

Portsmouth HealthCare NHS Trust

Annual Report 2000



Headlines in Health

Staff made over one million visits to people in their own homes or in residential settings last year to provide health advice and support.

Over 11,300 clients received a complete course of care or therapy from a Trust consultant.

More than 25,000 people attended an outpatient clinic appointment.

Nearly 32,000 people received day care services.

More time was spent providing services for people with complex problems and a greater emphasis was placed on the quality of care offered.

Most patients, some 95%, are seen within 30 minutes of their outpatient appointment time.

Around 95% of patients are invited to attend for an appointment within 13 weeks of being referred by their GP.

Virtually all patients receive an appointment within 26 weeks.

A £300,000 package of measures designed to ease pressures on beds was introduced by the Trust last winter.

The total number of staff employed by the Trust (whole time equivalents) increased last year from 3,264 to 3,337. The Trust employs around 300 people more than it did when it was established in 1994.

Headlines in Health (continued)

Thirty seven more qualified nurses, 17 sponsored student nurses, 25 health care support workers and 6 doctors and dentists were appointed during the year.

A total of 92 complaints were received by the Trust during the year, 7 fewer than during the previous 12 months.

Around £106 million was invested in local health services by the Trust last year, the equivalent of over £10,000, every hour of every day, 365 days a year.

Despite pressures on services and heavier than expected demand during the winter, the Trust all but balanced its books, remaining just £234,000 short of its budget limit - less than a quarter of one per cent.

Around three-quarters of all expenditure goes on meeting the costs of staff, doctors, nurses, therapists and other health workers. By far the biggest staff group is nursing which accounts for more than 60% of all staff expenditure.

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What we do

Portsmouth HealthCare Trust was established in April 1994. It provides a range of specialist and community-based health services for the people of Portsmouth, Fareham, Gosport, Havant, Petersfield and the surrounding areas. These include

Mental health services

- inpatient assessment and treatment
- specialist support in the community

Alcohol and drug services

- for people at risk from or dependent on these and other substances

Child health services

- special needs
- community services
- surveillance and screening
- immunisation and vaccination
- school health
- child and family therapy

Palliative care

- supporting people who are terminally ill and their carers

Services for elderly people

- acute inpatient, day patient and outpatient services for people with either physical or mental illness
- care for people at home or in residential care
- NHS continuing care

Community services

- dental
- family planning
- podiatry (foot care)
- physiotherapy
- speech therapy
- occupational therapy
- psychology
- home equipment loans
- district nursing
- health visiting
- community hospitals

Learning disability

- specialist community teams
- assessment and treatment
- health residential care
- short stay
- social care

Health promotion

- advice and information

What we wanted to do during the year

The Trust aims to provide “effective health care for local people.”

It is guided by four organisational values:

Performance matters: innovation and striving for excellence in everything that we do is essential;

People matter: every person, whether patient, client, employee, carer or relative, is valued;

Pounds matter: every pound has to be earned and spent wisely; and

Partnerships matter: working well with others and recognising our interdependence is crucial.

During 1999/2000 the Trust worked towards a number of key aims

performance

- maintain the quality of services
- deliver workload expectations
- reshape and reconfigure services

people

- reprovide long stay hospitals
- respond to pressures on services

pounds

- improve the effectiveness of the organisation

partnerships

- develop relationships with other organisations
- support acute service reprovision

Performance Matters

Activity

Staff made over one million visits to people in their own homes or in residential settings last year to provide health advice and support. Over 11,300 clients received a complete course of care or therapy from a Trust consultant and more than 25,000 people attended an outpatient clinic appointment. Nearly 32,000 people received day care services, slightly fewer than last year.

More time was spent providing services for people with complex problems and a greater emphasis was placed on the quality of care offered rather than just the quantity. In some services there has been a move away from formal day care at a centre or clinic in favour of more community based support.

| Type of care provided | Total |
|-------------------------------------|-----------|
| Finished courses of consultant care | 11,351 |
| Day care attendances | 31,914 |
| Outpatients | 25,138 |
| Face to face community contacts | 1,258,083 |

Waiting lists and times

Despite constant pressure on services the Trust continues to meet waiting time targets and standards set for health services nationally. Most patients, some 95%, are seen within 30 minutes of their outpatient appointment time. Around 95 % of patients are invited to attend for an appointment within 13 weeks of being referred by their GP. Virtually all patients receive an appointment within 26 weeks although some child and family therapy services remain under intense pressure and the wait can be some weeks longer. The Trust deals with a number of minor injury patients at its community hospitals who are assessed without delay.

Managing winter pressures

A package of measures designed to ease pressures on beds was introduced by the Trust last winter as part of the district's overall approach to managing the additional emergency workload pressures.

Costing over £300,000, the package was designed to reduce the need to admit patients for treatment and help those already in hospital to go home earlier.

Over £100,000 was set aside to pay for nursing home beds and extra capacity at Petersfield Hospital. This allowed people to transfer out of hospital when they were ready to do so and to receive support locally.

A discharge lounge was opened at Queen Alexandra Hospital. This allowed people to wait in comfort before going home and gave staff more time to prepare empty beds for new patients.

A special occupational therapy discharge team was established to work with elderly people in their own homes, speeding up and improving the process of installing home aids and adaptations.

Extra staff were also recruited by the Trust to help it cope with the heavy winter demands, including occupational therapists, health care support workers and people to work with adults with mental health problems. Health care support workers helped bridge the gap between health and social care organisations and prevented elderly people with mental illness from being admitted to hospital.

All staff were invited to receive a flu vaccination, helping to reduce illness and the risk of infection to vulnerable patients. For the first time this winter, the vaccination programme was extended to agency staff.

Planning for the millennium

The Trust was an active member of local NHS wide planning group and met the September 1999 national deadline for plan preparations. The priorities included maintaining services and the smooth operation of business systems. Effort was placed on effective contingency and communications arrangements. Assurances from the Trust's top 150 suppliers were obtained and staff and service plans for the bank holiday period were put in place. All critical computers with potential problems were upgraded in advance. Services coped well despite the increase in demand. All critical computers were checked and two minor bugs were identified and managed in less critical computer systems.

The cost of planning for the 'Year 2000'

| Information systems | Estate systems | Other equipment and | Pay systems |
|---------------------|----------------|---------------------|-------------|
| £139,511 | £260,000 | £199,188 | £200,000 |

Research and development

During the year, the Trust awarded seven small research project grants. These examined issues as diverse as the uptake of vaccination in children, telephone consultation in community paediatrics, the outcome of fractured neck of femur and the attitudes of physiotherapists towards elderly patients.

Work on the national pilot screening programme for chlamydia by the Trust's family planning service continues and the Trust is collaborating in a multi-centre trial of treatment to prevent osteoporotic fractures. In addition, memory clinics continued evaluation work on drugs for dementia.

The Trust has also initiated a scheme to award small grants to potential researchers wishing to work up a grant application.

Clinical governance

During the past 12 months, the Trust has taken significant steps to develop its own clinical governance programme. Each clinical service now has in place a clinical governance group and baseline assessments have been carried out in each speciality. As a result, five important areas of work have been identified and will now be pursued.

The Trust will strengthen its clinical audit arrangements, develop much greater patient involvement, ensure staff have access to good research evidence, develop computer systems to enable it to monitor the effectiveness of care provided, produce personal development plans for all employees, and install a system of clinical risk assessment.

The **clinical nursing development programme** has been consolidated over the past year, enhancing the quality of nursing care and identifying from research areas of practice likely to contribute to the most effective and equitable care. These are then used in preparing a programme for nursing training and development. The programme has three key components: clinical supervision; using research evidence as the basis for nursing practice; and the development of clinical leaders in each speciality of nursing.

Single sex accommodation

Work to address accommodation problems continued but a number of difficulties remain. These are concentrated on adult mental health and elderly medicine wards and will be difficult to resolve until new accommodation is made available. The Trust is now actively looking at ways of addressing this issue in both the short and longer term.

Partnerships Matter

Consultation and communication with staff

Operational managers are encouraged to act as the main route through which staff discuss and receive information about their job and the work of the Trust. Effort has been made to improve and expand upon this process during the year.

- An annual conference for staff and their representatives was attended by health minister John Denham. The conference is recognised as an example of excellence nationally in the NHS.
- The 'fast news' service 'Communicate' is published weekly and the staff newspaper 'HealthCare First' is issued quarterly. A series of 'fact sheets' was also produced on specific topics relevant to the workplace.
- Information Exchange meetings are held monthly at which staff can offer their views as well as hear organisational news.
- The effectiveness of communications processes is tested by the staff opinion survey.

Staff involvement

The involvement of staff in the management of the Trust is welcomed and encouraged. Work here was recognised by a ministerial working group and included in a national report on good practice.

The well established and positive networks developed with staff representatives through the Trust's Joint Negotiating Committee have enabled progress to be made on a number of fronts in the past year :

- successful launch of domestic abuse policy;
- hosting national launch of *NHS Taskforce Report on Staff Involvement* at the annual Trust staff conference;
- ongoing development of training initiatives such as *Pathways to Prosperity*; and initial work undertaken on developing a staff charter.

Open government

The Trust fully supports the principles of open government. The Trust Board held five meetings in public during the year, the format of the annual general was further developed to encourage more meaningful dialogue with local client groups and regular contact is maintained with patient organisations. Scrutiny from the news media is encouraged and senior clinicians and managers were further equipped to respond to its demands.

People Matter

Staffing

The total number of staff employed by the Trust (whole time equivalents) increased last year from 3,264 to 3,337. The Trust employs around 300 people more than it did when it was established in 1994. Thirty seven more qualified nurses, 17 sponsored student nurses, 25 health care support workers and 6 doctors and dentists were appointed during the year.

| Staff in post | March 1999 | March 2000 |
|--------------------------------|--------------|--------------|
| Qualified nurses | 1,094 | 1,132 |
| Sponsored students | n/a | 17 |
| Health care support workers | 1,079 | 1,104 |
| Professions allied to medicine | 203 | 202 |
| Technical and scientific | 121 | 123 |
| Managers, admin & ancillary | 652 | 679 |
| Doctors & dentists | 115 | 121 |
| Total | 3,264 | 3,377 |

The proportion of the workforce leaving the Trust each year (wastage rate) remains, at 12.3%, comparatively low. The wastage rate for nurses was reduced from 13.6% in 1994 to 8.6% last year.

There have, however, been significant pressures due to national shortages in qualified staff. Of particular concern has been the difficulty in maintaining an acceptable level of trained nursing staff in posts within the Department of Medicine for Elderly People. Shortages there caused the temporary closure of a ward for a few weeks during the winter.

The Trust has pursued a number of initiatives to address the difficulties both in the short and medium term, including national and international recruitment and a workload review.

Complaints

A total of 92 complaints were received by the Trust during the year, 7 fewer than during the previous 12 months. Eight out of 10 complaints were acknowledged within 2 working days and 56% were responded to within 20 working days. Most complaints concerned clinical treatment or the attitude of staff.

Four requests were made to refer complaints to an independent review panel. Three were refused by the independent adjudicators and one was referred back for local resolution.

A new database, to assist record keeping and trends analysis, became fully operational and the system for managing complaints was reviewed and revised.

A number of improvements have resulted from the complaints process including staff training in communication skills and better patient information.

Investor in people

Several more Trust services achieved *Investor in People* recognition during 1999/2000 - community hospitals and therapies, dental, podiatry and learning disability services, the Trust HQ functions, local elderly mental health services in Havant and Petersfield and staff at the Sylvan clinic in Fareham. The majority of Trust services now possess the award, with the remaining actively pursuing accreditation.

Education and training

The Trust recognises the important contribution which training and education can make in the field of clinical governance. A strategy group has been established to ensure that the main priorities are identified and met. It works in partnership with the universities of Portsmouth, Southampton and Bournemouth, and local colleges, to provide education to staff. There is an extensive in-house programme and most divisions work to the standards required by IiP (Investor in People). The Trust is also a member of the Hampshire and IoW Education Purchasing Consortium.

Equal opportunities

Further effort to reduce inequalities in the work place have been pursued via the 'Diversity Matters' initiative and efforts will continue to reach the targets set out in 'Vital Connection'.

Risk management

Annual risk assessments were continued but the focus remained mainly on health and safety issues. A major safety and security project was completed which included a personal safety training programme and the development of new policies on lone working, managing violence and aggression, missing patients, security and the design of new buildings.

Occupational health

Arrangements were revised during the year. All parts of the organisation are now covered by a health and safety at work group who, in turn, report to the Trust's health and safety committee. Occupational health services were developed during the year and improvements included health checks for night workers, the consolidation of healthy workplace groups and an audit of health screening.

Pounds Matter

Money

Around £106 million was invested in local health services by the Trust last year, the equivalent of over £10,000, every hour of every day, 365 days a year.

Despite pressures on services and heavier than expected demand during the winter, the Trust all but balanced its books, remaining just £234,000 short of its budget limit - less than a quarter of one per cent.

A number of pressures contributed to this small overspend. These included the financial burden of preparing for and tackling the 'millennium bug', the high cost of using agency staff owing to recruitment difficulties in some areas, and significant increases in the costs of certain generic drugs.

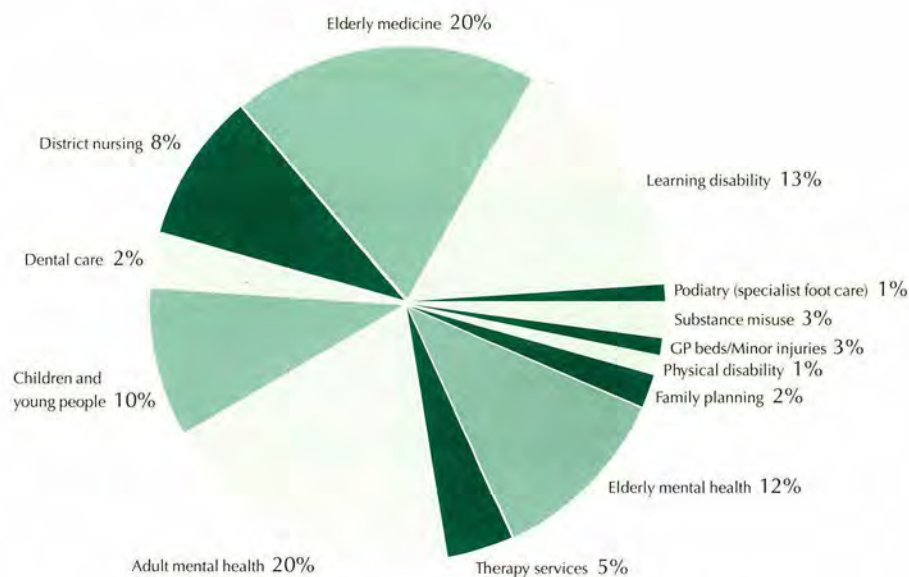
However, despite this, the Trust was able to meet other financial targets including the paying of bills within agreed time limits and the prompt and accurate payment of salaries and wages. It also maintained highly effective financial monitoring and control systems to audit standards.

Around three-quarters of all expenditure goes on meeting the costs of staff, doctors, nurses, therapists and other health workers. By far the biggest staff group is nursing which accounts for more than 60% of all staff expenditure.

One pound in every five was spent on services for elderly people. A further 20% of the budget went on meeting demands for adult mental health services.

Learning disability services and elderly mental health care were the other main users of resources during the year, accounting between them for around 25 pence in every pound.

Where the money goes



Value for money

A number of factors have made this the hardest year in financial terms that the Trust has ever had to face. The financial pressures experienced have brought into sharp relief the importance of identifying and acting upon value for money initiatives. These are vital in releasing the cash needed for piloting new developments. It is also clear, however, that the yearly trawl for initiatives has the capacity of yielding fewer and fewer benefits as the range of potential target areas reduces.

The Private Finance Initiative (PFI)

Plans to use PFI to provide a range of new accommodation for adult mental health services have not progressed significantly. This lack of progress has been a considerable source of frustration which it is hoped can be resolved by the autumn of 2000.

However, it has been agreed that public sector funding be provided for new accommodation for clients with learning disabilities. This scheme provides long term homes for fifteen people in three bungalows.

Proposed development/location under PFI Service

35 bed acute facility - Portsmouth adult mental health
 14 bed rehabilitation facility - Portsmouth adult mental health
 30 bed acute facility - Havant adult mental health
 14 bed rehabilitation facility - Havant adult mental health

With the approval of the **Portsmouth Hospitals NHS Trust PFI proposal** for the redevelopment of its hospital sites during the year, the Trust has continued to play a part in supporting and developing the scheme and in drawing up plans for the reprovision of services (predominantly elderly care and therapies) housed on the Queen Alexandra and St Mary's Hospital sites.

Management Costs

Management costs are low and during the year totalled just over £5 million. As a proportion of income management costs fell from 4.9% to 4.7%.

The work of the Trust Board

Trust Board Members

Declared interests

| | | |
|-----------------------------|------------------------|--|
| Mrs Margaret Scott | Chairman | Governor, Portsmouth Grammar School |
| Mr Graham Heaney | Non-executive director | Director of Portsmouth Foyer; and Elected member of Portsmouth City Council |
| Miss Sandra Jones | Non-executive director | Vice-chair of Leonard Cheshire Care at Home Service |
| Mr David Lee | Non-executive director | Trustee of the Zurich Insurance Company's United Kingdom Pension Fund; and Independent member of Portsmouth College Audit Committee |
| Mrs Anne Monk | Non-executive director | Governor of Chichester College of Art, Science and Technology |
| Mr. Andrew Silvester | Non-executive director | Elected member of Portsmouth City Council |
| Mr Max Millett | Chief Executive | Member of Portsmouth Housing Association; and Director of the Portsmouth Foyer |
| Mr Tony Horne | Operational Director | TEC nominated Governor of South Downs College |
| Mr Ian Piper | Finance Director | |
| Dr Ian Reid | Medical Director | Vice President of the Ashton Club, Moorgreen Hospital, Southampton |
| Dr Eileen Thomas | Nursing Director | |
| Mr Peter King | Personnel Director | (Member of Human Resources Committee, NHS Federation; (co-opted member) and Member of Management Board, Development Forum South & West |

Financial and Service Panels

Financial Audit

Anne Monk (*chairman*)
 Graham Heaney
 David Lee
 Andrew Wood, Deputy Finance Director (*secretary*)

Business Case Approval

Tony Horne (*chairman*)
 David Lee
 Margaret Scott
 Ian Piper
 Janet Kearney, planning manger (*secretary*)

Mental Health Act

Anne Monk (*chairman*)
 Margaret Scott
 Dr Charles Shawcross (*lead consultant mental health*)
 Alistair Macnaughton (*divisional general manager*)
 Pat Ridge, mental health act coordinator (*secretary*)

Finance and Performance

David Lee (*chairman*)
 Margaret Scott
 Ian Piper
 Tony Horne
 Andrew Wood, Deputy Finance Director (*secretary*)

Remuneration and terms of service

Sandra Jones (*chairman*)
 Andrew Silvester*
 Margaret Scott*
 Ian Piper
 Peter King
 Bill Hooper (*divisional general manager*)
 Neil Stubbs (*divisional general manager*)
 Sarah Elliot (*payroll manager*)
 Rebecca Kopecek, personnel manager (*secretary*)

Clinical Governance

Dr Ian Reid (*chairman*)
 Anne Monk
 David Lee
 Dr Eileen Thomas
 Lesley Humphrey, quality manager (*secretary*)

*The remuneration of the executive directors is determined by the non-executive directors and the chairman as advised by the Personnel Director and Chief Executive. The Chairman and non-executive directors determine the remuneration of the chief executive and (with the latter) other executive board members

Developments in patient services

Adult mental health

- Around 1,200 people received a finished course of treatment from a consultant
- Some 55,000 people received help and advice at home or in the community.
- Vacancy levels were reduced, easing pressure on staff.
- A full time education practitioner was appointed, helping staff to improve clinical nursing standards.
- 'Investor in People' accreditation was achieved.
- A Portsmouth city based 'Assertive Outreach Team' was established providing out-of-hours and rehabilitation services.
- Key local agencies, service users and carers participated in a review of local services and the development of a new agreed service strategy.

Children's services

- Staffing levels remained stable although there were problems recruiting to child and family therapy services.
- 'Investor in People' accreditation was achieved.
- A range of new initiatives were pursued to provide improved out-of-hours and health visiting and support services for sick children and those with attention deficit disorder.
- A new pilot in-house autism service was established successfully.
- Community clinics for child protection were developed.
- Waiting lists for child and family therapy were reduced.

Community hospitals/GP beds

- Schemes to provide better and more local services, as well as to ease pressure on hospital beds, were introduced successfully during the winter.
- Family doctors continued to play a central role in providing and developing services.
- 'Investor in People' accreditation was received.
- Work to secure better feedback from patients, clients and users was completed.
- Difficulties were experienced in recruiting and retaining the right staff.
- Social work staff are now based at Gosport War Memorial Hospital to help ease the transfer out of hospital of patients needing continuing help.

Dental

- Around 80,000 people received help, advice or care.
- Pressure on staff remains, and some recruitment problems were experienced.
- 'Investor in People' accreditation was achieved.
- The 'safety net' role of the service increased to provide emergency treatment for patients unable to access NHS dental care.
- More work was done to promote oral health.

District nursing

- Better recruitment processes eased pressure on staff but some problems remain.
- 'Investor in People' accreditation was achieved.
- A nurse specialist helped provide better continence services.
- The nurse prescribing initiative was pursued and the first district nurses and health visitors are now prescribing.
- A new record system (designed by nurses) was introduced to reduce paper work and maintain safe practice.
- The mix of skills needed to provide the best care possible for patients was looked at helping staff to operate efficiently and effectively.

Elderly medicine

- Over 4,000 people received a finished course of treatment from a consultant and around 700 completed a programme of rehabilitation.
- Pressure on staff was intense despite initiatives to keep vacancy levels to a minimum.
- A clinical practice facilitator provided continence, nutrition and wound care support.
- A discharge lounge allowed beds for acutely ill patients to be released earlier and eased pressure on services.
- Funding for a fourth specialist registrar was secured.
- The service was identified as a centre of good practice on acute wards by *Help the Aged* in a national report.

Elderly mental health

- Over 700 people received a finished course of treatment from a consultant.
- Around 20,000 visits were made to provide help and support to people at home or in the community.
- 'Investor in People' accreditation was gained in two localities.
- Services at the Gables were transferred to new accommodation at South Africa Lodge, Waterlooville.
- Funding for the *Aricept* programme was secured indefinitely. Around 230 people have had the opportunity to try it and around 50% have experienced benefits over six months.
- An upgrade of Harry Cook and Fernhurst Assessment wards was completed.
- A pilot programme was developed with the Alzheimer's Disease Society to help address dementia in younger people in Fareham/Gosport.
- The number of carers' groups for people with dementia has been expanded to six.
- Ten day places for people with dementia in Portsmouth City were made available in pilot programme with Age Concern.

Family planning

- The service was in contact with nearly 60,000 people, providing health, support and advice.
- The National Chlamydia Screening pilot was launched in Portsmouth.
- The Ella Gordon Unit was relocated successfully.
- A user discussion group was formed and initial meetings were held.
- Nurses rather than doctors now lead some clinics.
- 'Investor in People' accreditation was achieved.

HIV/AIDS

- Existing schemes continued to be funded although financial pressures meant that services could not be extended.
- A comprehensive training programme on HIV/AIDS was delivered.
- Client feedback on HIV/AIDS and associated issues was obtained from national and local surveys.

Learning disability

- Around 350 people received a complete course of care from a consultant for an acute health problem.
- Over 7,500 contacts were made with people in the community, providing support and specialist advice.
- The go-ahead was given to develop over the next two years a specialist epilepsy service.
- *'Investor in People'* accreditation was achieved.
- Difficulties remained in attracting suitably qualified staff - nursing, medical and support workers.
- The pressure on respite care services was intense and demand outstripped available resources.
- A review of services was commissioned.

Occupational therapy

- Over 60,000 people received care, support and advice.
- Demand for services continued to increase.
- A specialist in 'manual handling' appointment was funded and a second specialist equipment adviser post was established.
- The demand for essential equipment is rising, putting pressure on the Joint Loans store.

Palliative care

- A second consultant was appointed successfully.
- Nearly 450 visits were made to people needing help and support at home.
- *'Investor in People'* accreditation was achieved.
- A successful series of bereavement training courses was completed.
- Hospital and community coordinators were appointed.

Physical disability

- Around 170 courses of treatment and support were provided by consultants in the community.
- Respite care referrals from GPs increased.
- A further 50 mobile hearing aid communicator sets were purchased.
- An access survey was completed, helping the Trust to decide on the improvements needed to premises.
- A 'disability access award' was received by Lee on Solent health centre from Gosport Borough Council following building improvement work.
- The recruitment and retention of some specialist therapists proved a constant challenge.

Physiotherapy

- Over 150,000 people received help, support or advice. Recruitment and retention rates were improved.
- 'Investor in People' accreditation for community settings was achieved.
- Successful physiotherapy conference held for over 150 delegates.
- Local client groups (such as Headway and Age Concern) were involved in planning improvements in services.

Podiatry

- Around 85,000 people received podiatry care, support or advice.
- An additional part-time podiatrist was appointed as part of a community rehabilitation scheme.
- Advanced practitioners are now in place for each specialism.
- Better training placements were provided for podiatry students.

Psychology

- Over 8,000 people were seen by the psychology service.
- A new head of psychology was appointed, helping to address the need for changes in the role and management of psychological services.
- A new contract to provide psychological support to Swanwick Lodge was agreed and implemented.
- Proposals were developed to establish specialist posts in cognitive and behavioural/family therapy.

Speech and language therapy

- Care, support and therapy services were provided to 26,000 people.
- Some pressures were felt following difficulties in attracting new staff to the area.
- Work to provide a better all round service in mainstream schools was implemented.
- Efforts were made to ensure an effective allocation of staff in health centres.

Substance Misuse

- Over 400 people received consultant led residential care.
- Nearly 1,000 visitors received help via a day care centre.
- Around 200 people received outpatient support.
- 'Investor in People' accreditation was achieved.

The Year Ahead

- Increasing involvement with primary care groups is expected as they evolve, from next April, into fully functioning purchasers and providers of local health services.
- The Trust will lead and participate in work to develop more effective arrangements for the management and delivery of services.
- Initiatives to address waiting lists and high demand for services during the winter months will continue to be developed across the local health care system.
- The Health Improvement Programme (HIMP) will continue to be a major influence on the way services are planned and developed.
- Clinical governance arrangements and controls assurance will shape the future focus and composition of services.
- The national priority for mental health services and the recent proposals for change will have a far reaching effect on local service provision.
- Pressure on elderly medicine services remains significant and will create increasing demands for complex care in a variety of settings. The development of intermediate care schemes will continue.
- The quality of accommodation for some patients with adult mental health problems and people with learning disabilities remains poor. Agreement on plans to provide replacement facilities will be pursued urgently.
- An action plan for the development of improvements to services for people with learning disabilities will be prepared.

Financial analysis 1999/2000

This section of the Annual Report summarises the Trust's 1999/2000 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 Recognised Gains and Losses
- Compliance Statement on NHS Managers' Pay
- Non-Medical Education and Training
- Controls Assurance
- Directors' and Auditor's Reports
- Internal Financial Controls Assurance

During 1999/2000, the National Health Service adopted a number of Financial Reporting Standards (FRSs) which have had a significant impact on the accounts of this and many other NHS Trusts. These included FRS12 'Provisions, Liabilities and Assets' and FRS11 'Impairment of Fixed Assets and Goodwill'. As a result of these changes the Trust, in common with most other NHS organisations, has had to make a prior period adjustment relating to its 1998/99 accounts and restate a number of comparative figures within its 1999/2000 accounts.

Performance against financial duties

The Trust complied with 2 of its 3 financial duties for the year:

Table 1 - Performance against financial duties

| Financial Duty | Target | Actual |
|---|--------------|------------------|
| 1) Achieve a balanced Income and Expenditure position | Breakeven | £234,000 deficit |
| 2) Remain within External Financing Limit | (£955,000) | (£977,000) |
| 3) Achieve required return on assets | 5.5% to 6.5% | 6.4% |

Even though the Trust experienced a deficit in 1999/2000, it still achieved breakeven over the target three year period. The deficit was caused by Year 2000 costs, drug costs, expensive out of area placements and general service pressures.

Summary of Income and Expenditure

In 1999/2000 the Trust reported a deficit, after the payment of dividends and interest, of £234,000 (see table 2)

Table 2 - Income and Expenditure for the year ended 31st March 1999

| | 1999/00 £000 | 1998/99 £000 |
|--|-------------------------|-------------------------|
| Income | 109,868 | 101,716 |
| Operating Expenses | (106,543) | (98,142) |
| Operating Surplus | 3,325 | 3,574 |
| (Loss) / Profit on Disposal of Assets | (10) | (26) |
| Surplus Before Interest | 3,315 | 3,548 |
| Interest Receivable | 262 | 319 |
| Interest Payable | (641) | (1,847) |
| Dividend Payable | (3,170) | (1,766) |
| Retained (Deficit)/Surplus for the Year | (234) | 254 |

Sources of Income

The Trust's total income in 1999/2000 was £109.9 million, an increase of 8% on 1998/99 (see Table 3)

Table 3 - Analysis of Income

| | 1999/00 £000 | % | 1998/99 £000 | 1998/99 % |
|---|-------------------------|------------|-------------------------|----------------------|
| Health Authorities and Primary Care Groups | 98,245 | 89.4 | 91,380 | 89.9 |
| NHS Trusts | 2,067 | 1.9 | 1,937 | 1.9 |
| Private Patients | 2 | - | 7 | - |
| Education | 1,148 | 1.0 | 1,004 | 0.9 |
| Social Care Income | 2,602 | 2.4 | 2,803 | 2.8 |
| Other | 5,804 | 5.3 | 4,585 | 4.5 |
| Total | 109,868 | 100 | 101,716 | 100 |

How the money was spent

The Trust's operating expenses were £106.5 million in 1999/2000, an increase of 8.6% on 1998/99 (see table 4)

Table 4 - Analysis of Operating Expenses

| | 1999/00 £000 | % | 1998/99 £000 | % |
|--------------------------------|-------------------------|------------|-------------------------|------------|
| Services from Other NHS Bodies | 7,917 | 7.4 | 6,914 | 7.0 |
| Directors' Costs | 358 | 0.3 | 341 | 0.4 |
| Staff Costs | 73,444 | 68.9 | 66,626 | 67.9 |
| Supplies & Services - Clinical | 3,808 | 3.6 | 3,999 | 4.1 |
| Supplies & Services - General | 2,171 | 2.0 | 2,296 | 2.3 |
| Establishment | 3,670 | 3.4 | 3,624 | 3.7 |
| Transport | 335 | 0.3 | 333 | 0.3 |
| Premises | 8,463 | 7.9 | 8,271 | 8.5 |
| Bad Debts | 15 | - | 16 | - |
| Depreciation and Impairments | 3,138 | 2.9 | 2,061 | 2.1 |
| Audit Fees | 51 | - | 57 | 0.1 |
| Other Auditors Remuneration | 37 | - | 27 | - |
| Clinical Negligence | (28) | - | 13 | - |
| Other | 3,164 | 3.3 | 3,564 | 3.6 |
| | 106,543 | 100 | 98,142 | 100 |

During the year the Trust spent £7,000 on legal and financial fees associated with the Government's Private Finance Initiative, bringing the total to date to £359,000.

The Board's Remuneration

The total remuneration paid to Board members in 1999/00, inclusive of pension contributions but excluding Employers' National Insurance Costs, was £377,000.

Table 5 - Directors' Pay

| | 1999/00 £000 | 1998/99 £000 |
|-------------------------|-------------------------|-------------------------|
| Chairman | 24 | 22 |
| Chief Executive | 85 | 80 |
| Non-Executive Directors | 25 | 25 |
| Executive Directors | 243 | 234 |
| | 377 | 361 |

The highest paid Director of the Trust received £87,000 in 1999/2000 (1998/99: £83,000).

The Total Remuneration of Board members fell within the following ranges:

Table 6 - Analysis of Directors' Pay

| | 1999/00 | 1998/99 |
|--------------------|-----------|-----------|
| £0 to £5,000 | 0 | 1 |
| £5,001 to £10,000 | 5 | 4 |
| £20,001 to £25,000 | 2 | 2 |
| £55,001 to £60,000 | 0 | 2 |
| £60,001 to £65,000 | 2 | 0 |
| £75,001 to £80,000 | 0 | 1 |
| £80,001 to £85,000 | 1 | 1 |
| More than £85,000 | 1 | 0 |
| | 11 | 11 |

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

Management Costs

The Trust's 1999/2000 management costs were £5,128,000, marginally below the target of £5,132,000. This represents an increase of just 1.7%.

Table 7 - Management Costs

| | 1998/99 £000 | % of Income | 1998/99 £000 | % of Income |
|------------------|-----------------|-------------|-----------------|-------------|
| Management Costs | 5,128 | 4.7% | 5,040 | 4.9% |

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, whichever is the later. The Trust's performance against this target is shown in table 8.

Table 8 - Performance in Paying Suppliers

| | 1999/00 Number | £000 | 1998/99 Number | £000 |
|--|-------------------|--------|-------------------|--------|
| Total Bills Paid | 52,325 | 20,357 | 60,296 | 21,087 |
| Total Bills Paid within Target | 47,861 | 18,809 | 54,852 | 19,832 |
| Percentage of Bills Paid within Target | 91.5% | 92.4% | 90.9% | 94.0% |

Balance Sheet as at 31st March 2000

Table 9 - Balance Sheet at 31st March 2000

| | 31/3/00 £000 | £000 | 31/3/99 £000 |
|---|-----------------|---------------|-----------------|
| Fixed Assets | | 69,601 | 62,534 |
| Current Assets | 3,847 | | 4,173 |
| Creditors: due within one year | (6,088) | | (6,038) |
| Net Current Liabilities | | (2,241) | (1,865) |
| Total Assets Less Current Liabilities | | 67,360 | 60,669 |
| Creditors: due after more than one year | | (1,858) | (16,337) |
| Provisions for Liabilities and Charges | | (761) | (1,513) |
| TOTAL ASSETS EMPLOYED | | <u>64,741</u> | <u>42,819</u> |
| FINANCED BY: | | | |
| Public Dividend Capital | | 41,022 | 27,339 |
| Revaluation Reserve | | 23,266 | 12,233 |
| Donation Reserve | | 381 | 545 |
| Income and Expenditure Reserve | | 72 | 2,702 |
| TOTAL CAPITAL AND RESERVES | | <u>64,741</u> | <u>42,819</u> |

Capital Expenditure

During the year the Trust spent £1.53 million on capital schemes. An analysis of this is shown in table 10.

Table 10 - Capital Expenditure 1999/2000

| | £000 |
|-------------------------------------|-------------|
| Health Centre Improvements | 479 |
| Disabled Access | 107 |
| Vehicles - Learning Disability | 108 |
| Learning Disability Community Homes | 412 |
| Small Hospitals Improvements | 337 |
| Information Technology | 54 |
| Equipment | 36 |
| Total | 1533 |

In addition to the above a total of over £2 million was spent on improving environments in premises that the Trust leases from the NHS Executive (St. James' Hospital, St. Christopher's Hospital and parts of the former Coldeast Hospital).

Cash Flow Statement

The Cash Flow Statement for the year ended 31st March 2000 is shown in table 11.

Table 11 - Cash Flow Statement for the year ended 31st March 2000

| | 1999/00 £000 | £000 | 1998/99 £000 |
|--|-----------------|----------------|-----------------|
| OPERATING ACTIVITIES | | | |
| Net Cash Inflow from Operating Activities | | 5,981 | 5,691 |
| RETURNS ON INVESTMENT AND SERVICING OF FINANCE | | | |
| Interest Received | 263 | | 309 |
| Interest Paid | (605) | | (1,789) |
| Interest Element of Finance Leases | (81) | | (87) |
| Net Cash Outflow from Returns on Investments and Servicing of Finance | | (423) | (1,567) |
| CAPITAL EXPENDITURE | | | |
| Payments to Acquire Tangible Fixed Assets | (1,415) | | (1,565) |
| Receipts from Sale of Tangible Fixed Assets | 13 | | 247 |
| Payments to Acquire Intangible Fixed Assets | (9) | | 0 |
| Net Cash outflow from Capital Expenditure | | (1,411) | (1,318) |
| DIVIDENDS PAID | | (3,170) | (1,766) |
| Net inflow before Financing | | 977 | 1,040 |
| FINANCING | | | |
| Government Long Term Loans Repaid | 0 | | (8,843) |
| Public Dividend Capital Received //(Repaid) | (1,534) | | 7,839 |
| Capital Element of Finance Leases | (58) | | (55) |
| Other Capital Receipts | 0 | | 185 |
| Net Cash outflow from Financing | | (1,592) | (874) |
| Increase (Decrease) in Cash | | (615) | 166 |

Statement of Recognised Gains and Losses

| | 1999/00 | 1998/99 |
|--|----------------|----------------|
| | £000 | £000 |
| Prior Period Adjustment | 169 | 0 |
| Surplus (Deficit) for the year before Dividend Payments | 2,936 | 2,020 |
| Fixed Asset Impairment Losses | (2,461) | 0 |
| Unrealised Surplus (Deficit) on Fixed Asset Revaluations / Indexation | 11,109 | 6,922 |
| Increase in the Donation Reserve due to Receipt of Donated Assets | 37 | 0 |
| Reduction in the Donation Reserve due to the Depreciation of Donated Assets | (213) | (33) |
| Total Gains and Losses Recognised in the Financial Year | 11,577 | 8,909 |

Compliance Statement on NHS Managers' Pay

During the financial year ended 31st March 2000 the Trust has complied with the Secretary of State's letter to Chairmen of 11th October 1999 about limits on NHS Managers' pay rises. All staff employed by the Trust received a cost of living increase in line with the nationally agreed levels in 1999/2000.

Non - Medical Education and Training (NMET)

The Trust is a member of the Portsmouth, Isle of Wight, Southampton, Winchester and Basingstoke Education Purchasing Consortium, which is responsible for commissioning non-medical education and training for all health bodies in the area. In 1999/2000 the Lead Trust, in terms of accounting for the income and expenditure of the consortium, was North Hampshire Hospitals NHS Trust.

Controls Assurance Statement

The Trust Board acknowledges and accepts its responsibility for maintaining a sound system of internal control, including risk management. As part of the NHS Controls Assurance Project, I, as Chief Executive, confirm that for the year ending 31st March 2000, and in accordance with the NHS Circular HSC 1999/123 and supporting guidance, the Board has reviewed and endorsed an action plan resulting from an organisation wide self assessment against relevant risk management and organisational control standards produced by the NHS Executive. The Board will oversee implementation of the action plan.

By order of the Board.

Date 21\7\00 Chief Executive

Code A

Directors' and Auditor's Reports

Summary Financial Statements

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 21\7\00 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 21\7\00 Signature

Code A

DISTRICT AUDIT CERTIFICATE

We have audited the summary financial statements set out on pages 17 to 23, which have been prepared by the Trust and signed as approved by the Chief Executive and Finance Director. Our Audit comprised of 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 31st March 2000, on which we have issued an unqualified opinion.

Date 21\7\00 Signature

Code A

Summarised 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. They also have 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 (available with the full accounts) have been in existence within the organisation throughout the financial year.

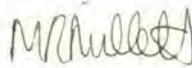
The directors confirm that they have undertaken the review and the above requirements have been met.

The auditor's report on the full internal financial control statement is attached.

By order of the Board.

Date 21\7\00

Chief Executive



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

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 in 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 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 system 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 the statement is not inconsistent with the information of which we are aware from our audit carried out under the Code of Audit Practice.

Date 21\7\00

Signature

Code A

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PORTSMOUTH

