

ANNUAL REPORT



2008-09



Chairman's Introduction and Chief Executive's Report



Philip Townshend Chairman



Malcolm Stamp CBE Chief Executive

Low infections, reduced mortality rates and an increased investment in services have increased quality of care for our patients.

The past 12 months achievements include:

- The only Trust in the West Midlands to offer 24-hour primary angioplasty treatment
- £750,000 invested into our highly rated maternity services
- One of six national pilot sites conducting additional breast screening
- Reduced mortality rate for the fourth year in a row
- 50% less cases of C Diff and recorded our first ever months MRSA free.

The services we provide at the Hospital of St Cross are a vital part of our Trust and these have increased with a new diabetes centre, new sexual health building and new CT scanner.

We are proud to work closely with our partners from Coventry University and Warwick Medical School which is based at the University of Warwick. The Trust works closely with Warwick Medical School to develop innovative medical educational programme and clinical research. Students on the doctor training programme spend 30 months of the course on clinical attachments in departments across the Trust. Patients from Coventry, Rugby and further afield continue to benefit from our medical research in diabetes, lung disease and early labour in pregnancy, an area in which we are already one of the world leaders. However, while research is important for future care, we recognise that our daily care is only as good as the staff who provide it and we recognised their hard work and dedication with the launch of our Outstanding Service and Care Awards (OSCAs).

Nationally this hard work was also recognised by the Healthcare Commission, which rated our quality of services and use of resources as 'good'. We also met our goal to reduce waiting to a maximum of 18 weeks from referral

to treatment by the end of December 2008. Although seeing and treating 98% of patients within four hours of arriving at A&E has been challenging, measures we introduced in January 2009 will help us meet our targets in 2009/10 and further improve our service for patients. This puts us on a strong footing to move forward as a potential Foundation Trust, a process which we will start to consult the public on soon, to give them a leading voice in any key decisions we make and to help us continue to Care, Achieve and Innovate to provide high quality, safe care for those who choose our Trust for treatment.

Hihm Townhend. Philip Townshend

Chairman

Chief Executive

The Trust At A Glance



University Hospitals Coventry and Warwickshire (UHCW) NHS Trust is one of the newest and busiest NHS teaching Trusts in the country, caring for over 1,000,000 people from across Coventry, Warwickshire and beyond.

We run University Hospital, Coventry and the Hospital of St Cross, Rugby, focusing on quality patient care, stringent infection control and specialising in cardiology, neurosurgery, stroke, joint replacements, IVF, diabetes, cancer care and kidney transplants.

We were first established as a Trust in 1992, expanded to include Rugby in 1998 and form part of West Midlands Strategic Health Authority (SHA).

Statistics for 2008/09

| Number of people attending an outpatient appointment | 483,212 |
|---|-------------|
| Number of outpatient appointments | 531,002 |
| The number of people attended Accident & Emergency (A&E) including those in specialist children's A&E | 150,101 |
| The Number of Inpatients and Day Cases | 128,313 |
| Babies Delivered | 5,721 |
| Pathology Tests (including tests at the Labs at UHCW, George Eliot Hospital and Warwick Hospital) | 3,961,942 |
| Patients operated on in our theatres | 44,239 |
| Number of staff working in our hospitals | Circa 6,400 |

Picture courtesy of Skanska Facilities Services

Services provided at University Hospital

General Acute Services

Accident and Emergency

Acute Medicine

Age Related Medicine and

Rehabilitation Anaesthetics

Assisted Conception

Audiology Cardiology Critical Care

Dermatology

Diabetes and Endocrinolgy

Ear, Nose and Throat Gastroenterology General Medicine

General Surgery Brest Surgery

Upper Gastrointestinal Surgery Hepatobiliary and Pancreatic

Surgery

Colorectal Surgery

Gynaecology Haematology

Maxillo Facial Surgery

Neurology and Neurophysiology

Obstetrics

Ophthalmology

Optometry Orthodontics

Orthoptics

Paediatrics

Pain Management

Plastic Surgery Renal Medicine Reproductive Medicine Respiratory Medicine Rheumatology Orthopaedics Trauma Urology Vascular Surgery

Specialised Services

Bone Marrow Transplantation Invasive Cardiology Cardiothoracic Surgery Clinical Physics Haemophilia Neonatal Intensive Care and Special Care

Neuro Imaging Neurosurgery

Oncology and Radiotherapy

Renal Dialysis and Transplantation Plastic Surgery

Diagnostic and Clinical Support Services

Biochemistry Dietetics Echo Cardiography Endoscopy

Haematology

Histopathology
Medical Physics/Nuclear
Medicine
Microbiology
Occupational Therapy
Pharmacy
Physiotherapy
Respiratory Function Testing
Ultrasound
Vascular Investigation

Services provided at Hospital of St Cross

Ambulatory Care

Day Surgery
Overnight Stay / 23 hour Surgery
Outpatients Services

Magnetic Resonance Imaging (MRI)

Scanning

X-ray including Ultrasound

Scanning Bone Density Laboratory Services

Endoscopy

Satellite Renal Dialysis Unit

Screening

Retinal Screening Centre Colorectal Cancer Screening Centre Breast Screening

Urgent Care Centre

A&E Department GP (Out of hours service) Walk In Centre

Acute Medicine

Inpatient Medical Services Intermediate Care Inpatient Rehabilitation Service

Acute Surgery

Inpatient Elective Surgery

Rehabilitation

Services based on the Hospital of St Cross site, but provided by other organisations

Myton Hospice Mental Health Unit Social Services Recompression Chamber

A Year of Achievements - 2007/08 Annual Health Check



UHCW patients received a good quality of service, credited by the Healthcare Commission. Each year the Healthcare Commission undertakes an independent, patient-centred assessment, known as the Annual Health Check, for both NHS and independent healthcare organisations. It reviews performance and generates a rating for quality of services and the use of resources for each organisation based on a four-point scale of 'excellent', 'good', 'fair' or 'weak'.

| UHCW Annual Health Check Ratings | 2007/08 | 2006/07 |
|----------------------------------|---------|---------|
| Quality of Services | Good | Good |
| Use of Resources | Good | Weak |

Use of Resources

This rating is based on the Audit Commission's Auditors' Local Evaluation assessment (ALE), and incorporates performance against five areas which is scored on a four point scale (level 1 being the lowest and level 4 being the highest score).

| Use of Resources | 2007/08 | 2006/07 |
|----------------------|---------|---------|
| Financial Reporting | Level 2 | Level 2 |
| Financial Management | Level 3 | Level 2 |
| Financial Standing | Level 3 | Level 1 |
| Internal Control | Level 3 | Level 3 |
| Value for Money | Level 3 | Level 2 |

Quality of Services

The Trust's rating for the quality of services is formed by three individually scored elements:

| Quality of Services | |
|---------------------------|------------|
| Core Standards | Fully Met |
| Existing National Targets | Almost Met |
| New National Targets | Good |

Key Achievements

The Trust achieved 42 out of the 43 core standards. One standard was deemed as "not met", but with an investment of £2.5m to meet national cleaning standards, this was achieved by March 2008.

- Infection control and reducing infection rates remained a key priority for the Trust and the dedication and hard work of Trust staff ensured both a 27% reduction in MRSA and 43% reduction in Clostridium Difficile for 2007/08.
- The cancelled operations target was achieved, minimising cancelled operations and treating affected patients within 28 days.
- For the second successive year the Trust achieved and improved performance against the three key targets for cancer patients.

The Trust continues to participate in the annual national Inpatient Survey, which provides valuable feedback on patient experience and identifies areas for improvement. Patients once again rated their experience of care at the Trust as among the best in the country, with the Trust achieving the highest possible score for this target. The inpatient survey placed the Trust in the top 20% of Trusts for a number of important areas:

- Offering patient choice of first hospital appointments.
- Patients were not placed on mixed sex wards and did not share mixed sex facilities.
- Patients had enough help from staff to eat their meals.
- Staff informed patients of who to contact if they were worried about their condition.

The Trust narrowly missed the achievement of admitting, transferring or discharging 98% of people in A&E within 4 hours with a performance of 96.46%. In response, a robust action plan was implemented to ensure performance against the target improved in 2008/09.

In 2007 a review of maternity services was undertaken throughout England and we were one of the top 25% of Trusts which achieved a rating of 'Best Performing'.

NHSLA Risk Management Standards

The NHSLA Risk Management Standards are broken down into three levels and for each level of compliance the Trust receives a 10% discount in its contributions to the scheme.

The Trust is currently at level one on the scheme against the acute standards and is due to be assessed again in September 2009, for the first time at level two. For the maternity standards, the Trust is at level two and is due to be assessed at this level against a new set of standards by the end of 2009.

Looking Ahead - 2008/09 Performance

The 2008/09 Annual Health Check Rating will be published in October 2009 by the newly formed Care Quality Commission. Whilst the overall rating for quality of services and use of resources is not yet known the Trust has improved and maintained performance against a number of standards and targets:

Core standards

On 29th April 2009, the Trust Board formally declared that the Trust was compliant against 43 out of 44 Part Standards. This was on the basis that the Board was reasonably assured there had been no significant lapses, against those 43 standards, for the 2008/2009 financial year. The Trust will achieve a score of "Almost Met" for the Core Standards assessment for 2008/2009

For the one remaining Part Standard, C11B (mandatory training), the Trust declared itself not to be compliant with a more limited declaration of Insufficient Assurance. A supporting action plan has been developed to achieve compliance by 31st October 2009.

Existing and New National Targets

Yet again the Trust has maintained its excellent record of achieving waiting time targets and ensured a maximum wait of:

- 26 weeks for inpatient treatment
- 13 weeks for outpatient appointments
- 13 weeks for revascularisation
- 2 weeks for rapid access chest pain clinics
- 6 weeks for diagnostics.
- 18 weeks for 90% of admitted patients (achieved by December 2008)
- 18 weeks for 95% nonadmitted patients (achieved by December 2008)
- 18 weeks for patients directly accessing audiology

Plus it decreased its MRSA cases by 40% and C Diff cases by 50%. The target to see 98% of patients in A&E within four hours remains a priority for the Trust. Although performance had improved compared to 2007/08 we did not achieve this in 2008/09, and in January 2009 the Trust implemented a range of measures, including improving the discharge process so patients experience a smooth transition from hospital to home, which has already improved our performance in this area.

In 2008/09 the Trust narrowly missed achievement of the cancelled operations target with a performance of 0.89% of cancelled operations against a target of 0.8%. The Trust did achieve the second measure of performance ensuring patients whose operation was cancelled were rebooked within 28 days. The Trust has implemented rectification plans to ensure the target is achieved in 2009/10.

Quality of Financial Management (formerly Use of Resources)

The Trust has undertaken a selfassessment and while this work is subject to external review and validation, the Trust is hopeful that an overall level 3 score will be maintained.

Our Staff



Picture courtesy of Skanska Facilities Services

The past year has seen an increase in staff to deal with the expansion of renal, cancer screening and maternity services. In April 2008 the Trust assumed responsibility for the local Pathology Network, which required the transfer of 172 posts into the Trust from the George Eliot and South Warwickshire hospitals

Staff by category

| Headcount | As at 31.03.08 | As at 31.03.09 |
|--|----------------|----------------|
| Administrative & Clerical | 1,114 | 1,095 |
| Allied Health Professionals | 285 | 305 |
| Healthcare Scientists | 237 | 318 |
| Medical & Dental | 749 | 788 |
| Nursing & Midwifery | 2,125 | 2,240 |
| Additional Professional Scientist & Technicians | 179 | 203 |
| Additional Clinical Services | 1259 | 1,440 |
| Students | 31 | 28 |
| TOTAL | 5,979 | 6,417 |

The rise in staff turnover, which occurred during the move to the new hospital site in 2006/7, dropped significantly during 2008/09 and is running at 7%, which compares favourably with other Trusts.

As one of the most modern hospitals in Europe, we offer major career opportunities to a wide range of professions and realise that providing the best patient care is critically dependent upon staff expertise.

Of the 850 staff sent the NHS National Staff Survey 2008, 59% responded which is a higher than average response rate and the scores continue to show steady improvement year upon year.

We have also introduced a survey for all staff to aid us in future improvements.

The Trust's attendance level was 95.3% for 2008/09 which is just under our target of 96.1%. We have implemented several measures to improve attendance including refresher training for line managers and introducing initiatives to promote health and wellbeing at work.

Equality and Diversity

The Trust is fully committed to embracing diversity and delivering equality for all its employees and service users. Our Single Equality Scheme, launched in 2007 covers all equality and diversity issues, and is at the heart of the drive to achieve this by acting upon various legal requirements, healthcare standards and equality impact assessments. The Trust Board receives reports on the Scheme's progress which includes equal opportunities in employment and ensures investment where necessary. For instance, the Trust has recently appointed a very experienced Head of Diversity to support

managers in meeting their responsibilities under the Scheme.

Furthermore, the Trust has increased investment in training for staff, managers and the Trust Board to ensure our service is accessible and equitable for all.

We are committed to ensuring that any person applying for a job at the Trust who declares that they have a disability and who meets the essential criteria for a job vacancy will be guaranteed an interview. Once employed by the Trust, a person with a disability will enjoy equal opportunity in terms of selection for promotion or transfer, training and career development. The Trust is fully committed to retaining staff who become disabled or who have a disability which alters in some way whilst employed.

Staff Engagement

The Trust has long-standing arrangements for engaging with its employees. In addition to formal meetings of our Joint Consultation and Negotiating Committee and the Medical Staff

Negotiating Committee, monthly open meetings with the Chief Executive are held across our sites.

The annually presented OSCAs (Outstanding Service and Care Awards), recognises exceptional performance by employees who are nominated by their peers. In addition the Trust organises training awards ceremonies, an Everyone Counts celebration, staff fayres, and long service awards.

Clinical Development

This year our staff have worked to Care, Achieve and Innovate for the benefit of our patients with excellent results.

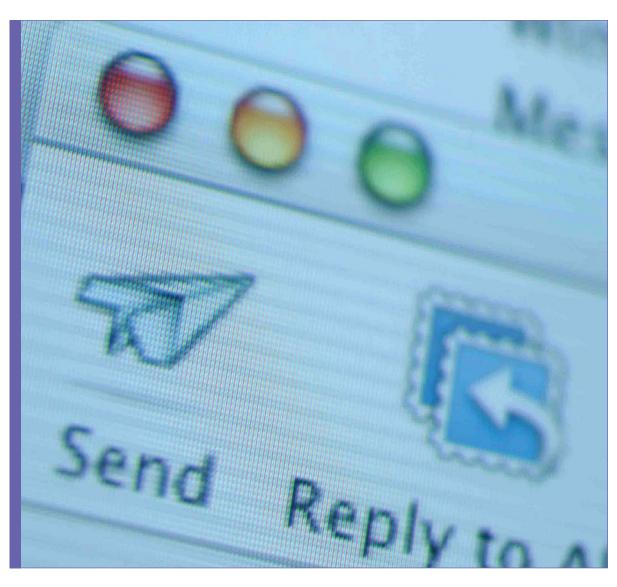
- The cardiology team has established the 24/7 Primary Coronary Intervention service which offers rapid treatment for heart attacks resulting from blockage of coronary arteries.
- Our renal physicians and transplant team continue to improve their excellent service and established a national reputation with outstanding results for

- transplantation. During the next 12 months a dedicated 12 bedded Renal Transplant Unit to cope with increased demand for kidney transplants due to the Trust's national and international reputation will be established.
- The Hospital of St Cross has seen a significant investment programme initiated in 2008/9 to provide additional services to Rugby and refurbish its buildings. This includes:
 - Installation of a CT scanner
 - New Genito Urinary Dept (GUM) building
 - New Diabetes Centre (Joan Cox Diabetes Unit)
 - New Endoscopy Unit
 - Repatriation service which brings around 150 Rugby residents a month back from University Hospital to the Hospital of St Cross once their condition is stable, so patients can receive

- care locally, enabling relatives to visit more easily.
- The delivery of planned surgical activity increased over the last year with an extra 9,200 procedures, and 24,000 out patient appointments which required the opening of two additional wards and evening and weekend clinics.
- Capacity had expanded for the Endoscopy Unit to ensure the continued achievement of the standards required for the Trust to be a Bowel Cancer Screening Centre, with patients seen within four weeks of referral.
- The Warwickshire, Solihull & Coventry Breast Screening Service was accepted as a pilot site to screen women at two extra times between 47 and 49 and between 71 and 73.
- Investment of £1.2 million has been made in the Medicine and Emergency

- division, including the Emergency Department. In order to see and treat patients quickly and safely an extra eight doctors (including one consultant), 32 extra nurses and further admin support have been employed.
- A new Department of Acute Medicine cares for acute medical admissions which means Acute Medicine Physicians provide rapid senior review to some patients without the need of admission.
- With more patients using our highly rated maternity services, an investment of £750,000 was made, employing six more doctors (four consultants), five additional midwives and 12 other supporting staff.

Information Governance



The Information Governance (IG) team provide a vital role by identifying and dealing with risks to patients and keeping patient safety at the top of the Trust agenda.

In the Trust this is co-ordinated by the Information Governance Board which in turn reports to the Patient Confidence & Safety Committee.

All IG related incidents are reported in accordance with the Trust's Incident Reporting Policy and registered on Datix, the Trust's Incident Reporting System, and are investigated and learnt from, to improve patient care.

The IG Toolkit, against which NHS organisations are required to assess themselves annually, was submitted to Connecting for Health on 31st March 2009, following Trust Board approval. The Trust achieved an overall score of 76% confirming a status of GREEN. The SHA has also accepted assurance of the Trust's commitment in continuing to take forward the IG Assurance programme.

Reporting of the Trust's Personal Data Related Incidents

In accordance with correspondence from the Department of Health in September 2008 the Trust responded to a request from the Strategic Health Authority (SHA) by carrying out a review of Confidential Information Leaks up until October 2008.

In total the Trust reported three confidential information leaks to the SHA and the Information Commissioner's Office, all of which have required no further action to be taken (please see below).

National guidance has been issued on Serious Untoward Incidents involving data, classifying incidents in terms of severity on a scale of 0 – 5 in terms of risk to reputation and/or risk to individuals. Figure 1 shows the risk matrix as used by all NHS organisations.

Figure 1

| 0 | 1 | 2 | 3 | 4 | 5 |
|---|--|---|---|--|--|
| No significant reflection on any individual or body. | Damage to an individual's reputation. | Damage to a team's reputation. | Damage to services / reputation. | Damage to an organisation's reputation. | Damage to NHS reputation. |
| Media interest very unlikely | Possible media interest e.g. celebrity involved. | Some local media interest that may not go public. | Low key local media coverage. | Local media coverage. | National media coverage. |
| Minor breach of confidentiality. Only a single individual affected. | Potentially serious breach. Less than 5 people affected or risk assessed as low e.g. files were encrypted. | Serious potential breach and risk assessed high e.g. unencrypted clinical records lost. Up to 20 people affected. | Serious breach of confidentiality e.g. up to 100 people affected. | Serious breach with either particular sensitivity e.g. sexual health details, or up to 1,000 people affected. | Serious breach with potential for ID theft or over 1000 people affected. |

Figure 2

SUMMARY OF OTHER PERSONAL DATA RELATED INCIDENTS IN 2008-09

| Category | Nature of incident | Total |
|----------|--|-------|
| I | Loss of inadequately protected electronic equipment, devices or paper documents from secured NHS premises. | 0 |
| II | Loss of inadequately protected electronic equipment, devices or paper documents from outside secured NHS premises. | 1 |
| III | Insecure disposal of inadequately protected equipment, devices or paper documents. | 0 |
| IV | Unauthorised disclosure | 0 |
| V | Other/near miss | 7 |

Incidents Classified at a 1-2 Severity Rating

Figure 2 shows the five categories used to break down the incidents classified as a 1-2 severity rating which occurred during 2008/9.

Incidents Classified as 3-5 Severity Rating

The Trust had three incidents classified as a severity rating of 3 - 5 during 2008/9 (see figure 3 below).

Figure 3

SUMMARY OF SERIOUS UNTOWARD INCIDENTS INVOLVING PERSONAL DATA AS REPORTED TO THE INFORMATION COMMISIONER'S OFFICE IN 2008-09

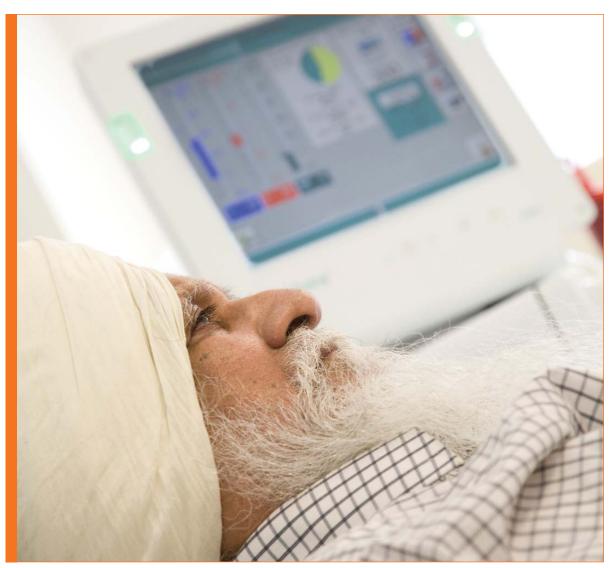
| Date of incident (month) | Nature of incident | Nature of data involved | Number of people potentially affected | Notification steps | | | |
|------------------------------------|---|---|---------------------------------------|-----------------------------|--|--|--|
| May 2008 | FOI request on in-patient and day case waiting lists received. Patients' hospital numbers and dates of birth believed to have been redacted had in fact been sent to requestor. | Patient Identifiable | +1,000 | Reported to SHA & ICO | | | |
| Further action on information risk | Trust received confirmation from Information required. | ust received confirmation from Information Commissioner that no further action equired. | | | | | |
| July 2008 | Loose filing sealed in envelopes labelled for off site filing, inadvertently collected from Trust Post Room by GPO. | Patient Identifiable | +1,000 | Reported to SHA & ICO | | | |
| Further action on information risk | Trust received confirmation from Information Commissioner that no further action required. | | | | | | |
| September 2008 | Trust patient and member of local television team received from UHCW lifestyle information for personal use plus 3 other patients' letters inadvertently attached. | Patient Identifiable | 4 | Reported to SHA & ICO | | | |
| Further action on information risk | Trust received confirmation from Information Commissioner that no further action required. | | | | | | |

The Trust takes data protection of its staff and patients seriously and as a result implemented a number of measures to prevent the deliberate or inadvertent loss of data:

- The implementation of a procedure for issuing encrypted memory sticks to employees with a justified need to transport confidential/sensitive data off-site. To date, approximately 800 have been issued;
- All USB ports on Trust desktop computers have been barred, so that personal USB devices cannot access the Trust network:
- The active use of NHSnet email accounts for the electronic transfer of data, to ensure encryption;
- The active use of a system of self-decrypting CDs for the transport of radiology images.

As part of the ongoing IG Assurance Programme, a network audit will be undertaken to identify any weaknesses in the Trust's network and a programme of audits has been devised for all of the systems to ensure that information security protocols are being adhered to. As part of this, the Trust's ICT Security Policy has been updated to include the latest national directives and legislation on information security and is due to be submitted for formal approval, together with a Teleworking Policy to safeguard the work that users do whilst on a remote site or at home. A robust procedure is in place, where any user that requires access to a UHCW system must sign the ICT Security Declaration before access can be granted.

Learning From Our Patients



which enables patients, their families or carers to tell us about their experiences and provide comments and suggestions. 72% of patients reported a positive experience of our services and the cleanliness of the hospitals was rated particularly highly with 84% positive responses. The feedback we receive is used to make important improvements to the services we provide.

The Trust has a comprehensive

online survey ("Impressions")

From 2009/10 Trusts will have to produce a Quality Report for the first time, together with the annual Quality Account.
However we have brought this forward one year due to its importance and it will be available from May 2009. The report will show the Trust's continued reduction of Healthcare Acquired Infections (MRSA and CDiff) and the reduction in hospital mortality rate for the fourth consecutive year.

Community Engagement Committee

The Trust's Community
Engagement Committee
comprises of Trust staff in
addition to staff from some of
the Trust's major stakeholder
organisations, such as NHS
Coventry and Coventry Age
Concern.

During 2008 the Committee's sub group, The Dementia Care Sub Group, produced a resource folder which outlines best practice and was delivered to each ward, compiled Activity Boxes for the age related wards and installed calendar clocks showing the time, day and date to help patients with dementia orientate themselves.

Patients' Council

The Patients' Council provides valuable input on the Trust's services from a lay point of view on patient information, food tasting and also undertakes Patient Environment Action Team inspections. There are 10 members and most are also members of various Trust committees giving the patients' point of view.

Picture courtesy of Skanska Facilities Services

Overview and Scrutiny Committees

The Trust is committed to working closely with our local authority health Overview and Scrutiny Committees, providing early briefings on key issues such as potential service changes. As part of this we attend meetings of the committees and participate in public question and answer sessions.

Principles for Remedy

In October 2007, the Parliamentary and Health Service Ombudsman published its document "Principles for Remedy" which sets out the Ombudsman's views on the Principles that should guide how public bodies provide remedies for injustice or hardship resulting from their maladministration or poor service. It sets out how the Ombudsman thinks public bodies should put things right when they have gone wrong and confirms its approach to recommending remedies.

The document gives six key principles:

- 1. Getting it right
- 2. Being customer focused
- 3. Being open and accountable
- 4. Acting fairly and proportionately
- 5. Putting things right
- 6. Seeking continuous improvement

The Trust fully supports these, and they are supported in its mission statement, corporate objectives and policies and procedures for dealing with complaints.

The Trust aims are to: "Deliver safe, clinically effective services that minimise all avoidable harm to patients and reduce hospital acquired infection. Ensure compliance with national healthcare standards and delivery of all performance targets." This underpins all of the work undertaken by the Trust.

In addition, the Trust actively seeks patient feedback which it uses to improve its services (see below). When complaints do arise, they are handled in line with the Trust's complaints policy, which is compliant with the NHS Complaints Regulations 2004 (and amended 2006). The key principle underpinning this is that: "all complaints are dealt with quickly, fairly, impartially and that the subsequent investigation will be honest and thorough with the prime aim being to satisfy the complainant."

This year, the Trust received 456 complaints (a reduction of 63 over the previous year), 100% of which were resolved within our target of 25 working days. 13 requests for independent review were received this year from the Healthcare

The Trust will be viewing and revising its Complaints Policy in the light of the new national complaints guidance to be introduced in 2009.

Political and Charitable Donations

The Companies Act requires disclosure of political and charitable donations. The Trust has not made any such donations during 2008/09. It should be noted that the Department of Health has received legal advice that takes the view that NHS bodies do not have the power to make such donations.

Environmental Impact and Sustainability



This year has seen an improvement in the understanding of environmental issues and its profile has increased. However there is much to do to build environmental management and sustainability into the daily operational activities of the Trust.

The Trust has:

- Participated in the development of the NHS Carbon Reduction Strategy
- Improved training on environmental issues
- Improved the segregation of hazardous waste.

The Trust is part of the regional Good Corporate Citizen group set up by the SHA and Sustainable Development Commission for Acute Hospitals and PCTs to develop and access to resources. It came 4th out of 17 Trusts regionally using the Good Corporate Citizen tool developed by the Group.

Emergency Preparedness

The Trust has a Major Incident Plan which guides the management of any significant incident which may affect the Trust and provides guidance and action cards for individuals responding to such an incident. It is available on the intranet for all staff to access and is fully compliant with the requirements of the NHS Emergency Planning Guidance 2005.

The Trust was also required to submit a self assessment of it's preparedness for an Influenza Pandemic in December 2008. Feedback from the SHA in March 2009 placed the Trust as the most prepared in the region.

Picture courtesy of Skanska Facilities Services

Our Organisational Structure

Executive Directors



Malcolm Stamp CBE Chief Executive

Appointed December 2008, Malcolm is responsible for meeting all the statutory requirements of the Trust and is the Trust's Accountable Officer to Parliament.

He joined the NHS in 1974 and has held numerous Chief Executive posts including at Cambridge University Hospital, Norfolk & Norwich University Hospitals and Royal Liverpool University Hospital.



Andrew Hardy
Deputy Chief Executive /
Chief Finance Officer

Appointed Chief Finance Officer in June 2004, and Deputy Chief Executive in July 2008, Andrew is responsible for financial reporting, financial control, payroll and financial performance management.



Tim Atack Chief Operating Officer

Appointed November 2008, Tim is responsible for the operational running of the Trust, including all clinical and non-clinical services. Previously he was Chief Operating Officer at Sandwell and West Birmingham Hospitals and has held various roles in the NHS going back to 1986.



Richard Kennedy Chief Medical Officer

Appointed August 2008, Richard is responsible for clinical governance and consultant appraisal and joined the Trust in 1988 as Consultant Obstetrician and Gynaecologist. He is also Director of the Centre for Reproductive Medicine (CRM) and a Specialist Advisor to the Human Fertilisation and Embryology Authority.



Dr Ann-Marie Cannaby Chief Nursing Officer

Appointed February 2005 and responsible for infection control, safeguarding children, nursing and midwifery. Ann-Marie joined the NHS in 1989 and was previously Head of Nursing for Medicine and A&E Services for University Hospitals of Leicester NHS Trust.

Our Organisational Structure

Non - Executive Directors



Philip Townshend Chairman

Appointed 2001 until February 2011. He is chairman of the Trust Board, Charitable Funds Committee, Patient Confidence & Safety Committee and Remuneration Committee.

He is also a practising solicitor who is an elected councillor on Coventry City Council.



Professor Yvonne Carter OBE Vice Chair

Appointed March 2004 until February 2012. Yvonne is Dean of Warwick Medical School, an academic GP and Honorary Consultant in Primary Care at Coventry Teaching PCT and chair of Comprehensive Local Research Network (West Midlands South).



Brendan Connor Non-Executive Director

Appointed June 2007 until June 2011. He is chair of the finance committee. His experience includes being a board member of Advantage West Midlands and he is an independent member of West Midlands Police Authority and a Justice of the Peace.



Jack Harrison MBE JP
Non-Executive Director

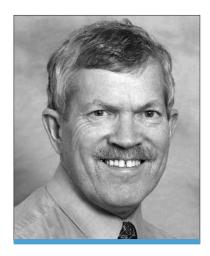
Appointed October 2007 until September 2011. Jack is chair of the HR & Communications Committee. He was also elected to Coventry City Council in 1996 and is a Justice of the Peace



Tim Sawdon Non-Executive Director

Appointed from June 2003 to May 2011, Tim was chair of the Audit Committee until March 2009. He is also an elected member of Coventry City Council, a member of the West Midlands Policy Authority and a practising optometrist.

Our Organisational Structure



Nicholas Stokes
Non-Executive Director

Appointed April 2004 to March 2012, Nicholas is chair of the Development & PFI Committee. He is also Director of Marketing and Communications at Coventry University and was previously Marketing Director of Lloyds Pharmacy Ltd.



Trevor Robinson
Non-Executive Director

Appointed December 2008 to December 2012, Trevor took over as chair of the audit committee from April 2009. He has a strong background in public sector finance including the Finance Director of Centro and Financial Advisor to the Association of London Government.

To view the register of interests for our Trust Board members please contact the Trust Board Secretary.

Trust Board

Led by the Chairman and Chief Executive, the Trust Board is the principal decision making body for the Trust. It is made up of Executive Directors, who are paid by the Trust for particular roles within the organisation, and Non-Executive Directors who are members of the community appointed by the independent NHS Appointments Commission. Biographical details of our Board members, are summarised on page 14 - 16. The Trust Board manages the Trust by:

- Setting the overall strategic direction of the Trust within the context of NHS priorities
- Regularly monitoring Trust performance against objectives
- Providing financial stewardship through value for money, financial control and financial planning
- Ensuring that the Trust provides high quality, effective and patient

- focused services through clinical governance
- Promoting effective dialogue between the Trust and local communities we serve

Board Meetings

Monthly Board meetings are open to the public, with agendas, papers and minutes on our website http://www.uhcw.nhs.uk/about/board along with dates of future meetings.

Further information about public meetings is available from:

Jenny Cole, Board Secretary University Hospitals Coventry & Warwickshire NHS Trust Clifford Bridge Road, Coventry, CV2 2DX Tel: 024 7696 7621 email: jenny.cole@uhcw.nhs.uk

Sub Committees

The Trust Board has established a number of Sub Committees to support the Trust Board in setting and monitoring the overall strategic direction.

Principal Board Sub Committees:

Audit Committee: is responsible for reviewing the Trust's governance, risk management and internal control systems. It also receives reports from the Trust's internal and external auditors.

Remuneration Committee: is responsible for determining the remuneration and terms of service of the Trust's Executive Directors.

Patient Confidence and Safety Committee: provides the Board with assurance about the effectiveness of arrangements for clinical governance and risk management.

Finance and Performance Committee: is responsible for reviewing financial and performance management arrangements and advising on the adequacy of those arrangements.

Development and Private Finance Initiative (PFI) Performance Committee: is responsible for overseeing all major construction, development and capital projects within the Trust.

Human Resources and Communications Committee: oversees the productivity and efficiency agenda, monitors key HR performance indicators and reviews key HR policies and

procedures.

on trust.

Charitable Funds Committee: oversees the management, investment and disbursement of charitable and other funds held

Remuneration Report

Chairs and Non-Executive Directors

Chairs and Non-Executive
Directors of NHS Trusts hold
statutory office under the NHS
and Community Care Act 1990.
The appointment and tenure of
office is governed by the NHS
Trusts (Membership and
Procedure) Regulations 1990.
The appointments are made by

the Appointment Commission on behalf of the Secretary of State, and are usually for a period of up to four years. Under the terms of the Act, Chairs and Non-Executive Directors are entitled to be remunerated by the NHS Trust, based on national pay rates set by the Secretary of State for Health, for as long as they continue to hold office.

For 2008/09 these rates were set as:

a. Current rates for Chairs Remuneration is payable to
NHS Trust Chairs in one of
three bands according to the
turnover of the Trust. UHCW
is classified in Band 1, which
is remunerated as £23,020
per annum. The time
commitment of Chairs is 3 –

3.5 days per week.

b. Current rate for Non-Executive Directors - The current rate of remuneration payable to non-executive directors is £6,005 pa. The time commitment for is normally 2.5 days a month. Remuneration is taxable and subject to National Insurance contributions. Chairs and Non-Executive Directors are also eligible to claim allowances, at rates set centrally, for travel and subsistence costs incurred on NHS Trust business.

Executive Directors

The Trust Remuneration
Committee, comprising of the
Chairman and Non-Executive
Directors, determines local
remuneration policies and
practices for the Trust's most
senior managers (defined by the
Chief Executive as Executive
Directors who are voting
members of the Trust Board).

Executive Director pay levels are set locally by the Remuneration Committee, with the aim of attracting and retaining high calibre directors who will deliver high standards of patient care and customer service. Where appropriate, terms and conditions are consistent with the NHS Agenda for Change framework.

All Executive Directors are

employed on contracts of service and are substantive employees of the Trust. Their contracts can be terminated by either party with six months notice. The Trust's normal disciplinary policies apply to Executive Directors, including the sanction of instant dismissal for gross misconduct. The Trust's redundancy policy is consistent with NHS redundancy terms for all staff.

The only non-cash element of the Executive Directors' remuneration packages is pension related benefits accrued under the NHS Pension Scheme and in some cases a leased vehicle. Contributions to the NHS Pension Scheme are made by the employer and employee in accordance with the rules of the national scheme

Individual objectives for Executive and Non-Executive Directors are set from the key business objectives of the Trust's strategy. However the key objective of the Trust Board is always to provide high quality of care to our patients in a safe environment.

Performance related pay is in place for some Executive Directors based on achievement of personal objectives.
Arrangements for individuals may differ and include baseline salary increases or one-off payments. No performance related bonuses were payable during the financial year 2008/09

Details of remuneration and allowances, including salary and pension entitlements are published in the annual report on page 18 for all voting Directors who have served the Trust throughout the year. For Executive Directors who continue to perform clinical duties (for example the Chief Medical Officer), pay is apportioned based on the number of programmed activities (clinical PAs according to their consultant contract). national Clinical Excellence Awards and management responsibilities. The information contained in these tables has been subject to audit review.

Remuneration

List of Senior Managers for 2008/09 - Salaries relating to time as voting member of the Trust Board

| | | | | 2008-09 | | | 2007-08 | | | | | | |
|------------------------|---|---|--|-----------------------------|----------------------------------|-----------------------------|-----------------------------|-----------------------------------|-----------------------------|----------------------------------|-----------------------------|-----------------------------|---------------------|
| Name | Title | Date i | n Post | Salary as Director | Salary for Clinical Duties | Total Salary | Other Remuneration | Benefits in Kind Rounded to | Salary as Director | Salary for Clinical Duties | | Other Remuneration | Rounded to |
| Executives | Title | From (State if new in post from 01/04/08) | To (If no longer in post 31/03/09) | (Bands of £5000) £000 | (Bands of £5000) £000 | (Bands of £5000) £000 | (Bands of £5000) £000 | the nearest £100 | (Bands of £5000) £000 | (Bands of £5000) £000 | (Bands of £5000) £000 | (Bands of £5000) £000 | the nearest £100 |
| Malcolm Stamp | Chief Executive | 01.12.2008 | | 70-75 | 0 | 70-75 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Martin Lee | Interim Chief Executive | | 30.11.2008 | 65-70 | 105-110 | 175-180 | 0 | 0 | 130-135 | 75-80 | 205-210 | 0 | 400 |
| Andrew Hardy | Deputy Chief Executive and Chief Finance Officer | | | 140-145 | 0 | 140-145 | 0 | 3,600 | 130-135 | 0 | 130-135 | 0 | 3,400 |
| Tim Atack | Chief Operating Officer | 24.11.2008 | | 45-50 | 0 | 45-50 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Nicholas Elliott | Interim Chief Operating Officer | 19.06.2008 | 23.11.2008 | 50-55 | 0 | 50-55 | 0 | 0 | 105-110 | 0 | 105-110 | 0 | 0 |
| Ann-Marie Cannaby | Chief Nursing Officer | | | 100-105 | 0 | 100-105 | 0 | 0 | 85-90 | 0 | 85-90 | 0 | 0 |
| Richard Kennedy | Chief Medical Officer | | | 85-90 | 90-95 | 180-185 | 0 | 0 | 50-55 | 40-45 | 95-100 | 0 | 0 |
| Jackie Daniel | Interim Transitional Director | | 29.07.2008 | 30-35 | 0 | 30-35 | 0 | 0 | 125-130 | 0 | 125-130 | 0 | 0 |
| Chairman and Non Execu | tives | | | | | | | | | | | | |
| Philip Townshend | Chairman | | | 20-25 | 0 | 20-25 | 0 | 0 | 20-25 | 0 | 20-25 | 0 | 0 |
| Tim Sawdon | Non Executive Director | | | 5-10 | 0 | 5-10 | 0 | 0 | 5-10 | 0 | 5-10 | 0 | 0 |
| Yvonne Carter | Non Executive Director | | | 5-10 | 0 | 5-10 | 0 | 0 | 5-10 | 0 | 5-10 | 0 | 0 |
| Nick Stokes | Non Executive Director | | | 5-10 | 0 | 5-10 | 0 | 0 | 5-10 | 0 | 5-10 | 0 | 0 |
| Brendan Connor | Non Executive Director | | | 5-10 | 0 | 5-10 | 0 | 0 | 0-5 | 0 | 0-5 | 0 | 0 |
| Roman McAlindon | Non Executive Director | | 30.09.2008 | 0-5 | 0 | 0-5 | 0 | 0 | 0-5 | 0 | 0-5 | 0 | 0 |
| Jack Harrison | Non Executive Director | | | 5-10 | 0 | 5-10 | 0 | 0 | 0-5 | 0 | 0-5 | 0 | 0 |
| Trevor Robinson | Non Executive Director | 15.12.2008 | | 0-5 | 0 | 0-5 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

Directors' salaries and emoluments are given for both director roles and where directors retain clinical responsibilities. Where such clinical salaries are given they include both basic salaries and payments in respect of Clinical Excellence Awards. However, the salary given relates to the director's time as a voting executive during the year.

Remuneration

Senior Managers pension information

| | | | Real Increase in pension at age 60 | Real Increase in pension lump sum at | Total accured pension at age 60 at 31 | Lump sum at age 60 related to accured | Cash Equivalent Transfer Value | Cash Equivalent Transfer Value | Real increase in Cash | Employers Contribution to | |
|-------------------|---|---|--|--|---------------------------------------|---|--------------------------------------|--------------------------------------|-----------------------------|---------------------------------|------------------------|
| Name | Title | Date i | n Post | (Bands of £2,500) | aged 60 (Bands of | March 2009 (Bands of | pension at 31 March 2009 | at 31 March 2009 | at 31 March 2008 | Equivalent Transfer Value | Stakeholder Pension |
| | | From (State if new in post from 01/04/08) | To (If no longer in post 31/03/09) | £000 | £2,500) £000 | £2,500) £000 | (Bands of £5,000) £000 | £000 | £000 | £000 | To nearest £100 |
| Malcolm Stamp | Chief Executive | 01.12.2008 | | 0-25 | 2.5-5.0 | 90-95 | 270-275 | 2,086 | 1,344 | 164 | 0 |
| Martin Lee | Interim Chief Executive | | 30.11.2008 | 10-12.5 | 35.0-37.5 | 95-100 | 295-300 | 2,495 | 1,442 | 476 | 0 |
| Andrew Hardy | Deputy Chief Executive and Chief Operating Officer | | | 2.5-5.0 | 5.0-7.5 | 25-30 | 80-85 | 366 | 264 | 67 | 0 |
| Tim Atack | Chief Operating Officer | 24.11.2008 | | 0-2.5 | 5.0-7.5 | 25-30 | 80-85 | 443 | 287 | 43 | 0 |
| Nicholas Elliott | Interim Chief Operating Officer | 19.06.2008 | 23.11.2008 | 0-2.5 | 25-50 | 20-25 | 65-70 | 355 | 245 | 31 | 0 |
| Ann-Marie Cannaby | Chief Nursing Officer | | | 5.0-7.5 | 17.5-20.0 | 25-30 | 75-80 | 394 | 242 | 102 | 0 |
| Richard Kennedy | Chief Medical Officer | | | 5.0-7.5 | 17.25-17.5 | 70-75 | 210-215 | 1,694 | 1,124 | 380 | 0 |

As Ms J Daniel was not directly employed by the Trust and seconded from NHS West Midlands, her pension figures are not available.

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capital value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme, or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which the disclosure applies. The CETV figures and the other pension details, include the value of any pension benefits in another scheme or arrangement which the individual has transferred to the NHS pension scheme. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

Financial Performance Overview 2008/09

Statement from Andrew Hardy, Chief Finance Officer



Andrew Hardy
Chief Finance Officer

I am extremely pleased to be able to report that the year ended 31st March 2009 has been a successful year for the Trust in financial terms and it has met its key financial duty to break-even on its income and expenditure account, delivering a surplus of £4.8 million. This performance is particularly commendable in view of the fact that only two years ago, the Trust was designated as "financially challenged" by the Department of Health (along with 16 other NHS trusts).

Furthermore, I am delighted to report that this position has been achieved without external income support and that the recurrent effect of savings achieved fully meets the 2008/09 target of £15.8 million. This means that the Trust has delivered recurrent efficiency savings of around £45 million over the last two years and is no longer designated as financially challenged.

The Trust's continued success in meeting the financial challenges provides a firm basis for year on year improvements in the delivery of patient care and its Foundation Trust application.

Clearly this position could not have been achieved without the efforts of all staff groups throughout the organisation and on behalf of the Trust Board, I should like to place on record our thanks and appreciation for their hard work.

Key financial challenges

The Trust commenced 2008/09 with two major financial challenges. Firstly the Trust needed to identify £15.8 million of savings in order to achieve a breakeven position on its income and expenditure account in year. Secondly, following designation as one of 17 financially challenged trusts by the Department of Health in 2007/08, the Trust needed to repay half of its £16 million working capital loan by the end of the financial year.

£15.8 million savings target

Each year, NHS organisations are required to make efficiency improvements as outlined in the NHS Operating Framework; in addition, any shortfalls against planned levels of income need to be covered. A savings programme was put into place and successfully delivered across the Trust including plans to improve productivity and reduce the costs of procurement.

Repayment of Working Capital Loan

Following the Trust's designation as a financially challenged trust (FCT), a cash solution was agreed with the Department of Health, the Trust, NHS West Midlands and both Coventry and Warwickshire Primary Care Trusts. Part of that solution was for the Trust to take a £16 million

working capital loan repayable over a five year period; £8 million was repayable in year one (2008/09) through planned asset sales.

However, the impact of the economic downturn resulted in the stalling of the sale of the city centre Coventry & Warwickshire Hospital site by the summer of 2008 which was intended to have contributed significantly to the year one principle loan repayment. Consequently, a greater income and expenditure surplus has been delivered to generate sufficient cash to ensure that the Trust could meet the required repayment.

Financial Performance Overview 2008/09

Performance against financial duties

The table below summarises the Trust's performance against its key financial duties and shows that the Trust met all of the four key targets.

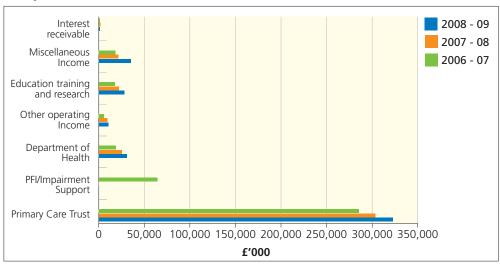
| Duty | Target | Performance |
|--|---|--|
| | | |
| Breakeven on its Income and Expenditure Account | Breakeven | £4,825,000 Surplus |
| - this requires the Trust to ensure | | Target achieved |
| that total expenditure does not exceed the total income it receives | | (the Trust is permitted to generate a surplus) |
| Remain within its approved External Financing Limit | - £7,166,000 | - £7,180,000 |
| - this requires the Trust to remain within the borrowing limits set by | this requires the Trust to repay Public Dividend Capital and/or | £14,000 undershoot |
| the Department of Health | increase cash balances amounting | Target achieved |
| | to at least this sum | (the Trust is permitted to undershoot its EFL) |
| Achieve a capital cost absorption rate of 3.5% ± 0.5% | 3.5% ± 0.5% | 3.7% |
| - this requires the Trust to pay a | | Target achieved |
| dividend to the Department of Health equal to 3.5% of the | | |
| average value of its net relevant | | |
| assets | | |
| Breakeven on its Income and Expenditure Account | Breakeven | £11,055,000 |
| - this requires the Trust to ensure that total expenditure does not | | £391,000 underspend |
| exceed the total income it receives | | Target achieved |
| | | (the Trust is permitted to underspend against its CRL) |

In addition to the duties, the Trust is also required to comply with the Better Payment Practice Code. This requires the Trust to aim to pay all undisputed invoices by the due date or within 30 days of receipt of goods or a valid invoice, whichever is later. The Trust's performance against this target is summarised below:

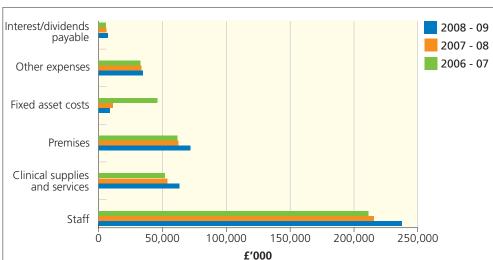
| | 2008/09 | | 2007 | 7/08 | |
|---|---------|---------|--------|---------|--|
| | Number | £′000 | Number | £′000 | |
| Total non-NHS trade invoices paid in year | 63,856 | 266,334 | 56,635 | 225,754 | |
| Total non-NHS trade invoices paid within target | 50,181 | 242,402 | 50,036 | 214,105 | |
| % of non-NHS trade invoices paid within target | 79% | 91% | 88% | 95% | |
| | | | | | |
| Total NHS trade invoices paid in year | 1,955 | 52,140 | 2,636 | 55,452 | |
| Total NHS trade invoices paid within target | 1,409 | 44,810 | 1,642 | 47,744 | |
| % of NHS trade invoices paid within target | 72% | 86% | 62% | 86% | |

Financial Highlights

Analysis of Income



Analysis of Expenditure



Revenue income

During 2008/09 the Trust recorded total income (including interest receivable) of £427 million. This represents a significant increase when compared with the gross income of £380 million in 2007/08.

This rise in income reflects a number of factors including inflation uplifts, changes to the national Payment by Results (PbR) tariff, increased levels of clinical activity (e.g. 18 week referral to treatment target), increased income for clinical training, education and research and increased charges for services provided to other NHS bodies.

The chart compares income by category for 2008/09 with 2007/08 and 2006/07. This clearly demonstrates that the majority of the Trust's income (almost 80% in 2008/09) is received from Primary Care Trusts for the purchase of healthcare.

Revenue expenditure

The Trust's total expenditure (including interest payable and dividend payable) for 2008/09 amounted to £423 million. The largest cost element relates to salaries and wages with the average number of people employed during the year being 5,730 whole time equivalents with a total cost of £237 million which equates to 56% of total costs. This compares with 5,308 whole time equivalents and £215 million

in 2007/08. The increase in staff numbers is as a result of a combination of factors including hosting of the newly created Coventry and Warwickshire Pathology Network and the opening of additional beds to meet access targets and the development of new services.

The second largest cost continues to be premises expenses which include the unitary payment for the University Hospital. These expenses amounted to £72 million and represent almost 17% of total costs. Clinical supplies and services (including drugs and other medical / surgical consumables) are also a significant cost element and amounted to £63 million which equates to approximately 15% of total costs.

The chart compares expenditure by category for 2008/09 with 2007/08 and 2006/07. This clearly shows that for the majority of expenses headings, cost increases for 2008/09 were generally small and reflect the impact of the Trust's savings programme.

Capital expenditure

In addition to the day to day operating expenses of the Trust, the Trust also spent approximately £11.3 million (including a donated sum of £150,000) on purchasing new or replacement capital assets. The single largest item within this sum relates

to the capitalisation of £3.5 million of the payment made to the Trust's PFI partner. The capitalisation of part of the unitary payment each year over the life of the PFI contract under current accounting policies (see the section on "Financial Outlook" below) will eventually create an asset on the Trust's balance sheet equating to the expected residual value of the University Hospital in 2042.

Whilst the Trust's PFI contract includes the initial provision and replacement of the majority of medical and other equipment in the University Hospital, the Trust continues to have responsibility for information technology assets and certain categories of medical equipment. During 2008/09 the Trust invested £3.1 million on new medical and other equipment and £1.9 million on IT infrastructure. In addition to this, the Trust also spent approximately £2.8 million on upgrading parts of its non-PFI estate.

Financial outlook

The Trust plans to achieve a surplus at the end of the coming financial year of £3.2 million. This equates to approximately 1% of turnover and is in line with the national average for both NHS and Foundation Trusts.

There are three key financial challenges for the Trust, affecting both the short and longer term financial health of the organisation: the introduction of the International Financial Reporting Standards (IFRS) from 1st April 2009; the NHS Financial Framework for 2009/10 and the requirement to improve its liquidity/working capital position.

International Financial Reporting Standards

This change in accounting standards i.e. the way in which an organisation prepares its accounts, is effective across all Government Departments (including the NHS) from 1st April 2009. As such, it is necessary to both restate the accounts for 2008/09 in the new format as well as fundamentally change the basis on which they are prepared. For UHCW NHS Trust the key impact results from the financing of the new hospital through the Private Finance Initiative. Under existing United Kingdom General Accepted Accounting Principles (UK GAAP) the Trust built up the value of the new asset each year over the life of the PFI contract until, at the end of that contract in 2042, the asset was stated at its full value on the Trust balance sheet.

However, under IFRS, the full value of the PFI asset is brought onto the Trust's balance sheet with immediate effect along with an equal and opposite liability. Whilst the implementation of this change in accounting practice does not change the payments made under the PFI contract, it will result in approximately £9 million of additional depreciation and interest

charges to the Trust. In order to mitigate this impact, the Trust has reached agreement with the West Midlands SHA to re-profile previously approved non-recurrent funding. This funding is now to be accounted for in two equal tranches of £3.7 million in 2009/10 and 2010/11. The balance of the additional costs will be met through an increased savings programme.

NHS Financial Framework

All NHS organisations are expected to identify and deliver cash releasing efficiency savings for each year until 2010/11 of 3%. In addition, further risks have arisen from the implementation of revised policies for coding clinical activity and changes to the national tariff.

Improvement of the Trust's liquidity position

At the end 2008/09 the Trust estimated that it needed to increase its net working capital by approximately £8 million in order to achieve a level 3 rating in the Monitor financial risk ratios which would allow it to apply for Foundation Trust status. In addition, it is required to repay its outstanding working capital loan of £8 million at a rate of £2 million per annum over the next four years.

Key elements of the Trust's plan to improve its liquidity ratio include the generation of a £3.2 million surplus and the retention of circa £4.5 million of internally generated cash (through depreciation charges) which

is not required for capital investment. In addition, the Trust expects to generate additional cash through property sales, although the timing of these remains uncertain.

Conclusion

As a result of the combined impact of the factors outlined above and the Trust's intention to generate a surplus of £3.2 million, the Trust plans to achieve a savings target of £15 million in 2009/10 on a recurrent basis

Delivering against these key challenges is essential in supporting the Trust's application to become a Foundation Trust in 2010. Foundation Trust status brings with it a number of key financial freedoms not available to a NHS Trust, such as the ability to retain any surpluses generated and to enter into joint ventures with non-NHS organisations. However, a successful application is predicated upon long term financial health and viability, including a strong liquidity or cash position and the organisation's response to these key challenges will underpin this.

Andrew Hardy

Deputy Chief Executive / Chief Finance Officer

Summarised Financial Statements

This summary financial statement on pages 24-25 does not contain sufficient information to allow as full an understanding of the results and state of affairs of the Trust and its policies and arrangements concerning directors' remuneration as provided by the full annual accounts, a copy of which is available free of charge by contacting the Chief Finance Officer as follows:

write to: The Chief Finance Officer

University Hospital Clifford Bridge Road Coventry. CV2 2DX

or telephone: 024 7696 7606.

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED

31st March 2009

| | 2008-09 £000 | Restated 2007-08 £000 |
|---|-----------------|-----------------------------|
| Income from activities* | 363,514 | 335,761 |
| Other operating income* | 63,159 | 43,106 |
| Operating expenses** | (415,461) | (376,025) |
| OPERATING SURPLUS** | 11,212 | 2,842 |
| Loss on disposal of fixed assets | (83) | (21) |
| SURPLUS BEFORE INTEREST** | 11,129 | 2,821 |
| Interest receivable | 773 | 1,367 |
| Interest payable | (543) | 0 |
| Other finance costs - unwinding of discount | (52) | (43) |
| SURPLUS FOR THE FINANCIAL YEAR** | 11,307 | 4,145 |
| Public dividend capital dividends payable | (6,482) | (5,850) |
| RETAINED SURPLUS/(DEFICIT) FOR THE YEAR** | 4,825 | (1,705) |
| | | |

All income and expenditure is derived from continuing operations.

INCOME AND EXPENDITURE

- * The prior year comparators have been restated following re-analysis of income.
- ** The prior year comparators have been restated following a change in accounting policy in relation to the Trust now accruing for untaken annual leave at the end of the year

BALANCE SHEET

- * The prior year comparators have been restated following a change in accounting policy in relation to the Trust now making an accrual for staff untaken annual leave at the end of the financial year.
- ** The prior year comparators have been restated following a change in accounting policy where by the Trust no longer carries negative reserve balances.

BALANCE SHEET

As at 31st March 2009

| | 2008-09 £000 | Restated 2007-08 £000 |
|---|--|--|
| FIXED ASSETS | 254 | 275 |
| Intangible assets Tangible assets | 264 147,021 | 375 179,034 |
| Financial assets | 0 | 0 |
| TOTAL FIXED ASSETS | 147,285 | 179,409 |
| DEBTORS: Amounts falling due after one year | 42,809 | 42,954 |
| CURRENT ASSETS Stocks and work in progress Debtors Investments Cash at bank and in hand TOTAL CURRENT ASSETS | 7,327 13,159 0 1,306 21,792 | 6,216 12,682 0 925 19,823 |
| CREDITORS: Amounts falling due within one year* Financial liabilities NET CURRENT LIABILITIES TOTAL ASSETS LESS CURRENT LIABILITIES | (46,468) 0 (24,676) 165,418 | (38,008) 0 (18,185) 204,178 |
| | - | |
| CREDITORS: Amounts falling due after more than one year Financial liablilities | (6,000) 0 | 0 |
| PROVISIONS FOR LIABILITIES AND CHARGES | (3,406) | (3,168) |
| TOTAL ASSETS EMPLOYED | 156,012 | 201,010 |
| FINANCED BY: TAXPAYERS' EQUITY | | |
| Public dividend capital Revaluation reserve** Donated asset reserve Government grant reserve Other reserves | 28,631 88,018 2,195 0 0 | 43,797 123,585 2,350 0 0 |
| Income and expenditure reserve* ** | 37,168 156,012 | 31,278 |
| TOTAL TAXPAYERS' EQUITY | 130,012 | 201,010 |

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

For the year ended 31st March 2009

| | 2008-09 £000 | 2007-08 £000 |
|--|-----------------|-----------------|
| Surplus for the financial year before divdend payments ** | 11,307 | 4,145 |
| Fixed asset impairment losses * | (35,268) | 0 |
| Unrealised surplus/(deficit) on fixed asset revaluations/indexation | 842 | 9,210 |
| Increases in the donated asset and government grant reserve due to receipt of donated and government grant financed assets | 150 | 84 |
| Defined benefit scheme actuarial gains/(losses) | 0 | 0 |
| Additions/(reductions) in "other reserves" | 0 | 0 |
| TOTAL RECOGNISED GAINS AND LOSSES FOR THE FINANCIAL YEAR | (22,969) | 13,439 |
| Prior period adjustment ** | (1,906) | (818) |
| TOTAL RECOGNISED GAINS AND LOSSES FOR THE FINANCIAL YEAR | (24,875) | 12,621 |

^{*} The fixed assets impairment losses reflect the estimated impact of the fall in land and building indices due to the current global economic crisis.

MANAGEMENT COSTS

| | 2008-09 £000 | 2007-08 £000 |
|---------------------------------|-----------------|-----------------|
| Manage costs | 16,184 | 14,861 |
| Income | 426,673 | 378,867 |
| Management costs as % of income | 3.8 | 3.9 |

 $Management\ costs\ are\ defined\ as\ those\ on\ the\ management\ costs\ website\ at: \\ www.dh.gov/PolicyAndGuidance/OrganisationPolicy/FinanceAndPlanning/NHSManagementCosts/fs/en$

CASH FLOW STATEMENT

For the year ended 31st March 2009

| Tor the year ended 313t March 2003 | 2008-09 £000 | 2007-08 £000 |
|---|--------------------|-----------------|
| OPERATING ACTIVITIES | 26.601 | F2 F00 |
| Net cash inflow from operating activities | 26,601 | 52,588 |
| RETURNS ON INVESTMENTS AND | | |
| SERVICING OF FINANCE: Interest received | 773 | 1,367 |
| Interest paid | (524) | 1,307 |
| Interest element of finance leases | 0 | 0 |
| Net cash inflow from returns on investments | 249 | 1,367 |
| and servicing of finance | | • |
| CAPITAL EXPENDITURE | | |
| Payment to acquire tangible fixed assets | (13,188) | (12,266) |
| Receipts from sale of tangible fixed assets | Ó | 566 |
| (Payments) to acquire intangible assets | 0 | 0 |
| Receipts from sale of intangible assets | 0 | 0 |
| (Payments to acquire)/receipts from sale of fixed asset investments | 0 | 0 |
| (Payments to acquire)/receipts from sale of financial instruments | | (44.700) |
| Net cash outflow from capital expenditure | (13,188) | (11,700) |
| DIVIDENDS PAID | (6,482) | (5,850) |
| Net cash inflow before management of liquid resources and financing | 7,180 | 36,405 |
| MANAGEMENT OF LIQUID RESOURCES | | |
| (Purchase) of financial assets with the Department of Health | 0 | 0 |
| (Purchase) of other current financial assets | 0 | 0 |
| Sale of financial assets with Department of Health Sale of other current financial assets | 0 | 0 |
| | 0 | 0 |
| Net cash inflow/(outflow) from management of liquid resources | | 0 |
| Net cash inflow before financing | 7,180 | 36,405 |
| FINANCING | | |
| Public dividend capital received | 834 | 10,000 |
| Public dividend capital repaid Loans received from Department of Health | (16,000) 16,000 | (46,805) 0 |
| Other loans received | 0 | 0 |
| Loans repaid to the Department of Health | (8,000) | 0 |
| Other loans repaid | 0 | 0 |
| Other capital receipts | 0 | 0 |
| Capital element of finance lease rental payments | 0 | 0 |
| Net cash outflow from financing | (7,166) | (36,805) |
| Increase/(Decrease) in cash | 14 | (400) |
| · · · · · · · · · · · · · · · · · · · | | |

^{**} The prior adjustment in 2008/09 has arisen following a change in accounting policy in relation to the Trust now making an accrual for staff untaken annual leave at the end of the financial year. The prior period adjustment in 2007/08 relates to a change in accounting policy regarding the capitalisation of hearing aids.

Accounting Policies

Accounting Policies

The Trust's accounting policies are in accordance with directions provided by the Secretary of State for Health and follow UK generally accepted accounting practice and HM Treasury's Government Financial Reporting Manual to the extent that they are meaningful and appropriate to the NHS. There have been two key changes to accounting policies during the last year as follows:

- Annual leave which remains untaken at the end of the financial year (and approved to be carried forward to the following year) is now reflected in the accounts as accrued expenditure; and
- Negative revaluation reserve balances for individual assets (mainly arising from impairments upon bringing a new asset into use) are no longer allowed – such impairments are now charged directly to the income and expenditure account.

Both these changes have resulted in prior period adjustments to the accounts.

Statement of the Chief Executive's Responsibility as the Accountable Officer

The Statement of the Chief Executive's responsibility as the Accountable officer of the Trust is printed in full in the Trust's 2008/09 Annual Accounts.

Statement of Directors' Responsibility

The Statement of Directors' Responsibility is printed in full in the Trust's 2008/09 Annual Accounts.

Statement on Internal Control

The Statement on Internal Control is also printed in full in the Trust's 2008/09 Annual Accounts.

Disclosure of Information to Auditors

The directors confirm that as far as they are aware there is no relevant audit information of which the NHS body's auditors are unaware and they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the NHS body's auditors are aware of that information.

External Auditor

The Audit Commission has appointed PricewaterhouseCoopers LLP as the

external auditor to the Trust.
The auditors perform their work in accordance with the Audit Commission's Code of Practice and there are two key elements to their work:

- The audit of the annual accounts including a review of the Statement on Internal Control; and
- A review of the Trust's financial management arrangements which informs the Quality of Financial Management element of the Annual Health Check.

However, for 2008/09, the Audit Commission also required the auditors to undertake a review of the Trust's arrangements to restate its balance sheet as at 1st April 2008 under International Financial Reporting Standards. This work is clearly closely related to the statutory work undertaken by the auditors but is reported separately.

In addition to the statutory work undertaken by the auditors, the Trust engaged PricewaterhouseCoopers to undertake a review of the governance arrangements for the Healthcare Purchasing Consortium (HPC) which is a procurement function providing services to over 40 NHS bodies and has been

hosted by the Trust since October 2006. In order to maintain independence, this work has been overseen by a director of PricewaterhouseCoopers who is no longer involved in the statutory audit.

The total external audit fees / remuneration recorded in the accounts for 2008/09 is £255,000 – of which £205,000 relates to the statutory audit work and £50,000 relates to the HPC review.

Auditors' Opinion

Independent auditors' statement to the Directors of the Board of University Hospitals Coventry & Warwickshire NHS Trust

We have examined the summary financial statement for the year ended 31 March 2009 which comprises the Income and Expenditure Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Cashflow Statement, the related notes and the information in the Directors' Remuneration Report.

This statement, including the opinion, has been prepared for and only for the Board of University Hospitals Coventry & Warwickshire NHS Trust in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 36 of the Statement of Responsibilities of Auditors and of Audited Bodies prepared by the Audit Commission. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this statement is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Respective Responsibilities of Directors and Auditors

The directors are responsible for preparing the Annual Report and summary financial statement, in accordance with directions issued by the Secretary of State.

Our responsibility is to report to you our opinion on the consistency of the summary financial statement within the Annual Report with the statutory financial statements and the Directors' Remuneration Report and its compliance with the relevant requirements of the directions issued by the Secretary of State.

We also read the other information contained in the Annual Report and consider the implications for our statement if we become aware of any apparent misstatements or material inconsistencies with the summary financial statements.

Basis of Opinion

We conducted our work in accordance with Bulletin 1999/6 'The auditors' statement on the summary financial statement' issued by the Auditing Practices Board. Our report on the statutory financial statements describes the basis of our audit opinion on those financial statements and the Directors' Remuneration Report.

Opinion

In our opinion the summary financial statement is consistent with the statutory financial statements

and the Directors' Remuneration Report of the Trust for the year ended 31 March 2009 and complies with the relevant requirements of the directions issued by the Secretary of State.

We have not considered the effects of any events between the date on which we signed our report on the statutory financial statements and the date of this statement

PricewaterhouseCoopers LLP

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ANNUAL REPORT 2008-09

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