

# **SALFORD ROYAL NHS FOUNDATION TRUST**

ANNUAL REPORT AND ACCOUNTS OF  
SALFORD ROYAL NHS FOUNDATION TRUST  
FROM 1<sup>st</sup> AUGUST 2006 TO 31<sup>st</sup> MARCH 2007

*June 2007*

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**Presented to Parliament pursuant to Schedule 1 of the Health  
and Social Care (Community Health Standards) Act 2003,  
Schedule 1, paragraph 25 (4)**

On 1<sup>st</sup> August 2006, Salford Royal Hospitals NHS Trust achieved Foundation Trust (FT) status. For the first four months of 2006/07, Salford Royal Hospitals operated as an NHS Trust.

The operating and financial requirements of Foundation Trusts differ from those of non-Foundation Trusts and separate accounts and financial statements are required for each. This document describes the Trust's operational performance for the full year April 2006 to March 2007 and accounts for the period August 2006 to March 2007 i.e. that operated as an NHS Foundation Trust.

A separate document has been produced with accounts for the period April to July 2006.

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Foundation Trust response to the Code of Governance

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## An introduction to Salford Royal NHS Foundation Trust

Salford Royal NHS Foundation Trust is an 850 bed teaching Trust that employs over 4,000 staff and treats over 400,000 patients a year. The Trust provides services across two sites. The majority of the Trust's acute work takes place at the main hospital site on Stott Lane in Eccles with the remaining specialist services being provided at the Maples Neurorehabilitation Centre.

The Trust provides a comprehensive range of district general hospital services to the 216,000 population of Salford, as well as a wider range of specialist services to the populations of Greater Manchester and beyond.

The Trust's district general hospital services include: Accident and Emergency, Obstetrics and Gynaecology, General Surgery, Ear, Nose and Throat, Trauma and Orthopaedics, Oral Surgery, Urology and a full range of acute and specialist medical services including General Medicine, Cardiology, Endocrinology, Respiratory Medicine, Nephrology, Haematology, Rheumatology, Dermatology and Elderly Care Medicine.

The Trust also provides a range of specialist services to Greater Manchester and beyond including: Neurosciences, Renal Medicine, Intestinal Failure, Complex Spines, Specialist Cancer, Specialist Dermatology and Specialist Neonatal Care.

These services are backed up by a comprehensive range of clinical support services including radiology, pathology, pharmacy, high dependency and intensive care units.

As a teaching hospital with a significant research programme the Trust is able to attract the highest calibre of staff ensuring that leading edge clinical practice is maintained.

On 1<sup>st</sup> August 2006 Salford Royal Hospitals NHS Trust was awarded NHS Foundation Trust status under the Health and Social Care (Community Health and Standards) Act 2003. Being a Foundation Trust provides the Trust with greater degrees of managerial and financial independence.

As it moves forward the Trust aims to use its new Foundation Trust freedoms to ensure that the Trust becomes the hospital where patients from Salford, the wider populations of Greater Manchester and beyond, prefer to be treated.

# Section 1 - Chairman's Statement

I have great pleasure in introducing the Annual Report for 2006/07.

2006/07 has been another outstanding year for the Trust. Some of the highlights of the year were securing Foundation Trust status, achieving an "Excellent" rating for the quality of our services by the Healthcare Commission in their latest assessment (2005/06) and being one of only two Trusts in England to achieve the highest level of accreditation for our clinical standards from the NHS Litigation Authority.

I am also pleased to report that once again we treated more patients in 2006/07 than in the previous year and achieved a financial surplus.

These achievements would not have been possible without the dedication and commitment of all of our staff and I would personally like to thank them all for their continued hard work. We are not alone in valuing our staff. This year Housekeeper Valerie Mills and Domestic Sharon Leigh were awarded MBEs in the Queen's 80<sup>th</sup> Birthday Honours list. Many of our clinicians have also received recognition for their contributions to patient care.

In April 2006, we completed our first Service Development Strategy (SDS) as part of our Foundation Trust application. The SDS describes our strategic and service objectives for the next five years as well as our financial plans for the next ten years. It will also enable us to develop our plans for the future.

Since becoming a Foundation Trust, we have made progress with our governance arrangements and have established the Council of Governors from our Foundation Trust membership. The Board of Directors and the Council of Governors will continue to work to establish an effective relationship which ensures the populations that we serve benefit from these new arrangements.

We also made significant progress with our plans for redeveloping the hospital estate including finalising the design plans for the new hospital. We received full planning consent in December 2006 and work has already begun to prepare the site for the start of the main construction work. This has included work on schemes totalling £11.6 million to create three new operating theatres, a paediatric observation and assessment unit, a new heart care unit and a pain management suite.

It has not all been good news for the Trust, however. We were very disappointed by the outcome of the "Making it Better" consultation on the future of maternity, neonatal and obstetric services across Greater Manchester, as it did not identify Salford as a future provider of these services. The outcome of the consultation is now the subject of a review by the Government's Independent Reconfiguration Panel and the Trust expects to hear of the findings in the first half of 2007/08

Looking forward, 2007/08 promises to be another challenging year. We hope to receive final approval from the Treasury in the summer for our Full Business Case to redevelop the hospital. Approval will enable the Trust to sign the contracts with the preferred

partner, Consort Healthcare, that will enable the beginning of the construction of the Private Finance Initiative elements of our scheme.

We are very aware that as we proceed with these plans, there may be some disruption for our patients, visitors and staff and we are committed to providing additional support to people visiting the site to reduce any inconvenience experienced. We hope that you will recognise that this is an important development for us to improve the quality of our facilities and hope that you will bear with us during this time.

Like all other NHS providers, we face the future challenges associated with increased choice for patients. We intend to meet these challenges by continuing to focus on the high quality services we offer and ensuring the improvement of our facilities so that we remain the hospital of choice for those requiring treatment.

Despite the challenges ahead, I feel confident that Salford Royal NHS Foundation Trust can look forward to another successful year in 2007/08.

M. A MORRIS

**Margaret Morris**

Date : 4<sup>th</sup> June 2007

## **Section 2 - Chief Executive's Statement**

2006/07 has probably been one of the most remarkable and successful years for the Trust in recent years. Notwithstanding the considerable effort required to achieve Foundation Trust status, we have continued to focus on our core purpose of providing the highest quality care to patients.

I am particularly proud of the outcome of the Healthcare Commission's assessment of our performance in 2005/06 against national standards and targets which ranked us amongst some of the best performing Trusts in the country and the best performer in the North West.

Our record for high performance and quality continued in 2006/07 when we treated more patients than in the previous year whilst reducing waiting times and improving the quality and efficiency of the services we provide.

The combined impact of an increase in number of patients treated alongside improvements in efficiency has, once again, enabled us to generate a financial surplus

of £3.9m in the full year and £3.1m in the eight month period as a foundation trust. We have used some of our financial surplus to invest in some new medical equipment which included 480 new high tech beds and a state of the art neurosciences IT system that improves our clinicians ability to treat patients with brain tumours. The remainder we have decided to carry forward to support developments in the future.

Looking forward it is clear that the focus on national targets and standards within the NHS will continue. The NHS Operating Framework for 2007/08, published by the Chief Executive of the NHS in December 2006, gives us a clear indication that whilst no new national priorities will be forthcoming, the NHS will be expected to continue to focus on existing priority areas. The most challenging target for the Trust will be achieving a maximum wait of 18 weeks from referral by a GP to treatment.

Similarly, financial pressures experienced across the NHS, along with external cost pressures such as increasing energy costs, will require us to continue to focus on improving quality, efficiency and value for money.

We will need to take account of, and respond positively to, the eventual outcome of the 'Making it Better' consultation review. We will also need to prepare our staff and services for the challenges associated with increased competition from independent sector providers.

All of these challenges and others ahead, mean that as an organisation we will need to be increasingly responsive to change. We will continue to work closely with all our staff to equip them with the skills and support they will need to work in this rapidly changing environment. In view of the capability, dedication and high calibre of our workforce, I feel sure that we will be able to rise to these and other challenges.

Within this report you will find details of the performance and development of our organisation over the past year.

Finally I can confirm that so far as the directors are aware, this report is a true and accurate account of our activities and there is no relevant audit information of which the auditors are unaware and that the directors have taken all of the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.



**David Dalton**

Date : 4<sup>th</sup> June 2007

## Section 3 - Operational and Financial Review

In August 2006 the Trust achieved its ambition to become a Foundation Trust. Being a Foundation Trust gives the organisation much greater freedoms in deciding how it wishes to develop its services. Over the coming years the Trust hopes to use these freedoms to ensure that our services are developed to meet the needs and expectations of the populations served. Our aim is to provide a comprehensive range of high quality services that are **Safe, Clean and Personal** for those that use them.

In preparation for becoming a Foundation Trust, the Trust Board undertook a review of the overall strategic direction of the Trust. Through this review, the Trust Board identified eight key strategic themes to be pursued in the coming years. These were:

- Clinical and organisational performance
- Financial reform and the control of costs
- Service developments of the SHIFT (Salford's Health Investment for Tomorrow) Programme
- Strategic service change and developments
- Education and Research
- Satisfying the needs of commissioners and users
- Partnerships and joint ventures with other service providers
- Strong corporate governance and organisational development

The Trust used these strategic themes as a framework for the development of its Annual Plan, which provides a description of how the Trust intends to develop its services in the coming year and the risks associated with these plans.

The Trust developed an Annual Plan for 2006/07 and is satisfied that the objectives set down in that plan have been delivered and that any risks identified have been mitigated or actions taken to address them. Details of the Trust's Annual Plan for 2006/07 can be found on the Trust's website at [www.srft.nhs.uk](http://www.srft.nhs.uk).

The following sections describe the performance, developments and achievements of the Trust in 2006/07 and a forward look to 2007/08.

### Our Patient Care

The Trust strives to continuously improve the standards of care offered to its patients through robust frameworks for clinical governance, risk management and quality assurance.

In March 2007, the Trust was delighted to be awarded level 3 of the NHS Litigation Authority accreditation for General Services. Level 3 is the highest possible level of accreditation having only been awarded to one other Trust in England. The Trust also achieved level 2 accreditation for its maternity services with plans to achieve the highest level of accreditation (level 3) in the coming year.

In October 2006 the Healthcare Commission published its assessment of the Trust's performance for 2005/06. The results were based on a rigorous assessment which included safety and cleanliness of the hospital, quality of the care, treating patients with dignity and respect, promoting health during hospital visits, waiting times and the quality of the management of the organisation.

Based on the assessment criteria the Healthcare Commission rated the Trust as 'Excellent' for the quality of its services and 'Good' for the management of resources. On this outcome the Trust was identified as the best performer in the North West and within the top 4% of Trusts nationally.

The Healthcare Commission extended the range of national targets for acute Trusts in 2006/07. The Trust continued to perform well in many areas improving on the performance achieved in the previous year. A summary of our performance against the Healthcare Commission's targets is provided below.

Key	Achieved	Underachieved	Failed
<b>EXISTING TARGETS</b>			
<b>Total Time in A&amp;E</b> – Percentage of patients waiting less than 4 hours in A&E from arrival to admission, transfer or discharge.	Achieved		
<b>Convenience &amp; Choice</b> – All patients to be fully booked by December 2005 and offered choice of 4 to 5 providers of healthcare.	Achieved		
<b>Thirteen week outpatient waits</b> – Outpatients seen within 13 weeks of a GP written referral. Must be 100% by December 2005.	Achieved		
<b>Six month inpatient waits</b> – Percentage of patients waiting less than 6 months for an inpatient procedure. Must be 100% by December 2005.	Achieved		
<b>Cancer: Two week waits</b> – Percentage of patients seen within two weeks of a GP referral for suspected cancer to outpatient appointment with a specialist.	Achieved		
<b>Cancer: One month diagnosis to treatment</b> – Percentage of patients beginning treatment within 1 month of a cancer diagnosis.	Achieved		
<b>Cancer: Two months GP urgent referral to treatment</b> – Percentage of patients treated within 2 months of referral.	Achieved		

<b>EXISTING TARGETS (continued)</b>	
<b>Waiting times for Rapid Access Chest Pain Clinic</b> – Percentage of patients with new onset chest pain thought to be angina seen in a RACPC within 2 weeks of referral.	Achieved
<b>Thrombolysis treatment time</b> – Percentage of eligible patients treated within the “CTN treatment time of 60 minutes”	Achieved
<b>Cancelled Operations</b> – Percentage of patients not given a binding date within 28 days of their cancelled operation and cancellation rate.	Achieved.
<b>Delayed transfers of care</b> - Percentage of patients whose transfer of care from hospital was delayed.	Achieved

<b>NEW TARGETS in 2006/07</b>	
<b>Data quality on ethnic group</b> - Completeness of trust coding for ethnicity in patient data sets. Using valid 20001 census coding for ethnicity category. Expressed as a percentage.	Achieved
<b>Drug misusers: information, screening and referral</b> - Assessment on the provision of information, existence or clear screening and referral processes for drug misusers to A & E/ Maternity services.	Achieved
<b>Experience of patients</b> - Use of patient surveys and selected questions to calculate and overall score of assessment of the patient experience.	Achieved
<b>Infant health &amp; inequalities: smoking during pregnancy and breastfeeding initiation</b>	Achieved
<b>Inpatient waiting times milestone for the 18-week referral-to-treatment target</b> - percentage of patients waiting less than 20 weeks for an elective (inpatient ordinary or daycase) admission	Achieved
<b>Outpatient waiting times milestone for the 18-week referral-to-treatment target</b> - percentage of patients waiting less than 11 weeks for a first outpatient appointment following a GP written referral	Achieved
<b>Processes in place to ensure compliance with (NICE) guidelines on the treatment and management of self harm in emergency departments</b>	Achieved

<b>NEW TARGETS in 2006/07</b>	
<b>Smoke-free NHS, recording of smoking status and reducing smoking</b> - recording the smoking status of adult inpatients and work to reduce smoking in adult patients.	Achieved
<b>Waiting times for diagnostic tests</b> - to ensure that by March 2007 nobody waits 13 weeks or over for a diagnostic test.	Achieved
<b>MRSA</b> - Achieve year on year reductions in MRSA levels, expanding to cover other health care associated infections as data from mandatory surveillance becomes available	The Trust has recorded 48 cases cumulatively against a target of 42; however, this is a reduction of 36% compared to 2005/06 against a target reduction of 20%
<b>Emergency bed days</b> - The actual number of emergency bed days divided by the actual number of bed days for the previous year.	Achieved
<b>Participation in audits</b>	Compliant
<b>Indicator on stroke care</b> - substantially reduce mortality rates by 2010 from heart disease and stroke and related diseases by at least 40% in people under 75, with a 40% reduction in the inequalities gap between the fifth of areas with the worst health deprivation indicators and the population as a whole	Achieved

The following achievements are of particular note:

The Trust has seen huge improvement throughout 2006/07 in the reduction in the target relating to *cancellation of operations for non clinical reasons*. Whereas three years ago it wasn't unusual to have 100 patients cancelled a month there are now only 5 or 6 cancellations a month. In 2006/07 the Trust managed to ensure that all but 2 patients received a new date for their operation within 28 days of their initial cancellation. This has been achieved through the hard-work of the theatres team.

Despite Greater Manchester being identified nationally as having some of greatest challenges to achieving the three national *cancer targets* the Trust has achieved all three. This achievement has been orchestrated by the Cancer Team and recognition must also be given to them and all the staff that have worked extremely hard across the organisation to make this possible.

Against the challenging 2 month GP referral to treatment, cancer target, the Trust passed the 94% threshold to be graded as "achieved".

Despite a significant (10%) rise in A&E attendances, the Trust and its A&E Department managed to ensure that the Trust met the *4 hour target* whereby 98% of patients must be either discharged, admitted or transferred within 4 hours.

At the end of March, the Trust had no patients waiting longer than the national 18 week milestone targets of 11 weeks for Outpatients and 20 weeks for Inpatients. These waiting time reductions were achieved through much hard work from many different staff groups from clinicians to service managers. The Trust managed to achieve this despite increasing demand for its services through making more efficient use of resources.

The Trust made great inroads in the fight against MRSA. The MRSA target set by the Department of Health to reduce infections by 60% in 3 years has presented huge challenges to the NHS. This Trust saw a reduction of over 36%, in MRSA, in 2006/07 compared to 2005/06 making Salford one of only a small number of trusts to make a significant reduction in this period. Whilst not quite meeting the target, the Trust is now running close to the Department of Health trajectory reduction.

The finalised performance for 2006/07 will not be announced until the Autumn of 2007, but the achievements listed above suggest that the organisation is in a strong position to meet or exceed last year's grading.

### **Standards for Better Health**

The Healthcare Commission also publishes a range of core standards across a range of domains by which the Trust is required to assess itself. These domains include core standards for safety, hygiene, clinical and cost effectiveness, governance, patient focus, accessibility and responsiveness of care, patient environments and amenities and the Trust's contribution to improving public health. The Trust has reviewed its operational performance, procedures and policies against these core standards and is confident that it meets the standards set within the Healthcare Commission's framework.

## **Developing Our Services**

Foundation Trust status has provided the Trust with greater freedoms to pursue the development of our services in pursuit of clinical and academic excellence.

The Trust is committed to working with its Council of Governors and members to understand the needs of the populations served so that services are shaped and developed accordingly.

The following paragraphs describe some of the key developments in 2006/07:

In 2006/07 the Trust made a number of new consultant appointments in cardiology, renal medicine, paediatrics and anaesthetics. These appointments were made to support a range of planned developments including the provision of day case surgical services for Salford children, the centralisation across the north-west sector of upper GI, urology and gynaecology cancer surgery at the Trust and improving access to renal services within the north west sector of Greater Manchester.

Also in 2006/07, the Trust established a pioneering new Neurosciences Integrated Clinical Assessment and Treatment Service (ICATS) in partnership with University of Manchester. This new service has enabled the Trust and its commissioners to reduce outpatient waiting times for Salford residents to just 4 weeks.

The Trust has also been working to improve access to and quality of its services through redesign. Examples include:

- Extension of working hours in pharmacy, radiology and pathology.
- Development of a direct access to hysteroscopy gynaecology service.
- Development of nurse cystoscopy service to support patients with bladder cancer.
- Extended specialist nursing cover for patients that are in pain.

The service developments are supported by a range of capital investments, details of which can be found in the the Financial Review section on page 20..

Despite these achievements, the Trust was disappointed to hear in December 2006 of the Joint Committee of Greater Manchester PCTs conclusions to their consultation on the future of neonatal and maternity services across Greater Manchester known as "Making it Better". The Committee decided that Salford would not be chosen as one of the preferred providers for either of these services in the future. Given the high quality and excellence of the Trust's existing maternity and neonatal services, it was a grave disappointment. However, due to strength of public feeling, this decision has been referred to the NHS Independent Reconfiguration Panel by the Secretary of State. The Trust expects to hear the recommendations of the Independent Reconfiguration Panel in the first half of 2007/08. Irrespective of the outcome of this review, the Trust will continue to provide the best possible services for women and their babies in 2007/08. Furthermore, it is not anticipated that there will be any change in service provision for at least 3 years.

## Planning for the Future

In December 2006 Salford City Council's planning department gave full planning permission for the redevelopment of the hospital site. This comprises a range of new purpose built clinical facilities funded through a Private Finance Initiative (PFI) alongside a number of developments funded through a combination of government (public) capital and the Trust's own internally generated resources. The ability to use these internally generated resources (financial surpluses) to fund capital investments is one of the new freedoms enjoyed in becoming a Foundation Trust

The publicly funded elements of the redevelopment have already begun. In 2006/07 the Trust refurbished and upgraded a range of facilities and begun work on others which support its longer term plans. These developments include:

- Refurbishment of the microbiology laboratories.
- Extension and refurbishment of the neurosurgery high dependency unit.
- Expansion and refurbishment of the renal ward, F2.
- Refurbishment of the renal waiting area.
- A new teaching facility adjacent to the existing University Teaching Building.
- The construction of three new theatres (to be completed 2007/08).
- A new Heartcare Unit in the Ladywell Building (to be completed 2007/08).
- A paediatric observation and assessment unit (to be completed 2007/08).

In 2007/08 the Full Business Case for the PFI elements of the redevelopment has been presented to Salford PCT, NHS North West and finally the Private Finance Unit of HM

Treasury for approval. The approval of the Full Business Case will enable the Trust to sign contracts with its preferred private sector partner, Consort Healthcare, and thereby enable the construction work to begin.

The redevelopment of the hospital site will eventually provide a facility fit for the provision of 21<sup>st</sup> Century healthcare in which staff and patients will be justifiably proud. However, clearly such a redevelopment cannot occur without some disruption and the Trust has well developed plans to ensure disruption is minimised. The Trust is confident that with the cooperation of staff, patients and the public, it will continue to provide the full range of services and maintain quality and standards.

Details of the Trust's plans for the redevelopment of the site can be found on our website [www.srft.nhs.uk](http://www.srft.nhs.uk) or through the Hospital Redevelopment Project Office at the Trust.

Like all Trusts, Salford Royal NHS Foundation Trust faces many challenges in the future. The key strategic challenge for the future will come from the need to operate in an environment where patients have a choice of services and those that provide them.

In 2007/08 this challenge is most likely to come in the form of Independent Sector Integrated Clinical Assessment and Treatment Services (ICATS). These services are designed to compete directly with the services traditionally provided through out patient clinics in Acute Hospital Trusts. ICATS services aim to provide patients with a diagnosis and onward referral for treatment within four weeks of referral. Plans are in place for ICATS services to be developed in five surgical specialties i.e. trauma and orthopaedics, general surgery, ear, nose and throat, urology and gynaecology.

An ICATS model has already been piloted by the Trust's own neurosciences department and through this pioneering project the Trust has developed a sound understanding of how ICATS can benefit patients. Using the experience already gained, the Trust is seeking to adopt the ICATS model in a range of specialities to ensure that the Trust retains its position as the provider of choice for patients.

Monitor, the Independent Regulator of Foundation Trusts, requires that each Trust develops an Annual Plan that identifies the Trust objectives and financial plans for the coming year alongside the risks associated with delivering those plans. Further details of the Trust's plans for the coming year are described in the Trust Annual Plan which can be obtained from the Trust Headquarters or on the website at [www.srft.nhs.uk](http://www.srft.nhs.uk).

## Our Impact on the Environment

The Trust is committed to energy conservation and improving the environment. The Trust approach to environmental management is complex and covers a range of areas that encompass recycling, waste management, pollution control, energy and water efficiency, transport and procurement.

The Trust works to support these objectives through a range of initiatives including the developments of green travel plans, use of local suppliers for goods and services encouraging energy and water conservation and recycling and improved waste management.

The Trust monitors and benchmarks its performance against other NHS organisations through the use of an NHS standard Environmental Management System. The Trust is making progress and in 2006/07 reduced its electricity consumption by 3%, gas by 5% and water by 2%.

The Trust's commitment to the environment was recognised in 2006/07 when we were chosen as one of 10 NHS organisations to pilot an energy saving programme run by the Carbon Trust.

This theme has also been adopted in the plans for the Hospital Redevelopment and was part of the assessment process when developing the building design.

## Our Staff

The Trust will face many challenges over the coming years and is working to develop its staff and services to enable them to be able to respond flexibly to the future, thereby ensuring that it retains its position as a provider of choice in the future.

The Trust would not be able to provide the high quality services for which it is recognised without the dedication, hard work and high standards of professionalism demonstrated by all staff.

The Trust prides itself on its ability to attract the highest calibre of staff and aims to provide an environment that encourages staff to continuously develop and update their skills. As part of its ongoing commitment to staff development it seeks to ensure that all employees receive a regular appraisal that enables the Trust to identify and support plans for their development.

Staff are the Trust's greatest asset and in 2006/07 the following individuals received recognition for their achievements.

- Housekeeper Valerie Mills and Domestic Sharon Leigh were awarded MBEs in the Queen's 80<sup>th</sup> birthday Honours list.
- Dr Donal O'Donoghue was appointed as 'renal tsar' by the Department of Health to lead the development of Government policy on renal services. Dr O'Donoghue has been a consultant renal physician at the Trust since 1992 and has been President of the British Renal Society and Treasurer of the Renal Association.
- Nurse Lynn Pruhoe won the Wound Care Award for work undertaken in improving care for Trauma and Orthopaedics patients.
- Deputy Director of Nursing, Jackie Bird, won a Florence Nightingale travel scholarship to compare patient safety practices in the UK with those provided in the USA and Denmark.
- Advanced Nurse Practitioner Julia Taylor won a Florence Nightingale Scholarship Award to compare Urology Care in the UK with that provided in Australia.
- Five leading clinicians at the Trust were this year nationally recognised for expertise in their respective fields. These were Dr Carl Gwinnutt (Anaesthesia), Professor Alan

Jackson (Radiology), Dr Maeve Keaney (Director of REACHE (Refugee and Asylum Seekers Centre for Healthcare Professionals Education)), Mr James Leggate (Neurosurgery) and Dr Lesley Rhodes (Dermatology). This brings the total number of consultants at the Trust in receipt of these prestigious awards to 27.

- In the past 5 – 6 years the Trust's Intestinal Failure Service reputation has become international with Salford clinicians regularly providing opinions for, and treatments on, patients from countries including Sweden, North America, Australia, Argentina, Poland and Israel. This year the Trust's Intestinal Failure Unit achievements were again recognised when they hosted a visit from colleagues from Maastricht.

In supporting its staff the Trust seeks to ensure that they are provided with a working environment and support that enables them to participate in the organisation and reach their full potential as employees.

In January 2007 the Trust implemented a complete ban on staff, contractors and volunteers smoking on our site. This initiative supports the Trust's aim to provide a pleasant and healthy working environment and fulfils its role in promoting healthy lifestyles for staff. As part of this initiative all staff smokers are being offered help and support to stop smoking from the Occupational Health Department.

Staff employed at the Trust have access to a range of benefits, including access to on-site occupational health and counseling services and a range of training and education opportunities. The Trust also offers staff a range of discounted schemes, including child care vouchers.

The Trust is proud that its efforts to be a good employer are recognised by the staff and a range of external bodies. The Trust is an Improving Working Lives Practice Plus employer which is regularly rated one of the top Acute Trust employers by its staff. In 2006 a staff survey undertaken by the Healthcare Commission indicated that the level of job satisfaction for our staff was in the highest 20% of all acute trusts in England.

## Our Stakeholders

### Patients and Public

The Trust seeks to engage with its patients and the public in helping to shape the development of its services and actively encourages patient and public involvement (PPI) with many staff acting as PPI Champions leading on a range of PPI initiatives.

Patient involvement is fundamental to the continued success of the organisation, ensuring patients have the best possible experience. Examples include:

- The first volunteers have started in the Patient Advice and Liaison Service (PALS) to support PALS work around the hospital.
- Volunteers now work alongside Trust staff in the Eye clinic, specifically to help those patients with newly diagnosed severe visual impairment.
- The Trust was awarded an Information Grant from the MS Society (£1250) as a result of a joint bid to establish a stand alone web site giving information to people affected by MS and health/social care professionals about services for people with MS in Greater Manchester. This is being developed with service users (patients and professionals) very much involved and it is hoped to be launched over the summer.
- The Intestinal Failure Unit has developed an Inpatient Diary so that the patient feels more part of the team. Its purpose is to enable the patient to document any events in relation to their care and treatment plan. This means that staff can hear and address any concerns and issues which may arise.

The Trust also participates in the national programme of patient surveys and uses the outcomes to target areas for service improvement. The Trust generally receives excellent feedback from patient surveys and has been praised for the quality of the care provided by the staff and the food served to patients. However the Trust is not complacent and recognises that there is always room for improvement. In 2007/08 the Trust will be looking to work much more closely with its partners to improve continuity of care when patients are discharged from hospital.

As a Foundation Trust the Trust aims to become ever more responsive to patients and the public. One of the key ways in which it hopes to achieve this is through encouraging people to join the Foundation Trust and become active stakeholders. A Foundation Trust "Council of Governors" has been established, with an elected component to represent the membership, who will lead on positive engagement with patients, the public and staff in the future, and an appointed component, representing stakeholder organisations.

Members of Council of Governors or Trust Directors can be contacted through the Trust's Executive Offices at the following address:

Trust Headquarters  
Salford Royal Hospitals NHS Foundation Trust,  
Stott Lane  
Salford  
Greater Manchester  
M6 8HD  
or telephone 0161 206 3133

## Dealing with Complaints

The Trust views complaints as an opportunity to receive important and valuable feedback from our patients that may inform improvements to practice or service. There is a formal complaints policy with clear accountability for the management of complaints. The Trust employs a Complaints Management Team that takes responsibility for enforcing the policy and ensuring that all complaints are dealt with in a transparent and timely manner and that any action that arise as a result of complaints are embedded into the Trust's practices in future.

The number of complaints received in 2006/07 has reduced considerably from the previous year, with 320 in 2005/06 to 218 in 2006/07. All complaints are acknowledged within 2 days of their receipt with over 93% receiving a written response within 25 days.

In July 2006 the Trust introduced a complaints satisfaction questionnaire. Since implementation 181 questionnaires have been sent out with roughly 1/3 being returned. The Trust is one of very few that undertakes to obtain feedback in how it deals with its complaints and the aim is to use this valuable feedback to improve its complaints management processes.

## Healthcare and Community Partners

The Trust maintains a close relationship with its local healthcare partners through the Salford Health Investment for Tomorrow (SHIFT) Programme. The SHIFT Programme is the established framework for the agreement of plans for the development of local health services within Salford.

The SHIFT programme is managed and directed through the SHIFT Programme Board which includes representatives from a wide range of key stakeholders including the Trust, Salford PCT, Salford City Council and the Universities of Salford and Manchester.

## Education and Training

Salford Royal Foundation Trust is one of three major teaching Trusts in Greater Manchester. The Trust has strong links with a wide range of academic institutions, including:

- The University of Manchester
- The University of Salford
- The Manchester Metropolitan University

Many University of Manchester medical students come to the Trust each year. In 2006/07 ten extra students will receive training as a result of Wigan and Bolton being linked to The Trust as “Associated Teaching Hospitals”. The Trust also educates many doctors and scientists working for research degrees and hosts the REACHE (Refugee and Asylum Seekers Centre for Healthcare Professionals Education) Centre, which supports refugee and asylum seeking healthcare professionals.

Medical education is only one part of the Trust's educational portfolio. Undergraduate students in other health professions (e.g. nursing, pharmacy) also receive part of their education at the Trust.

The Trust's status as a Teaching Hospital is important to its future. Being a Teaching Hospital enables the Trust to attract high quality staff and promote innovation in care. To maintain its position as a Teaching Hospital and to continue to attract trainees, the Trust must continuously seek to ensure that it provides the highest quality of teaching to its students the standard of which is monitored by the University of Manchester and NHS North West. The Trust commitment to teaching was supported in 2006/07 with a £0.25m investment in a new teaching facility.

Looking forward to 2007/08 the Trust will see the implementation of Modernising Medical Careers (MMC). Modernising Medical Careers is a fundamental reorganisation of the national system of postgraduate medical education with significant implications for all Trusts including:

- Impacts on postgraduate education
- A significant loss of junior doctor input to clinical service
- More explicit demands on clinical teachers
- Increased demands on consultants and junior doctors during recruitment
- Concerns amongst junior doctors regarding career opportunities.

The Trust has been working closely with relevant partners to ensure it is well placed to continue to provide an excellent education and training service whilst minimising the impact of MMC.

## Research and Development

Research activity across the Trust continued to increase in 2006/07, with a 30% increase in the number of studies registered compared with the previous year. Also in 2006/07 the Trust received £3.3 million from the Department of Health to support research activities and additionally attracted £9.7m in external grant funding. More than 300 articles were written by staff based within the Trust and published in peer-reviewed journals.

Trust Research and Development encompasses programmes in Dermatological Sciences, Gastrointestinal Sciences, Infection, Injury and Inflammation, Vascular Sciences and Clinical Sciences. Research programmes in these areas were all rated as ‘strong’ (highest possible rating) by the Department of Health in 2006. The established culture of partnership between academia and clinical practice ensures that research findings are translated directly into the clinical setting to improve patient care.

There were a number of key developments in 2006/07 for the Trust Research and Development Directorate including:

- A successful bid to host two of the Northwest's Local Research Networks in Stroke and Diabetes.
- A National Institute of Health Research (NIHR) Technology Platform award to support medical imaging associated with research.
- Establishment of a merged Trust and Salford Primary Care Trust Research Management Office to undertake the research management function for all 10 Greater Manchester PCTs.

Looking forward the implementation of the NHS Research Strategy "Best Research for Best Health" will present both opportunities and challenges for the coming year. The strategy will involve radical changes to the way in which NHS research is funded.

The Trust has a clear focus on maintaining the excellent research portfolio of programmes that benefit from the well-developed collaborations with external research institutions including the Greater Manchester Research Alliance, Salford PCT, other partner Trusts, universities and industry and it is confident that its excellent track record will mean that it can continue to attract funding in order to achieve its potential in delivering high quality research for patient benefit.

## Financial Review

### Overview

The 31<sup>st</sup> March 2007 represents the close down of the first period of Foundation Trust status for Salford Royal NHS Foundation Trust, covering the eight months from 1<sup>st</sup> August 2006 (date of license) to 31<sup>st</sup> March 2007. The four months covering 1<sup>st</sup> April 2006 to 31<sup>st</sup> July 2006 have been included within a separate Part Year Report published as Salford Royal Hospitals NHS Trust.

The first eight months has been a successful period with the Trust posting a surplus of £3.1 million for this period. This result, coupled with the good achievement against the other elements of the Monitor Compliance Framework means that the Trust has a draft risk rating (subject to confirmation by Monitor, the Independent Regulator of Foundation Trusts ) of 4, which compares favourably with the risk rating of 3 given at the time of licensing by Monitor.

In addition to the successful posting of a surplus at 31<sup>st</sup> March 2007 the Trust has also been able to invest significant amounts in both capital and revenue equipping (see page 25 on Investments).

The part year has also seen the Trust start to develop its financial reporting capabilities with the development of Service Line Reporting and the start of a project to develop Patient Level Costing to enable the Trust to better understand the financial implications of decision making. This will help the Trust to understand how its costs compare to the National Tariff and to support the broader aim of a wider understanding of cause and effect in relation to use of resources.

The following sections set out the Trust's achievements against a range of headings and should help provide greater insight into the financial results of the part year to 31<sup>st</sup> March 2007.

## Financial Position

### Summary of Financial Performance

The Trust's accounts for the 8 month period as a foundation trust from 1<sup>st</sup> August 2006 to 31<sup>st</sup> March 2007 are included in Appendix A of this Report. This section provides additional information about the finances of the Trust and, in particular, performance in 2006/07 and a brief look forward to 2007/08.

One of the Trust's eight key strategic themes (within its Corporate Plan) was to deliver financial reforms and to control costs. This objective was achieved as the Trust ended the year with a surplus of income over expenditure of £3.1million for the period 1<sup>st</sup> August to 31<sup>st</sup> March and £3.9 million for the full year.

Good financial management throughout the Trust included the delivery of over £4.3million in cost savings during the period, coupled with increased clinical activity leading to an increase in Trust income.

The Trust's cash balances at 31<sup>st</sup> March 2007 were just over £30 million against a planned balance of £8 million. A substantial proportion of this cash balance is already committed by the Trust to pay for goods and services received at the balance sheet date but not paid for.

In addition, the Trust improved its financial risk rating from a score of 3 set on 1<sup>st</sup> August when the Trust was granted its foundation trust license to a score of 4 as at 31<sup>st</sup> March 2007 (to be confirmed by Monitor).

### Trust Income

The majority (£135 million or 83.4%) of Trust income during the period was earned by providing clinical services to NHS patients, under Service Level Agreements with Commissioners, principally Primary Care Trusts (PCTs).

The Trust continued to experience growth in NHS patient activity during the year as set out in the following table, attracting additional income under the NHS Payment by Results regime. A substantial proportion of this income was required to cover the increased costs incurred by treating the additional patients. However, the Trust was able to invest in 480 new hospital beds (circa £500K), along with a substantial investment in other small value medical equipment (circa £350K).

Type of Activity	Outturn 2006/07	Outturn 2005/06
A&E Attendances	75,999	69,163
Day Case Spells	21,136	18,539
In-patient Elective (non-emergency) Spells	8,190	8,724
Non Elective (Emergency) Spells	33,783	35,629
First Out-patient Attendances	56,351	61,132
Follow Up Out-patient Attendances	196,776	205,663

As a University teaching hospital, the Trust also received £10.7 million of funding during the period from the NHS North West to provide high quality teaching for undergraduate medical students and to provide further training for post-graduate doctors.

As an active and proven Research Centre, the Trust received £2.2 million in funding from the Department of Health for the period (and £3.3 million for the full year) to support further research and development programmes.

### **Private Patient Activity**

The Trust earned £503k in Private Patient Income during the period which accounts for just under 0.4% of total patient-related income.

To comply with the Trust's Terms of Authorisation as a foundation trust, the Trust must ensure that income received from treating private patients during the year does not exceed a cap of 0.4%. This condition was met during the period covered in this Report.

### **Income from Non-Healthcare Activity**

While the Trust's primary focus remains as a high quality provider of NHS healthcare, a small proportion of Trust income (£9.5 million or 5.8% during the period) was earned from providing other services not directly relating to healthcare. These services help reduce the cost of patient related activities and include:

- Services to other NHS bodies such as pathology and radiology services;
- Income from the NHS to support strategic projects such as the Trust's Hospital Redevelopment programme and implementing Connecting for Health;
- Income from sales to staff and the public for catering and restaurant services, car parking and accommodation.

### **Delivering value for money**

During the year, the NHS national tariffs were reduced by 2.5% to ensure that the NHS delivered minimum efficiencies at this level. In addition to meeting this national efficiency target further savings were required to agree an approved budget for the Trust. The total cost savings target for the period was £4.3 million achieved through the identification and delivery of specific Cost Improvement Programmes.

During the year, specific schemes for cost and efficiency savings were identified under the following key themes:

- Increasing Trust income;
- Exercising tighter controls on expenditure;
- Realising savings from more effective procurement practices;
- Reconfiguration of services to improve efficiency and performance.

### **The Prudential Borrowing Limit**

As an NHS foundation trust, greater freedoms have been earned to borrow money to finance capital investment. The limits on the amount the Trust can borrow and the conditions that it must meet to demonstrate that the levels of borrowing are affordable are set out in the Trust's Prudential Borrowing Limit (PBL), issued by Monitor, the Independent Regulator of Foundation Trusts.

The PBL sets out five minimum financial ratios that the Trust must meet.

The maximum value of cumulative borrowing that the Trust may draw down is set with reference to the Trust's annual financial risk rating, as assessed by Monitor. As the Trust was licensed as a foundation trust with a financial risk rating of 3, the maximum cumulative borrowing allowed is 15% of total Trust assets.

During the period 1<sup>st</sup> August 2006 to 31<sup>st</sup> March 2007, the Trust did not have any borrowing and, as a result, does not have any actual data to report against four of the five PBL ratios.

The following table sets out the Trust's performance against the single relevant ratio during the period and shows that the Trust exceeded the minimum value required. The table also shows the projected performance for 2007/08. For the second year in succession, the Trust does not plan to access external sources of borrowing to fund its capital investment plans so that, once again, the only relevant ratio is the minimum dividend cover.

	<b>2006/07 Performance (1<sup>st</sup> August 2006 – 31<sup>st</sup> March 2007)</b>	<b>2007/08 Forecast</b>
Minimum dividend cover (min >1x)	3.2	2.7
Minimum interest cover (min >3x)	n/a	n/a
Minimum Debt service cover (min >2x)	n/a	n/a
Maximum Debt Service to Revenue (max 3%)	n/a	n/a
Maximum Debt Capital Ratio (Max 15%)	n/a	n/a
Working capital facility (not to exceed £17 million)	£17 million agreed	£17 million agreed

The working capital facility is a maximum sum of £17 million that the Trust can draw down under the terms of a contract held with Lloyds TSB in the event of any short-term cash flow issue. During the period, the Trust did not utilise the working capital facility.

#### **Performance against Monitor's Compliance Framework**

The Trust is required to demonstrate that it is operating within the foundation trust Compliance Framework. The Framework is a comprehensive document outlining Monitor's approach to regulating foundation trusts using a risk-based methodology.

A key part of the Compliance Framework sets out the means by which the level of financial risk facing the organisation (from the point of view of meeting the financial requirements set out in its Terms of Authorisation as a foundation trust) is assessed.

Foundation trusts that face a very high risk of breaching the financial elements of their Terms of Authorisation are assigned a financial risk rating score of 1. Foundation Trusts with the lowest risk of a breach are assigned a financial risk rating of 5. The Trust was pleased to end the financial year with a financial risk rating score of 4 (to be confirmed by Monitor).

The table below shows the Trust's performance against the Compliance Framework metrics.

Financial Risk Rating Measures	2006/07 (Actual)
EBITDA margin	6.7%
EBITDA, % achieved	117.9%
Return On Assets	6.6%
I&E surplus margin	2.1%
Liquid ratio (days)	44
<b>Weighted financial risk rating</b>	<b>4</b>

### Post Balance Sheet Events

In the opinion of the Directors there are no material Post Balance Sheet events.

### Financial Outlook 2007/08

The Trust has set a Budget for 2007/08 which will deliver a surplus of £1.7 million. Underpinning this, a cost improvement programme to save £5.5 million in operating costs has been developed. While challenging, the Trust has every expectation that this can be achieved and will continue to look for further ways in which the efficiency and cost-effectiveness of the hospital can be improved.

### Key Financial Risks

The end of year financial risk rating for the Trust reflects the achievements of delivering a surplus of income over expenditure and having substantial cash balances in the bank and on short-term investment as at 31st March 2007.

While the end of year position for the Trust was good, there are undoubtedly risks facing the Trust that could impact on financial performance in the future. In the forthcoming year, the key risks facing the Trust that could have the biggest effect on finances are set out in the table below:

Risk	Impact in 2007/08	Likelihood in 2007/08	Current actions to minimise risk
Development of ICATS (Integrated Care, Assessment and Treatment Services) leads to higher than expected reductions in clinical activity at the Trust	Medium	Low	The Trust's contracts for the provision of clinical services with NHS commissioners in 2007/08 include agreed forecast reductions in hospital activity as a result of the development of ICATS.
Not delivering the 2007/08 cost savings target of £5.5 million	Medium	Low	The Trust operates a system of delegated responsibility for budget management to

<b>Risk</b>	<b>Impact in 2007/08</b>	<b>Likelihood in 2007/08</b>	<b>Current actions to minimise risk</b>
to achieve Trust's financial plan			Directorates and their departments. Schemes to deliver the target savings identified and agreed with each Directorate. Achievement will be monitored through an Executive Committee of the Board on a monthly basis.
Not delivering the 2007/2008 activity plans and associated 18 week wait targets.	Medium	Low	The Trust has agreed as part of the contracts with PCTs for 2007/2008 additional activity required to enable the 18 week pathway targets to be achieved. Details of these plans have been agreed with Clinicians and Managers and regular monitoring will ensure targets are achieved.
Delays to signing the Private Finance contract for the hospital redevelopment will lead to increased costs for the Trust	Medium	Low	The NHS North West approved the Trust's Business Case in May 2007 prior to it being reviewed by Treasury. The process is currently on schedule to complete in line with Trust expectations.
If there is a central (national) budget shortfall, then the Trust's income may be reduced.	Medium *This risk reflects experience from 2006/07, when education budgets were reduced across Greater Manchester.	Low	NHS North West has agreed to reinstate the 2006/07 reduction in 2007/08. The shortfall, owing to inflation, is c. £100k, which has been incorporated into Trust budgets.
Withdrawal of Research and Development (R&D) Levy in line with Department of Health (DH) transitional arrangements.	Medium *The DH have indicated that £680K will be withdrawn from the Trust in 2007/2008.	High	The Trust has a full understanding of R&D costs and plans are in place to secure funding through the various R&D bids. In addition focus will be placed upon R&D costs where no discernable benefits accrue to the Trust.

## Investment Activity

### 2006/07

The Trust invested over £8.4 million in capital schemes during the period. Of this total, £2.2million related to expenditure required to undertake schemes to support the overall hospital redevelopment project including commencement of work on the new Theatre Block.

Expenditure during the period included the following key investments:

- Commencement of work to build an additional **Theatre Block** (£0.9 million);
- Other enabling works to ensure the **Hospital Redevelopment** is able to proceed to timetable in anticipation of receiving Treasury approval for the Business Case early in 2007/08 (£1.3 million)
- A **Picture Archiving and Communications System (PACS)** (£3 million) which enables images such as x-rays and scans to be stored and viewed electronically rather than printed onto film and a new Radiology Information System (RIS) that enables improved booking, tracking and reporting. Salford is the first Trust in Greater Manchester to use the PACS system.
- A state of the art **Pharmacy Robot** storing up to 50,000 packs of medication and dispensing them at a rate of up to 2,000 items per hour (£0.5 million). This development reduces turnaround time for prescriptions and reduces potential for prescribing errors.
- A range of replacement and new **Medical Equipment** as approved by the Trust's Medical Equipment Committee (£0.5 million)

### Future investment plans

The Trust is undertaking a major £200m hospital redevelopment project as part of the whole health economy Salford Health Investment for Tomorrow (SHIFT) programme. This scheme will replace sub-standard Victorian accommodation and completely transform the hospital site. The whole scheme is still subject to Department of Health and Treasury approval, although some enabling works, for which funds have been received, have already commenced.

The majority of the work is being carried out under the Government's Private Finance Initiative. The PFI element will be paid for via an annual charge from the service provider. However, the Trust has also determined to spend £54.7m to 2012/13 on complementary public capital developments which will upgrade the rest of the hospital site. These include:

- Completion of an additional **Theatre Block** to resolve capacity issues requiring Trust patients to be operated on elsewhere (£4.2million of which £1.5million is coming from the Trust's own capital sources). *To be completed during 2007/08.*
- Development of a new **Heartcare Unit** to replace existing accommodation being demolished under the PFI scheme (£2.5million). *To be completed during 2007/08.*

- New **Pain Management** facilities to replace existing displaced accommodation (£3.5million). *To be completed during 2008/09*
- A programme of major **Ward Refurbishments** to modernise and bring about improvements to the patient environment in existing accommodation (£6.7million). *To be completed 2012/13.*
- An investment in **Medical Equipment** to support services provided in the new PFI Buildings (£6.6 million). *To be completed 2012/13*
- New **Patient Kitchen** to rationalise and modernise the delivery of catering services to patients, visitors and staff (£4m) *To be completed 2012/13*
- A new **Multi-Storey Car Park** and associated services to bring all patients, visitor and staff car parking onto the hospital site (£12.3million across 2007/08-2008/09) *To be completed 2008/09*

## Capital Expenditure Plans

The capital programme and sources of funding over the next three years are as follows:

	2007/08 £m	2008/09 £m	2009/10 £m
SHIFT	17.3	5.5	0.1
Other	8.6	5.8	6.7
<b>Total</b>	<b>25.9</b>	<b>11.3</b>	<b>6.8</b>
Financed by:-			
Public dividend capital	17.0	5.5	0.0
Internally generated resources	8.9	5.8	6.8
<b>Total</b>	<b>25.9</b>	<b>11.3</b>	<b>6.8</b>

The Expenditure (based on current estimates) on schemes in the 2007/08 Capital Programme is identified below, and categorised as protected (delivering the mandatory activity of the Trust) and unprotected.

	Protected Assets £m	Unprotected Assets £m	Total
Diabetes (NW Teaching)	0.6		0.6
Equipment		0.5	0.5
Heartcare	2.5		2.5
Multistorey Car Park		6.8	6.8
Pain Management	3.5		3.5
Services Diversions		0.7	0.7
Theatre Development	2.7		2.7
<b>Sub-Total - SHIFT Schemes</b>	<b>9.3</b>	<b>8.0</b>	<b>17.3</b>
Cardiology Developments		0.4	0.4
Computer Suite		0.7	0.7
Corridor Upgrades	0.1		0.1
Fracture Clinic Upgrade	0.1		0.1
IM&T		0.3	0.3
Level 3 Theatre	0.4		0.4
Medical Equipment		0.7	0.7
Minor Schemes	0.2		0.2
Miscellaneous Schemes		0.2	0.2
Paediatric Observation Unit	1.4		1.4
Planned Maintenance Programme	0.7		0.7
Prior year slippage	0.1		0.1
Renal Expansion	0.4		0.4
Sanitary Accommodation	0.1		0.1
Sterile Services Instrumentation		1.0	1.0
Theatre Development (non-SHIFT)	1.4		1.4
Ward Environment	0.4		0.4
<b>Total Other Schemes</b>	<b>5.3</b>	<b>3.3</b>	<b>8.6</b>
<b>Total Expenditure</b>	<b>14.7</b>	<b>11.5</b>	<b>25.9</b>

### Management costs

During the period 1<sup>st</sup> August 2006 to 31<sup>st</sup> March 2007, the Trust spent £4.2 million on management costs which represents 2.6% of total income. By comparison, in 2005/06, management costs as a percentage of total income were 2.8%.

### Remuneration

Senior employees remuneration is set out on page 52 in the Remuneration Section of this Report and further details are provided in the note 5.2 in the Trust's accounts in Appendix A on pages 16 and 17.

### **Going Concern**

As approved by the Audit Committee under delegated authority from the Board of Directors, these accounts have been prepared on a going concern basis as the directors have a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future.

### **Accounting policies**

The Trust's accounts reflect two changes in accounting policies, both of which have led to the Trust recognising prior period adjustments in earlier accounting periods. Details of these adjustments are set out on page 26 of the accounts.

The Trust's main accounting policies used to prepare the accounts are shown, in full, on pages 5 to 11 of the accounts. In particular, the Trust's policy on accounting for pension costs is shown in note 1.19 on page 10 of the accounts.

### **External Auditors**

The Council of Governors approved the continued appointment of the Audit Commission as the Trust's external auditors until 31<sup>st</sup> March 2008.

## Section 4 - Board of Directors

### Role and Responsibilities

The Board of Directors is responsible for providing strong leadership to the Trust. Responsibilities include:

- Setting of strategic aims and objectives, taking into account the views of the Council of Governors.
- Ensuring robust assurance, governance and performance management arrangements in place to ensure the delivery of identified objectives.
- Ensuring the quality and safety of healthcare services, education, training and research and applying the principles and standards of robust clinical governance.
- Ensuring that the Trust complies with its terms of authorisation, its constitution, mandatory guidance as laid down by the independent Foundation Trust regulator, Monitor and other relevant contractual or statutory obligations.

The Trust's Constitution sets out the types of decisions that are required to be taken by the Board of Directors. The assurance framework identifies those decisions that are reserved by the Board of Directors and those that can be delegated to its sub committees and Trust managers. The Constitution also describes which decisions are to be reserved for the Council of Governors.

The Board of Directors seeks to apply the main and supporting principles of the NHS Foundation Trust Code of Governance. The Trust regularly reviews its governance arrangements against those laid down within the Code of Governance. Appendix B summarises the Trust's response to the Code of Governance.

The review of compliance with the Code of Governance identified two areas where the Trust has chosen to follow a different approach to that set out by Monitor. These are:-

- The Code of Governance proposes that the Nominations Committee reviews the structure, size and composition of the Board of Directors. The Trust has decided that the Remuneration Committee will review the role and composition of Executive Directors at a frequency of no less than every two years.
- The Code of Governance recommends that Executive Directors should be subject to reappointment at regular intervals of no more than five years. The Trust plans to maintain its existing contractual, performance review and management arrangements. Executive Directors will continue to be subject to regular reviews.

The Trust's Board of Directors is an established and experienced team that has an excellent track record in delivering high standards of performance and taking forward major changes and reforms over many years.

The Board is made up of full time executive and part time non executive directors the latter being chosen for particular areas of expertise that complement the skills of the executive team.

During the run up to the achievement of Foundation Trust status in August 2006 the Trust Chair led a formal process of assessment of the whole Board and individual Board members. This assessment identified that the executive team had the capacity and capability to deliver the Trust's Service Development Strategy (SDS). The assessment identified the need for additional / replacement non-executive directors with expertise in marketing and legal work. These gaps have now been closed and with the exception of a recent non-executive director vacancy, the Board has a complete set of required capabilities. The balance of non-executive directors to executive directors will be appropriate and consistent with the Trusts Constitution on the appointment to the vacant post.

The Trust has an approved Board Development Plan and a formal evaluation process until which time, Executive Directors' voting rights will be curtailed in line with the Trust's Constitution. The Board of Directors consists of the following members:

## Non Executive Directors

### **Margaret Morris, Chair**



Appointed in March 2002, Margaret has held a number of other senior positions including Chair of Salford and Trafford Health Authority and Chair of Salford Community Health Council. Margaret is a Salford City Councillor and has been the Deputy Chair of City of Salford Social Services and is currently a member of the Audit Scrutiny Committee - City of Salford and Executive Support Member Planning and Development – City of Salford. Margaret is a qualified nurse and worked in the NHS for many years. She maintains her development and is currently studying for an Institute of Directors Diploma.  
*Term ends 31.10.09*

### **James Potter, Vice Chair**

Appointed in 1999, James brings to the Board a strong track record of success in private sector management. He is the Managing Director of a manufacturing company, based in the North West, with overseas branches with significant expertise in business planning, cash flow planning, financial control and customer relations. James maintains a strong network of contacts with private businesses, Chambers of Commerce, CBI, IOD, and the local authority and ensures that he keeps himself up-to-date by attending relevant courses / conferences. James is the chair of the Audit Committee and Design Champion for the Hospital Redevelopment.



*Term ends 31.10.07*

**Professor David Thompson, Non-Executive Director**



David was appointed in July 2005 as the University of Manchester nomination to the Board. David has previously held the posts of Non Executive Director and Deputy Chairman of Salford and Trafford Health Authority. He has significant clinical and academic experience, coupled with widespread experience of healthcare systems, particularly in the USA. David is a member of the Senate of the University of Manchester and was Clinical Academic Group leader. David maintains his professional development.

*Term ends 31.08.07*

**Professor Katharine Perera, Non-Executive Director (Senior Independent Director)**

Katharine was nominated by the University of Manchester to the Board in 1999 and was reappointed in her own right in 2005. Katharine has held the positions of Pro-Vice Chancellor and then Senior Pro-Vice Chancellor of the University of Manchester with responsibility for academic standards and quality and then for academic development and planning with accountability for a budget of £180M. Katharine has retired from the University but continues her relationship by holding the post of Director of the Women in Leadership Project. Katharine has a strong interest in development, and ensures that she maintains her own professional development. Katharine is the Council of Governors' appointed Senior Independent Officer.



*Term ends 30.06.09*

**Non Executive Director – Mark Monaghan**



Appointed in July 2006, Mark brought significant financial, operational and general management experience gained in the private sector. A chartered accountant, having trained with Ernst & Young, Mark is currently the Chief Operating Officer for Reebok in Europe, the Middle East and Africa with responsibility for a business turning over more than \$1 billion. In addition to his background in finance Mark has expertise in driving operational effectiveness and change management in complex organisational environments.

*Resigned 01.03.07*

*\*The Board of Directors consider all non-executive directors to be independent.*

## Executive Directors

**David Dalton, Chief Executive**



Appointed to Salford in July 2001, David has been an NHS Chief Executive for 13 years. Holding an MSc in Health Management, David maintains his continuing professional development and has recently participated in the NHS Chief Executive "High Potential Programme". David has a strong profile, locally within Greater Manchester and nationally, where he speaks regularly at events on service redesign, change management and marketing.

**Tony Whitfield, Executive Director of Finance**

Appointed to his first Executive Director of Finance post 13 years ago and to Salford in 2003. Tony has extensive experience of working to financial and operational briefs in large acute organisations. An FCMA qualified accountant, Tony maintains his professional development. Tony is well regarded in the financial community and is called on by the SHA and other Trusts to support them on specific initiatives. He is responsible for finance, performance and information management and technology and is also executive lead for surgery.



**Elaine Inglesby, Executive Nurse Director**



Appointed to Salford in 2004, Elaine has held Executive Nurse positions since 1996 in a specialist and large acute trusts. She has a strong track record in professional nursing and operational management. Elaine is well regarded and has been asked to participate in a number of national initiatives, including the National Policy Group for Comprehensive Critical Care and the National Quality Taskforce. She also participates in a number of SHA working groups. Elaine is educated to degree level and maintains her professional development. Elaine is the Trust executive lead for medical specialties.

**Raj Jain, Executive Director of Workforce and Service Improvement**

Appointed to Salford in 2003, Raj has held senior management positions in HR, Modernisation and General Management in the NHS and private sector. Educated to degree level with postgraduate management qualifications, Raj maintains his continuing professional development including affiliate membership of the CIPD. He is the current Chair of the Greater Manchester HR Directors' Forum. Raj is a member of the Department of Health's HR Capacity Board. Raj has lead responsibility for marketing and service development and is also the Trust executive lead for Women's and Children's, Critical Care and Clinical Support Services.



**Simon Neville, Executive Director of Strategy and Development**



Simon Neville joined the Trust in October 2002 having been Director of Corporate Development at the Acute Trust in Blackburn since 1994. Simon is a career NHS Manager with extensive experience in general management, service development and capital planning. Simon is responsible for developing the organisation's strategic direction within Greater Manchester. In particular, he is the Programme Director for the redevelopment of the hospital. Simon is educated to degree level and maintains his continuing professional development. He is an accredited OGC Gateway reviewer and has reviewed a number of major PFI schemes on behalf of the Department of Health.

### **Dr Stephen Waldek, Executive Medical Director**

Stephen was appointed as Executive Medical Director in August 2006. Stephen was appointed as a Consultant Renal Physician in 1980 and recently changed specialities to take up the position as Consultant in Adult Inherited Metabolic Diseases. Since his early experience in management as chairman of the old Division of Medicine, Stephen has been involved in hospital affairs, most recently as Group Clinical Director for Medicine and Elderly Care. As well as developing the new service in metabolic medicine, he continues to play an active role in the acute medicine rota to keep in touch with colleagues on the 'shop floor'.



### **Hugh Mullen, Executive Director of Operations**



Appointed to Executive Director in 2001, Hugh has a strong and diverse background in NHS Management roles. Recognised as a leader in his field, Hugh chaired the Greater Manchester Acute Directors of Operations Group, was a leader of the National Orthopaedic Project, and is currently providing support and advice on systems reform and strategic change to the Department of Health in Northern Ireland. *On secondment from December 2006*

## Appointment of the Board of Directors

The Health and Social Care Act 2003 stipulates that the Council of Governors must appoint the chairman and non-executive directors of an NHS Trust to the same posts in a new Foundation Trust, if so desired by those currently in post. This took place on authorisation.

The Chair and current Non-Executive Directors were appointed for the remainder of their unexpired terms (or 12 months whichever is longer) by the Council of Governors in accordance with the transitional arrangements as detailed in the Trust's Constitution

In accordance with the constitution, the Council of Governors has the responsibility for the nomination (of candidates) and appointment of all future non-executive directors.

## Nominations Committee

The Trust's Council of Governors have agreed a recruitment process for all non-executive directors. Following the development of a person specification by the Board of Directors a "Search Committee" takes responsibility for advertising posts and ensuring search process is fair, open and effective. The Nominations Committee then takes responsibility for the short listing and selection of candidates.

The Trust's Nominations Committee has the following membership:

- Chairman.
- Two publicly elected Governors.
- One appointed Governor.
- Chairman of another Foundation Trust who acts as an assessor.

In March 2007 the Council of Governors appointed two new non-executive directors:

- Mr Mike Halsall is a solicitor with over 25 years experience in private practice, industry and local government. He specialises in litigation, commercial work and constitutional matters.
- Mr Howard Forster, a Partner in a Global Consultancy firm, EC Harris LLP. Howard runs the Manchester, Liverpool, Belfast and Dublin offices, employing 250 staff. He is also a Regional Council Member for the CBI North West.

The Nominations Committee met once during the year for these two appointments. The two new members will strengthen the existing team bringing considerable commercial and legal expertise to the Board. Both started on April 1<sup>st</sup> 2007. Mr Halsall has been appointed for three years until 31<sup>st</sup> March 2010 and Mr Forster for four years until 31<sup>st</sup> March 2011.

Since authorisation on 1<sup>st</sup> August 2006 the following changes have also occurred:

- Mark Monaghan, who joined the Trust as a non-executive director in July 2006, has unfortunately had to resign due to a change in work commitments. Mr Monaghan resigned from his post with effect from 1<sup>st</sup> March 2007
- Hugh Mullen, Director of Operations, was seconded to a post in Northern Ireland in December 2006. The portfolios of the remaining Executive Directors have been revised to take account of the changes associated with Mr Mullen's absence.

Following the resignation of Mr Monaghan the Trust is looking to appoint one more non-executive director with financial management expertise, at which point the Board of Directors will be fully established.

The appointment of the additional non-executive director will ensure that the Board of Directors has the right balance of experience, skills and qualities to enable it to undertake its role effectively.

## Register of Interests

Under the terms of the Trust's Constitution, the Directors of the Trust are required to declare any interests they may have which are relevant and material to their membership of the Board.

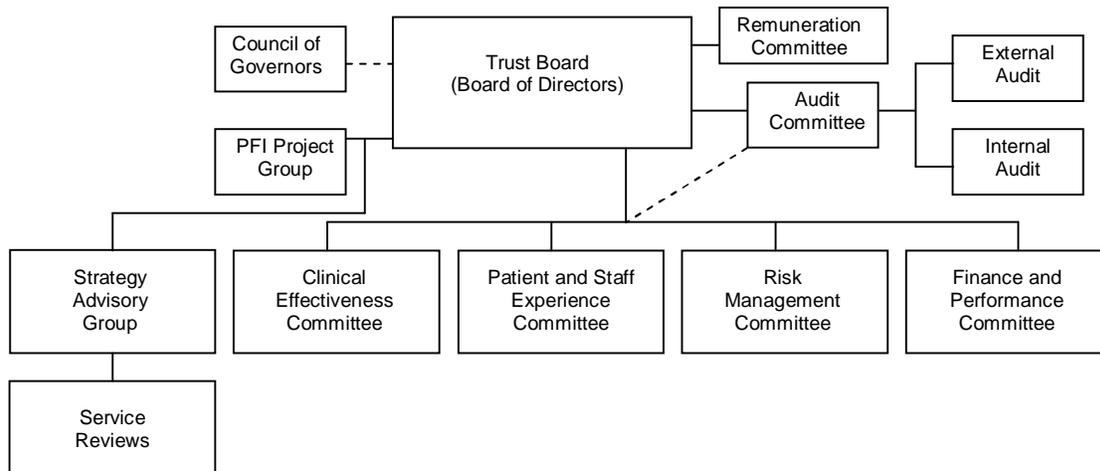
The Register of Interests is reviewed annually and is available to the public via the Trust's external website [www.srft.nhs.uk](http://www.srft.nhs.uk) . The Register of Interests is also available for inspection by appointment at the reception of the Trust Executive Offices at the following address:

Trust Headquarters  
Salford Royal NHS Foundation Trust,  
Stott Lane  
Salford  
Greater Manchester  
M6 8HD  
Tel. 0161 206 3133

## Committee Structure

The Board of Directors has established a robust Governance and Assurance Framework to support the Trust in ensuring that it delivers its stated strategic aims and objectives.

The Trust Assurance Framework has the following components



The **Audit Committee** supports the Trust's non-executive directors in their ability to effectively challenge and assure themselves that the Trust is being run effectively, efficiently and economically.

The Audit Committee will inquire in to any aspect of the Trust, request external assurance of the performance of operations and require Executives or staff to attend the meeting to present and discuss matters of relevance.

The Audit Committee membership in 2006/07 was as follows:

- Chairman: Mr James Potter, Deputy Chairman;
- Professor Katharine Perera, Non Executive Director;
- Professor David Thompson, Non Executive Director.

The Audit Committee is also attended, by invitation, by representatives of the Trust's internal and external auditors, the Director of Finance, Deputy Director of Finance, the Associate Director of Corporate Affairs / Trust Secretary, the Associate Director of Corporate Governance and the Chief Executive.

The Audit Committee met 4 times in the period 01/08/2006 – 31/03/2007 i.e. the period as a Foundation Trust during which time it has received papers for consideration a wide range of subjects including:

- Reviewed and amended its own its "Terms of Reference"
- Considered the appointment of interim Foundation Trust's Auditors
- Reviewed and recommended changes to the Trust's draft Corporate Governance Framework Manual
- Reviewed the Trust's Board Assurance Framework

- Reviewed the work of Board Assurance Committees
- Approved the Trust's Internal Statement of Control
- Received and Adopted the Trust's proposed Accounting Policies
- Reviewed and approved the Trust "Standards for Better Health" declaration.
- Received various reports from the Trust's internal and external Auditors agreeing actions where necessary

The Council of Governors is entitled to review the Audit Committees recommendation on the appointment, reappointment or removal of the Trusts external auditor. The Council of Governors have agreed that the Audit Commission will remain the Trust's external auditor until 31<sup>st</sup> March 2008

The auditors responsibilities on reporting are set out in the Audit Opinion included in Appendix A in the Trust's accounts for the period 1<sup>st</sup> August 2006 to 31<sup>st</sup> March 2007.

The assurance structure includes four **Executive Governance Committees**, which carry responsibility for the detailed assurance monitoring. These are Clinical Effectiveness, Patient and Staff Experience, Risk Management, and Finance and Performance Committees. These committees, though focused on a particular theme, have a common responsibility for carrying out the detailed work of assurance on behalf of the Trust Board. They report their findings and recommendations to the Trust Board and:

- scrutinise reports on the management of risk, the delivery of the Annual Plan and compliance with Standards for Better Health.
- contribute to the development of the Annual Plan.
- give the Trust Board confidence that the systems, policies and people they have put in place to deliver the Annual Plan are operating in compliance with Standards for Better Health, are effective, are focused on key risks and are driving the delivery of the Trust's objectives.
- recommend to the Trust Board the level of assurance required, the source of assurance required and how the reporting of assurances will be managed and coordinated.
- provide the Board with the evidence required of the effectiveness of controls in order to be able to sign the annual Statement of Internal Control and the Declaration of Compliance with Standards for Better Health.
- scrutinise reports and evidence of assurances provided by clinicians, managers, Trust committees and independent assurance on the status of the Trust's internal controls.
- ensure that unacceptable levels of assurance and risks are reported to the Trust Board for their consideration.

- review the management of incidents and those risks considered to be significant in order to assure the Board of Directors that these are being managed effectively and lessons learned implemented.

The Board believes that an effective strategy must have the engagement of clinical and operational staff. A **Strategy Advisory Group** has been established which, through engagement of senior clinical and managerial leads, supports the Board of Directors in formulating the Trust's plans for the future.

The non-executive directors have a right to attend all Executive Governance Committees.

## Assessment of Board Performance and its Committees

The Board assesses its performance by the following:

- The performance of the Trust against the Annual Plan and long-term Service Development Strategy objectives.
- A whole Board assessment that involves each individual director completing an assessment questionnaire coupled with the outcomes of individual director assessment (conducted by an occupational psychologist).
- Individual appraisal and performance review of each director.

The Board Committees have had their effectiveness evaluated by the Trust's Internal Auditors. On an annual basis the Audit Committee reviews data on attendance and makes an assessment of the effectiveness of the Board's committees.

## Statement on Internal Control

The Board of Directors is accountable for internal control. The Trust's Chief Executive is responsible for maintaining, on behalf of the Board, a sound system of internal control that supports the achievement of the organisation's policies, aims and objectives.

The Chief Executive also has responsibility for safeguarding public funds and the organisation's assets, as set out in the Statement of Accounting Officer's responsibilities in respect of the financial statements.

The Chief Executive is required to provide a signed declaration to the effect that the appropriate systems, structures and processes are in place that ensure the delivery of these objectives. This is called a Statement on Internal Control

Following a review by the Board of Directors on the effectiveness of the Trust's system of internal control, the Trust has developed its Statement on Internal Control which is included in the Trust's Accounts that are attached to this report.

## Attendance Records

The following tables provide a summary of the attendance records at the Board of Directors and Audit Committee meetings for the period since the Trust was authorised on 1<sup>st</sup> August 2006 to 31<sup>st</sup> March 2007.

### Board of Directors

<b>Name</b>	<b>Title</b>	<b>Attendances</b>
Mrs Margaret Morris	Chairman	5/6
Mr Jim Potter	Deputy Chairman	4/6
Professor Katharine Perera	Non Executive Director	6/6
Professor David Thompson	Non Executive Director	6/6
Mr Mark Monaghan	Non Executive Director	2/6
Mr David Dalton	Chief Executive	6/6
Mr Tony Whitfield	Director of Finance and Information	4/6
Dr Stephen Waldek	Medical Director	5/6
Ms Elaine Inglesby	Director of Nursing and Quality	6/6
Mr Raj Jain	Director of Workforce and Service Improvement	6/6
Mr Simon Neville	Director of Strategy and Development	5/6

*Meeting Dates: 25<sup>th</sup> September 2006, 30<sup>th</sup> October 2006, 27<sup>th</sup> November 2006, 19<sup>th</sup> December 2006, 29<sup>th</sup> January 2007, 26<sup>th</sup> February 2007*

### Audit Committee

<b>Name</b>	<b>Title</b>	<b>Attendances</b>
Mr Jim Potter	Deputy Chairman	4/4
Professor Katharine Perera	Non Executive Director	4/4
Professor David Thompson	Non Executive Director	3/4

*Meeting Dates: 15<sup>th</sup> September 2006, 16<sup>th</sup> November 2006, 21<sup>st</sup> January 2007, 23<sup>rd</sup> March 2007*

## Section 5 - Council of Governors

Every Foundation Trust is required to have a Council of Governors who are responsible for representing the interests of NHS Foundation Trust members and partner organisations in the local health economy. The Council of Governors are responsible for:

- Appointment of the Chairman and non executive directors and determining their remuneration and allowance.
- Approval of the appointment of the Chief Executive.
- Appointment or removal of the Trust's financial auditor.
- Providing their view to the Board of Directors on the Trust's forward plans.
- Reviewing the Trust's membership strategy.
- Responding to the Board of Directors when consulted and to undertake functions as requested by the Board of Directors.
- Making recommendations for the revision of the Trust's Constitution.

The Council of Governors are also responsible for providing, through the Trust membership and the public, an external perspective on the organisation's strategic direction and service provision.

The Council of Governors and the Board of Directors continue to work together to develop an effective working relationship.

The Council of Governors has 36 members, including a Lead Governor (yet to be elected) with an elected composition planned to reflect the profile of the patients who attend the Foundation Trust. The elected Governors have been elected in accordance with the rules stated in the Constitution of the Foundation Trust.

### Elected Members

To become a member of the Council of Governors one must be over 16 years of age and either be a member of one of the Trust's public constituencies or a member of our staff constituency. There are a number of restrictions that may result in a member staff or the public not becoming a Governor. Further information on the conditions attached to becoming a Governor can be obtained from the Trust's Associate Director of Corporate Affairs/ Trust Secretary on 0161 206 3133.

The constitution of the membership of the Council of Governors is as follows:

**Governors elected by the Trust's public constituencies:**

**Claremont, Weaste and Seedley**

Mrs Jackie Flynn - 2 years (to 2008)  
Mrs Valerie Ivison - 3 years (to 2009)

**East Salford**

Ms Elizabeth Judge - 3 years (to 2009)  
Mr Mike Thorpe - 2 years (to 2008)

**Little Hulton and Walkden**

Mrs Ida Seddon - 3 years (to 2009)  
Ms Jean Whittaker - 2 years (to 2008)

**Irlam and Cadishead**

Mr Brian Myles - 3 years (to 2009)  
Mrs Barbara Tynan - 2 years (to 2008)

**Out-of-Salford**

Mrs Sandra Breen - 2 years (to 2008)  
Dr Michelle Byrne - 3 years (to 2009)  
Mr Michael Harnor - 2 years (to 2008)  
Mr Bernard Peter McDermott \* - 3 years (to 2009)  
Mrs Elaine Cope (resigned \*)  
Mr Peter Rose - 2 years (to 2008)

\*During 2006/07 the Trust received the resignation of one of the Council of Governors' out-of-Salford Governors. In accordance with the Trust's election rules the vacancy was filled by the next highest polling candidate, Mr Bernard McDermott.

**Ordsall and Langworthy**

Mrs Joyce Fitzpatrick - 2 years (to 2008)  
Mrs Shirley McGinn - 3 years (to 2009)

**Swinton**

Mrs Christine Mullen - 2 years (to 2008)  
Mr Thomas Price - 3 years (to 2009)

**Eccles**

Mr Stephen Sutcliffe - 2 years (to 2008)  
Mrs Diana Tyldesley - 3 years (to 2009)

**Worsley/Boothstown**

Mrs Rosemary Knights - 3 years (to 2009)  
Mr Gordon Parker - 2 years (to 2008)

**Governors elected by and representing the Trust's staff constituency**

**Staff – Medicine and Elderly Care**

Mr Stephen Smith - 3 years (to 2009)

**Corporate and General Services**

Rev Dr Ian Carter - 2 years (to 2008)

**Critical Care and Clinical Diagnostics**

Mr Robert Heywood - 3 years (to 2009)

**Surgery, Women's and Children's Services**

Dr Carl Gwinnutt - 2 years (to 2008)

**Neurosciences, Orthopaedics and Ears, Nose & Throat**

Ms Lorraine Reynolds - 2 years (to 2008)

**Governors nominated by and representing our partner organisations:**

**Salford Primary Care Trust**

Mr Tom McDonald - 3 years (to 2009)

**Salford City Council**

Councillor John Cullen - 3 years (to 2009)

**Salford University**

Mr Michael Garrity - 3 years (to 2009)

**University of Manchester**

Professor Martin Humphries - 3 years (to 2009)

**Salford Royal NHS Foundation Trust Patient and Public Involvement Forum**

Mr Brian Minor - 3 years (to 2009)

**Governor (via Salford Children & Young Person's Partnership Board)**

Ms Lauren Bowler - 3 years (to 2009)

**General Practitioners (Salford & Trafford Local Medical Committee (pending establishment of GP Liaison Forum)**

Dr Spencer Nicholson - 3 years (to 2009)

Dr Jeremy Tankel - 3 years (to 2009)

**Voluntary Sector (Salford Council for Voluntary Services)**

Mr Paul Brighthouse - 3 years (to 2009)

**PFI Partner**

**To be appointed**

Professor Katharine Perera has been appointed by the Council of Governors as Senior Independent Director (SID) in December 2006. Her role as SID includes being available to members and Governors if they have concerns that have not been resolved through the normal channels.

The newly established Council of Governors have commenced a programme of orientation and awareness, in areas ranging from understanding medicine through to an overview of the Hospital Redevelopment Plans.

Through their quarterly meetings good progress has been made in confirming key areas of interest and six subgroups have now been established and have developed work plans that are being implemented. The six subgroups are:

• Membership	• Patient experience
• Cleanliness	• Choice
• Access	• Strategic Direction

Each Sub-group has been allocated a link executive and non-executive director along with support from other senior managers within the Trust.

The Board of Directors will ensure that the views of the Council of Governors and the Trust's membership are taken into account through appropriate attendance and active engagement in the Council of Governors meetings and their subgroups.

### **Register of Interests**

All Governors are required to declare any interests that may result in a potential conflict of interest in undertaking their role as a Governor of the Trust. The register is maintained by the Trust Secretary and can be obtained for review through contacting the Trust's Executive Offices at the following address:

Trust Headquarters  
Salford Royal NHS Foundation Trust,  
Stott Lane  
Salford  
Greater Manchester  
M6 8HD  
Tel. 0161 206 3133

**Attendances Record for Council of Governors Meetings**

The table below provided attendance records for the Council of Governors meetings in 2006/07 since authorisation on 1<sup>st</sup> August 2006

<b>Name</b>	<b>Constituency</b>	<b>Atts</b>
Mrs Jackie Flynn	Claremont, Weaste and Seedley	3/3
Mrs Valerie Ivison	Claremont, Weaste and Seedley	2/3
Mrs Joyce Fitzpatrick	Ordsall and Langworthy	0/3
Mrs Shirley McGinn	Ordsall and Langworthy	2/3
Ms Elizabeth Judge	East Salford	1/3
Mr Mike Thorpe	East Salford	2/3
Mrs Christine Mullen	Swinton	3/3
Mr Thomas Price	Swinton	3/3
Mrs Ida Seddon	Little Hulton and Walkden	2/3
Ms Jean Whittaker	Little Hulton and Walkden	3/3
Mr Stephen Sutcliffe	Eccles	2/3
Mrs Diana Tyldesley	Eccles	2/3
Mr Brian Myles	Irlam and Cadishead	3/3
Mrs Barbara Tynan	Irlam and Cadishead	3/3
Mrs Rosemary Knights	Worsley/Boothstown	2/3
Mr Gordon Parker	Worsley/Boothstown	3/3
Mrs Sandra Breen	Out-of-Salford	2/3
Dr Michelle Byrne	Out-of-Salford	1/3
Mr Michael Harnor	Out-of-Salford	2/3
Mr Bernard Peter McDermott	Out-of-Salford	1/3
Mrs Elaine Cope	Out-of-Salford (resigned)	1/3
Mr Peter Rose	Out-of-Salford	2/3
Mr Stephen Smith	Staff	2/3
Rev Dr Ian Carter	Staff	3/3
Mr Robert Heywood	Staff	2/3
Dr Carl Gwinnutt	Staff	3/3
Ms Lorraine Reynolds	Staff	3/3
Mr Tom McDonald	Salford Primary Care Trust	3/3
Councillor John Cullen	Salford City Council	3/3
Mr Michael Garrity	Salford University	1/3
Professor Martin Humphries	University of Manchester	1/3
Mr Brian Minor	SRFT Trust Patient and Public Involvement Forum	3/3
Ms Lauren Bowler	Salford Children & Young Person's Partnership Board	0/3
Dr Spencer Nicholson	General Practitioners (Salford & Trafford Local Medical Committee (pending establishment of GP Liaison Forum)	3/3
Dr Jeremy Tankel	General Practitioners (Salford & Trafford Local Medical Committee (pending establishment of GP Liaison Forum)	2/3
Mr Paul Brighthouse	Salford Council for Voluntary Services	2/3
To be appointed	PFI Partner	

*Meeting Dates: 25<sup>th</sup> September 2006, 19<sup>th</sup> December 2006, 26<sup>th</sup> March 2007*

## Section 6 - Foundation Trust Membership

The membership constituency of Salford Royal NHS Foundation Trust is split into two constituencies i.e. public and staff and totals 8,158.

Whilst developing its application to be licensed as a Foundation Trust, the Trust worked with a range of stakeholders, including the public on proposals to establish a membership. The Trust's membership strategy is based on attracting public members from all constituencies served by the hospital and encouraging staff membership through the adoption of an opt-out approach to inclusion.

The Trust's aim is to build a sizeable membership during the first five years of being a Foundation Trust, including a proportion from outside of Salford, to reflect the work undertaken by the Trust for non-Salford people

As at 31<sup>st</sup> March 2007 the Trust had a public constituency of 3,913 members and a staff constituency of 4,245. This level of membership was slightly below the Trust target as a result of the Foundation Trust authorisation being received later than expected in the year. The breakdown of Trust membership by constituency is provided in table below

Public constituency	Number of members
At start (1 August)	3,800
New members	210
Members leaving	97
At year end (March 31)	3,913
Staff constituency	
At start (1 August)	3,988
New members	835
Members leaving	578
At year end (March 31)	4,245

The following table analyses the public constituency by age and ethnicity.

Age (years):	Public members
0-16***	n/a
17-21	38
22 +	3,875
Ethnicity:	
White	3,469
Mixed	24
Asian or Asian British	110
Black or Black British	73
Other	237

The Trust hopes to encourage greater growth in its membership in 2007/08. The Trust has a Membership Development Strategy which sets out its commitment to building an effective Foundation Trust membership. The Strategy aims to develop a membership that is representative of the local Salford population profile and that of the patients we treat to support the Trust in taking its services forward in the future.

The Trust's Membership Development Strategy encompasses the recruitment, development and engagement of its members. The Trust has developed three levels of membership that the public can register for, thus providing a choice with regards to the levels of communication and engagement they wish for from the Trust.

The Council of Governors are responsible for the development of the Trust's Membership Development Strategy and have established a sub committee to take forward plans for the future. A Trust senior manager supports the Council of Governors in its work to progress the Trust's membership strategy.

Information on becoming a member and how you can become involved can be found on the Trust's website [www.srft.nhs.uk](http://www.srft.nhs.uk)

Members can access contact details for members of the Council of Governors or the Board of Directors through the Trust's Executive Offices at the following address:

Trust Headquarters  
Salford Royal NHS Foundation Trust,  
Stott Lane  
Salford  
Greater Manchester  
M6 8HD  
Tel. 0161 206 3133

## Section 7 - Public Interest Disclosures

The Trust is required to make public interest disclosures with respect to the policies and procedures it has in place to ensure the well being of its staff and the organisation.

### Consulting with Staff

The Trust works closely with Trade Union staff representatives and unions through its **Joint Partnership Forum**. The group meets every two months as a forum for consultation and negotiation on a range of issues which are of common interest to managers and employees of the Trust. A brief summary of the items discussed is to be featured on the Trust intranet "Synapse" following every meeting. Full minutes of each meeting are available through either trade union representatives or the HR Department. The bi-monthly meetings are supplemented by further sub-committee meetings on specific topic items and ad-hoc meetings to discuss developments and areas of concern.

A monthly Managers' Forum is provided by the executive team to allow senior staff to receive a briefing about the main organisational developments for that month. Senior managers are expected to cascade these key issues throughout their areas of responsibility within one week. Managers' Forum is designed to provide senior managers with an opportunity to discuss key issues and provide the executive team with feedback on issues of concern to staff.

Effective communication with staff is critical to the organisation's success. The Trust makes significant investment in developing the communication skills of managers and staff. The effectiveness of communications with staff is reviewed on an annual basis and action taken to further improve areas of concern.

Communication with staff is provided in the form of a regular newsletter "The Gen" which provides information on key developments within the Trust. The Trust also has a well-established, regularly updated, intranet website "Synapse" that provides access to a diverse range of information from news on developments with staff.

The Trust is proud that its efforts to be a good employer are recognised by its staff and a range of external bodies. The Trust is an Improving Working Lives Practice Plus employer which is regularly voted one of the top Acute Trust employers by its staff. In 2006 a staff survey undertaken by the Healthcare Commission indicated that the level of job satisfaction for our staff was in the highest 20% of all acute trusts in England.

### Equal Opportunities

The Trust is committed to providing equal treatment of patients and staff whatever their gender, marital status, sexual orientation, social class, race, ethnic origin, colour, nationality, national origin, religion or age or disability. The Trust recognises that its staff, patients and suppliers are becoming increasingly diverse. Its goal is to ensure that through effective leadership and the individual behaviors and actions of every employee it demonstrates that it truly values diversity and inclusion. The Trust recognises its public duty with regard to Equality and this is demonstrated by the publication of its Diversity Equality Scheme, Disability Equality Scheme and Gender Equality Scheme. A

number of training initiatives are also under way to ensure that all staff have an appropriate awareness of their responsibility under the Diversity Strategy.

The Trust is committed to providing equal opportunities to those with a disability. For a number of years, the Trust has been an accredited user of the “two ticks” disability symbol awarded by Job Centre Plus. Being a “two ticks” employer indicates that the Trust makes every effort to provide employment and support to people with disabilities whether currently employed or otherwise. Being part of the “two ticks” scheme the Trust annually surveys disabled staff to seek their views on how they are supported or how it can improve that support.

## Health and Safety

The Trust has a Health and Safety Committee which is made up of representatives from all clinical and non clinical groups, trade unions and staff. The Committee also includes advisors with expertise in health and safety, fire and security.

The Health and Safety Committee meets regularly to receive reports from all areas and provides an opportunity for managers and staff to raise concerns and issues appertaining to Health and Safety. The committee also sets annual targets for improvement in specific areas and tracks their progress. In 2006/07 plans have included improved management of slips, trips and falls and the safe handling of sharps.

The Trust’s Health and Safety Department provides an advisory service on health, safety, fire, hygiene, health and safety training and related matters. It works with managers and specialists to ensure so far as is reasonably practicable the health and safety of staff, patients and anyone else who may be affected by the Trust’s activities. In addition it co-ordinates the Controls Assurance System and assists in the development of systems that reduce the risks to the Trust and its objectives. The department acts as the Safety Alert Broadcasting System (SABS) and disseminates and coordinates the actions required following the initiation of an alert. The Adverse Incident Reporting (AIR) System is managed by the department.

It is the policy of the Trust to safeguard the health and safety of its employees, patients, visitors and anyone who may be affected by its activities, so far as is reasonably practicable. In particular the Trust:

- ensures that high priority is given to creating a healthy, safe and peaceful environment for employees, patients, visitors, and others who may be affected by its activities;
- ensures that premises achieve high standards which as a minimum comply with healthy and safety legislation;
- provides adequate resources to implement this Policy;
- assesses the risks within the workplace, including plant, equipment, substances and activities, and institute appropriate control systems;
- provides the necessary information, instruction, training and supervision to ensure that all work activities are carried out safely;
- monitors and reviews this Policy to take account of any changes in the nature of the operation, new legislation and good practice.

The continued effectiveness of the Policy depends on the co-operation of all employees and their acceptance that they also have responsibilities with respect to the health and safety of themselves and others who may be affected by their actions or omissions at work.

The Trust requires that all staff undertake mandatory training the content of which is determined upon their area of work. As a minimum all staff are required to attend modules on their responsibilities under health and safety legislation, fire safety and manual handling.

The Trust is committed to the capture of and learning from incidents. In 2005/06 the Trust implemented a computerised system for the capture of incidents and has since that time made a concerted effort for staff to use the system to record incidents. Consequently the Trust has seen an increase in reported incidents over the past two years the majority of which are minor in nature.

Staff safety is a key priority for the Trust. It believes that all staff should be able to come to work without fear of suffering either violence or aggression. A "Zero Tolerance" policy operates to protect staff against such behaviour. Increasing security in staff and visitor car parks. The Trust has been working closely with the police to ensure that all incidents are reported which has resulted in a number of convictions leading to custodial sentences. It is currently working to increase the level of police presence on the site. Over the past five years the Trust has seen over 70% drop in the incidence of crime committed on site.

## Occupational Health

Occupational Health is a service which aims to provide support and advice to staff and their managers with a specific focus is that of the relationship between work and health. The Trust provides a comprehensive on site Occupational Health Service which includes:

- Health assessment of new employees.
- Advice on staff welfare issues.
- Advice on work- related disease or injury.
- Assessment of Occupational Hazards
- Confidential counselling service
- Advice on rehabilitation, resettlement, and job redesign, following accident/injury/illness or long-term sickness absence.
- Advice on work related infection control.
- Immunisation programmes.
- Advice on accident prevention
- Support for Smoking cessation
- Advice/ Secondary treatment for minor injuries arising at work.
- Specific health supervision/ monitoring.
- Advice on ill health retirement
- Health promotion
- Physiotherapy

## Anti Fraud and Corruption Policies

In 1998, the Department of Health established the Directorate of Counter Fraud Services (DFCS). DCFS was given the responsibility of raising the profile of counter fraud activity in the NHS with the aim of reducing losses within the service to a minimum. The Trust policy complements the national initiative and sets out local arrangements for the reporting of matters of concern as described above.

The Trust is committed to the elimination of any financial irregularity or fraud within the Trust by employees or contractors and to the rigorous investigation and punishment of any such cases.

All employees of the Trust are encouraged to report any matter of concern which they may have regarding any acts, events or circumstances involving suspected fraud or corruption which they believe involve or impact upon the Trust.

The Trust uses a range of mechanisms to publicise its policies and processes for reporting including.

- Team Briefs.
- Intranet.
- Payslip attachments.
- Presentations to established groups.
- Induction courses, which will capture new starters.
- Publicising cases.

The Trust is required by law to protect employees who do report matters of concern for investigation and will take appropriate measures to support and protect any member of staff reporting any suspected cases of corruption or fraud.

## Consultations with Local Groups and Organisations

The Trust has not undertaken any major consultation exercises since it became authorised as a Foundation Trust. The Trust is however committed to the review by the Independent Reconfiguration Panel on the outcome of the "Making it Better" consultation on the future of maternity and neonatal services across Greater Manchester. This review is as a result of a referral by the Salford Overview and Scrutiny to the Secretary of State for Health with regards to concerns about the impact of the proposed future loss of those services at the Trust to the population of Salford.

## Section 8 - Remuneration Report

The **Remuneration and Terms of Service Sub-Committee** meets at least once a year to review the terms and conditions of employment of the executive team, assess performance and recommend salary changes. The Remuneration Committee is chaired by the Trust Chairman, Mrs Margaret Morris and has a membership of all the Board's non-executive directors. The Chief Executive also attends for that part of the meeting that concerns the executives, but not where matters relate to the Chief Executive post. The Director of Workforce and Service Improvement is the Committee's Secretary providing professional advice as directed by the committee. Membership in 2006/07 was as follows:

- Mrs Margaret Morris, Chairman;
- Mr David Dalton, Chief Executive;
- Mr James Potter, Deputy Chairman;
- Professor Katharine Perera, Non Executive Director;
- Professor David Thompson, Non Executive Director;
- Mr Mark Monaghan, Non Executive Director;

The Remuneration Committee annually reviews the salary of each executive director. The Committee determines the salaries of executive directors through the assessment of corporate performance, individual director performance, inflationary increases awarded to other staff groups and benchmark data provided by the annual IDS study on NHS Boardroom pay and the Foundation Trust Network

Trust executive directors were appointed on permanent contracts with a notice period of 6 months. The Medical Director is appointed for a term of three years.

Name	Unexpired Term	Notice
Chief Executive	Permanent	6 months
Director of Nursing	Permanent	6 months
Medical Director	Term ends 01/08/09	
Director of Finance	Permanent	6 months
Director of Workforce and Service Improvement	Permanent	6 months
Director of Strategy and Development	Permanent	6 months
Director of Operations*	Permanent	6 months

\*On Secondment from December 2006

There are no special contractual compensation provisions attached to the early termination of an executive director's contract of employment.

Early termination by reason of redundancy is subject to the normal provisions of the *Agenda for Change: NHS Terms and Conditions of Service Handbook* (Section 16): or, above the minimum retirement age, early termination by reason of redundancy 'in the interest of the efficiency of the service' is in accordance with the NHS Pension Scheme.

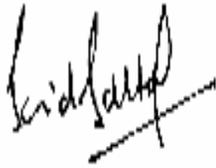
Employees above the minimum retirement age who themselves request termination by reason of early retirement are subject to the normal provisions of the NHS Pension Scheme.

Details of the Directors' remuneration can be found in note 5.4A and 5.4B (pages 16 and 17) of the Annual Accounts attached to this report in Appendix A.

**Meetings of the Remuneration and Terms of Service Sub-Committee**

<b>Name</b>	<b>Title</b>	<b>Attendances</b>
Mrs Margaret Morris	Chairman	1/1
Mr Jim Potter	Deputy Chairman	1/1
Professor Katharine Perera	Non Executive Director	1/1
Professor David Thompson	Non Executive Director	1/1
Mr Mark Monaghan	Non Executive Director	1/1

*Meeting Dates: 25<sup>th</sup> September 2006*



**David Dalton, Chief Executive**

**Dated : 4<sup>th</sup> June 2007**

# APPENDIX A

Statement of Chief Executive's responsibilities as Accounting Officer.....	i
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**Statement of Chief Executive's responsibilities as the accounting officer of Salford Royal NHS Foundation Trust**

The Health and Social Care (Community Health and Standards) Act 2003 ("2003 Act") states that the chief executive officer is the accounting officer of the NHS foundation trust. The relevant responsibilities of accounting officers, including their responsibility for the propriety and regularity of public finance for which they are answerable, and for the keeping of proper accounts, are set out in the accounting officers' Memorandum issued by the Independent Regulator of NHS Foundation Trusts ("Monitor").

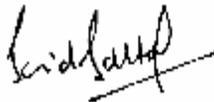
Under the 2003 Act, Monitor has directed the Salford Royal NHS Foundation Trust to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of Salford Royal NHS Foundation Trust and of its income and expenditure, total recognised gains and losses and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the NHS foundation trust Financial Reporting Manual and in particular to:

- Observe the Accounts Direction issued by Monitor, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- Make judgements and estimates on a reasonable basis;
- State whether applicable accounting standards as set out in the NHS foundation trust Financial Reporting Manual have been followed, and disclose and explain any material departures in the financial statements; and
- Prepare the financial statements on a going concern basis.

The Accounting Officer is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the NHS foundation trust and to enable him to ensure that the accounts comply with requirements outlined in the above mentioned Act. The Accounting Officer is also responsible for safeguarding the assets of the NHS foundation trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

To the best of my knowledge and belief, I have properly discharged the responsibilities set out in Monitor's NHS Foundation Trust Accounting Officer Memorandum.



Signed  
**David Dalton**  
**Chief Executive**

Date: 4<sup>th</sup> June 2007

## **Statement on Internal Control August 2006 to March 2007**

### **1. Scope of responsibility**

The Board is accountable for internal control. As Accounting Officer, and Chief Executive of this Board, I have responsibility for maintaining a sound system of internal control that supports the achievement of the NHS foundation trust's policies, aims and objectives, whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me. I am also responsible for ensuring that the NHS foundation trust is administered prudently and economically and that resources are applied efficiently and effectively. I also acknowledge my responsibilities as set out in the NHS Foundation Trust Accounting Officer Memorandum

I carry out my accountability role:

- with commissioning bodies through service agreements,
- with local partners and wider communities through holding public meetings, publishing business plans, an annual report and accounts, and through compliance with the Code of Practice on Openness in the NHS,
- with members through the Council of Governors
- with patients through management of standards of care,
- with Monitor through ensuring compliance with the Terms of Authorisation
- to the Secretary of State for performance and statutory financial duties.

### **2. The purpose of the system of internal control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives of Salford Royal NHS Foundation Trust, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The system of internal control has been in place in Salford Royal NHS Foundation Trust for the year ended 31 March 2007 and up to the date of approval of the annual report and accounts.

### **3. Capacity to handle risk**

As Chief Executive and supported by Board Members I have responsibility for the introduction and implementation of the risk management processes within the Trust. The Audit Committee scrutinises these risk management processes and the Trust's systems of internal control.

In order to ensure that risk management becomes integrated into all practices and procedures carried out by staff, the Trust provides training and procedures which:

- Increase the awareness of staff to **report all** Adverse incidents and near misses;
- Facilitate proactive self assessment of risks throughout the Trust;
- Develop systems and processes which have the capability to reduce risk;
- Improve procedures for reporting and feedback mechanism;
- Continue to ensure compliance with policies and professional standards;
- Provide consistency in the management of risks;
- Ensure compliance with professional registration requirements;
- Ensure compliance with professional codes of practice;
- Promote continuing personal and professional development that meets the needs of individuals and the business needs of the Trust.
- Enable staff appraisal to focus on improvements in performance related to Adverse incidents/near misses, concerns and complaints received.

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

#### **4. The risk and control framework (Any Gaps in Assurance)**

Risk management requires participation, commitment and collaboration from all staff. The process starts with the systematic identification of risks throughout the organisation and these are documented on 'risk registers'. These risks are then analysed in order to determine their relative importance using a risk scoring matrix. Low scoring risks are managed by the area in which they are found while higher scoring risks are managed at progressively higher levels within the organisation. Achieving control of the highest scoring risk is given priority over low scoring risks. Risk control measures are identified and taken to reduce the risk's potential for harm. Some risk control measures do not require extra funding and these are implemented as soon as practically possible. However, where risk control requires extra funding then a risk funding process determines how best to use the organisation's financial resources to control that risk. Risk funding can direct funds to further risk control measures or it may decide to transfer the risk to others such as NHS insurance schemes or sharing the risk in the contracts drawn up with others. The whole process is a continual iterative process.

In order to provide evidence in support of the Statement on Internal Control the Trust has a Board Assurance Framework which is based on six key elements:

- Clearly defined principal objectives agreed with stakeholders together with clear lines of responsibility and accountability
- Clearly defined principal risks to the achievement of these objectives together with an assessment of their potential impact and likelihood.
- Key controls by which these risks can be managed.
- Management and independent assurances that the risks are being managed effectively.
- Board reports identifying that risks are being reasonably managed and objectives being met, together with gaps in assurances and gaps in risk control. Board action

plans which ensure the delivery of objectives, control of risk and improvements in assurances.

#### **5. Review of economy, efficiency and effectiveness of use of resources.**

The Trust has a robust performance management system which provides performance information on key indicators of economy, efficiency and effectiveness and use of resources. These are reviewed monthly by the Finance and Performance Executive Governance Committee which ensures agreed actions are implemented and reports progress and risks to the Trust Board.

All Executive Directors are also members of the Clinical Effectiveness, Risk Management and Patient and Staff Experience Committees as well as the Finance and Performance Committee and this ensures economy, efficiency, effectiveness is a common theme for all executive committees.

The Trust also has in place an effective Internal Audit function, which regularly updates the Audit Committee who in turn reviews the work of the Executive Governance Committees. In addition the Trust commissions specific pieces of work designed to highlight areas where improvements are required.

#### **6. Review of effectiveness (Any Significant Control Issues)**

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the NHS foundation trust who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the results of my review of the effectiveness of the system of internal control by the board, the audit committee and Risk Management Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The head of internal audit provides me with an opinion on the overall arrangements for gaining assurance through the Assurance Framework and on the controls reviewed as part of the internal audit work. Executive managers within the organisation who have responsibility for the development and maintenance of the systems of internal control provide me with assurance through reviews by the Executive Governance Committees and the Audit Committee. The Assurance Framework/Risk Register is reviewed by the Trust Board three times a year and it provides me and the Board with evidence of the effectiveness of controls in place to manage risks to achieving the organisation's principal objectives. My review is also informed by: external audit, audit by the National Health Service Litigation Authority, periodic audits of compliance with its standards by the Healthcare Commission and reviews by Monitor.

Processes are well established to ensure regular review of systems and action plans on the effectiveness of the systems of internal control through:

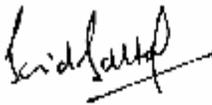
- Trust Board review of Board Assurance Framework, risk register and action plans
- Audit committee scrutiny of controls in place

- Review of serious incidents and learning by the Executive Governance Committees, including those for Risk Management and Clinical Effectiveness.
- Review of progress in meeting the Standards of the Healthcare Commission's Standards for Better Health by the Executive Governance Committees.
- Internal Audits of effectiveness of systems of internal control

No significant control issues were identified during the year August 2006 to March 2007 however the following control issues, not amounting to significant control issues, were identified:

- Control of hospital acquired bacteraemias including MRSA.
- Meeting cancer access targets, including interdependence between other trusts who refer their patients for assessment and treatment to this Trust.
- Potential impact on services from review of children's and maternity services across Greater Manchester.
- Potential financial consequences of equal value claims

Action to improve the control of all of the above risks have been progressing throughout 2006/07 and the effectiveness of these improvements have been reviewed by the Trust Board.



Signed  
**David Dalton**  
**Chief Executive (on behalf of the Board)**

Dated : 4<sup>th</sup> June 2007



## **Independent auditor's report to the Council of Governors of Salford Royal NHS Foundation Trust**

I have audited the financial statements of Salford Royal NHS Foundation Trust for the period 1 August 2006 to 31 March 2007 under the National Health Service Act 2006, which comprise the Income and Expenditure Account, the Balance Sheet, the Cashflow Statement, the Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out within them.

This report is made solely to the Council of Governors of Salford Royal NHS Foundation Trust as a body in accordance with paragraph 24(5) of Schedule 7 of the National Health Service Act 2006. My work was undertaken so that I might state to the Council of Governors those matters I am required to state to it in an auditor's report and for no other purpose. In those Circumstances, to the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the Foundation Trust as a body, for my audit work, for the audit report or for the opinions I form.

### **Respective responsibilities of the Accounting Officer and auditor**

The Accounting Officer's responsibilities for preparing the financial statements in accordance with directions made by the Independent Regulator are set out in the Statement of Accounting Officer's Responsibilities.

My responsibility is to audit the financial statements in accordance with statute, the Audit Code for NHS Foundation Trusts and International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view in accordance with the accounting policies directed by the Independent Regulator as being relevant to NHS Foundation Trusts. I review whether the Accounting Officer's statement on internal control reflects compliance with the requirements of the Independent Regulator contained in

the NHS Foundation Trust Financial Reporting Manual 2006/07. I report if it does not meet the requirements specified by the Independent Regulator or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered, whether the Accounting Officer's statement on internal control covers all risks and controls. Neither am I required to form an opinion on the effectiveness of the Trust's corporate governance procedures or its risk and control procedures.

I read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Introduction, Chairman's Statement, Chief Executive's Statement, Operational and Financial Review, the sections on the Board of Directors, Council of Governors, Foundation Trust membership, Public Interest Disclosures, the un-audited part of the Remuneration Report and the Foundation Trust response to the Code of Governance. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

### **Basis of audit opinion**

I conducted my audit in accordance with the National Health Service Act 2006 and the Audit Code for NHS Foundation Trusts issued by the Independent Regulator, which requires compliance with International Standards of Auditing (UK and Ireland) issued by the Auditing Practices Board.

An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Trust's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Opinion**

In my opinion the financial statements give a true and fair view of the state of affairs of Salford Royal NHS Foundation Trust as at 31 March 2007 and of its income and expenditure for the period ended in accordance with the accounting policies adopted by the Trust.

**Certificate**

I certify that I have completed the audit of the accounts in accordance with the requirements of the National Health Service Act 2006 and the Audit Code for the NHS Foundation Trusts issued by the Independent Regulator.

**Jackie Bellard ACA**

**7 June 2007**

**Officer of the Audit Commission**

Aspinall House  
Aspinall Close  
Middlebrook  
Bolton  
BL6 6QQ

## **Appendix B: Salford Royal NHS Foundation Trust Response to the Code of Governance**

<b>Section</b>	<b>Code Provision</b>	<b>Action Determined by Board in February 2007</b>	<b>Comply or Explain?</b>
3.2	Disclosure requirements - The need to report on governance arrangements in the Trust's Annual Report	<ul style="list-style-type: none"> <li>The Trust will include in the 2006/07 annual report (draft to be available for Board approval in July 2007).</li> <li>Executive lead: Tony Whitfield (Raj Jain for governance)</li> </ul>	Comply
3.3a	Disclosure requirements – a statement by the Trust as to how it applies the main and supporting principles of the Code of Governance	<ul style="list-style-type: none"> <li>As above. There is no prescribed format for this. A statement will be included in the annual report.</li> <li>Executive lead: Raj Jain</li> </ul>	Comply
3.3b	Disclosure requirements - a statement to confirm whether the Trust complies with the provision of the code or where it does not to provide an explanation	<ul style="list-style-type: none"> <li>Part of statement referred to at 3.3a; to be included in the annual report.</li> <li>Executive lead: Raj Jain</li> </ul>	Comply
A.1.1	There should be a formal schedule of matters specifically reserved for decision by the BoD, complemented with a clear statement detailing the roles and responsibilities of the CoG. There should also be a statement explaining how disagreements between the CoG and BoD	<ul style="list-style-type: none"> <li>A policy will be prepared setting out the approach to resolving CoG/BoD disagreements. This should be prepared with the Senior Independent Director (SID) and approved by both the BoD and CoG by June 2007</li> <li>The Annual Report will follow the</li> </ul>	Comply

Section	Code Provision	Action Determined by Board in February 2007	Comply or Explain?
	<p>will be resolved</p> <p>The annual report should state how the BoD and CoG operate including a high-level statement of which types of decisions are taken by each and which decisions are delegated to management by the BoD</p>	<p>expected guidance</p> <p>§ Executive lead: Raj Jain</p>	
A.1.3	<p>The Chair should hold meetings with Non-Executive Directors (NEDs) without Executive Directors (EDs) being present. Led by the SID the NEDs should meet at least annually without the Chair to evaluate the Chair's performance, as part of a process, which should be agreed with the CoG, for appraising the Chair</p>	<ul style="list-style-type: none"> <li>• A process will be prepared detailing evaluation of the Chair's performance, to include the input of the SID and Lead Governor</li> <li>• This process will include a meeting of NEDs led by the SID and will be agreed with the CoG. Schedule for June meeting of the CoG</li> <li>• Executive lead: Raj Jain</li> </ul>	Comply
A.1.4	<p>The BoD should make available a statement of objectives of the Trust showing how it intends to balance the interests of patients, local community and other stakeholders. This should be used as the basis for BoD decision-making and forward planning</p>	<p>None</p> <ul style="list-style-type: none"> <li>• Executive lead: Simon Neville</li> </ul>	Comply
A.1.9	<p>The BoD should establish the values and standards of conduct for the Trust and staff</p>	<ul style="list-style-type: none"> <li>• Trust values reflected in Leadership Strategy</li> <li>• The Code of Accountability states that all Board members are required on</li> </ul>	Comply

Section	Code Provision	Action Determined by Board in February 2007	Comply or Explain?
		<p>appointment to subscribe to the Code of Conduct. The NHS Appointments Commission was previously the vehicle for achieving this; the FT will want to include this requirement in its recruitment processes for BoD members</p> <ul style="list-style-type: none"> <li>• All current BoD members to be asked to sign declarations accepting the Codes of Conduct, Accountability and Openness</li> <li>• National work underway in respect of Board values. To be reviewed by BoD when available</li> </ul> <p>Executive lead: Raj Jain</p>	
A.1.10	<p>The BoD should operate a Code of Conduct</p> <p>The BoD should follow a policy of openness and transparency in its proceedings and decision-making unless this conflicts with the need to protect the wider interests of the public or the FT (including commercial-in-confidence matters) and make clear how potential conflicts of interests are dealt with</p>	<ul style="list-style-type: none"> <li>• Monthly letter from Trust Secretary to Governors, summarising the BoD meeting, to be posted on the Trust website</li> <li>• Description of the Trust's Assurance Framework to be posted on Trust website</li> <li>• Executive lead: Raj Jain</li> </ul>	Comply
A.1.11	Insurance to cover risk of legal action against Directors	<ul style="list-style-type: none"> <li>• Commercial quotes being obtained in respect of four categories of insurance</li> </ul>	

Section	Code Provision	Action Determined by Board in February 2007	Comply or Explain?
		(business interruption; fidelity guarantee; directors and officers and; contract works)  <ul style="list-style-type: none"> <li>Executive lead: Tony Whitfield</li> </ul>	
A.2.1	Division of responsibilities between Chair and Chief Executive (CEO) should be clearly established, set out in writing and agreed by the Board	None  Executive lead: Raj Jain	Comply
A.3.1	The BoD should identify in the Annual Report each NED it considers to be independent	<ul style="list-style-type: none"> <li>This will be included in the Annual Report</li> <li>Chair to lead discussion with NEDs to review criteria and how it applies to NEDs</li> <li>NEDs confirmed as independent to be listed in Annual Report</li> </ul> <ul style="list-style-type: none"> <li>Lead: Chair</li> </ul>	Comply
A.3.2	At least half of the Board, excluding the Chair, should comprise NEDs determined by the board to be independent	<ul style="list-style-type: none"> <li>As per the outcome of A.3.1</li> </ul> Lead: Chair	Comply
A.3.3	The BoD should appoint one SID who will be available to members and Governors if they have concerns that have not been resolved through normal channels	<ul style="list-style-type: none"> <li>Include details of SID in Annual Report</li> </ul> <ul style="list-style-type: none"> <li>Lead: Chair</li> </ul>	Comply
A.3.4	The Annual Report should include a description of each Director's expertise	<ul style="list-style-type: none"> <li>To be included in Annual Report and Trust website</li> </ul>	Comply

Section	Code Provision	Action Determined by Board in February 2007	Comply or Explain?
	and experience and the BoD should make a clear statement about its balance, completeness and appropriateness. Both statements should be available on the Trust web site	<ul style="list-style-type: none"> <li>Executive lead: Raj Jain</li> </ul>	
B.1.3	The Annual Report should identify members of the CoG and other details about their appointment	<ul style="list-style-type: none"> <li>To be included in the Annual Report</li> </ul> <p>Executive lead: Raj Jain</p>	Comply
B.1.7	The CoG should establish a policy for engagement with the BoD for those circumstances when they have concerns about the performance of the BoD, compliance with Terms of Authorisation or welfare of the Trust	<ul style="list-style-type: none"> <li>A policy to be drafted for CoG review and approval which takes account of the role of the SID (see A.3.3). Reference informing <i>Monitor</i> if the Trust is at risk of breaching the terms of its authorisation (B.1.8). Timescale:</li> <li>Executive lead: Raj Jain</li> </ul>	Comply
C.1.1 C.1.2	A Nominations Committee should regularly review the structure, size and composition of the BoD and make recommendations for changes. There may be one or two committees (if two one will be responsible for NEDs and one for EDs)	<ul style="list-style-type: none"> <li>In respect of EDs it is proposed that the Remuneration Committee periodically review the role and composition of EDs (not less than every two years) to include succession planning</li> <li>Executive lead: Raj Jain</li> </ul>	Explain
C.1.4	The CoG should agree with the Nominations Committee a clear process for the nomination of a new Chair or NED	<ul style="list-style-type: none"> <li>A paper outlining a process for the nomination of a new Chair or NED will be prepared for the September 2007</li> </ul>	Comply

Section	Code Provision	Action Determined by Board in February 2007	Comply or Explain?
		CoG (to be reviewed in the first instance by the Nominations Committee) <ul style="list-style-type: none"> <li>• Executive lead: Raj Jain</li> </ul>	
C.1.8	The Annual Report should describe the process followed by the CoG in relation to appointments of the Chair and NEDs	<ul style="list-style-type: none"> <li>• To be included in the Annual Report</li> <li>• Executive lead: Raj Jain</li> </ul>	Comply
C.1.12	A separate section of the Annual Report should describe the work of the Nominations Committee including the process it has used in relation to Board appointments	<ul style="list-style-type: none"> <li>• To be included in the Annual Report</li> <li>• Executive lead: Raj Jain</li> </ul>	Comply
C.2.1	EDs should be subject to re-appointment at regular intervals (no more than 5 years).	<ul style="list-style-type: none"> <li>• Existing contractual, performance review and management arrangements to continue</li> <li>• EDs subject to regular review and performance issues addressed as appropriate</li> <li>• BoD view that short-term contracts a high risk option for the Trust</li> <li>• Executive lead: David Dalton</li> </ul>	Explain

Section	Code Provision	Action Determined by Board in February 2007	Comply or Explain?
D.2	The BoD should undertake a formal and rigorous annual evaluation of its own performance and that of its committees and individual Directors	<ul style="list-style-type: none"> <li>• A paper on Board and individual Director appraisal to be prepared for consideration by the BoD [timescale?]</li> <li>• Whole-Board appraisal outcome to be shared with CoG</li> <li>• Executive lead: Raj Jain</li> </ul>	Comply
	The Annual Report should state how the above has been conducted	<ul style="list-style-type: none"> <li>• To be included in the Annual Report</li> <li>• Executive lead: Raj Jain</li> </ul>	Comply
	The outcomes of the evaluation of the EDs should be reported to the BoD	<ul style="list-style-type: none"> <li>• Detailed evaluation will be considered by the Remuneration Committee and the outcome reported to the BoD</li> <li>• Executive lead: David Dalton</li> </ul>	Comply
	The outcomes of the evaluation of the Chair and NEDs should be agreed by the CoG. The CoG should also take the lead on agreeing a process for the evaluation of the Chair and NEDs	<ul style="list-style-type: none"> <li>• Detailed process to be determined</li> <li>• Outcome of whole-Board appraisal to be shared with CoG but not the outcome of individual NED appraisals</li> <li>• Lead: Katharine Perera</li> </ul>	Comply

Section	Code Provision	Action Determined by Board in February 2007	Comply or Explain?
D.2.2	<p>The CoG should periodically assess their collective performance and they should regularly communicate to members details on how they have discharged their responsibilities including impact and effectiveness on:</p> <ul style="list-style-type: none"> <li>• Advising the BoD on the forward plans of the Trust</li> <li>• Communicating with their member constituencies and transmitting their views to the BoD.</li> </ul>	<ul style="list-style-type: none"> <li>• The CoG should undertake a process of evaluation – to be determined</li> <li>• Regular communication to members will be facilitated via the Trust Secretary and Communications Manager as agreed by the relevant CoG subgroup/s.</li> <li>• Executive lead: Raj Jain</li> </ul>	Comply
	<p>The CoG should use above to review its roles, structure, composition and procedures.</p>	<ul style="list-style-type: none"> <li>• To be incorporated into the evaluation process.</li> <li>• Executive lead: Raj Jain</li> </ul>	Comply
F.1.1	<p>The Directors should explain in the annual report their responsibility for preparing the accounts and there should be a statement by the auditors about their reporting responsibilities</p>	<ul style="list-style-type: none"> <li>• Annual Report for 2006/07 to include full annual accounts including statement of Directors' and auditors' responsibilities</li> <li>• Executive lead: Tony Whitfield</li> </ul>	Comply
F.1.2	<p>The Directors should report that the NHSFT is a going concern, with supporting assumptions or qualifications as necessary</p>	<ul style="list-style-type: none"> <li>• Annual Report for 2006/2007 to include a going concern statement</li> <li>• Executive lead: Tony Whitfield</li> </ul>	Comply
F.1.4	<p>At least annually, the BoD should set out clearly its financial and operating</p>	<ul style="list-style-type: none"> <li>• Annual Plan for 2007/2008 submitted to <i>Monitor</i> will include financial and</li> </ul>	Comply

Section	Code Provision	Action Determined by Board in February 2007	Comply or Explain?
	objectives for the NHSFT and disclose sufficient information, both quantitative and qualitative, of the FT's business and operations, including clinical outcome data, to allow members and Governors to evaluate its performance	operating objectives <ul style="list-style-type: none"> <li>• Executive lead: Tony Whitfield</li> </ul>	
F.3.2	The main role and responsibilities of the Audit Committee should be set out in written Terms of Reference and should include details of how it will: <ul style="list-style-type: none"> <li>• monitor the integrity of the financial statements of the NHSFT, and any formal announcements relating to the Trust's financial performance, reviewing significant financial reporting judgements contained in them;</li> <li>• review the NHSFT's internal financial controls and, unless expressly addressed by a separate Board risk committee composed of independent Directors, or by the Board itself, review the Trust's internal control and risk management systems;</li> <li>• monitor and review the effectiveness of the NHSFT's internal audit function;</li> <li>• review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK professional and</li> </ul>	<ul style="list-style-type: none"> <li>• Policy for engagement of external auditors currently in development</li> <li>• Reporting arrangements to the CoG currently in development</li> <li>• Executive lead: Tony Whitfield</li> </ul>	Comply

Section	Code Provision	Action Determined by Board in February 2007	Comply or Explain?
	regulatory requirements; <ul style="list-style-type: none"> <li>• develop and implement policy on the engagement of the external auditor to supply non-audit services, taking into account relevant ethical guidance regarding the provision of non-audit services by the external audit firm; and</li> <li>• report to the CoG, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken</li> </ul>		
F.3.3	The Terms of Reference of the Audit Committee, including its role and the authority delegated to it by the BoD and CoG, should be made publicly available. A separate section of the annual report should describe the work of the Committee in discharging those responsibilities	<ul style="list-style-type: none"> <li>• Terms of Reference to be published on the Trust's website</li> <li>• Annual Report for 2006/2007 will include a section on the work of the Audit Committee</li> <li>• Executive lead: Tony Whitfield</li> </ul>	Comply
F.3.5	The CoG should take the lead in agreeing with the Audit Committee the criteria for appointing, reappointing and removing auditors. The Audit Committee should make recommendations to the CoG, in relation to the appointment, re-appointment and removal of the external auditor and approve the remuneration and terms of engagement of the external auditor. If the CoG does not accept the	<ul style="list-style-type: none"> <li>• Process and criteria for appointment of auditors currently being developed</li> <li>• Executive lead: Tony Whitfield</li> </ul>	Comply

Section	Code Provision	Action Determined by Board in February 2007	Comply or Explain?
	<p>Audit Committee's recommendation, the BoD should include in the annual report a statement from the Audit Committee explaining the recommendation and should set out reasons why the CoG has taken a different position</p>		
G.1.1	<p>The BoD should make available a public document that sets out its policy on the involvement of members, patients, clients and the local community at large including a description of the kind of issues it will consult on</p>	<ul style="list-style-type: none"> <li>• The BoD may want to prepare a supplementary document giving detail of its patient experience work (patient surveys, dignity and respect, discharge planning, etc)?</li> <li>• Executive lead: Elaine Inglesby</li> </ul>	Comply
G.1.2	<p>The BoD should clarify in writing how the public interests of patients, clients and local community will be represented including how any overlap between local forums and CoG will be approached</p>	<ul style="list-style-type: none"> <li>• The CoG to develop a written policy as to how it relates to other bodies such as the PPIF, etc [date]</li> <li>• Executive lead: Elaine Inglesby</li> </ul>	Comply
G.1.5	<p>The Annual Report should state the steps that the BoD have taken to ensure that the members of the Board, in particular NEDs, develop an understanding of the views of Governors and members of the Foundation Trust</p>	<ul style="list-style-type: none"> <li>• To be included in the Annual Report</li> <li>• Executive lead: Raj Jain</li> </ul>	Comply

<sup>1</sup>The NHS Foundation Trust Code of Governance, *Monitor* (September 2006)