



orking for
ved health care

PORTSMOUTH
HealthCare
TRUST

13

Working for improved health care



The Annual Report of Portsmouth HealthCare NHS Trust

1997/98

OUR PURPOSE AND VALUES

The Trust aims to provide: "Effective health care for local people."

We try to meet people's individual health needs and are committed to improving the health of the local community.

WE BELIEVE THAT:

People matter

Whether they be patients and clients, staff, carers or relatives;

Performance matters

We believe that innovation and striving for excellence are essential;

Pounds matter

Every pound we receive has to be spent wisely; and

Partnerships matter

To deliver the best possible care, it is crucial to work well with other services and with the public.

Contents

Foreword.....	3
The year that was.....	4
Developing better health.....	6
Supporting staff.....	7
Making good use of resources.....	8
Improving the quality of services.....	10
Building for the future.....	12
The A to Z of improved care.....	13
The work of the Trust Board.....	16
The year ahead.....	17
Where to find us.....	18
Financial analysis.....	21
Internal financial control.....	28





Foreword

It is now six months since I joined Portsmouth HealthCare Trust as Chairman and, during that time, I have been able to meet many people and visit many of the ninety locations from which the Trust operates.

Although we provide a very diverse range of health services to people in Portsmouth and South East Hampshire, there are two strong common threads in what we do and the way we work which I believe are characteristics of this Trust.



Chairman Margaret Scott (second left) with Trust staff award winners Taryn Dibley (left), Sylvia Baxter, Helen Bower and Ronald Popple.

- ◆ ***The delivery of the best possible care to our clients and patients is the driving force.*** We continually try to find ways of improving what we do within the available resources and have been able to implement some innovative services. We always try to provide care which we would be happy for one of our family or friends to receive.
- ◆ ***Staff within the Trust work together to provide a supportive environment for each other*** which is highly valued by them and which, in turn, improves the care we provide. Our annual Trust awards - given to recognise both individuals and team performance in the categories of the Trust's four principles: People matter, Performance matters, Partnerships matter and Pounds matter - highlighted the support the winners provided to colleagues as well as skill within their own areas of expertise.

July 5th was the fiftieth anniversary of the beginning of the NHS. It was an opportunity for us to reflect on how many things have changed in the last fifty years and how care, and the settings in which it is provided, has moved on. However, there are still environments within the Trust which are not as we would wish them to be and we must try hard, within the capital resources available, to improve them.

There is much that is new and exciting about the NHS as we move towards the end of this millennium. The White Paper paves the way for greater involvement of general practitioners and community nurses in the commissioning and delivery of care to patients. It also places even greater emphasis on both the quality of care and equality of provision. Portsmouth HealthCare Trust is enthusiastic about these planned changes and about the co-operative way in which health and other agencies can work together. We believe it will help us to continue to improve the care we provide.

Code A

Margaret Scott
Chairman

The year that was

More patients treated

Over the year, the Trust provided consultant care for some 12,000 people, offered day care services to 34,000 people, treated 21,000 outpatients and made 1.4 million visits to people in the community.

Resources used wisely

Around £97 million was invested in services last year, around £2 million every week. One pound in every five goes on meeting the needs of elderly people. Services for adults with mental health problems and for people with learning disabilities accounted for a third of the budget. Some £3 million was invested in new and improved buildings.

April: Outdated institution closes

Services at Coldeast Hospital are re-provided in the community. Coldeast is the second major institution to close in as many years. Only St James' Hospital remains substantially in use.

Spring: Investing in staff brings top award

The 'Investors in People' award is granted to the Trust's services at Petersfield Community Hospital and St Christopher's Hospital, Fareham.

September: Health funding getting tighter

The annual meeting highlighted that staff had achieved many improvements in services in the previous 12 months, despite working under considerable pressure.

Autumn: Cash boost for Trust services

Services across the Trust are earmarked to benefit from a £2 million improvement package.

Autumn: Meeting the needs of elderly people in hospital

More than £500,000 worth of new and upgraded facilities are brought into action reducing the need for 'mixed-sex' wards at Queen Alexandra Hospital.

Autumn: Building a better future

A new substance misuse resource centre opens at Kingsway House in Southsea.

"The delivery of the best possible care to our clients and patients is the driving force in this Trust."

Margaret Scott, chairman

The year that was

Winter: Bright ideas lift the winter gloom

An extra £1.2 million is invested in local Trust services by Portsmouth Health Authority to combat winter pressure on services.

Winter: Children gain respect

A new Children and Young Person's Health Charter is introduced by the Trust and other NHS organisations in the area.

December: A new NHS

Major changes to the way the NHS is run are announced by the Secretary of State for Health.

January 1998: Pilot scheme attracts national interest

A joint initiative with local nursing homes helps the Trust to provide better care for elderly people during the busy winter period.

April 1998: A major anniversary

Gosport War Memorial Hospital celebrates 75 years of service to the community.

April 1998: Award for excellence and dedication

Janet McLean, a senior nurse team leader in Fareham and Gosport, wins a 'regional award' for outstanding service to the NHS.

April 1998: New centre will help beat drugs

The new Avalon Substance Misuse Resource Centre opens at St Christopher's Hospital in Fareham.



Developing better health

"For some patients the care will be short term. For example, they may be recovering from an operation or an injury. However, for others, the care package may extend over months or even years, enabling patients to live as comfortably as possible."

Paula Turvey,
who has responsibility for
coordinating the Trust's
district nursing services

Providing care for more people

Overall, the Trust met the targets which had been set in agreement with those who commission the services it provides. This represents a considerable achievement and is due to the continued dedication and commitment of all who work for the Trust.

- ◆ Some 12,000 people received a finished course of treatment.
- ◆ Just over 34,000 people received day care services, slightly fewer than expected.
- ◆ The Trust cared for over 21,000 outpatients, substantially more than planned.
- ◆ Staff made around 1.4 million visits to people in the community, again more than anticipated.

WHAT HEALTH CARE WAS PROVIDED?

	Target	Difference	Actual
Complete courses of treatment	11,804	-0.6%	11,782
Day care attendances	38,383	-9.2%	34,234
Outpatient attendances	20,053	+6.1%	21,082
Other patients seen in the community	1,320,999	+3.3%	1,407,053

The Trust provided services for 5 health authorities and 20 GP fundholders.



Supporting staff

The Trust has always seen staff and their representatives as partners in the provision of health care. Whilst the patient/client experience is vitally important, the views of our employees are also crucial. Positive employment practices are necessary if staff are to be helped to do the best they can for patients and clients.

Disabled employees

Following last year's review of policy to ensure the Disability Discrimination Act was implemented, the Trust continued to provide training and awareness seminars to staff to promote the case for disabled people in the workplace. Attention has also been paid to prevention of disability among existing staff. Health care can be a risky business, ranging from the threat of back injury to heavy psychological pressures.

Mental health and well being

In partnership with staff representatives, a policy to promote mental health and well being has been prepared and implemented. An important feature of this has been the Trust's 'prevention of stress' programme which ranges from workplace counselling to aromatherapy.

Keeping staff healthy

The Trust's fast-track back scheme continues to be successful and in high demand. Particularly relevant is education and training to prevent injury and strain through poor manual handling practices.

Vaccinations to prevent influenza were made freely available to staff last autumn. The outcome has reduced sickness during the winter. Careful analysis is taking place to test the link between the vaccination programme and the reduction in sickness levels.

New technology and education

Staff also need up-to-date information to carry out their work. The Trust has established connections to the Internet in several library sites to enable rapid access to information.

The funds available for education and training have been increased enabling increased participation in training events. Considerable effort has been made to ensure that the change of nursing education provider proceeds smoothly and that the provision of training and education is not compromised by the changes.

Information and consultation

The Trust continues to enjoy good relationships with staff and their representatives - the jointly organised Staff Conference on primary care being a highlight of the year. The staff opinion survey, revised with help of staff this year, continues to report satisfaction with many aspects of employment including enjoyment of work and good relationships with supervisors/managers. However, worries about job security continue despite the stable employment position.

'Healthcare First' and other communications work

The quarterly staff newspaper introduced in 1997 has become well established and has grown in reputation. The weekly Communicate also continues to receive staff support and readership. These channels of staff communication are important to recognise the success achieved by staff in providing health care and to spread good practice.

OUR STAFF: how many and what they do

Medical and dental	66
Health care assistants & support workers	1503
Nursing	1250
Scientific and technical	373
Management and administration	686
Total	3878

Making good use of resources

Investing in services

The Trust invested around £250,000 every day of the year in community health care services. Its annual budget was £97 million, an increase of 1.8% on 1996/97. Most money, around 90% of the Trust's income, came from one source: Portsmouth and South East Hampshire Health Authority.

Ensuring value for money

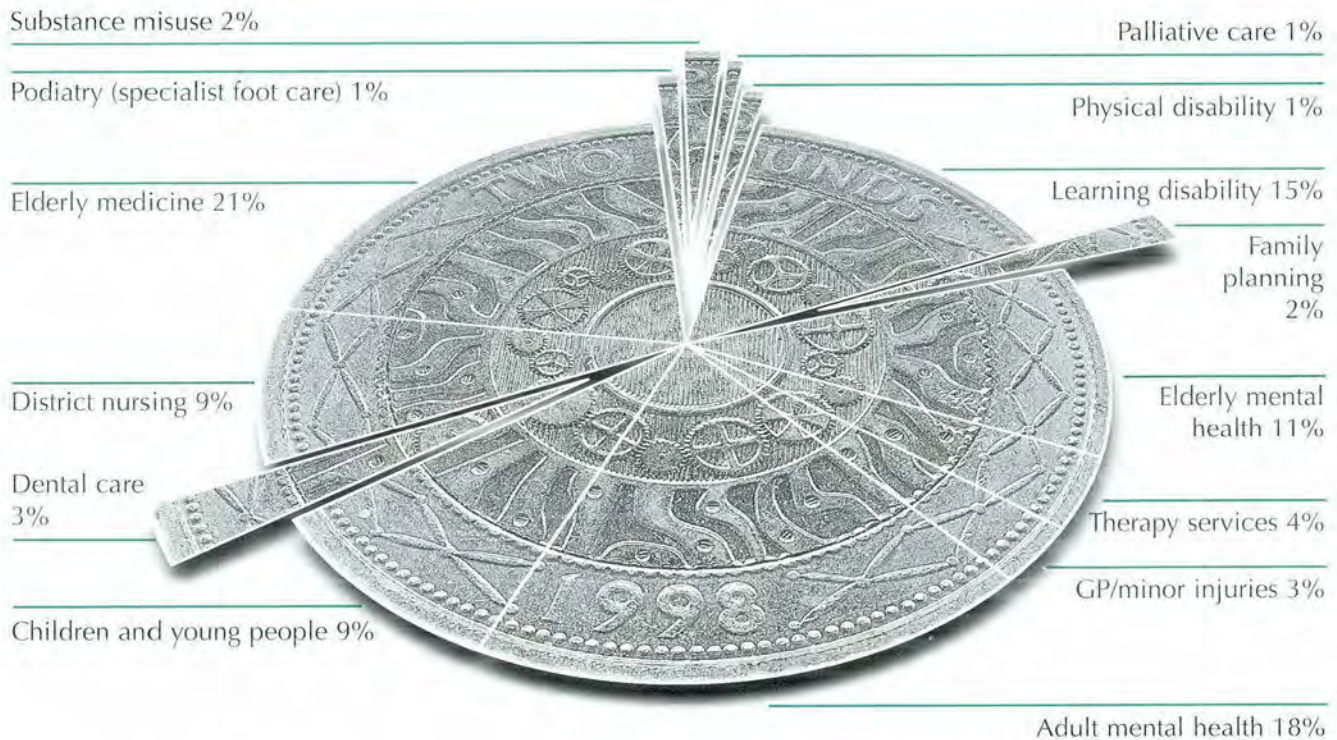
The Trust continued to keep a close eye on its finances.

- ◆ It reinvested around £450,000 in services as a result of 'cash-releasing' efficiency savings.
- ◆ The full-year cost of new developments, around £300,000, was met successfully.
- ◆ Around £5 million was invested in new capital schemes and one-off projects.

Management costs

The Trust met its management cost targets. Just 4.9% of its budget was spent on management, considerably lower than many Trusts of comparable size.

WHERE THE MONEY GOES



Making good use of resources

HOW THE MONEY WAS SPENT

	1997/98 £000
Staff costs	
Doctors	5,457
Dentists	640
Nurses and health visitors	24,342
Health care assistants	14,800
Managers	2377
Scientific, therapy and technical	6678
Directors' costs	259
Agency	2,675
Other	5,540
	62,768
Supplies and services	
Clinical	3,693
General	2,301
Services from Portsmouth Hospitals	6,742
Telephones, travel, printing	3,420
Transport	782
Utilities, maintenance and estate	9,588
Bad debts	33
Depreciation	1,887
Audit fees	56
Other auditors' remuneration	25
Clinical negligence	113
Net dividends and interest	3,128
Other	2,384
	34,152
TOTAL	96,920

ANNUAL INCOME AND SURPLUSES SINCE THE TRUST WAS ESTABLISHED

	1994/95	1995/96	1996/97	1997/98
Total income	£89,189,000	£91,627,000	£95,560,000	£96,960,000
Surplus	£718,000	£806,000	£884,000	£40,000

The reduction in the surplus in 1997/98 is linked to the change in the way the level of Trust debt remuneration is calculated. The new arrangements came into effect in April 1997.

Now & then

"All the staff have data pens. On my computer, I can look at every contact my staff do through the year; there are 90,000 contacts. I can look up a patient and see how successful their treatment was. We can use it for audit and that wasn't possible before."

Margaret Jay, recently retired podiatry service adviser



Improving the quality of services



Now & then

"New techniques are improving people's quality of life and making tremendous strides forward. Research has shown that the nursing environment plays a large part in patient recovery."

Betty Mears, a retired staff nurse.

At the heart of all of the Trust's activities is a desire to ensure the best possible quality of services for our patients and clients. In addition, some 32 projects to improve the quality of care offered by the Trust were completed during the year. These included:

- ◆ initiatives to reduce the number of people who fail to attend for appointments;
- ◆ significant improvements to ward areas were made to improve the dignity and privacy offered to patients, particularly elderly people;
- ◆ a children's charter was developed with other local health organisations;
- ◆ the complaints system was reviewed and revised;
- ◆ a new strategy for improved quality was developed;
- ◆ focus groups and workshops were held to gather the views of users/carers;
- ◆ better information was produced for people from ethnic communities;
- ◆ a racial awareness and race relations policy was introduced and a special training programme was launched; and
- ◆ over 50 clinical audits were completed.



Thank you letters

Some 3,250 letters of thanks and appreciation were received by the Trust during the year.

Complaints

The Trust works hard to ensure that, when something does go wrong, complaints are taken seriously and acted upon quickly. It received 146 formal complaints during the year. Most, around 95%, were acknowledged within two working days and around 70% of all complaints were responded to within 20 days. Some complaints can be highly complex and require careful and thorough investigation. However, very few took more than six weeks to complete or act upon. The vast majority of complaints (143) were resolved locally without the need for further action or independent assessment.

Improving the quality of services

Independent review

The Trust received five requests to refer a complaint to an independent review panel. Two of the complaints failed to meet the referral criteria and were refused an independent review. Two were resolved by further action locally. One complaint was heard by an independent inquiry panel which concluded that the Trust need not take any further action.

Problems in finding an independent assessor meant that one complaint could not be dealt with within the 20-day time limit. The report of the one inquiry which was heard was delayed by six days because of difficulty in finding a date for the panel to meet.

Waiting times and patient charter standards

Immediate assessment for minor injuries.

At the beginning of the year, 94% of patients were assessed within 5 minutes - within the standard required.

Outpatient appointment times.

Ninety per cent of patients needing an appointment must be seen within 13 weeks. Most services within the Trust achieved this national standard.

Everybody is required to have received their appointment within 26 weeks. The Trust met this standard with the exception of the child and family therapy service. Like their colleagues elsewhere in the country, the service is under intense pressure. Referrals are increasing constantly and routine referrals can sometimes wait over 50 weeks. However, all emergency referrals are seen within two days and urgent referrals are seen within 9 weeks.

Waiting no longer than 30 minutes in an outpatient department.

The Trust's performance against this standard was consistently high. Although some services are under intense pressure, and the picture can be variable, the Trust achieved a success rate of 98% across the year as a whole.



"We recognise that, for many patients, mealtimes are the high point of the day and we try our hardest to please everyone."

**Susan Long, head chef
at St James' Hospital**

"Before we had the ultrasound machine, treatment options for dealing with some conditions were limited."

**Rob Bradbury, senior
podiatrist**

Building for the future



Now & then

"There were some pretty grim conditions. In those days, all of us had to improvise. Nowadays, these new buildings and units are first class; they have been purpose-built for the job."

Barney Jerome, capital development officer.

New and better buildings

A £3m programme of major capital schemes was completed during the year. The programme included:

Scheme	Cost
Kingsway House (Substance Misuse Resource Centre)	£650,000
Creation of single-sex wards within the department of elderly medicine at Queen Alexandra Hospital	£500,000
The Potteries (New Divisional HQ for Fareham/Gosport) and the Avalon Centre, St Christopher's (Substance Misuse Resource Centre)	£270,000
Acorn Lodge/Cavendish House - Improved security	£70,000
Hambrook Ward, SJH (minor upgrade)	£97,000
Goddard Assessment Unit, SJH (major upgrade)	£185,000
Major upgrade of Beaton Assessment Unit, St James' Hospital (cost during year)	£100,000
Beaton Day Unit, SJH upgrade	£30,000
Whiteley Wood and Warsash House - environmental improvements	£150,000
Coldeast: G and H villas & Sylvan Clinic - conversion work started to enable withdrawal from Mansion (cost during year)	£100,000
Somerstown Health Centre - enlarged treatment room	£46,000
Gosport War Memorial OPD - doors and reception improvements	£67,000

Efficiency and maintenance

- ◆ Some £1 million was invested during the year in maintenance schemes.
- ◆ The Trust produced an estates strategy which sets out a course for the efficient use of land and buildings in the future.

The private finance initiative

The Trust continued to pursue a proposal under the private finance initiative for five much-needed schemes:

- ◆ two 30-bed acute mental health units, one for Portsmouth City and one for Havant and Petersfield;
- ◆ two 14-bed rehabilitation units, again for Portsmouth City and Havant and Petersfield; and
- ◆ a scheme to build a three 5-bed bungalow complex for people with learning disabilities.

Discussions are continuing with the potential private partner, the regional office and the private finance unit on the best way of finding the capital needed to complete these projects.

The A to Z of improved health care

Adult Mental Health

- ◆ Additional inpatient capacity was made available with the opening of Ibsley ward at St James' Hospital.
- ◆ A new scheme to reduce deliberate 'self-harm' was introduced successfully.
- ◆ Services were reorganised to ensure a good standard across the whole area served by the Trust.

Child Health Services

- ◆ Specialist doctors have been assigned to child protection teams, widening the skills available.
- ◆ The parents of children with special needs now meet with professional staff regularly, helping to improve services and communication between specialists and clients.
- ◆ Behaviour management clinics have been developed in each area served by the Trust as part of improvements to child and family therapy services.

Clinical Psychology

- ◆ A new lead psychologist was appointed and additional psychology staff were recruited.
- ◆ An additional assistant therapist was appointed to help tackle long waiting times at the Child Development Centre. Other therapists were appointed to support the development of primary mental health services.
- ◆ A neuro-rehabilitation psychology service was introduced for people with head injuries.

Community Dental Health

- ◆ General anaesthesia was made available by the Poswillo Dental Centre to more patients with learning disabilities.
- ◆ A new 'data pen' system was introduced, improving the way information is collected.
- ◆ Two more dental clinics were upgraded.

Community Hospitals

- ◆ 'Investors in People' accreditation was achieved at St Christopher's and Petersfield Hospitals.
- ◆ Improvements were made to computer information systems.

District Nursing/Marie Curie/Night Nursing

- ◆ Continence clinics were introduced in each locality and staff training was improved.
- ◆ Clinical specialisms were introduced and implemented successfully.
- ◆ A scheme which allows district nurses to act as 'care managers' for both health and social services was extended further.

Now & then

"A group of patients had never lived outside Knowle Hospital but, once they got these lovely new environments, the majority of people wanted to move on - away and independently."

Annie Coulson,
service manager of mental health services in Fareham and Gosport

"We've got an excellent psychology team across the Trust dedicated to putting the patients' interests first."

Steve Parry,
head of psychology



The A to Z of improved health care



Now & then

"I think nurses are more like doctors; they have more to do. Nursing has changed. They do things which we weren't allowed to do in the past - jobs that doctors did. There is a lot more pressure and a lot more paperwork."

Joy Whittall,
a retired health visitor

"Many patients previously on mixed sex wards said they appreciated the new environment. And the new nursing stations have improved observation for staff and become more accessible to patients and visitors."

Jan Peach, operational manager

Elderly Medicine

- ◆ Work was completed to provide single sex facilities, piped medical gases and call bells on all acute wards.
- ◆ A package of proposals was implemented to help meet the additional workload during the winter months.
- ◆ Improved access to Echocardiology diagnostic services was offered to a greater range of people.

Elderly Mental Health

- ◆ Staffing levels in residential services were improved at St James' Hospital.
- ◆ A series of upgrades and other improvements was completed at Summervale, Locksheath, Goddard and Beaton wards at St James' Hospital.

Family Planning and Sexual Health

- ◆ A scanner was purchased to provide a more comprehensive diagnostic service for women.

Greener ways of working

- ◆ The Trust organised a "Greening the NHS" Conference in 1997 and established a 'Green Group'. The Group has helped promote and support 'environmentally friendly' projects. These have included a Waste Recycling Project at St James' Hospital, two initiatives in Gosport War Memorial Hospital and Petersfield Hospital to promote 'Green' practices and a joint project with NHS Supplies to promote 'Green' purchasing trends.

Health and Safety

- ◆ This continues to be an important area of work for the Trust. It has an extensive network of Health & Safety Advisers and a robust system for the distribution of health & safety information to staff.
- ◆ Clinical risk profiles were carried out during the year. These helped staff to identify any risks associated with their everyday work and to agree action to minimise them.
- ◆ Two security reviews were also carried out during the year. These were conducted with 'Crime Concern', a national charity which aims to create a safer and more secure environment for patients, staff and visitors.

Health Promotion

- ◆ New arrangements were introduced which enable health promotion specialists to work more closely with contract groups.

HIV/AIDS

- ◆ A training programme for health staff was completed successfully.

The A to Z of improved health care

Learning Disability Services

- ◆ Purchasing responsibility for a number of residential services was transferred successfully to the social services department.
- ◆ The closure of Coldeast Hospital was, in large part, achieved. All those people scheduled for resettlement were provided with alternative services.

Palliative Care

- ◆ The Trust led the development of a multi-agency approach to delivering palliative care.

Physical Disability Services

- ◆ A clinical psychologist was appointed to work with clients with brain injury.
- ◆ A health promotion specialist was appointed to improve access to services.
- ◆ A specialist diabetic foot service was established in Queen Alexandra Hospital diabetes centre.
- ◆ 'Fast track' and 'assessment' clinics were piloted.

Podiatry/Chiropody

- ◆ The clinic at Hayling Island Health Centre was upgraded.

Research and Development

- ◆ Together with colleague organisations in the Research and Development Consortium, Portsmouth Hospitals NHS Trust and the Primary Care Research Group, funding was obtained from the Department of Health to support local research projects over the next three years.
- ◆ A CD Rom server now provides expert medical databases on the Trust's internal network and a series of staff seminars on research management and evidence-based health care was completed.

Substance Misuse

- ◆ Two resource centres were opened: the Kingsway Centre in Portsmouth and the Avalon Centre in Fareham.

Therapy Services:

Occupational Therapy

- ◆ An outreach occupational therapist was introduced to provide neuro-rehabilitation 'at home'.
- ◆ Discharge services were improved with the appointment of a dedicated discharge technician.

Physiotherapy

- ◆ A new physiotherapy department was set up at Havant Health Centre.
- ◆ There were marked improvements in recruitment and retention rates.
- ◆ The 'fast track' back service for staff was consolidated and is now used extensively.

Speech and Language Therapy

- ◆ A pilot scheme to make more effective use of parent involvement was extended successfully.

"It's all about quality of life ... our job is to make sure that clients have realistic expectations. There is a dream that, if you go to hospital, they'll make you back to how you were before. The reality is that sometimes you're not and we have to help with that adjustment."

**Rosemary Salmond,
occupational therapy adviser**

The work of the Trust Board

The Trust Board has the task of overseeing the delivery and development of services

Chairman: Margret Price (to 31/10/97)
Margaret Scott (from 1/1/98)

Chief Executive: Max Millett

There are five non-executive directors. Together, they offer a wide range of personal experience and professional expertise gained largely from outside the NHS.

Sandra Jones (acting chair between 1/11/97 and 31/12/98)

David Lee

Sue Todd (to 31/10/97)

Anne Monk

Graham Heaney (from 1/11/97)

Andrew Silvester (from 1/11/97)

There are four executive directors. These are full-time employees of the Trust and are its most senior officers.

Tony Horne, Operational Director

Ian Piper, Finance Director

Eileen Thomas, Nursing Director

Ian Reid, Medical Director

There is also **one co-opted director**

Peter King, Personnel Director

Meetings of the Trust Board are held in public five times a year. Work is also carried out by five panels.

Financial Anne Monk (chair)

Audit Panel: David Lee
Graham Heaney

Finance and Performance Panel: David Lee (chair)
Margret Price/Margaret Scott
Ian Piper
Tony Horne

Business Case Approval Panel: Tony Horne (chair)
David Lee
Margret Price/Margaret Scott
Ian Piper

Remuneration and Terms of Service Panel: Sandra Jones (chair)
Andrew Silvester
Margret Price/Margaret Scott
Ian Piper
Peter King
Nicky Pendleton
Neil Stubbs

Mental Health Act Panel: Sue Todd (chair to 31/10/97)
Anne Monk (chair from 1/11/97).
Margret Price (to 31/10/97)
Charles Shawcross
Alistair Macnaughton

Company directorships: Margret Price: non-executive director, Hampshire TEC.
Sue Todd: non-executive director, Ocean Sound.

The year ahead

During the coming 12 months, the Trust must continue to meet an increasing demand for care whilst supporting a number of changes designed to improve the way services are delivered:

- ◆ the development of primary care groups and primary care trusts;
- ◆ further work will be needed to meet the increased demands on services during the winter. This could include the use of acute nursing home beds, better use of discharge technicians, the development of rehabilitation services in the community, rehabilitation services for adult mental health patients, and increased use of district nurses as care managers;
- ◆ a Government white paper on the needs of adults with mental health problems is anticipated and the Trust will continue to place emphasis on meeting their needs;
- ◆ a programme of work to improve the Trust's buildings will take place using its own capital funds and any money made available through the private finance initiative; and
- ◆ a national strategy report on information management and information technology is expected. It is likely that this will increase the need for partnerships with other agencies, set out guidelines on clinical information sharing and support the further development of information technology in support of patient care.



Where to find us

The main offices of the Trust are located at:

Portsmouth HealthCare NHS Trust,

Trust Central Office, St James' Hospital, Locksway Road,
Milton, Portsmouth, Hampshire PO4 8LD.

Tel: (01705) 894351/822444. Fax: (01705) 293437.

Services are managed by six divisions:

Department of Elderly Medicine & Therapy Services Division

(at Queen Alexandra and St Mary's Hospitals, and Jubilee House)

Divisional Office, Queen Alexandra Hospital, Southwick Road,
Cosham, Portsmouth, Hampshire PO6 3LY.

Tel: (01705) 286941. Fax: (01705) 200381.

Mental Health Specialist Services Division

(challenging behaviour, acquired brain injuries, St James' hospital, elderly mental health for Portsmouth City and the sheltered employment service)

Divisional Office, St James' Hospital, Locksway Road,
Milton, Portsmouth, Hampshire PO4 8LD.

Tel: (01705) 894345. Fax: (01705) 872710.

Learning Disability Division

(learning disability and community and residential care)

Divisional Office, St James' Hospital, Locksway Road,
Milton, Portsmouth, Hampshire PO4 8LD.

Tel: (01705) 894344. Fax: (01705) 872710.

Fareham & Gosport Division

(physical disability, physiotherapy, occupational therapy, podiatry, dental, health promotion and local community services in the area)

Divisional Office, The Potteries, St Christopher's Hospital,
52 Wickham Road, Fareham, Hampshire PO16 7JD.

Tel: (01329) 822269. Fax: (01329) 822094.

City of Portsmouth Division

(child health services, palliative care, district nursing, home loans, family planning, speech and language therapy, GP liaison, liaison with the city council plus all remaining community services in the area)

Divisional Office, Kingsway House, 130 Elm Grove, Southsea, PO5 1LR

Tel: (01705) 434914. Fax: (01705) 434934.

Havant & Petersfield Division

(adult mental health and substance misuse service, GP liaison, district, city and county council liaison plus all remaining community services in the area)

Divisional Office, Civic Offices, Civic Centre Road, Havant, Hampshire PO9 2AX

Tel: (01705) 350010. Fax: (01705) 350005.



How to contact us:

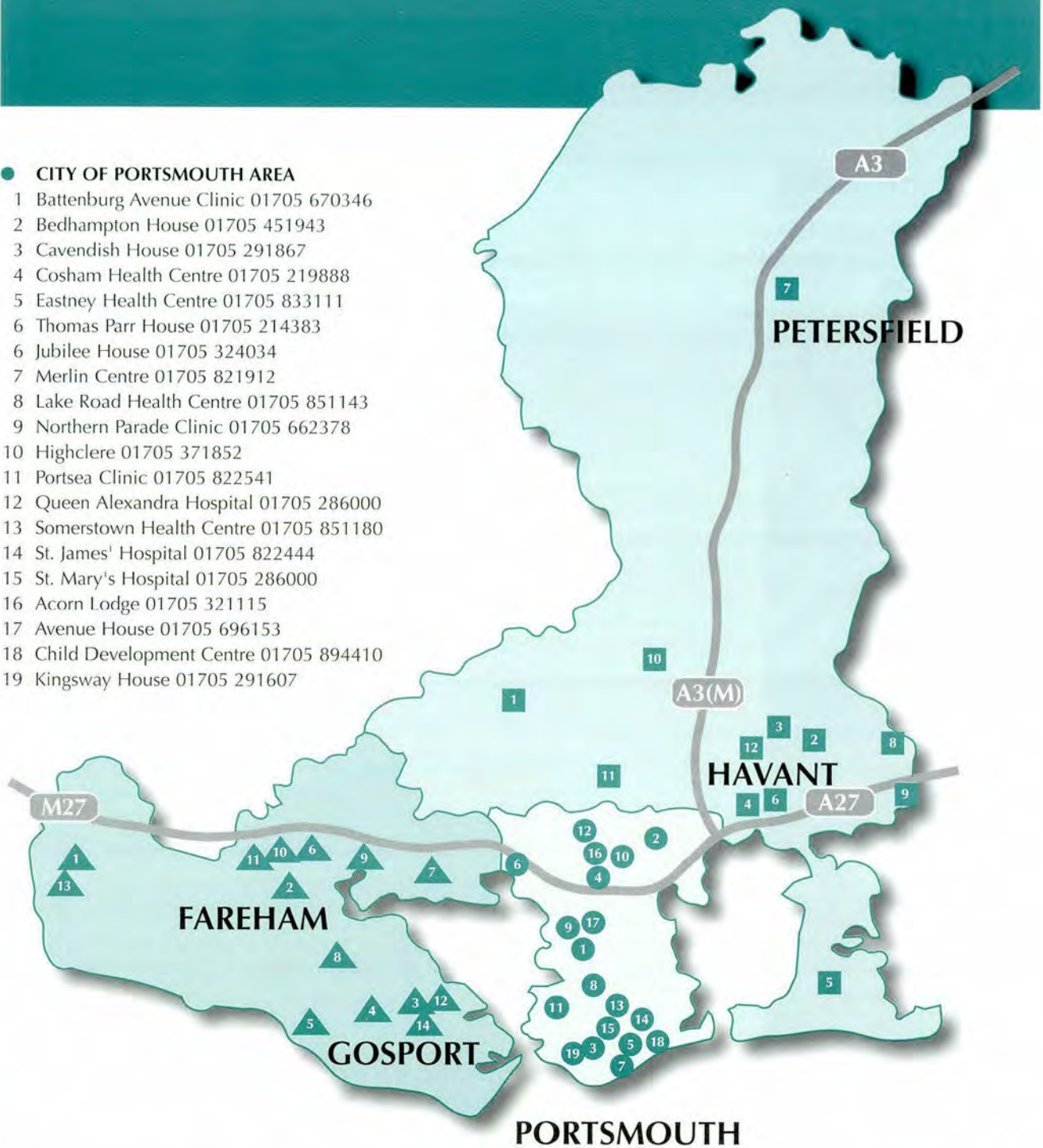
If you have a question about any of the issues raised in this report or would like to know more about any aspect of the services we provide, please contact:

Mr Max Millett

Chief Executive
Portsmouth HealthCare NHS Trust
St James' Hospital
Locksway Road
Portsmouth
PO4 8LD
Telephone: (01705) 822444

● CITY OF PORTSMOUTH AREA

- 1 Battenburg Avenue Clinic 01705 670346
- 2 Bedhampton House 01705 451943
- 3 Cavendish House 01705 291867
- 4 Cosham Health Centre 01705 219888
- 5 Eastney Health Centre 01705 833111
- 6 Thomas Parr House 01705 214383
- 6 Jubilee House 01705 324034
- 7 Merlin Centre 01705 821912
- 8 Lake Road Health Centre 01705 851143
- 9 Northern Parade Clinic 01705 662378
- 10 Highclere 01705 371852
- 11 Portsea Clinic 01705 822541
- 12 Queen Alexandra Hospital 01705 286000
- 13 Somerstown Health Centre 01705 851180
- 14 St. James' Hospital 01705 822444
- 15 St. Mary's Hospital 01705 286000
- 16 Acorn Lodge 01705 321115
- 17 Avenue House 01705 696153
- 18 Child Development Centre 01705 894410
- 19 Kingsway House 01705 291607



▲ FAREHAM & GOSPORT AREAS

- 1 Sylvan Clinic 01489 575098
- 2 Fareham Health Centre 01329 282911
- 3 Gosport War Memorial Hospital 01705 524611
- 4 Hewat House 01705 511377
- 5 Lee on Solent Health Centre 01705 553333
- 6 Osborn Clinic 01329 288331
- 7 Portchester Health Centre 01705 324166
- 8 Rowner Health Centre 01705 511500
- 9 St. Christopher's Hospital 01329 286321
- 9 The Potteries 01329 822269
- 10 Hill Park Clinic 01329 232263
- 11 Blackbrook Maternity Home 01329 822588
- 12 Gosport Health Centre 01705 584201
- 13 The Meadows 01489 581540
- 13 Rivendale 01489 578847
- 14 Redclyffe House 01705 513400

■ HAVANT & PETERSFIELD AREAS

- 1 Denmead Health Centre 01705 257114
- 2 Dunsbury Way Clinic 01705 482154
- 2 Orion Centre 01705 451500
- 3 Havant Health Centre 01705 455111
- 4 Havant War Memorial Hospital 01705 484256
- 5 Hayling Island Health Centre 01705 466221
- 6 Park Way Centre 01705 471661
- 7 Petersfield Hospital 01730 263221
- 8 The Gables 01243 371301
- 9 Victoria Cottage Hospital 01243 376041
- 10 Waterlooville Health Centre 01705 240340
- 11 Old Vicarage 01705 370597
- 12 Havant Civic Offices 01705 350010



Financial analysis 1997/98

This section of the Annual Report summarises the Trust's 1997/98 financial performance using information taken from its Annual Accounts. Copies of the Trust's Annual Accounts are available from: Ian Piper, Finance Director, Portsmouth HealthCare NHS Trust, Trust Central Office, St James' Hospital, Locksway Road, PORTSMOUTH, Hants PO4 8LD.

The areas covered in this section of the Report are:-

- ◆ Performance against financial duties
- ◆ Summary of income and expenditure
- ◆ Sources of income
- ◆ How the money was spent
- ◆ The Board's remuneration
- ◆ Management costs
- ◆ Performance in paying suppliers
- ◆ Balance sheet
- ◆ Capital expenditure
- ◆ Cash flow
- ◆ Schedule of gains/losses
- ◆ Internal financial controls assurance
- ◆ Directors' & Auditor's Reports

Performance against financial duties

The Trust complied with its major financial duties of achieving a break-even position and remaining within its External Finance Limit. The Trust achieved a return of 5.8%, which although less than the target of 6%, was well within the NHS Executive's Materiality range of 5.5% to 6.5%.

TABLE 1

Financial duty	Target	Actual
1. Achieve a balanced Income and Expenditure position.	Breakeven	£40,000 surplus
2. Remain within External Finance Limit	-£827,000	-£869,000
3. Achieve required return on assets	5.5% to 6.5%	5.8%

Financial analysis 1997/98

Summary of income and expenditure

In 1997/98 the Trust achieved a surplus, after the payment of dividends and interest, of £40,000 (see table 2)

TABLE 2 – Income and expenditure for the year ended 31st March 1998.

	1997/98	1996/97
	£000	£000
Income:	96,960	95,560
Operating expenses:	(93,809)	(92,121)
Operating surplus	3,151	3,439
Profit on disposal of assets	17	-
Surplus before interest	3,168	3,439
Interest receivable	281	314
Interest payable	(2,197)	(2,259)
Public dividend payable	(1,212)	(610)
Retained surplus for the year	40	884

Sources of income

The Trust's total income in 1997/98 was £97.0m, an increase of 1.5% on 1996/97. (see table 3)

TABLE 3

	1997/98		1996/97	
	£000	%	£000	%
Health Authorities	85,303	88.0	85,988	90.0
GP Fundholders	3,764	3.9	3,098	3.2
NHS Trusts	1,772	1.8	1,540	1.6
Private Patients	3	-	1	-
Education	625	0.6	779	0.8
Other	5,493	5.7	4,154	4.4
Total	96,960	100	95,560	100

Financial analysis 1997/98

How the money was spent

The Trust's operating expenses were £93.8 million in 1997/98 an increase of 1.8% on 1996/97 (see table 4).

TABLE 4

	1997/98		1996/97	
	£000	%	£000	%
Services from other NHS bodies	6,742	7.2	6,638	7.2
Directors' costs	259	0.3	365	0.4
Staff costs	62,509	66.6	61,805	67.1
Supplies and services - clinical	3,693	3.9	3,371	3.7
- general	2,301	2.5	2,102	2.3
Establishment	3,420	3.7	3,269	3.5
Transport	782	0.8	717	0.8
Premises	9,605	10.3	8,456	9.2
Bad debts	33	-	9	-
Depreciation	1,887	2.0	1,855	2.0
Audit fees	56	-	57	-
Other auditors' remuneration	25	-	26	-
Clinical negligence	113	0.1	69	-
Other	2,384	2.6	3,382	3.8
Total	93,809	100	92,121	100

During the year the Trust spent £29,000 on legal and financial fees associated with the Government's private finance initiative bringing the total to date to £319,000.

The Board's remuneration

The total remuneration paid to Board members in 1997/98 inclusive of pension contributions was £242,000 comprising:-

TABLE 5

	1997/98	1996/97
	£000	£000
Chairman	16	21
Chief Executive	80	73
Non-Executive Directors	22	21
Executive Directors	124	223
Total	242	338

The reduction in Board remuneration reflects Non-Executive and Executive Director vacancies.

Financial analysis 1997/98

The total remuneration of Board members fell with the following ranges:-

TABLE 6		
	1997/98	1996/97
£0 -5,000	7	5
£5,001 - £10,000	1	-
£10,001 - £15,000	2	-
£15,001 - £20,000	-	1
£35,001 - £40,000	-	1
£50,001 - £55,000	2	2
£70,001 - £75,000	-	2
£75,001 - £80,000	1	-
	13	11

The Trust also employs a Personnel Director who is a co-opted member of the Trust Board.

During the year a new Chairman and two new Non-executive Directors were appointed.

Management costs

The Trust's 1997/98 management costs were £4,771,000, within the 1997/98 target of £4,778,000. This represents a reduction from 5.1% of income to 4.9%.

TABLE 7				
	1997/98	Percentage of income	1996/97	Percentage of income
	£000		£000	
Management costs	4,771	4.9%	4,844	5.1%
Rebased management costs	4,960	5.1%	-	-

During 1997/98 revised management cost definitions were received and used to rebase the 1997/98 targets. The Trust's rebased target was £4,968,000 and the Trust's actual rebased costs were £4,960,000.

Performance in paying suppliers

The NHS Executive requires NHS Trusts to pay their non-NHS trade creditors in accordance with the CBI prompt payment code and Government Accounting rules. The target is to pay bills within 30 days of receipt of goods or a valid invoice for the goods. The Trust's measure of compliance is shown in table 8.

TABLE 8				
	1997/98	1997/98	1996/97	1996/97
	Number	£000	Number	£000
Total bills paid	67,628	18,717	56,077	18,555
Total bills paid within target	46,647	15,318	40,125	14,703
Percentage of bills paid within target	69.4%	81.8%	71.6%	79.2%

Performance in the first 3 months of 1998/99 has been 90% for volume, and 96% for value.

Financial analysis 1997/98

Balance sheet as at 31st March 1998

TABLE 9

	31/3/98 £000	£000	31/3/97 £000
Fixed Assets		56,395	57,857
Current Assets	3,202		3,152
Creditors: due within one year	(6,117)		(6,209)
Net Current Liabilities		(2,915)	(3,057)
Total Assets Less Current Liabilities		53,480	54,800
Creditors: due after more than one year		(24,622)	(25,605)
Provision for Liabilities and Charges		(1,022)	(992)
TOTAL ASSETS EMPLOYED		27,836	28,203
FINANCED BY:			
Public dividend capital		19,499	19,499
Revaluation reserve		5,346	5,826
Donation reserve		543	470
Income and expenditure reserve		2,448	2,408
TOTAL CAPITAL AND RESERVES		27,836	28,203

Capital expenditure

During the year the Trust spent £1.3 million on capital schemes. An analysis of this is shown in table 10

TABLE 10

	£000
Avalon Substance Misuse Resource Centre	302
Ward upgrades St James Hospital	315
Information Technology	200
Hospital Relocation	193
Community Houses' vehicles	160
Health Centres/Dental Suites	96
Community Homes	70
TOTAL	1336

Financial analysis 1997/98

Cash flow statement

The Cash flow statement for the year ended 31st March 1998 is shown in table 11.

TABLE 11 – Cash flow statement for the year ended 31 March 1997

	1997/98 £000	1996/97 £000
OPERATING ACTIVITIES		
Net cash inflow from operating activities		5,062 6,600
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE:		
Interest received	285	343
Interest paid	(2,116)	(2,214)
Interest element of finance leases	(84)	(49)
Net cash (outflow) from returns on investments and servicing of finance		(1,915) (1,920)
CAPITAL EXPENDITURE		
Payments to acquire tangible fixed assets	(806)	(2,287)
Receipts from sale of tangible fixed assets	40	0
Net cash inflow (outflow) from capital expenditure		(766) (2,287)
DIVIDENDS PAID		(1,212) (610)
Net cash inflow before financing		1,169 1,783
FINANCING		
Government loans repaid		
Long-term	(1,228)	(1,156)
Capital element of finance leases	(36)	(30)
Other capital receipts		196
Net cash inflow/(outflow) from financing		(1,264) (990)
Increase (decrease) in cash		(95) 793

Statement of recognised gains and losses

**TABLE 12 – Statement of total recognised gains and losses
for the year ended 31 March 1998**

	1997/98 £000	1996/97 £000
Surplus (deficit) for the financial year before dividend payments	1,252	1,494
Unrealised surplus (deficit) on fixed asset revaluations/indexation	(465)	1,792
Increase in the donation reserve due to receipt of donated assets	91	238
Reduction in the donation reserve due to the depreciation/disposal of donated assets	(31)	(20)
Total gains and losses recognised in the financial year	847	3,504

Directors' and Auditor's Report

SUMMARY FINANCIAL STATEMENT

DIRECTOR OF FINANCE'S STATEMENT

I certify that the preceding summary financial statements have been compiled from and are in accordance with the financial records maintained by the Trust and with the accounting standards and policies for the NHS approved by the Secretary of State.

Date 7 . 8 . 98 Signature _____

Code A

CHIEF EXECUTIVE'S STATEMENT

I acknowledge the preceding summary financial statements which have been prepared and certified by the Director of Finance, as the summary financial statements which the Trust is required to submit to the Secretary of State.

Date 7 . 8 . 98 Signature _____

Code A

DISTRICT AUDIT CERTIFICATE

We have audited the summary financial statements set out on pages 21 to 26 which have been prepared by the Trust and signed as approved by the Chief Executive and Finance Director. Our audit comprised a comparison of the statements with the full financial statements and an assessment of the presentation.

In our opinion the summary financial statements are consistent with the full financial statements of the Trust for the year ended 31 March 1998 on which we have issued an unqualified opinion.

Date 7 . 8 . 98 Signature _____

Code A

District Audit
20 St. Peter Street
Winchester

Internal financial control

Statement of directors' responsibility in respect of internal financial control

The Chief Executive as Accountable Officer, together with the other directors, has a responsibility for ensuring that there is an appropriate* system of internal financial control within the organisation. This system must provide reasonable assurance of:

- a) the safeguarding of assets against unauthorised use or disposal;
- b) the maintenance of proper accounting records; and
- c) the reliability of financial information used within the organisation or for external publication.

No system can provide absolute assurance against material mis-statement or loss but the system should provide reasonable assurance that material errors, irregularities or fraud are either prevented or would be detected within a timely period.

The Chief Executive as Accountable Officer, together with the other directors, has a responsibility to review the organisation's system of internal financial control as required in HSG(97)17.

In carrying out the review, as set out in EL(97)55, the directors are required to confirm:

- a) that the organisation has an appropriate system of internal financial control; and
- b) that the "minimum control standards" laid down by the NHS Executive (Appendix A) have been in existence within the organisation throughout the financial year.

The directors confirm that they have undertaken the review and the above requirements have been met.

During the course of the review work the Trust Board identified areas where financial controls could be improved, so as to exceed the minimum standards. These areas, and the action undertaken to improve controls, are attached in a disclosure note, Appendix B.

By order of the Board

Date 23 . 7 . 98 For Chief Executive _____

Code A

**Appropriate is defined in EL(97)55 as "fit for the purpose for which they were intended".*

Internal financial control

APPENDIX A TO DIRECTORS' STATEMENTS

Key Financial Controls 1997/98: The Minimum Control Standards

1. The Control Environment

Minimum Control Standards

- 1.1. Standing Orders are in place.
- 1.2. Standing Financial Instructions are in place
- 1.3. There is a Fraud and Corruption Policy and Response Plan in place.
- 1.4. There is an Audit Committee in place.
- 1.5. There is a Remuneration Committee in place.
- 1.6. There is an adequate Internal Audit Function.
- 1.7. There is a mechanism in place to facilitate control over the acquisition, use, disposal and safeguarding of assets.
- 1.8. There is a budgetary control system in place.

Additional Control Standard

- 1.9. A Standard of Business Conduct Policy has been produced and issued to policy holders.

2. Identification and Evaluation of Business Risks

Minimum Control Standards

- 2.1. There is an annually produced Business Plan.
- 2.2. A plan has been prepared for the implementation of a risk management strategy in 1998/99.

3. Information and Communication

Minimum Control Standards

- 3.1. There are systems in place which produce reliable financial information and proper accounting records.
- 3.2. There are controls in place concerning the security of financial systems and data.

4. Control Processes

Minimum Control Standards

- 4.1. Procedure notes are in place for all significant and fundamental financial systems.
- 4.2. Financial systems are subject to Internal Audit coverage.

5. Monitoring

Minimum Control Standards

- 5.1. The Audit Committee reviews and monitors internal financial control and the implementation of agreed control improvements.
- 5.2. The Board regularly receives and reviews financial and performance reports.

Additional Control Standard

- 5.3. The Finance and Performance Panel reviews the Trust's financial, debtors and investment performance on a quarterly basis.

Internal financial control

APPENDIX B TO DIRECTORS' STATEMENTS

Additional disclosure by the Directors of the Trust

The Trust Board is satisfied that the Trust has an appropriate system of internal financial control and that the minimum control standards contained in EL(97)55 have been in existence throughout the financial year. In addition, the Trust Board has identified a number of areas where minimum controls have been exceeded and these are identified in Appendix A.

The Trust Board has also identified that there are areas where control can be improved. The areas for improvement and the action that has been taken are provided below.

- ◆ The Trust's Standing Orders, Standing Financial Instructions and Schemes of Reservation and Delegation have been amended in response to recent guidance. The amendments are not of a material nature, but will ensure compliance with the current recommended guidance. The revised documents were approved by the Board in May 1998.
- ◆ A revised harmonised IT policy was issued in May 1998.
- ◆ Risk management objectives for 1998/99 were agreed in April 1998 and a revised Risk Management Strategy will be produced by June 1998.
- ◆ To ensure that all Audit Recommendations are implemented as per agreed action plans.
- ◆ To develop communication methods which reinforce standards of business conduct.
- ◆ To create a proactive review process of all internal financial procedures. A Schedule of procedures and agreed revision dates was produced in May 1998.

These issues will be progressed during 1998, along with any further national development of the Controls Assurance Framework.

Internal financial control

Report by auditors to Portsmouth Healthcare NHS Trust on internal financial control

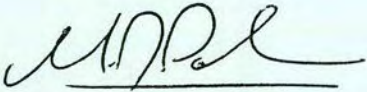
In addition to our audit work on the financial statements, we have reviewed the statement of directors' responsibilities in respect of internal financial control on Portsmouth Healthcare NHS Trust's compliance with the NHS Executive's directions set out in EL(97)55.

We carried out our review in accordance with the approach set out in the Audit Commission's Technical Release 37/97, *Disclosures relating to Internal Financial Control*. This does not require us to perform the additional work necessary to, and we do not, express any opinion on the effectiveness of the Trust's systems of internal financial control.

Our review was not performed for any purpose connected with any specific transaction and should not be relied upon for any such purpose.

Opinion

With respect to the directors' statement on internal financial control, in our opinion, the directors have provided the disclosures required by EL(97)55 and that statement is not inconsistent with the information of which we are aware from our audit carried out under the Code of Audit Practice

Date 31 . 7 . 98 Signature 

Martin Parker
20 St Peter St
Winchester
Hants
SO23 8BP





PORTSMOUTH
HealthCare
NHS
TRUST

Portsmouth HealthCare NHS Trust
St. James' Hospital, Locksway Road, Portsmouth PO4 8LD