

Annual Report 2006 - 2007

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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Introduction

Welcome to the 2006/07 Annual Report. This report will take you through some of the work of the Trust during the last twelve months, and detail some of developments planned for 2007/08.

With state of the art medical and diagnostic equipment, and some of the lowest waiting times for diagnosis and treatment, the Trust continues to achieve high standards both around performance and clinical quality.

We are totally committed to providing first class health services for our patients, and our ambition to be your Hospital of Choice is one shared across the whole organisation, as our staff continue to demonstrate their enthusiasm and dedication through the care they provide.

The annual accounts for 2006/07 can be found separately at the back of this report.

In order to help us produce an Annual Report that is both informative and interesting, we consulted with our newly formed Foundation Trust Governors to gain their views about what this years' report should contain.

With helpful feedback including a suggestion to summarise the work of the Trust's partners and reinforce the messages around infection control, this years' report includes a summary about who our partners are, and what role they play in helping us to make the Trust successful, as well as an article about the importance of good hand hygiene and the role we all play in helping to reduce the risks of infection for patients in hospital.

If you would like more information about anything detailed in this years' report, or would like this report in another format (audio, large print or another language) please contact the Communications Team on 01384 456111 ext 3404 or email clare.craddock@dgoh.nhs.uk. or go to 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 for 2006/07. The meeting will be held on Monday 24 September 2007 in the Clinical Education Centre, Trust Headquarters, Russells Hall Hospital. For more information about the AGM please contact the Communications Team on 01384 456111 ext 3404.



Message from the Chairman

2006/7 has again been a year of progress on all fronts within the Trust. In a period which has seen reorganisation of the healthcare structure within Dudley, The Dudley Group of Hospitals has also received approval from the Secretary of State to commence its move towards Foundation Trust status.

As part of this process, over 2000 members of the public from across Dudley and surrounding areas, plus over 3000 staff members have chosen to become members of the Trust.

In March 2007, the Electoral Reform Services conducted an election process on our behalf to identify 20 elected members who would constitute the elected membership of our new Council of Governors. These elected members will be joined by 19 appointed members from among our key stakeholders and partners.

The Council of Governors is now in place and ready to begin work in shadow form from April prior to functioning in its full form once the Trust is authorised by Monitor which is anticipated in early 2008. The Council of Governors will then take up its role as part of the constitutional structure of the new Dudley Group of Hospitals NHS Foundation Trust and play its full part in the Trust's future.

The Foundation Trust structure will strengthen our long held commitment to developing engagement with all users and partners in tailoring and developing the services we provide and in meeting our key objective of being your Hospital of Choice.

Our hospital volunteer service continues to develop with members of the local community taking on an increasingly important role in supporting our staff, patients and visitors and we value their contribution greatly.

On behalf of all members of the Trust Board, I would like to say how very proud we are of our achievements over the last year and just how much we value the efforts and dedication of those staff and partners who consistently strive to deliver services to the very highest standards.



A handwritten signature in black ink that reads "Alf Edwards".

Alf Edwards, Chairman





Message from the Chief Executive

Firstly, I'd like to begin by thanking and congratulating all the staff for their significant contribution to another successful year for our Trust.

The last twelve months have proved extremely challenging, as the Trust has worked hard to consolidate previous years successes in what has been, as usual, a fast changing NHS environment, with the public's expectations of us legitimately rising and financial pressures increasing.

In these circumstances and given the difficulties being experienced by many Trusts, it is particularly pleasing to report that whilst we have continued to improve our clinical and service performance; the Trusts financial viability has not been compromised.

Having high quality buildings and state of the art equipment continues to contribute to our success, however, it is the dedication and commitment of our outstanding staff that makes the Trust the success that we are.

This report highlights some of our developments and successes during the year, but cannot possibly do justice to the achievements of our staff occurring everyday and described in words and letters of gratitude by appreciative patients, family members and carers.

The Trust's next big challenge is to achieve Foundation Trust status having been given approval in January 2007, by the Secretary of State to proceed with our application. Becoming a Foundation Trust will give the organisation more freedom to pursue developments, that reflect the particular needs of our local community, and provides the opportunity through our membership and Council of Governors to develop a closer partnership with our community and stakeholders with whom we can work together to ensure our vision of becoming your Hospital of Choice.

During the last twelve months the NHS as a whole has faced the growing challenge of reducing infections in hospitals, whilst more aggressive strains of MRSA and Clostridium difficile become harder to eradicate. We have reported some of the lowest numbers for these infections, however this still remains a significant challenge not only to us as a hospital, but also to our colleagues in primary and social care, and a battle that can only be won if there is a greater level of education and awareness amongst staff and patients in all health and social care settings, of the importance of good hand hygiene and effective clinical practices.

Whilst the quality of care provided in our hospitals is the most important issue for patients, it is important to remember that as patients exercise their right to choose, they are now more aware of other factors surrounding their experience that influence their choice of hospital. We will continue to embrace this challenge and continue to strive to be the Hospital of Choice, as I believe we provide our patients with the highest standards of care, delivered by some of the most dedicated and talented staff in the NHS.

I am very proud of our achievements during the last year, and very proud to be part of an organisation that employs staff who represent the best in the NHS, and I would like to express my sincere gratitude and congratulations to them all.



Paul Farenden, Chief Executive



About The Dudley Group of Hospitals NHS Trust

The Board

Executives



Paul Farenden
Chief Executive



Ann Close
Nursing Director



Paul Harrison
Medical Director



Paul Assinder
Finance Director

Non-Executives



Alf Edwards
Chairman



David Badger



David Ashfield



Kathryn Williets



Hilary Boszko



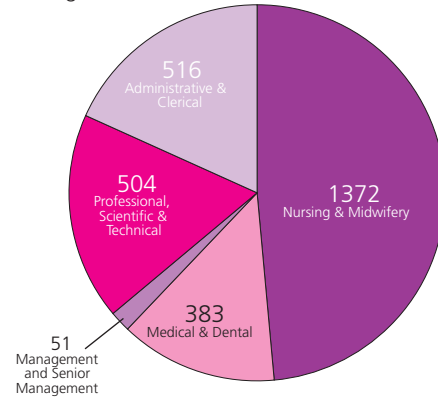
Ann Becke

The Dudley Group of Hospitals NHS Trust is the main provider of acute hospital services to the people of Dudley, which in 2001 had a population of 305,155. The population is fairly evenly split by gender (male 49.1%, female 50.9%). The proportion of people aged 65 or more is now 17%, with 18% aged 0 to 14 years. The Black and Ethnic Minority groups make up 6.3% of the population, just below the national average.

The Trust provides a wide range of services to other local areas, including Sandwell, Wyre Forest and South Staffordshire, with a fifth of our services delivered to people living outside Dudley, making the total population that we serve more than 400,000.

Whilst the Trust provides a wide range of core general hospital services, we also have agreements with Primary Care Trusts (PCTs) in the Midlands and Wales to provide some specialised services, such as Renal Dialysis and Plastic Surgery.

The Trust is the second largest employer in the borough, with the following staff:



There are also 1000 staff employed by the Trust's partner, Summit Health Care and their subcontractors, mainly Interserve FM and Siemens. These staff work in the Trust's hospitals providing portering, cleaning, laundry, transport, medical equipment maintenance, IT and health records, and 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 in providing general hospital services to our local populations. These services include:

Surgery

General Surgery, Vascular Surgery, ENT, Oral Surgery, Plastic Surgery, Ophthalmology, Urology and Trauma and Orthopaedics

Women and Children's Services

Obstetrics, including hospital and Community Midwifery, Gynaecology, and Paediatrics

Medicine

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

We also provide a wide and growing range of specialist services.

Specialist Services

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

All these clinical specialties need support services and we have high quality services in:

Clinical Support Services

Anaesthetics, ITU, Surgical and Medical High Dependency Unit, Pathology, Radiology, Pharmacy, Therapy Services

In recent years, we have provided some services out into the community to provide more specialist support in people's own homes.

Community-based Services

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

We provide some services to our partners in health and social care, including Tissue Viability and Infection Control.

Our Hospitals

Russells Hall Hospital – Boasts some of the most technologically advanced facilities in the country. With 722 beds, Russells Hall Hospital is the centre for all inpatient care and the base for some services, which are provided to everyone in The Black Country, and for other services that reach out into the community.

With one Operations Directorate, 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 arrange of outpatient and day care facilities and services.

The Trust continues to work closely with Dudley PCT colleagues to increase the number of services available to patients in the community, which allow for earlier discharge from hospital and alternatives to being admitted to hospital.

January 2007 saw the launch of a new Smoke Free Policy for the Trust. The policy was introduced to ensure the Trust complied with new Health & Safety legislation, which states that public buildings must be smoke free to ensure a healthy environment. We have worked in close partnership with the Dudley Stop Smoking Service, to help staff and patients understand the new policy, and provide support and advice to staff and patients about how to stop smoking.



The Trust has continued to build on good work already in place regarding equal opportunities with the implementation of 'Diversity in Healthcare' training for managers. The training raises awareness of equality issues to enable managers to identify and remove barriers to equality of opportunity. In addition a diversity impact assessment tool has been rolled out across the Trust that assists managers to review the service/care they provide to ensure that all patients have equal access to services.

In addition the Trust's commitment to equality of opportunity has been recognised by our re-accreditation for the two ticks symbol – a national standard demonstrating that we are "Positive about Disabled People". We have active policies in place to support disabled people seeking employment.





Did you know that.....

A dedicated team of Russells Hall Hospital staff have devised a new tool ('Take the Time') to help patients that may have difficulties such as confusion, dementia, learning difficulties and sensory deficits, to ensure that they receive the best care possible whilst they are in hospital.

The Dudley Group of Hospitals NHS Trust understands that taking care and looking after patients who have communication difficulties is important, and the team consisting of, Clinical Nurse Specialists, Staff Nurses and Occupational Therapists began piloting the tool in March 2007 for 6 months on Ward C3 at Russells Hall Hospital.

The tool is in the form of a questionnaire, and covers all activities of patients' daily living, as well as their hobbies and interests. Patients who may benefit from this tool can be identified by anyone involved in their care. Relatives or carers are asked to complete the questionnaire, and when once completed it is then available at the end of the patients' bed during their stay in hospital, so that anyone involved in their care can refer to it.

The aim of this tool is to provide staff in the Trust with meaningful information about individual patients who have communication difficulties in order for us to provide care that better meets their needs.

The launch of the tool received the full support of the Dudley Alzheimers Society with Kath Kirk-Booton, Branch Manager commenting that the Take the Time initiative is a great step forward in helping to understand the needs of people with dementia in hospital. She also added that there are very few hospitals with initiatives designed to focus on the needs of patients with dementia, and that Russells Hall should be congratulated on this excellent pilot project.

New Eye Screening programme for Dudley children

From November 2006 all reception class children, from 4-5 years of age began to receive an eye test in school.

The screening programme, set up jointly by The Trust and Dudley PCT, forms part of the new Child Health Surveillance programme in Dudley, which was designed specifically to ensure the early identification of eye disease or sight difficulties in very young children.

Early identification of eye disease or sight problems in young children is vital, as a wide range of problems can be detected in very young babies, through to 5 or 6 year olds, that include a lazy eye, squint or turn in the eye, poor eye sight and even more serious problems like cataracts.



From November 2006 the Orthoptic team began visiting all Primary Schools in the Dudley area to screen new children who started reception class in September.

The test takes about 5 minutes, and can in some cases mean the difference between healthy sight or conditions and diseases going undetected until it's too late.

Children are now offered screening as routine, but if you suspect your child has some eye sight difficulties, it's important not to wait until they reach school age to get them screened. Parents should talk to their Health Visitor who can arrange a referral to the screening team.

New Consultant Nurse Appointed

In July the first ever Nurse Consultant post was announced in Trauma and Orthopaedics. Gail Parsons was appointed into post following 27 years of nursing experience at the Trust. The new role has four central elements - expert practice, professional leadership and consultancy, education, training and development and research and service development.





Summit Healthcare

2006/07 was the second year of the partnership between the Trust and Summit Healthcare.

Summit Healthcare is made up of a group of organisations that work within the Trust, including Siemens Medical Solutions who provide IT services, and Interserve Facilities Management who provide a wide range of non-clinical services such as domestic services, catering, portering, security and estates.

The refurbishment of North Block at Russells Hall Hospital has continued during 2006/07, and during the summer of 2007 services currently still running from the old Guest Hospital will begin to relocate into new accommodation, providing patients who access the Genito-Urinary Medicine, Diabetes, Ophthalmology and Orthoptic services with a first class service in new state of the art facilities, to the same standard as the rest of the hospital.

During 2006/07 the Trust and Summit Healthcare have made considerable progress on the development of the partnership and work very closely to ensure patients receive the highest standards possible in all areas of hospital care. Regular meetings allow both partners to discuss strategic and operational issues, and help to facilitate continued service enhancement.

Summit's partner, Interserve, has instigated a number of reviews in order to better align their services to better meet the needs of the Trust over the last twelve months, with clinical staff embracing the process by taking part in workshops focusing on maximising efficiency in theatres. The intention is to broaden the application of this initiative to achieve other benefits for patients.

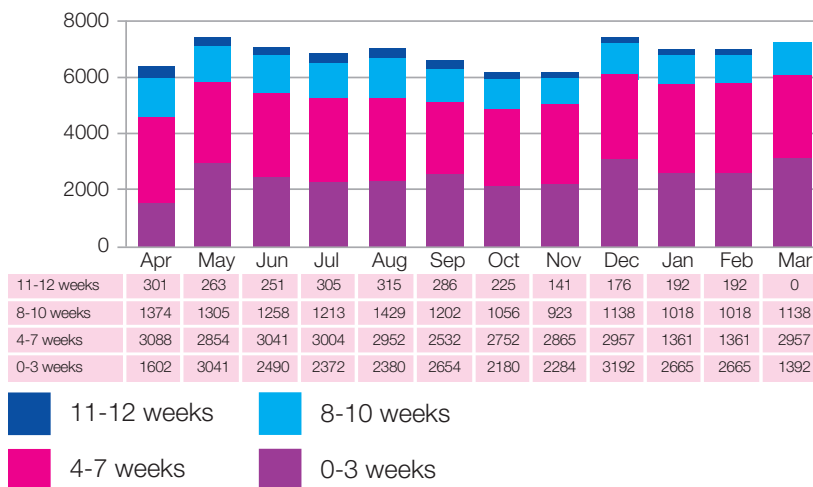
More visible changes have also occurred during 2006/07 including an attractive refurbishment of the restaurant at Russells Hall Hospital and the introduction of Costa Coffee, which is proving very popular. Interserve is promoting healthy eating for patients, staff and visitors and has completed the groundwork for the first hospital based Food for Health Award in the area.

The importance of cleaning cannot be underestimated and Interserve has taken the decision to gain accreditation locally with the British Institute of Cleaning Science (BICSc), and in this context it is important to mark the achievement of Linda Fletcher who has been awarded the BICSc Arthur Ayres Award in Recognition of Endeavour.



2006/07 Performance

GP referred Out Patients Waiting



Outpatient Waiting Times

National Target

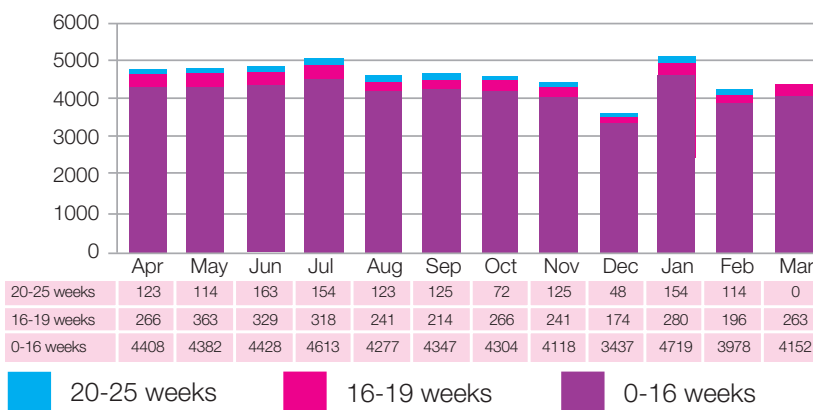
No patients waiting over 13 weeks for a first outpatient appointment.

Trust Performance

No patients waited over 13 weeks during 2006/07.

The Trust is working closely with PCT colleagues to further reduce this down to a maximum wait of 5 weeks by 2008.

Waiting List



Inpatient Waiting Times

National Target

No patients waiting over 26 weeks for admission to hospital.

Trust Performance

No patients waited over 26 weeks during 2006/07 for admission to hospital.

As at the end of March 2007, there were no patients waiting over 20 weeks.

This will be further reduced to 11 weeks by 2008.

Activity Compared to 05/06

	2005/06	2006/07	% Change
A&E	94178	96040	1.9%
Day Case	23305	30739	24.1%
In patient Elective	9025	9252	2.4%
In patient Emergency	41459	43281	4.2%
Out Patients (Including Nurse Led)	312120	342669	-0.6%

Emergency activity has actually risen by 10% over planned levels. There has been a change in recording practice which prevents meaningful comparison over 2005/06 for Day Case activity.

A&E 4 Hour Wait

The national target = 98% of patients seen within 4 hours from April 2006 – March 2007.

The Trust achieved 98.02% for this period despite the number of attendances increasing by 1.95% from the previous year.

Cancer Waiting Times

There are 3 targets for Cancer waiting times

Target	% Target	Trust Performance 2006/07
1 All patients seen within 2 weeks from an urgent GP referral	100%	100% achieved – 5138 patients
2 Patients seen within 31 days from the decision to treat to the first definitive treatment	100%	100% achieved – 1370 patients
3 Patients seen within 62 days from an urgent referral to first definitive treatment	100%	99.7% achieved – 571 patients

MRI Waiting Times

National Target

No patients waiting over 13 weeks for MRI by March 2007.

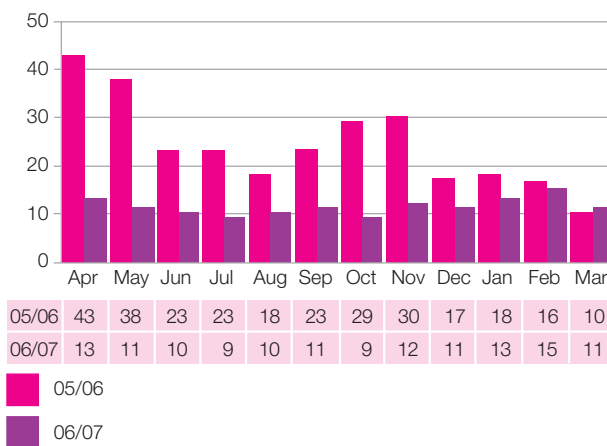
Trust Performance

Longest wait for March 2007 was 11 weeks.

MRI longest waits have reduced significantly since April 2005.

The average waiting time for 2006/07 was less than 3 weeks.

MRI Waiting Time (Longest wait in weeks)



2006/07 Financial Overview

The Trust has maintained its record of achieving financial targets required of it. These are summarised as follows:-

Target	Performance	Met
To break even on Income and Expenditure	Surplus £5 million	✓ Δ
To achieve a Capital Cost Absorption rate of 3.5%	2.8%	✓ ≈
To operate within a Capital Resource Limit (CRL)	Underspend of £17.5 million	✓ ≠
To pay creditors in line with the Better Payment Practice Code	99%	✓
To operate within an External Financing Limit (EFL)	£12,672,000	✓ *

Please note:-

- Δ The Trust achieved an in year surplus of £5 million, and this will form part of the Trust's Income and Expenditure Reserve, and as such, is available to be spent in future years for the provision of health care in Dudley.
- ≈ The variance from 3.5% is principally the result of a delay in disposing of land and buildings, originally scheduled for 2006-07.
- ≠ The Trust is permitted to undershoot its CRL. However, the undershoot shown above is misleading as £17,448,000 arises from a technical accounting issue which directly relates to disposals linked to the Capital Investment Strategy. This results in an increase in deferred assets as can be seen on the Balance Sheet. The balance of £36,000 represents the real undershoot against CRL.

- * The Trust retained a good cash position throughout the year and did not drawdown any loans. At the year end, in line with EFL, the Trust obtained additional Public Dividend Capital to finance settlement of the PFI claim and capital expenditure.

The Trust has prepared the Operating and Financial Review in line with the recommendations outlined in the Accounting Standards Board's Reporting Statement on Operating and Financial Review that provides guidance on best practice.

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 of costs. On this basis, around 95% of our income comes directly from the number of patients we see and the treatment they receive.


Although additional income was received under the PbR system for treating more patients, 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 national initiatives.

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

However, the Trust rose to the challenge and managed to successfully deliver a good financial position whilst continuing to deliver care to an increased number of patients.

Key financial risks in 2006/07 related to the settlement of legal claims from our PFI Partner and the implementation of the new Patient Care Computerised System. Payment by Results and the improved reporting required from the new Patient Care System continues to be a risk going forward, where income depends on the ability to report patient activity timely and accurately. The Trust has worked hard to ensure risks are minimised and monitored. This work continues into the new financial year.

Looking ahead to 2007/08, our prospects depend on seeing and treating the planned number of patients and being the Hospital of Choice, which will include competition from the independent sector. As with all NHS hospitals, this poses uncertainty.



The NHS Plan includes an aim that by 2008 no-one will wait longer than 18 weeks from GP referral to hospital treatment. To achieve this requires a contribution from everyone working in the NHS and represents a particular challenge to the Trust, both in terms of ensuring this target is met and providing the additional capacity to meet it.

The cost base may increase as we are investing in more capacity to deliver planned volumes of treatments and there are also unavoidable cost pressures. Challenging cost improvement programmes have been determined by management, which include, for example, the successful control of payroll costs by reducing the number of temporary staff used, especially from expensive agencies.

The Trust Board has agreed its 2007/08 financial plans, which take account of the Trust's aspiration to become a Foundation Trust in 2007/08. The Trust looks forward to the year ahead, which will include developing its relationships with other health and community organisations and its PFI partners.

Capital

Having taken out the deferred asset related expenditure the Trust actually spent £6.4 million in 2006/07 on capital. Investment was made in the purchase of medical equipment across many specialties and in the refurbishment of the North Wing building. £1.2 million specifically related to residual interests, i.e., the build up over the PFI contract of the property value, where the asset transfers back to the Trust at the end of the contract concession period.

Financial Statements

Financial Statements are in the pocket at the back of this document. To request a full set of financial accounts please write to Heather Taylor, The Finance & Information Department, C Block, Russells Hall Hospital, Dudley, DY1 2HQ or telephone 01384 321040 or email heather.taylor@dgoh.nhs.uk

Provision of Statement on Information to Auditors

So far as the Directors are aware, there is no relevant information of which the Trust's Auditors are aware. 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.

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 would wish to make a donation or would like to see the accounts of the Dudley Group Charity please contact Lynn Hinton on 01384 456111 extension 1215.

Remuneration Report

The Remuneration of individual Directors can be found in the Summary Financial Statements in the pocket at the back of this document.

Did you know that.....

A New Clinical Decision Unit (CDU) opened in December 2006

The 6-bed unit, located in EAU (Emergency Assessment Unit) is staffed 24 hours a day by experienced emergency nurses who are supervised at least eleven hours a day by consultants in emergency medicine and supported by specialist registrars and staff physicians in emergency medicine.

The unit was developed as an observation area for patients who come into the hospital via the Emergency Department (ED). With the very latest in emergency equipment and technology available, the unit not only provides monitoring or treatment from expert emergency staff, in private comfortable cubicles but it also enables some patients to receive treatment without having to be admitted into hospital.

The Trust will be assessing the effectiveness of the new CDU over the coming months.

I.T - helping to improve the patient experience

During the course of 2006/07 the Trust has embraced the opportunities that technology can bring to health care.

- We have implemented Choose and Book – this provides GPs and their patients with a speedier method of booking a hospital appointment online. It also provides information about the Trust, its services, the Consultants and their clinics which helps patients when they come to make their choice of when and where they would like to see the Consultant or receive treatment.
- Electronic ordering for Radiology and Occupational Therapy has been rolled out across the Trust – this speeds up the ordering process for diagnostics and therapies, making it more efficient so that the patient gets treated faster.
- We have also begun to develop the electronic patient record - this is one single record for each patient that is held centrally and electronically. It holds information about the patient, their treatments, therapies, images, tests and results, so that patient information is more secure and easily accessible for clinicians, enabling them to provide an improved quality of care.

All of these developments are key, as they enable the Trust to become more efficient during clinic time which in turn improves the experience of our patients. As we move into 2007/08 the Trust and its partner Siemens Medical Solutions will begin to develop wireless access to all these systems, so that they can be used face to face with the patient delivering information at the point of care.

During 2007/08 the Trust will be piloting access to digital radiological images for GPs in Dudley. The Trust was one of the first to go filmless in 2005, with X-ray films becoming a thing of the past. During the early part of 2007 the Trust began a small pilot with GP surgeries, giving them access via their PC to X-rays and other radiological images taken by the Trust's Radiology department. It is hoped that the pilot will enable the GPs taking part to treat their patients much faster, as having access to these types of diagnostics will enable them to make decisions about treatments and conditions at the click of a mouse.

If the pilot is successful the Trust will hope to roll out access to digital radiological images for all GPs in the Dudley and surroundings areas over the next twelve months.

The Trust also developed and launched a new website in 2006/07 – www.dgoh.nhs.uk. Designed to provide up to date information about the Trust, its clinical and non clinical services and the latest news about developments and achievements within the Trust, the site also hosts individual websites for each clinical service. Over the coming twelve months work will continue to develop websites for a range of clinical and non clinical services. Websites already live are the Emergency Centre, Radiology, Maternity, Rheumatology, Paediatrics and Neonatal and Respiratory services. With a video gallery, podcast section and patient information on each website patients can be more informed about how to access our hospitals, the treatments available and follow up care.

As the website continues to develop, it would be helpful to receive suggestions for content from members of the public so that we can ensure the site is informative and helpful. If you have a suggestion or comment about our website please use the contact form in the Contacts section or email communications@dgoh.nhs.uk.



Siemens Medical Solutions – delivering IT during 2006/07

Siemens Medical Solutions are one of the Trust's partners providing IT and medical and diagnostic equipment across all three hospital sites.

During 2006 and early 2007, Siemens Medical Solutions has continued to work with Summit Healthcare to deliver a range of IT services including:



Implementing the replacement of the Patient Administration System (PAS) to allow the Trust to move to the electronic booking of patient appointments to meet its national Choose and Book targets.

Continued to develop the Electronic Patient Record (EPR) which has resulted in a number of changes for staff and patients including:

- All inpatient Radiology (X-Ray, CT, MRI and Ultrasound) services now being ordered electronically. This allows the Radiology department to immediately access the request for a patient scan, and allows more effective management of resources. It has also reduced delays and examinations can be dealt with more promptly.
- All requests for Occupational Therapy assessments are now made electronically. The assessments are also recorded electronically within the EPR, which has improved communication, allowing Discharge Co-ordinators to better plan the discharge of patients and the information is available for all clinic staff within the patient's record.
- Computerisation of nursing documentation. A pilot project has shown the value of using an electronic system in place of the traditional paper method. The EPR can also generate reminders to staff to ensure essential information is collected and alerts can be sent to staff to remind them to complete tasks.

The IT infrastructure at Dudley allows clinical staff to access the EPR as they move around the wards using handheld devices and wireless technology.

The increasing use of the EPR is improving communication between clinical staff, with key patient information more easily accessible.





Becoming an NHS Foundation Trust

The future development of The Dudley Group of Hospitals now lies in the hands of the staff, patients and the general public.

In the autumn of 2005 we began our application to become an NHS Foundation Trust, and in March 2006 began recruiting Members to the new Trust. With over 2,000 public members and over 3,000 staff members registered by the end of the 2006/07 financial year, the recruitment campaign has been gathering steady pace and is now targeting recruiting 5,000 more public members by the time Monitor authorises us as an NHS Foundation Trust.

Key Milestones

As our application has progressed, the Electoral Reform Services ran elections for us in March 2007 in order to elect 20 Governors to represent the public FT Members in the constituencies of Dudley Central, Dudley North, Brierley Hill, Stourbridge and Halesowen, as well constituencies in Tipton, Rowley Regis, Wyre Forest, South Staffordshire and the rest of the West Midlands. For Trust staff, 6 governors were elected to represent medical staff, nursing and midwifery staff, non clinical staff, allied health professionals and health care scientists, and partner organisations.

As well as elected Governors, the Trust also appointed 13 Governors from a wide range of stakeholders, including the Dudley PCT and local council, the Dudley Community Partnership, Dudley Council for Voluntary Services and Summit Healthcare.

Following the successful election process and the appointment of new Governors the Trust then established its Council of Governors in shadow form.

More information about NHS Foundation Trusts, and our Council of Governors can be found on our website at www.dgoh.nhs.uk

Being a Member

- Anyone can become a Member if they live in the West Midlands area
- Members must be 14 years of age or over

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

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

We are very 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.

The next stage

As the application process begins to reach the final stages, the Trust continues to work towards achieving authorisation as a new NHS Foundation Trust at the earliest possible date.

This is an important time in the Trust's history. If you are interested in becoming a Member or a future Governor, please contact the Foundation Trust Office on 01384 456111 extension 1419 or email us at foundationmembers@dgoh.nhs.uk.





Clinical Governance

- ensuring your hospital is safe

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 to 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 July 2006 the Trust was subject to a visit by the Healthcare Commission, which scrutinised the Trust's approach and practice on such issues such as patient dignity, involving patients in decision making (informed consent), handling of complaints and partnership working and the Trust met all the required standards.

In December 2006, after a monitoring visit by the National Health Service Litigation Authority, the Trust was awarded level 2 of its new safety standards. Only one Trust in the country achieved the higher level 3 and of the nine Trusts reaching level 2, Dudley had the highest score of attaining 47 of the 50 standards.

All hospitals are assessed three yearly by this independent body on a number of clinical standards set to ensure patients receive the most appropriate care. The standards include such issues as the training and competence of staff, organisation of care and information provision to patients.

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.

Specific developments this year include:

- Introduction of a systemic screening of both inpatients' and outpatients' nutritional status with associated initiatives of protected mealtimes and 'red trays' to ensure patients, especially those at risk, receive appropriate nutrition.
- Improvements in information given to patients with written information having a new format and being available in other languages with specialised initiatives such as the production of a DVD for expectant mothers.
- To ensure that Older People receive the specialist help they need in hospital and that they receive the maximum benefit from being in hospital, Older People's Champions have been introduced to all areas, who have gained specialist knowledge in such issues as privacy and dignity, safety and elimination needs.
- To prevent misidentification errors, a new pre-surgery checking process and associated documentation was introduced.
- A variety of initiatives were introduced to improve infection control techniques including handwashing campaigns for staff and visitors, improved cleaning techniques, updated guidelines when introducing catheters into veins and the proper use of antibiotics.

A more detailed description of these and other developments, including specific improvements made in practice due to patient comments, complaints and adverse incidents can be found in the Trust's Annual Clinical Governance Report which can be obtained by contacting Derek Eaves on 01384 244417/8 or by emailing derek.eaves@dgoh.nhs.uk.

Health and Safety update

Throughout 2006/07 the Trust has put in place a number of initiatives to further improve the health, safety and welfare of our staff and service users. These activities have led to recognition from the Chartered Institute of Environmental Health, whose Chief Executive highlighted our Health & Safety awareness week as an exemplar of good practice. In addition we have won the prestigious RoSPA Occupational Health & Safety President's Award for the second consecutive year. This award recognises continuous improvement in Health & Safety.

Interserve staff and managers working with The Dudley Group of Hospitals are also proud to have again received the coveted RoSPA Health and Safety Gold Award and for the second year running the Trust has been awarded to prestigious RoSPA Presidents' Award.

Did you know that.....

In 2006 the Trust began providing a specialised Haematology Level 3 service for Black Country patients requiring Blood and Bone Marrow Transplantation.

Russells Hall Hospital is the only hospital in the Black Country to provide this specialised service. With between 15 and 20 patients per year accessing this service it means that these patients no longer have to travel significant distances for their treatment making life easier for patients.

Patients who benefit from this new technology are those with myeloma as part of first line treatment, those with relapsed lymphoma, which is sensitive to chemotherapy and a small number of patients with leukaemias.

Complaints

- We received 392 complaints in 2006/07.
- 380 of those were resolved locally without the need to use the formal complaints process.
- 85.4% of complaints were responded to within 25 working days. (During the course of the year the Trust experienced low staffing levels which in turn delayed responses. The department is now fully staffed)
- No complaints received in the 2006/07 financial year have been referred to the Ombudsman.
- The Trust saw over 600,000 patients during 2006/07, therefore the percentage of complaints against activity equates to 0.065%.





Patient Advice Liaison Service (PALS) Update

The role of PALS

The PALS service is designed to provide support to patients, carers and relatives when they have concerns or queries about their healthcare.

PALS offers this support in a variety of ways:

- Providing information about the Trust, the NHS or other related organisations such as Social Services, Housing and Voluntary Organisations etc.
- Helping to resolve concerns quickly and efficiently and so improve the outcome of care in the process
- Helping the Trust to learn from patients' experiences and so improve services
- Acting as the visible contact point to enable patients and the public to access easily the new system of patient and public involvement enabling the NHS to learn from patients

2006/07 Activity

The number of patient contacts in 2006/07 increased as the profile of the service improved even further.

The total number of contacts with patients, or their relatives, who required support from PALS was 775, a rise of 48% on the 2005-2006 figure of 524.

Patient Feedback

The Trust is keen to ensure that it learns from the experiences of our patients, and measures their level of satisfaction about our services. The PALS service analyses the comment cards - 'Your Views on Our Service'. The total number of comment cards received during 2006/07 was 466, with 57% patients rating Trust services as 'Good' or 'Very Good'.

Hospital Volunteer Service

The Volunteer Co-ordinator is part of the PALS team. The service is now 3 years old and continues to be highly successful in recruiting people from the local community who are willing to offer their time and expertise to support the Trust, patients and visitors. At the end of March 2007, there were approximately 330 volunteers supporting patients in a wide variety of roles.

Some of the tasks volunteers undertake include:

Wayfinding	Activity group helpers	X-Ray Department
Clinic hosts	Reception volunteers	Advice/support groups
Ward volunteers	Dudley Hospital Radio	Chaplaincy
Administration	Art Projects	Corbett League of Friends
Emergency Department	Patient visitors	Complementary therapies
Audits/surveys	Meal/refreshment helpers	Fundraising

Lenny Henry – Midwife for the day



The Maternity Unit was once again the spotlight in October when comedian Lenny Henry joined the Midwifery Team and became a Midwife for the day as part of filming for a new BBC1 documentary called Lenny's Britain screened in 2007.

Lenny took on the part of a midwife and helped deliver a baby in the birthing pool and assisted in a Caesarean Section. The documentary was looking at British humour and how in everyday situations humour from the happiest to the saddest situations plays a big part in our lives.



Ron Grimley Awards

During June the first of the Ron Grimley Awards took place. The awards dedicated to the former Sub Dean and Vascular Surgeon at the Trust, were set up to celebrate best practice and individual achievements within the Trust following Ron's sad and sudden passing away in September 2005.

The first of the awards ceremonies took place in the Clinical Education Centre and saw prizes amounting to £1,600 being presented to the winners of three categories - Best Medical Student Presentations, Best Audit Presentation and Best Paper Presentation.



New Echo machines for Cardiology

The Trust first established an echocardiography service for patients in 1978, helping to diagnose a range of diseases and conditions. With incidences of heart disease on the increase, a growing obesity problem and an ageing population, the need for improved technology to help diagnose and treat these conditions is becoming more and more important.

In 2006 the Trust invested £230,000 to buy two new echocardiography machines for the Cardiology department at Russells Hall Hospital.

Echocardiographs capture ultrasound images of the structures of the heart, and with over 6,000 patients a year accessing the department, these new machines will enable the team of specialists to get clearer images of the heart, which will help to give a more precise diagnosis for patients.



Official opening of the Prayer Centre



October brought celebrations of a different kind when the official opening of the Prayer Centre took place. Opened on St Luke's Day, the patron saint of Doctors and Surgeons, the centre played host to a special service given by the Bishop of Worcester.

Members of the hospital chaplain team were joined by a number of guests who had helped in the development of, or used the centre including patients, staff, visitors, architects, artists and members of the interfaith network and churches forum.





Fighting the bugs

The Trust's Prevention and Control of Infection Strategy is designed to help us reduce the number of cases of MRSA and Clostridium difficile acquired in our hospitals, and educate staff, patients and visitors about the risks of infection and what they should do to help us fight the bugs.

Clean your Hands campaign

The campaign became Trust wide in 2005 following the completion of our new hospital programme. During this year bright yellow floor posters have been placed at the entrance to wards as an additional reminder to staff and visitors to use the alcohol gel on entrance and exit of each ward area. This has helped to raise awareness of how important it is to practice good hand hygiene in our hospitals.

Engaging with all staff groups

As part of the ongoing fight with infection, nominated staff from all backgrounds, nurses, allied health professionals such as physiotherapists and radiographers as well as Consultant surgeons and physicians have been identified in each clinical area to act as Infection Control Champions. Their role is to set a good example to their peer group, encourage good practice, challenge poor practice and be very involved with all the Trust's Infection Prevention projects to further emphasise the importance the Trust places on Infection Prevention and Control.

Engaging with the community

A volunteer has joined the Infection Control team on a weekly basis, and performs an invaluable role in visiting each ward area to check that supplies of alcohol gel are in place and that the gel holders are in good condition. He also challenges staff when he observes hand decontamination practice and has become an enormous asset to the department.

New policies

During 2006/07 the Infection Control team in the Trust has worked together with the community Infection Control team and local Health Protection Agency to produce detailed advice on the identification and care of patients with MRSA. This 'care pathway' extends from admission to hospital back out into the community. It is hoped that this will ensure a high

standard of care for all patients whether carrying MRSA harmlessly in their nose or when they have an infection with MRSA such as in a wound.

The teams are now working together to produce similar advice for the care of patients with Clostridium difficile, and the Trust's Infection Control team has developed a policy on the environmental, isolation and infection control precautions required to manage these patients. In March 2007 an isolation facility was opened at Russells Hall Hospital in order to optimize the nursing and medical care of patients with this infection, and over the coming months the Infection Control team will share the learning and evidence from the isolation unit with other health care community colleagues so that work can begin on the development of a pan borough 'care pathway' as described above for MRSA.

Information

The Infection Control team has also been working with the community team to develop patient information leaflets on healthcare associated infection issues. These are readily available to patients and visitors in the Trust and in GP surgeries. With the ongoing development of the Trust's website members of the public will be able to download these leaflets.

Training

Training is a fundamental element of supporting staff in being able to offer the best care possible for patients with healthcare associated infection, but more particularly their role in prevention. The Trust is active in delivering infection control training, but to reach as many staff as possible a new policy has been developed to ensure that the most appropriate training is given to all groups of staff, and includes specific training for prescribers on the use of antibiotics. All staff groups are targeted and the Infection Control team has also developed an e-learning package of training for use by the Trust's private partner Interserve, specifically designed for use by domestic staff to ensure that they are aware of the importance of a clean and safe environment.





New services for the future

In 2007/08 a range of new developments will come on stream, as we continue to develop our portfolio of clinical services. Some developments planned for next year are detailed below.

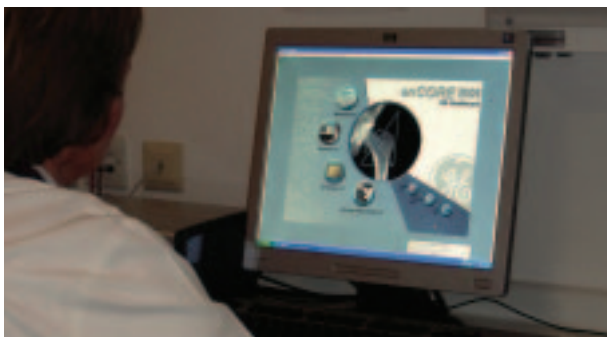
New DEXA Screening and Osteoporosis Clinic

In June 2007 the Trust will launch a new Osteoporosis clinic at the Corbett Hospital Outpatient Centre.

The new service has been developed with the support of the National Osteoporosis Society and will provide GPs with a direct route to a local DEXA screening facility, as well as a specialist clinic to help them manage the treatment for patients with complex osteoporosis problems. In the past Dudley patients have travelled to other hospitals for screening, but it is hoped that this new local service will provide a much more accessible service for local patients.

The DEXA (Dual-Energy X-ray Absorptometry) scanner assesses the density of the skeleton by using very low doses of radiation. The scan is then interpreted by a Consultant and patients receive appropriate treatments under the care of their GP. There are a range of treatments available such as specialist drugs, vitamins, hydrotherapy and physiotherapy, but some patients who have complex problems will be able to receive treatment and support from a local specialist consultant from June 2007.

Osteoporosis is a condition that means porous bones. When the struts that make up the bones become thin or break, the bones become more fragile and prone to fracture (break).



Osteoporosis is most common in the wrist, hips and spinal bones, and can affect both men and women over the age of 50.

Dudley has a population of almost 44,000 over the age of 50. Of these, one in two women and one in five men will break a bone in their lifetime, mainly as a result of osteoporosis. The new local service will not only offer screening but also a specialist osteoporosis clinic that will run every Wednesday from the Corbett Hospital Outpatient Centre in Stourbridge.

We anticipate approximately 4,000 patients a year will access the new service, and hope that local patients as well as patients living on the borders of Wyre Forest, Tipton, Rowley Regis and South Staffordshire will access the service.

Did you know that.....

Approximately 1200 patients have successfully been discharged to the Dudley Orthopaedic Community Scheme (DOCS) since it began in 2004.

The Trust based scheme enables adult Trauma and Orthopaedic patients who have received a full knee or hip replacement or who have suffered a hip fracture, to receive a 'Hospital at Home' service, speeding up their discharge from hospital.

With a specialist team of Nursing staff, Physiotherapists and Orthopaedic Support Workers patients are supported right through their care pathway from admission to discharge.

Before a patients' operation an assessment of their individual living arrangements is carried out to ensure that once they are discharged they are equipped with the right resources to help them get back on the road to recovery.

The DOCS Team works very closely with the Trauma and Orthopaedic Inpatient wards, Physiotherapists and Occupational Therapist at Russells Hall Hospital, as well as with GPs and district nurses to ensure patients receive the best possible care.

Patients who have been referred to the DOCS service have seen their stay in hospital reduced from 7-10 days post operative to just approximately 3 days, before they are transferred back to the comfort of their own home, where the DOCS team then continues to provide specialist care.





Clinical Developments for 2007/08

Expanding Specialist Services

With the number of patients with an Aortic Aneurysm on the increase nationally, the Trust will be expanding its service to treat Aortic Aneurysms during 2007/08.

An Aortic Aneurysm is a weakness of the main artery within the human body, and is generally something that affects the elderly. If the Aneurysm ruptures it can be fatal, so treatments to prevent rupturing are vital.

The procedure, an Endovascular Aortic Aneurysm is designed to be a minimally invasive procedure that requires a graft being placed around the artery – an Endograft.

On average the Trust performs approximately 50 open procedures a year (where a large incision is made in the abdomen and patients require up to 48 hours in Critical Care to recover). Around 50% of those patients are treated as an emergency due to their aneurysm being ruptured.

With the expansion of the service the Trust will be offering a much less invasive procedure which involves making two small incisions in the groin area under local anaesthetic or a spinal block to numb the lower body, so that the Endograft can be put in place to prevent rupturing, this means that the patient can recover a lot quicker and be home within 48 hours.

New Laser Treatment for Varicose Veins

During 2007/08 the Trust will launch a new laser treatment for varicose veins.

Advances in technology mean that the Trust will be able to offer patients a solution that is less painful and can be done within an hour.

Those most at risk of developing varicose veins are women who have been pregnant, but 50% of the population suffer from varicose veins and the traditional surgical method of stripping the vein out under general anaesthetic can be painful and leave the patient with a lot of bruising.

Using Endo-Venous Laser Treatment (EVLT) patients can be anaesthetised using a local anaesthetic and a small laser wire and probe can be inserted into the leg via the groin, which will destroy the vein.

It is anticipated that approximately 300 patients a year will benefit from this new procedure.

Did you know that.....

The Trust received commendation for its Foundation Doctors' Trainee Programme from the West Midlands Deanery Quality Assurance visiting team.

The Deanery who visited Russells Hall Hospital in July 2006, reported that it was very impressed by the high standards that have been achieved by the Trust in its support for the education programme and the good work of the clinical tutors.

During the visit the team carried out structured interviews with the Trust's Foundation Year 1 and 2 doctors on a number of key elements including; Trust Induction, Protected Teaching programmes, Service based teaching (e.g. two consultant ward rounds per week), Senior Doctor cover (e.g. a senior doctor is also available to help), Clinical Workload, Consultant Trainer Feedback, Accommodation and Catering and many more.

The results showed that the Trust's training programme received an 'Excellent' rating in a number of categories particularly for support from consultant colleagues and the key role of the educators and Trust support for education.

This glowing Deanery report is a reflection of the effort many members of staff have put in to make our new Foundation Programme a success. Our enthusiasm and commitment to clinical training has further boosted our growing reputation as a major Teaching Hospital in the West Midlands.

Did you know that.....

There is a specialist team who provide acute pain management for our patients whilst they are in hospital.

The Trust's Acute Pain team works with staff and patients to ensure that patients with pain management issues get the best service possible and become more involved in their care.

Following the introduction of the team in April 2005, a number of new initiatives have been implemented to continue to improve patient's pain management.

The team offers a Monday to Friday service, carrying out daily ward rounds within the surgical and orthopaedic areas and routinely see every patient with an analgesic (pain reliever) device.

Ward visits provide the team with the opportunity to offer advice and education to both staff and patients on the wards, including the importance of regular pain assessment and ensuring the patients receive an optimal, balanced approach to their analgesia.

If pain is effectively managed this leads to a more effective rehabilitation, a decrease in possible complications, increased patient satisfaction and earlier discharge from hospital. Patient education is vital, and with the introduction of pain management patient information leaflets in 2006, patients are now more aware of their pain management options in hospital and feel more involved in their care.

Capsule Endoscopy

In January 2007 the Trust's Gastroenterology service began using a new technique to help diagnose conditions for patients.

The capsule endoscopy is a new procedure designed to be painless and less invasive for patients who require investigations for the diagnosis of anaemia, inflammatory bowel disease, tumours, bleeding in the bowel, ulcers and coeliac disease.

The capsule is the size of a large vitamin pill and is easily swallowed by the patient. Using the chip inside the capsule and the small flashing light on the end, the capsule can capture up to 55,000 images within the small bowel, for up to 8 hours. Using electrodes placed on the patients abdomen and a receiver, images can be transmitted to a screen enabling the Consultant to diagnose conditions that other diagnostic techniques previously haven't been able to identify for that individual patient.

This new technology reduces the need for procedures such as endoscopies and angiographies, and can be offered to both children and adults.

Previously patients in the Dudley area who were suitable for this type of procedure had to travel to hospitals outside Dudley, but the introduction of a new local service at Russells Hall Hospital, will mean up to 25 gastroenterology patients during 2007/08 will be able to use the capsule to help diagnose their conditions.

The Trust has prepared the Annual Report in line with Reporting Standard 1

Your Hospital of Choice

The Dudley Group of Hospitals NHS Trust
Russells Hall Hospital
Pensnett Road
Dudley DY1 2HQ

Summary Financial Statements and Remuneration Report



Summary Financial Statements and Remuneration Report

This summary financial statement does not contain sufficient information to allow as full an understanding of the results and state of affairs of the Trust and of its policies and arrangements concerning directors' remuneration as provided by the full annual accounts.

The information set out on these pages is a summary of the information in the full accounts. A full set of the accounts, which includes the Statement of Internal Control, are available from the Trust's Finance and Information Department by writing to: Heather Taylor at Finance and Information Dept, Trust Headquarters, Russells Hall Hospital, Dudley, DY1 2HQ or email heather.taylor@dgoh.nhs.uk or telephoning 01384 321041.

Income and Expenditure Account for the year ended 31 March 2007

	2006/07 £000	2005/06 £000
Income from activities	190,407	174,676
Other operating income	9,138	10,281
Operating expenses	(192,854)	(183,048)
OPERATING SURPLUS (DEFICIT)	6,691	1,909
Cost of fundamental reorganisation/restructuring	0	0
Profit (loss) on disposal of fixed assets	0	2,250
SURPLUS (DEFICIT) BEFORE INTEREST	6,691	4,159
Interest receivable	989	680
Interest payable	0	0
Other finance costs - unwinding of discount	(8)	(9)
Other finance costs - change in discount rate on provisions	0	(46)
SURPLUS (DEFICIT) FOR THE FINANCIAL YEAR	7,672	4,784
Public Dividend Capital dividends payable	(2,663)	(3,031)
RETAINED SURPLUS (DEFICIT) FOR THE YEAR	5,009	1,753

All income and expenditure is derived from continuing operations.

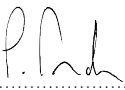
It has been agreed that the 2006/07 surplus will be carried forward to use for the provision of health care in 2007/08.

Expenditure includes £169,000 in relation to external audit work undertaken by PriceWaterhouseCoopers LLP, as appointed external auditors to the Trust. During the year, the Trust's external auditors, as part of their Code of Practice work undertook reviews of Data Quality and the Acute Hospitals Portfolio, in addition to the audit of the Trust's financial statements.

Balance Sheet as at 31 March 2006

	31 March 2007 £000	31 March 2006 £000
FIXED ASSETS		
Intangible assets	258	68
Tangible assets	78,300	70,321
Investments	0	0
	<u>78,558</u>	<u>70,389</u>
CURRENT ASSETS		
Stocks and work in progress	1,797	1,616
Debtors		
Amounts falling due within one year	7,792	18,561
Amounts falling due after more than one year	26,210	11,700
Investments	0	0
Cash at bank and in hand	540	537
	<u>36,339</u>	<u>32,414</u>
CREDITORS: Amounts falling due within one year	<u>(5,106)</u>	<u>(10,661)</u>
NET CURRENT ASSETS (LIABILITIES)	<u>31,233</u>	<u>21,753</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	109,791	92,142
CREDITORS: Amounts falling due after more than one year	0	0
PROVISIONS FOR LIABILITIES AND CHARGES	<u>(2,692)</u>	<u>(8,904)</u>
TOTAL ASSETS EMPLOYED	<u><u>107,099</u></u>	<u><u>83,238</u></u>
FINANCED BY:		
TAXPAYERS' EQUITY		
Public dividend capital	17,175	2,160
Revaluation reserve	52,977	49,242
Donated asset reserve	992	1,122
Government grant reserve	0	0
Other reserves	0	0
Income and expenditure reserve	35,955	30,714
TOTAL TAXPAYERS EQUITY	<u><u>107,099</u></u>	<u><u>83,238</u></u>

The financial statements on pages 1 to 36 were approved by the Board on 14th June 2007 and signed on its behalf by:-

Signed  (Chief Executive)

Date: 14th June 2007

Statement of total recognised Gains and Losses for the year ended 31 March 2007

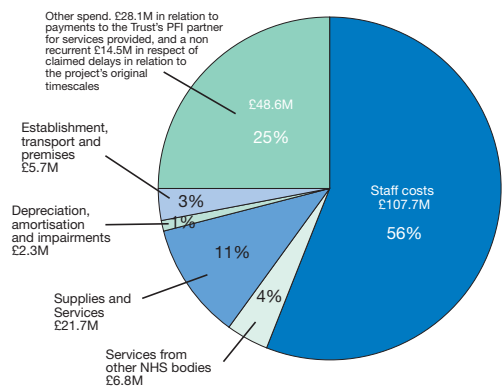
	2006/07 £000	2005/06 £000
Surplus (deficit) for the financial year before dividend payments	7,672	4,784
Fixed asset impairment losses	0	(12,312)
Unrealised surplus/(deficit) on fixed asset revaluations/indexation	3,994	1,908
Increases in the donated asset and government grant reserve due to receipt of donated and government grant financed assets	30	167
Defined benefit scheme actuarial gains/(losses)	0	0
Additions/(reductions) in "other reserves"	0	0
Total recognised gains and losses for the financial year	11,696	(5,453)
Prior period adjustment	0	0
Total gains and losses recognised in the financial year	<u><u>11,696</u></u>	<u><u>(5,453)</u></u>

Cash Flow Statement for the year ended 31 March 2007

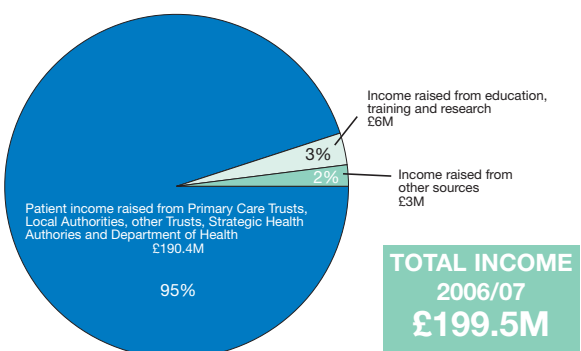
	2006/07 £000	2005/06 £000
OPERATING ACTIVITIES		
Net cash inflow/(outflow) from operating activities	7,441	5,927
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE:		
Interest received	989	680
Interest paid	0	0
Interest element of finance leases	0	0
Net cash inflow/(outflow) from returns on investments and servicing of finance	989	680
CAPITAL EXPENDITURE		
(Payments) to acquire tangible fixed assets	(18,387)	(5,364)
Receipts from sale of tangible fixed assets	136	16,350
(Payments) to acquire intangible assets	(218)	(47)
Receipts from sale of intangible assets	0	0
(Payments to acquire)/receipts from sale of fixed asset investments	0	0
Net cash inflow/(outflow) from capital expenditure	(18,469)	10,939
DIVIDENDS PAID	(2,663)	(3,031)
Net cash inflow/(outflow) before management of liquid resources and financing	(12,702)	14,515
MANAGEMENT OF LIQUID RESOURCES		
(Purchase) of investments with DH	0	0
(Purchase) of other current asset investments	0	0
Sale of investments with DH	0	0
Sale of current asset investments	0	0
Net cash inflow/(outflow) from management of liquid resources	0	0
Net cash inflow/(outflow) before financing	(12,702)	14,515
FINANCING		
Public dividend capital received	15,015	0
Public dividend capital repaid (not previously accrued)	0	(14,649)
Public dividend capital repaid (accrued in prior period)	(2,340)	0
Loans received from DH	0	0
Other loans received	0	0
Loans repaid to DH	0	0
Other loans repaid	0	0
Other capital receipts	30	167
Capital element of finance lease rental payments	0	0
Cash transferred (to)/from other NHS bodies	0	0
Net cash inflow/(outflow) from financing	12,705	(14,482)
Increase/(decrease) in cash	3	33

Operating Expenses for 2006/07

TOTAL SPEND
2006/07
£192.8M



Income from activities for 2006/07



TOTAL INCOME
2006/07
£199.5M

Management costs

	2006/07 £000	2005/06 £000
Management costs	7,508	7,104
Income	193,227	178,521
Management costs as a percentage of Income	3.89%	3.98%

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

	2006/07		2005/06	
	Number	£000	Number	£000
Total Non-NHS trade invoices paid in the year	34,552	132,509	35,110	104,006
Total Non NHS trade invoices paid within target	32,848	131,443	34,695	103,621
Percentage of Non-NHS trade invoices paid within target	95%	99%	99%	100%
Total NHS trade invoices paid in the year	1,820	26,312	1,657	40,176
Total NHS trade invoices paid within target	1,774	26,056	1,605	39,838
Percentage of NHS trade invoices paid within target	97%	99%	97%	99%

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.

External financing

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

	2006/07 £000	2005/06 £000
External financing limit	12,675	(14,678)
Cash flow financing	12,702	(14,515)
Finance leases taken out in the year	0	0
Other capital receipts	(30)	(167)
External financing requirement	12,672	(14,682)
Undershoot (overshoot)	3	4

Capital Resource Limit

The Trust is given a Capital Resource Limit which it is not permitted to overspend

	2006/07 £000	2005/06 £000
Gross capital expenditure	18,655	4,777
Less: book value of assets disposed of	(12,223)	(21,596)
Plus: loss on disposal of donated assets	0	125
Less: capital grants	0	0
Less: donations towards the acquisition of fixed assets	(30)	(167)
Charge against the capital resource limit	6,402	(16,861)
Capital resource limit	23,886	(7,637)
Underspend against the capital resource limit	17,484	9,224

The Trust is permitted to undershoot its CRL. However, the undershoot shown above is misleading as £17,448,000 (2005/06 £7,201,000) arises from a technical accounting issue directly related to disposals linked to the Capital Investment Strategy and results in an increase in deferred assets, as can be seen in Note 13. £36,000 represents the real undershoot against CRL.

Breakeven Performance

The Trust's breakeven performance for the last six years is as follows:

	2001/02 £000	2002/03 £000	2003/04 £000	2004/05 £000	2005/06 £000	2006/07 £000
Turnover	180,516	148,007	146,352	165,053	184,957	199,545
Retained surplus/(deficit) for the year	3	4	848	1,741	1,753	5,009
Break-even cumulative position	49	53	901	2,642	4,395	9,404

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 David Ashfield, David Badger and Kathryn Williets. The Trust's Finance Director, Paul Assinder, and the Trust's auditors also attend.

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 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	2006-07			2005-06		
	Salary (bands of £5000)	Other Remuneration (bands of £5000)	*Benefits in Kind (Rounded to the nearest £100)	Salary (bands of £5000)	Other Remuneration (bands of £5000)	*Benefits in Kind (Rounded to the nearest £100)
	£000	£000	£	£000	£000	£
Paul Farenden, Chief Executive	155-160	0-5	1,400	145-150	0-5	8,700
Paul Assinder, Finance Director	115-120	0-5	0	70-75	0-5	0
Richard Blunt, Medical Director ++	0-5	20-25	0	25-30	135-140	800
Paul Harrison, Medical Director \$\$	25-30	100-105	0	0	0-5	0
Paul Brennan, Director of Plan & Dev	110-115	0-5	8,300	110-115	0-5	6,300
Janine Clarke, Director of Human Res	80-85	0-5	4,600	80-85	0-5	4,600
John Delamere, Ass Med Dir Medicine	30-35	145-150	0	25-30	140-145	0
Les Williams, Director of Perf Review	80-85	0-5	4,000	80-85	0-5	4,000
Ann Close, Nursing Director	85-90	0-5	0	85-90	0-5	0
Roger Callender, Ass Med Dir Surgery	30-35	110-115	0	25-30	105-110	0
Alfred Edwards, Chairman	20-25	0-5	100	20-25	0-5	400
David Ashfield, Non-exec	5-10	0-5	0	5-10	0-5	400
David Badger, Non-exec	5-10	0-5	100	5-10	0-5	100
Kathryn Williets, Non-exec	5-10	0-5	0	5-10	0-5	200
Hilary Boszko, Non-exec	5-10	0-5	100	0-5	0-5	0
Ann Becke, Non-exec	5-10	0-5	100	0-5	0-5	0

Note:-

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

++ Richard Blunt ceased duties on 9th June 2006.

\$\$ Paul Harrison commenced on 1st June 2006.

B) Pension Benefits

Name and Title	Real increase in pension at age 60	Real increase in lump sum at age 60	Total accrued pension at age 60 at 31 March 2007	Lump sum at age 60 related to accrued pension at 31 March 2007	Cash Equivalent Transfer Value at 31 March 2007	Cash Equivalent Transfer Value at 31 March 2006	Real increase in Cash Equivalent Transfer Value	Employers Contribution to Stakeholder Pension
	(bands of £2500)	(bands of £2500)	(bands of £5000)	(bands of £5000)	£000	£000	£000	To nearest £100
	£000	£000	£000	£000	£000	£000	£000	£
Paul Farenden, Chief Executive	2.5-5.0	12.5-15.0	70-75	220-225	1,348	1,207	77	0
Paul Assinder, Finance Director	0.0-2.5	0.0-2.5	30-35	100-105	502	472	13	0
Richard Blunt**, Medical Director \$\$	-2.5-0	-2.5-0	65-70	190-195	N/A	1,211		0
Paul Brennan, Director of Plan & Dev	2.5-5.0	12.5-15.0	30-35	100-105	452	373	49	0
Janine Clarke, Director of Human Res	0.0-2.5	0.0-2.5	20-25	70-75	313	287	14	0
John Delamere**, Ass Med Dir Medicine	7.5-10.0	25.0-27.5	80-85	250-255	1,509	1,345	91	0
Paul Harrison**, Medical Director \$\$	2.5-5.0	10.0-12.5	30-35	90-95	379	307	37	0
Les Williams, Director of Perf Review	0.0-2.5	2.5-5.0	25-30	80-85	439	398	22	0
Ann Close, Nursing Director	0.0-2.5	0.0-2.5	35-40	110-115	627	591	14	0
Roger Callender**, Ass Med Dir Surgery	2.5-5.0	12.5-15.0	55-60	165-170	N/A	949		0

Note:-

\$\$ Richard Blunt ceased duties on 9th June 2006. Paul Harrison commenced on 1st June 2006.

** Medical Director and Assistants figures shown include accrued benefits and contributions in respect of their full salary, which will include both their management and medical contributions.

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.

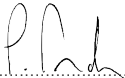
Real Increase in CETV - This reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses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

14th June 2007 P. Farenden Chief Executive

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, including their responsibility for the propriety and regularity of the public finances for which they are answerable, and for the keeping of proper records, are set out in the Accountable Officers' Memorandum issued by the Department of Health.

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.

14th June 2007  Chief Executive

Statement of Directors' Responsibilities in Respect of the Accounts

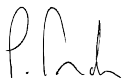
The Directors are required under the National Health Services Act 2006 to prepare accounts for each financial year. The Secretary of State, with the approval of the Treasury, directs that these accounts give a true and fair view of the state of affairs of the trust and of the income and expenditure of the trust for that period. In preparing those accounts, the 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
- 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

14th June 2007  Chief Executive

14th June 2007  Finance Director

Statement on Internal Control 2006/07

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, the 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.

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

The system of internal control has been in place in The Dudley Group of Hospitals NHS Trust for the whole year ended 31 March 2007 and up to the date of approval of the annual report and accounts.

3. Capacity to Handle Risk

The Trust has developed an integrated Risk Management Policy and Strategy that brings together arrangements for managing both clinical and other risks. This Policy and Strategy was further reviewed and updated in March 2004 and has operated effectively since this date.

The Trust operates an Integrated Governance Sub Committee of the Board (since July 2005). 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.

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 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 operational 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.

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.

The Trust has undertaken a self assessment against the Healthcare Commission Core Standards. Compliance requires the standard to have been met for the full year April 2006 to March 2007. As action plans were not completed until after 1st April 2006, although implemented within 2006, the Trust is required to declare non-compliance for the following standards:-

- Infection Control and MRSA;
- Decontamination;
- Appraisal and PDP;
- Mandatory Training.

In respect of Infection Control, the Trust has furthermore taken the following actions to fully secure the provisions of the Code of Practice on Healthcare Associated Infections:-

- Increase individuals accountability for infection prevention;
- Ensure full implementation of Trust Infection Control and prevention policies and action plans;
- Monitor specific infections and ensure relevant action is taken to control and prevent spread.

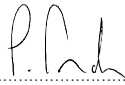
As part of business planning the Trust undertakes risk scenario modelling, to ensure risk is properly considered when producing long term plans.

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 the 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 has been reviewed.

My review is also informed by the review processes undertaken by both internal and external bodies, for example clinical audit, external auditors, benchmarks, the Healthcare Audit Commission and the NHS Litigation Authority.

I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board and its sub-committees for both Audit and Governance (including Clinical Governance). A plan to address weaknesses and ensure continuous improvement of the system is in place.

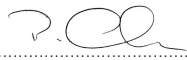
14th June 2007  Chief Executive

Summarisation schedules (tacs) for the Dudley Group of Hospitals NHS Trust

Summarisation schedules numbered TAC01 to TAC28 are attached.

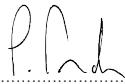
Director of Finance Certificate

I certify that the attached summarisation schedules have been compiled from and are in accordance with the financial records maintained by the Trust and with the accounting standards and policies for the NHS approved by the Secretary of State.

14th June 2007  Director of Finance

Chief Executive Certificate

I acknowledge the attached summarisation schedules, which have been prepared and certified by the Director of Finance, as the summarisation schedules which the Trust is required to submit to the Secretary of State

14th June 2007  Chief Executive

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 year ended 31 March 2007 which comprise the Income and Expenditure Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Cashflow Statement and the related notes. We have also audited the information in the Trust's Remuneration Report that is described as having been audited.

This report, 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, including the Remuneration Report. Our responsibility is to audit the part of the Remuneration Report to be audited and to report to you our opinion on the consistency of the summary financial statements within the Annual Report with the statutory financial statements. 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 on the information in the Remuneration Report to be audited.

Opinion

In our opinion:

- the summary financial statements are consistent with the statutory financial statements of the Trust for the year ended 31 March 2007; and
- the part of the Remuneration Report to be audited has been properly prepared in accordance with the accounting policies directed by the Secretary of State as being relevant to the National Health Service in England.

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

Date: 4th September 2007

