

ANNUAL REPORT AND SUMMARY FINANCIAL STATEMENTS

APRIL 1, 2008 – SEPTEMBER 30, 2008

On October 1, 2008 Bolton Hospitals NHS Trust achieved Foundation Trust status. For the first six months of 2008/9 it operated as an NHS Trust.

The operating and financial requirements of Foundation Trusts differ from those of non-Foundation Trusts and separate accounts and financial statements are required for each. This document provides a report and summary accounts for the period April 1 to September 30, 2008 prior to authorisation as an NHS Foundation Trust.

A separate document with accounts is being produced to cover the rest of the financial year. A more comprehensive narrative on the Trust's performance and achievements for 2008/9 will be found in the report covering this latter period.

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Chairman & Chief Executive's Foreword

On October 1 2008 the organisation became an NHS Foundation Trust. This will mean we can be more accountable to our local communities and staff and develop services in line with their needs. This achievement was only made possible by the dedication of staff in the period leading up to authorisation and we would like to thank them for their input. In the six months that this report covers, everyone worked hard on improving services for patients and on making sure that our financial and governance arrangements were sound.

We also established a pool of FT members and a shadow public and staff Council of Governors. In future they will help us to develop services on behalf of our patients and we look forward to working with them.

Cliff Morris, Chairman

David Fillingham, Chief Executive

Trust Profile

Bolton Hospitals NHS Trust was formed in 1994 and provides a range of services mainly from the Royal Bolton Hospital (RBH) in Farnworth, South West Bolton. The site also accommodates mental health services provided by the Greater Manchester West Mental Health NHS Foundation Trust and a renal dialysis unit provided by Salford Royal NHS Foundation Trust. Fall Birch Hospital, owned by the Trust but formerly used by the mental health trust, was sold in early 2008/9 for private development realising proceeds of around £5.1m. The Royal Bolton has a catchment population of around 310,000 for emergencies, compared with a resident Bolton population of 262,000. It receives most of its funding for non-emergency care from Bolton Primary Care Trust (PCT). The Trust had 647 inpatient beds, 32 daycase and 15 endoscopy beds at the end of September 2008 and 3621 staff. Further information can be found in the finance and performance sections of this report and in the full accounts.

The health of local people

Our services take into account that local people have higher levels of ill health and chronic disease than average. Bolton's populations of younger people and the over 65s are both growing as are minority ethnic group which represent a significant part of the population. There are wide variations in local health. Further information can be found in Bolton PCT's annual public health report at www.bolton.nhs.uk

Partners

We have a wide range of partners that we work closely with in order to provide health and other services for local people. These include Bolton Primary Care Trust, North West Strategic Health Authority and neighbouring trusts. There are clinical networks across organisations, for instance in bringing together multi-disciplinary experts on cancer. We work with independent contractors such as GPs and opticians, Bolton Metropolitan Borough Council, commercial organisations such as ISS Mediclean which provides domestic and portering services, and voluntary sector organisations. We consider our staff and our patients to be partners also.

Factors that affect the Trust

The Trust is bound by national legislation such as that on Freedom of Information, Equality and Human Rights and also by Government targets and requirements on performance. It is regularly monitored by bodies such as the Audit Commission and the Healthcare Commission. It also has a statutory duty to balance its books and must demonstrate sound financial, corporate and clinical governance.

At the same time the Trust needs to work towards local and national initiatives such as Choice, moves to more community based services, centralisation of certain services such as specialist cancer surgery, Payment by Results and more. The introduction of Clinical Assessment and Treatment Services, which can be provided by the NHS or the independent sector on its behalf, is becoming increasingly important in planning the development of services.

The Trust Board pays close attention to these drivers and also to the risks in meeting its required performance

During the six months April 1 to September 30 2008, the Trust identified four key areas of risk. The first was access to patient information systems. This was addressed with a full action plan and the introduction of a new patient information system, LE2.2.

There were two data transfer issues. See below

Summary of Other Personal Data Related Incidents April – September 2008		
Category	Nature of Incident	Total
i	Loss of inadequately protected electronic equipment, devices or paper documents from secured NHS premises	0
ii	Loss of inadequately protected electronic equipment, devices or paper documents from outside secured NHS premises	0
iii	Insecure disposal of inadequately protected electronic equipment , devices or paper documents	0
iv	Unauthorised disclosure	2 (these referred to two patients in separate incidents and there were no untoward consequences of disclosure)
v	Other	0

In May 2008 the Board was advised of a data quality issue in relation to the recording and reporting of the 18 week non-admitted pathway. This was immediately rectified and the Trust commissioned an independent review of data quality.

Further detail about risk management and governance can be found in the Statement on Internal Control which is contained within the Trust's full accounts at www.royalboltonhospital.nhs.uk

Ombudsman's Principles for Remedy

Everything we do is aimed at providing the best possible care quickly and in pleasant and safe surroundings. We do this in line with the Parliamentary and Health Service Ombudsman's Principles for Remedy, namely: getting it right, being customer focused, being open and accountable, acting fairly and proportionately, putting things right, seeking continuous improvement. The Trust Board and Executive Board receive regular reports to ensure that patient views or complaints are dealt with in a timely manner and that appropriate lessons learned are acted upon.

Staff Communication and Involvement

The Trust has a firm belief in involving its staff and communicating with them regularly. There are monthly meetings of the Joint Consultative Committee which includes senior managers and staff side representatives. Managers also meet with the Joint Negotiating Local Committee which represents medical staff. Members of staff sit on a number of service development projects and they play a major role in the Trust's Bolton Improving Care System.

There are a range of media for communicating with staff. These include emails, an intranet site, a feedback section for staff queries, a team briefing system, Chief Executive communication meetings, "Go and See" visits for directors and many more. The Trust has monthly "temperature checks" to monitor staff satisfaction and takes part in the national staff survey. It places particular importance on understanding and addressing staff sickness, which for the first six months of the year, was 4.79 per cent.

All eligible members of staff were given the opportunity of becoming an FT staff member and they have voted for staff governors to represent their views once the organisation becomes a Foundation Trust.

Equality and Diversity

The Royal Bolton Hospital serves an increasingly diverse population and it is important that everyone can access our services fairly. It is also important that our staff reflect our local community and have protected rights of equality. To support this, the Trust has a single Equality and Human Rights Scheme and established a Service Provision Sub-Group and Employment Sub-Group including other organisations and members of the public from diverse backgrounds.

The Trust has a wide range of policies which ensure that we adhere to legislation regarding equality and diversity and human rights for both staff and patients. These include policies on Equal Opportunities, Employment of People with Disabilities, Recruitment and Selection, Interpreting and Translating and Respecting Religious and Cultural Beliefs.

The Trust is an accredited user of the "Two Ticks" symbols for its commitment to the employment of people with disabilities.

Working for our local community and the environment

The hospital is a major organisation and employer for the area and as such has an important role to play in the local community and environment. We are a “Health Promoting Hospital” and do much health education work ourselves and with other agencies.

We are part of the local authority’s “Bolton Family” and members of staff sit on a number of groups and committees which work across the borough. We have worked successfully during the period April to September with the council and Greater Manchester Police on projects including educating youngsters about alcohol abuse.

We invited the Carbon Trust to help us identify ways in which we could reduce the hospital’s carbon footprint. Using this information, the Trust was successful in bidding for money from the Department of Health’s Energy and Sustainability Fund. The £687k received was for ten separate schemes for completion during 2007/8 and 2008/9.

Schemes that are now complete include

- improved heating controls in Princess Anne Maternity Unit
- upgrade of chillers in E, F & G Blocks
- some roof insulation.

Schemes in progress include

- installation of inverters in lifts, which reduce power consumption while the lifts are in use
- Improved heating controls to wards and departments
- energy-efficient lighting in A&E and PAMU
- further roof insulation - being carried out on the current F5 ward upgrade

The Trust has recently set up an Environmental Management and Sustainable Development Committee to look at a wide range of potential recycling opportunities as well as other waste management issues and energy conservation.

The Trust already carries out recycling including cardboard, confidential waste paper, scrap metal, cooking oil etc. Our new waste contractor undertakes the recycling of our general waste before it goes to landfill and from April to September 30 79% of it was recycled.

All clinical waste is currently incinerated on site and approximately 40% of the hospital’s steam load for heating and hot water is generated by the waste heat boiler attached to the clinical waste incinerator.

We aim to use local contractors and suppliers where possible, in particular in catering. We have a Fair Trade certificate.

Emergency Preparedness

The Trust takes emergency preparedness very seriously and in September appointed a full time emergency planning manager. During the period April 1 to September 30 2008 it held a joint exercise with Bolton Primary Care Trust to test its plans for caring for patients during a major incident. It is also developing comprehensive plans for dealing with a potential flu pandemic. It is fully compliant with the requirements of the NHS Emergency Planning Guidance 2005 and all associated guidance.

Summary Developments

During the first six months of the financial year the Trust:

- Appointed Jackie Bene as Medical Director to take over from Ron Hopkins who has retired
- Officially opened the pharmacy robot to streamline dispensing services
- Appointed two new Non-Executive Directors from April 1 – Roger McMullan and Alan Rothwell
- Received the first women to the new Bolton Birth Unit
- Received planning permission for a phased programme of work to make Bolton a “supercentre” for maternity and children’s services
- Introduced ward achievement boards so that patients and staff can see how we are performing against a number of standards.
- Began work to increase our critical care capacity
- Was again named as being one of the Top 100 Employers by the Nursing Times
- Won an award in the regional Health and Social Care Awards for work undertaken by the Bolton Improving Care System
- Undertook extensive work to address backlog maintenance, upgraded fire requirements and various refurbishments.
- Bought several pieces of equipment including two exercise systems for cardiology patients, equipment for radiology and ultrasound, a corneal surgery machine and a body plethysmograph which is used for testing lung function.

Board of Directors

Register of Directors' Interests

NAME:	POSITION:	Interest Declared
Cliff Morris	Chairman	Leader of Bolton Council Director of Smithills Holding Ltd Justice of the Peace
David Fillingham	Chief Executive	Member of National Employment Panel (Until 29 th June 2007). Now changed its name to Working Venture UK (WVUK) Director of WVUK
Colin Dunn	Director of Finance	Nothing to declare
Beverley Andrew	Director of Corporate Services	Nothing to declare
Lesley Doherty	Director of Nursing & Performance Management	School Governor – Aldergrange Community & Technology School, Rawtenstall
Jackie Bene	Medical Director (from June 08)	Trustee of Charity Age Concern
Ron Hopkins	Medical Director (until June 08)	Wife employed by the Beaumont Hospital (local private hospital)
Nicky Ingham	Director of Workforce & Organisational Development	Nothing to declare
Ann Schenk	Director of Service Development	Nothing to declare
Yaseer Ahmed	Non-Executive Director	Director – Pearl Commercial Investments Ltd Managing Director – Bolton Council of Mosques
Arthur Rawlinson	Non-Executive Director	Nothing to declare
Margaret Blenkinsop	Non-Executive Director	Nothing to declare
Alan Rothwell	Non-Executive Director	Nothing to declare
Roger McMullan	Non-Executive Director	Wife employed by the Beaumont Hospital (local private hospital)

Committee membership

NAME:	Trust Board	Audit Committee	Finance Committee	Remuneration Committee
Cliff Morris	✓ chair	-	✓ chair	✓ chair
David Fillingham	✓	-	✓	in attendance by invitation only
Colin Dunn	✓	-	✓	-
Beverley Andrew	✓	-	✓	-
Lesley Doherty	✓	-	-	-
Ron Hopkins (until June 08)				
Jackie Bene (from June 08)	✓	-	-	-
Nicky Ingham	✓	-	-	-
Ann Schenk	✓	-	-	-
Yaseer Ahmed	✓	✓	-	✓
Arthur Rawlinson	✓	✓	✓	✓
Margaret Blenkinsop	✓	✓	-	✓
Alan Rothwell	✓	✓ chair	✓	✓
Roger McMullan	✓	✓	-	✓

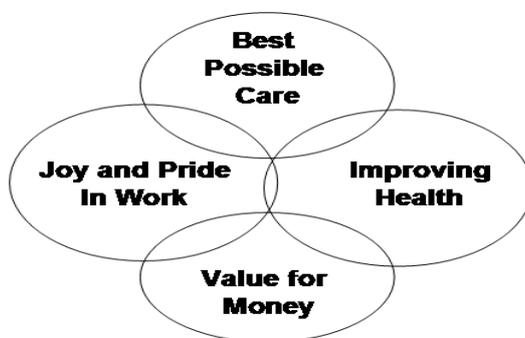
Finance Director's Report

Financial Performance for the six months 1 April 2008 to 30 September 2008 and future outlook

In our Annual Report and Accounts for the financial year 2007/8 we reported that the Trust was working towards Foundation Trust status. "Royal Bolton Hospital NHS Foundation Trust" was authorised with effect from 1st October 2008. The Foundation Trust is a separate legal entity from the previous Bolton Hospitals NHS Trust whose services and assets it takes over. The Accounts which follow are therefore the final accounts of the Bolton Hospitals NHS Trust and relate to the period 1 April 2008 to 30 September 2008.

During this period the Trust received income of £89.7m. The majority of this, £80.0m relates to patient care which is funded by primary care trusts; £59.7m from Bolton PCT.

The Trust's overall aims are to: provide the Best Possible Care to our Patients; contribute to Improving the Health of Local People; promote Joy and Pride in work for our staff; and to provide Value for tax payers' money.



The quality and safety of the services provided by the Trust are measured against key performance indicators which are independently set by the Healthcare Commission (HCC) – a national body which was set up by the Government to promote continued improvement in England's healthcare services. How we performed against the indicators set by the Healthcare Commission is set out in the table which precedes the financial accounts.

This shows that as at September 30th 2008 the Trust is achieving all but three of the twenty four applicable targets.

One of the new Healthcare Commission targets this year is that 90% of admitted patients and 95% of patients who do not require admission should be treated within 18 weeks of referral from their GP. We reported last year that we had been an early achiever of this target. We have maintained this commitment to providing prompt access to hospital services for our patients.

In order to support our objectives and achieve the evolving HCC targets, it is necessary to ensure that the Trust operates efficiently and generates a surplus which is adequate to:

- ensure that it can meet its financial obligations (e.g. servicing its debts)
- ensure that it has adequate reserves for adverse events, and
- facilitate investments in further improving the patient care services which we provide.

The Trust made a small operating deficit of £87k in the period before accounting for two significant and non-recurrent items.

- Revaluation of the estate which resulted in an impairment of £4,047k. This is a “book adjustment” only and does not have any impact on the Trust’s cash position.
- Sale of the former Fall Birch Hospital site which yielded a surplus of £1,783k on a sale value of £5,153k. The Trust now operates almost exclusively from the Royal Bolton Hospital site at Farnworth although it does provide outreach services e.g. midwifery.

This resulted in a reported loss of £2,351k. See table below

	£ '000
Trading Deficit	(87)
Profit on the sale of Fall Birch	1,783
Fixed Asset Impairment	(4,047)
Operating Deficit	(2,351)

This compares with an operating surplus of £1,735k in the previous 12 month period.

The reduction in surplus was due to the combined impact of:

- the final stage of implementing the Government’s funding system “Payment by Results” (PbR) – this reduced the income to the Trust by £1.75m per annum;
- a national review of PbR tariffs which reduced income to the Trust by a further £1.4m per annum;
- higher national pay settlements and other cost increases (particularly electricity and gas) than included within the national tariff uplift; and
- A high level of uncontracted and therefore unplanned activity which exceeded capacity and therefore led to abnormally high workforce costs.

Income is broadly in line with the first half of the previous year. Expenditure however is higher due to the £4.0m fixed asset property impairment.

Looking ahead to the next six months from October 1st 2008 to March 31st 2009 (being the first six months of operation as a Foundation Trust), the financial outlook continues to be challenging for the reasons noted above. Based on currently available information, it is not until 2009/10 that the Trust anticipates returning to a surplus position.

It is the policy of the Trust that the basics of safety and quality of patient care are not compromised by the need to make annual savings. Savings are therefore focused on the removal of waste by system redesign – new ways of working rather than just expecting staff to work harder. A key resource in this process is the Bolton Improving Care System (BICS) which trains and supports departments in achieving continuous improvement in quality, safety and cost.

Working Capital

The sale of Fall Birch enabled the Trust to improve its working capital with net current assets increasing from £1.5m at 1st April 2008 to £7.1m as at 30th September 2008 - whilst continuing to meet the Trust’s liabilities against its working capital loan. (At September 30th, 2008 the Trust’s working capital loan stands at £2.25m with repayments of £0.75m due in March 2009, September 2009 and March 2010.)

Liquidity has similarly improved with cash at bank standing at £7.4m as at September 30 (of which £7.2m is held with the Office of Paymaster General). This is currently expected to reduce to approximately £5.0m by March 31st 2009 due to planned capital investments.

Interest incurred on the working capital loan is declining with the balance outstanding during the period being more than counterbalanced by interest receivable; however the benefit will decline with reducing interest rates.

Capital Structure

When the Trust was formed in 1994 in common with other NHS trusts its assets were financed by the Government in the form of Public Dividend Capital. In other words what the Trust owned, it owed to the Government. This position remains substantially unchanged. Fixed assets have been revalued at October 2008; this valuation has been included in the financial statements. In line with recent national guidance the Trust has changed its valuation method from "value in use" to that of modern equivalent asset. The overall effect of the revaluations is a reduction in valuation of £52m (£32m due to general fall in market prices and £20m due to the change in valuation method). The reduction in asset values is mirrored by a reduction in Government "equity" and does not adversely impact the Trusts operational or financial performance.

Going Concern

After making enquiries, the Directors have a reasonable expectation that Royal Bolton Hospital NHS 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.

Performance against Healthcare Commission Targets

April 1, 2008 – September 30, 2008

Existing Commitment Indicators

Performance Indicator	Existing National Commitment	Threshold 2008/9 where available	Performance	
Total time in A&E < 4 hrs	Maintain the 4 hr maximum wait in A&E from arrival to admission, transfer or discharge	Achieved >=98% Underachieved 97-98% Failed <97%	RBH 97.4% Health Economy 98.3%	
Rapid Access Chest Pain Clinic < 14 days from referral	Maintain a maximum 2 week wait standard for Rapid Access Chest Pain Clinics	Achieved >=98% Underachieved 90-98% Failed <90%	98.4%	
Cancelled operations 28 day admission from a cancelled operation	From April 2002 all patients who have operations cancelled for non-clinical reasons to be offered another binding date within 28 days or fund the patient's treatment at the time and hospital of the patient's choice.	Achieved <=0.8% Underachieved 1.5-0.8% Failed >1.5% <5% breach of 28 day rule	0.6 % 100% admitted within 28 days	 
Thrombolysis	Deliver a ten percentage point increase per year in the proportion of people suffering from a heart attack who receive thrombolysis within 60 minutes of calling for professional help	Achieved >=68% Underachieved 38-68% Failed <68%	April to June 08 70.6%	
Delayed Transfers of Care	Ensure processes facilitate timely discharge	Achieved <=3.5% Underachieved 5%-3.5% Failed >5%	0.2%	
Inpatient WL	Maintain a maximum wait of 26 weeks for inpatients	Achieved <=0.03% Underachieved 0.15-0.03% Failed >0.15%	4 breaches of the 26 week target	
Outpatient WL	Maintain a maximum wait of 13 weeks for outpatients	Achieved <=0.03% Underachieved 0.15-0.03% Failed >0.15%	0 breaches of the 13 week target	
Ethnic group recording	Record the ethnic group of patients	Achieved >=85% Underachieved 60% - 85% Failed <60%	Admitted Patients 82.8% Outpatients 88.2%	

New Targets

Priority Indicator	Threshold 2008/9 where available	Performance	
Completeness of MINAP data fields	>=90%	April to June 2008 = 99.6%	
MRSA	<= trust target	Target = 10 Actual = 9	
C. Difficile	<= trust target	Target = 120 Actual = 126 16% decrease on same period last year.	
Completeness of hospital data on smoking during pregnancy and on initiation of breast feeding	>2005/06 national average	Achieving	
Experience of patients: results of 2007 survey of inpatients	Performance consistent	Survey currently in progress	
Reduce mortality rates from heart disease, stroke and related diseases by at least 40% in people under 75 by 2010 through participation in audits and stroke care indicator.	Participation in all relevant audits >=80%	Participation in cardiovascular audit - achieved	
		Stroke – achieving	
Ensure nobody waits more than 18 weeks from GP referral to hospital treatment	>=2%	Audiology 0.0%	
		Admitted – 92.0%	
		Non Admitted – 95.3%	
All cancers two week rule	Achieved >=98% Underachieved 95 -98% Failed <95%	99.9%	
All cancers 31 day rule	Achieved >=98% Underachieved 95 -98% Failed <95%	100%	
All cancers 62 day rule	Achieved >=95% Underachieved 90 -95% Failed <90%	100%	

Key to symbols:

Healthcare Commission Targets



achieved



under achieved



failed

Remuneration Report

Remuneration and conditions of service for the Chief Executive and Executive Directors are dealt with by the Remuneration Committee, whose membership is detailed on page 9.

Salary and Pension Entitlements of Senior Managers

Remuneration

Name & Title	April to September 2008			2007/08		
	Salary (Bands of £5,000) £000	Other Remunerati on (Bands of £5,000) £000	Taxable Benefit of Lease Car £	Salary (Bands of £5,000) £000	Other Remunerati on (Bands of £5,000) £000	Taxable Benefit of Lease Car £
Executive Directors						
David Fillingham Chief Executive	70-75	0	0	145-150	0	0
Beverley Andrew Director of Corporate Services	45-50	0	1,500	90-95	0	2,700
Lesley Doherty Director of Nursing & Performance Improvement	45-50	0	900	90-95	0	1,600
Ann Schenk Director of Service Development	35-40	0	0	80-85	0	0
Ron Hopkins (until Jul 18, 2008) Medical Director	10-15	35-40	0	35-40	125-130	900
Jackie Bene (from June 2008) Medical Director	15-20	45-50	0	n/a	n/a	n/a
Colin Dunn Director of Finance	45-50	0	0	90-95	0	0
Nicky Ingham Director of Workforce & Organisational Development	35-40	0	0	75-80	0	0
Non Executive Directors						
Cliff Morris Chairman	10-15	0	n/a	20-25	0	n/a
Margaret Blenkinsop	0-5	0	n/a	5-10	0	n/a
Yaseer Ahmed	0-5	0	n/a	5-10	0	n/a
Arthur Rawlinson	0-5	0	n/a	5-10	0	n/a
Alan Rothwell (From 1 Apr '08)	0-5	0	n/a	n/a	n/a	n/a
Roger McMullan (From 1 Apr '08)	0-5	0	n/a	n/a	n/a	n/a

Pension Benefits

Name & Title	Real increase in pension at age 60 (Bands of £2,500) £000	Real increase in pension lump sum at age 60 (Bands of £2,500) £000	Total accrued pension at age 60 at 30 September 2008 (Bands of £5,000) £000	Lump sum at age 60 related to accrued pension at 30 September 2008 (Bands of £5,000) £000	Cash Equivalent Transfer Value at 30 September 2008 £000	Cash Equivalent Transfer Value at 31 March 2008 £000	Real increase in Cash Equivalent Transfer Value £000	Employers Contribution to Stakeholder Pension (To nearest £100) £
David Fillingham Chief Executive	0-2.5	0-2.5	35-40	115-120	569	549	4	0
Beverley Andrew Director of Corporate Services	0-2.5	0-2.5	35-40	110-115	572	540	12	0
Lesley Doherty Director of Nursing & Performance Improvement	0-2.5	0-2.5	30-35	95-100	498	466	14	0
Nicky Ingham Director of Workforce & Organisational Development	0-2.5	0-2.5	10-15	30-35	120	112	4	0
Ann Schenk Director of Service Development	0-2.5	0-2.5	25-30	85-90	461	448	1	0
Ron Hopkins Medical Director	The Pensions Agency were unable to provide figures for Ron Hopkins as at 30 September. Mr Hopkins retired as Medical Director in July 2008							
Jackie Bene Medical Director (from June 2008)	0-2.5	0-2.5	25-30	75-80	324	308	6	0
Colin Dunn Director of Finance	0-2.5	0-2.5	35-40	115-120	668	649	2	0

The above salary and pension tables have been subject to external audit.

Contracts for the Chief Executive and Executive Directors are individually negotiated based on NHS Terms and Conditions of Service for Senior Managers. The key terms in the contract for current Directors are as follows

Name	Post	Contract Date	Term	Notice Period	Early Termination Provisions
David Fillingham	Chief Executive	01/09/2004	Permanent	6 months	None
Beverley Andrew	Director of Corporate Services	01/05/1979	Permanent	6 months	None
Lesley Doherty	Director of Nursing & Performance Improvement	13/10/2003	Permanent	6 months	None
Nicky Ingham	Director of Workforce & Organisational Development	08/07/2005	Permanent	6 months	None
Ann Schenk	Director of Service Development	06/10/1980	Permanent	6 months	None
Jackie Bene	Medical Director	01/06/2008	Permanent	6 months	None
Colin Dunn	Director of Finance	21/12/2004	Permanent	6 months	None

Capital Expenditure

During the six months ended 30 September 2008 the Trust spent £1,848k on capital expenditure, as follows:-

	30 Sept 2008 £000
Women's and Children's Development (Making It Better Enabling)	180
Clinical Equipment	272
Information Technology	85
Energy Saving Measures	141
Stroke	201
Additional Fire Precautions	383
Other Capital	586
Total	1,848

Charitable Funds

In common with most NHS trusts, Bolton Hospitals NHS Trust also administers charitable funds, registered charity no. 1050488. The funds are held separately from NHS funds and are used to purchase medical equipment, to improve patient and staff amenities and for education and training.

IFRS (International Financial Reporting Standards)

The Trust has a project group looking at the impact of IFRS which meets on a monthly basis. The Trust is on target to report under IFRS for the 2009/10 accounts.

Trust Insurance

Most of the Trust's insurance needs are covered by a scheme operated by the NHS Litigation Authority with the exception of vehicle insurance which is arranged through commercial insurers.

The Trust does not purchase professional indemnity insurance although it does accept vicarious liability for the actions of staff directly involved in patient care. Professional indemnity for Trust Directors is provided via the NHS Litigation Authority Scheme.

Remuneration

All past and present employees are covered by the provisions of the Pensions Agency. Further details can be found on Page 10, Note 1.11 of the Full Annual Accounts.

Internal Control and Risk Management

The Board as a whole is responsible for ensuring that risks to the achievement of its financial, clinical and operational objectives are properly managed. To assist us in doing this, the Trust Board has established committees for Finance, Governance, Information Management and Technology, Human Resources, Audit, Remuneration, and Charitable Funds, with Non-Executive Directors having a key role in ensuring independent input into the Financial, Clinical and Corporate Governance of the Trust. The Trust is committed to sound policies and procedures in respect of Corporate Governance and its arrangements are independently audited each year.

A statement by the Board of Directors on Internal Control and the Management of Risk is provided on pages ii to xi in the statements which preface the Annual Accounts for 2008/09.

Information on Board Directors' remuneration, determined by the Remuneration Committee, is provided in the Notes to the Accounts. The Remuneration Committee determines pay, conditions of service and performance review processes for the Chief Executive and Executive Directors. The Committee has ensured that the Chief Executive, Board-Level Directors and managers recurrent salary increases have not exceeded 2.5% in this year.

A full register of Directors' interests is maintained at Trust Headquarters and may be accessed by members of the public.

Private Finance Initiative

The Trust awarded a seven-year contract in 1999 to a company called iSOFT to provide an Information Technology Infrastructure to:

"...improve patient care demonstrably and directly through improved support to clinical practice..."

The total value of the contract is worth in excess of £6.3m and has been funded via a Private Finance Initiative. The contract ended 21 May 2007. There was an option to extend the contract for a further three years on an annual basis and the Trust exercised this option to February 2009.

Notice of the Trust's Annual Meeting

The annual meeting of the Trust will be held at 3pm on September 24 2009 in the Education Centre at the Royal Bolton Hospital.

STATEMENT ON INTERNAL CONTROL

1ST APRIL 2008 TO 30TH SEPTEMBER 2008



1. SCOPE OF RESPONSIBILITY

The Board is accountable for internal control. As Accountable Officer and Chief Executive of this Board I have responsibility for maintaining a sound system of internal control that supports the achievement of the organisation's policies, aims and objectives. I also have responsibility for safeguarding public funds and the organisation's assets for which I am personally responsible as set out in the Accountable Officer memorandum.

In June 2007 the Board undertook a review of corporate governance using the Audit Commission's Trust Practice Toolkit and revised the corporate governance arrangements. In December 2007 these were further reviewed as part of the Trust's Foundation Trust Application

The following Board sub committees and Trust wide committees provide additional assurance to the Board having explored relevant key issues in greater depth:

Sub committees

- Audit
- Remuneration
- Finance

Trust wide committees

- IM & T committee
- Estates Strategy Committee
- Workforce Committee
- Bolton Improving Care System Committee
- Risk Management Committee
- Clinical Governance & Quality Committee

In particular the Audit Committee which includes all Non-Executive Directors and is attended regularly by at least two Executive Directors is responsible for continuously reviewing and monitoring the Assurance Framework. The minutes of this committee are discussed at the full Trust Board.

The Executive team is supported by a divisional management structure consisting of four divisions. Each division has a Divisional General Manager accountable for the delivery of key objectives in their areas of responsibility.

Each division is supported by a divisional nurse (other than Diagnostics, Therapies and Facilities Division) and an Associate Medical Director who have specific responsibility for delivering on patient safety, quality and the governance agenda. The four divisions are accountable to the Director of Nursing and Performance Improvement. The remainder of the Trust's business is managed by the following functional directorates:

- Finance Information & Procurement
- Workforce & Organisational Development
- Corporate Services

- Nursing and Performance Improvement
- Service Development
- Medical

During the period covered by this statement of internal control the Trust has continued to work towards its 5 year vision and strategy 'Best Possible Care – now and into the Future'. The strategy is closely linked to the Bolton Improving Care System (BICS) which is in its fourth year.

Performance monitoring reports are provided to the Executive Board and Trust Board, on a monthly basis. The minutes of all the Trust wide committees are also seen by the Executive Board. In addition a Non-Executive Director is attached to each Trust wide Committee. The Audit Committee received the Board Assurance Framework and the Trust Risk Register twice in this period. A report on Standards for Better Health was also made to the Audit Committee in this period. The Trust Board receive reports twice per year on these topics. The Board also receive quarterly complaints, serious untoward incident reports and reports from PALS.

The Finance Committee meet monthly and also function as an investment committee in respect of major capital expenditure. The Finance Committee monitor the Trust's operational budget position, cash balances and progress against the Trust's investment improvement and savings plan.

The Finance Committee also monitor the Trust's capital programme. The minutes of the Finance Committee also go to the full Trust Board.

As Accountable Officer I have overall accountability for Internal Control. To support this role there are clear systems of accountability within the organisation with each Executive Director having specific areas of responsibility. Performance against the Trust's objectives is reported to the Board on a monthly basis.

Arrangements are in place for the reporting of serious untoward incidents to the Strategic Health Authority (SHA) and other stakeholders through the Trust's Incident Reporting Policy. The Trust also links to the National Reporting and Learning System (NRLS) of the National Patient Safety Agency.

1.1 PROCESSES IN PLACE BY WHICH WE WORK WITH THE SHA AND PARTNER ORGANISATIONS.

Relationships and working arrangements with the SHA are conducted principally through:

- SHA performance monitoring and reporting arrangements
- SHA led Greater Manchester joint planning networks e.g. for Cancer, Women's and Children's Services and IT etc.
- Routine contact between senior officers and their counterparts.

The Trust's principal partner organisation is Bolton Primary Care Trust and a series of working arrangements are in place relating both to their role as commissioner and a co-provider of services.

- Joint planning and development intentions are embodied in the Local Delivery Plan
- Contract commitments between provider and commissioner are regulated via annual service level arrangements
- Strategic developments are regularly discussed covering elective access and urgent and emergency care. Directors from both organisations are involved in these meetings

- Members of the Executive teams of both the Trust and PCT meet on a regular basis.
- Non-Executives of both organisations meet and there are occasional Board to Board meetings
- Joint performance review mechanisms are in place focusing on key LDP deliverables and NHS plan target delivery.
- A complex array of planning forums exist to focus professional advice and managerial action across a range of priority agendas, including services for Older People, Cancer Services, Children's Services, CHD, Diabetes, Urgent Care Services, Access, Choice and Booking.
- A Clinical Standards Board, Medicine Management Committee and a Clinical Forum are also in place to enable clinicians and managers to work together on a range of clinical issues such as clinical pathways, medicine management and clinical risk management.
- A Health Economy Wide Safety Committee ensures that safety is addressed across the health economy.
- Bolton Primary Care Trust are represented on the Trust's Clinical Governance & Quality Committee and the Trust are represented on the PCT's Clinical Governance Committee.

Overarching partnership structures, embracing local authority, NHS and non statutory sector organisations provide a framework for borough wide strategic development and the Trust is an active member of the Vision Steering group and its partnership boards including the Children's Trust and Local Safeguarding Children's Board

2. THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL.

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate 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 organisations vision, aims and objectives.
- Evaluate the likelihood of those risks being realised and the impact should they be realised and to manage them effectively and economically.

The system of internal control has been in place in Bolton Hospitals NHS Trust for the period ended 30th September 2008 and up to the date of the approval of the interim Annual Report and Accounts.

3. CAPACITY TO HANDLE RISK

3.1 LEADERSHIP

RESPONSIBILITY OF THE CHIEF EXECUTIVE

The Chief Executive has overall accountability and responsibility for risk management within Bolton Hospitals NHS Trust. The Chief Executive holds each line manager accountable for setting objectives, relevant to the Board's corporate objectives for their own staff.

The Chief Executive is a member of the Finance Committee and attends other trust wide committees and is also personally involved in the management of complaints against the Trust.

RESPONSIBILITY OF THE DIRECTOR OF CORPORATE SERVICES

The Director of Corporate Services has overall responsibility for organisational risk management and has managerial responsibility for clinical governance, clinical effectiveness, audit and research & development with the Medical Director providing the professional lead. The Director of Corporate Services attends the Audit Committee and is a member of the Clinical Governance & Quality Committee and the Finance Committee. The Risk Management Committee and Estates Strategy Committee are chaired by the Director of Corporate Services who is also responsible for the management of claims and complaints against the Trust. The post of Head of Governance & Patient Experience and Corporate Quality Manager support the delivery of the Governance & Quality agenda.

RESPONSIBILITY OF THE DIRECTOR OF NURSING AND PERFORMANCE IMPROVEMENT

The Director of Nursing and Performance Improvement is operationally responsible for the delivery of all clinical and operational services within the Trust through the divisions. This includes the achievement of key performance indicators on patient access and patient safety. The Director of Nursing is also the Director of Infection Prevention and Control for the Trust.

The role also includes the professional leadership of nurses and midwives and providing advice to the Board on nursing issues in addition to representing Allied Health Professionals and healthcare scientists at Board level. The posts of Head of Performance, Senior Nurse (older people) and Head of Clinical Practice support the delivery and monitoring of key performance targets and developing and supporting clinical practice throughout the Trust.

RESPONSIBILITY OF THE MEDICAL DIRECTOR

The Medical Director provides professional clinical leadership for governance and patient safety within the Trust. The Medical Director chairs the Clinical Governance and Quality Committee. The Medical Director also provides medical advice to the Board and is professionally responsible for clinical effectiveness, audit and research and development and medical education. The Medical Director is supported by the Associate Medical Directors and the Clinical Leads for clinical effectiveness, patient safety and post graduate education

RESPONSIBILITY OF THE DIRECTOR OF FINANCE

The Director of Finance is the responsible officer for managing financial risk in the Trust and is also responsible for performance reporting, information and procurement. The Director of Finance provides professional financial advice to the Board. The Director of Finance attends the Audit Committee and sits on the Finance Committee.

3.2 TRAINING

To ensure the successful achievement of the Risk Management Strategy and implementation of the Risk Management Policy staff at all levels are provided with appropriate training in carrying out risk assessments and the reporting of incidents. Risk management, incident reporting, risk assessment training, risk register training, managing safety, fire safety training, manual handling, child

protection training and conflict resolution training all form part of an ongoing programme of training within the Trust.

Medicine management training is delivered at doctors' induction programmes and during educational and developmental sessions. Medication error reports are brought to the Clinical Governance and Quality Committee and disseminated to the divisions through the Divisional Quality Managers. Support and advice on medicine management is also provided at ward and departmental level by the Chief Pharmacist and link pharmacists.

Risks and safety in respect of clinical equipment and devices is discussed and disseminated by the Medical Devices and Equipment Management Committee on which all divisions are represented and which also has a training sub group and each ward has a link nurse.

General awareness raising on risk management issues is achieved through staff briefings, team brief, safety bulletins, induction and the intranet.

The Trust has a Patient Experience Group (PEG) which is chaired by the Head of Governance & Patient Experience and includes the Customer Relations

Co-ordinator, PALS Officer, Divisional Quality Managers, Lay members, Equality & Diversity Manager, Head of Clinical Practice and the Senior Nurse for Older People.

The purpose of the group is to identify themes from complaints and PALS issues on a monthly basis and to agree lessons to be learnt and actions to be taken to improve patient experience and ensure this information is shared across the organisation. Work is also undertaken on audits or particular issues such as protected meal times, mixed sex accommodation, nutritional assessments, patient records and infection control.

4. THE RISK AND CONTROL FRAMEWORK.

The Risk Management Policy outlines the responsibilities of the following executives:

- Chief Executive
- Director of Corporate Services
- Director of Finance
- Director of Nursing & Performance Improvement

The responsibility for risk management and clinical risk are incorporated into the post of Corporate Quality Manager. The post of Fire Safety Manager meets the requirements of the Hospital Technical Memorandum 05-01: Managing Healthcare Fire Safety and he reports to the Corporate Quality Manager.

The role of Head of Governance & Patient Experience plays a key role in advising and co-ordinating Governance, the Annual Health Check, NHSLA Standards and is responsible for governance, equality and diversity, clinical effectiveness and clinical and organisational risk as the line manager of the Corporate Quality Manager.

Responsibility for Risk Management for all levels of staff is fully outlined in the Trust's policy on Risk Management responsibilities.

A Board endorsed Risk Management Strategy and policy is in place which describes the following:

- statement of policy
- aims
- strategic objectives
- philosophy of risk management

- total risk control
- risk management structure
- risk management responsibilities
- process of evaluating and prioritising risk
- risk register
- performance management
- monitoring and review
- risk management training and support
- fair blame culture
- stakeholder involvement

The Risk Management Strategy also links to other Trust policies, e.g. Risk Management Policy and Protocols, e.g. Accident/Incident Reporting & Investigation and Root Cause Analysis.

The strategy is available to staff in all wards and departments via the Trust intranet. The Risk Management Strategy was reviewed and approved on 29th July 2008 to reflect the organisational structure and to meet the requirements of the new NHSLA Risk Management Standards.

4.1 RISK MANAGEMENT IS EMBEDDED IN THE TRUST

Risk Management is embedded within the Trust through key committees:

- Audit Committee
- Finance Committee
- Risk Management Committee
- Clinical Governance & Quality Committee
- IM & T Committee
- Workforce Committee

Minutes of these groups are exchanged and made available to staff through the intranet, meetings and bulletins.

Other groups which cover risk issues include:

- Health & Safety Committee
- Radiation Protection Committee
- Medical Devices and Equipment Management Committee
- Divisional Quality Boards
- Infection Control Committee
- Local Security Management Committee
- Fire Safety Committee
- Emergency Preparedness Steering Group

The implementation of the Trust's policies and procedures is the responsibility of functional directors, divisional general managers, heads of service and departmental managers. In November

2007 the Trust received a significant assurance opinion following an internal audit review of the Trust's risk management processes, follow up work has been undertaken and there are no outstanding recommendations.

The Board also received a significant assurance from internal audit on its corporate governance arrangements in the first six months of the year.

4.2 BOARD ASSURANCE FRAMEWORK

A Board approved Assurance Framework was in place for the period 1st April 2008 – 30th September 2008. The Framework:

- covers all of the Trust's main activities
- identifies the corporate objectives and targets the Trust is striving to achieve and covers the core standards on which the Trust is required to declare its compliance during 2008/09
- identifies risks to achievement of these objectives and targets
- identifies the system of internal control in place to manage the risks
- identifies and reviews the assurance mechanisms which relate to the effectiveness of the system of internal control

The Board receive updates on high/significant risks and risks are documented in the Trust Risk Register. The Risk Management committee consider high and significant risks and recommends their inclusion on the Trust Risk Register. The Trust Risk Register and Assurance Framework go to the Audit Committee four times per year and to the Board twice a year.

Risk prioritisation and action planning is informed by the corporate objectives of the Trust, incident reports, litigation claims, audit information, complaints, individual issues from divisions, directorates and national requirements / guidance.

Action plans are developed for unresolved risks and the scoring of risks is adapted from the Australian Risk Management scoring system.

Lead managers and directors are identified to deal with gaps in control and assurance and are responsible for developing action plans to address the gaps.

4.3 STANDARDS FOR BETTER HEALTH

The Trust's Assurance Framework and objectives are linked to the core standards. The Trust's Standards for Better Health Steering Group includes Lay representation. Each of the seven domains are led by an executive director or senior manager. The domain leads reviewed the evidence to support the Trust's Annual Health Check declaration for compliance against the 24 core standards and the Hygiene Code and an interim report prepared for presentation to the Audit Committee.

4.4 INFORMATION GOVERNANCE CONTROLS

Work was undertaken between December 2007 and February 2008 to audit flows of all personal identifiable data. All bulk flows of data (fifty records or more) were risk assessed and where necessary encryption software was applied. Other flows of personal data have been documented and mapped as per the requirements of the Department of Health.

The Trust's IT security policy has been revised and approved to take into account new requirements. It is mandated that all new bulk flows of data must be registered with the Information Governance Group.

The Trust has embarked on a programme of encrypting all laptops and desktop PC's. A folder redirection system has been rolled out across the Trust to ensure that all critical and sensitive data is securely stored centrally and not on local equipment. All portable devices such as memory sticks that are plugged into PC's and laptops have enforced encryption.

In September the Trust Board agreed to the continued use of PDAs, on the proviso that staff were reminded again that such devices should be used solely for the purposes of diary synchronisation and no personally identifiable data stored on them.

Until email encryption is available all staff have been reminded that email should not be used to send personally identifiable data, (unless NHSmail is used) and messages remain within NHS net.

The Trust has submitted its Statement of Compliance and Information Governance toolkit (IGT) to Connecting for Health. The IGT records the status of a number of controls against Information Governance Standards. The overall status shows the Trust as in the top category of compliance. A programme of work has been developed, approved and monitored by the IM&T Committee

4.5 PUBLIC INVOLVMENT

Monthly Board meetings were held in public at which the Assurance Framework, Trust Risk Register and the Annual Health Check were discussed. The Trust's 2007/08 declaration is available on the Trust's website. The Chair and members of the former PPI Forum continued to attend meetings of the Board and were fully involved in board discussions.

Members of the former PPI Forum meet regularly with senior officers of the Trust and undertake regular visits and are actively involved in the Patient Experience Group and other Trust committees.

There is patient / public representation on the Clinical Governance and Quality Committee, Research and Development Committee, Workforce Committee, Patient Experience Group, Bolton Improving Care System Committee, National Standards of Cleanliness Steering Group, Standards for Better Health Steering Group, Maternity Services Liaison Committee and various committees at divisional/directorate level. The Trust has been developing working arrangements with LINKs and with the new Shadow Council of Governors from April – September 2008.

4.6 CNST/NHSLA STANDARDS

The Trust obtained CNST level II for Maternity Standards in 2005.

In December 2007 the Trust was assessed for compliance against the new NHSLA Risk Management Standards for Acute Trusts and achieved level II compliance maintaining the 20% reduction in CNST contributions. The achievement of NHSLA level II also provides assurance regarding compliance with a number of core standards.

4.7 COMPLIANCE WITH NHS PENSION SCHEME REGULATIONS

As an employer with staff entitlement to membership of the NHS Pension Scheme control measures are in place to ensure all employer obligations contained within the scheme regulations are complied with. This includes ensuring that deductions from salary, employee's contributions and payments into the scheme are in accordance with the scheme rules and that member pension

scheme records are accurately updated in accordance with the timescales detailed in the regulations.

5. REVIEW OF EFFECTIVENESS

As Accountable Officer I have responsibility for reviewing the effectiveness of the system of internal control. My review is informed in a number of ways. The Head of Internal Audit provides me with an opinion on the overall arrangements for gaining assurance through the Assurance Framework and on the controls reviewed as part of the internal audit work. Executive Directors and managers within the organisation who have responsibility for the development and maintenance of the system on internal control provide me with assurance.

The Assurance Framework itself provides me with evidence that the effectiveness of controls that manage the risks to the organisation achieving its principle objectives have been reviewed.

My review has also been informed by the process of arriving at the Trust's declaration against the Standards for Better Health core standards. The process of applying to become a NHS Foundation Trust also provided me with additional assurance.

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 who receive monthly performance reports covering the Trust's objectives, Improving Health, Best Possible Care, Value for Money, Joy and Pride in Work and Quarterly Reports on complaints, litigation, incident reporting, Serious Untoward Incidents and PALS issues.
- The Audit Committee who on a quarterly basis receive and review the Board Assurance Framework and Trust Risk Register, and also monitor progress and action taken in relation to external audit and internal audit reports.
- The Finance Committee who monitor the organisations financial performance, review progress against the organisation's investment, improvement and savings plan and recommend a capital programme to the Board and monitor and approve in year amendments.
- The Clinical Governance & Quality Committee who review aspects of patient safety, patient experience and clinical effectiveness and clinical audit. The Committee review the Complaints, Litigation, Incidents and PALS report (CLIP) prior to consideration by the Board.
- The Risk Management Committee who review and monitor staff accidents and incidents, and divisional and trust risk registers. Training and Health and Safety audits are also reviewed by the Committee.
- Executive Directors - I have regular meetings with my Executive Directors, who advise me of actions they have taken to review the effectiveness of the system of internal control in their areas of responsibility.

5.1 Significant Internal Control Issues

In the period 1st April to 30th September 2008, the organisation has had four issues which have required actions to strengthen internal control.

- 5.1.1 The Trust received a limited assurance internal audit report on access to patient information systems. A full action plan has been put in place. This included the introduction of a new patient

information system called LE2.2 which has addressed the majority of the issues. The Integrated Clinical Management System is being rolled out over the next few months.

- 5.1.2 There have also been two data transfer issues in the period ended 30th September 2008. One involved the accidental transfer of a patient's letter clipped to another letter. This was returned by the unintended recipient and the patient concerned informed. The second involved the transfer of a patient's physiotherapy notes (with a similar name but different date of birth) to a solicitor; again these were returned immediately on identification of the error.
- 5.1.3 In the period ending 30th September 2008 the Trust was not meeting its trajectory for C Difficile infections, although there was a marked improvement on 2007/08. The organisation has put in place an action plan which includes the introduction of a revised antibiotic prescribing policy, continued focus on hand hygiene, environmental decontamination and revised isolation policy together with a thorough Root Cause Analysis of every case.
- 5.1.4 In May 2008 the Board was advised of a data quality issue in relation to the recording and reporting of the 18 week non admitted pathway. At the time the error was identified the Trust invited the Intensive Support Team from the Strategic Health Authority to audit the Trust's system. The error in recording was immediately rectified. In addition the Trust commissioned an independent review of data quality by an external consultant to provide assurance to the Board.

5.2 Head of Internal Audit Opinion

The Head of Internal Audit Opinion provides significant assurance that there is a generally sound system of internal control designed to meet organisations objectives.

David Fillingham

Chief Executive

Directors' Statements

Statement of the Chief Executive's responsibilities as the Accountable Officer of the Trust

The Secretary of State has directed that the Chief Executive should be the Accountable Officer to the Trust. The relevant responsibilities of Accountable Officers, including their responsibility for the propriety and regularity of the public finances for which they are answerable, and for the keeping of proper records, are set out in the Accountable Officers' Memorandum issued by the Department of Health.

To the best of my knowledge and belief, I have properly discharged the responsibilities set out in my letter of appointment as an accountable officer.

Date:

David Fillingham

Chief Executive

Statement of Directors' Responsibilities In Respect Of the Accounts

The Directors are required under the National Health Services Act 2006 to prepare accounts for each financial year. The Secretary of State, with the approval of the Treasury, directs that these accounts give a true and fair view of the state of affairs of the Trust and of the income and expenditure of the trust for that period. In preparing those accounts, the directors are required to:

- apply on a consistent basis accounting policies laid down by the Secretary of State with the approval of the Treasury
- make judgements and estimates which are reasonable and prudent
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Trust and to enable them to ensure that the accounts comply with requirement outlined in the above mentioned direction of the Secretary of State. They are also responsible for safeguarding the assets of the Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm to the best of their knowledge and belief they have complied with the above requirements in preparing the accounts.

By order of the Board

Date:

Date:

David Fillingham

Chief Executive

Colin Dunn

Director of Finance

Independent Auditor's report to the Board of Directors of Royal Bolton Hospital NHS Foundation Trust

The Audit Commission's
Trust Practice



Opinion on the financial statements

I have audited the financial statements of Bolton Hospitals NHS Trust for the six month period ended 30 September 2008 under the Audit Commission Act 1998. The financial statements comprise the Income and Expenditure Account, the Balance Sheet, the Cashflow Statement, the Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared in accordance with the accounting policies directed by the Secretary of State with the consent of the Treasury as relevant to the National Health Service set out within them. I have also audited the information in the Remuneration Report that is described as having been audited.

This report is made solely to the Board of Directors of Royal Bolton Hospital NHS Foundation Trust in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 39 of the Statement of Responsibilities of Auditors and of Audited Bodies prepared by the Audit Commission.

Respective responsibilities of Directors and auditor

The directors' responsibilities for preparing the financial statements in accordance with directions made by the Secretary of State are set out in the Statement of Directors' Responsibilities.

My responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view in accordance with the accounting policies directed by the Secretary of State as being relevant to the National Health Service in England. I report whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the accounting policies directed by the Secretary of State as being relevant to the National Health Service in England. I also report to you whether, in my opinion, the information which comprises the commentary on the financial performance included within the Finance Director's Report, included in the Annual Report, is consistent with the financial statements.

I review whether the directors' Statement on Internal Control reflects compliance with the Department of Health's requirements, set out in 'Guidance on Completing the Statement on Internal Control 2008/09' issued 25 February 2009. I report if it does not meet the requirements specified by the Department of Health or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered, whether the directors' Statement on Internal Control covers all risks and controls. Neither am I required to form an opinion on the effectiveness of the Trust's corporate governance procedures or its risk and control procedures.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises: the Chairman & Chief Executive's Foreword, the Trust Profile, the Health of Local People, Partners, Factors that Affect the Trust, Ombudsman's Principles for Remedy, Staff Involvement and Communication, Equality and Diversity, Working for our Local Community and Environment, Emergency Preparedness, Summary Developments, Board of Directors and the unaudited part of the Remuneration Report. I consider the implications for my

report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

Basis of audit opinion

I conducted my audit in accordance with the Audit Commission Act 1998, the Code of Audit Practice issued by the Audit Commission and International Standards on Auditing (UK and Ireland) 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 Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Trust's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that:

- the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error; and
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared.

In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

Opinion

In my opinion:

- the financial statements give a true and fair view, in accordance with the accounting policies directed by the Secretary of State as being relevant to the National Health Service in England, of the state of the Trust's affairs as at 30 September 2008 and of its income and expenditure for the six month period then ended;
- the part of the Remuneration Report to be audited has been properly prepared in accordance with the accounting policies directed by the Secretary of State as being relevant to the National Health Service in England; and
- information which comprises the commentary on the financial performance included within the Finance Director's Report, included within the Annual Report, is consistent with the financial statements.

Certificate

I certify that I have completed the audit of the accounts in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Julian Farmer
Officer of the Audit Commission

8th June 2009

Audit Commission
First Floor, Block 4
The Heath Technical & Business Park
Runcorn
Cheshire
WA7 4QF

Summary Financial Statements

The following summary financial statements, notes to the accounts and certificates are extracts from the full audited accounts of the Trust. The Trust's Summary Financial Statements may not contain sufficient information for a full understanding of the Trust's position and performance. The summary financial statements relate to the six months to September 30, 2008 and are the final accounts for Bolton Hospitals NHS Trust. A copy of the full set of accounts will be available at the Annual Members Meeting or can be obtained from the Trust either by contacting the office of the Director of Finance on 01204 390005, or by writing to:

Mr Colin Dunn
Director of Finance
Bolton Hospitals NHS Trust
Dowling House
Minerva Road
Farnworth
Bolton
BL4 0JR

Income and Expenditure

INCOME AND EXPENDITURE ACCOUNT FOR THE 6 MONTHS ENDED 30 SEPTEMBER 2008

	6 Months Ended 30th September 2008	12 Months Ended 31st March 2008
	£000	£000
Income from activities	80,004	156,465
Other operating income	9,654	19,789
Operating expenses	(90,468)	(168,415)
OPERATING SURPLUS/(DEFICIT)	(810)	7,839
Profit/(loss) on disposal of fixed assets	1,741	(11)
SURPLUS/(DEFICIT) BEFORE INTEREST	931	7,828
Interest receivable	320	461
Interest payable	(82)	(223)
Other finance costs -	(14)	(6)
SURPLUS/(DEFICIT) FOR THE FINANCIAL PERIOD	1,155	8,060
Public Dividend Capital dividends payable	(3,506)	(6,325)
RETAINED SURPLUS/(DEFICIT) FOR THE PERIOD	(2,351)	1,735

During the six month period to September 30, 2008 the Trust received £89,658k income. Of this income £80,004k relates to income received for the treatment of patients; the majority is received from Primary Care Trusts (PCTs), primarily from Bolton PCT, who purchase patient care on behalf of their population, and from the Department of Health.

Other operating income of £9,654k includes £4,520k received from other NHS bodies for the provision of non-patient care services and £3,134k received for education and training. In addition, £1,785k was earned from miscellaneous activities, such as car parking, catering services and photography and printing services.

Operating expenses for the year amounted to **£90,468k** with the largest element of spend relating to staff costs, **£61,190k**.

The income and expenditure deficit of **£2,351k** is after the payment of dividends due to the Government of £3,506k.

The Trust's auditors, the Audit Commission, have issued an unqualified opinion on the 6 month accounts ended 30th September 2008. The total audit charge for the period was £86,664.

The Audit Commission appoints the Trust's external auditors. All members of the audit team are independent of the Trust, Board and staff members. A statement is provided each year detailing the Audit Commission's requirements in respect of independence and objectivity.

BALANCE SHEET AS AT 30 SEPTEMBER 2008

	30 September 2008	31 March 2008
	£000	£000
FIXED ASSETS		
Intangible assets	1,064	1,139
Tangible assets	145,144	201,768
	146,208	202,907
CURRENT ASSETS		
Stocks and work in progress	1,038	1,045
Debtors	9,691	8,011
Cash at bank and in hand	7,421	2,252
	18,150	11,308
CREDITORS: Amounts falling due within one year	(11,073)	(9,857)
NET CURRENT ASSETS/(LIABILITIES)	7,077	1,451
TOTAL ASSETS LESS CURRENT LIABILITIES	153,285	204,358
CREDITORS: Amounts falling due after more than one year	(750)	(1,500)
PROVISIONS FOR LIABILITIES AND CHARGES	(957)	(1,125)
TOTAL ASSETS EMPLOYED	151,578	201,733
FINANCED BY:		
TAXPAYERS' EQUITY		
Public dividend capital	84,791	84,791
Revaluation reserve	46,630	95,227
Donated asset reserve	970	1,013
Income and expenditure reserve	19,187	20,702
TOTAL TAXPAYERS' EQUITY	151,578	201,733

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE 6 MONTHS ENDED 30 SEPTEMBER 2008

	6 Months Ended 30th September 2008	12 Months Ended 31st March 2008
	£000	£000
Surplus/(deficit) for the financial period before dividend payments	1,155	8,060
Unrealised surplus/(deficit) on fixed asset revaluations/indexation	(47,940)	14,038
Increases in the donated asset and government grant reserve due to receipt of donated and government grant financed assets	184	56
Reduction in the donated asset reserve due to depreciation *	(48)	(249)
Total recognised gains and losses for the financial period	(46,649)	21,905
Prior period adjustment	0	0
Total gains and losses recognised in the financial period	(46,649)	21,905

* This is a new line in the accounts that was not previously required. Consequently the comparative figures for the 12 months ended 31 March 2008 have been restated to include this figure.

CASH FLOW STATEMENT FOR THE 6 MONTHS ENDED 30 SEPTEMBER 2008

	6 Months Ended 30th September 2008 £000	12 Months Ended 31st March 2008 £000
OPERATING ACTIVITIES		
Net cash inflow/(outflow) from operating activities	6,504	14,920
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE:		
Interest received	323	461
Interest paid	(83)	(223)
Net cash inflow/(outflow) from returns on investments and servicing of finance	240	238
CAPITAL EXPENDITURE		
Payments to acquire tangible fixed assets	(2,316)	(8,054)
Receipts from sale of tangible fixed assets	5,138	0
Payments to acquire intangible assets	(141)	(941)
Net cash inflow/(outflow) from capital expenditure	2,681	(8,995)
DIVIDENDS PAID		
	(3,506)	(6,325)
Net cash inflow/(outflow) before management of liquid resources and financing	5,919	(162)
MANAGEMENT OF LIQUID RESOURCES		
Net cash inflow/(outflow) from management of liquid resources	0	0
Net cash inflow/(outflow) before financing	5,919	(162)
FINANCING		
Public dividend capital received	0	3,446
Loans repaid to DH	(750)	(1,500)
Net cash inflow/(outflow) from financing	(750)	1,946
Increase/(decrease) in cash	5,169	1,784

Signed on behalf of the Board
 David Fillingham, Chief Executive
 Date: May 2009

Notes to the Accounts

1) Better Payments Practice Code - Measure of Compliance

In line with other public sector bodies, NHS organisations are required to pay invoices within 30 days or within the agreed payment terms, whichever is the sooner. This is known as the Better Payment Practice Code. NHS trusts are required to ensure that at least 95% of invoices are dealt with in line with this code.

The Trust fell just short of the target and achieved 86.4% for Non NHS invoices and 93.7% for NHS Invoices. Efforts continue to achieve the target.

Non-NHS Invoices	September 30, 2008	September 30, 2008
	Number	£000
Total bills paid for the 6 months 2007/08	19,653	23,301
Total bills paid within target	16,597	20,121
Percentage of bills paid within target	84.5	86.4

NHS Invoices	31 March 2008	31 March 2008
	Number	£000
Total bills paid 2007/08	924	8,178
Total bills paid within target	952	7,663
Percentage of bills paid within target	81.4	93.7

3) Management Costs

	6 Months to 30th September 2008	12 Months to 31st March 2008
	£000	£000
Management costs	2,876	5,797
Income	89,658	176,254
Management costs as a percentage of income	3.21%	3.29%

We recognise that not everyone will find this document easy to read. We can arrange for large print, audio tape versions and for summaries or explanations in other languages. Please call 01204 390825 if we can help.

The report and other documents are also available at www.royalboltonhospitals.nhs.uk