



Russells Hall Hospital



Corbett Hospital Outpatient Centre



Guest Hospital Outpatient Centre

ANNUAL REPORT AND ACCOUNTS 2008/09

your
hospital
of choice

This report covers the period 1st April 2008 to 30th September 2008
NHS Trust version

Our Vision

To be your hospital of choice

Our Values

We have developed a set of values with the help of staff and patients that will help us shape the way we work and deliver the very best services for our patients

Care

We are passionate about what we do

Respect

We respect one another

Pride

We take pride in everything we do

Responsibility

We take responsibility for our actions

Effectiveness

We deliver what we promise

Partnership

We work as one team

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Welcome to our 2008 Annual Report. This report covers the six month period 1st April to 30th September 2008.

We became a Foundation Trust on 1st October 2008 and a separate report covers the period 1st October 2008 to 31st March 2009.

If you would like a copy of this report in another format (audio, large print or another language), please contact the Communications Team on 01384 456111 extension 3404 or e-mail communications@dgoh.nhs.uk. Alternatively, please visit our website: www.dgoh.nhs.uk

Annual General Meeting

The Annual Report will be presented by members of the Trust Board at the Annual General Meeting (AGM) for 2008/09. The meeting will be held on 28th September 2009. For more information about the AGM, please contact the Communications Team on 01384 456111 extension 3404.

Foundation Trust

If you would like to be involved in shaping the future of The Dudley Group of Hospitals, sign up as a member today.

To sign up as a member you can:

- complete a freepost application form available on request
- register online at www.dgoh.nhs.uk/ftapply
- call our dedicated membership line on 01384 456111 extension 1419
- email us at foundationmembers@dgoh.nhs.uk

MESSAGE FROM THE CHAIRMAN

I am pleased to have the opportunity to contribute to this Annual Report. 2008/09 has been a very successful year for The Dudley Group of Hospitals, topped by the achievement of Foundation Trust status in October 2008, thus becoming the first Trust in the Black Country to join the group of the UK's leading hospitals.

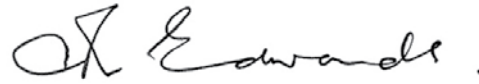
We have spent and continue to spend time with our newly appointed Council of Governors on development of their role in our quality and governance structures to ensure the Council contributes positively to both the improvement of services and the strategic development of the Trust. Our membership base continues to grow and we now have over 13,000 people whose common goal is to help improve the quality of health services in our local area.

Financial balance has again been achieved for the fifteenth year in succession, and our balance sheet position remains strong. We have made significant investments in medical equipment and have succeeded in gaining planning consent for the construction of a new multi-tiered staff car park which will considerably improve facilities on the Russells Hall site. The health service, while currently enjoying a degree of protection from the economic crisis, will soon be faced with a very challenging financial resource position. This, coupled with the development of world class commissioning, patient choice initiatives and private sector health care involvement will provide a very challenging environment.

The Board of Directors and Council of Governors are committed to working together to meet these challenges and we will continue to build upon existing relationships with all our partners across the health economy to improve the quality and delivery of patient care.

I recognise the hard work and dedication of all our staff and volunteers and would like to congratulate them on their significant achievements over the past year.

We look forward to another successful year in 2009/10.



Alf Edwards



Left: Paul Farenden, Chief Executive,
Right: Alf Edwards, Chairman

MESSAGE FROM THE CHIEF EXECUTIVE

The media has once again ensured that the NHS remains at the forefront of the public's mind, most notably through publicising the difficulties faced by some trusts in achieving consistently high levels of quality and securing the safety of their patients. I am delighted that The Dudley Group of Hospitals NHS Trust (DGoH) is once again able to demonstrate significant achievements in both areas, despite the continued challenge to achieve demanding financial and performance targets. This would not be possible without the dedicated team of staff who work for the Trust and I would like to take this opportunity to thank each and every colleague for their personal contribution.

The year has highlighted how patients and the public are having a bigger say on how healthcare is delivered and reviewed. In response to various reports by its predecessor body the Healthcare Commission, the new Care Quality Commission has established a whole range of new safeguards for patient safety which we warmly welcome. In particular, new Rapid Response Teams will hold 'risk summits', which include all local health watchdogs, inspectorates and NHS regional chiefs, to ensure all elements of patient safety monitoring and reporting are properly co-ordinated. This is a very sensible development and one in which we in Dudley will play a full and active part.

Some of the key highlights this year include:

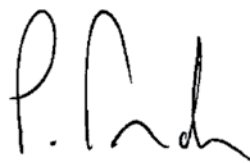
- we once again received a rating of 'good' for use of resources and 'good' for quality of care from the Healthcare Commission (now the Care Quality Commission)
- we have achieved or exceeded virtually all of our operational targets
- we have met and exceeded our infection control targets
- over 91% of our patients, who were surveyed, said they would recommend The Dudley Group of Hospitals to a friend or relative
- two research and development projects won MidTECH industry innovation awards
- three Trust projects/teams have been selected as finalists for the West Midlands Health and Social Care Awards

- we have signed up to the national 'Patient Safety First' campaign
- we have met the new 18-week maximum wait time from GP referral to treatment target
- monitor approved our application for NHS Foundation Trust status from October 2008

Some of the key areas we will continue to target for further improvement in 2009/10 are:

- we will continue our improvements to ensure we sustain the target to see, treat and admit or discharge patients in Accident and Emergency within four hours
- we will continue to strive to further reduce our infection rates
- we are reconfiguring our ward capacity to provide an emergency/elective (planned) split to improve the patient experience
- we will further improve our patient experience through listening to their feedback
- our Governors play a major strategic role in our Trust, and we will continue to develop our relationship with our Council of Governors and the membership they represent to help develop plans for the future

This year is the last time I will write this foreword to the Annual Report as I retire from my career in the NHS, spanning 41 years, in September 2009. I would like to take this opportunity to say a public thank you to my colleagues on the Board and to the staff at DGoH and all my friends and colleagues within the health economy for their valued support over the years. I wish you all the very best for the future of healthcare at The Dudley Group of Hospitals.



Paul Farenden

ABOUT THE DUDLEY GROUP OF HOSPITALS NHS TRUST

The Board

Executives



Paul Farenden
Chief Executive

Denise McMahon
Director of Nursing
(from 12th May 2008)



Paul Assinder
Director of Finance &
Information

Ann Close
Director of Nursing
(to 30th June 2008)



Paul Brennan
Operations Director

Paul Harrison
Medical Director



Janine Clarke
Director of Human Resources
and Organisational
Development

Non-Executives



Alf Edwards
Chairman

Jonathan Fellows



David Badger

Kathryn Williets



Ann Becke

David Wilton



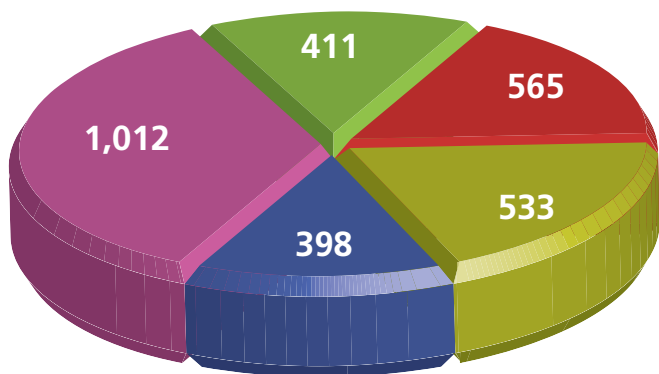
The Dudley Group of Hospitals NHS Trust is the main provider of acute hospital services to the people of Dudley. In 2001, the national Census reported that Dudley had a population of 305,164, evenly split by gender (male 49.1%, female 50.9%). The proportion of people aged over 65 is 17% with 19% aged under 14. Black and minority ethnic groups make up 6.3% of the population, which is just below the national average.

The Trust also provides a wide range of services to other areas including Sandwell, Wyre Forest and South Staffordshire. A fifth of our services are delivered to people who live outside Dudley. We serve a total population of more than 400,000 people.

The Trust provides a wide range of core general hospital services. It also has agreements with Primary Care Trusts (PCTs) in the Midlands and Wales to provide more specialised services, including Plastic Surgery and Renal Dialysis.

The Trust is the second largest employer in the Borough. It has 2,919 whole time equivalent staff (WTE) :

As at 30th September 2008
Staff Grouping WTE



- 411 Professional Scientific and Technical
- 565 Non-Clinical
- 533 Additional Clinical Services
- 398 Medical and Dental
- 1,012 Nursing and Midwifery Registered

Total 2,919

The Trust's service partner, Summit Healthcare and their contractors – mainly Interserve Facilities Management and Siemens Healthcare – employ a further 1,000 staff. These staff work in the Trust's hospitals providing portering, cleaning, laundry, transport, medical equipment maintenance and IT services. They play a vital role within our team offering healthcare services to the public we serve.

The services we provide

Most of our work is providing general hospital services to our local population. These services include:

Surgery

General Surgery, Vascular Surgery, Ear, Nose and Throat (ENT), Oral Surgery, Plastic Surgery, Ophthalmology, Urology and Trauma and Orthopaedics.

Women's and Children's Services

Obstetrics (including hospital and community midwifery), Gynaecology and Paediatrics.

Medicine

Emergency Department and Emergency Assessment Unit, General Medicine, Older People, Gastroenterology, Cardiology, Respiratory Medicine, Rheumatology, Stroke Services, Haematology, Dermatology, Neurology, Endocrinology, Genito-Urinary Medicine, Chemical Pathology and Immunology.

Specialist Services

Cancer Services, Medical and Clinical Oncology, Palliative Care, Haematology, Renal Dialysis, Urological Reconstructive Surgery, Pain Management, Neonatal Care, Integrated Living Team and Home Parenteral Nutrition.

Clinical Support Services

Anaesthetics, Intensive Therapy (ITU), Surgical and Medical High Dependency Unit, Pathology, Radiology, Pharmacy and Therapy Services.

Community-based Services

Orthopaedic Hospital at Home, Respiratory Assessment Service and Anticoagulant Nursing Service.



The Guest Hospital Outpatient Centre



The Corbett Hospital Outpatient Centre



Russells Hall Hospital

Our Hospitals

Russells Hall Hospital has some of the most technologically advanced facilities in the country and is the Trust's centre for all inpatient care. It is the base for some services which are provided for everyone in the Black Country and for other services that reach out into the community.

The Trust has a single Operations Directorate which is designed to improve involvement from clinical staff in the management and service development of our clinical services. Medical service heads and matrons work in partnership with senior managers to ensure that our patients continue to receive the highest standards of care at all times.

The **Corbett Hospital Outpatient Centre** (in the south of the borough) and **Guest Hospital Outpatient Centre** (in

the north) provide a range of outpatient and day care facilities and services.

The Trust works closely with Dudley Primary Care Trust to increase the number of services available to patients in the community. This often allows for earlier discharge from hospital and alternatives to being admitted to hospital.

The Trust is a smoke-free zone. The smoke-free policy was introduced to ensure the Trust complied with Health and Safety legislation which states that public buildings must be smoke-free to ensure a healthy environment. We work in close partnership with the Dudley Stop Smoking Service to help staff and patients understand the new policy, and to provide advice and support to staff and patients about how to stop smoking.

TAKING CARE OF OUR STAFF

Communication with our staff

Our staff are our biggest asset so looking after them and listening to what they say is crucial in all that we do.

In order to keep staff up to date with what is going on around The Trust we produce a monthly electronic newsletter called 'Insideout'. Staff are invited to submit their own articles to the newsletter to ensure a good mix of patient care stories and corporate briefings.

We also have a high-tech intranet site (internal website) called 'The Hub' which features news items, a staff phone book, policies and much more useful information to assist staff in their work.

Quality with equality

The Trust continues to build on good work already in place regarding equal opportunities with the launch of the Gender Equality Scheme during 2007. Along with the existing Race and Disability Schemes already in place, this new scheme ensures that we are delivering quality care to patients while reflecting the diversity of our communities within our staff.

The Trust continues to be accredited with the two ticks disability symbol – a national standard which recognises that we are positive about employing disabled people.

Following the revised equal Opportunities Policy in 2007 all line managers in the Trust have had the opportunity to attend an equal opportunities training session.

A full review of Mandatory Training has taken place this year and this has resulted in new and fresh ways of delivering training which has ensured that all staff have the opportunity to update their knowledge in the most efficient and effective way.

Equality and Diversity Impact Assessments have also been a high priority for the Trust over the last three years and every service in the Trust has been assessed to ensure that it is equally available to all parts of the local community.

Listening to our staff

The National Staff Survey for 2008 showed that the

staff experience had improved in quality of job design, job satisfaction and support for immediate managers. Plans are in place to implement a new Performance Management system in the Trust that will result in an increased number of people having development plans to develop job skills and ultimately patient care.

We have also been running an internal staff satisfaction survey 'Pulse' which has given the Clinical Directors feedback about how their teams are feeling about things like training, patient care and living the Trust values. Clinical Directors then have the opportunity to work on action plans to address this feedback.

Staff sickness absence

A new Sickness Absence Policy has been implemented and, following training with line managers, this has resulted in a reduction of sickness in the Trust from 4.80% last year to 4.13% this year, which is below the target of 4.50% for the year. This has been achieved through a development programme for line managers, in conjunction with the launch of a new Absence Management policy.

Learning and Development

As a teaching Trust, The Dudley Group of Hospitals works in association with the University of Birmingham, Wolverhampton University and other educational providers in order to train staff within all specialities.

The Trust is always keen to support medical and non-medical staff, pre and post registration, in attending further learning and development to enhance their skills and provide patients with an improved service. We achieve this through accredited courses with universities, NVQ qualifications, in-house courses, arranging appropriate placements and the sharing of best practice with other NHS organisations.

The subjects that are covered can vary from learning a new skill or procedure to improving our customer service practice.

It is important that we maintain this commitment as a Trust, as new knowledge enhances patient treatment and service, and promotes team work within the Trust.

Committed to Excellence

*“Not just the best...
the **VERY** best”*

That's how Paul Farenden described staff at The Dudley Group of Hospitals when he said how proud he was to be chief executive.

Those were his sentiments as he summed up the Committed to Excellence 2008 awards ceremony.

Every day we feel proud of the achievements of staff in the Trust and 2008 saw the second year of our staff award scheme 'Committed to Excellence' to recognise employees who had made a significant contribution to the achievement of the Trust's vision, values and strategic goals.

The Winners

Performance Excellence An award to recognise an individual or team who have implemented an improvement or delivered something of real benefit for patients and/or the Trust

Winner: Children's Services (ward C2, Theatre and Emergency Department staff)

Runner up: Pharmacy Performance Action Team

Third place: Therapy Services



Excellence in Patient Care An award to recognise an individual or team who have made an outstanding contribution to the patients' experience

Winner: Margaret Cooksey, ward C3

Runner up: Gail Parsons, Trauma and Orthopaedics

Third place: Eunice Whitehouse, Rheumatology

Business Excellence Recognising ideas that result in financial cost savings, or generate income or prevent potential loss of income

Winner: Renal One Stop Service Team

Runner up: Rheumatology Quality and Practice Development Team (QPDT)

Third place: Emergency Department Clinical Decisions Unit

Colleague of the Year To recognise the outstanding contribution of an individual

Joint winners: Katrina Dwyer, ward C7 and Andrew Rigby, Facilities

Runner up: Sandeep Kapur, Anaesthetics

Third place: Alison Fairhurst, Dietetics

Volunteer of the Year To recognise the outstanding contribution of a volunteer

Winner: Andrew Betham, Infection Control

Runner up: Bill Weston, Integrated Living Team

Third place: Mavis Greenway, Outpatient Department

Lifetime Achievement

Phil Cheadle, Theatres



FOUNDATION TRUST

What is an NHS Foundation Trust?

On the 1st October 2008 The Dudley Group of Hospitals was authorised as a Foundation Trust and took the name 'The Dudley Group of Hospitals NHS Foundation Trust'.

Foundation Trusts are the future of the NHS and allow local people to shape the future of their local healthcare services. The future development of The Dudley Group of Hospitals now lies in the hands of the staff, patients and the general public.

Although Foundation Trusts remain firmly part of the NHS providing free healthcare for all, they are free from central government control. So we can decide how best to deliver our services for our local people, keeping any surpluses made to reinvest in local healthcare.

As well as our Board of Directors and Non-Executive Directors employed by the Trust, Foundation Trusts have a Council of Governors and a Membership that help to shape the future of their local health services. Our Public Governors were elected during 2007 and we have Governors in the constituencies of Dudley Central, Dudley North, Brierley Hill, Stourbridge and Halesowen, as well as Tipton, Rowley Regis, Wyre Forest, South Staffordshire and the rest of the West Midlands.

To represent Trust staff, six Governors were elected representing medical staff, nursing and midwifery staff, non-clinical staff, allied health professionals and health care scientists and partner organisations.

As well as elected Governors, we also have 13 appointed Governors from our partner organisations such as Dudley Primary Care Trust, the local council and Dudley Community Partnership.

We are well on our way to a target public membership of 13,000 people and have undertaken various recruitment and development activities to help us ensure we engage an active membership.

How do I become a member?

Becoming a member of our Foundation Trust enables people to make a real difference to the way in which the Trust operates. Membership enables people to:

- be consulted about our plans for future healthcare services and hospital facilities
- be eligible to stand for election as a Governor
- be eligible to vote in elections for the Council of Governors
- receive regular communications from the Trust about its activities

We are keen to encourage as many local people as possible to become members of our NHS Foundation Trust, so that local people can have a real voice in how their hospitals are run. See page 3 to find out ways to join us.



OPERATING AND FINANCIAL REVIEW

APRIL TO SEPTEMBER 2008

I have prepared this Operating and Financial Review (OFR) in line with recommendations outlined in the Accounting Standards Board's Reporting Statement that provides guidance on best practice and UK Generally Accepted Accounting Practice (UK GAAP).

The Trust has once again achieved all its financial duties and exceeded financial performance targets for the period.

Financial Review

For the six months to 30th September 2008 the Trust's performance was as follows:

TARGET	PERFORMANCE	MET
To break even on Income and Expenditure	Surplus £3.9m	√(a)
To achieve a Capital Cost Absorption rate of 3.5% (within materially range of 3.0% to 4.0%)	3.0%	√(b)
To operate within a Capital Resource Limit (CRL) of £2.0m set by the DoH	£2.0m	√(c)
To operate within an External Financing Limit (EFL) of -£11.1m set by DoH	-£11.1m	√(d)
To pay creditors in line with the Better Payment Practice Code	100%	√

Please note:

- (a) The Trust achieved an in-year surplus of £3.9m and this will form part of the Trust's Income and Expenditure Reserve and by agreement with the DoH, is available to be spent in future years for the provision of healthcare in Dudley.
- (b) This measures the percentage relationship of dividends paid on public capital to the Trust's net assets and is a well known commercial measure of efficiency. Trusts' performance within a 3-4% band is acceptable.
- (c) The Trust achieved its CRL, which is effectively a cap placed upon total capital spending in the year.
- (d) The External Financing Limit is essentially a cap on external borrowing by NHS trusts. For the first six months of 2008/09, the Trust was set a target by the DoH, rather than to borrow funds to generate excess funds of £11.1m above its cash spending requirements. The Trust achieved this target.

Like all trusts, The Dudley Group of Hospitals receives income primarily according to the volume and mix of patients we treat. Under the Payment by Results system (PbR), the Trust is paid for the number of patients treated and the procedures they receive, according to a nationally set tariff. About 95% of our income comes directly from the NHS under this regime.

During the period 1st April to 30th September 2008, additional income was received under the PbR system for treating more patients than planned, but similarly additional costs were also incurred in providing the services. These costs included providing extra beds to meet capacity requirements and the demand in the Emergency Department. Complying with national clinical guidance meant increases in drugs costs, and the Trust also had to deal with the ongoing costs of meeting various national initiatives to reduce patient waits etc.

There was also a requirement to identify and deliver 2.5% cost efficiencies in-year to meet cost improvement targets levied within the tariff system.

However, the Trust rose to the challenge and managed to successfully deliver an excellent financial position while continuing to deliver care to an increased number of patients within a reduced waiting time and improving clinical quality indicators such as hospital acquired infections.

Key financial risks in the period 1st April to 30th September 2008: the delivery of the CIP programme and the continued development of computerised information and reporting systems, often to challenging external timescales. The Trust has worked hard to ensure that such risks are minimised and monitored. This work continues into the new financial year.

The Trust takes seriously its responsibilities as a customer of local businesses and complies with the Better Payments Practice Code. For the period 1st April to 30th September 2008, the Trust paid 100% of all non-NHS invoices and 97% of NHS invoices within the terms of the code.

Looking ahead to 2009/10

The Trust has published its future plans in its Integrated Business Plan April 2008, which covers the medium term strategy period 2008 to 2013. The Trust has set out ambitious plans to stabilise and enhance the range of clinical services available to its growing population through innovative approaches to the provision of secondary care in association with our healthcare partners and commissioners. The Trust's corporate objectives may be summarised as follows:

To be the Hospital of Choice for our population by providing tailored care and clinical expertise designed to meet patient needs – achieved by:

Quality	providing high quality and safe services which are differentiated from our competitors
Market Share	growing our catchment population to secure our clinical base by co-operating or competing with other providers to address patient needs
Finance	delivering efficiencies and a financial surplus each year to fund service investment and secure the future of the Trust

During 2008/09, the first year of this strategy, the Trust has invested heavily in front line clinical and support staff, invested £1.0m in new medical equipment and commenced work on a £6m multi-tiered staff car park at Russells Hall Hospital.

The Trust will continue to invest its financial surplus, generated through more efficient working practices, to support front line services, invest in patient safety and patient services in 2009/10. Our 2009/10 plans are informed by close working with our 13,000 strong membership and Council of Governors to better address the needs of the community.

The Trust was authorised as a Foundation Trust on 1st October 2008. Further information regarding future planning can be found in the Foundation Trust Annual Report, covering the period 1st October 2008 to 31st March 2009.

Financial Statements and Audit

The Trust's accounts are subject to audit by Pricewaterhouse Coopers LLP, who are appointed by the Audit Commission. For the purposes of this audit the Directors have confirmed that, so far as the Directors are aware, there is no relevant audit information of which the Trust's Auditors are unaware. The Directors have taken all steps that ought to have been taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Trust's Auditors are aware of that information. The cost of the work performed by the auditor in respect of the reporting period is £58,000.

A Register of Directors' Interests is available for inspection upon request.

Charitable Funds

Money donated to the Trust, known as charitable funds, is subject to Charity Commission guidance and is used to bring benefits to patients and staff, such as new medical equipment, building alterations or training of staff. If you wish to make a donation or would like to see the accounts of The Dudley Group of Hospitals Charity, please contact Lynn Hinton on 01384 456111 extension 1215.

Preparedness for the adoption of IFRS reporting

The Trust has established a project team to oversee the transition to accounting under International Financial Reporting Standards (IFRS). The team has reported into the Trust's Audit Committee on a regular basis providing assurance on the progress of the project. The Trust restated its 1st April 2008 Balance Sheet in line with the Department of Health timetable and the audit of this restatement has now been completed. The biggest impact of the adoption of IFRS is the treatment of the Trusts PFI scheme which will be accounted for as 'on-balance sheet' under IFRS. The Trust Board has been briefed as to the financial impact of this on the Trust's future financial position. The Trust is confident that it is in a position to account in line with IFRS from 1st April 2009.



Paul Assinder BA FCCA CPFA
Director of Finance

PERFORMANCE

The way that we perform as a Trust is not only measured in terms of our financial position, but also by whether we have met the targets set out by regulatory bodies.

2008 again saw the Trust performing well in all of these priority areas.

Performance as at 30th September 2008:

PRIORITY	TARGET ACHIEVED
Four hour maximum wait in A&E from arrival to admission, transfer or discharge	 *
Activity versus plan (we are treating more people than we had planned to)	
MRSA Bacteraemia Target of no more than 12 cases	
Clostridium difficile Target of no more than 299 cases	
Two-week maximum wait from urgent GP referral to first outpatient appointment for all urgent suspected cancer referrals	
Maximum waiting time of 31 days from diagnosis to treatment of all cancers	
Maximum waiting time of 62 days from urgent GP referral to first definitive treatment for all cancers (shared accountability)	
Appointment offered at a GUM clinic within 48 hours of contacting a service	
Maximum wait of 18 weeks from GP referral to treatment	
Patients admitted	 **
Patients non-admitted	

* In the second half of the year, as the Trust moved into the winter period and emergency pressures began to bite, the four hour maximum wait in A&E target was missed.

** During the reporting period, the Trust was working towards 18-week targets of 90% for patients admitted and 95% for non-admitted patients. These targets came into effect on 31st December 2008 and since that date the Trust has consistently seen these targets met.

Clinical Governance

Clinical Governance is the term used in the NHS to ensure that trusts maintain and improve the quality and effectiveness of the clinical care provided for patients.

Clinical Governance is one of the key elements of our work, and external scrutiny of our work in this area continues to report good outcomes.

During the year it was announced that, as part of its 'annual healthcheck' for 07/08, the Healthcare Commission awarded the Trust a 'Good' rating for both the quality of its services and its use of resources.

Reports such as these, together with feedback from patients, the public and other stakeholders, provide an ever ready source of useful information for staff to consider and take action to make improvements.

Summit Healthcare and Service Providers

2008 saw the fourth operational year of partnership between the Trust, PFI partners Summit Healthcare and its service providers: Interserve Facilities Management and Siemens Healthcare.

Summit Healthcare is made up of a group of organisations that work with the Trust; Siemens provide the Trust's IT services and infrastructure, and Interserve provide a cocktail of 13, wide ranging, non-clinical services such as domestic services, catering, portering, security and estates.

Emergency preparedness

The Trust has in place robust major incident and business continuity plans to facilitate rapid and efficient mobilisation of services in the event of a major incident. The plans take into account the NHS Emergency Planning Guidance 2005 and were drawn up in consultation with local health and social care partners.

Incidents involving personal data

There were no incidents involving loss of personal data or breach of confidentiality.



SOCIAL AND COMMUNITY MATTERS

Patient feedback

During the reporting period the Trust received 186 complaints, though six of these were withdrawn.

The percentage of complaints against activity at the Trust equates to 0.05%.

We take complaints received at the Trust very seriously and always try to respond promptly to patients' concerns. To this end, we achieved a rate of 100% of complaints responded to within the 25-day target (or by the extension date agreed with the complainant).

We always apologise when we have got things wrong and attempt to remedy the situation in accordance with the Parliamentary and Health Service Ombudsman Principles for Remedy. All complaints are assessed by the individual department groups as well as the Trust-wide Patient Safety Group which considers lessons that need to be learned and makes recommendations to the Board.

We are also pleased to receive many compliments – in the period covered by this report we received 40 official compliments on our services, but each ward/department also received many individual thank you messages from patients.

Feedback is also received and lessons learned to improve services via the Trust's newly launched patient 'Pulse' surveys. The surveys, which are in line with national guidance and the NHS Constitution, were first piloted at the Trust in March 2009. These quarterly surveys will help us to understand what we do well and what we can improve on and are designed to link with our staff 'Pulse' surveys to gain a full overview of staff and patients' experiences of the Trust.

Freedom of Information

The Trust complies with Freedom of Information legislation to publish and respond to requests for information about its business and activities. Our publication scheme can be viewed by visiting our website at www.dgoh.nhs.uk and clicking on the Freedom of Information button at the bottom of the page.

Patient information

The Trust is constantly striving to ensure that we provide relevant and jargon free information to our patients. To this end, the Trust has commenced a programme to redesign its website, and has employed a patient information co-ordinator.

Environmental performance

The Trust has in place a contract which incentivises with our PFI provider to reduce energy consumption across the three hospital sites.

Local groups

Across the Trust there is wide consultation with patients, GPs, practice managers, staff, support groups, cancer and cardiac networks and the newly formed Local Involvement Networks (LINKs). These networks enable us to ensure that our services remain patient focused. We also work closely with our stakeholders in the local health economy areas that make up our membership constituency.

The Trust Board has consulted with the Council of Governors on the Annual Plan for 2009/10 through the Council's Service Strategy sub-committee. Non-Executive Directors have also been involved with the Communications and Membership sub-committee to ensure the Board hear the views of the Governors in their decision making processes.

Engaging with our patients and public

The Trust's Patient and Public Involvement strategy set out to improve and empower both staff and patients to work together to improve the patient experience. The strategy will be reviewed and evaluated during 2009/10 to develop further our strong links with our patients and the Trust continues to have strong patient involvement.

Contractual arrangements

The Trust's hospitals form part of a Private Finance Initiative (PFI) with Summit Healthcare and its service providers: Interserve Facilities Management and Siemens Healthcare.

The Trust also has contractual arrangements with local Primary Care Trusts (PCTs) for provision of services.

SUMMARY FINANCIAL STATEMENTS AND REMUNERATION REPORT

This summary financial statement does not contain sufficient information to allow as full an understanding of the results of the Trust and state of affairs of the Trust and of its policies and arrangements concerning directors' remuneration as would be provided by the full annual accounts and reports. Where more detailed information is required, a copy of the Trust's last full accounts and reports are obtainable free of charge.

To request a full set of Trust Accounts please write to Heather Taylor, The Finance and Information Department, C Block, Russells Hall Hospital, Dudley DY1 2HQ, telephone 01384 321040 or email heather.taylor@dgo.h.nhs.uk

Income and Expenditure Account

For the period 1st April 2008 to 30th September 2008

	2008/09 £'000	2007/08 £'000
Income from activities	105,620	197,836
Other operating income	5,391	10,311
Operating expenses	(106,418)	(196,389)
OPERATING SURPLUS/(DEFICIT)	4,593	11,758
Cost of fundamental reorganisation/restructuring/other	0	0
Profit/(loss) on disposal of fixed assets	0	11
SURPLUS/(DEFICIT) BEFORE INTEREST	4,593	11,769
Interest receivable	947	1,535
Interest payable	0	0
Other finance costs – unwinding of discount	0	0
SURPLUS/(DEFICIT) FOR THE FINANCIAL YEAR	5,540	13,304
Public Dividend Capital dividends payable	(1,654)	(3,375)
RETAINED SURPLUS/(DEFICIT) FOR THE YEAR	3,886	9,929

All income and expenditure is derived from continuing operations.

The comparator figures for 2007/08 represent the complete financial year, whereas the 2008/09 represents the period 1st April 2008 to 30th September 2008.

It has been agreed that the 2008/09 surplus will be carried forward to use for the provision of healthcare.

Balance Sheet

As at 30th September 2008

30th September 2008 31st March 2008

	£'000	£'000
FIXED ASSETS		
Intangible assets	766	812
Tangible assets	61,229	72,397
Investments	0	0
	<u>61,995</u>	<u>73,209</u>
CURRENT ASSETS		
Stocks and work in progress	2,174	1,898
Debtors		
Amounts falling due within one year	10,471	13,679
Amounts falling due after more than one year	25,281	25,585
Investments	18,000	8,400
Other financial assets	0	0
Cash at bank and in hand	11,860	10,394
	<u>67,786</u>	<u>59,956</u>
CREDITORS		
Amounts falling due within one year	(11,615)	(8,789)
Financial liabilities	0	0
	<u>56,171</u>	<u>51,167</u>
NET CURRENT ASSETS/(LIABILITIES)		
	<u>118,166</u>	<u>124,376</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		
CREDITORS		
Amounts falling due after more than one year	0	0
Financial liabilities	0	0
PROVISIONS FOR LIABILITIES AND CHARGES	(856)	(213)
	<u>117,310</u>	<u>124,163</u>
TOTAL ASSETS EMPLOYED		
FINANCED BY TAXPAYER'S EQUITY		
Public dividend capital	20,927	20,927
Revaluation reserve	30,814	41,591
Donated asset reserve	854	895
Government grant reserve	0	0
Other reserves	0	0
Income and expenditure reserve	64,715	60,750
	<u>117,310</u>	<u>124,163</u>
TOTAL TAXPAYERS' EQUITY		

The financial statements on pages 17 to 32 were approved by the Board of Directors on 28th May 2009 and are signed on its behalf by:

Signed  Chief Executive

Date: 28th May 2009

Statement of Total Recognised Gains and Losses

For the year ended 30th September 2008

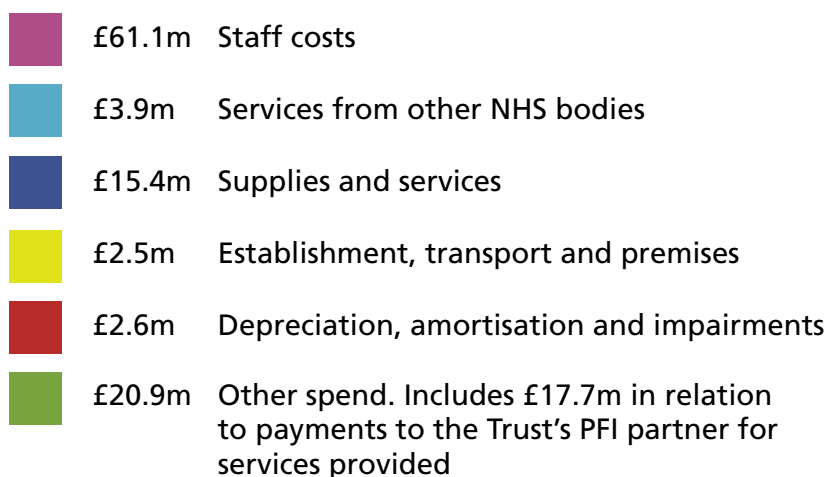
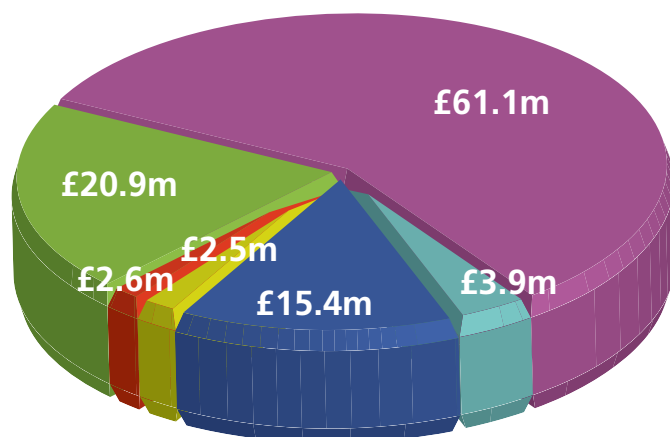
	2008/09 £'000	2007/08 £'000
Surplus/(deficit) for the financial year before dividend payments	5,540	13,899
Fixed asset impairment losses	0	0
Unrealised surplus/(deficit) on fixed asset revaluations/indexation	(10,678)	3,503
Increases in the donated asset and government grant reserve due to receipt of donated and government grant financed assets	33	70
Defined benefit scheme actuarial gains/(losses)	0	0
Additions/(reduction) on other reserves	0	0
TOTAL RECOGNISED GAINS AND LOSSES FOR THE FINANCIAL YEAR	(5,105)	17,472
Prior period adjustments	0	0
TOTAL RECOGNISED GAINS AND LOSSES IN THE FINANCIAL YEAR	(5,105)	17,472

Cash Flow Statement

For the year ended 30th September 2008

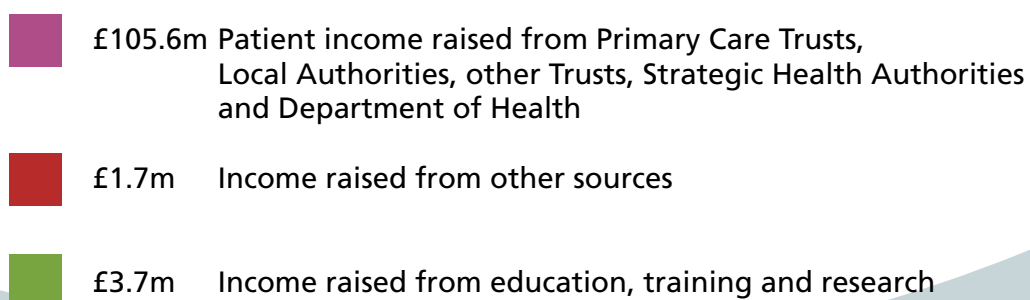
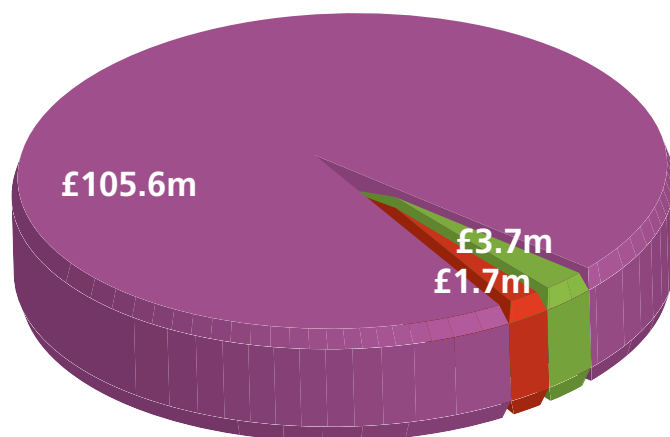
	2008/09 £'000	2007/08 £'000
OPERATING ACTIVITIES		
Net cash inflow/(outflow) from operating activities	13,950	11,662
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	947	1,535
Interest paid	0	0
Interest element of finance leases	0	0
Net cash inflow/(outflow) from returns on investments and servicing of finance	947	1,535
CAPITAL EXPENDITURE		
(Payments) to acquire tangible fixed assets	(2,150)	(7,995)
Receipts from sale of tangible fixed assets	0	13,245
(Payments) to acquire intangible assets	(60)	(640)
Receipts from sale of intangible assets	0	0
(Payments) to acquire/receipts from sale of fixed asset investments	0	0
(Payments) to acquire/receipts from sale of financial instruments	0	0
Net cash inflow/(outflow) from capital expenditure	(2,210)	4,610
DIVIDENDS PAID		
	(1,654)	(3,375)
Net cash inflow/(outflow) before management of liquid resources and financing	11,033	14,432
MANAGEMENT OF LIQUID RESOURCES		
(Purchase) of financial assets with the Department of Health	0	0
(Purchase) of other current financial assets	(18,000)	(8,400)
Sale of financial assets with the Department of Health	0	0
Sale of other current financial assets	£8,400	0
Net cash inflow/(outflow) from management of liquid resources	(9,600)	(8,400)
Net cash inflow/(outflow) before financing	1,433	6,032
FINANCING		
Public dividend capital received	0	3,752
Public dividend capital repaid	0	0
Loans received from the Department of Health	0	0
Other loans received	0	0
Loans repaid to the Department of Health	0	0
Other loans repaid	0	0
Other capital receipts	33	70
Capital element of finance lease rental payments	0	0
Net cash inflow/(outflow) from financing	33	3,822
Increase/(decrease) in cash	1,466	9,854

Operating expenses for 2008/09



Total spend 2008/09 £106.4m

Income from activities for 2008/09



Total income 2008/09 £111.0m

Management costs

	2008/09 £'000	2007/08 £'000
Management costs	3,999	8,418
Income	107,191	200,865
Management costs as a percentage of income	3.73%	4.19%

The figures shown for 2008/09 represent the period from 1st April 2008 to 30th September 2008 whereas the figures for 2007/08 represent 1st April 2007 to 31st March 2008.

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

Better Payment Practice Code – measure of compliance

	2008/09		2007/08	
	Number	£'000	Number	£'000
Total non-NHS trade invoices paid in the year	20,315	56,318	38,686	112,116
Total non-NHS trade invoices paid within target	20,244	56,229	37,282	110,509
Percentage of non-NHS trade invoices paid within target	100%	100%	96%	99%
Total NHS trade invoices paid in the year	763	13,639	1,619	27,932
Total NHS trade invoices paid within target	740	12,913	1,589	27,760
Percentage of NHS trade invoices paid within target	97%	95%	98%	99%

During 2008/09, the Trust has pursued a policy of paying local suppliers at the earliest opportunity to support the local economy during the recession. The Board has adopted a policy of paying local suppliers within 10 days of receipt of goods or undisputed invoice. 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 valid invoice, whichever is the later.

External financing

The Trust is given an external financing limit which it is permitted to undershoot.

	2008/09 £'000	2007/08 £'000
External financing limit	(11,066)	(6,102)
Cash flow financing	(11,033)	(14,432)
Finance leases taken out in the year	0	0
Other capital receipts	(33)	(70)
External financing requirement	(11,066)	(14,502)
Undershoot/(overshoot)	0	8,400
The Trust is permitted to undershoot its EFL		

Capital Resource Limit

The Trust is given a capital resource limit which it is not permitted to overspend.

	2008/09 £'000	2007/08 £'000
Gross capital expenditure	2,150	8,287
Less: book value of assets disposed of	(105)	(13,442)
Plus: loss on disposal of donated assets	0	0
Less: capital grants	0	0
Less: donations towards the acquisition of fixed assets	(33)	(70)
Charge against the capital resource limit	2,012	(5,225)
Capital resource limit	2,012	6,202
(Over)/underspend against the capital resource limit	0	11,427
The Trust is permitted to undershoot its CRL		

Breakeven Performance

The Trust's breakeven performance for 2008/09 is as follows:

	2004/05 £'000	2005/06 £'000	2006/07 £'000	2007/08 £'000	2008/09 £'000
Turnover	165,053	184,957	199,545	208,147	111,011
Retained surplus/(deficit) for the year	1,741	1,753	5,009	10,524	3,886
2008/09 prior period adjustment relating to 2007/08				(595)	
Adjustment for impairments					802
In year performance	1,741	1,753	5,009	9,929	4,688
Breakeven cumulative position	2,642	4,395	9,404	19,333	24,021
Materiality test (i.e. is it to equal or less than 0.5%):					
Breakeven in year position as a percentage of turnover	1.05%	0.95%	2.51%	4.77%	4.22%
Breakeven cumulative position as a percentage of turnover	1.60%	2.38%	4.71%	9.29%	21.64%

The Trust's breakeven performance is compared to a materiality threshold of 0.5% of turnover, below which recovery of deficits within the framework of a recovery plan will not be required by the Department of Health.

The Trust's committees

Audit Committee

Provides the Trust Board with an objective view of the financial systems used by the Trust and makes sure the statutory obligations, legal requirements and codes of conduct are followed. The members were Non-Executive Directors Jonathan Fellows (Chair), David Wilton, David Badger, Ann Becke, and Kathryn Williets. The Trust's Finance Director, Paul Assinder, and the Trust's auditors also attend.

Remuneration Committee

The Remuneration Committee is a sub group of the Board which determines the appropriate levels of remuneration for the Executive Directors. The members were Chairman Alfred Edwards and Non-Executive Directors David Badger, Jonathan Fellows, David Wilton, Kathryn Williets and Ann Becke. Remuneration levels are normally determined by reference to such factors as those applying in equivalent organisations, changes in responsibility, performance and salary increases agreed for other NHS staff.

Salary and pension entitlements of senior managers

A) Remuneration

Name and Title	Note	2008/09			2007/08		
		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)
Paul Farenden, Chief Executive		£'000 80 - 85	£'000	£	£'000 160 - 165	£'000	£
Paul Assinder, Finance Director		60 - 65			120 - 125		
Paul Harrison, Medical Director		15 - 20	50 - 55		30 - 35	95 - 100	
Paul Brennan, Operations Director		55 - 60		3,300	115 - 120		7,500
Janine Clarke, Director of Human Resources		40 - 45		3,000	80 - 85		5,700
Ann Close, Nursing Director	1	30 - 35			90 - 95		
Denise McMahon, Nursing Director	2	35 - 40			0		
Roger Callender, Associate Director		40 - 45			50 - 55	25 - 30	
Alfred Edwards, Chairman		10 - 15		100	20 - 25		200
David Badger, Non-Executive Director		0 - 5			5 - 10		
Kathryn Willietts, Non-Executive Director		0 - 5			5 - 10		100
Ann Becke, Non-Executive Director		0 - 5		100	5 - 10		
David Wilton, Non-Executive Director		0 - 5			0 - 5		
Jonathan Fellows, Non-Executive Director		0 - 5		100	0 - 5		
Aggregate Total		365 - 435	50 - 55	6,600	680 - 745	120 - 130	13,500

Note:

The figures shown for 2008/09 represent the period from 1st April 2008 to 30th September 2008, whereas the figures for 2007/08 represent 1st April 2007 to 31st March 2008.

*Benefits in kind relate to leased cars in respect of the Executive Directors and home-to-base travel reimbursement for Non-Executive Directors.

1. Ann Close ceased duties on 30th June 08

2. Denise McMahon commenced duties on 12th May 08

Salary and pension entitlements of senior managers

B) Pension benefits

Name and Title	Note	Real increase in pension at age 60 (bands of £2,500)	Real increase in lump sum at age 60 (bands of £2,500)	Total accrued pension at age 60 at 30 September 2008 (bands of £5,000)	Lump sum at age 60 related to accrued pension at 30 September 2008 (bands of £5,000)	Cash Equivalent Transfer Value at 30 September 2008 (£'000)	Cash Equivalent Transfer Value at 31 March 2008 (£'000)	Real Increase in Cash Equivalent Transfer Value (£'000)	Employers contribution to stakeholder pension (To nearest £100)
Paul Farenden, Chief Executive		£'000 (0.0 - 2.5)	£'000 (0.0 - 2.5)	£'000 80 - 85	£'000 240 - 245	£'000 1,495	£'000 1,461	£'000 (1)	£ 0
Paul Assinder, Finance Director		0.0 - 2.5	0.0 - 2.5	35 - 40	115 - 120	579	561	1	0
Paul Brennan, Operations Director		0.0 - 2.5	0.0 - 2.5	35 - 40	110 - 115	530	498	7	0
Janine Clarke, Director of Human Resources		0.0 - 2.5	0.0 - 2.5	25 - 30	80 - 85	358	348	1	0
Paul Harrison, Medical Director	2	0.0 - 2.5	0.0 - 2.5	35 - 40	105 - 110	456	427	6	0
Denise McMahon, Nursing Director	1	0.0 - 2.5	2.5 - 5.0	30 - 35	100 - 105	483	427	12	0
Ann Close, Nursing Director	1	0.0 - 2.5	*	40 - 45	130 - 135	*	682	*	0

Note:

The figures shown for 2008/09 represent the period from 1st April 2008 to 30th September 2008, whereas the figures for 2007/08 represent 1st April 2007 to 31st March 2008.

- Figures shown are only for the time in post during the year.
- Medical Director figures shown include accrued benefits and contributions in respect of full salary, which will include both management and medical contributions.

* There are no figures available due to retirement being taken.

As Non-Executive members do not receive pensionable remuneration, there will be no entries in respect of pensions for Non-Executive members.

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 from 2004/05 the other pension details, include the value of any pension benefits in another scheme or arrangement which the individual has transferred to the NHS pension scheme. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

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.

Statement of the Chief Executive's responsibilities as the accountable officer of the Trust

The Secretary of State has directed that the Chief Executive should be the Accountable Officer to the Trust. The relevant responsibilities of Accountable Officers are set out in the Accountable Officers Memorandum issued by the Department of Health. These include ensuring that:

- there are effective management systems in place to safeguard public funds and assets and assist in the implementation of corporate governance;
- value for money is achieved from the resources available to the Trust;
- the expenditure and income of the Trust has been applied to the purposes intended by Parliament and conform to the authorities which govern them;
- effective and sound financial management systems are in place; and
- annual statutory accounts are prepared in a format directed by the Secretary of State with the approval of the Treasury to give a true and fair view of the state of affairs as at the end of the financial year and the income and expenditure, recognised gains and losses and cash flows for the year.

To the best of my knowledge and belief, I have properly discharged the responsibilities set out in my letter of appointment as an accountable officer.

Signed  Chief Executive

Date: 28th May 2009

Statement of Directors' responsibilities in respect of the accounts

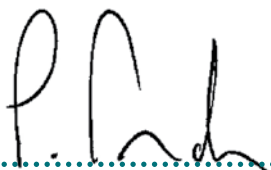
The directors are required under the National Health Service Act 2006 to prepare accounts for each financial year. The Secretary of State, with the approval of the Treasury, directs that these accounts give a true and fair view of the state of affairs of the Trust and of the income and expenditure, recognised gains and losses and cash flows for the year. In preparing those accounts, directors are required to:

- apply on a consistent basis accounting policies laid down by the Secretary of State with the approval of the Treasury;
- make judgements and estimates which are reasonable and prudent; and
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Trust and to enable them to ensure that the accounts comply with requirements outlined in the above mentioned direction of the Secretary of State. They are also responsible for safeguarding the assets of the Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm to the best of their knowledge and belief they have complied with the above requirements in preparing the accounts.

By order of the Board.

Signed  Chief Executive

Date: 28th May 2009

Signed  Finance Director

Date: 28th May 2009

Statement on internal control April to September 2008

1. Scope of responsibility

The Board is accountable for internal control. As Accountable Officer and Chief Executive of this Board, I have responsibility for maintaining a sound system of internal control that supports the achievement of the organisation's policies, aims and objectives. I also have responsibility for safeguarding the public funds and the organisation's assets for which I am personally responsible as set out in the Accountable Officer Memorandum.

In discharging this responsibility, I liaise closely and on a regular basis with colleagues from a number of local organisations in particular the West Midlands Strategic Health Authority, Dudley PCT and our PFI Partners Summit Healthcare (Dudley) Ltd.

2. The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to:

- identify and prioritise the risks to the achievement of the organisation's policies, aims and objectives; and
- evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The system of internal control has been in place in The Dudley Group of Hospitals NHS Trust for the period 1st April to 30th September 2008 and up to the date of approval of the Annual Report and Accounts.

3. Capacity to handle risk

The Trust has developed an Integrated Governance Strategy that brings together arrangements for managing both clinical and other risks. This policy and strategy was further reviewed and updated in January 2008 and has operated effectively since this date.

The Director of Nursing has Board level responsibility for the Trust's risk management policies and processes. The Trust operates an Integrated Governance sub-committee of the Board. This committee meets monthly to review corporate and directorate risks and associated mitigation plans. Each directorate of the Trust operates independent Risk Management Groups that report through to the Corporate Group. The Integrated Governance sub-committee is chaired by myself as Chief Executive.

Ongoing training in risk management is undertaken through the management structure, enhanced by specific sessions on both general risk management and clinical risk, delivered as part of the Trust's three year statutory training programme and the Trust Induction Programme. Good practice is disseminated through the risk managed structure to the directorate groups.

4. The risk and control framework

The Trust's Risk Management Policy and Strategy provides guidance on the identification and assessment of risk, and on the development and implementation of action plans designed to reduce risk.

All the Trust's directorates are required to undertake risk management activities, maintain risk registers and implement agreed action plans. Progress in these areas is monitored by the Integrated Governance Committee. The Trust Board is also required to undertake its own collective risk assessment and undertakes risk management workshops. Information risks are also managed and controlled through this risk management process. The Trust has an Information Governance Group, which reports into the Integrated Governance Committee. The Trust uses and completes the Information Governance Toolkit and has also been through an extensive audit process and was given all 'green' ratings. The Deputy Medical Director has Board

level responsibilities for Information Governance. In 2008/09, the Trust has completed a programme of encryption of all sensitive and clinical information leaving the Trust and a review of physical security of IT equipment.

An Assurance Framework has been developed, and approved by the Trust Board, that identifies:

- the risks to the achievement of the Trust's objectives;
- the action plans put in place to address those risks; and
- the independent assurance mechanisms that relate to the effectiveness of the Trust's system of internal control.

It is of note that the Trust has sought extensive external advice to strengthen its performance in respect of infection control during the year. Of particular note is the major visit by the DoH Team in October 2008.

As part of business planning, the Trust undertakes risk scenario modelling, to ensure risk is properly considered when producing long term plans.

The Trust is committed to involving stakeholders as appropriate in all areas of the Trust's activities. This includes informing and consulting on the management of any significant risks. Key stakeholders include West Midlands Strategic Health Authority, Dudley PCT, our PFI partners Summit Healthcare (Dudley) Ltd, voluntary groups, the Shadow Council of Governors, FT Members, patient groups, patients, the local community and the Local Authority Overview and Scrutiny Committee. General public awareness of the strategy is achieved through its presentation to the Shadow Council of Governors, explicit references within the Trust's annual report and by ensuring the general availability of the strategy on the Trust's website.

The Trust is fully compliant with the core standards for better health.

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

Control measures are in place to ensure that all the organisation's obligations under equality, diversity and human rights legislation are complied with.

5. Review of effectiveness

As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review is informed in a number of ways. The Head of Internal Audit provides me with an opinion on the overall arrangements for gaining assurance through the Assurance Framework and on the controls reviewed as part of his internal audit work. Executive managers within the organisation who have responsibility for the development and maintenance of the system of internal control provide me with assurance. The Assurance Framework itself provides me with evidence that the effectiveness of controls that manage the risks to the organisation achieving its principal objectives have been reviewed. My review is also informed by the work of external assessors including:

- Healthcare Commission Healthcare Standards and Annual Health Check
- Health and Safety Executive
- NHS Litigation Authority assessment of Risk Management Standards
- Dr Foster and CHKS clinical benchmarking organisations
- External Audit
- Peer Reviews
- The Head of Internal Audit's Opinion

I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Trust Board, the Audit Committee and the Integrated Governance Committee. A plan to address weaknesses and ensure continuous improvement of the system is in place.

The Trust's Corporate Business Plan (the IBP) represents the principal mechanism which the Board uses to review economy, efficiency and the effective use of resources. This sets an Annual Delivery Plan and Budget, which is aligned to the Trust's strategic objectives. As Accounting Officer, I have overall accountability for delivery of this Plan and am supported by the executive directors who have delegated accountability and responsibility for delivery of specific targets and performance objectives. These are formally reviewed and monitored on a monthly basis by the Trust Board and its committees. Independent assurance on the use of resources is provided through the Trust's internal audit programme, Audit Committee and external agencies such as Monitor, External Audit and the Healthcare Commission (now the Care Quality Commission).

The key processes that are embraced within the Trust in order to ensure that resources are used economically, efficiently and effectively centre around a robust budgetary setting and control system which includes activity related budgets and periodic reviews during the year which are considered by the Executive Management Team and the Trust Board. The budgetary control system is complemented by a clear set of Standing Financial Instructions, Scheme of Delegation and Financial Approval Limits. This process enables regular review of financial performance by highlighting areas of concern via variance analysis.

A component of the Trust's financial planning is the implementation and delivery of a Cost Improvement Programme which is monitored by the Trust Board monthly. The Trust compares its reference costs with national tariffs to highlight the potential areas of inefficiency and compares its use of resources with other acute trusts.

Conclusion

No significant control issues were identified for the Trust during the period of these accounts. I believe that the Statement on Internal Control is a balanced reflection of the actual control position.

Signed  Chief Executive

Date: 28th May 2009

Independent auditors' statement to the Directors of the Board of The Dudley Group of Hospitals NHS Trust

We have examined the summary financial statements for the six month period ended 30th September 2008 which comprises the Income and Expenditure Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Cashflow Statement, the related notes and the Summary Directors' Remuneration Report.

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

Respective responsibilities of directors and auditors

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

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

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

Basis of opinion

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

Opinion

In our opinion, the summary financial statement is consistent with the statutory financial statements and the Directors' Remuneration Report of the Trust for the six month period ended 30th September 2008 and complies with the relevant requirements of the directions issued by the Secretary of State.

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

PricewaterhouseCoopers LLP
Cornwall Court
19 Cornwall Street
Birmingham
B3 2DT

Signed

PricewaterhouseCoopers

Date: 29 May 2009

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This leaflet can be made available in other languages. If required please contact
the Patient Information Co-ordinator on 0800 0730510

ਜੇਕਰ ਇਹ ਲੀਫਲੈੱਟ (ਛੋਟਾ ਇਸ਼ਤਿਹਾਰ) ਤੁਸੀਂ ਆਪਣੀ ਭਾਸ਼ਾ (ਪੰਜਾਬੀ) ਵਿੱਚ ਲੈਣਾ ਚਾਹੁੰਦੇ ਹੋ ਤਾਂ ਕ੍ਰਿਪਾ ਕਰ ਕੇ ਪੇਸ਼ੰਟ ਇੰਫਰਮੇਸ਼ਨ ਕੋ-ਆਰਡੀਨੇਟਰ ਨਾਲ **0800 0730510** ਟੈਲੀਫੋਨ ਨੰਬਰ ਤੇ ਸੰਪਰਕ ਕਰੋ।

यदि आपको यह दस्तावेज़ अपनी भाषा में चाहिये तो पेशन्ट इनफरमेशन को-आरडीनेटर को टैलीਫ਼ोन ਨੰਬਰ **0800 0730510** पर फोन करें।

ਜੇ ਤਮਨੇ ਆ ਪਤ੍ਰਿਕਾ ਤਮਾਰੀ ਪੋਤਾਨੀ ਆਖਾ (ਗੁਜਰਾਤੀ)ਮਾਂ ਜੋਠੀਠੀ ਭੋਯ, ਤੋ ਕ੍ਰਪਾ ਕਰੀਨੇ ਪੇਸ਼ਾਣਟ ਈਨਫਰਮੇਸ਼ਨ ਕੋ-ਆਰਡੀਨੇਟਰਨੋ **0800 0730510** ਪਰ ਸੰਪਰਕ ਕਰੋ.

আপনি যদি এই প্রচারপত্রটি আপনার নিজের ভাষায় পেতে চান, তাহলে দয়া করে পেশেন্ট ইনফরমেশন কো-অর্ডিনেটরের সাথে **0800 0730510** এই নম্বরে যোগাযোগ করুন।

إذا كنت ترغب هذه الوريقة مترجمة بلغتك الاصلية (اللغة العربية) , فرجاء ا اتصل بمنسق المعلومات للمريض

0800 0730510 على التلفون Information Co-ordinator

حسب ضرورت اس ایف ایٹ کو اپنی زبان (اُردو) میں حاصل کرنے کے لئے براہ مہربانی ٹیلیفون نمبر **0800 0730510** پر پیسٹ انٹرفیشن کو۔ اور ڈیٹیلز (مریضوں کے لئے معلومات کی فراہمی کے سلسلے میں انٹر) کے ساتھ رابطہ قائم کریں۔

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