

University Hospital Birmingham NHS Trust
Annual Report



2003-4

Annual Report 2003-4

The narrative in this report covers the period 1st April 2003 to 30th June 2004. The financial statements included here cover the period 1st April 2003 to 30th March 2004.

University Hospital Birmingham NHS Foundation Trust runs two hospitals, the Queen Elizabeth and Selly Oak, which are situated 1.5 miles apart in South Birmingham. It has 6,500 employees and provides traditional district general services for the adult population of South Birmingham and specialist treatments for the people of the West Midlands and beyond.

More than 553,000 patients attend the hospitals for treatment every year – ranging from a simple outpatient appointment to a heart transplant.

It is the leading teaching hospital in the West Midlands and has strong teaching and research links with the Universities of Birmingham and Central England and other academic institutions. It hosts the Royal Centre for Defence Medicine.

On 30th June 2004 the Trust received authorisation to become one of the first NHS Foundation Trusts in England.





Annual Report 2003-4

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This Annual Report marks the end of an era and the start of an exciting new direction for University Hospital Birmingham.

On 30th June 2004 we were authorised to become a NHS Foundation Trust. As a Foundation we will be more accountable to the people we serve. Already, nearly 100,000 people are members of our Foundation and 24 members of the public – local people, patients and staff – have been elected as Governors of the Trust.

These are exciting times for everyone connected with the Trust.

This annual report records the achievements of the last 15 months of University Hospital Birmingham NHS Trust – from March 31st 2003 to June 30th 2004. We've had a busy and successful time. We've faced some difficult challenges but we've risen to them, and the services we provide for our patients have continued to improve.

We know there remain challenges ahead. Our new hospital grows ever closer. By the beginning of next year we

will have reached financial close with Consort Healthcare and the building work will start. Already some of the preliminary work has begun and soon we will have new multi storey car parks and a 200-place staff nursery.

We have a strong vision in University Hospital Birmingham. We want to provide good services and we strive to meet the needs of our patients, visitors and staff. We welcomed the opportunity to become an NHS Foundation Trust and believe it is the right decision for us.

Being a Foundation Trust, with a strong membership base, gives us a mandate to provide the services that local people want. This, in turn, will make us more responsive to their needs.

Over the next 12 months we will continue to reduce the amount of time people wait for treatment, whether it is for an outpatient appointment, inpatient operation or in A&E. We will develop our workforce and improve their working lives aiming to become the Trust people want to work in.

Once again the Trust has been generously supported by the UHB charities and I would like to publicly record my thanks for their support.

I would also like to record my thanks to my colleagues on the Trust Board, the volunteers who give their time to the Trust and to the staff who have worked tirelessly and professionally to provide services for our patients.



John Charlton
Chairman

John Charlton
Chairman



Chairman's Introduction



Mark Britnell
Chief Executive

Chief Executive's Review

The last year has been a great one for UHB, for our staff and for our patients.

We have been authorised as one of the first 20 NHS Foundation Trusts in the country; we have chosen our preferred partner to build our new hospital and, most importantly of all, we have expanded and developed our services even further so that our patients are getting quicker and better care than ever before. Waiting lists are down and waiting times in accident and emergency are shorter too.

2003/04 has also been our busiest year ever as we treated over 553,000 patients. Inpatient admissions were up 11%, daycase treatments up 5%, outpatient attendances up 3% and accident and emergency attendances up 5%. Amongst all this activity, we have also managed to remain financially strong, recording a small surplus for the ninth consecutive year.

At the beginning of 2003/04 the Board set an ambitious agenda for the Trust. Our annual plan contained 118 objectives covering actions necessary to move us forward

in every area of our work. One year on we have completed 80% of our objectives and are well on the way to completing the others.

During the year we have:

- Retained our **3 Star** status in the NHS performance ratings. These results place us as one of the top performing NHS trusts in England, the third best of our peer group of 24 teaching hospitals and the best performing amongst our teaching hospital foundation peers
- Reduced our cancer diagnosis and treatment times to among the shortest in the NHS
- Achieved waits of under four hours in A&E for over 94% of patients
- Reduced inpatient waiting lists so they are among the shortest in the NHS with just 163 patients waiting over six months for routine inpatient treatment
- Completed a major improvement in surgical services by reconfiguring all inpatient general surgery to the Queen Elizabeth Hospital site
- Opened our new £1m bone marrow transplant unit
- Opened a new £3.6m day surgery unit to reduce waiting times for hand surgery and plastic surgery
- Opened the new Rheumatology Centre at Selly Oak Hospital
- Held the official opening of the new critical care unit at the QE Hospital by the Secretary of State for Health
- Opened a new Heart Failure Assessment Centre at Selly Oak Hospital in partnership with South Birmingham PCT
- Opened our third cardiac catheter laboratory
- Established a new PET scanning service – the first in the NHS outside London
- Begun works to install two new linear accelerators for the treatment of cancer patients

- Begun a major programme of upgrading wards at Selly Oak Hospital
- Chosen Consort as the preferred partner for our £521 new hospital development

Through these and other achievements we've made sure that our services are improving all the time and that they will be even better in our new hospital. This annual report provides further information on these and other key issues.

Amongst all of this activity our local communities, our patients and our staff have given us continual support and encouragement. Through our ongoing surveys we have learnt that:

- When questioned independently by MORI, local people enthusiastically commended our hospitals and staff and supported us in becoming a Foundation Trust
- In our staff survey over 90% of our staff said they enjoyed their work and are proud to work here

- Our patients have great confidence in our services and our staff

We are grateful for all this support. It is our ambition to be the first choice hospital for the communities we serve and the first choice employer for health care staff

But while it's been a year of great success, there are still things that we need to do better; things that we'll be focusing on in the next year.

Most important among these is the need to reduce hospital acquired infections including MRSA.

The ageing fabric of our current hospitals makes this difficult and the facilities in the new hospital will help considerably. However, until the new hospital opens we will be doing everything possible to reduce our current rates which, although reducing, are above average in the NHS. This is one of our top priorities for the coming year.

The next year will certainly be another exciting and challenging one. In launching the NHS Implementation Plan

last June, the Secretary of State announced a drive to reduce NHS waiting lists to a maximum total wait of 18 weeks by 2008. We expect to be at the forefront of achieving this and other important targets in the NHS – making services for our communities even better even faster.

With the building of our new hospital about to start and as a new Foundation Trust the opportunities are enormous.



Mark Britnell
Chief Executive

1

To develop and modernise our services, improving access and reducing delays

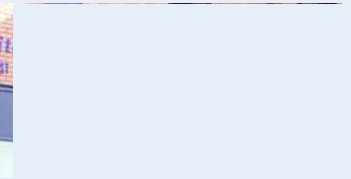
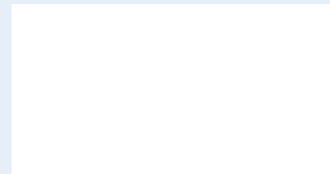
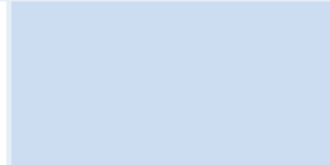
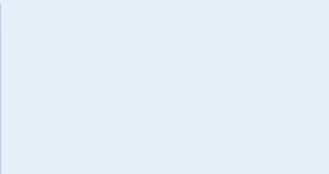
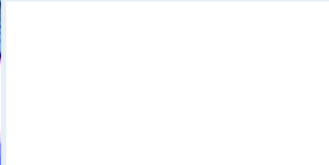


Nickie Martin

Nickie Martin had an extremely rare form of liver cancer which was diagnosed at the QE and subsequently had a liver transplant at the hospital.

She said: "I am so grateful for the wonderful care which I received at the Queen Elizabeth Hospital.

"It was really hard not knowing what was wrong for so long. It was only once I went to the Queen Elizabeth Hospital that I was diagnosed."



NHS Performance star ratings 2004

Key targets: UHB has achieved 9 out of 9 key targets

Indicators	Results for UHB	England Average
9/12 month inpatient waits from April 2003 onwards	0%	0.04%
21 week outpatient waits	0%	0.02%
12 hour trolley waits	100%	99%
Total time in A&E	92%	91%
2 week cancer waits	100%	99%
Outpatient & Elective (inpatient & daycase) booking	Inpatient (elective & daycase): 95% Outpatient: 79%	Inpatient (elective & daycase): 90% Outpatient: 76%
Improving working lives	achieved	achieved
Hospital Cleanliness	3	Not Given
Financial Management	achieved	achieved

For the third year in a row, the Trust was awarded three stars under the Government's performance rating scheme, confirming its position as one of the UK's top-performing Trusts.

The Trust achieved all nine key targets set by the independent Healthcare Commission and was in the top performance band in each of the three focus areas – Clinical Focus, Patient Focus and Capacity and Capability.

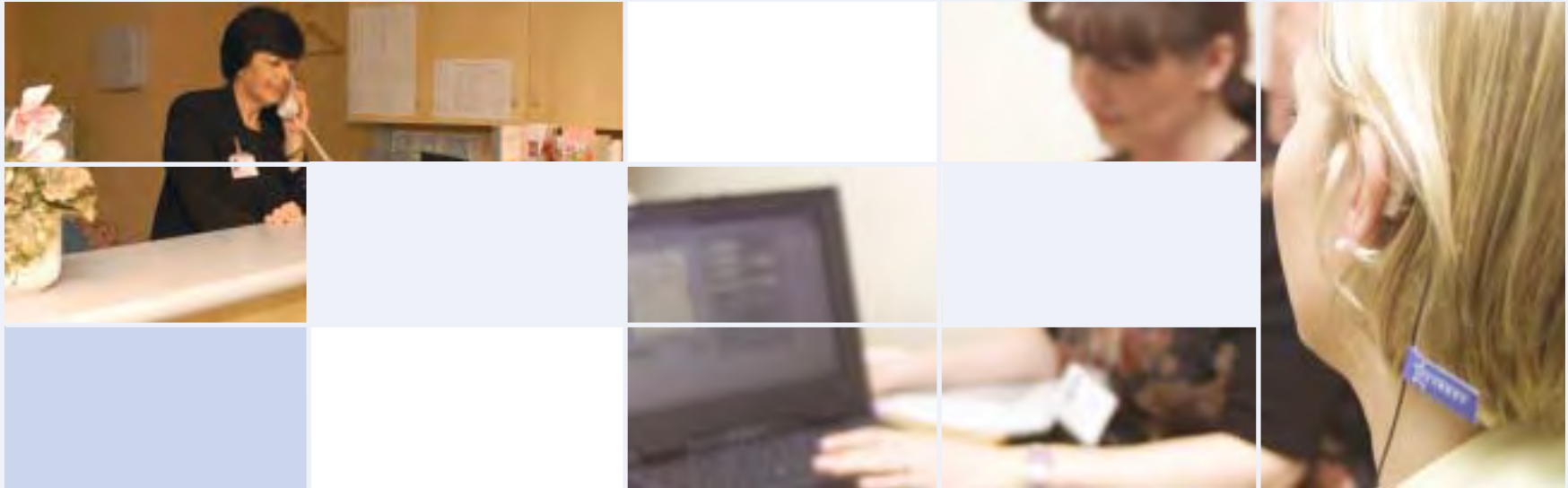


Capacity & Capability: UHB was placed in the top band of performance for this focus area

Indicators	Results for UHB	England Average
Consultant Appraisal	100%	97%
Junior Doctors' Hours	93%	89%
Data quality on ethnic group	1	1.5
Information Governance	2	1.5
Staff opinion survey - Health, Safety & Incidents	2	2
Staff opinion survey - HR Management	3	3
Staff opinion survey - Staff Attitudes	3.5	3

Patient Focus: UHB was placed in the top band of performance for this focus area

Indicators	Results for UHB	England Average
Better hospital food	99%	87%
Cancelled operations	0.3%	1%
Delayed discharges	3%	3%
A&E emergency admission waits (4 hours)	97%	93%
Patient Survey: Better information, more choice	73	72
Patient Survey: Clean, comfortable friendly place to be	76	78
Patient Survey: Building relationships	78	80
Patient Survey: Safe, high quality, co-ordinated care	75	77
Patient Survey: Access and waiting	81	78
Breast cancer treatment - 1 month diagnosis to treatment	100%	99%
Breast cancer treatment - 2 month GP urgent referral treatment	100%	99%
Patient complaints procedure	74%	72%
Patients waiting longer than the standard for Revascularisation	0%	1%
6 month Inpatient waits	97%	91%
13 week outpatient waits	92%	80%
Day case booking	100%	97%



Clinical Focus: Trust was placed in the top band of performance for this focus area

Indicators	Results for UHB	England Average
Child Protection	100%	91%
Clinical Governance Composite Indicator	10	10
Clinical Negligence	2	1
Infection control procedures	79%	89%
Composite Participation in Audits	18	18
Deaths within 30 days of heart bypass operation	2%	2%
Deaths within 30 days of selected surgical procedures	5%	5%
Emergency readmission to hospital following discharge	9%	9%
Emergency readmission to hospital following treatment for fractured hip	9%	9%
Indicator on Stroke care	54%	36%
Winning Ways	4	4
Thrombolysis treatment time (30 minute door to needle target)	84%	81%

A year of progress

As well as scoring well nationally, the Trust was also ranked third out of the 24 teaching hospitals in the NHS in England.

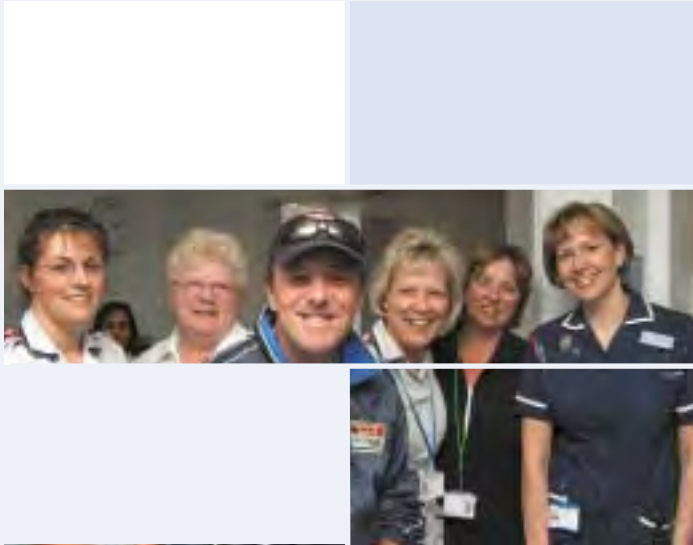
The Trust scored below average in just two areas – infection control and data quality on ethnic groups. Extensive infection control measures resulted in a 27 per cent reduction in MRSA rates in just six months, one of the most significant reductions nationally. The full listings for every Trust are on the Healthcare Commission's website

www.healthcarecommission.org.uk

The Accident and Emergency team met the NHS Plan challenge of admitting or treating and discharging 94% of patients within four hours of their arrival. In addition waiting times were steadily reduced during the year and the average wait for a non-urgent patient is now two hours. No one waited on a trolley for more than eight hours.

A year of development

Successful planning helped ensure the Trust coped with additional emergency pressure over the winter. Additional beds were opened around



the Trust and in the community, to cope with extra medical admissions. More day case treatment was undertaken and extra nursing, medical and support staff were brought in at weekends. The dermatology team was heavily involved in supporting an initiative with European doctors. This helped the specialty reduce the waiting time for a first outpatient appointment to less than 13 weeks.

The Bromley Wing patient hotel was fully refurbished and opened for patients who need to stay overnight during a

course of treatment. The Burns department was refurbished to ensure compliance with health and safety standards and infection control.

During the year, work started on a third cardiac catheter laboratory which has been funded by the New Opportunities Fund. In April 2003, the new rheumatology centre was opened in the former Trust headquarters building at Selly Oak. The development was funded by the Trust and UHB charities. It was officially opened by local television and radio personality, Carl Chinn, whose Mother is a

patient at the centre.

New services, new facilities

Work started on providing two new linear accelerators at the QE for treating cancer patients.

A new £1 million nine-bedded bone marrow transplant unit was opened in October. It provides isolation rooms and is a huge improvement on the previous facility. In May, former England cricketer, Phil Tufnell, visited the unit during his marathon walk around Britain in aid of leukaemia research.

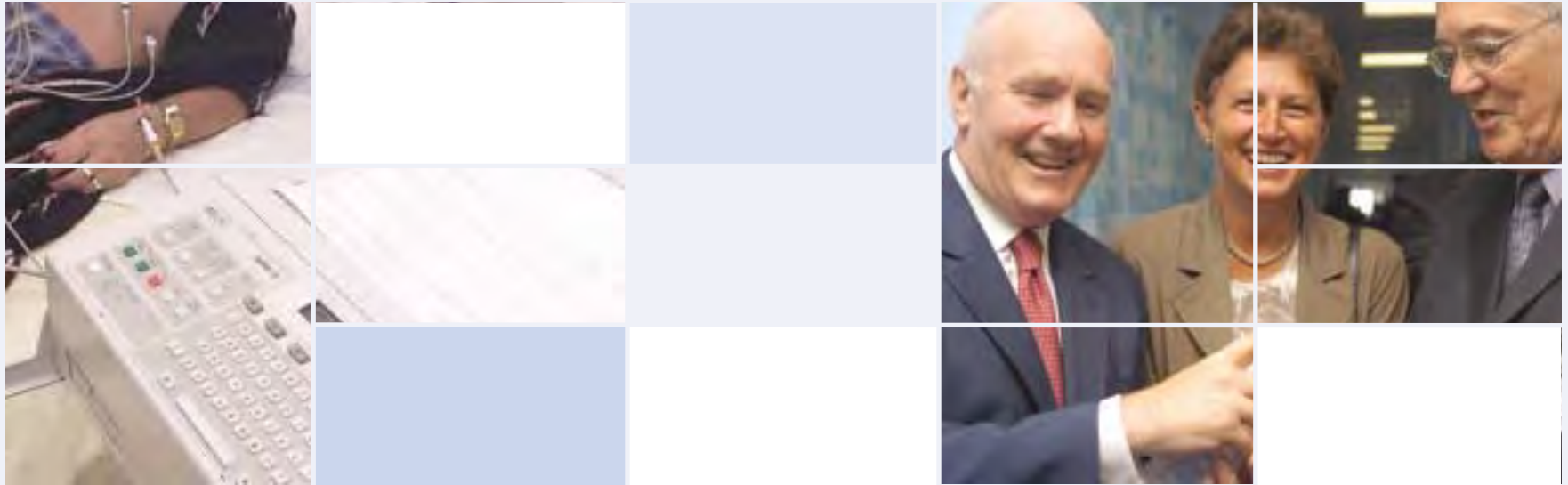
£200,000 was spent on developing the skin laboratory. The work gives the laboratory a clean room and ensures it complies with Department of Health accreditation. It is now one of only three centres in the UK capable of developing skin research for burns patients.

The Hearing and Assessment Rehabilitation Centre was extended to cope with the increased workload following the transfer of patients from the community.

A new £3.6 million dedicated day surgery

unit was built at Selly Oak. The modular unit, which has two theatres and 16 extra daycase trolleys, has enabled the Trust to increase the number of patients treated as daycases which in turn has freed up inpatient beds and reduced waits in A&E. Ten dedicated hand lists per week are run from the unit. The new unit was officially opened by TV doctor, actor Clive Mantle.

The Trust submitted a successful bid with Birmingham Heartlands and Solihull to become part of a two-site cancer



centre for upper gastro-intestinal surgery.

Change and innovation

During the year all inpatient surgical work was transferred to the QE site. This enables the Trust to better manage the peaks and troughs of emergency admissions and has helped reduce waiting times in A&E.

A Heart Failure Assessment Centre was opened at Selly Oak. It is a joint initiative between the Trust and South Birmingham Primary Care Trust.

The dialysis programme at the QE hit an all-time high during the year with 800 patients now on the programme. Additional dialysis shifts have been introduced at the QE and its satellite units in Kidderminster and City Hospital, to cope with the increasing demand. The unit is now the busiest in the UK.

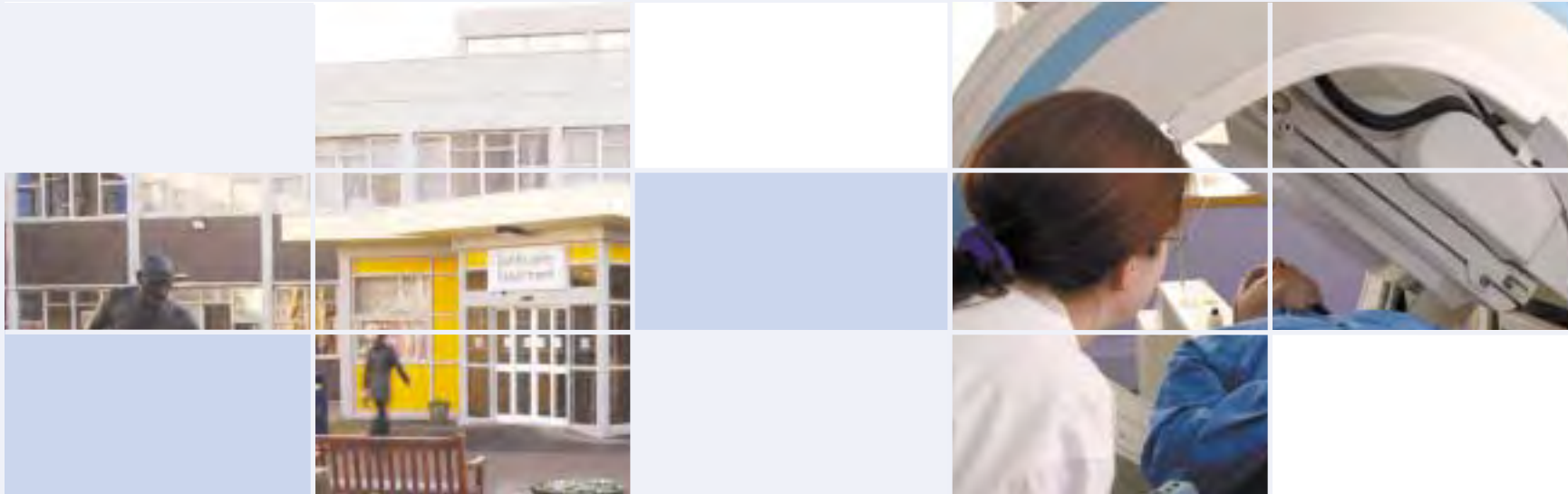
Improvements for patients

The Trust became a pilot site for Action on Plastics which has seen the development of a hospital at home service for patients. Historically

patients have had to be cared for in hospital due to the need for regular and complex dressing changes. The project delivered significant improvements for patients who now receive care in their own homes.

The development of a non-heart beating donor scheme was supported by UK transplant and it is hoped that by 2006 the scheme will provide 16 extra kidneys and six extra livers per year. The scheme enables a wider range of patients in intensive care to be considered as donors

An acute assessment area was opened at Selly Oak and is used by A&E patients who need observation but do not need to be admitted.



The Trust has had its busiest ever year in terms of patient activity as the total number of patients treated rose to above 553,000. The increase averaged 4% across the Trust as a whole but a surge in emergency admissions (up by 14% on 2002/03) saw total inpatient admissions rise by over 10%. Coping with this level of increase in emergencies, without cancelling planned operations and keeping A&E times down, was a major achievement.

UHB Patient Activity

	2002/03	2003/04	% Increase
Inpatient Admissions	60,265	66,637	10.6
Daycase Treatments	35,008	36,389	4.6
Outpatient Attendances	363,540	374,628	3.1
A&E Attendances	72,648	75,960	4.6
Total Patients Treated	531,461	553,614	4.2

2

To ensure that patients, carers and the public can influence and shape how our services are developed and provided



Michael Williams

Michael was Chairman of UHB's Division Two Patient Council for 18 months after it was first established.

"I think that from the very start, we 'ordinary' patients and carers felt flattered to be in the company of very senior people working for the Trust who genuinely wanted to hear our views and opinions.

We became not just a 'council' but also a group of people who looked forward to meeting each other as friends."



The Trust believes it has robust systems to involve patients, carers and the public in shaping its services.

The Patient Partnership Strategy, developed by the Executive Chief Nurse in 2002, sets out the ways in which the Trust will meet this duty under the Health and Social Care Act (2001). The strategy comprises three strands:

- How the Trust will meet statutory requirements for patient and public involvement
- How the Trust seeks to ensure patient and public involvement within its wider clinical

and non-clinical activities
- How the Trust will work with staff to raise awareness of the patient partnership agenda.

'Strengthening Accountability' – section 11 of the Health & Social Care Act

'Strengthening Accountability' describes ways NHS Trusts can meet their statutory obligations with regard to involving patients and the public in the development, design and delivery of care and services. The Trust has completed a base line

assessment of patient involvement in its activities and this assessment is updated six monthly.

Patient Advice and Liaison Service (PALS)

This service provides direct, immediate advice and liaison on a wide range of issues raised by patients or their relatives. Most issues are resolved within one or two working days. A considerable amount of training has been undertaken with a wide range of staff in their own workplaces. PALS reports are sent to



Divisional Management teams to assist with addressing the issues raised.

Patient and Public Involvement Forum (PPI Forum)

PPI Forums were established in December 2003. They are independent of the Trust and members are appointed by the Commission for Patient & Public Involvement in Health (CPPIH.) The Trust's PPI Forum is the best recruited to in the Birmingham & Black Country area and is chaired by Mr Derek

Woodward – Sheath. The Forum's initial work has involved tours of the two hospital sites and an opportunity to meet members of staff who have made brief presentations on PALS and on the range of patient involvement activities in the Trust. A work programme will be prepared by the Forum for 2004-05.

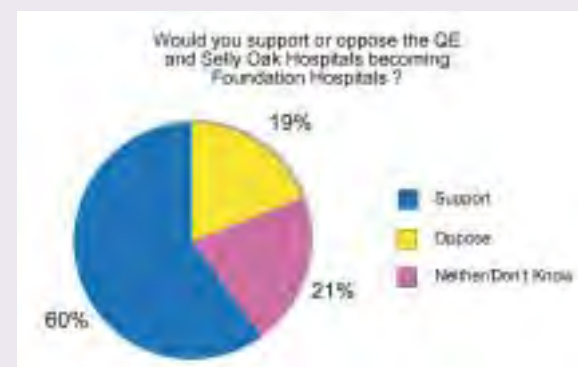
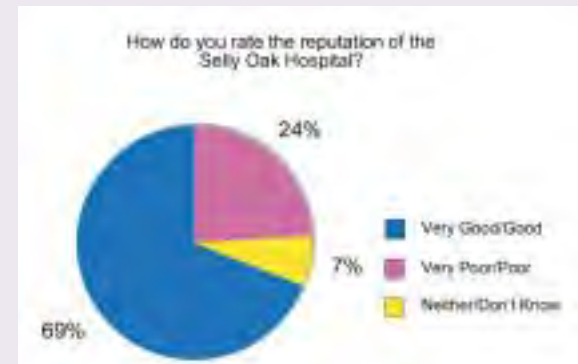
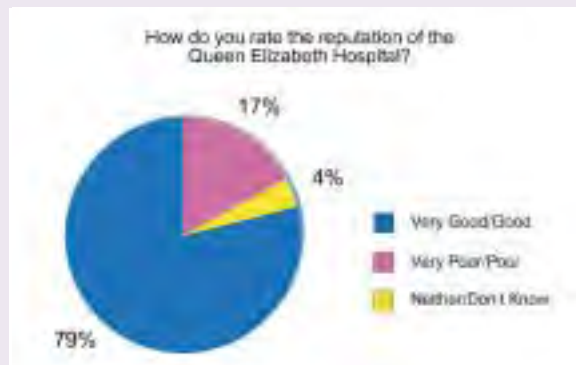


Surveying public opinion

While deciding whether to apply for Foundation status, the Trust asked MORI to survey people in the area to ask their views about how the Trust was doing and whether it should become a Foundation Trust. Over 1500 people were independently surveyed to ensure a representative view and the results were very encouraging. The communities showed their confidence in both hospitals and, in the midst of considerable political debate on the issue, gave their strong support for

University Hospital Birmingham to become a Foundation Trust.

Key results from the MORI poll were:





Patient Surveys

The Trust participates in the annual national programme of patient surveys.

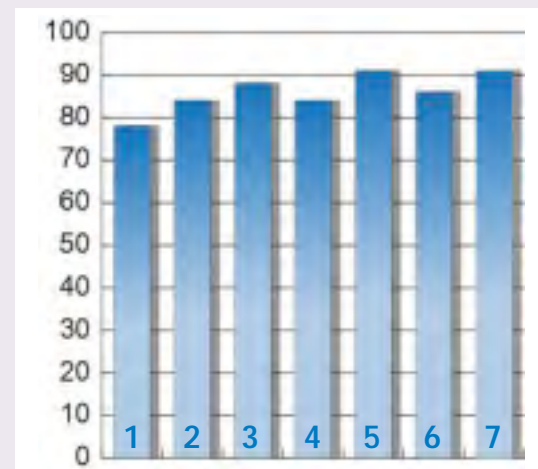
During 2002-03, surveys of patients views who had attended for an outpatient appointment and who had attended the Accident & Emergency department were undertaken. The results of the surveys are submitted as an indicator for annual Performance Indicators.

In 2004 the survey included inpatients. Survey results were considered by the Trust

Board and a working group, chaired by the Executive Chief Nurse, was established to develop action plans to make improvements for patients. During 2004, the Trust will participate in the national 'Patients Accelerated Change' programme.

UHB Patient Survey

A total of 478 UHB patients took part in the 2004 Inpatient Survey conducted by the independent Healthcare Commission. Patients are asked a range of questions about their admission to hospital, the hospital and ward, the doctors, nurses, care and treatment, pain and discharge. They were asked to rate the services they received on a scale of 0 to 100, with 100 representing the best possible response. The chart provides a sample of the responses.



Key to bar chart

1. How organised was the care you received in A&E?
2. How do you feel about the length of time you spent on the waiting list?
3. Did you have confidence in the doctors who were treating you?
4. Did you have confidence in the nurses who were treating you?
5. Did a member of staff explain the purpose of the medicines in a way you could understand?
6. Did you feel you were treated with respect and dignity while in hospital?
7. Were you given enough privacy when being examined or treated?



Overview & Scrutiny Committee (OSC)

Each Local Authority has established a health Overview & Scrutiny Committee. The Trust presented its plans for NHS Foundation status to the OSC and received their support.

Patient & Public Involvement

At Trust Board level, the Public Involvement and Patient Experience Committee (PIPE), is chaired by Non-Executive Director, Tony Huq. Membership includes the lay Chairmen of the

Divisional Patient & Carer Councils, patients, carers, volunteers and a cross section of members of staff reflecting the different disciplines within the organisation. It steers and advises on all aspects of patient and public involvement. PPI objectives are presented annually to the Committee for approval and progress is monitored against them.

Divisional Patient & Carer Councils

The PIPE Committee is complemented by four Divisional Patient & Carer Councils – one for each of

the Trust's four clinical Divisions. Members of the non-clinical senior management team are on each of the Councils, reflecting the importance of the hospital environment to patients.

The Councils are all chaired by patients and in the spirit of partnership, the vice chairman of each Council is the Divisional Head of Nursing.

The Councils were involved in the evaluation of the two bids for the new hospital and will be involved in detailed design and planning as members of the Clinical

Review Groups.

The Councils have developed active work programmes and are particularly interested in all aspects of the environment, cleanliness and food in our hospitals with members assisting in PEAT inspections. The Councils have assisted with helping to set aspects of the Trust's research agenda and with the annual planning process.

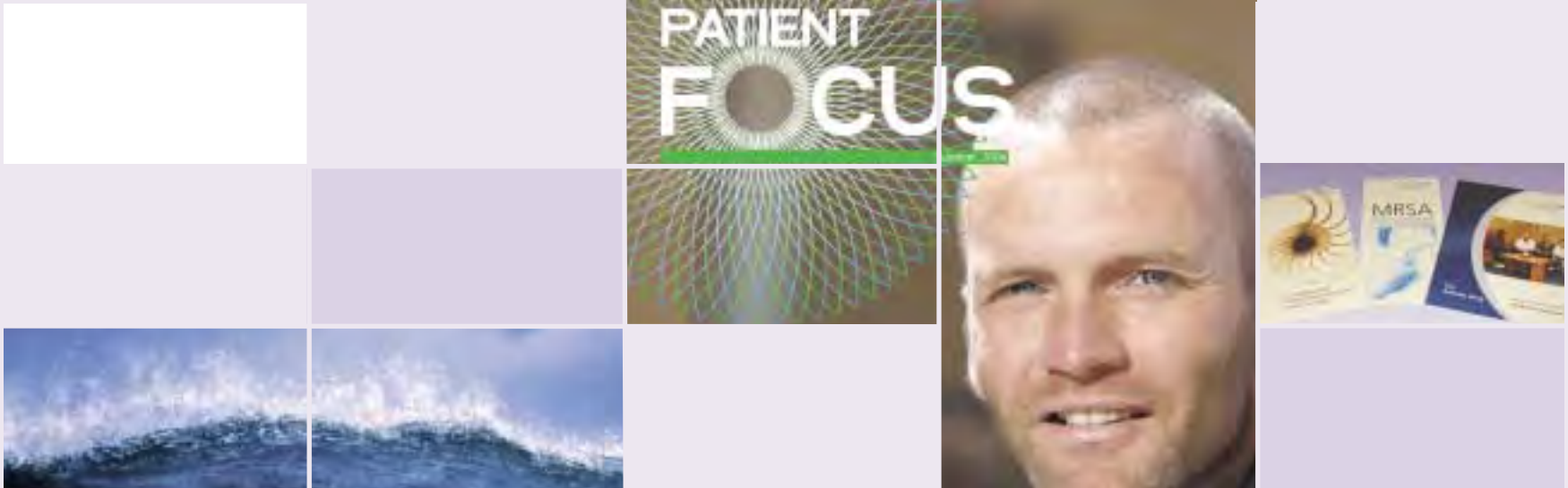
At Christmas, a party was held to celebrate the work of the Councils and provide an opportunity share experience.

Written Information for patients

A policy has been developed for Trust staff who are preparing written information for patients. A key feature of this is that patients must be involved at an early stage of the development of the information.

Working with staff

Senior support for patient and public involvement in the Trust's activities is demonstrated by Board level representation by the Executive Chief Nurse. Staff are supported in their work via the



Associate Director of Nursing – Patient & Carer Support and a range of activities to raise awareness have been undertaken. Many have been in conjunction with the Nursing and Allied Health Professionals (AHPs) Education Department.

Foundation Trust: working with the community

As an NHS Foundation Trust patients, public and staff are able to get more involved in the Trust's activities. The Trust was authorised to become a Foundation

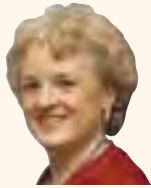
Trust on 30th June, but has been recruiting members since last year. On 30th June there were nearly 100,000 members – most are current or former patients and membership is also open to anyone who lives in the Birmingham City Council catchment area.

During the year, we published a new patient magazine Patient Focus. This will be produced four times a year. It has been developed in conjunction with Patient Council members who assist in identifying suitable topics for inclusion and proof reading. The magazine

has been very well received.

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To develop our workforce and improve their working lives

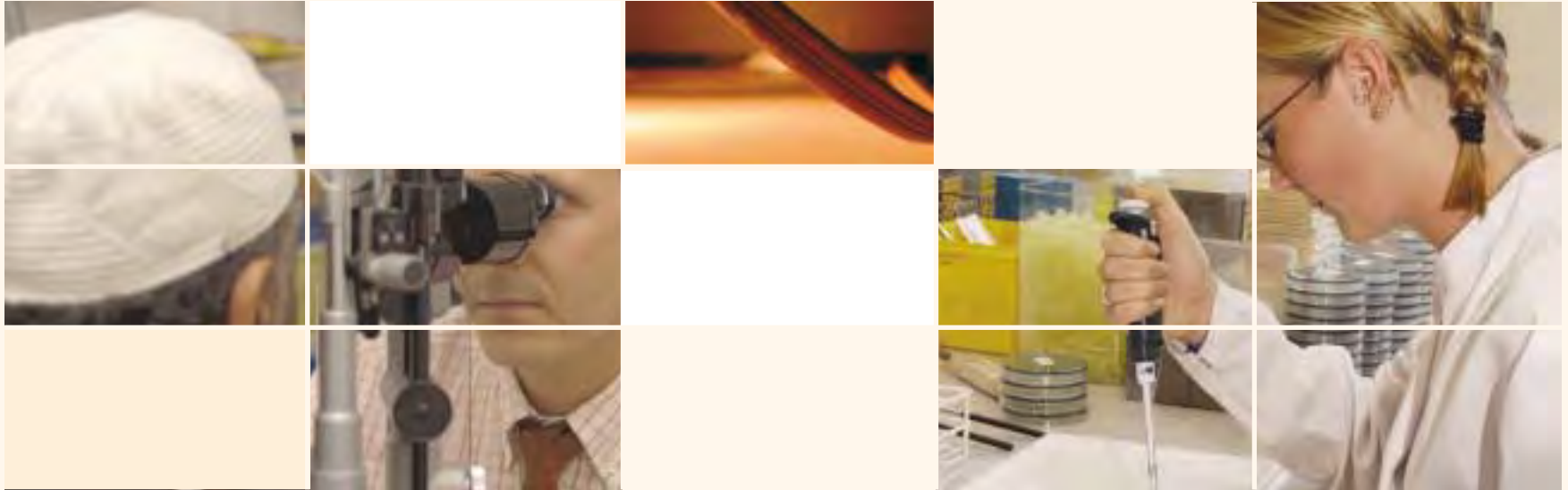


Karyn Brierley-Brown

Workforce co-ordinator, Karyn Brierley-Brown has benefited from UHB's commitment to improve working lives.

The Trust provided Karyn, who has osteoarthritis, with an ergonomically designed electric workstation, which moves up and down at the touch of a button.

"It's improved my working life considerably and a lot of my daily activities are now much more manageable than they were before."



The Trust holds Improving Working Lives practice status. This means UHB has reached the required standards for improving the working lives of its staff. It is now working towards achieving Practice Plus status and is due to be assessed in April 2005.

The assessors acknowledged that the Trust was committed to improving the working lives of staff, that staff feel valued and flexible working is being promoted. The innovations in staff communication and involvement and the widespread use of staff

appraisal were also praised. Areas needing further work include the need for time specific programmes for developing the equality and diversity strategy, making progress in the Working Time Regulations compliance and developing and reviewing human resource policies and procedures.

Our role in the community

UHB is one of Birmingham's largest employers. Its budget is larger than that of many local authorities.

But UHB aims for more than first class healthcare. The Trust wants to use its assets for the benefit of the communities it serves: regional, city and local.

The Trust is growing in employment terms and wants as many jobs as possible to go to local people. It is not often understood that the Trust provides for a huge range of occupations: scientists, technicians, ancillary workers, construction workers, accountants, clerical and administrative staff as well as doctors and nurses. The New Hospital offers the potential for 2000

construction jobs over the next four years. Through a project funded by the European Social Fund, the Trust has already started to train local, unemployed people, so that they have a chance to work in the NHS. The Trust also has been developing a special relationship with Shenley Court School.

The Trust signed a partnership agreement with South Birmingham College in October 2003. The college now runs programmes which reflect UHB's needs and since the agreement was signed 500 Trust staff have taken part in programmes run

by the college. The success of the partnership was recognised when it won a Birmingham Lifelong Learning Award.

Recognising diversity

We are particularly concerned to address issues of diversity. It is vital if we are to have a well motivated workforce, reflective of the communities we serve, recruit the new staff we need and provide appropriate and sensitive patient care. A Diversity Strategy was approved by the Board and is now being implemented.



A key proposal is for a Multi-Faith Centre to celebrate and connect the diversity of faiths in Birmingham.

Recognising and celebrating diversity is essential to providing first class healthcare through the most appropriate and sensitive patient care, retaining a well-motivated workforce and successfully recruiting new staff. Staff were surveyed on their awareness of diversity and training was introduced to relate diversity to the day-to-day activities of staff. The Trust held its first Diversity conference in July, chaired

by non-executive director, Jenny Douglas and was attended by more than 70 delegates.

UHB serves a range of communities both geographical and cultural. Recognising and celebrating diversity is essential to provide first class healthcare through the most appropriate and sensitive care, and maintaining a well motivated workforce.

Driving regeneration

UHB has the potential to significantly improve prosperity for the city and the West Midlands.

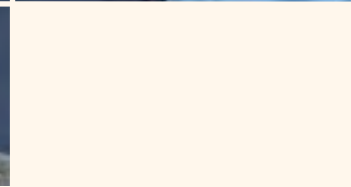
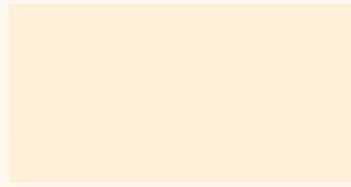
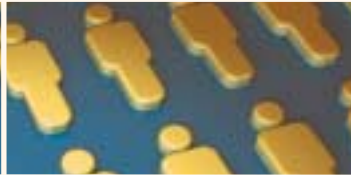
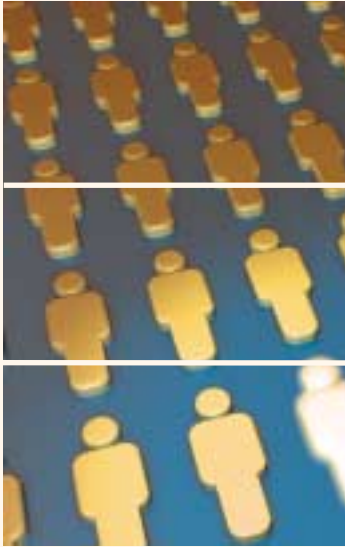
Experience elsewhere has shown what a positive force for growth, medical technology can be. The Trust is determined to be a key player in the A38 High Technology Corridor and to work with key partners: the City Council, Universities and Colleges; Learning and Skills Council; Government Office for the West Midlands; Advantage West Midlands; the Regional Development Agency and the Royal Centre for Defence Medicine based at Selly Oak. The creation of clinical and academic centres of excellence through both existing

services and the New Hospital also offer real opportunities.

Providing training and opportunities

The Trust's European Social Fund project to help long term unemployed and other disadvantaged groups into employment has accepted its first trainees and expects 30 to complete the programme every year. The Trust allocated its 150 individual learning accounts for staff and is now looking to expand the scheme. The Trust is a proud

holder of the Employment Service Positive about Disabled Employment Two Tick Symbol. The symbol shows the Trust's commitment to both potential new recruits who have a disability and to existing employees who during the course of their employment may develop a disability. The Trust has a strong track record in successfully assisting staff to remain in employment following illness or injury and this may take the form of job or workplace adjustments and/or redeployments to other roles.



The Trust has a number of well established formal consultation forums that are used to consult with staff. These range from the Joint Negotiating and Consultation Committee and Staff Relations Committee, a sub-committee of the Trust Board, to local divisional consultation forums.

The Trust and its staff organisations signed a Partnership Agreement in conjunction with the TUC Partnership Institute in September 2003. The success of this agreement is laying the foundations for successful and long lasting partnership

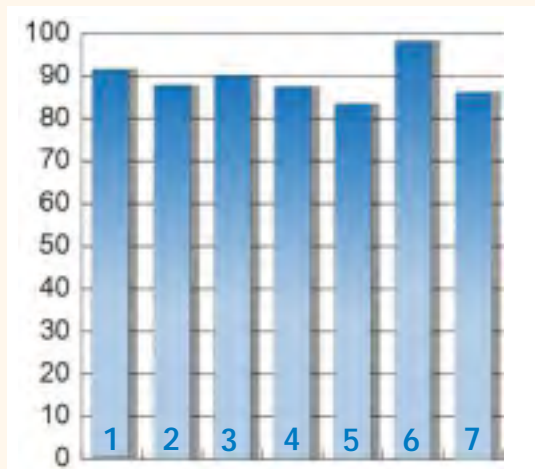
working between management and the staff.

In addition, the Trust communicates and involves its staff via a number of media including a formal team briefing system, Trust e-mail, the monthly staff newspaper, News Focus and the Chief Executive's Hotline.

Team Briefing now forms part of every manager's personal development and review system and its effectiveness is regularly reported to the Trust Board.

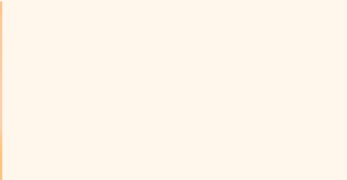
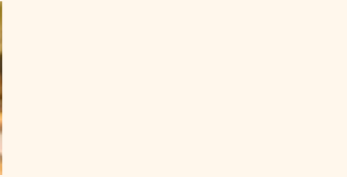
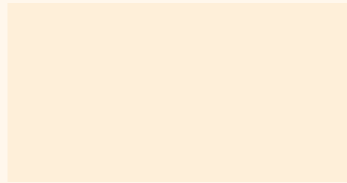
UHB Staff survey

In October 2003, 424 members of staff from UHB took part in a survey, as part of the first national NHS staff survey. Participants were asked a wide range of questions; the chart below represents a sample of their responses.



Key to bar chart

1. Staff enjoy working at UHB: 92 per cent
2. Staff who would like to stay at UHB and work in the new hospital: 87 per cent
3. Staff who are proud to work at UHB: 90 per cent
4. Staff who believe that overall, UHB provides high quality patient care: 88 per cent
5. Staff who believe that the new hospital will result in improved care for patients and better amenities: 83 per cent
6. Staff are aware of occupational health services: 98 per cent
7. Staff who had clear objectives agreed during their review: 86 per cent



Views of our staff

The 2003 staff survey, conducted by the independent Commission for Health Improvement (CHI), revealed that the Trust earned many top scores but there are still areas for improvement.

The survey shows that 92% of staff enjoy the work they do at UHB, 90% are proud to work for the Trust and 88% believe the Trust provides high quality patient care.

Nearly half of staff are nurses and this year UHB staged a five-day series of events to celebrate

national nurses week. Activities included a launch by television presenter Louella Bailey, a debate hosted by local radio personality, Paul Franks, and posters and displays on both sites. Trust Board directors and senior managers became nurses for a day to find out what life is like at the sharp end.

The Gold Standard for Quality Assurance was awarded to the Selly Oak Day Nursery – it is one of only 17 nurseries in the country to receive the award and will help the Trust achieve ‘investors in children’ status.

The Trust appointed its first Child Care co-ordinator in May.

Contribution of our volunteers

More than 400 people work in a voluntary capacity within the Trust. The majority work as part of the Women’s Royal Voluntary Service, although there are many other independent groups of volunteers including the Home from Hospital Service and The Leagues of Friends of both Selly Oak and the Queen Elizabeth Hospitals. They work in all areas of the Trust running tea bars,

providing a welcoming service, arranging flowers, reading to patients, organising the patients’ library and fundraising.

There are more than 100 chaplaincy volunteers whose core work is the regular ward visiting of patients and their families. These volunteers have all been through a seven-session training programme and an interview process. Volunteers come from the Christian, Muslim, Hindu and Buddhist faiths and bring a wealth of skills with them.

One volunteer has moved to Devon but still has business interests in Birmingham and whenever he is in the area pops into the dialysis unit at the QE to visit the patients. Each volunteer gives around four hours of their time to the Trust every week – which adds up to almost 80,000 hours.

4

To improve skills, knowledge and the quality of our care through teaching and research endeavour



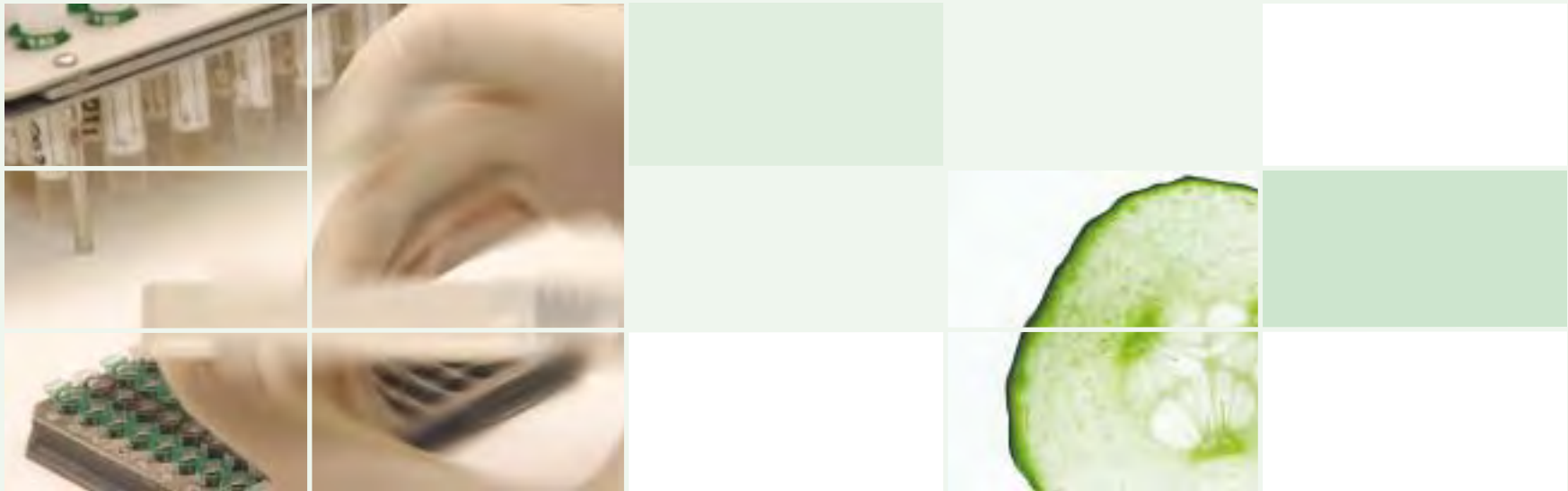
Chris Smith

Chris has undergone surgery as part of a trial to treat Parkinson's disease by fitting electrodes into the brain to help control the symptoms.

Chris said: " I saw a programme on television about this new operation.

"I never imagined that I could have the operation on the NHS! Then I went to the QE, and I was told that I could join this trial.

"I didn't hesitate and said yes straight away – I was desperate to find something which would work."



Research and development is a core activity of the Trust. The Wellcome Trust Clinical Research Facility continues to be a flagship for research within the Trust, attracting more patient research with 4,155 patient attendances during the year – up from 1,970 the previous year.

Grant income for research increased and the growth was mainly from major national research and charitable bodies including the Medical Research Council, Wellcome Trust, Cancer Research UK, the Department of Health,

European Commission, British Heart Foundation, Economic and Social Research Council and the Arthritis Research Council.

During the year, 197 new studies were registered. Of these 48 were industry sponsored clinical trials. The majority of research projects are externally funded but staff also undertake unfunded (own-account) research. Many of these projects will lead to full applications to major grant giving bodies while others are useful in training staff in the processes of research and will help provide the next

generation of researchers. Some of the clinical studies and their outcomes were:

- Frozen cucumber is an effective support for some eye specimens for histological examination
- A new system for defining donor livers that may not function efficiently when transplanted thus improving the efficiency and safety for liver transplant patients
- There is an important role for imaging the brain of patients with Downs Syndrome and

Alzheimers disease

- An evidence-based protocol for diagnosing infections of the heart has been developed
- Evidence that the public support liver donation and paying donors
- Evidence that health care workers have a poor knowledge of inoculation injuries and the need for new approaches to education in this area
- Improved treatment for patients with advanced pancreatic cancer

- A study into the effects of delay in radiotherapy treatment in different types of cancer
- The use of bacterial prophylaxis halves the infection rate and hospital stay of patients undergoing chemotherapy
- Discharging patients at night from intensive care is associated with an increased risk of death and has led to alterations in discharge planning



- Evidence that sputum colour is a useful guide to the need for antibiotics in those with chronic lung disease

The University of Birmingham remains the most important academic partner for the Trust. The two institutions have different pressures and constraints, but joint planning and implementation at all levels has helped improve the quality of research.

The Trust also has successful links with other local universities and collaborates with colleagues elsewhere in

the UK, Europe, North America and throughout the world.

Working with our partners

UHB is the host for the West Midlands NHS Intellectual Property Hub (Midtech). This was established by the Department of Trade and Industry and its on-going costs are funded by the Department of Health.

Patients are involved in all aspects of research. Patients have reviewed research processes, the information provided to patients about research

and have suggested topics for research in the future.

Research is undertaken in all areas of the Trust and it is not confined to medical activity.

The Trust's Chief Nurse's conference saw a packed house, rousing music and inspiring speakers. More than 130 nurses and therapists were given the opportunity to learn about new ways to motivate themselves and inspire others in the workplace.

The Trust's 2003 annual health lecture was delivered by Sir George

Alberti, while in 2004, Niall Dickson, Chief Executive of The King's Fund gave a lecture on how we can learn from failing organisations.

Every nurse at UHB has been asked what research projects they have been involved in. Nurses undertake research for a variety of reasons including specific projects and education courses. Research projects undertaken during the year include an examination of the changes in kidney structure in renal transplant patients, the feasibility of a burns

outreach service, trials for treating Parkinson's disease and studies looking at how to reduce needlestick injuries. The Trust is proud of the training and development opportunities it offers staff, particularly the support it gives to nurses to undertake research degrees. Each year up to 28 nurses undertake degree and masters level study, ensuring nurses are equipped to care for the patients and relatives they care for.

The Trust hosted several other conferences during the year including Celebrating Good Practice



and research and disease specific programmes. Each was attended by up to 130 people. All staff were given the opportunity to undertake the European Computer Driving Licence (ECDL) course. ECDL has been recognised by the NHS nationally as the IT reference standard. It is designed to give people the basic skills necessary to feel confident using a computer and to ensure all staff have the same basic set of skills regardless of their role or base.

Opportunities to learn

The Trust's exchange programme with Flinders Medical Centre in Australia was further cemented by regular visits by staff to Australia and vice versa.

A multi-disciplinary team consisting of nurses, a consultant and allied health professional also undertook a ten-day study tour to the east coast of America to identify the success of 'magnet hospitals' in the USA. The 14-strong group, which included members of staff, explored recruitment and retention

strategies, new models of clinical care, patient and public involvement and day case and ambulatory care. On their return, the group made a number of presentations to a wide range of audiences. The tour was supported by the UHB Charities.

5

To assure and improve the quality and reliability of our services

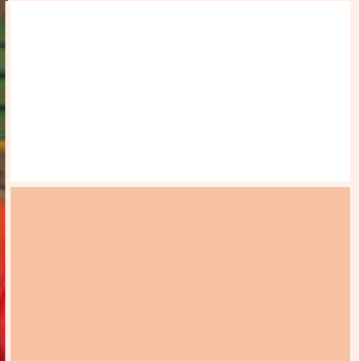
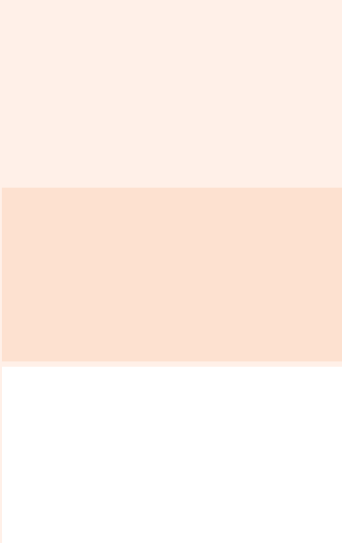


Stephen Hartnett

Stephen had a stroke when he was 32. He is now working with the NHS Modernisation Board looking at the care pathways for brain injured people and is a member of Division Three Patient Council.

He said: "It was so important to meet people who have been through the same sort of thing and find out about their experience."

"Professionals can't explain how it feels after something like a stroke – you are stepping into the unknown."



The Trust takes all aspects of governance seriously. It has a strong clinical governance team under the leadership of the Chief Nurse.

The team encompasses risk management and complaints and is answerable to a committee of the Trust Board which is chaired by Chairman John Charlton.

There is a clinical governance facilitator in each division whose remit is to support clinical governance activity at divisional level. The clinical governance facilitators developed the

Trust's action plan following publication of the CHI clinical governance review. This addresses the areas outlined by CHI. The facilitators also developed an Excel package that allows users in clinical areas to easily access and investigate highly specific, detailed information with the incident reporting system at the click of a button. The clinical governance intranet website was revised to improve its presentation and practicality. A clinical effectiveness register has been established to monitor compliance with National Confidential

Enquiry into Patient Outcome and Death recommendations and implementation of NICE guidance.

During the year the Trust received 486 complaints, a rise of 111 over the previous 12 months, resulting in more than 800 issues being investigated. Of these, 486 complaints, 96% were acknowledged within two days and 76% received a full response within the national standard of 20 working days. The largest number of complaints concerned medical treatment followed by delays and cancellations, attitude of

staff, cleanliness and communication.

UHB seeks to resolve complaints locally but if a complainant is still dissatisfied they may request an independent review. In 2003-04 there were 11 requests for an independent review. Of these only two went forward to the independent review panel hearing, three were referred back to the Trust for further local resolution, five cases were rejected and one is still being considered.

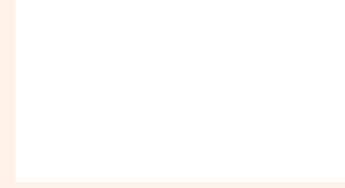
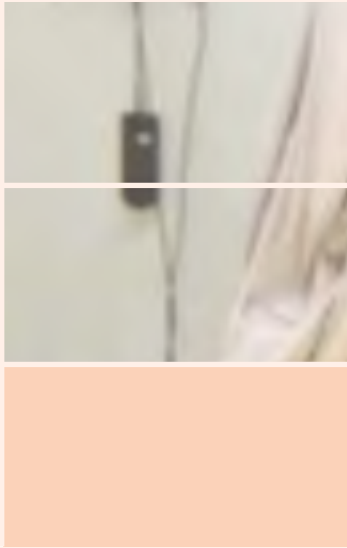
The Trust's Patient Liaison and Advice Service (PALS)

continues to help address concerns from patients and their visitors before they become complaints.

Learning from complaints

The Trust believes it is important to learn from complaints and to take action to ensure that problems do not recur. Over the last 12 months the Trust introduced the following:

- A review of the oncology outpatient clinic to ensure patients have more time to discuss their concerns with the appropriate staff



- A multi-disciplinary meeting is now held after each clinic to ensure that all staff are aware of the current situation with patients
- The wording of the 'did not attend' letter has been amended
- The computerised outpatient rescheduling system has been reviewed to reduce delays and cancellations.
- A formal communication system has been set up to ensure information is passed from theatre to the ward and then to relatives.
- The booking procedures and

documentation for patient transport has been overhauled. Booking staff now ensure they have obtained all the necessary documents before an appropriate judgement is made regarding a patient's eligibility for transport

- Letters sent to neuroscience patients regarding admission now include a contact name they can speak to if they have any concerns
- A one-stop dispensing scheme has been set up in the trauma unit to reduce delays in obtaining discharge medication

Learning from patients

In addition to acting on complaints, we learn from the patient surveys. Following a survey which highlighted the lack of adequate information for outpatients, new leaflets and posters were introduced and a new electronic information name system is being considered.

Risk management is a priority area for the Trust. The Risk Management team has developed a new departmental induction programme for Trustwide use; carried out in-depth ward and

departmental risk assessments and introduced a new incident report form. The Health and Safety Executive notice relating to the risk assessment and making safe of windows was removed following much hard work by the estates staff. A new incident reporting policy and procedure was also introduced.

The Trust has an in-house legal department which coordinates the clinical negligence and personal injuries claims handling policies. It was audited as part of the Risk Pooling Scheme for Trusts and

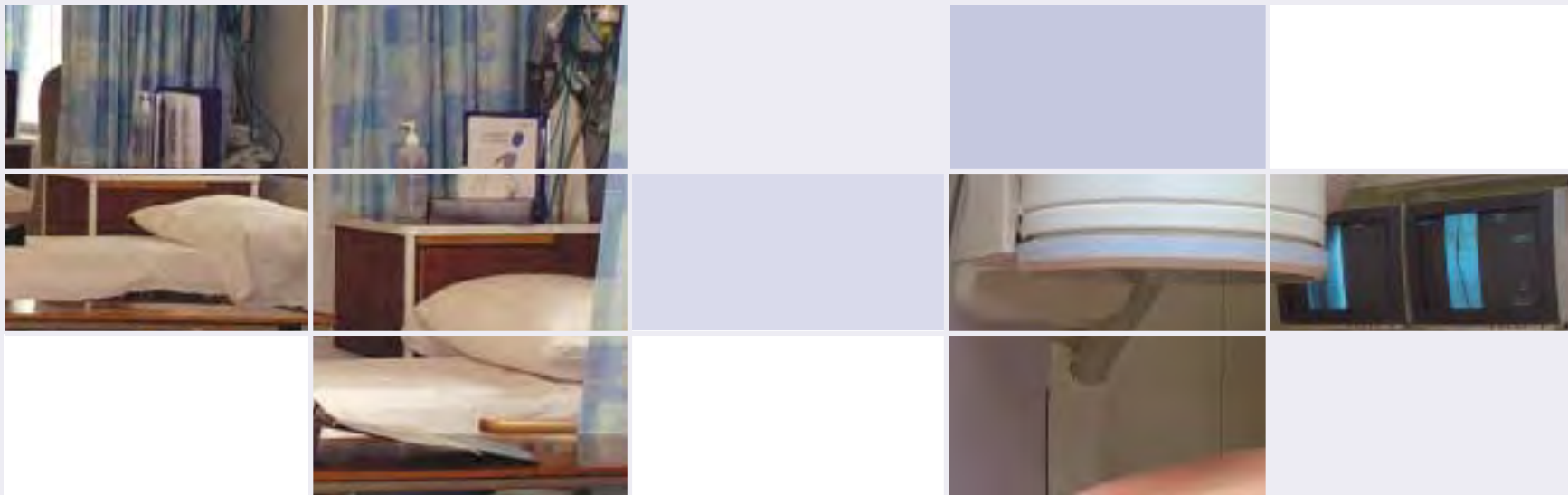
received a very positive report.

Cleanliness and hygiene are important for the Trust. Both hospitals are regularly inspected by the national Patient Environment Action Teams and the Trust has hit the national 85% target for cleanliness.

The Trust achieved level 2 of the Clinical Negligence Scheme for Trusts in July 2003. The scheme reflects the measures in place to manage risk.

6

To use our financial resources wisely and to make most effective use of information and communication and technology



The Trust finished the year with a surplus of £38,000 on a total income budget of £319 million.

This is the ninth year in succession that the Trust has achieved a surplus position.

Generating a surplus satisfies one of the Trust's statutory duties, which is to achieve a balance of income and expenditure.

The Trust's other financial duties, which it also met for the ninth successive year, are:

- remain within the borrowing limit (EFL)
- payment of 98% of bills within 30 days
- the required capital cost absorption rate

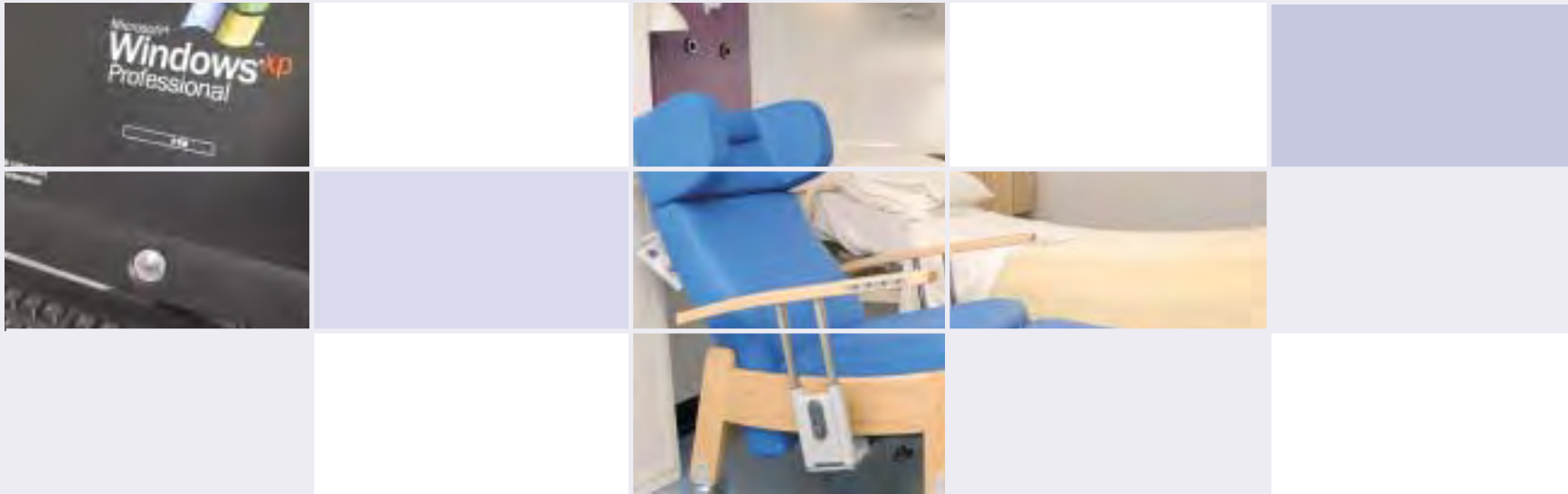
Spending at UHB

In the year, the Trust spent £16.5m on maintaining and improving its buildings and equipment. Included this year was the expansion of the plastic surgery day case unit and theatres to help with the increasing activity and to provide an enhanced service. The bone marrow

transplant unit has been enhanced to provide individual bedrooms with en-suite facilities.

Plans for our Financial Future

The 2004/05 financial year will be both exciting and challenging. The move to Foundation Status gives the Trust more financial freedom to enable it to fully manage its own resources whilst meeting its demands for services. This will be no less challenging or imperative than in previous years.



A bid to develop a Leukaemia centre on the QE site was made to Advantage West Midlands. Worth just over £2 million, the centre will significantly enhance the quality of treatment as well as helping generate a medical technology cluster in the A38 High Technology Corridor through the development of new treatments and drugs.

All Trust desktop computers have migrated to windows XP and the Trust met the national target for giving all staff their own e-mail address.

IT awareness sessions form part of all Trust induction programmes and the Trust has developed a comprehensive information communication technology training programme.

In January 2004 the Trust Board took the decision to join the national programme for IT as the preferred means of acquiring an EPR system. Since then the Trust has been working to develop an implementation plan.

In March 2004 the Wolfson Computer

Laboratories transferred from the University of Birmingham to the Trust.

The Trust is grateful for the support it has received from the UHB charities.

This year the Charities supported the refurbishment of 20 day rooms.

The Trust complies with the Freedom of Information Act. It adopted a publication scheme in October which states what information the Trust will routinely publish, how it will be published and whether

there is a charge. From January 2005 members of the public will have individual rights of access and will be able to request detailed information held by the Trust.

7

To develop a new district general hospital for South Birmingham and tertiary services for the West Midlands



Consort Healthcare has been selected by University Hospital Birmingham and Birmingham and Solihull Mental Health Trusts to be their preferred partner to build Birmingham's first new general hospital for 70 years and new mental health facilities for the city.

The new hospital revolutionises healthcare design – both from a building and service delivery point of view. It is the second largest hospital building project in the UK and has been radical in its approach.

The scheme is one of the largest building projects in Birmingham including those outside healthcare. Similar in size to the Bullring development, it will bring more than 1,000 new jobs and significant inward investment to the south of the city.

Ground breaking design

The design, although not yet finalised, breaks new ground. Three eye-catching pods, connected by walkways and set upon a two storey base, contain the main patient features of the acute hospital, whilst the new mental

health facilities consist of smaller units which are much more conducive to providing sensitive patient care and a sense of sanctuary than the large traditional hospital they are replacing.

All of this will be placed into a spectacular backdrop of high grade landscaping, archaeological preservation, natural habitats and a revitalised Bourn Brook corridor.

Within the acute hospital patients will have their own rooms with en-suite facilities or they will be in four-bedded bays which

will eliminate the problem of mixed sex wards. The mental health units will all be single bedrooms with ensuite facilities, providing more privacy and dignity for patients.

Collaborating with staff and patients

Members of staff (including doctors, nurses and support workers), patients and the public have been involved in planning the new hospitals which will have up to 1,400 beds and cover 170,000m².

The design is an

important watershed for hospital architecture and Birmingham's aspirations to be a major European force. The development will offer the highest standards of care in a superb environment. This exciting approach to modelling care has produced stunning results which have benefited from significant input from clinical staff. More than 500 have been actively involved in clinical review groups which have met over the past seven years to help prepare the ground.

Patients and the public have also been involved



from the outset. The Trust's patient councils and a specially convened Partnership Advisory Group (consisting of local opinion formers, media, volunteers and patient groups) has been providing advice for the last four years on all aspects of the project.

The project is costing £521 million and has been endorsed by all key health partners in South Birmingham.

World class

Some of the existing estate on the Queen Elizabeth Hospital site is

being retained but it will be modernised to ensure it's fit for 21st century care. The scheme will create world class teaching, training and research centres. A pedestrian plaza, complete with public artworks, will link the hospital campus with Birmingham University's medical school. The scheme will include a new clinical science centre in conjunction with the University of Birmingham, designed to interface closely with service outcomes and improvements. UHB and the University of Birmingham plan to

appoint a number of new professors which will further strengthen research and development. A project of this size requires partnership working and Birmingham's new hospitals project has seen such partnerships between both NHS Trusts and the Royal Centre for Defence Medicine (RCDM), currently housed at Selly Oak Hospital, Birmingham City Council and Advantage West Midlands amongst others. All are working together to ensure the best possible outcome for the people of Birmingham.

The RCDM will form an integral part of the new hospital development. It will provide new training and administrative accommodation for their people and there are plans to move all military medical training to a site close to the new hospital in Birmingham.

Partnership working





Access to hospitals is always a concern and the Trusts have worked with Birmingham City Council and Travel West Midlands on improved roads, bus, rail and potentially tram links.

Commenting on Consort's appointment as preferred bidder, Balfour Beatty Chief Executive, Mike Welton said: "The project will bring most of South Birmingham's key medical facilities onto a single, state-of-the-art site and address the Trust's ambitions for greater efficiency, more space and improved patient care. Balfour Beatty is bringing many decades of experience in working as a key contractor in the healthcare sector and the benefits of its expertise in planning, constructing and operating four other large PPP hospitals to the task."

The Trust Board of Directors

A Trust Board consisting of Executive *(full time) and Non-Executive (part-time) members under the Chairmanship of John Charlton, govern the Trust.

The Trust Board meets once a month (usually at 4pm on the third Thursday of every month) in the Post Graduate Medical Centre at the Queen Elizabeth Hospital. Its meetings are open to the public and Trust Board agendas and other papers are published on the Trust's website www.uhb.nhs.uk

 <p>John Charlton Chairman. Declared interests: Trustee of the University Hospital Birmingham Charities; Member of the British Fluoridation Society.</p>	 <p>Mark Britnell Chief Executive* Appointed January 2001. This is a permanent, full-time appointment and subject to a six month notice period. Declared interests: Director of Future Healthcare Network (NHS Confederation), Member Advisory Board, National Consumer Council; Member, Advisory Board, The Health Foundation (formerly the PPP Foundation); Member, Clinical Advisory Board, Inventures; Non-executive Director, Dr Foster Ltd and occasional columnist Health Service Journal.</p>	 <p>Dr Charles Bruce Director of Clinical Governance and Clinical Service Development.* Appointed in 2001. Declared interests: none (Resigned June 2004)</p>	 <p>Jenny Douglas Non-Executive Director (Resigned June 2004) Declared interests: none</p>
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Dame Catherine Elcoat DBE
Executive Chief Nurse*
 appointed in 2001. This is a permanent, full-time appointment and subject to a six month notice period.
 Declared interests: Member NHS Independent Reconfiguration Panel.



Andrew Hine
Director of Policy, Planning and Performance Management*
 appointed in 2001. This is a permanent, full-time appointment and subject to a six month notice period.
 Declared interests: none



Tony Huq MBE
Non-Executive Director
 Declared interests: Chairman, Management Committee, Bangladesh Centre



Professor William Littler
Executive Medical Director*
 appointed in 2001. This is a permanent, full-time appointment and subject to a six month notice period.
 Declared interests: Trustee of the Birmingham District Nursing Charitable Trust



Mel Morris

New Hospitals Project Director*

Appointed in 2000. This is a permanent, full-time appointment and subject to a six month notice period.

Declared interests: none



Julie Moore

Executive Director of Operations *

Appointed in 2001. This is a permanent, full-time appointment and subject to a six month notice period.

Declared interests: none



The Rt Rev Mark Santer

Non-Executive Director

Declared interests: Member NHS Independent Reconfiguration Panel.



Bernard Scully

Director of Human Resources*

Appointed in 2001. This is a permanent, full-time appointment and subject to a six month notice period.

Declared interests: none



Peter Shanahan

Executive Director of Finance and Deputy Chief Executive* appointed in 1999. This is a permanent, full-time appointment and subject to a six month notice period.
Declared interests: none



Mary Thomas

Non-Executive Director
Declared interest: Trustee, Supporting Independence for Alcohol (SIFA, formerly Homeless Alcohol Recovery Project [HARP]); employee of Birmingham Settlement.



Professor David Westbury

Non-Executive Director
Declared interests: Chairman, Universities Mutual Association Ltd



Financial Performance

The Trust's break-even performance for 2003/2004 is as follows:

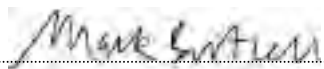
	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004
	£000	£000	£000	£000	£000
Turnover	205,032	228,410	258,460	290,263	319,264
Retained surplus for year	23	30	39	33	38

Statement of the Chief Executive's Responsibilities as 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 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.


Chief Executive
 16th July 2004 Date

Statement of Directors' Responsibilities in respect of the Accounts

The directors are required under the National Health Services Act 1977 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

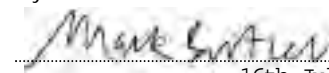
make judgements and estimates which are reasonable and prudent

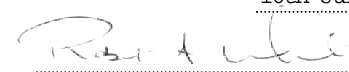
state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts.

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 requirement 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 in preparing the accounts.

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:

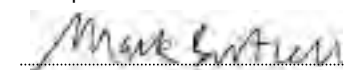

Chief Executive
 16th July 2004 Date


Acting Director of Finance
 15th July 2004 Date

Statement by the Chief Executive on Emergency Planning

The Department of Health requires that all NHS bodies have, review, improve and regularly test emergency plans.

This statement confirms that the Trust has major incident plans in place which are compliant with extant NHS guidance including Department of Health policy guidance "Handling Major Incidents - An operational doctrine."


Chief Executive
 16th July 2004 Date

Audit Committee

The Non Executive Directors who served on the Trust's Audit Committee during 2003-04 were:

Jenny Douglas
Tony Huq
The Rt Rev Mark Santer (chair)
Mary Thomas
Professor David Westbury

Remuneration Committee

The Non Executive Directors who served on the Trust's Remuneration Committee during 2003-04 were:

John Charlton (chair)
Tony Huq
The Rt Rev Mark Santer
Mary Thomas
Professor David Westbury

Statement of Directors' Responsibility in respect of Internal Control 2003-04

1. Scope of responsibility

The Trust 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.

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.

A full system of internal control was completed in the Trust by 31st March 2004 and up to the date of approval of the annual report and accounts.

3. The risk and control framework

The Trust Board is responsible for the strategic direction of the Trust in relation to Clinical Governance and Risk Management. It is supported by two committees which provide assurance on risk management issues: the Audit Committee and the Clinical Governance Committee. To ensure a corporate approach to risk management and Controls Assurance the Director of Finance sits on the Clinical Governance Committee and the Director of Clinical Governance and Clinical Service Development attends the Audit Committee.

4. Statement of Internal Control

As Accountable Officer, I can confirm that the University Hospital Birmingham NHS Trust has a sound system of internal control that supports the achievement of the organisation's policies, aims and objectives. Furthermore any significant internal control issues have been, or are being, addressed and that the Statement on Internal Control is a balanced reflection of the actual control management team within the organisation who have responsibility for the development and maintenance of the internal framework, and of the internal auditors. I have also taken account of comments made by the external auditors and other review bodies in their reports.

On behalf of the board:


.....
Chief Executive

16th July 2004
.....
Date

This is an abridged version of the Trust's statement of internal control. A full version is included in the Trust's statutory Financial Accounts.



Summary Financial Statements

Income & Expenditure account for
the year ended 31st March 2004

	2003/04 £000	2002/03 £000
Total Income	319,264	290,263
Operating expenses	(313,115)	(280,700)
Operating Surplus	6,149	9,563
Loss on disposal of fixed assets	0	(52)
Interest received	419	365
Other finance costs	(158)	(4)
Surplus for the financial year	6,410	9,872
Public Dividend Capital dividends paid	(6,372)	(9,839)
Retained surplus for the financial year	38	33

The financial statements on pages 32-40 are only a summary of the information contained within the Trust's full annual accounts upon which the auditors, KPMG have issued an unqualified opinion. The full accounts are available on request from the Finance Director.

The audit cost for the year are:- £200,000 for the statutory audit services, £33,000 for the services that provide further assurance and £2,000 for other services. The low level of expenditure on other services illustrates that the Trust ensures that the independence of the auditors has not been compromised.

Trusts are required to pay an annual dividend to the Department of Health equal to 3.5% of the estimated average Government funds invested in the hospitals. These dividends are effectively financing costs.

Trusts are required to achieve financial balance year on year, *ie* maintain expenditure at or below the level of their income.

UHB achieved this target in 2003-04 with a surplus of £38,000 which has been taken to reserves.



Summary Financial Statements

Balance Sheet as at
31st March 2004

	2003/04 £000	2002/03 £000
Fixed Assets	220,336	198,414
Current Assets		
Total Current Assets	32,235	29,396
Creditors: amounts falling due within one year	(31,427)	(30,852)
Net Current Assets	808	(1,456)
Total assets less current liabilities	221,144	196,958
Provisions for liabilities and charges	(3,798)	(1,406)
Total Assets Employed	217,346	195,552
Financed by Capital and Reserves	217,346	195,552

This is the net value of all the assets used in the running of the hospitals comprising mainly buildings, land and equipment.



Statement of Total recognised gains and losses for the year ending 31st March 2004

	2003/04 £000	2002/03 £000
Surplus for the financial year before dividend payments	6,410	9,872
Unrealised surplus on fixed asset revaluations/indexation	15,884	23,868
Net increase in the donated asset reserve	304	3,424
Total gains and losses recognised in the financial year	22,598	37,164

This statement shows all the gains and losses of the Trust during 2003–04, including those which are not required to be shown in the Income and Expenditure Account.

Cash Flow Statement for the year ended 31st March 2004

	2003/04 £000	2002/03 £000
Cash inflow from operating activities	16,310	21,725
Returns on Investments and Servicing of Finance	399	374
Capital expenditure	(18,206)	(17,242)
Dividends Paid	(6,372)	(9,839)
Net cash outflow before financing	(7869)	(4,982)
Financing	8,744	4,982
Increase/decrease in cash	875	0

The Trust is set an External Financing Limit (EFL) each year, which defines how much it can borrow and how much cash it can hold. UHB has achieved its EFL every year to date and this statement shows in very general terms the various cash flows.



Related Party Transactions

University Hospital Birmingham NHS Foundation Trust is a body corporate established by order of the Secretary of State for Health.

Dr N Richards, a renal consultant, is medical advisor to Fresenius Medical Care Renal Services Limited, who provide a support service to the Trust for renal dialysis. The Trust paid a total of £5,287,653 (2002/03 - £4,325,250) for this service.

At 31st March 2004 there was an outstanding creditor due to Fresenius Medical Care Renal Services of £159,618 (2003 - £538).

Mr M Britnell, Chief Executive of the Trust became a Non-Executive Director of Dr Foster Limited on 1st March 2004.

The Trust paid a total of £9,400 for the services of Dr Foster Limited during 2003/04. There were no amounts owed to this company at 31st March 2004.

	Payments to Related Party	Receipts from Related Party	Amounts owed to Related Party	Amounts due from Related Party
	£	£	£	£
Renal Consultant	5,287,653	0	159,618	0
Chief Executive	9,400	0	0	0

Bio Products Laboratory	North Birmingham PCT
Birmingham & Black Country StHA	North Staffordshire Hospital NHS Trust
Birmingham & Solihull Mental Health Trust	North Wales Health Authority
Birmingham Childrens NHS Trust	North Warwickshire PCT
Birmingham Heartlands NHS Trust	Oldbury & Smethwick PCT
Birmingham Women's Health Care NHS Trust	Prescription Pricing Authority
Burntwood, Lichfield & Tamworth PCT	Redditch & Bromsgrove PCT
Calderdale & Huddersfield NHS Trust	Royal Orthopaedic Hospital NHS Trust
Cheshire West PCT	Royal Wolverhampton Hospital NHS Trust
Coventry PCT	Sandwell & West Birmingham NHS Trust
Dudley Beacon & Castle PCT	Shropshire County PCT
Dudley South PCT	Solihull PCT
Dyfed Powys Health Authority	South Birmingham PCT
Eastern Birmingham PCT	South Worcestershire PCT
Good Hope Hospital NHS Trust	Telford & Wrekin PCT
Heart of Birmingham PCT	UCL Hospitals NHS Trust
Herefordshire PCT	Walsall PCT
Mersey Regional Ambulance Service NHS Trust	Warwickshire Ambulance Service NHS Trust
National Blood Authority	Welsh Ambulance Service NHS Trust
NHS Litigation Authority	West Midlands Ambulance Service NHS Trust
NHS Logistics Authority	Wolverhampton City PCT
NHS Pensions Agency	Worcestershire Acute Hospital NHS Trust
NHS Supplies	Worthing & Southlands Hospital NHS Trust

The Department of Health is regarded as a related party.

In addition, the Trust has had a number of material transactions with other Government Departments and other central and local Government bodies. The Trust also had a material level of transactions with The University of Birmingham.

The Trust has also received revenue and capital payments from a number of charitable funds, certain of the Trustees for which are also members of the NHS Trust Board. John Charlton, the Chairman of University Hospital Birmingham Foundation NHS Trust, is also a Trustee on the Board of UHB Charities.



Salary and Pension Entitlements of Senior Managers

The benefits in kind relate solely to the provision of lease cars.

All directors were in post at 1st April 2003.

	Age	Salary (bands of £5000)	Other Remuneration (bands of £5000)	Golden hello / compensation for loss of office	Benefits in kind	Real increase in pension at age 60 (bands of £2500)	Total accrued pension at age 60 (bands of £5000)
		£000	£000	£000	£000	£000	£000
EXECUTIVE DIRECTORS							
Mark Britnell Chief Executive	38	150-155	0	0	11,100		
Peter Shanahan Director of Finance & Deputy Chief Executive	39	105-110	0	0	6,900		
Robert White Acting Director of Finance	41	60-65	0	0	0		
Melvyn Morris New Hospital Project Director	†	100-105	0	0	0		
Charles Bruce Director of Clinical Governance & Clinical Service Development	42	85-90	0	0	0		
Dame Catherine Elcoat Chief Nursing Officer	50	90-95	0	0	7,900		
Julie Moore Director of Operations	†	100-105	0	0	0		
Bernard Scully Director of Human Resources	†	90-95	0	0	0		
Professor William Littler Medical Director	61	35-40	*	0	0		
Andrew Hine, Director of Policy, Planning & Performance Management	36	90-95	0	0	0		
NON EXECUTIVE DIRECTORS							
John Charlton Chairman	63	20-25	0	0	0	N/A	N/A
Mr T Huq Non-Executive Director	64	5-10	0	0	0	N/A	N/A
Mrs M Thomas Non-Executive Director	59	5-10	0	0	0	N/A	N/A
The Rt. Reverend M Santer Non-Executive Director	67	5-10	0	0	0	N/A	N/A
Professor D Westbury Non-Executive Director	61	5-10	0	0	0	N/A	N/A
Mrs S J Douglas Non-Executive Director	†	5-10	0	0	0	N/A	N/A

† Some directors have exercised their right to withhold information

*Consent to disclose other remuneration withheld



Summary Financial Statements

Better Payment Practice Code –
measure of compliance

	Number	£000
Total bills paid in the year	93,403	175,751
Total bills paid within target	91,896	173,780
Percentage of bills paid within target	98.39%	98.88%

The Better Payment Practice Code requires the Trust to aim to pay all valid invoices by the due date or within 30 days of receipt of goods or a valid invoice, whichever is later.

Management costs

	2003–04 £000	2002–03 £000
Management costs	12,096	10,566
Income	317,049	280,069
Percentage of Trust income	3.8%	3.8%

Statement on Managers' Pay

Senior managers were awarded a pay increase within the recommended managers' pay envelope of 3.6%.



Independent Auditors' Report to the Directors

We have examined the summary financial statements of University Hospital Birmingham NHS Trust set out on pages 34 to 40.

This report is made solely to University Hospital Birmingham NHS Foundation Trust's board, as a body, in accordance with section 2 of the Audit Commission Act 1998. Our audit work has been undertaken so that we might state to University Hospital Birmingham NHS Foundation Trust's board those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than University Hospital Birmingham NHS Foundation Trust and University Hospital Birmingham NHS Foundation Trust's board, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. Our responsibility is to report to you our opinion on the consistency of the summary financial statements with the statutory financial statements. We also read the other information contained in the Annual Report and consider the implications for our report if we become aware of any misstatements or material inconsistencies with the summary financial statements.

Basis of opinion

We conducted our work in accordance with Bulletin 1999/6 'The auditor's statement on the summary financial statements' issued by the Auditing Practices Board for use in the United Kingdom.

Opinion

In our opinion the summary financial statements are consistent with the statutory financial statements of University Hospital Birmingham NHS Trust for the year ended 31 March 2004 on which we have issued an unqualified opinion.

KPMG LLP
Chartered Accountants
Birmingham

7th September 2004^{Date}

This report contains summarised financial statements of the Trust's performance in 2003-2004.
The full audited accounts are available on request from:

Peter Shanahan

Deputy Chief Executive and Chief Financial Officer
University Hospital Birmingham NHS Trust
PO Box 9557
Main Drive
Queen Elizabeth Medical Centre
Birmingham B15 2PR
☎ 0121 627 2917

If you would like to find out more about University Hospital Birmingham NHS Trust and its plans please write to:

Mark Britnell

Chief Executive
University Hospital Birmingham NHS Trust
PO Box 9557
Main Drive
Queen Elizabeth Medical Centre
Birmingham B15 2PR
☎ 0121 627 2800

To donate to the UHB Charities please contact:

Peter Fletcher

Head of Fundraising
University Hospital Birmingham NHS Trust
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Selly Oak
Birmingham B29 6LE

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Queen Elizabeth Hospital

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