally driven and directorate specific cash releasing initiatives together with the contribution generated from securing additional income.

Financial Risk Ratings

The foundation trust submitted its Annual Plan to Monitor, the Independent Regulator of Foundation Trusts, for the year ending March 31 2008 in May 2007, which included an assessment of the forecast risk rating the foundation trust would achieve in year. The risk rating developed by Monitor, the Independent Regulator of Foundation Trusts, is based on a number of financial metrics which produces an overall risk rating of between one and five (with five representing the most financially secure organisations).

The financial plan submitted to Monitor, the Independent Regulator of Foundation Trusts calculated a planned financial risk rating of three for 2007/08. Throughout the year, the financial results reported on a quarterly basis have achieved a rating of three with the final year end position also being a three.

The Key Financial Risks

The foundation trust started 2007/2008 with a number of significant financial risks, which have been managed effectively through the delivery of the financial position highlighted above.

The foundation trust faces a number of risks in 2008/2009 which include:

- Delivery of the Performance Improvement Programme
- Inflationary cost pressures exceeding current assumptions
- Maintaining expenditure within budgets allocated
- Delivering contracted levels of work to ensure the 18 week target is not breached, which if not delivered carries financial penalties
- Delivery of the C.Diff target, which if not delivered carries financial penalties
- Income risks associated with contractual changes and proposed changes to referral patterns
- Maintaining financial performance to achieve a rating of three or above
- Resourcing a capital programme in both capital and revenue terms whilst maintaining a risk rating of three or above

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 savings schemes to add to the PIP
- Slip developments further to match the savings achieved
- Increase the percentage cost improvement programme across all Directorates
- Identify non recurrent measures that will release savings in year
- Maintaining strong / robust working relationships with the PCT's
- Closely monitoring progress on 18 weeks referral target and using the capacity review provisions within the contract to mitigate the application of financial penalties by the PCTs
- C.Diff - accurate monitoring of infection rates, enhanced hospital hygiene and rigorous internal mechanisms for targeting improvement
- Generate additional income and contribution
- Regular dialogue with directorates to ensure charging mechanisms reflect any contractual changes that are introduced

Details of Activities Designed to Improve Value for Money

The foundation trust is continually striving to improve the value for money of the services it provides. Since 2004/05, the foundation trust has recognised a trend of continuous improvement in its reported financial position. In conjunction with this, over the same period the foundation trust has invested significantly in qualitative and other service developments with 2007/08 no exception.

The foundation trust is committed to not only maintaining but improving its financial position to release financial resources for reinvestment back into services. The directorates' annual plans and the capital programme 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 drive for continuous improvement will be further facilitated in the new financial year by the introduction of a performance improvement team. The objective of the team will be to focus on service improvement, with the emphasis on improving the effectiveness and efficiency of the services provided.

The continued roll out of service line reporting and management will extend the foundation trust's knowledge regarding the relative standing of services in relation to the income it receives through tariff. It provides an excellent opportunity to examine in detail those services that both do and do not appear to provide value for money.

The foundation trust is pursuing a number of initiatives facilitated by the performance improvement team that will deliver real service improvements and improve the value for money of the services provided. Examples include:

- The implementation of an Electronic Medical Record, replacing paper based patient notes, transforming the medical records function
- Continued implementation of the peri-operative review, maximising the efficiency and effectiveness of its operating facilities and inter-related services
- Exploration of software tools and products designed to improve not only the rostering of staff but to improve resource utilisation for example theatre utilisation and stock control/management
- Continued participation in national benchmarking pilots
- Continued review and challenge to reduce lengths of stay, through internal review, benchmarking information and building on best practice to ensure bed usage is optimised

Cash and Balance Sheet Position

The cash position has increased in year to £37.0 million (in 2006/07 this was £21.6 million). The increase is through a combination of the income and expenditure surplus, a small decrease in stocks, a decrease in debtors, an increase in creditors, some small capital receipts and Public Dividend Capital offset by capital expenditure of £10.7 million including capital creditors (in 2006/07 this was £9.5m including capital creditors).

The largest cash inflows have been due to a reduction in debtors of £3.8 million (from 2006/07 an increase of £2.3 million) and an increase in creditors, excluding capital creditors, of £11.8 million (in 2006/07 this was £3.8 million excluding capital creditors). Debtors have reduced mainly because many of the PCTs have settled their debts at the year end as part of their cash management. The increase in the creditor position is mainly because of an increase in deferred income and an increase in creditors due to the slower than forecast settlement of pay creditors and accruals for pathology costs and Agenda for Change.

Prudential Borrowing

The foundation trust had a maximum long-term borrowing of £33.6 million (in 2006/2007 this was £32.0 million). The foundation trust did not enter into any long-term borrowing arrangements during the year or in the previous year.

The foundation trust has £18.5 million (in 2006/2007: £16.5m) of approved working capital facility. The Foundation Trust did not draw on this facility during 2007/2008 or in the previous year.

Private Patient Cap

The foundation trust is required to remain within its private patient cap of 1.02 per cent. The table below shows that the foundation trust was compliant for 2007/08 and 2006/07.

	2007/2008	2002/2003
	£ 000	£ 000
Private patient income	1,195	1,632
Total patient related income	227,502	160,654
Proportion as a percentage	<u>0.53%</u>	<u>1.02%</u>

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, we are not bound by this code, but seek to abide by it as it represents best practice.

The performance in 2007/2008 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.

	2007/2008	
	Number	£000
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%

	2006/2007	
	Number	£000
Total Non-NHS trade invoices paid in the year	47,862	58,648
Total Non NHS trade invoices paid within target	38,756	49,711
Percentage of Non-NHS trade invoices paid within target	81%	85%
Total NHS trade invoices paid in the year	1,662	18,605
Total NHS trade invoices paid within target	614	12,796
Percentage of NHS trade invoices paid within target	37%	69%

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.

Capital Programme

Capital investment totalling £8.8 million was made during the year. The main elements of the capital programme are as follows:

Scheme	£million
Information Technology Schemes - including PACS implementation	3.1
Medical Equipment Replacement Programme	1.2
Buildings and Infrastructure Schemes - including Temple Bank House development, the start of the Lecture Theatre Scheme and a range of ward refurbishments.	4.5
Total	8.8

All building investment related to protected assets.

External Auditor

The foundation trust's external auditor is PricewaterhouseCoopers who were appointed by the Board of Governors in March 2007. The appointment is in accordance with the Audit Code for NHS Foundation Trusts published by Monitor. The fee for the year's work (excluding VAT) is as follows:

	2007/2008 £
Audit Code Work	51,950,
Additional Work	19,500
Total	71,450

The additional work relates to the provision of advice relating to flexible benefits for staff.

Countering Fraud and Corruption

The foundation trust complies with the Secretary of State's Directions on Counter Fraud Measures that were issued in 2004.

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

Application of Charitable Funds

The foundation trust's charitable funds are operated for the benefit of the 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 have again been very supportive in their fundraising efforts. Amongst the very generous donations received was a legacy from Gladys Simpson (£26,104), donations from the Hospital Heartbeat Appeal (£50,000) and from Annette Fox Leukaemia Research Fund for the refurbishment of ward seven (£160,000).

Key Benefits Accruing from the Charitable Funds for 2007/08

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 renal unit and neonatal unit both made substantial purchases of equipment to benefit patients. £55,800 was also spent on long service awards for our very deserving staff.

Board of Governors

The 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 has been elected to 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 Governors meetings on activities undertaken along with any recommendations for action, discussion and agreement.

This year, in line with their statutory duties the governors have appointed a non-executive director and confirmed the re-appointment of the chairman and two non-executive directors. Governors have 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 have been involved in the development of the National Governors Forum.

Governors have worked towards increasing membership, the development of our Focus on Medicine sessions, which give members the opportunity to visit the foundation trust and hear presentations about our services from staff and overseen the delivery of the membership quarterly communications.

Governors oversaw the AGM in September 2007, which attracted 200 people (an increase on the 120 who had attended the previous year). Governors were also integral in the planning and delivery of the accompanying Open Event (the foundation trust's second annual open event) showcasing over 35 departments, clinical areas and projects. Over 900 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 and delivering a comprehensive programme of presentations, interactive sessions and a young people's open event attracting a combined attendance of about 450 young people.

Governors were involved in supporting the Volunteers Forum in the delivery of a number of high-profile activities and events throughout the year. They also participated in the review of the aims and objectives of the Forum and the development of the accompanying work programme.

Throughout the past year there has been one by-election to the Board of Governors held in December 2007, where the vacant seat for the Public Membership constituency of Keighley was filled by Mike Richings.

Rifat Ali, public governor for Bradford West resigned in November 2007. John Waterhouse resigned as public governor for Bradford North at the end of January 2008 following his successful appointment as non-executive director. In accordance with the constitution the next highest polling candidate for Bradford North, Mohammed Yaqoob, has taken over as governor for the remaining term of office.

The make-up of the Board of Governors from April 2007 to March 2008 is set out below:

From April 1 2007 to March 31 2008

Public Governors	
Bradford North	Mrs Mary Brewer
Bradford North (until January 31 2008)	Mr John Waterhouse
Bradford North (from February 1 2008)	Mr Mohammad Yaqoob
Bradford South	Mrs Sylvia Reilly
Bradford South	Mrs Maureen Sharpe
Bradford West (resigned 30 November 2007)	Mrs Rifat Ali
Bradford West	Mrs Nora Whitham
Keighley	Mr Ron Beale
Keighley (from December 2007)	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	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 March 31 2008)	Mrs Jenny Scott

Elections to the Board of Governors held April 2007 and March 2008

During 2007/2008, one by-election was held to elect a public governor to fill the vacancy in the Keighley membership constituency. The table below indicates the total number of votes cast and the percentage turn-out in voting.

sub-constituency	vacancy	candidates standing	ballot papers despatched	votes cast	turnout
Keighley	1	3	299	72	24%

Attendance at Board of Governors Meetings

Board of Governor Meetings Attendance Record 2007/2008								
Name	Governor Status	Representing	02/05/2007	18/07/2007	17/09/08 (AGM)	14/11/2007	23/01/2008	total attendances*
Mr Shafiq Ahmed	Partner Governor	Bradford and Airedale tPCT		Y	N	N	Y	2 of 4
Mrs Rifat Ali	Public Governor	Bradford West	Y	Y	Y	N		3 of 4
Prof Grace Alderson	Partner Governor	Bradford University	Y	N	N	Y	Y	3 of 5
Mr Ron Beale	Public Governor	Keighley	Y	Y	Y	N	Y	4 of 5
Mrs Mary Brewer	Public Governor	Bradford North	Y	Y	Y	Y	Y	5 of 5
Janet Collett	Staff Governor	Nursing and Midwifery	Y	Y	Y	Y	Y	5 of 5
Mrs Alison Haigh	Staff Governor	Allied Health Professionals and Scientists	Y	N	N	Y	Y	3 of 5
Mrs Astrid Hansen	Public Governor	Shipley	Y	Y	Y	N	Y	4 of 5
Cllr Matt Palmer	Partner Governor	Bradford Metropolitan District Council	N	Y	N	N	N	1 of 5
Mrs Sylvia Reilly	Public Governor	Bradford South	N	N	Y	Y	Y	3 of 5
Mr Mike Richings	Public Governor	Keighley					Y	1 of 1
Mr Norman Roper	Public Governor	Shipley	Y	Y	Y	Y	Y	5 of 5
Mrs Maureen Sharpe	Public Governor	Bradford South	N	Y	Y	N	Y	3 of 5
Mrs Jenny Scott	Partner Governor	Patient Forum	Y	Y	Y	Y	N	4 of 5
Mr John Sidebottom	Staff Governor	All Other Staff Groups	Y	Y	Y	Y	Y	5 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 John Waterhouse	Public Governor	Bradford North	Y	Y	Y	Y	Y	5 of 5
Mrs Nora Whitham	Public Governor	Bradford West	Y	Y	Y	Y	Y	5 of 5
Professor John Young	Partner Governor	Leeds University	N	Y	Y	Y	N	3 of 5
Mr Mick Young	Patient Governor	Out of Bradford Patients	Y	Y	Y	Y	Y	5 of 5

* provides total attendances out of maximum number of meetings could attend

Board of Directors

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 meets monthly. After most Board meetings a training and development session takes place.

This training programme has ranged from an equality and diversity agenda where the Board visit key groups in the community. These have included meetings with Bradnet (formerly known as the Asian Disability Network), which is a disability rights organisation working primarily within the Bradford district and a visit to a Sikh temple.

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.

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.

In November 2007, Balbir Singh stepped down as a non-executive director and was replaced by John Waterhouse.

Working Together

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

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.

Following the publication of the Code of Governance from Monitor, the Independent Regulator of NHS Foundation Trusts, Nadira Mirza was appointed as the senior non-executive director.

A Board-to-Board meeting was held in October 2007 to discuss the 2008/2009 Annual Plan and other matters.

Appointments of the Board of Directors

Name and title	Commenced in post/terms of office
David Richardson, Chairman	July 1 2005 to June 30 2008
Miles Scott, Chief Executive	Permanent post from August 30 2005
Rose Stephens, Deputy Chief Executive/ Chief Nurse	Permanent post – on going
Bryan Millar, Director of Finance	Permanent post from October 10 2005
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 2008
Chris Jelley, non-executive director	June 1 2005 to May 31 2008
Peter Noble, non-executive director	July 21 2004 to July 30 2010
Balbir Singh, non-executive director	December 1 2000 to November 30 2007
John Bussey, non-executive director	May 1 2006 to April 30 2009
John Waterhouse, non-executive director	February 1 2008 to January 31 2011

During the year, the chairman was reappointed by the Board of Governors for a further three-year term of office, which will begin on July 1 2008 to July 1 2011. Both Richard Bell and Chris Jelley were reappointed for a further three years, following the end of their current term of offices, approved by Board of Governors – these terms will run from June 1 2008 to May 31 2011.

Balbir Singh completed his terms of office in November 2007 and was replaced by John Waterhouse, whose term runs from February 1 2008.

Rose Stephens retired on March 31 2008 and was replaced by Sally Ferguson, who became chief nurse. Bryan Millar will take over as deputy chief executive in addition to his role as finance director.

About our Directors

David Richardson, Chairman

David was appointed as chairman to Bradford Teaching Hospitals NHS Foundation Trust in July 2005. 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, 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.

Rose Stephens, Deputy Chief Executive/Chief Nurse

Following a successful nursing career in both Bradford and Leeds, Rose was appointed as chief nurse to the Bradford Trust in 1993, in addition to being director of nursing for one of the three front-line operational groups in Bradford hospitals.

Since that time Rose has held a series of senior management appointments at the foundation trust. Rose is currently deputy chief executive and chief nurse at the foundation trust – as at March 31 2008.

Rose had the professional line-management of the 12 general managers, who work with the clinical directors to deliver all the clinical services across the foundation trust and is responsible for the leadership of nursing and midwifery.

Bryan Millar, Director of Finance

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 finance director at Bradford Community Health NHS Trust in 1999 before moving to Bradford South and West PCT where he was finance

director 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, Dr Kay spent three years at the Medical University of South Carolina as chief of radiological services at the Digestive Disease Centre.

Clive is the lead clinician for the Western West Yorkshire Upper GI Cancer Centre. He is the chairman of the British Society of Gastrointestinal and Abdominal Radiologists and the chairman of the Royal College of Radiologists Scientific Programme Committee.

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.

Before that 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 Jelley, 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 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.

Peter Noble, Non-Executive Director

Peter qualified as a radiographer before moving into NHS general management posts in Leeds, Liverpool and London. Prior to joining Leeds Medical School in 1999, he was executive director for Whipps Cross Hospital in North East London. He supported the successful Leeds-Bradford bid for medical student expansion, has led international consultancies on health reform and is actively involved with the Council for Academic Health Centres, in North America.

His current role is director for health development at the University of Leeds, with responsibilities for the strategic and operational management for the Faculty of Medicine and Health.

Balbir Singh, Non-Executive Director – until November 30 2007

After completing his Bachelor of Arts (BA) and later his Postgraduate Certificate in Teaching from Punjab University, India, Balbir arrived in England in early 1964. After a short spell working in a textile mill and as a bus driver, he joined the Post Office in 1971 and when in 1981 the business split into two parts, he decided to move to British Telecom. Balbir was awarded an honorary degree from the University of Bradford in July 2007.

Because of some major organisational changes that took place in 1994, he decided to take early retirement. He was appointed a justice of the peace in 1988 and has diligently served the Bradford Bench. At present he is a member of Lord Chancellors Advisory committee of Keighley.

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 of which he is now non-executive chairman. 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 Princes Trust and is a retired justice of the peace.

Attendance at Board of Directors meetings 2007/2008

Dates	Apologies noted	Comments
25 April 2007	Dean Johnson	
30 May 2007	David Richardson Bryan Millar Dr Clive Kay Nadira Mirza	
27 June 2007	Miles Scott Chris Jelley	
25 July 2007		
29 August 2007	Nadira Mirza	
26 September 2007	Rose Stephens	
31 October 2007		
28 November 2007	Chris Jelley	Balbir's last meeting
13 December 2007	Peter Noble	
30 January 2008	Peter Noble John Bussey	
27 February 2008	Nadira Mirza	
26 March 2008		

NB All directors attended all monthly meetings unless apologies are noted above

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.

Member	25/04/ 2007	25/07/ 2007	31/10/ 2007	30/1/ 2008	26/3/ 2008
Miles Scott, Chief Executive	Yes	Yes	Yes	Yes	Yes
Rose Stephens, Deputy Chief Executive/Chief Nurse	No	Yes	Yes	No ³	Yes
Clive Kay, Medical Director	Yes	No ¹	Yes	No ⁴	No ¹
David Richardson, Chairman	Yes	Yes	Yes	Yes	Yes
Dean Johnson, Director of Planning and Performance	No	Yes	No ²	Yes	Yes
Bryan Millar, Director of Finance	Yes	Yes	Yes	Yes	Yes
Jo Bray, Head of Corporate Affairs/Jayne Harris, Acting Head of Corporate Affairs	Yes	Yes	Yes	Yes	Yes
Richard Bell, Non-executive Director	Yes	Yes	Yes	Yes	Yes
Nadira Mirza, Non-executive Director	Yes	Yes	Yes	Yes	Yes
Chris Allcock, Assistant Director of Finance	Yes	Yes	Yes	Yes	Yes

Notes

1. Dr Chris Sides, Deputy Medical Director attended as deputy.
2. Non-attendance due to the need to call an urgent meeting of the PACS Implementation Board. This was agreed as all other executive directors were attending.
3. Maria Neary, general manager , education and cancer Services, attended as deputy.
4. Professor John Wright, deputy medical director attended as deputy.

Remuneration Committee

The Remuneration Committee was held on April 25 2007.

Present were: David Richardson, (chair), Richard Bell, Nadira Mirza, Peter Noble, John Bussey, Balbir Singh and Chris Jelley.

In attendance were: Miles Scott, Barry Mortimer and Jo Bray

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 2007 meeting of the Board of Governors.

External appraisal regarding the overall delivery and performance of the foundation trust is set by the ratings issued by Monitor – financial, governance and mandatory services.

The foundation trust achieved a better risk rating for financial performance by Monitor as the foundation trust achieved a rating of three with five being the best rating available. With regard to governance, the foundation trust was rated amber throughout the year by Monitor. 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, the Independent Regulator of NHS Foundation Trusts). This means that we are performing well.

The healthcare regulator for England, the Healthcare Commission, rated the foundation trust as excellent for the use of our resources and good for the quality of our services.

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.

Audit Committee

The Audit Committee is made up of the following non-executive directors:

Richard Bell (chair)
Peter Noble
Balbir Singh to November 30 2007
Chris Jelley

Audit Committee Attendance: April 2007 – March 2008

Date of Meeting	Richard Bell	Peter Noble	Balbir Singh	Chris Jelley
23 Apr 2007	Present	Present	Present	Apologies
25 Apr 2007	Present	Present	Present	Apologies
7 June 2007	Present	Present	Present	Present
23 July 2007	Present	Present	Apologies	Present
26 Sep 2007	Present	Present	Present	Present
28 Nov 2007	Present	Present	Apologies	Apologies
27 Feb 2008	Present	Apologies	N/A	Present
Total number of meetings attended	7/7	6/7	4/6	4/7

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.

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 reappointment and the search committee may recommend them'*.

The new Code of Governance issued by Monitor, the Independent Regulator of NHS Foundation Trusts 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 met three times to consider a number of options for the recruitment and appointment of a non-executive director to replace Balbir Singh. The Governors who formed the Search Committee were; Nora Whitham, Grace Alderson, Dr Mark Steward, Norman Roper, John Sidebottom and John Speight. In attendance were David Richardson and Jacqui Maurice. A total of 26 applications were received and four candidates were short-listed for interview. The outcome was that John Waterhouse was appointed as non-executive from February 2008.

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.

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

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 divided into four sub-constituencies, which are allied health professionals and scientists, nursing and midwifery, medical and dental and all other staff groups.

Number of Members

During 2007/2008 membership of the foundation trust has increased by a total of 34,943 new members from 9,256 to 44,098. Public membership has increased from 4,455 to 29,899, Patient membership from 424 to 9,589. The total staff population eligible for membership has reduced in year from 4,833 to 4,710. However, staff membership has grown from 4,377 to 4,610, which shows staff membership to have reached 98 per cent of total staff compared with 96 per cent in the previous year.

Public Membership Constituency Breakdown	FT members	Total BMDC 16 years and over public pop.	Total BMDC population	Membership as % of total BMDC 16 years and over eligible public pop.
Keighley	2,232	75,943	94,368	3%
Shipley	5,967	76,456	90,029	8%
Bradford North	6,976	74,090	92,364	9%
Bradford South	7,782	76,652	110,308	10%
Bradford West	6,942	73,959	105,954	9%
Total public Membership	29,899	377,100	493,023	8%
Total patient Members	9,589			
Staff Membership Constituency breakdown	FT members	Total staff pop.	Membership as % of total staff pop.	
Allied Health Professionals and Scientists	1,156	1,179	98%	
Nursing and Midwifery	1,439	1,469	98%	
Medical and Dental	405	432	94%	
All Other Staff Groups	1,610	1,630	99%	
Total Staff	4,610	4,710	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.

Membership Recruitment Activity during 2007 to 2008

The target set within the foundation trust's annual plan for 07/08 was that of achieving a membership of 15,000 by the end of March 2008 with the projected increase related to public and patient membership constituencies.

In August 2007, the governor working group for membership development and communications reviewed membership recruitment options; in particular the responses from the previous year's activities and the associated costs. It had been noted that the direct mail campaign to 70,000 of the foundation trust's most recent patients had elicited a significantly less than expected increase in membership of 1.5 per cent, which if repeated every year would fail to produce the numbers of new members required to meet the target set within the annual plan.

The governor working group supported an opt-in patient mailing to 50,000 patients treated within the last 18 months, which it anticipated would achieve the recruitment target set for March 2008 and the total target set within the Corporate Strategy for 2011. There were significant cost benefits with regard to future membership recruitment activities and membership maintenance costs over the next three years.

As a result of this recruitment campaign the foundation trust has around 34,000 additional members. Although the foundation trust has achieved the targets it set, an analysis of the returns received refusing membership has proved beneficial, in providing the foundation trust with some insights into why people have declined membership and so can support future membership recruitment activities.

About 800 people who declined membership provided some form of commentary either via letter or comments written directly onto the return slip. Given that the overall number declining was relatively high a review of the commentary provided was undertaken in order to determine key reasons why.

The following table provides a summary of the reasons provided for declining membership, the percentage received in relation to all those who actively declined membership and a summary of the most common comments provided.

REASON	% total returns	SUMMARY OF COMMENTS
Age	32%	The majority of written responses received cited age as the primary reason for declining membership
Thank you but no thank you	25%	Short general reasons given – such as moving away soon /already a member at Airedale NHS Trust

Illness	12%	Many suffered from severe degrees of illness and didn't wish or in many cases felt unable to take on membership.
Transport difficulties	10%	Transport difficulties due to age/ mobility/distance from the Foundation Trust
Other commitments	8%	Many were already very active, or were in some cases full time carers, and could not take on any other commitments
Detailed positive	8%	Here people have made long statements and provided letters praising the treatment they received and thanking individual staff
Negative and adverse comments	5%	Majority of comments expressed the opinion that this was a waste of resources, money should be better spent, and investment should be in patient care and hospital cleanliness.

New members have also been recruited at a variety of events aimed at members of the public and patients held at the foundation trust and, at events held within the local district.

The foundation trust and our governors are pleased that we have managed to not only exceed the targets set within our annual corporate objectives but achieved that set within the Corporate Strategy for 2011.

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. We recognise that we have further challenges to make sure we maintain this membership. Engagement and recruitment activities continue to be implemented. Activities undertaken during 2007 to 2008 are highlighted below.

Membership Activity 2007/2008

This year has also seen a number of key developments with regard to membership 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 2007, we delivered our second annual Open Event and Annual General Meeting (AGM), which attracted around 900 visitors in total - an increase of 300 on the previous year's combined event - with about 200 people attending the AGM. The Open Event provided interactive displays, presentations and behind-the-scenes tours from a wide variety of departments and clinical areas within the foundation trust.

The only external participant was Bradford and Airedale teaching Primary Care Trust, which linked with the foundation trust's planning and performance department with a focus on Choose and Book. 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'. 90 evaluation forms were returned with the following results:

- 'How do you rate the open event overall' – 70 per cent rated excellent/30 per cent rated good
- 'How interesting was the open event' – 65 per cent rated excellent/35 per cent rated good
- 'How enjoyable was the Open Event' – 57 per cent rated excellent/43 per cent rated good

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 considered comments from staff who provided displays, tours and presentations and verbal comments provided to the membership office from those involved in the logistics on the day and staff who themselves attended the event. This information is being used to inform planning, which is already underway, for the next Open Event scheduled for September 2008.

Volunteers Forum

The Volunteers Forum involves three governors working with the eleven charitable and voluntary organisations operating within the foundation trust. This year the forum reviewed and agreed new terms of reference in light of the fact that the forum had achieved the majority of aims and objectives set at the forum's establishment in 2005. The forum's key achievements to date include

- Production of the Voluntary Services directory which was distributed both internally and externally
- Regular articles now featured in both Trust Today (internal staff magazine) and Focus (membership magazine)
- Participation within the annual Open Event
- Delivery of an annual volunteering fayre at the St Luke's Hospital site to raise the profile of the charitable and voluntary groups working across the foundation trust and encourage more people to become volunteers.

- Collective participation within the annual Volunteers Thank You (a luncheon hosted by the chairman and honouring volunteers with long service awards and a volunteer of the year award)
- Promoting the forum through activities scheduled during the national week of the volunteer.

The forum have further refined their aims, objectives and strategic role moving forward and agreed the following:

- Represent 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
- Links 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

The work undertaken in support of the revised aims and objectives has included workshops on procurement and communications delivered by staff members of the foundation trust.

Links have been developed with ASSIST, an external umbrella organisation providing networking opportunities, legal advice with regard to charities law, funding opportunities, and training and education opportunities to members.

There have been promotional displays during the week of the volunteers in June 2007 with planning underway for this year's week of the volunteer to include a major volunteering fayre. Delivery of the successful volunteer's thank you event attended by about 200 volunteers in September 2007 and working with the young people's engagement programme to encourage interest in volunteering from 16 to 19-year-olds.

3G: From the Cradle to the Grave (Young People's Membership Development Project)

This year the focus has been on developing a programme of involvement aimed at one of our hard to reach target groups. In consultation with the foundation trust's education and training department a three part pilot programme that has been delivered. The first two parts of the programme have covered;

- Insights into how the NHS works nationally and locally
- Information on careers options for young people within the NHS
- Introductions to Bradford Teaching Hospitals in-house programmes
- Opportunities for students to find out more about specific careers options/ jobs through meeting with the staff who work in these roles
- Opportunities to meet staff from specialties related to the delivery of the

Healthcare Curriculum

- Opportunities to meet staff from specialties related to the health priorities of young people
- Volunteering

The third part of the programme involved the delivery of a Student Open Event, which included participation from a large number of internal departments and external partners such as Bradford and Airedale teaching Primary Care Trust, Bradford University, Bradford District Care Trust and, Bradford Metropolitan District Council. The event focussed on:

- Careers
- Volunteering
- Training and development
- Further and higher education
- Specialties that support the delivery of the Healthcare Curriculum in high schools
- Specialties that reflected healthcare priorities relating to young people.

Governors and the foundation trust were pleased to note that there was a combined attendance of about 450 people. The last event took place in March 2008. The working group is currently undertaking an evaluation which will inform the programme during the next year.

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. The programme began at the end of May 2007 and this year the programme has covered:

- Elderly care
- Infection control
- Hospital cleanliness
- Patient safety
- Men's health
- Accident & Emergency
- Patient transport services
- Cancer services
- Pain management

Each of the departments delivering the sessions were provided with feedback and asked for their responses in terms of any additional questions raised and any suggestions and comments made. This information has been presented back to the membership as a whole via update articles within issues of the membership magazine.

'Member Meet Governor 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.

Membership Communications

This year, there have been major changes in the way we communicate with our membership.

We have launched our regular quarterly communications with our membership. This consists of two update letters alternating with two membership magazines per year (winter, spring, summer and autumn). These communications are exclusive to our members and they update them 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 now receive a welcome letter, which includes information requesting preferred methods of communication, which means that the foundation trust holds 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 Patient, Advice and Liaison Service (PALS), complaints and membership contact information and details for the foundation trust website.

Membership Interests and Patient and Public Involvement

Within the 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, for example - 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 and so on.

A steady 15 per cent of our members have expressed their interest in getting involved with PPI activities.

Interest	How many highlighted this
Accident & Emergency	22%
Cardiology	21%
Pain Management	21%
Children's Services	20%
Care of the Elderly	38%
Cleanliness, hospital food, catering	33%
Infection Control	31%
Patient Information	27%
Cancer	24%
Men's Health	23%

Most have said that they are more than happy to receive information to look at and read, whilst others are happy to be involved in a variety of other ways from talking to someone over the phone, attending meetings or sharing their experiences. The information collected has provided Governors with the following:

- The ten most popular member interest areas
- How our members would be happy to help through patient and public involvement

Happy to receive information by post/email	76%
Happy to talk to someone over the phone	35%
Happy to discuss experiences	25%
Happy to attend meetings	13%

Members have been advised that they will be randomly selected to participate in a range of different activities, and that not everyone will instantly hear from us however regular reports will be made to all our members through the membership quarterly communications on activities that take place and outcomes where appropriate.

Members are taking part in a number of PPI activities and others have been approached regarding other PPI activities. To date these are:

- Participation in various Bradford Institute of Health Research consultation groups
- Equality Impact Assessments being carried out on policies and functions that affect members of the public and patients
- Stroke rehabilitation conference
- Nursing and midwifery clinical governance symposium
- Patient Environment Action Team (PEAT) visits

Feedback through Focus

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 Members Meet Governors 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's papers and agenda are published on the website two weeks before the meetings take 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 page.

Public Interest Disclosures

Our Staff

During the year, we have made sure that our staff are communicated to effectively over matters that concern them as employees. Staff have access to information through our staff magazine, through monthly core briefings after the Board of Directors meeting, through 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.

Equality and Diversity

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

- Setting up a robust mechanism for assessing all our policies, practices and procedures for the impact they have on equality and diversity and delivering training to almost 100 staff on how to assess their policies and functions for impact on equality groups. We have begun to publish all our Equality Impact Assessments on our website
- In April 2007, we published our Gender Equality Scheme in compliance with the Equality Act 2006. This sets out how we intend to ensure that our services and employment opportunities are equitable in relation to gender

In September 2007, we also published data about our workforce by age, disability ethnicity, gender religion and belief and sexual orientation (where possible) in the following areas:

- Applicants for posts
- Short-listed candidates
- Appointed staff

- Grievances
- Disciplinary action
- Performance appraisal
- Training
- Dismissals

In 2007, our interpreting service provided over 10,000 interpreting sessions for patients and visitors. This represents a 25 per cent increase over the number of sessions we provided over the same period in 2006.

We have developed our section of the foundation trust's website to make much of the information presented here publicly available. The address is: <http://www.bradfordhospitals.nhs.uk/about-us/e>

Occupational Health

The foundation trust's occupational health department continued to develop its service in support of the foundation trust's workforce and other stakeholders.

Some of the services and activities include:

- Implementation of a dedicated software package (Cohort) to improve activity monitoring and performance measurement, diary systems and audit
- Department Open Day held in the Recreation Hall in Field House, to promote awareness of the role of occupational health and services available to staff and managers. Other promotion events were: No Smoking Day activity, attendance at a Clinical Governance event – poster presentation, and the Young People's Event on Health and Well-being
- Increased income generated from the small and medium enterprise sector in line with business plan from increase in contract activity
- Successful staff flu immunisation campaign, the uptake was 15.4 per cent in the foundation trust with the national average 9.1 per cent
- Diana Kloss, barrister and national expert in occupational health law presented a session on legal aspects of attendance management to foundation trust managers in April 2007. The feedback from foundation trust managers was good
- The occupational health department submitted a successful bid for £1.6 million capital funding from the Department of Health to improve occupational health in the NHS. This will fund the creation of the Centre for Workplace Health and Wellbeing at Bradford Royal Infirmary and a Satellite Unit at St Luke's Hospital, with a mobile unit available to deliver services to private local companies

Health and Safety

The work to continually improve health and safety within the foundation trust has progressed steadily throughout the year. 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 has been redesigned and updated with positive feedback received from directorates.

The risk coordinators have continued the good work within their respective directorates in enabling managers meet their responsibilities including completing the foundation-trust wide combined risk assessment during 2007. Additional training is planned for Risk Co-ordinators during 2008.

The foundation trust's risk assessment programme continues and is incorporated within relevant directorate risk registers and where appropriate, onto the foundation trust's 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 the foundation trust's highest reported health and safety incidents:

- 18 per cent of injuries caused by physical assault on staff by patient
- 16 per cent of injuries caused as a result of slips, trip and falls
- 15 per cent of 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 the lone workers.

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 foundation trust has a Fraud and Corruption Policy. The foundation trust has a section on counter fraud on the intranet.

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.

Public and Patient Involvement (PPI)

The foundation trust continues to involve patients and the public in shaping services to meet the needs of the local community. This helps us provide patients, carers and visitors with improved information, holds us accountable to the district we serve and helps us to provide the best possible services for patients.

The chief executive meets on a monthly basis with the chairman of the Patient and Public Involvement (PPI) forum to discuss any issues raised by the forum and opportunities for engagement.

The PPI steering group meets quarterly to set the strategic agenda for PPI developments across the organisation. The PPI implementation group, which meets bi-monthly, is key to the implementation of the PPI strategy and the operational management that is required.

Every operational group within the foundation trust has produced an action plan to be implemented through their existing structures and systems. PPI is incorporated into all job descriptions; appraisals and personal development plans.

Throughout the year, we have carried out surveys, patient interviews and patient focus groups which have been supported through the Patient Advice and Liaison Service (PALS).

The inpatient survey has been rolled out throughout the foundation trust, more recently the questionnaire was revised to tailor the needs of maternity services. Other individual foundation trust-wide audits have begun in the following areas to improve services for both service providers and users:

- PALS audit
- Chaplaincy audit
- Complaints handling Audit
- Syncope service Audit

Therapy services have been involved in progressive PPI work including satisfaction surveys, patient information, staff communication and governance.

Cancer services also engage with their users regularly and have recently published a cancer reform strategy focussing on PPI.

Every month we send out patient satisfaction surveys from our catering department and our estates department regularly holds meetings about car parking. In acute surgery, four members of the public are active members of the patient communication sub-group.

The foundation trust has also involved patients in giving advice to others about their condition.

During the year, respiratory medicine established a patients as teachers programme, for respiratory patients, urology runs a buddy system where patients can talk to other patients who have undergone the same surgical procedures, before and after their operations and two patients who have Multiple Sclerosis (MS) have established their own support group for Asian

people who have MS called MS Dreams. Patients as teachers programmes are also running across cardiology, paediatrics, oncology and haemodialysis.

Future progress will focus on reviewing the outpatient's service, undertaking service improvement audits and other key PPI priorities proposed by the foundation trust.

On March 31, PPI Forums were replaced with Local Involvement Networks.

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. Membership continues to grow significantly and is made up of all ages and backgrounds.

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 is supported by three governors, providing support, advice and a good communication link with the Board of Governors. 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 840 people. Through a variety of services and activities, our volunteers are able to support the foundation trust patients, staff and visitors.

Five distinct voluntary organisations, most with charitable status, are registered with the foundation trust and are directly managed through voluntary services:

- The Friends of Bradford Royal Infirmary
- The Friends of St Luke's Hospital
- Radio Royal
- St Luke's Sound
- Bradford Heart Support Group
- Stroke Group (relatively new and developing group, but does not have charitable status).

A number of other voluntary groups are registered with voluntary services 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 390 in March 2008. This demonstrates an increase in permanent volunteers of 4.5 per cent. Voluntary services continue to work closely with Bradford University, 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 25 places available in each intake. Students are required to commit to a minimum of six months.

A number of other voluntary and charitable organisations continue to have strong links with the foundation trust and liaise closely within voluntary services. 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.

The foundation trust has supported all our volunteers with a thank you lunch, awards for long service and a Volunteer of the Year award.

Remuneration Report

Details of the remuneration committee can be found on page 39

REMUNERATION OF SENIOR MANAGERS

Note: It is the view of the Board of Directors 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) £ 000s	Other remuneration (Bands of £5,000) £ 000s	Golden hello £ 000s	Compensation for loss of office £ 000s	Benefits in kind (Rounded to the nearest £100) £
2007/08					
David Richardson (Chairman)	50 - 55				
Miles Scott (Chief Executive) *	170 - 175				
Bryan Millar (Director of Finance) *	135 - 140				
Dr Clive Kay (Medical Director) *	65 - 70	165 - 170			
Dr Dean Johnson (Director of Planning and Performance) *	125 - 130				
Rose Stephens (Chief Nurse and Deputy Chief Executive) *	140 - 145				
Nadira Mirza (Non-Executive Director and Senior Independent Director)	15 - 20				

Peter Noble (Non-Executive Director)	10 - 15
Balbir Singh (Non-Executive Director)	5 - 10
John Bussey (Non-Executive Director)	10 - 15
Chris Jelley (Non-Executive Director)	10 - 15
Richard Bell (Non-Executive Director)	15 - 20
John Waterhouse (Non-Executive Director)	0 - 5

Note: For those directors marked *, the salary figure includes a bonus payment of nine per cent of basic salary.
Payment of this bonus is based on the Remuneration Committee's assessment of performance against specific objectives.

Rose Stephens retired from her post as chief nurse on March 31 2008. Sally Ferguson joined the foundation trust on March 31 2008 as chief nurse.

Balbir Singh retired from his post as non-executive director on November 30 2007.
John Waterhouse was appointed as non-executive director from February 1 2008.

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.

This table is subject to audit.

Name and Title	Total accrued pension at age 60 at 31st March 2008 (Bands of £2,500) £ 000s	Value of automatic lump sums at 31st March 2008 (Bands of £2,500) £ 000s	Real increase in pension during the year (Bands of £2,500) £ 000s	Real increase in automatic lump sum during the year (Bands of £2,500) £ 000s	CETV at 31st March 2008 (Bands of £1,000) £ 000s	CETV at 31st March 2007 (Bands of £1,000) £ 000s	Real increase in CETV during the year (Bands of £1,000) £ 000s
2007/08							
Miles Scott (Chief Executive)	35.0 - 37.5	110 - 112.5	2.5 - 5.0	10.0 - 12.5	440 - 441	374 - 375	39 - 40
Bryan Millar (Director of Finance)	47.5 - 50.0	142.5 - 145.0	2.5 - 5.0	12.5 - 15.0	714 - 715	615 - 616	58 - 59
Dr Clive Kay (Medical Director)	30 - 32.5	90 - 92.5	2 - 2.5	5 - 7.5	390 - 391	343 - 344	25 - 26
Dr Dean Johnson (Director of Planning and Performance)	20.0 - 22.5	65.0 - 67.5	2.5 - 5.0	7.5 - 10.0	246 - 247	204 - 205	25 - 26
Rose Stephens (Chief Nurse and Deputy Chief Executive)	62.5 - 65.0	187.5 - 190.0	2.5 - 5.0	12.5 - 15.0	1,116 - 1,117	987 - 988	72 - 73

Rose Stephens retired from her post as chief nurse on March 31 2008. Sally Ferguson joined the foundation trust on March 31 2008 as chief nurse.

MSW

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 March 31 2008 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 advisors 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 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 2007. A review of the Assurance Framework was carried out by the Governance Committee on behalf of the Board of Directors in March 2008.

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 3 - for maternity services. During the 2007/08 financial year the foundation trust was assessed for the Level 3 of the Risk Management Standards for Acute Trusts, however it narrowly missed attaining this Level and has therefore retained Level 2.

In 2007/08, 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, patient forum, and members of the Overview and Scrutiny Committee of Bradford and Metropolitan District Council.

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.

During the year the Foundation Trust carried out a review of its systems and procedures for securing personal data, including patient data in transit. The Board of Directors received two reports, one in January 2008 and the second in March 2008, and was able to declare compliance with the relevant Information Governance requirements and the Data Protection Act (1998). In the March 2008 report approval was given to amend the Governance (IG) Policy in preparation for Connecting for Health completing the NHS-wide procurement of encryption software to protect data stored on portable devices or media or transmitted via non-NHSMail email services. The policy will come into force during 2008/09 when the software will be available to the Foundation Trust.

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

The foundation trust's financial plan, which was submitted to Monitor, the Independent Regulator of Foundation Trusts in May 2007, included a planned surplus of £1.2 million. This plan included a savings target (described within the organisation at 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, the Independent Regulator of Foundation Trusts 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.

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

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

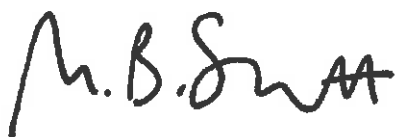
- The Board of Directors
- The Audit Committee
- The Governance Committee

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 2007/08, the foundation trust has fallen short of its targeted reduction in the number of MRSA bacteremias and is declaring partial compliance for the Standards for Better Health standard c21.

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

11 June 2008

Bradford Teaching Hospitals NHS Foundation Trust

Annual Accounts

For the Year Ended 31st March 2008

**Bradford Teaching Hospitals NHS Foundation Trust
Annual Accounts for the Year ended 31st March 2008**

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**Bradford Teaching Hospitals NHS Foundation Trust
Annual Accounts for the Year ended 31st March 2008**

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:



Name: Dr. William Moyes (Chairman)

Dated: 17 January 2008

**Bradford Teaching Hospitals NHS Foundation Trust
Annual Accounts for the Year ended 31st March 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: 11 June 2008

Bradford Teaching Hospitals NHS Foundation Trust
Annual Accounts for the Year ended 31st March 2008

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 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 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 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 31st March 2008 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 system of internal control, required to manage the risks associated with the corporate objectives, 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 David Richardson, Foundation Trust 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.

STATEMENT OF DIRECTORS' RESPONSIBILITY IN RESPECT OF INTERNAL CONTROL
(Continued)

At the clinical directorate level, designated risk advisors 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 Foundation Trust's risk incident reporting system. All Serious Untoward Incidents 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 2007. A review of the Assurance Framework was carried out by the Governance Committee on behalf of the Board of Directors in March 2008.

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 NHS Foundation Trusts.

STATEMENT OF DIRECTORS' RESPONSIBILITY IN RESPECT OF INTERNAL CONTROL
(Continued)

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.

Bradford Teaching Hospitals NHS Foundation Trust
Annual Accounts for the Year ended 31st March 2008

STATEMENT OF DIRECTORS' RESPONSIBILITY IN RESPECT OF INTERNAL CONTROL
(Continued)

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 3 - for maternity services. During the 2007/08 financial year the Foundation Trust was assessed for the Level 3 of the Risk Management Standards for Acute Trusts, however it narrowly missed attaining this level and has therefore retained Level 2.

In 2007/08 the Foundation Trust pro-actively involved the 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, patient forum, and members of the Overview and Scrutiny Committee of Bradford and Metropolitan District Council.

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.

During the year the Foundation Trust carried out a review of its systems and procedures for securing personal data, including patient data in transit. The Board of Directors received two reports, one in January 2008 and the second in March 2008, and was able to declare compliance with the relevant Information Governance requirements and the Data Protection Act (1998). In the March 2008 report approval was given to amend the Governance (IG) Policy in preparation for Connecting for Health completing the NHS-wide procurement of encryption software to protect data stored on portable devices or media or transmitted via non-NHSMail email services. The policy will come into force during 2008/09 when the software will be available to the Foundation Trust.

STATEMENT OF DIRECTORS' RESPONSIBILITY IN RESPECT OF INTERNAL CONTROL
(Continued)

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

The Foundation Trust's financial plan, which was submitted to Monitor, the Independent Regulator of Foundation Trusts in May 2007, included a planned surplus of £1.2million. This plan included a savings target (described within the organisation as the performance improvement target) which has been delivered in full in the 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 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, the Independent Regulator of Foundation Trusts, 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.

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 Risk Committee, if appropriate) 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;
- internal audit reports on corporate governance;
- 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.

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.

**Bradford Teaching Hospitals NHS Foundation Trust
Annual Accounts for the Year ended 31st March 2008**

**STATEMENT OF DIRECTORS' RESPONSIBILITY IN RESPECT OF INTERNAL CONTROL
(Continued)**

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 / assurance mechanisms, such as reports from the NHSLA.

During 2007/08 the Foundation Trust has fallen short of its targeted reduction in the number of MRSA bacteraemias and is declaring partial compliance for Standards for Better Health standard c21.

The Foundation Trust and its officers are alert to their responsibilities and accountabilities 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 11 June 2008

Independent Auditor's 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 2008 which comprise the Income and Expenditure Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Cashflow Statement and the related notes. These financial statements have been prepared in accordance with the accounting policies set out therein. We have also audited the information in the Directors' Remuneration Report that is described as having been audited.

Respective Responsibilities of Directors and Auditors

The Foundation Trust is responsible for preparing the Annual Report, the Directors' Remuneration Report and the financial statements in accordance with directions issued by the Independent Regulator of Foundation Trusts ("Monitor") under the National Health Service Act 2006. Our responsibility is to audit the financial statements and the part of the Directors' Remuneration Report to be audited in accordance with relevant statute, the Audit Code for NHS Foundation Trusts issued by Monitor and International Standards on Auditing (UK and Ireland).

This report, including the opinion, is made solely to 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 (the Act) and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Director's Remuneration Report to be audited have been properly prepared in accordance with the directions issued by Monitor under the National Health Service Act 2006. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

We review whether the Accounting Officer's Statement on Internal Control is misleading or inconsistent with other information we are aware of from our audit of the financial statements. We are not required to consider, nor have we considered, whether the Accounting Officer's Statement on Internal Control covers all risks and controls. We are also not required to form an opinion on the effectiveness of the NHS Foundation Trust's corporate governance procedures or its risk and control procedures.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report, the Chairman's Statement, the Chief Executive's Statement, the Operating and Financial Review, and the unaudited elements of the Directors' Remuneration Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

In addition we report to you if, in our opinion, the NHS Foundation Trust has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and other transactions is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with section 62 and Schedule 10 of the National Health Service Act 2006 and the Audit Code for NHS Foundation Trusts issued by Monitor, which requires compliance with relevant auditing standards issued by the Auditing Practices Board.

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

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the part of the Directors' Remuneration Report to be audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Directors' Remuneration Report to be audited.

Opinion

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 affairs of Bradford Teaching Hospitals NHS Foundation Trust as at 31 March 2008 and of its income and expenditure for the year then ended;
- the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the National Health Service Act 2006 and the directions made thereunder by Monitor; and
- the information given in the Directors' Report is consistent with the financial statements.

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.

Signature 

Date 12/6/08

PricewaterhouseCoopers LLP
Benson House
33 Wellington Street
Leeds LS1 4JP

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.

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

Bradford Teaching Hospitals NHS Foundation Trust
Annual Accounts for the Year ended 31st March 2008

**INDEPENDENT AUDITOR'S 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 2008 which comprise the Income and Expenditure Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Cashflow Statement and the related notes. These financial statements have been prepared in accordance with the accounting policies set out therein. We have also audited the information in the Directors' Remuneration Report that is described as having been audited.

Respective Responsibilities of Directors and Auditors

The Foundation Trust is responsible for preparing the Annual Report, the Directors' Remuneration Report and the financial statements in accordance with directions issued by the Independent Regulator of Foundation Trusts ("Monitor") under the National Health Service Act 2006. Our responsibility is to audit the financial statements and the part of the Directors' Remuneration Report to be audited in accordance with relevant statute, the Audit Code for NHS Foundation Trusts issued by Monitor and International Standards on Auditing (UK and Ireland).

This report, including the opinion, is made solely to 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 (the Act) and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Director's Remuneration Report to be audited have been properly prepared in accordance with the directions issued by Monitor under the National Health Service Act 2006. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

We review whether the Accounting Officer's Statement on Internal Control is misleading or inconsistent with other information we are aware of from our audit of the financial statements. We are not required to consider, nor have we considered, whether the Accounting Officer's Statement on Internal Control covers all risks and controls. We are also not required to form an opinion on the effectiveness of the NHS Foundation Trust's corporate governance procedures or its risk and control procedures.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report, the Chairman's Statement, the Chief Executive's Statement, the Operating and Financial Review, and the unaudited elements of the Directors' Remuneration Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

In addition we report to you if, in our opinion, the NHS Foundation Trust has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and other transactions is not disclosed.

**Bradford Teaching Hospitals NHS Foundation Trust
Annual Accounts for the Year ended 31st March 2008**

**INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF GOVERNORS OF
BRADFORD TEACHING HOSPITALS NHS FOUNDATION TRUST**

Basis of audit opinion

We conducted our audit in accordance with section 62 and Schedule 10 of the National Health Service Act 2006 and the Audit Code for NHS Foundation Trusts issued by Monitor, which requires compliance with relevant auditing standards issued by the Auditing Practices Board.

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

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the part of the Directors' Remuneration Report to be audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Directors' Remuneration Report to be audited.

Opinion

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 affairs of Bradford Teaching Hospitals NHS Foundation Trust as at 31 March 2008 and of its income and expenditure for the year then ended;
- the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the National Health Service Act 2006 and the directions made thereunder by Monitor; and
- the information given in the Directors' Report is consistent with the financial statements.

**Bradford Teaching Hospitals NHS Foundation Trust
Annual Accounts for the Year ended 31st March 2008**

**INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF GOVERNORS OF
BRADFORD TEACHING HOSPITALS NHS FOUNDATION TRUST**

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.

Signature



Date 12/06/2008

PricewaterhouseCoopers LLP
Benson House
33 Wellington Street
Leeds LS1 4JP

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.

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

Foreword to the Accounts

These accounts for the year ended 31 March 2008 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.



11 June 2008

Miles Scott - Chief Executive

Bradford Teaching Hospitals NHS Foundation Trust
Annual Accounts for the Year ended 31st March 2008

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED
31st March 2008

	NOTE	2007/08 £ 000s	2006/07 £ 000s
Income	3	257,943	237,977
Operating expenses	4	<u>(252,552)</u>	<u>(233,170)</u>
OPERATING SURPLUS		5,391	4,807
(Loss) / profit on disposal of fixed assets	6	<u>(25)</u>	<u>7</u>
SURPLUS BEFORE INTEREST		5,366	4,814
Interest receivable		1,767	1,074
Other finance costs - unwinding of discount		<u>(42)</u>	<u>(40)</u>
SURPLUS FOR THE FINANCIAL YEAR		7,091	5,848
Public Dividend Capital dividends payable	5.4	<u>(5,208)</u>	<u>(5,167)</u>
RETAINED SURPLUS FOR THE YEAR		<u>1,883</u>	<u>681</u>

All income and expenses shown relate to continuing operations.
The notes on pages 19 to 40 form part of these financial statements.

Bradford Teaching Hospitals NHS Foundation Trust
Annual Accounts for the Year ended 31st March 2008

BALANCE SHEET

		31st March 2008	31st March 2007 Restated*
	NOTE	£ 000s	£ 000s
FIXED ASSETS			
Intangible assets	8	0	0
Tangible assets	9	197,237	159,091
CURRENT ASSETS			
Stocks	10	3,713	4,009
Debtors	11	5,813	9,055
Cash at bank and in hand	16.3	37,036	21,637
		<u>46,562</u>	<u>34,701</u>
CREDITORS: Amounts falling due within one year	12	<u>(43,102)</u>	<u>(33,198)</u>
NET CURRENT ASSETS		3,460	1,503
DEBTORS: Amounts falling due after more than one year	11	1,355	1,884
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>202,052</u>	<u>162,478</u>
CREDITORS: Amounts falling due after more than one year	12	(1,790)	(1,914)
PROVISIONS FOR LIABILITIES AND CHARGES	13	(4,302)	(3,965)
TOTAL ASSETS EMPLOYED		<u><u>195,960</u></u>	<u><u>156,599</u></u>
FINANCED BY:			
Public Dividend Capital	20	111,261	110,937
Revaluation reserve	15	100,603	67,233
Income and expenditure reserve	15	(16,882)	(22,517)
Donated asset reserve	15	978	946
TOTAL FUNDS		<u><u>195,960</u></u>	<u><u>156,599</u></u>

The Financial Statements on pages 15 to 40 were approved by the Board on 11 June 2008.

*Restated: please see Note 11.

Signed:  Chief Executive

Date: 11 June 2008

Bradford Teaching Hospitals NHS Foundation Trust
Annual Accounts for the Year ended 31st March 2008

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED
31st March 2008

	2007/08	2006/07
	£ 000s	£ 000s
Surplus for the financial year before dividend payments	7,091	5,848
Unrealised surplus / (deficit) on fixed asset revaluations / indexation	37,122	(4,189)
Receipt of donated assets	234	69
Reductions in the donated asset reserve due to depreciation	<u>(202)</u>	<u>(254)</u>
Total gains and losses relating to the financial year	<u>44,245</u>	<u>1,474</u>

Bradford Teaching Hospitals NHS Foundation Trust
Annual Accounts for the Year ended 31st March 2008

CASH FLOW STATEMENT FOR THE YEAR ENDED
31st March 2008

	NOTE	2007/08 £ 000s	2006/07 £ 000s
OPERATING ACTIVITIES			
Net cash inflow from operating activities	16.1	28,897	13,478
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE:			
Interest received		<u>1,767</u>	<u>1,074</u>
Net cash inflow from returns on investments and servicing of finance		1,767	1,074
CAPITAL EXPENDITURE			
Payments to acquire tangible fixed assets		(10,697)	(9,454)
Receipts from sale of tangible fixed assets		<u>300</u>	<u>859</u>
Net cash outflow from capital expenditure		(10,397)	(8,595)
DIVIDENDS PAID		(5,208)	(5,167)
Net cash inflow before management of liquid resources and financing		<u>15,059</u>	<u>790</u>
MANAGEMENT OF LIQUID RESOURCES			
Investment in short-term deposits		(379,007)	(209,500)
Divestment of short-term deposits		379,007	209,500
Net cash inflow before financing		<u>15,059</u>	<u>790</u>
FINANCING			
Public Dividend Capital received		<u>324</u>	<u>4,414</u>
Net cash inflow from financing		324	4,414
Increase in cash		<u>15,383</u>	<u><u>5,204</u></u>

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 2007/08 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, are not required to comply with the FRS 3 requirements to report "earnings per share" or historical profits and losses.

Income Recognition

Income is accounted for applying the accruals convention. The main source of income for the 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 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 (for leased assets, fair value) including any costs, such as installation, directly attributable to bringing them into working condition. The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable. The costs arising from financing the construction of the fixed asset are not capitalised but

Bradford Teaching Hospitals NHS Foundation Trust
Annual Accounts for the Year ended 31st March 2008

1. Accounting Policies and Other Information (continued)

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.

Valuations are carried out by professionally qualified valuers in accordance with the Royal Institute of Chartered Surveyors (RICS) Appraisal and Valuation Manual. The last asset valuations were undertaken by the District Valuers of the Inland Revenue Government Department during 2007 as at the prospective valuation date of 31 March 2008.

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

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

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

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, or 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 Foundation Trust's professional valuers. Leaseholds are depreciated over the primary lease term.

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

Engineering plant and equipment	5-15 years
Vehicles	7 years
Office equipment, furniture and soft furnishings	5-10 years
Medical and other equipment	5-15 years
IT equipment	4-8 years
Buildings	15-80 years

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.

Bradford Teaching Hospitals NHS Foundation Trust
Annual Accounts for the Year ended 31st March 2008

1. Accounting Policies and Other Information (continued)

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.

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 Foundation Trust's cash book. 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.

Expenditure so deferred is limited to the value of future benefits expected and is amortised through the

Bradford Teaching Hospitals NHS Foundation Trust
Annual Accounts for the Year ended 31st March 2008

1. Accounting Policies and Other Information (continued)

income and expenditure account on a systematic basis over the period expected to benefit from the project. It is revalued on the basis of current cost. Expenditure which does not meet the criteria for capitalisation is treated as an operating cost in the year in which it is incurred. Research and development expenditure cannot be separately identified from patient care activity and is therefore is not separately disclosed in the accounts.

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

Provisions

The 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.

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

Pension Costs

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

Bradford Teaching Hospitals NHS Foundation Trust
Annual Accounts for the Year ended 31st March 2008

1. Accounting Policies and Other Information (continued)

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 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.nhspa.gov.uk.

The Scheme is subject to a full actuarial investigation every four years. The last such investigation, published in December 2007, covered the period from 1 April 1999 to 31 March 2004. The conclusion of this investigation was that the scheme had accumulated a notional deficit of £3.3bn against notional assets at 31 March 2004. The basis for this conclusion is set out in the report by the government actuary which can be found on http://www.nhspa.gov.uk/nhspa_site/foi/foi1/Scheme_Valuation_Report/NHSPS_Valuation_report.pdf. Taking account of the changes to the benefit and contribution structure effective from 1 April 2008, the conclusion of the investigation was that employer contributions should continue at the existing rate of 14% of pensionable pay. From 1 April 2008, employees will pay contributions according to 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 trust commits itself to the retirement, regardless of the method of payment.

Value Added Tax

Most of the activities of the 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 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 a Foundation Trust (s519A (3) to (8) ICTA 1988), but, as at 31 March 2008, this power has not been exercised. Accordingly, the 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 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.

Bradford Teaching Hospitals NHS Foundation Trust
Annual Accounts for the Year ended 31st March 2008

1. Accounting Policies and Other Information (continued)

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 Foundation Trust's accounts. The total value of these is disclosed in note 16.3 to the accounts in accordance with the requirements of the HM Treasury Financial Reporting Manual.

Leases

The 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 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 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 Liabilities and Financial Instruments

Recognition

The only financial assets and financial liabilities that the 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 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 cashflows from the assets have expired or the 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

The carrying amounts for normal receivables and payables approximate to their fair value. Financial assets are categorised as 'Fair Value through Income and Expenditure'. Financial liabilities are classified as 'Fair value through Income'. Financial liabilities and financial assets are classified as current liabilities and current assets.

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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:

	2007/08	2006/07
	£ 000s	£ 000s
Elective income	53,937	49,007
Non-elective income	72,246	72,652
Outpatient income	37,723	35,295
Other types of activity income	52,929	47,146
A&E income	9,472	10,217
Total income at Full Tariff	226,307	214,317
PBR clawback	0	(2,669)
Income from Activities	226,307	211,648
Private patients	1,195	1,779
Other Operating Income (see note 3.3)	30,441	24,550
	257,943	237,977

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.

3.2 Income from activities comprises:

	2007/08	2006/07	2002/03
	£ 000s	£ 000s	£ 000s
Private patient income	1,195	1,779	1,632
Total patient related income	227,502	213,427	160,654
Proportion as a percentage	0.53%	0.83%	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 1.0%.

The above note shows that the Foundation Trust was compliant for 2007/08 and 2006/07.

3.3 Other operating income

	2007/08	2006/07
	£ 000s	£ 000s
Research and development	1,497	774
Education and training	11,914	7,701
Charitable and other contributions to expenditure	490	68
Transfers from the donated asset reserve in respect of depreciation of donated assets	202	254
Provider to provider income	5,651	5,835
Car parking income	1,181	1,142
Catering income	1,149	1,136
Other	8,357	7,640
	30,441	24,550

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4. Operating expenses

4.1 Operating expenses comprise:

	2007/08	2006/07
	£ 000s	Restated £ 000s
Services from other NHS Trusts	5,939	5,368
Purchase of healthcare from non NHS bodies	13	0
Directors' costs	1,132	1,007
Staff costs	164,028	152,692
Drugs costs	17,530	15,968
Supplies and services - clinical	29,574	26,386
Supplies and services - general	3,817	3,348
Establishment	4,294	4,089
Transport	787	668
Premises	10,851	9,169
Bad debts	1,188	202
Depreciation and amortisation	6,931	6,625
Fixed asset impairments	553	615
Audit services - statutory audit	61	70
Other auditor's remuneration	20	2
Clinical negligence	3,322	3,561
Other	2,512	3,400
	252,552	233,170

The 2006-07 figures have been restated; £470,000 has been moved from staff costs to directors' costs. £4,413,635, relating to a Pathology contract, has been moved from "Premises" to "Purchase of healthcare from NHS bodies". These changes are to correct the 2006-07 analysis.

4.2 Operating leases

4.2a Operating expenses include:

	2007/08	2006/07
	£ 000s	£ 000s
Hire of plant and machinery	70	73
Other operating lease rentals	350	325
	420	398

4.2b Annual commitments under non-cancellable operating leases are:

	Non land and building leases	
	2007/08	2006/07
	£ 000s	£ 000s
Operating leases which expire:		
Within 1 year	97	142
Between 1 and 5 years	277	357
	374	499

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5. Staff costs and numbers

5.1 Staff costs

	2007/08	2006/07
	£ 000s	£ 000s
Salaries and wages	133,150	124,217
Social security costs	10,409	10,197
Employer contributions to NHSPA	14,680	14,029
Agency and contract staff	7,005	5,005
	<u>165,244</u>	<u>153,448</u>

All employer pension contributions in 2007/08 and 2006/07 were paid to the NHS Pensions Agency.

5.2 Average number of persons employed

	Permanently employed	Agency, temporary and contract staff	2007/08	2006/07
	Number	Number	Total	Total
			Number	Number
Medical and dental	465	75	540	473
Administration and estates	913	42	955	926
Healthcare assistants and other support staff	882	0	882	792
Nursing, midwifery and health visiting staff	1,483	16	1,499	1,396
Nursing, midwifery and health visiting learners	184	18	202	182
Scientific, therapeutic and technical staff	543	0	543	576
Other	0	0	0	1
Total	<u>4,470</u>	<u>151</u>	<u>4,621</u>	<u>4,346</u>

5.3 Retirements due to ill-health

During 2007/08 there were 7 (2006/07: 11) 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 £387,625 (2006/07: £416,323). The cost of these ill-health retirements will be borne by the NHS Pensions Agency.

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 £5,208,000 (2006/07: £5,167,000) bears to the average relevant assets of £146,128,000 (2006/07: £140,897,000) that is 3.6% (2006/07: 3.7%).

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 593 (2006/07: 459) separate losses and special payments, totalling £149,000 (2006/07: £126,000). The bulk of these were in relation to bad debts and ex gratia payments in respect of personal injury.

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6. Profit / (loss) on disposal of fixed assets

	2007/08	2006/07
	£ 000s	£ 000s
Profit on disposal of other unprotected tangible fixed assets	0	9
(Loss) on disposal of other unprotected tangible fixed assets	0	(2)
	<u><u>(25)</u></u>	<u><u>7</u></u>

7. Interest payable

There was no interest payable in 2007/08 or 2006/07.

No interest or compensation has been paid under the Late Payment of Commercial Debts (Interest) Act 1998 during 2007/08 or 2006/07.

8. Intangible fixed assets

	Software Licences £ 000s
Gross cost at 1st April 2007	973
Disposals	<u>(973)</u>
Gross cost at 31st March 2008	<u><u>0</u></u>
Accumulated amortisation at 1st April 2007	973
Disposals	<u>(973)</u>
Accumulated amortisation at 31st March 2008	<u><u>0</u></u>
Net book value	
Total at 1st April 2007	<u><u>0</u></u>
Total at 31st March 2008	<u><u>0</u></u>

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9. Tangible fixed assets

9.1 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 2007	28,193	120,247	2,362	1,730	33,480	334	7,079	390	193,815
Additions – purchased	5	3,426	0	797	1,231	18	3,124	0	8,601
Additions – donated	0	168	0	0	66	0	0	0	234
Impairment	0	(572)	0	0	0	0	0	0	(572)
Reclassifications	36	1,958	55	(1,716)	(471)	27	23	88	0
Other in year revaluation	5,116	20,391	136	0	0	0	0	0	25,643
Disposals	(125)	(175)	0	0	(1,869)	0	(110)	(10)	(2,289)
At 31st March 2008	33,225	145,443	2,553	811	32,437	379	10,116	468	225,432
Accumulated depreciation at 1st April 2007	0	7,993	110	0	22,430	271	3,657	263	34,724
Provided during the year	0	3,630	43	0	2,282	32	909	35	6,931
Impairments	0	(19)	0	0	0	0	0	0	(19)
Reclassifications	0	14	(11)	0	(265)	32	243	(13)	0
Other in year revaluation	0	(11,343)	(136)	0	0	0	0	0	(11,479)
Disposals	0	(1)	0	0	(1,844)	0	(110)	(7)	(1,962)
Accumulated depreciation at 31st March 2008	0	274	6	0	22,603	335	4,699	278	28,195
Net book value									
- Purchased at 1st April 2007	28,193	112,004	2,252	1,730	10,429	40	3,360	73	158,081
- Donated at 1st April 2007	0	250	0	0	621	23	62	54	1,010
Total at 1st April 2007	28,193	112,254	2,252	1,730	11,050	63	3,422	127	159,091
- Purchased at 31st March 2008	33,225	144,907	2,547	811	9,196	44	5,417	190	196,337
- Donated at 31st March 2008	0	262	0	0	638	0	0	0	900
Total at 31st March 2008	33,225	145,169	2,547	811	9,834	44	5,417	190	197,237

The current year reclassifications figures include adjustments to brought forward figures due to the introduction of a new fixed asset system in the year providing more accurate classification information.

9.1 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 2007	18,010	86,233	0	n/a	n/a	n/a	n/a	n/a	104,243
- Unprotected assets at 1st April 2007	10,183	26,021	2,252	1,730	11,050	63	3,422	127	54,848
Total at 1st April 2007	28,193	112,254	2,252	1,730	11,050	63	3,422	127	159,091
- Protected assets at 31st March 2008	18,540	118,563	0	n/a	n/a	n/a	n/a	n/a	137,103
- Unprotected assets at 31st March 2008	14,685	26,606	2,547	811	9,834	44	5,417	190	60,134
Total at 31st March 2008	33,225	145,169	2,547	811	9,834	44	5,417	190	197,237

Of the totals at 31st March 2008, £2,396,000 (31st March 2007: £512,500) related to land valued at open market value and £637,000 (31st March 2007: £825,000) related to buildings valued at open market value and £326,000 (31st March 2007: £385,000) 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 2007: £ nil).

No depreciation was charged to the income and expenditure in respect of assets held under finance leases and hire purchase contracts (31st March 2007: £ nil).

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

	31st March 2008 £ 000s	31st March 2008 £ 000s
Protected	137,103	Unprotected
Freehold	180,941	43,838

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10. Stocks

	31st March 2008 £ 000s	31st March 2007 £ 000s
Raw materials and consumables	<u>3,713</u>	<u>4,009</u>

11. Debtors

	31st March 2008 £ 000s	31st March 2007 Restated £ 000s
Amounts falling due within one year:		
NHS debtors	3,659	7,127
Other prepayments	1,406	1,096
Other debtors and accrued income	3,357	2,342
Provision for irrecoverable debts	(2,609)	(1,510)
	<u>5,813</u>	<u>9,055</u>

Amounts falling due after more than one year:

Other prepayments and accrued income	1,139	1,557
NHS debtors	378	381
Provision for irrecoverable debts	(162)	(54)
	<u>1,355</u>	<u>1,884</u>

The 2006-07 Provision for irrecoverable debts has been restated, having been split between "Amounts falling due within one year" and "Amounts falling due after more than one year". In 2006-07 the whole provision was shown in "Amounts falling due within one year".

11.2 Ageing of impaired debtors by due date

	31st March 2008 £ 000s	31st March 2007 £ 000s
Up to three months	1,428	608
In three to six months	243	199
Over six months	1,100	757
Total	<u>2,771</u>	<u>1,564</u>

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

11.3 Ageing of non-impaired debtors

	31st March 2008 £ 000s	31st March 2007 £ 000s
Up to three months	1,095	647
In three to six months	190	231
Over six months	58	540
Total of items due	<u>1,343</u>	<u>1,418</u>
Items not yet due	5,825	9,521
Total	<u>7,168</u>	<u>10,939</u>

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11.4 Provision for impairment of debtors

	2007/08	2006/07
	£ 000s	£ 000s
At 1 April	1,564	1,206
Provision for debtors impairment	1,966	1,128
Debtors written off during the year as uncollectable	(316)	(272)
Unused amounts reversed	(443)	(498)
At 31 March	<u><u>2,771</u></u>	<u><u>1,564</u></u>

12. Creditors

	31st March	31st March
	2008	2007
	£ 000s	Restated £ 000s
Amounts falling due within one year:		
Bank overdrafts	16	0
Payments received on account	1	2
NHS creditors	5,534	4,938
Taxation and social security	3,457	3,340
Capital creditors	2,369	4,465
Other creditors and accruals	23,215	16,421
Deferred income	8,510	4,032
	<u><u>43,102</u></u>	<u><u>33,198</u></u>

Amounts falling due after more than one year:

NHS creditors	92	137
Deferred income	1,698	1,777
	<u><u>1,790</u></u>	<u><u>1,914</u></u>

Included in NHS creditors:

To buy out liability for early retirements over 5 years	92	137
Number of cases involved	1	1
Outstanding pension contributions at 31st March	1,840	1,782

The 2006/07 figures have been restated to transfer £4,164,000 of accruals from "Deferred income" to "Other creditors and accruals" as accruals were disclosed with deferred income last year.

13. Provisions for liabilities and charges

	Legal claims	Other	Total
	£ 000s	£ 000s	£ 000s
At 1st April 2007	2,260	1,705	3,965
Arising during the year - other	196	1,089	1,285
Utilised during the year	(273)	(717)	(990)
Unwinding of discount	42	0	42
At 31st March 2008	<u><u>2,225</u></u>	<u><u>2,077</u></u>	<u><u>4,302</u></u>

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13. Provisions for liabilities and charges (continued)

	Legal claims £ 000s	Other £ 000s	Total £ 000s
Expected timing of cashflows:			
Within 1 year	431	2,077	2,508
1 - 5 years	463	0	463
Over 5 years	1,331	0	1,331
	<u>2,225</u>	<u>2,077</u>	<u>4,302</u>

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.

As at 31st March 2008 £31,887,000 is included in the provisions of the NHS Litigation Authority in respect of clinical negligence liabilities of the Foundation Trust (31st March 2007: £44,431,000).

Other provisions principally represent amounts in relation to back pay under Agenda for Change.

14. 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 £33,600,000 (2006/07: £32,200,000). The Foundation Trust has borrowed £nil in 2007/08 (2006/07: £nil).

	2007/08		2006/07	
	Actual	Approved	Actual	Approved
Financial ratios				
Maximum debt / capital	n/a	15%	n/a	15%
Minimum dividend cover	2.5	1	2.3	1
Minimum interest cover	n/a	3	n/a	3
Minimum debt service cover	n/a	2	n/a	2
Maximum debt service to revenue	n/a	3%	n/a	3%

Until such time as the Foundation Trust draws down a loan only the minimum dividend cover ratio is relevant.

The actual minimum dividend cover is 2.5 compared to a plan of 2.4. The surplus before interest and depreciation and the level of the dividend paid were as expected.

The Foundation Trust has £18,500,000 (2006/07: £16,500,000) of approved working capital facility. The Foundation Trust did not draw down any amounts under its working capital facility in either 2007/08 or 2006/07.

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15. Movements on reserves

Movements on reserves in the year comprised the following:

	Revaluation reserve £ 000s	Donated asset reserve £ 000s	Income and expenditure reserve £ 000s	Total £ 000s
At 1st April 2007	67,233	946	(22,517)	45,662
Transfer from the income and expenditure account	0	0	1,883	1,883
Other revaluations / indexation of fixed assets	37,122	0	0	37,122
Receipt of donated assets	0	234	0	234
Transfers to the income and expenditure account for depreciation, impairment and disposal of donated assets	0	(202)	0	(202)
Other transfers between reserves	(3,752)	0	3,752	0
At 31st March 2008	100,603	978	(16,882)	84,699

Other transfers between reserves represents balances held in the revaluation reserve relating to assets disposed of during the year.

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16. Notes to the cash flow statement

16.1 Reconciliation of operating surplus to net cash flow from operating activities

	2007/08	2006/07
	£ 000s	£ 000s
Total operating surplus	5,391	4,807
Depreciation and amortisation charge	6,931	6,625
Fixed asset impairments	553	615
Transfer from donated asset reserve	(202)	(254)
Decrease/(increase) in stocks	296	(126)
Decrease/(increase) in debtors	3,771	(2,350)
Increase in creditors	11,862	3,774
Increase in provisions	295	387
Net cash inflow from operating activities	<u><u>28,897</u></u>	<u><u>13,478</u></u>

16.2 Reconciliation of net cash flow to movement in net funds

	2007/08	2006/07
	£ 000s	£ 000s
Increase in cash in the period	15,383	5,204
Net funds at 1st April 2007	<u>21,637</u>	<u>16,433</u>
Net funds at 31st March 2008	<u><u>37,020</u></u>	<u><u>21,637</u></u>

16.3 Analysis of changes in net funds

	At 31st March	Cash changes in	Non-cash	At 31st March
	2008	year	changes in year	2007
	£ 000s	£ 000s	£ 000s	£ 000s
Cash at bank	37,036	15,399	0	21,637
Bank overdrafts	(16)	(16)	0	0
	<u><u>37,020</u></u>	<u><u>15,383</u></u>	<u><u>0</u></u>	<u><u>21,637</u></u>

Third party assets held by the Foundation Trust were £29,859 (31st March 2007: £26,548).

Cash at bank at 31st March 2008 includes an amount of £37,027,000 (31st March 2007: £21,246,000) held in accounts with the Office of HM Paymaster General.

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17. Capital commitments

Commitments under capital expenditure contracts at the balance sheet date were £5,330,609 (31st March 2007: £120,000).

18. Post balance sheet events

There were 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.

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

There were no contingent assets or liabilities at 31st March 2007.

20. Movements in total funds

	2007/08 £ 000s	2006/07 £ 000s
Taxpayers' equity at 1st April	156,599	155,878
Surplus for the financial year	7,091	5,848
Public Dividend Capital dividends paid	(5,208)	(5,167)
	<u>158,482</u>	<u>156,559</u>
Gains / (losses) from revaluation/indexation of purchased fixed assets	37,122	(4,189)
New Public Dividend Capital drawn down	324	4,414
Increases / (reductions) in donated asset reserve	32	(185)
Total funds at 31st March	<u>195,960</u>	<u>156,599</u>
Opening Public Dividend Capital	110,937	106,523
New Public Dividend Capital drawn down	324	4,414
Closing Public Dividend Capital	<u>111,261</u>	<u>110,937</u>

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.

22. Pooled budget

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

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23. 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 2007/08 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.

	This year		This year ended		Last year		Last year ended	
	Income £ 000,000s	Expenditure £ 000,000s	Debtor £ 000,000s	Creditor £ 000,000s	Income £ 000,000s	Expenditure £ 000,000s	Debtor £ 000,000s	Creditor £ 000,000s
Bradford & Airedale PCT	197	0	1	1	189	0	2	0
Calderdale PCT	8	0	0	0	7	0	0	0
Kirklees PCT	5	0	0	0	3	0	0	0
Leeds PCT	6	0	0	0	5	0	0	0
North Yorkshire and York PCT	3	0	0	0	3	0	0	0
Yorkshire & the Humber Strategic Health Authority	13	0	0	0	7	0	1	0
Leeds Teaching Hospitals NHS Trust	0	12	0	0	0	0	0	2
NHS Litigation Authority	0	4	0	0	0	4	0	0

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 revenue and 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.

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24. 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.

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25. Financial assets and liabilities

25.1 Currency

Floating rate

	As at 31 March 2008 £ 000s	As at 31 March 2007 £ 000s
Financial assets		
Sterling	37,029	21,630
Euro	7	7
Gross financial assets	<u><u>37,036</u></u>	<u><u>21,637</u></u>
Financial liabilities		
Sterling	16	0
Other	0	0
Gross financial liabilities	<u><u>16</u></u>	<u><u>0</u></u>

25.2a Financial assets by category

	Total £ 000s	Loans and receivables £ 000s
Assets as per balance sheet		
NHS debtors	3,350	3,350
Other debtors	1,057	1,057
Cash at bank and in hand	37,036	37,036
Total at 31st March 2008	<u><u>41,443</u></u>	<u><u>41,443</u></u>
NHS debtors	6,672	6,672
Other debtors	1,287	1,287
Cash at bank and in hand	21,636	21,636
Total at 31st March 2007	<u><u>29,595</u></u>	<u><u>29,595</u></u>

25.2b Financial liabilities by category

	Total £ 000s	Other financial liabilities £ 000s
Liabilities as per balance sheet		
Bank overdrafts	(16)	(16)
NHS creditors	(3,551)	(3,551)
Other creditors	(20,407)	(20,407)
Accruals	(5,177)	(5,177)
Total at 31st March 2008	<u><u>(29,151)</u></u>	<u><u>(29,135)</u></u>
NHS creditors	(3,156)	(3,156)
Other creditors	(16,722)	(16,722)
Accruals	(4,164)	(4,164)
Total at 31st March 2007	<u><u>(24,042)</u></u>	<u><u>(24,042)</u></u>

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25.3 Fair values

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

25.4 Maturity of financial liabilities

All financial liabilities fall due within one year.