safer better
good value
care

Royal Cornwall Hospitals NHS
NHS Trust

Annual Report and Accounts 2009-2010

clinical specialist
excellence performance
respect dignity

Royal Cornwall Hospitals NHS Trust
Annual Report and Accounts 2009/10

Our annual report is published as a website to help us to meet the diverse accessibility needs of our staff, patients, stakeholders and the people of Cornwall who have an interest in the performance of the hospitals managed by the Royal Cornwall Hospitals NHS Trust. Publishing our report in this way also contributes to our aim of reducing our environmental impact and to make best use of the resources available to us.

The content of our annual report has been adapted in response to feedback from readers of our 2008/09 report. This year our website has been enhanced with an additional feature that allows text to be read aloud to readers as they browse through the pages.

A text only, hard copy of the report and accounts can be provided on request by writing to:

Chairman's Office
Royal Cornwall Hospitals NHS Trust
Bedruthan House
Royal Cornwall Hospital
TRURO TR1 3LJ

Or email: contact@cornwall.nhs.uk

Large print and other formats are also available on request.

We welcome your views on our annual report and accounts and any of our other publications on our website. Please complete our short feedback questionnaire which is available online at:

http://www.surveymonkey.com/s/RCHTAnnualReportSurvey09-10

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Chairman's Report

Reflecting on my first full year as chairman of the Royal Cornwall Hospitals Trust I think it is fair to say that whilst there is still much more to be done, considerable strides forward have been made over the last financial year, not least in addressing the shortcomings identified in the Independent Review published in February 2009.

For the first time, RCHT has published a clear strategic plan for the next 5 years and beyond, setting out a blueprint to modernise the way services are delivered and to embark on an exciting programme of improvements to our buildings, equipment and facilities.

Crucially this plan stems from the vision of our frontline clinicians – doctors, nurses, allied health professions and many others – working more closely with managers than ever before. This plan has been shared widely with all of our stakeholders and our local community to make sure that we heading in a direction that meets the future needs and aspirations of those using our services and our employees.

Our strategic plan has also been a catalyst for rebuilding relationships with our partner organisations with whom we now enjoy an open and productive dialogue and who share and support the aim of building a strong and secure future for RCHT. Much work is being done to breakdown the boundaries between the different sectors of health and social care so that our patients can enjoy seamless care, in the right place, whenever they need it.

Our number one priority is of course the care of our patients, the quality of that care and our reputation which is of course intrinsically linked to the feeling of satisfaction and value among our employees. That is why we will be placing much greater importance on responding to what our employees are telling us. We have a considerable agenda facing us in this respect and we are deeply indebted to our workforce whose commitment to patients has been steadfast despite the insufficient attention paid to their own needs.

Martin Watts, Chairman

Of high importance too, are our Friends and volunteers who have continued to enrich our hospitals with their support for our patients and our staff, as well as being our partners in new investments such as the theatres and wayfinding at St Michael's Hospital, the new head CT scanner at RCH, and new theatre equipment at West Cornwall Hospital. I would like to thank them personally and on behalf of everyone working at and using our hospitals; I know that our patients' experience and our environment would be all the poorer without their contribution.

The achievements of the past year have been far from easy to attain but have shown the determination among our staff to see the organisation succeed. The changes of leadership at Board level have made sure that we are driving forward the positive aspects of the Independent Review and addressing the weaknesses.

We know there are tough times ahead for the public sector and the NHS, as announced at the time of the election of the coalition governement and subsequently confirmed by the Secretary of State for Health, is probably in the most fortunate position of any of the other principal, large spending government departments. Nonetheless, the NHS, and this Trust as part of it, must make significant efficiency improvements through service redesign and the elimination of wasteful spending and poor productivity. We have been laying good foundations for this over the last year which I truly believe will help us to succeed in delivering really meaningful improvements to the benefits of both our patients and our staff.

Martin Watts
Chairman
June 2010

Chief Executive's report

Having joined the Royal Cornwall Hospitals Trust as interim chief executive in February last year, I was well aware that 2009/10 was going to be a testing year in which it would be critical to respond to the poor performance of previous years and crucially to the shortcomings identified by the Independent Review. It was a year that would define its future direction and its ability to deliver the scale of turnaround required.

Peter Colclough, Chief Executive

Twelve months on and the results do indeed show the emerging signs of change and improvement we have been working hard to deliver. Amongst the progress that has been made have been three major achievements, namely:

- meeting our headline targets to reduce waiting times for patients;
- dramatic reductions in rates of MRSA and clostridium difficile;
- achieving an £8.28 million financial surplus.

Most significantly, the year ended with the award of unconditional registration with the Care Quality Commission, recognising significant improvement from previous performance ratings. This improvement also being reflected in the Department of Health's assessment of the Trust as achieving is performance and financial targets.

Notwithstanding the difficulties of the past few years, patients have continued to show high levels of satisfaction in their care at our hospitals and that is something I know our staff are not complacent about. They do aspire to high standards, often exceeding patient expectation, and we will be focussing in the coming year on the minority who tell us we could do better.

Whilst for the first time in many years the Trust has stood on its own feet financially, delivering a surplus[1] of £8.28 million without in-year external support, we are well aware of the challenging years ahead for public sector finances. Without doubt there will be performance and productivity improvements to be made and we have of course to continue to reduce our historic debt.

Our performance during 2009/10 has put us in good stead to face those future challenges and our 5-year strategic plan to deliver better, safer good value care is based on change and improvement that will make us a leaner, fitter organisation.

There is much we can do to become more efficient through better integration across community, acute hospital and social care so that our services become genuinely patient centred. By breaking down the barriers between these sectors, we can become more responsive to our patients needs, shifting our focus to early intervention and avoiding unnecessary hospital admissions. That's better for our patients and better use of the resources available to the NHS.

As we have developed our strategic plan over the last year we have opened ourselves to the involvement our staff, patients, stakeholders and local community in way the Trust has never experienced. We intend to continue that partnership as we work to achieve further improvement and ultimately Foundation Trust status.

Peter Colclough
Chief Executive
June 2010

1 - See note in annual accounts.

Building a brighter future

Our Plans 2010-2014 – safer, better, good value care

A top priority for 2009/10 was the development of a strategic plan for the Royal Cornwall Hospitals Trust, setting out its plans for the future and a model for providing services to meet the needs of the population it serves over the coming years.

The Trust embarked on its most ambitious programme of engagement within the organisation and our local community, reaching out to staff, stakeholders and members of the public in more than 50 face to face meetings, over a 6 week period. Feedback from these meetings and other sources was used to inform the final strategy, ready for its publication at the end of March 2010.

The plan sets out the Trust's broad objectives:

- To remain the preferred provider of acute and specialist healthcare to the people of Cornwall and the Isles of Scilly;
- To focus relentlessly on quality of care and patient safety;
- To work as a constructive partner in the community, promoting the integration of health and social care;
- To value and improve the working lives of our staff, promoting education, training and research;
- To work towards a sustainable, low carbon future;
- To deliver financial surplus annually

and for the first time commits the Trust to a set of values by which will deliver its services and support its staff:

We will work with….
• respect and dignity
• commitment to quality of care
• compassion

So that we …
• improve lives
• work together for patients
• ensure everyone counts

Delivery of the strategic plan will lead the Trust towards its application for Foundation Trust status. Achievement of Foundation Trust status will determine its ability to deliver the latter phases of the capital investment programme, as proposed in the clinical site development plan.

Clinical site development plan

At the heart of the Trust's strategic plan is the clinical site development plan setting out a programme of investment in equipment and facilities over the next 5 years and beyond. It paves the way to transform the way services are provided, reflecting modern ways delivering of care by making sure clinical services are co-located to maximise quality of care and efficiency.

By the end of 2009/10 the first phase of the clinical site development plan was well underway. A new sexual health hub would open in Summer 2010, as would a new chemotherapy unit and the breast screening service was due to complete a £2 million investment to upgrade to digital mammography imaging in the Mermaid Centre and its two mobile screening units. The nuclear medicine department will have commissioned a new £1 million gamma camera which will be one of the most technologically advanced in the UK.

Plans for the development of West Cornwall Hospital as an acute diagnostic and treatment hospital propose the creation of a new treatment centre for specialist ophthalmology, pain management and 'see and treat' dermatology clinics, as well as plans to expand and upgrade facilities in the hospital's renal dialysis unit.

New facilities

New theatres for St Michael's Hospital

New theatres at St Michael's Hospital

A precursor to the clinical site development plan was the completion and opening of two new theatres at St Michael's Hospital, underlining its integral role in the delivery of acute care as a centre of excellence for breast and orthopaedic surgery. The £6 million investment, including improvements to essential utilities supplying the hospital, has enabled a considerable increase in the number of patients able to have operations at St Michael's. Reflecting only a part year impact, by the end of 2009 more than 1,500 more inpatient and day case procedures had been carried out at the hospital compared to the previous year.

RCHT welcomes its first dental students

January 2010 saw the arrival of the first dental students at the newly extended Knowledge Spa building on the Royal Cornwall Hospital site. The Knowledge Spa is the Truro base for the Peninsula College of Medicine and Dentistry (PCMD) and now provides facilities for around 200 medical and dental students, as well as nursing students and other health care professionals.

HRH The Duchess of Kent at the opening of the Peninsula Dental School

The Dental School provides NHS dental care to the local population, with third year students carrying out supervised dental treatments for around 200 patients each week.

The growth of PCMD is further enhancing the Trust's role and reputation as a teaching hospitals Trust. Since its establishment a significant number of graduates have chosen to continue their careers in Cornwall and a thriving and expanding research and development culture is contributing to recruitment and retention of high calibre health care professionals.

Head Scanner for Emergency Department

In partnership with the Friends of the Royal Cornwall Hospital and their successful public appeal, a £250,000 head scanner has been installed at the hospital's emergency department (ED). Aimed specifically at patients with head injury or stroke, the scanner, situated immediately adjacent to the ED, is available for emergencies around the clock, enabling rapid diagnosis and treatment planning.

A greener organisation

The Trust is working toward the national NHS target to cut carbon emissions by at least 80% by 2050, with a minimum reduction of 26% by 2020. It has adopted a carbon reduction strategy and has promoted the sustainable development agenda by being represented at NHS South West's Sustainable Design Group. The Trust is using the British Research Establishment Environmental Model for its major new projects such as the Peninsula Dental School which is set to achieve BREEAM Excellent.


Biomass boiler at RCH

The Trust has successfully completed a £650,000 project to install a bio-mass boiler on the Royal Cornwall Cornwall Hospital which seeks to reduce the Trust's CO2 emissions by some 1200 tonnes per annum. The boiler allows the hospital to be self-sufficient in its hot water supply during the summer months and boosted only by traditional fuel supply during periods of high demand throughout the year.

The Trust is also committed to playing its part in the green transport agenda. It has worked in partnership with Cornwall Council to ensure that the Park & Ride scheme for Truro now offers an attractive alternative to parking on site for both visitors and staff. More than 140 staff now use this option and in response to demand the service was extended to provide a more frequent, dedicated hospital shuttle service. Alongside this, the Trust's participation in the national cycle scheme has encouraged large numbers of staff to take advantage of discounted cycle purchase, resulting in many more regularly cycling to work.

Our staff, too, have been driving their own initiatives to reduce our impact on the environment. Leading the way is the team on the renal unit at Royal Cornwall Hospital whose work to reduce their carbon footprint was shortlisted in the Good Corporate Citizenship category in the 2009 Health Service Journal Awards. Their initiatives include energy and water efficiency and working with suppliers to reduce packaging of products by 50%.

Building on its national reputation as a leader in sustainable local purchasing and efforts to reduce food miles, the Trust's Cornwall Food Production Unit operates from a building that makes use recycled oil for its heating needs.

Improving quality, increasing efficiency

Meeting tough new standards

The definitive marker of improved performance at the end of 2009/10 was the attainment of unconditional registration with the Care Quality Commission. Coming into force from 1 April 2010, the new regulations set rigorous standards for quality and safety against which all Trusts are continuously monitored for compliance.

The new standards cover important issues for patients such as treating people with respect, involving them in decisions about care, keeping clinical areas clean, and ensuring services are safe. Trusts will be judged on the outcomes and experiences of patients, not just whether there are systems and processes in place.

In readiness for the introduction of the new regulatory system, like all Trust's, RCHT was required to make a mid-year self-assessment against the core Standards for Better Health. This determined the Trust was compliant with 37 of 42 standards with the remaining achieved by the end of the financial year.

During 2010, for the first time all Trusts will be required to publish Quality Accounts; essentially an annual report for the public about the quality of services. They will present a broad overview of the quality of the Trust as a whole, showing what it does well, where it needs to improve, and to understand what it is doing to achieve improvement in quality. The Quality Accounts aim to improve organisational accountability to the public and to ensure the Trust board is fully involved in improving quality of care.

Safer care

Infection prevention and control

Reducing the risk of hospital associated infection remains the top priority for patients and 2009/10 has a seen a remarkable turnaround in performance across the Trust. Our hospitals are now among the top Trusts in the country with low levels of MRSA and clostridium difficile infections.

During 2009/10

> MRSA bloodstream infections fell by 84% from 44 to 7
> Clostridium Difficile infections fell by 57% from 131 to 56.

Such has been the success in reducing clostridium difficile, down by 73% since 2007, the Trust is already close to meeting the 2011 national target to bring these infections down by 75%.

The intense focus on a zero tolerance approach to poor practice, centred on infection prevention and control care plans, hand hygiene, 'bare below the elbows' and frequent audit of clinical practice by ward teams. Allied to this were improvements in prescribing practice in the targeted use of antibiotics, training in specimen collection, updated policy for wound infections and root cause analysis for all MRSA bloodstream infections and similarly for clostridium difficile.

The Trust exceeded its target performance for 2009/10 and underlining its commitment to reducing rates of infection has set tough expectations during 2010/11 to reduce MRSA blood stream infections by a further 40%. It is also working toward extending its programme of MRSA screening for all patients coming in for planned surgery and procedures to all patients admitted to its hospitals.

Meeting the Hygiene Code

The Hygiene Code sets out a broad range of standards against which Trusts are measured for achieving required levels of infection prevention and control, decontamination and environmental cleanliness. Compliance is tested by a continual programme of unannounced inspection visits by the Care Quality Commission. The Trust was visited during November 2009 and found to be meeting all of the standards.

Allied to the Hygiene Code are the Patient Environment Assessment Team inspections. These are annual assessments of the quality of catering and cleaning services, as well as the general environment, including privacy and dignity. The inspections are carried out by teams of NHS staff, including nurses, matrons, doctors, catering and domestic service managers, executive and non-executive directors, dieticians and estates directors. They also include patients, patient representatives and members of the public and are subject to random external validation every few years.

For 2009 the Trust attained ratings of good to excellent across its three hospitals where the introduction of protected mealtimes and the impact of the Cornwall Food Production Unit, saw the food score go from good to excellent compared to 2008.

Patient Safety First

Royal Cornwall Hospitals NHS Trust is actively engaged in the national Patient Safety First programme and within the NHS South West regional Quality and Patient Safety Improvement Programme.

The overarching aims of this programme are to:

- Reduce hospital standardised mortality rates by 15% by 2014
- Reduce adverse incidents by 30% by 2014

Frontline teams are taking forward changes in five key areas – general ward, post-operative care, critical care, medicines management and leadership - and where sustainable improvements are identified these will be rolled out further within the Trust.

Examples of the projects moving forward are patient safety briefings, improving the recording of routine patient checks ('observations'), and improved diagnosis and management of venous thromboembolism.

The continued involvement of all staff involved in the programme supports the Trust's commitment to deliver safe and high quality care, putting patients at the centre of everything we do.

Better quality care leading to greater efficiency

The introduction of the Commission for Quality and Innovation payment framework, (CQUINs) brought new incentive to improve quality of care whilst at the same time improving efficiency and cost effectiveness. For example, reducing risk of infection improves patients experience and at the same time reduces length of stay in hospital; help to stop smoking, improves health and lowers the risk of associated medical conditions and over time less demand on NHS services.

CQUINs determined that a proportion of the Trust's contracted income in 2009-10 was conditional on achieving quality improvement and innovation goals agreed between the Trust and those commissioning services from it – primarily NHS Cornwall & Isles of Scilly.

In 2010/11, around £4million of the Trust's income will be conditional on achieving agreed CQUIN goals. For this a new set of initiatives have been set based on improving patient safety, clinical effectiveness and patient experience. These include work to reduce pressure ulcers, improving management of venous thromboembolism, introducing a clinical chronology summary in patient records, increasing nurse-led discharge, dementia awareness training and reducing staff sickness absence.

Quality markers

As well as unconditional registration with the Care Quality Commission being an overall marker of the quality of services provided by the Trust, many of its services are subject to regular independent assessment by professional bodies.

The Trust's maternity services have continued to maintain a reputation for quality, gaining further independent endorsement of high standards of clinical safety and care. The Clinical Negligence Scheme for Trusts assessed the services as meeting more robust standards to gain Level 2 registration and the Down's Screening service became the first in the country to be awarded the top 'green flag' registration.

Specialist centre status has been awarded by the British Society for Gynaecological Endoscopy to the endometrosis service, established in the Trust just 12 months ago. Offering expertise in diagnosis and treatment it has been a welcome development for the estimated 5,000 women in Cornwall with Endometriosis. The multidisciplinary team at the Trust is able to provide high quality and evidence based care that aims to assess and treat women with all grades of endometriosis ranging from mild disease to the most severe form involving the bladder and bowel. It is thought up to a third will have severe disease and many will require major keyhole (laparoscopic) surgery.

Vital to the support of frontline clinical care is the meticulous management of patient records and the administrative and IT functions that support the smooth running of clinics and admissions. The Trust has again been awarded full 3-year accreditation by external monitoring body, CHKS, recognising good practice in areas including; communication with patients, GPs and others, staff training and development, quality assurance and clinical record keeping.

Privacy and dignity

Although a much broader agenda, the most visible sign of the Trust's commitment to improving privacy and dignity was investment of £0.75 million in projects across our three hospitals to meet the new standards on caring for patients in same sex accommodation.

As part of the Trust's ongoing development of clinical services, since April 2009 it has re-organised wards. Six new ward areas now offer dedicated same sex ward accommodation, these include our two medical wards at West Cornwall Hospital, which have been split into separate male and female wards, and at Royal Cornwall Hospital two surgical and two trauma and orthopaedic wards have done the same.

Beyond the physical changes, a network of dignity champions, involving staff from all backgrounds – doctors, nurses ward support staff, therapists, managers and others, are leading work in their own areas to raise awareness of privacy and dignity issues more widely, to ensure that respecting and meeting patients' individual needs is a top priority at all times.

Releasing time to patient care

The 'Productive Ward' initiative was designed by the NHS Institute and focuses on improving ward processes and environments, to help nurses and therapists spend more time on patient care, thereby improving safety and efficiency.

It was introduced to the Trust last year and now extends to eleven clinical areas across our three sites. In those areas it has been possible to release 10% more 'direct care time' and staff have shown an increase of 26% in job satisfaction.

The proven and sustainable changes in practice that have been implemented will be replicated as the initiative rolls across right across our hospitals over the next three years.

Faster treatment, closer to home

Getting treated more quickly

The key waiting time performance targets were achieved, including:

- 98% of patients attending emergency departments were seen, treated, admitted or discharged within 4 hours;
- 94% of patients urgently referred by the GP with suspected cancer were seen within 2 weeks, against a target of 93%. The target thresholds were met for patients treated within 62 days of referral with suspected cancer and 31 days for first and subsequent treatment from date of decision to treat;
- By the end of March 2010 no patients needing routing operations or procedures in hospital waited more than 18 weeks from referral by their GP until their treatment began.

These reductions in waiting times were achieved against a rise in emergency admissions and considerable peaks in activity, together with the challenges of responding to a major incident, severe weather and an outbreak of Norovirus over the Christmas and New Year period.

Making our services more efficient

During 2010/11 the Trust will work toward reducing waiting times for routine operations and procedures yet further, with a target of 13 weeks from referral to treatment.

Working with our partners across health and social care and the third sector, we will continue to reduce the number of patients who stay in hospital beds for longer than is necessary. We have set ourselves a target to:

- Reduce delayed transfers of care to primary care by 50% within 5 years;
- Reduce the number of post acute patients in our hospital by 50% over 5 years.

During 2010/11 a number of changes will be made to enable more efficient use of hospital beds, thus improving care for patients admitted as emergencies and reducing the time in hospital for patients undergoing planned procedures. This will allow a better balance of medical and surgical beds, with most planned patients being admitted on the day of surgery through a new Theatre Direct unit. Discharge planning will be improved and a single point of access established for emergency patients where they can receive a faster diagnosis and onward transfer direct to any specialist care they may need.

New services

Central to the Trust's plans for the future is the aim of providing more care closer to patients' own homes. As well as providing as wide a range of services and operations as is safe and possible to do so at locations in the west and increasingly in the east of the county, it is also working in partnership with the primary care trust and regional commissioning networks to bring new services into Cornwall.

During 2009/10 this commitment saw the introduction of bariatric surgery for which patients in Cornwall had previously had to travel to Taunton or beyond. Bariatric surgery is the final step in an integrated service including a comprehensive weight-loss management programme for patients whose lives are at risk as a result of being clinically obese.

Another new service brought into Cornwall, and for which patients previously travelled to Devon, was treatment for wet age-related macular degeneration (WARM). A condition that can cause blindness in older people, the treatment, initially available at the Royal Cornwall Hospital, is set to become more accessible for patients in the far west of the county when a new treatment centre opens at West Cornwall Hospital in 2010. Local access is particularly important, not only due to the age group affected, but also due to the condition necessitating a programme of treatments rather than a single procedure.

New ways of delivering care

Our staff provide care for more than 52,000 emergency admissions each year and we have been making improvements to the way this group of patients are assessed and admitted. The first phase of a project to create a single point of access for emergency patients has achieved considerable success and is planned for expansion to all emergencies during 2010/11. The renewed emphasis on privacy and dignity has brought about changes in the Medical Admissions Unit where the flow of patients through the unit has been improved and as a result ambulance handover times have reduced.

We have also been enhancing care for patients with stroke and fractured hips.

For stroke patients there is now 7-day access to specialist opinion alongside the weekday TIA clinics, improved therapy support and 24/7 thrombolysis. The installation of a head CT scanner in the emergency department at Royal Cornwall Hospital is also aiding more rapid diagnosis. The purchase of the scanner was made possible through a partnership with the League of Friends and their successful public appeal which contributed £70,000 towards the £250,000 cost.

Fractured hips are a growing demand on trauma services and the appointment of specialist orthopaedic/geriatric consultants is playing a critical role in improving care and attending to the wider needs of older people, particularly where there are often complex, underlying conditions.

IT developments aiding faster referral, diagnosis and treatment

IT developments are playing a vital role in improving safety and efficiency, as well as lessening the burden of paperwork for front-line staff. For example, a new system for online referral for clinical imaging examinations is speeding up the time taken between request, imaging and result. The use of wireless technology means this can be done from anywhere on the ward and images and diagnosis discussed with patients at the bedside. A similar system will be introduced for online request of pathology tests and drug prescribing.

A major investment getting underway towards the end of 2009/10 was the transition to digital imaging in the Trust's breast screening service. Due for completion in July 2010, £2 million is being spent on new mobile screening units and static units that will see

New mobile breast screening units fitted with digital mammography

the Cornwall Breast Screening programme become the first in the South West to become entirely digital. As well as providing clearer images which will further increase the cancer detection rate, digital mammography will also set up the programme in readiness to extend screening to ladies aged 47 to 73 by the end of 2010. Like x-rays and scans the images will be instantly available and can be accessible at GP surgeries and other hospitals through a secure NHS network.

Keeping people healthy

Screening programme successes

Screening programmes: keeping people healthy, spotting problems early

High quality screening programmes aimed at prevention and early diagnosis are equally as important as providing treatment for the conditions they set out to identify.

Downs Screening

The Fetal Medicine Unit at the Royal Cornwall Hospital in Truro became the first in the country to receive the highest rating for its Down's syndrome screening programme with the biochemistry laboratory also being classed as "excellent". The Green Flag rating was awarded by the Down's syndrome Screening Quality Assurance Support Service (DQASS), an agency of the Department of Health's National Screening Committee. The Trust's success was the first time DQASS has handed out its highest award since assessments began four year's ago.

Bowel Cancer

After a rigorous process of external assessment of endoscopy and pathology services, the Trust was given the go ahead to begin the bowel cancer screening programme for Cornwall and the Isles of Scilly. It is part of a national initiative set up to reduce deaths from bowel cancer - the second most common cancer in the UK.

In the local programme's first 6 months just under 30,000 people aged between 60 and 69 had been invited into the 2-yearly cycle of screening, with an uptake rate of over 58%. People over 70 are also able to opt into the programme through self referral. Whilst the vast majority of specimens were clear, in 257 cases there was need for further investigation and pre-emptive treatment. A diagnosis of cancer was made for 33 of those. The screening programme is already proving its worth, with early diagnosis an essential part in successful treatment of bowel cancer. Its existence also raises awareness of bowel cancer, its signs and symptoms, as well as the steps that can be taken to reduce the risk of this disease.

Eye screening for people with diabetes

With around 25,000 people living with diabetes across Cornwall and the Isles of Scilly, the diabetes retinopathy screening programme faces a considerable challenge to screen each of them for eye problems every year.

The programme achieves a take up rate of over 85% and in the last year has expanded its service to meet growing demand as the number of people with diabetes grows annually by around 5%. In response to the need for treatment as a result of the screening programme, urgent fast-track laser clinics have been established and were commended as an example of good practice during an external quality assessment of the service. The screening and diabetology team

Diabetes retinal screening service team

were also finalists in the best secondary care team in the Health Service Journal UK awards, recognising high standards and the success achieved.

Among other screening programmes provided by the Trust are its Chlamydia screening programme (one of the most successful in the UK), MRSA screening of all patients coming to hospital for planned procedures, and cytology (cervical) screening. In 2010/11 the Trust will be among the first in England to introduce a new screening programme for Abdominal Aortic

Aneurysm to enable early diagnosis and treatment of this potentially fatal condition.

Research and development

The Trust has continued to build its research and development culture which makes an important contribution to improving the quality of patient care. It works closely with the Peninsula College of Medicine and Dentistry and during 2009/10 more than 2500 patients where recruited to take part in research projects, more than double the number in the previous year.

In 2009/10 the Trust had over 200 active research studies – 88 newly approved during the year - with large numbers centred in the fields of haematology, cancer, and paediatrics. The Trust's cancer team was the highest recruiting cancer centre in the Peninsula, recruiting just over 500 participants. Similar success was seen by the stroke team.

Working together

Our staff

Staff Survey

The results of the 2009 national staff survey revealed Trust employees to be less satisfied in many aspects of their working lives and significantly so in their perception of the Trust's priorities. These include the quality of work/life balance, appraisal and personal development plans, feeling valued and communication within teams and across the organisation.

As a result a broad programme of engagement has been embarked upon to gather staff feedback on the results and to develop a robust plan for improvement.

Among the changes to be made are a streamlined process of personal development review, replacing the old appraisal system, and a renewed focus on leadership development. An awards scheme, recognising team and individual achievement will be launched in the autumn of 2010.

The development of the Trust's Strategic Plan began a process of improving engagement and communication across the organisation. All staff were invited to contribute and more than 2,000 staff attended discussion forums to hear about and share their views on the draft plans. This exercise will be used as a an example to be developed further as part of a new communications strategy to be launched in 2010.

Attendance Management

Annual sickness absence for the year ending 31 March 2010 was 4.76%, the figure for the NHS as a whole was 4.64%.

About 20% of the Trust's sickness absence is because around 400 staff took 5 or more separate spells of absence in the year.

Efforts to reduce and better manage absence have been concentrated around a simplified process with clear cut thresholds and actions. Managers and team leaders have also been asked to ensure that the control of short term absence is a high priority given that it can reduce costs and improve continuity of patient care.

Disability and equal opportunities

During 2009/10 the Trust has worked on the development of a Single Equality and Human Rights scheme. The draft scheme underwent three month period of consultation during the year and is set to be adopted during 2010/11.

The Trust's learning disabilities specialist nurses have continued to progress their work on raising awareness of meeting the needs of this patient group and have worked closely with CHAMPS (a group of patients with learning disabilities) on a number of projects. This has included production of a training DVD on discharge planning, due to be launched in June 2010 and a series of easy read patient information leaflets, targeting some of the most common subjects. The latter are being used as an example of good practice within the South West region.

Working with our partners

Patient and Public Engagement

Alongside the major public engagement programme during the development of the Trust's strategic plan, a broad range of activity has taken place to involve our community in the development of services to better meet their needs.

Key working relationships continue to be established with the Local Involvement Networks for Cornwall and for the Isles of Scilly, where joint work plans and initiatives are being developed.

Consultation and engagement activity with patients and the public during 2009/10 included:

- 5 – 10 year strategic plan
- Deaf and Hard of Hearing club looking at access to hospital and community services
- Young carers reviewing information and processes for complaints, PALS and our Care Charter
- Transition from children to adult services
- RNIB and Cornwall Blind Association considering improvements to accessing services and information for people with visual impairment
- Play 4 Life project to create an outdoor play area for young people at Royal Cornwall Hospital

Of particular note has been the continued work, led by the Trust's specialist nurses, with learning disabilities patients, whose 'CHAMPS' representative group have been actively involved in projects to improve signage and patient information.

The patient and public engagement team is taking forward recommendations from a health community workshop for the visually impaired which is focussing on the availability of information in alternative formats. This will begin with a campaign to raise awareness of the need to ensure health professionals are more proactive in offering alternative formats.

Work has also been carried out to respond to the needs of non-English speaking patients. A new translation and interpretation policy has been introduced, offering faster access to a telephone translation service, as well as a better process for obtaining face-to-face interpretation. Demand for translation services will be evaluated in order to inform the need for translated versions of the Trust's patient information leaflets.

Our Friends and volunteers

Our Leagues of Friends and volunteers at each of our hospitals have continued to support patients and staff in a variety of ways. Beyond the day to day activities offering hostess and other duties, there have been significant contributions and partnership projects to deliver new services and enhance services for patients. One of these has been the befriending service which offers visits and time for a chat for those who may be alone or whose relatives may be far way. The befriending team is to expand and will also be on hand to offer help at mealtimes.

At St Michael's Hospital this has included the provision of specialist lighting with integrated cameras in the new theatre suite and a much-needed way-finding project to improve pedestrian and vehicular movements around the site.

At West Cornwall Hospital the Friends have provided new equipment in theatres. This £38,000 investment allows surgeons, who work across the Trust's sites, to carry out more keyhole surgery at the hospital so that more patients can benefit from treatment closer to home.

A successful public appeal by the Friends of Royal Cornwall Hospital, which raised

£70,000, made a significant contribution to enable the delivery of a project in partnership with the Trust to install a head CT scanner for the emergency department at the hospital. The scanner is available around the clock for patients with head injury or stroke, enabling rapid diagnosis.

For the first time the Friends from each of the hospitals are making plans to work in partnership to support a countywide fundraising project, due to be launched in 2010/11, to further enhance the care of stroke patients in Cornwall.

Emergency preparedness

The Trust emergency preparedness procedures were tested under real and virtual situations during the year. Working in conjunction with its emergency response partners the Trust dealt successfully with a major incident at the end of December following a coach crash in the county. Days later severe weather necessitated the declaration of an internal major incident, followed by a prolonged outbreak of Norovirus which presented considerable operational challenges for all three hospitals.

A number of staff also took part in a major incident exercise which again tested the response to an onsite incident, theoretically working through an evacuation of the Royal Cornwall Hospital site.

Learning from each of these experiences has been captured and will be fed into future updates of the Trusts emergency preparedness plans.

Listening to our patients

Patient surveys

Overall 97% of outpatients surveyed as part of the national Care Quality Commission survey rated their overall care as excellent, very good or good. Nearly all felt they had sufficient involvement in planning their care, had confidence in doctors treating them and were satisfied they had enough privacy when discussing their condition or treatment and when being examined.

In February 2009 the started began its own survey of patients being discharged from hospital which will continue to capture data at the time patients are in hospital. Available on the patient bedside TV/touch screen systems or as a paper questionnaire, the aim is to gather feedback from a larger audience which can be analysed at ward and departmental level. With the ability to review results monthly, weekly or even daily, this patient experience survey enables rapid response to feedback.

Performance Related Outcome Measures

2009/10 saw the introduction of a new system of assessing the success of treatment. Know as Performance Related Outcome Measures (PROMS), patients are invited to complete a short questionnaire relating to their health and quality and life both before and after their operation or course of treatment.

The data collected from these questionnaires can be used in a variety of ways to assess the quality of care patients receive.

The Trust has achieved an 87% participation rate against a national average of 54% and is in the top 22% of Trusts nationally.

Learning from complaints and making changes

Patients' first-hand experience tells us most about the quality of care they receive and identifies those areas where we need to make improvement. Compliments and complaints, have continued to be used to highlighted areas of good practice that can be shared with others, as well as leading to changes in the way we work. In the past year this has included developing a new protocol for treatment of patients with ankylosing spondylitis when coming to the emergency department with a potential fracture and the introduction of a policy on the use of lights on wards at night to minimise disturbance for patients.

Compliments and complaints

Complaints are a positive way for the Trust to gain patient views on how we can constantly improve our service. Good patient care is an absolute priority for the Trust and comments are welcomed from patients, their relatives and carers.

Acknowledgements of gratitude outnumber complaints by a ratio of 14 to one. (last year the ratio was 13 to one). During a period where there were in excess of 650,000 patient appointments, admissions and treatments, the Trust received **4841** compliments and **346** complaints, 24 of which were subsequently withdrawn. The number of complaints has risen slightly to those received in 2008/2009.

On 1 April 2009 the new National Health Service, The Local Authority Social Services and National Health Service Complaints (England) Regulations 2009 came into force.

Under the new regulations the timescales for responses to complaints are more flexible and are agreed with the complainant on a case by case basis as part of a local resolution action plan agreement.

Focus was placed on resolving concerns in a timescale that took into account their complexity. Several complaints were multifaceted, crossing over several service areas and/or different NHS providers. In these cases the need for thoroughness was considered of greater importance than attempting to resolve matters within a constrained timescale.

Of the 322 complaints investigated, **260** were replied to within the originally agreed timescale.

About the Trust

Governance and management arrangements

The Trust's governance arrangements and structures were reviewed and simplified during 2009/10 and a number of changes implemented including the introduction of a new integrated performance report, more focus on strategy and performance in board meetings and the appointment of three new posts: Head of Quality and Patient Safety; Risk & Assurance Manager and the Trust Board Secretary.

The roles and remit of the Committees reporting to the Trust Board have been reviewed and revised to bring further clarity with regard to the risk management framework, assurance framework and corporate risk register.

A revised integrated assurance framework was put in place to lead the board agenda allowing a Board and Committee year planner and annual programmes of work to be developed from this.

During 2010/11 the changes made to improve the governance structure will be further developed to support the Trust's delivery of high quality patient care and safety and to also prepare for itself for application to become a Foundation Trust.

Responding to the Independent Review

The Independent Review published in March 2009 made 27 recommendations to improve governance and financial management arrangements at the Trust, having determined the organisation had been heading toward 'corporate failure' under its previous leadership. Each of the recommendations was addressed during 2009/10 with work to be completed on one final recommendation during 2010/11.

Data Protection

The Trust has a duty to report any incidents of personal data loss. These are shown in the table below.

Summary of Personal Data Related Incidents 2009/10		
Category	Nature of Incident	Total
i	Loss of inadequately protected electronic equipment, devices or paper documents from secured NHS premises.	Nil
ii	Loss of inadequately protected electronic equipment, devices or paper documents from outside secured NHS premises.	1
iii	Insecure disposal of inadequately protected electronic equipment, devices or paper documents,	Nil
iv	Unauthorised disclosure	Nil
v	Other	Nil

Trust Board Membership (September 2010)

Non-executive members

Martin Watts - Chairman
Martin Watts was appointed Chairman of the Royal Cornwall Hospitals NHS Trust in March 2009, having previously served as a Non-Executive Director in 2006/07. Prior to becoming Chairman of the Trust he was Chairman of Elizabeth Finn Care Homes Ltd, a Trustee of the Elizabeth Finn Care Trust and a Non-Executive Director of the Royal Air Forces Association. He was previously Chief Executive of the Orders of St John Care Trust and in his early career co-founded Olympus Sports and held a number of Chief Executive posts in both public and private companies, together with other non-executive positions. Martin's 4 year term of appointment runs until March 2013.

Rik Evans – Vice Chairman
Rik is a company director and was previously a non-executive member of Central Cornwall Primary Care Trust with 17 years' experience on health boards in Cornwall. He is currently the independent member of Cornwall Council Standards Committee. His appointment runs from 8 October 2007 to 31 October 2010*.

Susan Hall
Susan is a chartered management accountant who lives in Truro is currently director/co-owner of a new business offering consulting services. She was formerly finance director of Carrick Housing Ltd. Prior to that she worked abroad and has extensive experience at a senior level of finance and planning within major international companies. Locally, Susan is a trustee of Carrick Mind, a mental health charity. Susan is a chairman of the Trust's Audit Committee and has been appointed for four years, until 30 September 2013.

Roger Gazzard
Roger is a chartered accountant with long experience of the public sector having worked in local authority finance for more than 30 years. A former director and chairman in the waste management industry, he now runs a company providing business advice to small and medium sized enterprises and is part time treasurer to Truro City Council. His term of office runs from 8 October 2007 to 7 October 2010*.

Douglas Webb
Douglas is Chief Executive of Cornwall Care, a charity that operates care homes, day and home care, advice, information and carer support services across Cornwall. He previously held two director posts with the national charity, Friends of the Elderly. Mr Webb trained as a nurse and worked in a variety of clinical posts in Cornwall. He is also a former general manager of BUPA Hospitals. Douglas is chairman of the Trust's Governance Committee. He has been appointed from October 2007 for a four year term.

Sheila Healy
Sheila was formerly Chief Executive of Cornwall County Council which she led to its successful transition to a unitary authority. Before that held senior positions in local authorities in the Midlands area, including a period as acting Regional Director for the Government Office for the West Midlands. Sheila is a member of the Trust's Governance Committee. Her four year term of appointment runs until 31 August 2013.

Mike Higgins
Mike has extensive experience as an international business executive having worked with world class organisations including Adobe, EDS, Texas Instruments and Sapient. He has considerable experience in developing new business as well as and turnaround and restructuring. Mike has been appointed for four years, until 24 March 2014.

***** *Rik Evans and Roger Gazzard have been re-appointed for further terms until 31 October 2014.*

Executive members

Peter Colclough – Chief Executive
Peter, joined the Trust on secondment in February 2009 from his role as Chief Executive of Torbay Care Trust (integrated health and social care), where he had been in post since April 2002. He was appointed as substantive Chief Executive in October 2009. He has more than 20 years experience holding Chief Executive and senior management positions including General Manager at Torbay District General Hospital and the Chief Executive positions at South and West Devon Health Authority and Gloucestershire Health Authority.

Dr Paul Upton - Medical Director
Paul joined the Trust as a consultant anaesthetist in 1995 and became medical director in December 2009. He worked full time on clinical duties until 2001 when he became the Clinical Sub Dean for the Peninsula Medical School. He developed the teaching programmes at RCHT and then led the work on developing the year 5 curriculum for the Peninsula. He remains an Honorary Senior Clinical Lecturer and was formerly Assistant Medical Director (governance) for the Trust from April 2008.

Christine Rashleigh - Director of Nursing, Therapies and Allied Health Professionals
Christine was appointed to the substantive role of Director of Nursing, Therapies and Allied Health Professionals in December 2009 have acted in an interim capacity since October 2008. She has been Divisional Nurse for Women and Children's Services and Director of Midwifery at the Trust since 2006.

Graham Shaw - Interim Director of Human Resources
Graham has been in post since December 2009. He has held senior and board level posts in human resources in the NHS and was most recently Interim Director of HR at Gloucestershire NHS Foundation Trust. His experience includes organisation and service reengineering, workforce planning and HR strategy and policy development.

Jo Gibbs - Chief Operating Officer Jo's career has covered human resources, organisational development and general management. She has worked in senior roles in the NHS since 1994, working at Trusts in West Hertfordshire where she gained considerable experience of managing change. For the past 5 years, Jo worked as Director of Operations and Deputy Chief Executive of North Devon Healthcare NHS Trust before joining Royal Cornwall Hospital in April 2010. Jo has recently completed the Top Leaders Programme for aspiring Chief Executives.

Karl Simkins – Director of Finance

Karl Simkins, joined the Trust in July 2010, coming from a similar role at NHS Leicester County and Rutland - one of the largest Primary Care Trusts in the country. Karl has extensive experience of working across acute Trust, Strategic Health Authority (SHA) and Primary Care Trust organisations, including an SHA role reviewing Trust's readiness for Foundation status.

Andrea Hunt – Trust Board Secretary
Andrea took up the new post of Trust Board Secretary in January 2010, taking on leadership of the Trust's governance agenda. Andrea joined the Trust from the private sector from where she brings specialist expertise in this field.

Board member changes during 2009/10

Jo Perry – Director of Human Resources to November 2009

John Mills – Non-Executive Director to September 2009
Patrick Wilson – Non-Executive Direct to October 2009
Harold Chapman – Non-Executive Director to November 2009

Trust Profile

The Royal Cornwall Hospitals NHS Trust is the principal provider of acute care services in the county of Cornwall. It serves a population of around 450,000 people, a figure often doubled by holidaymakers during the busiest times of the year. The Trust employs approximately 5,000 staff and currently has a budget of approximately £290 million.

The Trust is responsible for the provision of services at three sites (comprising approximately 750 beds):

Royal Cornwall Hospital, Treliske, Truro

West Cornwall Hospital, Penzance

St Michael's Hospital, Hayle.

Patient activity

	2008/9	2009/10
Emergency	51796	52469
Elective Inpatients	14961	14012
Elective Daycases	46529	49006
Regular Day attenders	14718	15472
Total	128004	130959
New Outpatients	151874	156200
Fu Outpatients	291618	288992
Total	443492	445192
A&E Attenders	69013	70198
Overall Total	640509	644649

Management Commentary 2009-10

Royal Cornwall Hospitals NHS Trust
Management Commentary 2009-10

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1. Introduction

1.1. This Management Commentary delivers a formal requirement to present the Directors analysis of the business of Royal Cornwall Hospitals NHS Trust (the Trust), for the year ended 31 March 2010. This commentary focuses on the financial activities and performance of the Trust as the remainder of the Annual Report provides details on operational aspects.

1.2. In writing this commentary, we have sought to give the reader an easy to understand narrative supporting the Trust's annual financial accounts for the year. We have sought to highlight the significant messages in the accounts; and link these to the key objectives and activities of the Trust for the year. The commentary also looks forward to the key developments and progress planned for the coming year from a financial perspective.

1.3. The main elements of this commentary are as follows:

- assessment of the Trust's achievement of its key financial objectives, including its financial performance and its plans and objectives for the coming year;
- explanation and analysis of the Trust's annual financial statements; and
- assessment of the Trust's financial and operational 'health' looking forward; called the 'going concern' assessment.

1.4. The Trust's Annual Report, which incorporates this Management Commentary, provides a comprehensive narrative of the Trust's achievements in 2009-10 and of its plans for the future.

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2. Nature of the business, objectives, strategies and environment within which we operate

2.1. The Trust is the major provider of acute health services to the population of Cornwall. It is the most remote acute NHS trust in England, with the nearest NHS acute Trust over one hour's drive away. Cornwall is recognised to be an area of dispersed communities, with pockets of deep poverty, which led to the county being awarded Objective One status for the period 2000 to 2006, by the European Union. At the same time, Cornwall is a major tourist attraction, with significant peaks of population occurring during the summer months.

2.2. The Trust operates from three sites:

- Royal Cornwall Hospital, in Truro, which deals with around 90% of the Trust's activity
- St Michael's Hospital, Hayle
- West Cornwall Hospital, Penzance

2.3. The Trust forms part of the health service community in the South West of England, which is performance managed by the South West Strategic Health Authority (the SHA).

2.4. In its annual plan for 2009-10, the Trust identified 12 strategic objectives which focus both on national targets and local priorities. The Trust's performance against these objectives is described in section 3 of this commentary. Underlying these strategic objectives is the requirement to deliver the contractual arrangements, as set out in the service level agreements (SLA) with NHS Cornwall and Isles of Scilly (NHSCIOS) and other organisations.

2.5. The key finance related objectives and duties were:

- to achieve financial health, through meeting all financial targets, including delivering a financial surplus of £8.3 million, and thereby securing a sustainable financial future for the Trust.
- to operate within the Capital Resource Limit set by the Department of Health.
- to operate within the cash based External Financing Limit set by the Department of Health.
- to implement the Service Efficiency and Improvement Programme - working with the PCT to redesign patient pathways to improve patient experience, clinical outcomes and the use of resources.

2.6. Each of these objectives were achieved.

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3. Developments and performance of the Trust's business during the financial year

Financial performance in 2009-10

3.1. This section sets out the key financial information covering the 2009-10 financial year.

3.2. The Trust has agreed a five year breakeven duty with the South West Strategic Health Authority and fully expects this to be achieved. The Trust delivered the required surplus in 2009-10 to achieve this duty.

3.3. During 2009-10 the Trust has operated within its External Financing Limit set by the Department of Health (DoH).

3.4. During 2009-10 the Trust has operated within its Capital Resource Limit set by the Department of Health.

3.5. The Statement of Financial Position shows net assets of £128.261m. There are no going concern issues facing the Trust.

3.6. During the year the Trust made repayments totalling £7.982m relating to its loans.

3.7. In 2009-10 the Trust earned £303.925 million income in 2009-10 and delivered a surplus before impairments of £8.282m. This is in accordance with the Trust's financial plans.

3.8. Overall, income exceeded budgeted levels by £0.378 million. Income on the Trust's contract with its main commissioner, NHS Cornwall and Isles of Scilly, exceeded planned levels by £1.8m due to additional work primarily relating to over performance against contract on high cost drugs and devices, HIV drug exclusions, digital hearing aids and general practitioner direct access services. The Trust has achieved its target financial surplus for 2009-10 and made its required repayments of historical debt for the year in full as required by the Department of Health.

3.9. During the year the Trust has been required to revalue its property, plant and equipment assets in order to comply with Department of Health guidance. This has had a significant impact on the Trust's accounts.

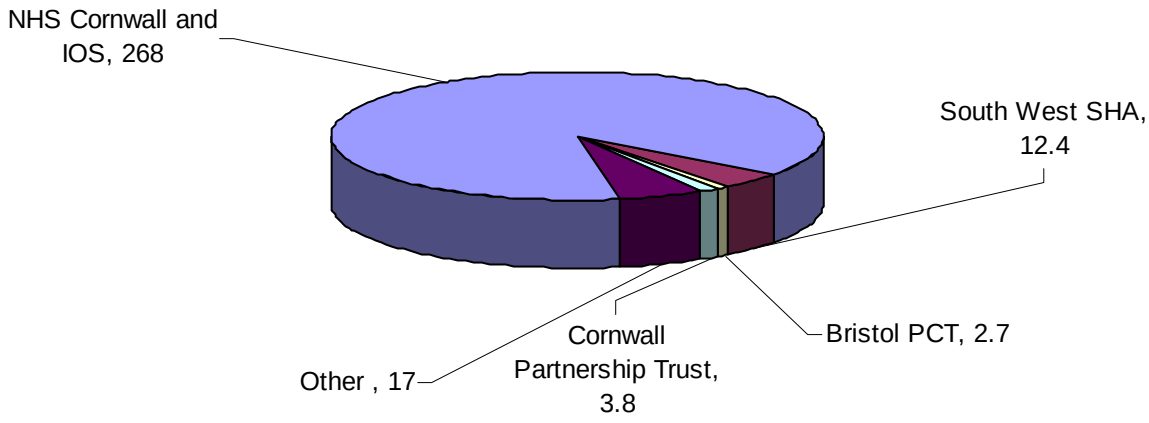
3.10. The revaluation has resulted in an overall drop in the Trust's asset values of £28.284m. This is made up of downward revaluations of £38.766m and upward revaluations of £10.482m.

3.11. In order to comply with accounting requirements, the Trust has accounted for the downward revaluations by either charging a value to its operating expenses or using available balances in its revaluation, donated asset or government grant reserves.

3.12. A total of £8.369m has been charged to operating expenses in 2009/10. As a result of this charge, the Trust's financial statements show a retained deficit of £87,000.

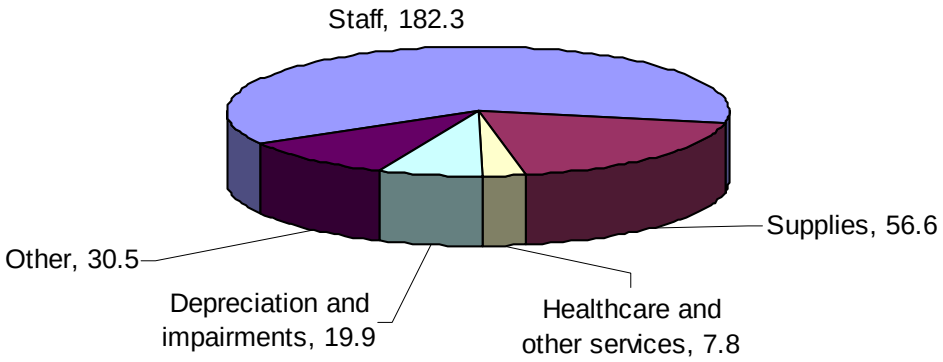
3.13. The chart below shows where the Trust's income came from.

Where the Trust's income comes from (£m)



3.14. Operating expenditure amounted to £297.1 million. Payroll costs amount to 61% of this total, as the following chart shows.

The Trust's expenditure (£m)

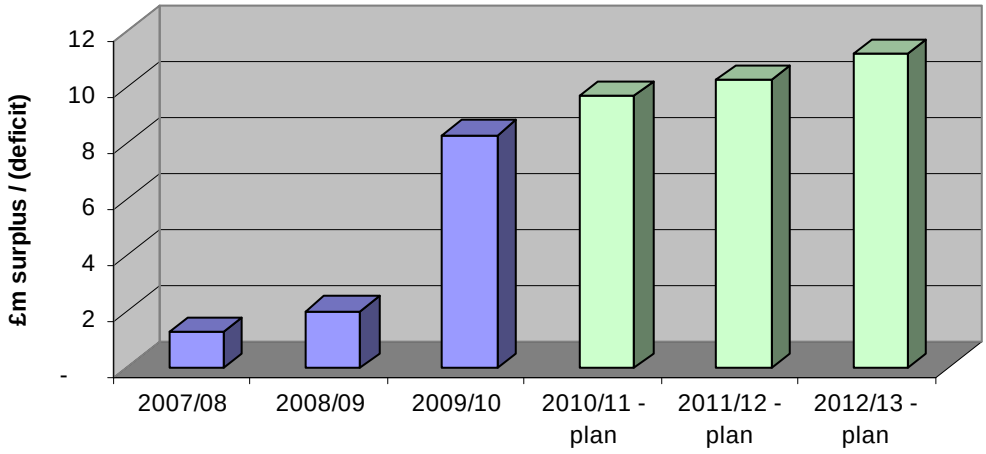


Financial planning for 2010-11

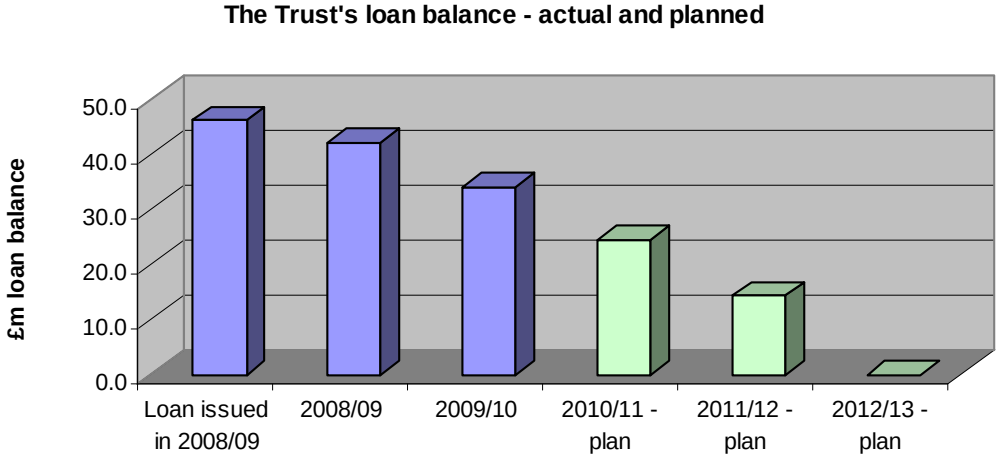
3.15. The contract for 2010-11 with NHS Cornwall has now been agreed and has given the Trust a 3.9% uplift on its 2009-10 contract value and overall planned income for the Trust for 2010-11 has risen to £299.9m. The Trust has used this funding to ensure that Divisions receive fully funded budgets to commence the 2010-11 financial year. Funds have also been put aside to deliver any new activity requirements or to fund quality issues. The Trust is forecasting that it will build on the surplus of £8.3m achieved in 2009-10 and will achieve a surplus of £9.690m in 2010-11 and this surplus will be used to repay part of the historic debt of the Trust.

3.16. The chart below shows how the Trust's financial position has improved in recent years and shows how this trend is set to continue. The Trust is required to generate these surpluses in order to meet its loan repayments.

The Trust's financial performance - actual and planned



3.17. The chart below shows how the Trust will repay its loans by 2012-13.



Corporate performance

3.18. The Trust set out its key objectives for 2009-10 in its Annual Plan, which was approved by the Board in March 2009.

3.19. The Trust identified 12 key corporate objectives for the year. Good progress has been made against many of these objectives, but a small number have not been delivered adequately during the year. The Trust's progress is summarised in the table below and in more detail in the main body of the Annual Report:

Key corporate objectives for 2009-10	Progress made during the year
More timely and effective care	
To achieve all national and local access targets while delivering contracted activity levels.	The Trust delivered the 4 hour Emergency Department waiting target for the year and the 18 week Referral to Treatment target for admitted and non-admitted patient pathways for the final quarter. It continues to deliver the 6 week wait for the 15 key diagnostics. All but 4 specialties are now delivering the local 13 week admitted patient pathway target and all specialties are delivering the 13 week non-admitted target. Progress has been made in the delivery of the 2 hour Emergency Department waiting target.
To implement the Service Efficiency and Improvement Programme - working with the PCT to redesign patient pathways to improve patient experience, clinical outcomes and the use of resources.	The Trust has achieved £12.695m of its Service Improvement Plan against an original target of £12.495m.
Safer care	
To reduce the rates of MRSA and other healthcare associated infections through the application of best practice to provide a clean and healthy environment.	The Trust has been successful in reducing healthcare associated infections. The agreed tolerance for MRSA bacteraemia was 24 cases. The Trust's actual total was 7, this being an 84% reduction on the previous year. The agreed target for Clostridium difficile was 131 cases. The Trust's actual total was 56 cases. This is a 57% reduction on the previous year.
To make substantial progress in	The Trust takes an integrated approach to

Key corporate objectives for 2009-10	Progress made during the year
implementing the Integrated Governance Strategy in order to ensure safe, high-quality care and full compliance with S4BH standards.	governance that incorporates key elements of clinical governance and organisational learning, and to ensure alignment between clinical and corporate governance. The Trust strengthened its governance arrangements during 2009-10 which included appointments to key posts and reorganisation of the governance support function. As a result of the work carried out during the year the Trust was able to declare compliance with all 44 Standards for Better Health by the 31st March 2010 and achieved unconditional registration with the Care Quality Commission with effect from 1 April 2010.
To ensure robust plans are in place for the Trust's role in responding to health emergencies, including pandemic flu.	The Trust has in place robust Emergency Plans to cover events that may impact on the normal functioning of the hospital. During 2009/10 the Trust implemented its Major Incident Plan to deal with a serious road traffic accident and the Severe Weather Plan was implemented to manage a prolonged period of inclement weather. In addition, for much of the winter, the hospital had to manage a significant number of Norovirus cases and the Trust operated within its Norovirus Outbreak Plan. Learning points from these incidents have been captured and are to be reported to the Trust Board and existing plans will be modified as a consequence. Pandemic Flu did not prove to have a significant impact on the hospital although plans were in place to deal with an outbreak if required.
Achieving Financial Health	
To achieve financial health, through meeting all financial targets, including delivering a financial surplus of £8.3 million, and thereby securing a sustainable financial future for the Trust.	The Trust planned to achieve a surplus of £8.255m at the end of March and has actually recorded a surplus of £8.282m before impairments resulting in an over performance for the year of £0.027m against plan. The Trust has therefore achieved its financial target for 2009-10 and met in full the commitment to continue to repay the historical debt of the Trust.
Strategic Planning and relationships	
To develop a medium-term plan for the Trust's future development which will identify clinical strengths and key priorities. It is likely that there will be a number of different dimensions to this plan including a clinical strategy, a teaching, education and research strategy, a consideration of the Trust's position in the local economy; including its environmental impact and the estate, infrastructure and investment to deliver these strategic goals.	During 2009/10, the Trust published its Strategic Plan for the next 5 years. At its heart is a Clinical Strategy organised around the 8 pathways of care defined by Lord Darzi in 'A Healthy Future for All'. The Strategy was developed following a wide consultation and engagement programme, both within the Trust and with our partner organisations and the general public. The Strategy is an important element of the Trust's plans to become a Foundation Trust.
To strengthen information systems and analysis in the Trust to support service transformation, including moving towards	The Trust has invested in the Information Services department, increasing the support provided to the Service Improvement Programme and Clinical

Key corporate objectives for 2009-10	Progress made during the year
understanding individual patient costs, outcomes and experiences.	Divisions delivering change and modernisation. Part of this programme has been significant progress on the Patient Level Costing project, moving the Trust to being able to understand all costs and benefits associated with each treatment provided to patients.
Developing the Infrastructure	
To ensure the Trust meets the pledges to staff in the NHS constitution around quality work, safety and wellbeing, learning and development and involvement and partnership, thus improving staff satisfaction and supporting staff in delivering high quality services.	The Trust recruited a new Head of Learning & Development in January 2010 and this appointment has seen a major new commitment to developing managers and leaders at every level in the organisation. The Trust's education strategy is being re-evaluated with a focus on smarter professional education, mandatory training and significant increase in vocational development for non-professional staff. The provision of coaching is now embedded at senior management level and the development of a 'coaching culture' is being proactively supported.
To minimise the environmental impact of the Trust's activities and ensure sustainable development.	The Trust has promoted the sustainable development agenda by being represented at the SHA Sustainable Design Group and is using the British Research Establishment Environmental Model for its major new projects such as the Peninsula Dental School which is set to achieve BREEAM Excellent. The Trust has also successfully completed a £650k Bio-Mass Boiler Project which seeks to reduce the Trust's CO2 emissions by some 1200 tonnes per annum. The Trust has worked in partnership with Cornwall Council to ensure that the Park & Ride scheme now offers an attractive alternative to parking on site for both visitors and staff.
To continue to strengthen management and planning processes in the Trust, developing the organisation in preparation for an application for Foundation Trust status.	The 2010/11 Business Planning process commenced in December 2009 and Business Plans for the Divisions and Specialties within them have been developed in line with the Trust's strategic vision. In January a Business Planning event was held with practice based commissioners and the PCT with the focus on areas of pathway redesign to deliver safe, quality care, closer to home. This work will now be progressed as part of the health community QIPP Programme.

Strategic planning in 2009/10 and the future

3.20. In March 2009 the Trust approved a business plan for 2009-10. This set out the corporate objectives for the coming year and the performance against these is described in the previous section of this commentary.

3.21. In late 2009 the Trust started a consultation process on what its strategic priorities should be for the years 2010 to 2014. The draft strategic plan set out the aim to keep the quality and safety of your care as the Trust's priority, fitting its services around individuals and, wherever possible, providing care closer to home. The draft plan was developed in alongside NHS Cornwall and Isles of Scilly as the Trust's main commissioner of healthcare.

3.22. The consultation process has been extremely valuable in shaping the Trust's plans for the next five years. The final strategy is available here on the Trust's website at: www.rcht.nhs.uk

3.23. The main body of the Annual Report sets out how this strategy will define the way the Trust operates and serves the public over the next five years.

Benefits from capital investment during 2009-10

3.24. The Trust has delivered considerable improvements through its capital programme in 2009-10, spending £29.985m on estate projects, infrastructure improvements and medical and information technology equipment. Delivering this programme has allowed the Trust to complete significant schemes such as the Peninsula Dental School (along with partners), St Michaels Theatres, the Sexual Health Hub, as well as purchasing significant items of medical equipment such as Digital Mammography Equipment, CT Scanner and vital signs monitoring equipment. In addition to this significant progress has been made on the Trusts Clinical Site Development Plan and this work will continue during 2010-11. The early stages of the Clinical Site Development Plan will deliver considerable improvements in Theatres provision across the Trust with a new theatre being created in the West of Cornwall Hospital, Chemotherapy facilities and level 2 and 3 Critical Care Facilities.

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4. Resources, principal risks, uncertainties and relationships that may affect our longer term delivery of services

4.1. The Trust receives the majority of its income from NHS Cornwall and Isles of Scilly and this is set to continue in the future. The Trust works very closely with NHS Cornwall and Isles of Scilly to ensure that its operational and financial plans are aligned, and that these reflect the planned changes in healthcare provision. This is best reflected in the Trust's Strategy for 2010 to 2014. The main body of the Annual Report sets out the type of developments expected in the future.

4.2. As the Trust operates within a 'payment by results' framework, and given the inherent difficulty in determining the number of procedures that the Trust may need to carry out, there is always a level of risk and uncertainty over the level of income which will be received. One of the primary outcomes from the close working between the Trust and NHS Cornwall and Isles of Scilly is the development of agreed plans setting out the level of service the Trust is expected to provide. This in turn helps the Trust set expenditure levels, improve service design and offer high quality care.

4.3. In addition to working with NHS Cornwall and Isles of Scilly, the directors have regular meetings with senior officers, patients and other interested parties across the local health community, including:

- regular meetings with the Chief Executive and Directors of the SHA;
- monthly performance monitoring meeting with the SHA and NHS Cornwall and Isles of Scilly (the PCT);
- joint meetings with Cornwall health and social care providers;
- regular meetings with the Chief Executive and directors of the PCT;
- regular meetings with service users' representative groups, including the patient ambassadors through the Local Involvement Network (LInK); and
- regular attendance at the Health and Adult Social Care Overview Scrutiny Committee meetings.

4.4. These forums will continue to ensure that the Trust plays a key role in the delivery of healthcare across the local community.

4.5. In the short term the Trust is also expected to benefit from additional capital funding as part of the Financially Challenged Trust programme. As set out earlier, this has enabled the Trust to deliver major capital projects which it would otherwise not be able to deliver. The Trust is hopeful that this funding will continue to enable it to deliver the early stages of the Clinical Site Development Plan. A risk remains that, should the funding not be made available, the capital schemes planned to take place will need to be re-assessed.

4.6. All of the Trust's risks, both financial and non-financial, are managed through a Trust-wide risk management system, and ultimately through a framework designed to provide assurance to the Trust Board. The most significant risk relates to the delivery of a significant service improvement programme. For 2010-11 the improvement programme requires initiatives to be delivered which will make savings to the Trust of £19.7m. Non-delivery of elements of this programme could impact on the Trust's plan to deliver a £9.690m surplus. The service improvement programmes for 2011-12 and beyond are expected to be at a similar or higher level.

5. Position of the business in the financial year and in the future, including capital structure, treasury policy and liquidity

5.1. The Trust has received a good settlement within its contract with Cornwall NHS Cornwall for financial year 2010-11 and the Trust Board has signed off a budget plan to achieve a £9.6m surplus in the year. The surplus will be used to repay the next element of the Trust's historical debt. The Trust has agreed plans in place to fully repay this debt fully within the next three years.

5.2. In order to achieve and deliver this position the Trust will be required to achieve efficiency targets of £19.7m in 2010-11 and has detailed plans in place to improve the efficiency of services and save money, whilst improving the quality of services delivered to patients.

5.3. Some of the savings planned for 2009-10 were not delivered although the Trust was still able to deliver its planned surplus through other planned measures. Stringent measures are to be maintained through 2010-11 to ensure that the Trust is capable of generating sufficient savings, in the following years, to pay off its remaining debt.

5.4. The capital resources available through the Trust's own internally generated mechanisms will give the Trust a capital programme of approximately £12.8m for 2010-11. The Trust has plans to spend this funding on the completion of the Sexual Health Hub, the Trust's Estates and infrastructure improvement programme, the Informatics programme, Medical Equipment and the further development of phase 1 of the Clinical Site Development Plan. The Trust will also bid for a further £17.750m of capital from the Department of Health for phases 2 and 3 of the Clinical Site Development Plan. If successful with these bids this would allow the Trust to proceed quickly with significant improvements to Day Case, Paediatric and Laparoscopic Theatre facilities as well as a single point of entry for the hospital which would considerably improve patient flow through the hospital.

5.5. At the 31 March 2010 the Trust held cash balances of £585,000. The Trust's cashflow is monitored on a daily basis and cash flow reports presented to the Board each month. NHS organisations are discouraged from holding significant cash balances because of the knock-on cost to HM Treasury of borrowing to maintain those balances. Close monitoring of the cash position is therefore crucial to ensure that excessive cash balances are avoided whilst ensuring that payments to suppliers and staff can be made. As stated earlier in the commentary, the Department set External Financing Limit which is used to control cash expenditure was achieved in the year.

5.6. At 31 March 2010 the Trust carried a loan of £34.150m. This relates to the repayment of deficits incurred prior to 2007/08. This debt will be fully repaid by 31 March 2013.

5.7. The Trust's treasury management functions are not expected to change significantly until foundation trust status is gained.

6. Our annual accounts explained

6.1. All NHS bodies have a statutory duty to produce annual financial accounts. They are also required to produce an annual report, which describes the key activities and performance for the year. The annual report incorporates the full annual accounts and this Management Commentary.

6.2. The annual accounts represent the main way in which NHS trusts deliver their obligation to report to taxpayers and service users the results of their stewardship of public money for the year. The board of each trust is required to approve the annual accounts formally, once they have been audited.

6.3. The format of each NHS trust's accounts is specified by the DH. Trusts have very few flexibilities locally to change this specification. The content of the accounts is as follows:

Four key statements:

- Statement of Comprehensive Income
- Statement of Financial Position
- Statement of Changes in Taxpayers Equity
- Statement of Cash Flows

Additional information included in the financial statements

- Accounting Policies
- Notes to the accounts
- Statement on Internal Control
- Directors' Statement of Responsibilities
- Auditor's Report

6.4. Section 3 of this commentary provides key information on the Trust's performance for the 2009/10 financial year. This section provides some background into the some of the key accounting issues facing the Trust in preparing the financial statements. The financial statements can be accessed here (NEED TO ADD LINK AND ADD PDF COPY OF THE ACCOUNTS TO THE WEBSITE).

High level messages regarding the financial statements

- The Statement of Comprehensive Income (SOCI) shows a deficit of £17.006m overall and £87,000 at the retained deficit level.

- The retained deficit of £87,000 is lower than the planned outturn due to impairments charged to operating expenses of £8.369m during the year.

- The overall deficit of £17.006m as shown in the lower half of the SOCI is due mainly to asset impairments charged to reserves of £30.397m, although this has been offset by gains charged to reserves of £10.482m and two other reserve based movements.

- Although a retained deficit is shown on the SOCI, note 31 to the financial statements sets out the Trust's performance against the statutory breakeven duty. This note requires the Trust to remove the impact of impairments and shows that the in-year statutory breakeven duty has been achieved.

- The Trust has agreed a five year breakeven duty with the South West Strategic Health Authority and fully expects this to be achieved.

- Note 31.3 shows that the Trust has operated within its External Financing Limit set by the Department of Health (DoH).

- Note 31.4 shows that the Trust has operating within its Capital Resource Limit set by the Department of Health.

- The Statement of Financial Positions shows net assets of £128.261m. There are no going concern issues facing the Trust.

- During the year the Trust made repayments totalling £7.982m relating to its loans.

Performance against the Better Payments Practice Code

6.5. The Better Payment Practice Code 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.

6.6. The Trust has made significant improvements in year on paying its suppliers and, at the end of the financial year, the Trust had paid 88% cumulatively of all non-NHS invoices against the Code. This compares with 64% in 2008/09. The Trust accepts that further improvements are required to meet the 95% target and plans are in place to achieve this by the 31 March 2011.

6.7. Note 12 to the Trust's accounts, available here (ADD LINK), provides detail on payment performance.

6.8. The Trust has applied to become a signatory to the Prompt Payments Code and expects this registration to be completed in 2010/11.

The introduction of International Financial Reporting Standards (IFRSs)

6.9. With effect from the year ended 31 March 2010 the Trust is required to prepare financial statements in accordance with IFRSs. This change has resulted in a number of additional entries and disclosures included in the financial statements. The main changes are:

- The move from an Income and Expenditure Account to a Statement of Comprehensive Income;
- The renaming of the Balance Sheet to the Statement of Financial Position (SOFP);
- The need to account for Local Improvement Finance Trust (LIFT) and include appropriate assets and liabilities on the SOFP;
- The need to carefully review transactions to determine whether these included finance or operating leases;
- To accrue for employee benefits earned but not realised – mainly the introduction of a holiday pay accrual; and
- The need to ensure that there are no negative revaluation reserve balances held in relation to the Trust's assets.

6.10. The introduction of IFRS accounting has been subject to a timetable developed by the Department of Health. In January 2009, the Trust carried out a restatement exercise of the SOFP entries at 1 April 2008 as these were intended to form the starting point for the 2008/09 restated values which are included as comparative information to the 2009/10 values. This restatement exercise was subject to audit scrutiny.

6.11. A glossary of terms to help readers understand the financial statements is available here.

External audit arrangements

6.12. The Trust's external auditor is appointed by the Audit Commission. Currently this role is carried out by the Operations Directorate of the Audit Commission. The external auditors are required to comply with the Code of Audit Practice (the Code), which is laid before Parliament on a five year cycle; and the International

- to complete the audit of the annual financial accounts and statement on internal control
- to assess whether the Trust has made adequate arrangements for securing economy, efficiency and effectiveness (value for money) in the use of resources

6.13. The audit report gives the auditor's opinion stating whether the accounts give a 'true and fair' view of the Trust's financial position for the year and as at the end of the financial year. This opinion includes an assessment of whether the annual report is consistent with their knowledge of the Trust.

6.14. The audit opinion, for 2009-10 was that the accounts do give a 'true and fair' view. Accordingly, an unqualified audit opinion has been given by the District Auditor. The Audit Commission also concluded that it can give a clear opinion on the value for money achieved by the Trust in the delivery of its services in 2009-10.

6.15. In 2009-10, the Trust's external audit fees totalled £205,000 compared to £218,000 in 2008-09.

Glossary of terms and useful information to interpret the accounts

Explanation of the key statements and unusual or important notes to the accounts

Statement of Comprehensive Income – This replaces the Income and Expenditure Account and summarises the Trust's income and expenditure for the year. The statement also shows the impact of asset revaluations on its reserve balances and the value of donated and government grant assets received, plus the use of the donated and government grant reserves to offset depreciation on donated and government grant assets. The key figure on this statement is the retained surplus / deficit for the year.

Statement of Financial Position (SOFP) – This replaces the Balance Sheet but is very similar. The summary terms explained at the end of this document will help readers understand the terms.

Statement of Changes in Taxpayers Equity – This summarises the movement on the Trust's reserves which form the lower section of the SOFP.

Statement of Cash Flows – this replaces the Cash Flow Statement and is very similar. This statement removes any non-cash transactions (i.e. movements in trade and other payables and receivables) to determine the actual cash flows in the year.

Note 1 – Accounting policies – These set out the accounting rules that all NHS trusts are required to follow. They explain the basis on which all entries in the accounts are made. The policies are largely dictated by the Department of Health's Manual For Accounts although the Trust is able to tailor the policies as it sees fit. One of the main requirements is for the accounts to be reported on an accruals basis, which means that income and expenditure are recorded in the year they arise, regardless of when the cash is transferred.

Note 10 – Pension costs – This note sets out the provisions of the NHS pension scheme and explains that it is accounted for as a defined contribution scheme. As a result, the Trust cannot disclose any share of pension assets or liabilities in its financial statements.

Note 12 – Better payment practice code – The Trust is expected to be able to pay invoices received within 30 days of receipt. A target of 95% compliance has been set by the Department of Health. The Trust is currently falling short of this target but has plans in place to pay suppliers more quickly and achieve the target in 2010-11.

Note 19 – Capital commitments – These are projects on the capital programme that have been approved by the Trust and legally binding contracts have been agreed with service suppliers for the project to go ahead. However, where elements of the work have not yet started; so that expenditure has not been incurred, these amounts are regarded as committed.

Note 29 – Financial instruments – This note identifies the range of assets and liabilities arising from contracts, within the accounts of the parties to the contract. Risks, such as the impact of changes in the value of money, e.g. exchange rate shifts; of interest rates, for deposits and loans; liquidity or availability of cash are shown here.

Note 30 – Events after the reporting period - This note identifies any significant events that occur, after the end of the financial year, but before the accounts are signed off. These events are likely to have a significant impact on the future activities and finances of the Trust. No such events have been identified.

Note 31.1 – Breakeven performance – This note shows the history of the Trust's financial performance from 2005/06 to 2009/10. The Trust achieved its financial targets in 2007-08, 2008-09 and 2009-10 and fully expects to meet the agreed cumulative breakeven position by 31 March 2013.

Note 31.2 – Capital cost absorption rate – The Trust is expected to absorb the cost of its capital at a rate of 3.5% of average net assets and this has been achieved.

Note 31.3 – External financing – The Trust is given a cash limit for external financing, which enables the Department of Health to keep cash payments, in the NHS overall, within the level agreed with Parliament. The annual limit is set by the DH and SHA, determining how much more, or less, the Trust can spend in addition to what funds it generates from its activities. The Trust delivered this requirement in 2009/10, reporting a £0.3 million under-utilisation of the initial planned limit.

Note 31.4 – Capital resource limit – This is the level of capital expenditure financed in the year and is set by the Department of Health each year. The note shows that the Trust's capital expenditure narrowly undershot the limit.

Note 32 – Related party transactions – The Trust is required to identify any significant transactions that Board members, managers, or close members of their family have undertaken with the Trust. As the Department of Health is seen as a related party, all NHS organisations with which the Trust has had significant transactions during the year are also listed.

Note 35 – Losses and special payments – This note identifies financial costs that have been incurred, by the Trust, that are not planned and do not fall within the range of activities that Parliament would have intended healthcare funds being used for. All of the cases recorded in this note have been reviewed and accepted by the Audit Committee.

Statement on internal control (SIC) - The Trust's Chief Executive is responsible for maintaining a sound system of internal control that supports the achievement of the Trust's strategic plans and objectives; and ensuring the continued effectiveness of the system. Through the system of internal control, the risks facing the Trust should be identified, assessed and addressed, to ensure that they do not jeopardise the delivery of the Trust's strategic and operational aims. As the accountable officer, the Chief Executive is required to make an annual statement on the effectiveness of the system of internal control. This statement, which accompanies the annual accounts, is based on a model that is set out by the Department of Health.

How the key financial ratios are calculated

EBITDA margin – This is the retained surplus for the year before taking into account interest, taxation, depreciation and amortisation. We have also excluded impairments charged to operating expenses as this does not reflect on the Trust's operational performance in the year. The value is determined by dividing the EBITDA value by the income for the year.

EBITDA percentage achieved – This is a comparison between the EBITDA margin achieved and that budgeted.

Return on Assets – This is calculated as the retained surplus / deficit for the year, adding back PDC dividends payable and impairments charged to operating expenses, and then dividing the value by the total assets employed as shown on the SOFP.

Income and expenditure surplus margin - This is calculated as the retained surplus / deficit for the year, adding back impairments charged to operating expenses, and then dividing the value by the income received for the year.

Liquidity ratio – This is the net current assets/liabilities value divided by the costs for the year after taking into account a working capital facility that foundation trusts would have available to them.

Glossary of accounting terms

Accruals accounting – This is an accounting concept. In addition to payments and receipts of cash, adjustment is made for outstanding payments, debts to be collected and stock. This means that the accounts show all of the income and expenditure that related to the financial year.

Accrual – an estimate of an amount the Trust will owe at some point in the near future. Accruals mainly relate to goods or services received but not invoiced.

Amortisation – this is the depreciation of intangible assets.

Asset - An item that has a value in the future. For example, a debtor (someone who owes money) is an asset as they will in future pay. A building is an asset because it houses activity that will provide a future income stream.

Audit **-** The process of validation of the accuracy, completeness and adequacy of disclosure of financial records.

Average relevant net assets - Average relevant net assets are normally found by adding the opening and closing balances for the year and dividing by two. Balances consist of the total capital and reserves (total assets employed) less donated asset reserve less cash balances in Paymaster accounts. This is used to calculate the Capital Cost Absorption Rate.

Capital - Land, buildings, equipment and other long-term assets owned by the Trust, the cost of which exceeds £5,000 and has an expected life of more than one year.

Capital Resource Limit - A control set by the Department of Health onto NHS organisations to limit the level of capital expenditure that may be incurred in year.

Contingent liability – this is an amount which could become payable but it is more than likely that no payment will be made. The payment will depend on certain events occurring. Such liabilities are included to reflect any potential liabilities the Trust might face.

External Financing Limit (EFL) – this is a fundamental element of the NHS Trusts financial regime. It is cash based public control set by the Department of Health. It represents the excess of its approved level of capital spending over the cash a Trust can generate internally (mainly surpluses and depreciation) essentially controlling the amount of “externally” generated funding.

Lease – an arrangement between parties to use assets for a set length of time.

Impairment – the reduction in the value of an asset.

Intangible – an asset with no separate physical substance (i.e. computer data).

Payable – an amount owed by the Trust which is known with certainty.

Prepayment – a payment made which relates to the following financial year.

Provisions – these are amounts which are likely to become payable by the Trust but this has not been confirmed.

Public Dividend Capital (PDC) – At the formation of NHS trusts, assets (land buildings, equipment and working capital) transferred to the new trusts. The value of these assets is in effect the public’s equity stake in the trust and is known as Public Dividend Capital (PDC). It is similar to company share capital and as with company shares, a dividend is payable to the Department of Health. Each year the Trust makes a dividend payment calculated at 3.5% of forecast net relevant assets.

Receivable – an amount due to the Trust which is known with certainty.

Remuneration Report

Introduction
Section 234B and Schedule 7A of the Companies Act, as interpreted for the public sector requires, NHS bodies to prepare a Remuneration Report containing information about directors' remuneration. In the NHS the report will be in respect of the Senior Managers of the NHS body. 'Senior Managers' are defined as: 'those persons in senior positions having authority or responsibility for directing or controlling the major activities of the NHS body. This means those who influence the decisions of the entity as a whole, rather than the decisions of individual directorates or departments.' For the purposes of this report, this covers the Trust's Non Executive and Executive Directors.

The Secretary of State for Health determines the Remuneration of the Chairman and Non Executive Directors nationally.

Remuneration for Executive Board members is determined by the Remuneration Committee.

The Remuneration and Terms of Service Committee
The terms of reference for the Remuneration Committee were updated and approved by the Board in March 2010 under the review of governance arrangements. The membership of the remuneration committee consists of the Trust Board Chairman and all Non Executive Directors. In the absence of the Board Chairman a nominated Non Executive Director will act as Chair.

Remuneration Policy – Executive Directors
Amendments to salary are determined annually by the Remuneration Committee. Salary is inclusive – other payments such as bonus, overtime, long hours, on-call, standby etc. do not feature in executive director remuneration. Executive director performance is monitored through the formal appraisal process, based on organisational and individual objectives.

The medical director's salary is in accordance with the *Terms and Conditions – Consultants (England) 2003*. In addition, a responsibility allowance is payable for the duration of executive office.

Details of remuneration and pensions for Non Executive and Executive Directors are attached in Annex 1.

Duration of contracts, notice periods and termination payments
Other than the medical director, whose executive role endures for the duration of office, Executive Directors are employed on contracts of service and are substantive employees of the Trust. Executive director contracts can be terminated by either party with up to 12 weeks notice or 06 months in the case of the Chief Executive and the Director of Finance. Following the departure of an executive director and in advance of a new appointee commencing, the Trust may engage a suitably qualified and experienced interim director to ensure continuity of leadership.

There are no special contractual compensation provisions for the early termination of executive directors' contracts. Early termination by reason of redundancy or, 'in the interests of the efficiency of the service' is subject to the provisions of the *Agenda for Change NHS Terms and Conditions Handbook* (Section 16).

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

Non Executive Directors
The dates of contracts and unexpired terms of office for the Non Executive Directors are as follows:

Name	Appointment start date	Appointment end date	Reappointment start date	Reappointment end date
Mr. Martin Watts Chairman	19 Mar. 2009	18 Mar. 2013		
Mr J Mills Acting Chairman 11/7/08 – 18/3/09	8 Oct. 2007	30 Sept 2009		
Mr. Harold Chapman	1 Dec. 2005	30 Nov. 2009		
Mr. Douglas Webb	16 Dec. 2007	15 Dec. 2011		
Mr. Roger Gazzard	8 Oct. 2007	7 Oct. 2010		
Mr. Rik Evans	8 Oct. 2007	7 Oct. 2010		
Mr. Patrick Wilson	8 Oct. 2007	31 Oct 2009		
Sheila Healy	1 Sept 2009	31 Aug 2013		
Susan Hall	1 Oct 2009	30 Sept 2013		
Mike Higgins	25 Mar. 2010	24 Mar 2014		

There is no period of notice required for Non Executive Directors

Salary and Pension Entitlements of Senior Managers - 2009-10 and 2008-09

A) Remuneration

	2009-10			2008-09		
Name and Title	**Salary (bands of £5,000)**	**Other Remuneration (bands of £5,000)**	**Benefits in Kind Rounded to the nearest £100**	**Salary (bands of £5,000)**	**Other Remuneration (bands of £5,000)**	**Benefits in Kind Rounded to the nearest £100**
	£000	**£000**	**£**	**£000**	**£000**	**£**
Watts, M Chairman From 19 March 2009	25-30	0	0	0-5	0	0
Mills, J Non Executive Director Acting Chairman 11 July 2008 to March 18 2009	0-5	0	0	15-20	0	0
Chapman, H Non Executive Director	0-5	0	0	5-10	0	0
Webb, D Non Executive Director	5-10	0	0	5-10	0	0
Gazzard, R Non Executive Director	5-10	0	0	5-10	0	0
Evans, R Non Executive Director	5-10	0	0	5-10	0	0
Wilson, P Non Executive Director	0-5	0	0	5-10	0	0
Healy, S Non Executive Director	0-5	0	0	5-10	0	0
Hall, S Non Executive Director	0-5	0	0	5-10	0	0
Higgins, M Non Executive Director	0-5	0	0	0	0	0

	2009-10			2008-09		
Name and Title	**Salary (bands of £5,000)**	**Other Remuneration (bands of £5,000)**	**Benefits in Kind Rounded to the nearest £100**	**Salary (bands of £5,000)**	**Other Remuneration (bands of £5,000)**	**Benefits in Kind Rounded to the nearest £100**
	£000	**£000**	**£**	**£000**	**£000**	**£**
Colclough, P Acting Chief Executive From 12 February 2009 Chief Executive From 1 November 2009	175-180	0	0	5-10	0	0
Teape, J V Director of Finance Acting Chief Executive 02 October 2008 to 19 October 2008	130-135	0	0	130-135	0	0
Perry, J Director of Human Resources To 30 November 2009	60-65	30-35	0	90-95	0	3,800
Rashleigh, C Acting Director of Nursing & Therapies From 8 October 2008	85-90	0	0	40-45	30-35	0
Hastings, D Director of Estates & Facilities	80-85	0	0	80-85	0	0
Johnson, R Director of Health Informatics From 28 July 2008	85-90	0	0	50-55	20-25	0
Upton, P Acting Director of Clinical Governance Joint Acting Medical Director from 1 April 2009 Medical Director From 10 December 2009	20-25	145-150	0	10-15	145 - 150	0
Sinclair, R Assistant Medical Director To 31 March 2009 Joint Acting Medical Director from 1 April 2009 Assistant Medical Director	10-15	165-170	0	10 - 15	160 – 165	0
Pollard, N Director of Infection Control	10-15	105-110	0	10-15	100 – 105	0
Murphy, A Chief Operating Officer from 25 May 2009	90-95	0	0	0	0	0

Hunt, A Trust Board Secretary from 07 Dec 2009	20-25	0	0	0	0	0

Name of Senior Manager	Real increase in pension at age 60 (bands of £2,500)	Real increase in pension lump sum at aged 60 (bands of £2,500)	Total accrued pension at age 60 at 31 March 2010 (bands of £5,000)	Lump sum at age 60 related to accrued pension at 31 March 2010 (bands of £5,000)	Cash Equivalent Transfer Value at 31 March 2010 as provided by NHSPA	Cash Equivalent Transfer Value at 31 March 2009	Real increase in Cash Equivalent Transfer Value	Employer's contribution to stakeholder pension
	£000	£000	£000	£000	£000	£000	£000	
P Colclough	15-17.5	45-47.5	70-75	215-220	1620	1174	388	
J V Teape	0-2.5	0-2.5	35-40	105-110	524	479	21	
J Perry	0-2.5	0-2.5	25-30	80-85	457	417	13	
C Rashleigh	0-2.5	5-7.5	25-30	80-85	494	420	53	
D Hastings	0-2.5	0-2.5	20-25	70-75	417	375	24	
R Johnson	5-7.5	20-22.5	20-25	60-65	345	211	124	
P Upton	(2.5)-0	(2.5)-0	35-40	115-120	735	681	21	
R Sinclair	(2.5)-0	(5)-(2.5)	45-50	145-150	1087	998	40	
N Pollard	0-2.5	5-7.5	25-30	75-80	497	425	51	
A Murphy	2.5-5	7.5-10	15-20	50-55	270	200	51	
A Hunt	0-2.5	0-2.5	0-5	0-5	21	0	7	

There were no employers' contributions to stakeholder pensions.

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 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.

Real increase in CETV

This reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Non-Executive Directors do not receive pensionable remuneration and so there are no entries in respect of pensions for them.