

Annual Report and Accounts 2007 / 2008



Consultation

We would like to thank the service users, carers and staff groups, including Derbyshire Voice, and staff side who have all been approached to comment about the content and style of this Annual Report.

The overwhelming response was to recognise that the annual report must contain particular information. In keeping with last year's pilot of producing a low cost annual report, we felt supplementing this with a smaller, more colourful and 'user friendly' annual review would be the way forward.

Staff side requested that the annual review focussed on the recovery model as a theme. We will develop the annual review from the achievements and information in this report and will emphasise the importance this has in people's recovery when they need our help.

The annual review will again be available prior to the Annual Public meeting in September and circulated to all interested parties, including our members.

About Us

Derbyshire Mental Health Services NHS Trust was formed on 1 April 2002, following wide consultation, and subsequent approval from the Secretary of State for Health to form a new County wide specialist Mental Health Trust. This was achieved as a result of a merger between the Southern Derbyshire Community and Mental Health Services NHS Trust and the North Derbyshire Mental Health Confederation - previously managed by the Community Health Care Services (North Derbyshire) NHS Trust. As a consequence of these changes, the Community Health Care Services (North Derbyshire) NHS Trust was dissolved on 31 March 2002.

Index	Page
CHAIRMAN & CHIEF EXECUTIVE	
Introduction	5
OUR BUSINESS	
Core Purpose	6
Business Environment	7
Business Development	8
OUR SERVICES	
Experiencing Our Services	10
Older People Business Unit	13
Emergency Care Business Unit	15
Community Care Business Unit	17
Services for People with Learning Disabilities	20
OUR PEOPLE	
Workforce and Human Resources	22
Learning and Development	26
Awards	28
OUR ENVIRONMENT	
Corporate Social Responsibility	29
Foundation Trust Application	31
Trust Estate Strategy	33
OUR PERFORMANCE	
Targets	36
Governance	42
Risk Management	45
Emergency Planning	46
OUR FINANCIAL PERFORMANCE	
Finance Report	47
OUR TRUST BOARD	
Declaration of Interests	52

147

One

Statement of Ambition

Our NHS Trust will meet the mental health and well-being needs of our local population by providing the best possible services, and promoting individual choice, recovery, and independence.

Four

Key Goals

To continuously improve the quality of our services for our users.

To influence public attitudes towards mental health, and promote the principles of social inclusion.

To develop commercial awareness and embed entrepreneurial behaviour amongst all our staff.

To be an organisation which is fit for purpose, upholding the principles of the NHS.

Seven

Operating Principles

We will ensure that the best interests of people who use our services, and their carers, are our prime focus.

We will develop, support, and engage our staff, ensuring the right mix of skills and experience are available to deliver high quality

We will promote the importance of using evidence based approaches to care provision, providing teams and individuals with the means to Improve.

We will proactively develop effective partnerships with local statutory and non-statutory organisations.

We will devolve accountability and responsibility, encouraging decision making at the point closest to service delivery.

We will ensure that all staff understand the importance of delivering services within the defined financial envelope, and of demonstrating value for money to our commissioners and customers.

We will develop awareness of our external markets, looking for opportunities to bring new business into the Trust, and alert to threats to our existing services.

CHAIRMAN & CHIEF EXECUTIVE

Chairman and Chief Executive

The year just ended has been an extremely eventful one for the Trust. Having anticipated authorisation as a Foundation Trust during the year, it was disappointing to have to ask for a little more time to complete some elements of our application. However, on the positive side, those extra months have given the Board, and the organisation, time to consolidate our preparations to become a Foundation Trust, and we now confidently expect this to happen during the summer. This disappointment has been offset by the continued growth in the numbers of membership applications received. Trust morale was further boosted by the publication of the Healthcare Commission ratings (2006/07 published in October 2007), which announced an “**excellent**” score for quality of services, and a “**good**” score for use of resources. The Trust is justifiably proud of this achievement.

We were further delighted to reach financial close on our Private Finance Initiative, after many years of planning, and it is wonderful to see the early stages of construction now taking place on the Kingsway and Erewash Hospital sites.

The Trust continues to strive to be an efficient and productive provider of services, and to this end has a strong service development strategy, which is underpinned by our revised statement of ambition, strategic aims, and operating principles. These have been widely circulated and have been well received.

As we look to the future, we are excited about the prospects of developing close working relationships with our Council of Governors, continuing to grow our membership and involve our members in promoting the work of the Trust, and of course, continuing to deliver high quality services to people with mental health problems. We recognise the importance of engaging our staff as ambassadors, and of ensuring that we have a good reputation with our full range of external partners. We look forward to continuing our organisational development journey in the year ahead.

Accounts are prepared in accordance with the guidance issued by the Department of Health and in line with GAAP (Generally Accepted Accounting Principles). After making enquiries, the Directors have a reasonable expectation that Derbyshire Mental Health Services NHS Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, Directors continue to adopt the going concern basis in preparing the accounts.

The following pages represent the work of the Trust over the year ended 2007/2008 and of course, as always, a great deal of credit is due to our staff, across all our departments. We hope that you find the report useful, and we commend it to you.



Judith Forrest

Judith Forrest
Chairman

Mike Shewan

Mike Shewan
Chief Executive

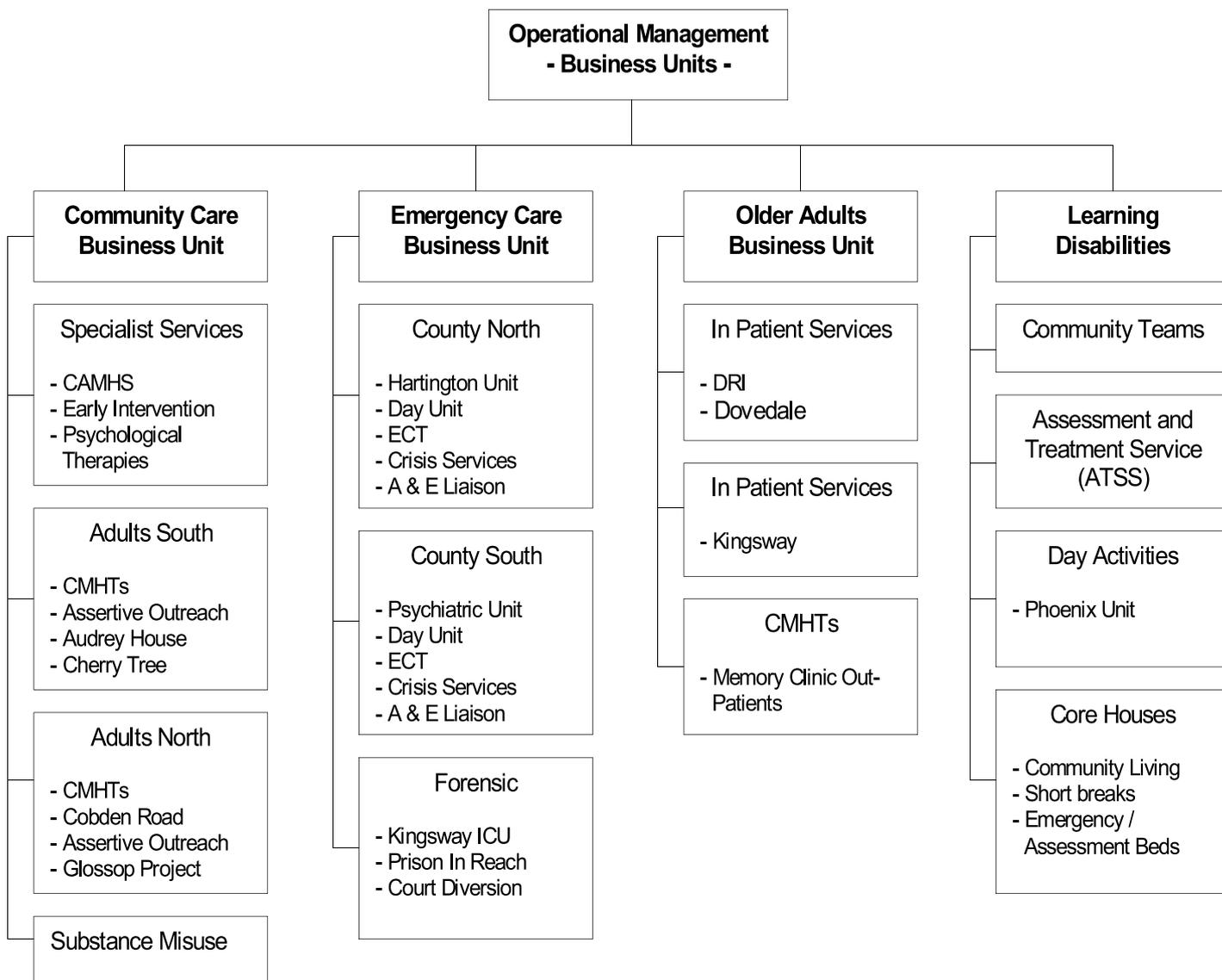


OUR BUSINESS

Core Purpose

Our core purpose is to improve the mental health and well being of the people of Derbyshire and to provide them with effective, accessible and modern mental health and learning disability services. The catchment area population is circa 950,000, 1 in 4 of whom will experience mental health care needs, and 1 in 7 of whom will require admission for specialist mental health care.

The Trust is one of several providers of mental health services in the local area. We focus on services for those with severe and enduring mental health diagnoses. These supplement lower-tier services, such as primary care, and are themselves complemented by more specialist services, such as forensic high secure services. We provide a range of services which reflect the wide spectrum of mental health problems. This includes individuals who need support from community staff, through to inpatient and crisis resolution and more specialist services. The services we provide are detailed below in the operational management structure.



Business Environment

Derbyshire Mental Health Services NHS Trust serves the population of Derbyshire, covering an area of 815 square miles. Derbyshire has a dispersed rural area with two major urban areas, Derby in the South of the County and Chesterfield in the North. There is a significant ethnic minority population of approximately 16.5% in Derby City compared to the total County population of black and ethnic minority communities, which is 3.5%.

The Trust works in partnership with the social care departments of Derbyshire County Council and Derby City Council. This has resulted in jointly-managed services for most mental health services across Derbyshire.

Key Commissioners (purchasers of health care)

The key commissioners for the Trust are Derbyshire County PCT, Derby City PCT, the County Drug and Alcohol Team (DAAT) and the Derby City Community Safety Partnership. The commissioning structure in the PCTs covers both health and social care; these are delivered through a lead commissioner arrangement.

Specialist Commissioning

A regional specialist commissioning team commissions some services such as high and medium secure inpatients. In the next few months low secure services and Child Adolescent Mental Health Services (CAMHS inpatient areas) will be moving from the PCT commissioners to regional specialist commissioners. This will require the development of new relationships with the different commissioners, and in the longer term, could affect the local focus of service developments to one based on regional need. We have been working with PCT commissioners on a Derbyshire plan for CAMHS with the Trust as a provider and will continue to do so with regional commissioners.

Regional Procurement

The East Midlands Regional Procurement Hub “re:source”, is challenged to deliver savings for the health community in this region across all areas of procurement. It has set itself a target of delivering £1.2 million of those savings from the recent low secure tendering process in which we were successfully identified as an approved provider which met the commissioners’ standards for service quality and value for money.

The procurement hub is now working with PCT commissioners on the next programme to challenge the mental health market in the areas of psychiatric intensive care and rehabilitation services. It is likely that the procurement process will begin in summer 2008 over a similar timescale to the low secure process ending early in 2009.

Commissioning Agenda

A proportion of adults and older adults (8.8%) are placed in facilities outside the Derbyshire area. The commissioning intentions for 2007/08, and for the future, include strategies to repatriate as many patients back to Derbyshire to fit with the national standard (10 High Impact Changes for Mental Health) and our Service Delivery Plan (2007-2012) for care as close to home as possible.

Commissioner growth is likely to come from meeting local service gaps, i.e. early on-set dementia and a community eating disorder service. This will also include addressing service inequity, which is identified through deprivation and health indices, i.e. under provision of Older People Community Mental Health Services in the North of the County.

Our commissioners will also require us to continue modernising our services in line with our Service Development Strategy, which is covered by the following headlines:

- Prevention rather than admission to hospital
- Care as close to home as possible
- Rationalisation and improvement in the quality of the Trust estate, both our community and inpatient facilities.

The review of the NHS that is being conducted by Lord Ara Darzi, “Our NHS, Our Future” will impact on the sort of services that we will be required to deliver. The review is a consultation exercise with the public, staff and users of the NHS, with mental health having its own work stream. In the East Midlands learning disabilities services are included in that work stream. We cannot predict the outcome of this review, but the NHS Plan consultation exercise with the public resulted in people wanting better access and less waiting. The Directors believe the direction of travel expressed in the Service Delivery Strategy will be a platform that can be developed in line with any outcomes from the review.

Competitors

The change of health policy has increased the number of organisations who are able to provide NHS care. For mental health services in Derbyshire at present there are few competing specialist service providers. The Trust provides the majority of mental health care across Derbyshire which is highly regarded. We received “excellent” for quality of services in the 2007/08 annual health check (see performance section). However primary care is an ever expanding area for the provision of psychological or “talking” therapy and the provider arm of Derbyshire County PCT provide inpatient Older People beds, in the North of the County. We have authorised Foundation Trusts on our borders who, along with private sector providers, may well be interested in providing some care pathway elements especially in specialist areas, i.e. forensic services.

The learning disabilities services are subject to separate commissioning arrangements, led by Local authorities and the respective PCTs. Commissioners have advised us of their strategic intention for these services to be directly managed and provided by the local authority. However, the “Our NHS, Our Future” review may lead to a different approach for certain service elements following consultation.

Business Development

The Trust continually reviews the changing demands placed on our services and, in turn, reviews the business structures to ensure fitness for purpose.

In 2006 we reconfigured services into four Business Units providing aligned functional services. Learning Disability services were expected to transfer to the local authority in 2007/08 but, as a result of national policy guidance, plans to transfer the service into an integrated health and social care service, are being reviewed. The future arrangements are likely to emerge from the “Our NHS, Our Future” review of the NHS, but this may result with us retaining some elements of the service.

Corporate services support the Business Units and Learning Disability services due to economies of scale. The Business Units have the following objectives:

- Ensuring local control of resources with local decision-making and effective accountability.
- Aligning income and cost management at the same level of management.
- Delivering cultural change, by bringing an inclusive “can-do” more entrepreneurial approach to decision-making.
- Ensuring responsibility for information is owned and aligned for greater use in decision-making.

This reconfiguration of services has enabled a progressive development in Service Line Reporting. The service line is more easily identifiable and all budgets for the year 2008/09 have been re-based. Throughout 2007/08 the Business Units were transforming to meet their objectives and have now matured enough for Service Line Reporting to be fully embraced and developed.

Each Business Unit has its own Service Delivery Strategy detailing how services will be modernised to meet patients’ and commissioners’ requirements. The corporate services will support the modernisation through developments in their area, for example:-

Information Management and Technology

During 2007/08 developments in IT have supported improvements in service provision. These include the continued delivery of National Care Records Service (NCRS) as part of the long term project “Connecting for Health”. This enables activity data to be captured and reported more thoroughly leading to better decision-making. Continued work on this is a priority in the Information Management and Technology Strategy to ensure confidence in our services with our commissioners.

IT have supported the development of “Choose and Book” which is detailed under the Community Care section, plus other modernisation of IT systems in pharmacy and CAMHS. We will need modern information and communication systems to support developments in clinical services that can benefit our service users and we are continually assessing how new technology fits into our Service Delivery Strategy.

OUR SERVICES

Experiencing Our Services

Finding out what people think of their care with us is a top priority. Service-user, carers, public and staff feedback is sought by a variety of routes to provide valuable evidence for continued service improvement.

Over the last year they include:-

Community Mental Health Services Users Survey

Since 2004 the Healthcare Commission has carried out five national surveys of people who use Community Mental Health Services provided by NHS Trusts in England. Information from the survey provides performance indicators for the patient experience component of the Annual Health Check and the results are also used locally to improve performance. The 2008 survey took place between January and April 2008 and we expect to receive the results in July/August 2008.

(The 2007 survey is a component of the 2007/2008 Annual Health Check, which is detailed in the performance section).

Service User Involvement

The Trust promotes and encourages positive relations with service users and carers, recognising the importance of providing opportunities for them to express their views and experiences. Service users and carers are encouraged to be actively involved and exercise genuine influence in all stages of the decision making process when new services, or changes in services, are being proposed.

Derbyshire Voice, a service user organisation, is represented on over 30 regular meetings to ensure that service users' opinions are heard and taken into consideration.

North Derbyshire Carers' Forum and South Derbyshire and Derby City Carers' Forum are also represented at a variety of meetings, including strategic development meetings.

A representative from the Trust attends the North and South Carers' and the Patient and Carers monthly meetings to ensure feedback to and from the groups. The Trust also seeks representation from voluntary sector organisations, as another route to engage with the public and service users.

The Patient and Public Involvement (PPI) Forum worked with the Trust throughout last year, providing feedback on all areas of our services and responding to consultation documents. The PPI Forums were abolished on 31st March 2008 and we are now working with the Local Authorities to develop LINKs (Local Involvement Networks).

User Focus Monitoring (UFM)

This year is UFM's first full year since transferring from Derbyshire Mental Health Services NHS Trust to Derbyshire County PCT. We are located at Park Hill, near Egginton. We have also changed location strategically from being within a governance team to being with the Mental Health Commissioning Team.

In the year 2007/08 we have completed two surveys, the first looking at Crisis Services and the second reviewing the Care Plan Approach and its perspective from service users. We have started another survey looking at the health and social well being of homeless people in the city.

With regard to our recommendations for implementation, we have made significant progress, and are now included in the quality improvement schedule between Derbyshire County PCT and the Trust.

Patient Advice and Liaison Service (PALS)

PALS is central to the system of patient and public involvement. It is a central point in the Trust where service users, their families, and carers can turn for advice and support in resolving problems straight away. PALS provide information and on-the-spot advice for service users, their families, and carers. This information is then used as a lever for change and improvement in the provision of services.

The PALS team work closely with staff across the Trust to find solutions to problems raised by service users, and will aim to resolve issues of concern at an early stage before they become formal complaints. They provide telephone advice and also undertake outreach work. They hold regular sessions in inpatient wards and represent the Trust at Carers' Forums and the Patient and Carers Group.

The service has not been fully staffed for a considerable part of the year, which has put pressure on the number of outreach meetings that PALS could conduct. However, staff remained positive in their attitude and there is now a full service offering its normal high standard.

During the last year PALS has dealt with:-

- 384 individual enquires
- 96 service user meetings/outreach sessions
- 592 service users at the outreach meetings

PALS has raised issues on behalf of service users and carers over a wide range of subjects including:-

- Meals on wards
- Staffing issues on wards
- Praise for staff
- Smoke free policy
- Gold Card
- Resolving individual care situations

PALS also gives advice and signposting to any of the Trust members who have a query about mental health, the Trust, the NHS or benefits.

Compliments and Complaints

In total 111 formal complaints were received during 2007/08. Out of those complaints, 94% were acknowledged within the target of 2 working days, 93 complaints received a full response within the agreed target and 14 were outside the agreed target. Currently 4 investigations are still in process, within agreed targets limits.

The main issues arising from complaints received during 2007/08 are in relation to service users not feeling listened to. This often leads to complaints about staff attitude and disagreements over care and treatment. Complaints have also raised issues in relation to compliance with the Care Programme Approach.

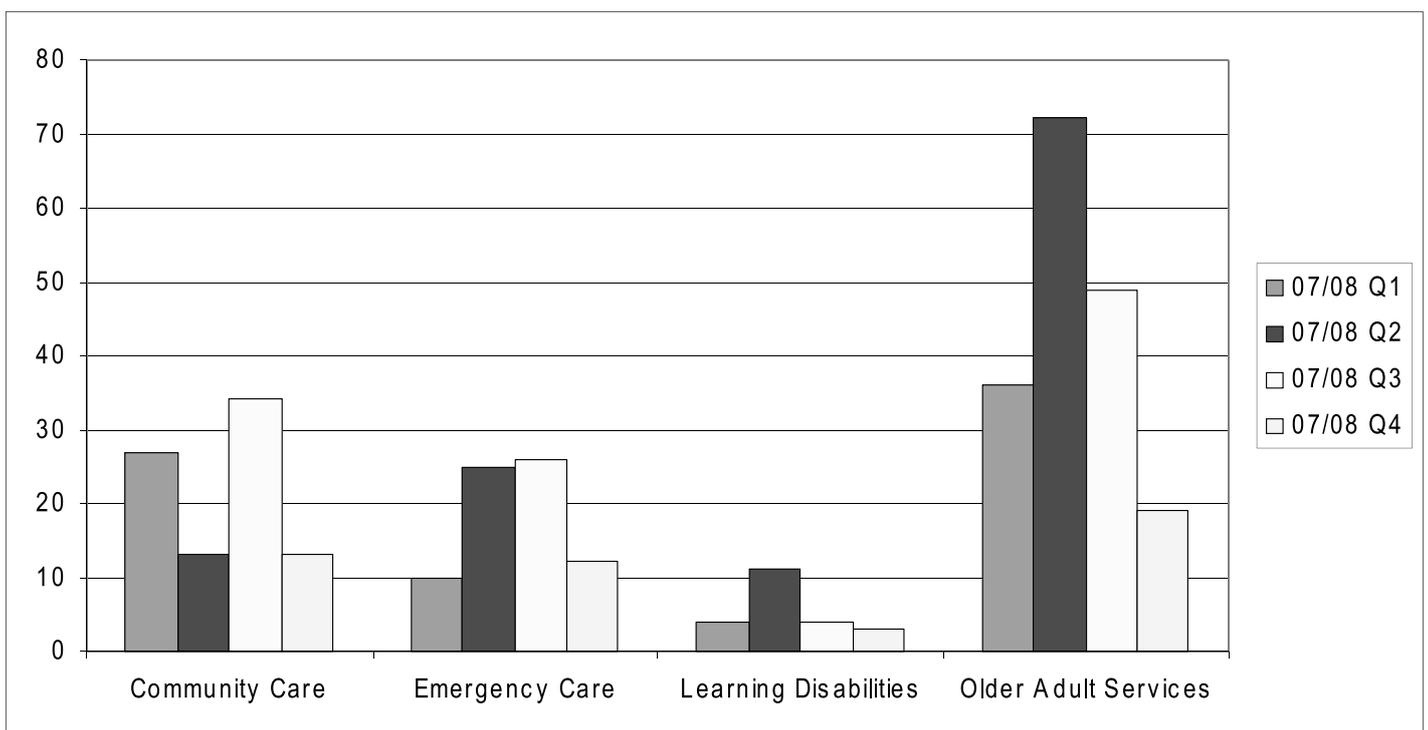
A Complaints Forum, comprising representatives from each Business Unit, meets regularly to action remedies to complaints recorded in the action plan database. The Principles for Remedy as detailed by the Parliamentary and Health Service Ombudsman will be adopted by the Trust and form part of the Complaints Forum.

Compliments

In order to bring a balance to the reporting process the number of compliments reported to the Department are included. Whilst the number of reported compliments remains fairly low, efforts are being made to raise awareness with staff regarding the importance of using compliments logs, and the benefits to the teams when these logs are reviewed regularly. Staff are encouraged to have a compliments log as a standing agenda item at regular team meetings.

The Older People Business Unit reported the highest number of compliments over the year.

Compliments are generally in recognition of the individual care received from a staff member and come from either the service user or family member as an indication of their gratitude for the help and support provided.



Older People Business Unit

The Older People Business Unit is responsible for delivering services to older people across Derby City and Derbyshire County. They also deliver services to younger people whose needs are best met by their expertise. They aim to deliver services to best practice, national standards and guidelines within existing resources.

The Business Unit has around 400 staff delivering services in community settings and also inpatient areas.

This last year has seen a sustained effort by all staff to ensure that continuing high standards of care and services have been delivered.

The Older People Business Unit has inpatient services at Kingsway and the Derbyshire Royal Infirmary (DRI). Our consultants also support patients in Pleasley Ward, Hartington Unit, Chesterfield.

We have Community Mental Health Teams in the following areas:-

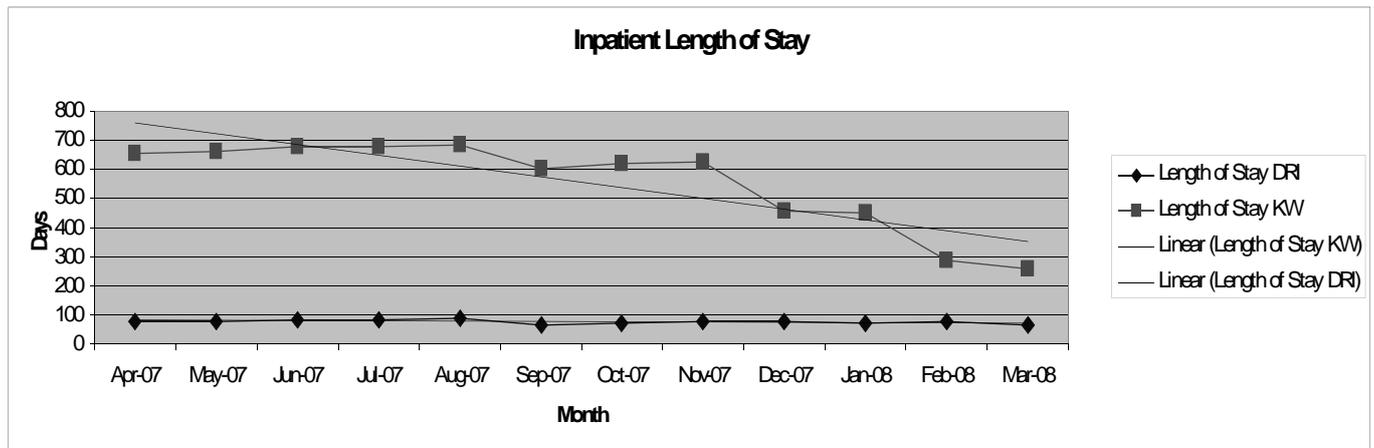
- Derby City
- Amber Valley
- South Derbyshire
- Bolsover
- Killamarsh
- North Dales
- Chesterfield
- Erewash
- South Dales
- Clay Cross
- High Peak

We provide day hospital services at Dovedale on the DRI site and day services at Woodside on the Ilkeston Community Hospital site, and we have a Nurse-led memory clinic based at the Hartington Unit, Chesterfield.

Developments

We have streamlined our inpatient services by reconfiguring the pathway for dementia services at Kingsway. This has enabled a better patient experience by:-

- Increasing the patient-to-staff ratio across inpatient areas.
- Achieving a skill mix, which has a higher ratio of skilled and experienced staff across the 24 hour period.
- Achieving a reduction in the length of stay for patients across the service, which has enabled the increasing demand to be met.



The Older People Business Unit plans centre on better utilisation of inpatient capacity within the PFI scheme. This means a reduction in beds from 118, at the start of April 2007, to 84 as of April 2008.

We have established a discharge team to support the pathway in inpatient services. These staff are located and managed within community services to further streamline the patient pathway and enhance the patient journey.

We have reviewed the skill mix for community and day services against the essence of care benchmarks and the Royal College of Psychiatry standards, and are working towards achievement of this skill mix.

We agreed part of the funding for the enhancement of North Community Mental Health Teams and received it at half-year effect. The same part funding has been committed for full year effect in 2008/09.

We introduced a quarterly Consultant Psychiatrist/Business Unit meeting in April 2007 to facilitate current and future service development, promote working relationships, ensure effective communication and improved ways of working.

We achieved Royal College of Nursing accreditation for our dementia awareness study days, which have been well attended by staff across the Trust, PCTs, acute hospital and private sector. We also delivered this accredited course to Learning Disability staff as part of the action plan to meet the health needs of people with a learning disability who also have a dementia. Other achievements include:

- Achievement of 7 day follow-up target.
- Improved data collection and reporting.
- Environmental improvements to inpatient areas at Kingsway.
- Achieved deep-clean programme ahead of timescales and cleaning standards maintained resulting in higher PEAT scores.
- Significant reduction in number of delayed transfers from inpatient areas.

Emergency Care Business Unit

The Emergency Care Business Unit is responsible for the delivery of services to people across Derby City and Derbyshire County who require either acute or forensic mental health care. Within the Business Unit our services include Low Secure Inpatient Care, Psychiatric Intensive Care, Acute Inpatient Care, Crisis Resolution and Home Treatment Services, Day Hospital, Prison In-reach Services to HMP Foston Hall and HMP Sudbury, Criminal Justice and Liaison Services, Mental Health Liaison Services, Occupational Therapy Acute Service, Perinatal Mental Health Acute Inpatient and Community.

Acute Care Services:-

- Crisis Resolution and Home Treatment Team, which includes rapid response assessment 24/7, gate way to inpatient care, home treatment as an alternative to hospital admission, single point of entry to mental health services out of normal working hours, carers assessment, advice and guidance.
- Day Hospital Care, which supports home treatment, assessment, treatment, advice and relapse prevention.
- Inpatient Care, including brief acute admission, treatment admission, discharge planning and occupational therapy programmes.
- Occupational Therapy, which is focussed on an individualistic approach based upon the recovery model.
- Specialist perinatal inpatient services.

Forensic Services:-

- Psychiatric Intensive Care Unit, providing brief intensive care for service users during a time when the risk they present cannot be safely managed within acute inpatient care.
- Low Secure Unit, providing a secure rehabilitative environment for those people who have serious mental health problems and have committed offences.
- Criminal Justice and Liaison Team, providing assessment to people with mental health problems within the criminal justice system, particularly those in police custody, and liaison with other statutory bodies to ensure effective service involvement where appropriate.
- Prison In-reach Team, providing effective assessment and treatment to prisoners in two Derbyshire prisons, HMP Foston Hall and HMP Sudbury.

The majority of our acute care services are based at either the Hartington Unit or at the Mental Health Unit at Derby City General Hospital. These include our inpatient acute wards, OT acute services, and recreational staff, Crisis Resolution and Home Treatment Services.

In the North of the County, we have two satellite bases for Crisis Resolution and Home Treatment Teams, one in Matlock and the other based in the High Peak. Our Mental Health Liaison Teams are based close to the A&E departments of the Chesterfield Royal Hospital, at the Hartington Unit, and the Derbyshire Royal Infirmary, at the Resource Centre.

Both our Low Secure Unit and Psychiatric Intensive Care Unit are located on the Kingsway Hospital site, and our Prison In-reach Team and Criminal Justice and Liaison Team are based at the Hawthorns in Derby. Our Perinatal Services are based at the City Mental Health Unit, in The Beeches.

We have 420 staff working within the Business Unit specifically. The services are managed in 3 areas; Emergency Care North, Emergency Care South, and Forensic Care. Each service area has an Area Service Manager.

Developments

We have introduced carer's link workers on all acute wards towards the end of this year, following recognition through our engagement with the Patient and Carers Forum that our services to carers need to reflect their needs, and provide enhanced support through particularly stressful times such as inpatient admissions. The carer's link workers are providing a conduit for information to carers, and a point of contact on the wards at the Hartington Unit and Derby City sites.

In 2007/08 the team opened a servery at the Hartington Unit. The café area was named the 'Busy Bites' following a naming competition. The servery was developed as a direct result of feedback from service users and carers regarding the lack of recreational and support resources available at the Hartington Unit.

Busy Bites was developed as a partnership initiative with the Shaw Trust. The café opens on a daily basis and provides an opportunity for both our service users and, during visiting times, their carers, to enjoy space and time away from the ward, thus improving their experience of our services.

We have secured additional investment into our Prison In-reach Services, in partnership with our commissioners, which will allow particularly HMP Foston Hall to receive a more appropriate service.

All our Senior Nurses and Charge Nurses who manage inpatient areas have completed a 12-month series of master classes aimed at improving their leadership, innovation, and confidence as managers.

Our Crisis Resolution and Home Treatment Teams have achieved their Local Delivery Plan target, and treated over 1733 people at home during the course of 2007/08. This is part of the overall national and local strategy to treat people as close to home as possible, and to provide treatment in people's homes wherever we are able. Our Crisis Resolution and Home Treatment Teams are based mainly on our inpatient units, which allow them to support early discharge from hospital.

We have streamlined our reporting and escalation process for Delayed Transfers of Care, and as a result have seen a significant reduction in our acute inpatient sites of people delayed in hospital who are ready for discharge. Particularly, the success can be seen on Wards 32, 33, 35, and 36 on the Acute Unit site in Derby.

During the course of the year we have seen a reduction in our length of stay in acute inpatient care. This was the outcome of a specific initiative, which involved promoting early discharge through Crisis Resolution and Home Treatment Teams, and putting discharge planning at the front end of an admission. Further to this, in the forthcoming year, we are introducing a discharge liaison worker post to each of our inpatient wards, as part of our ongoing plans to ensure that people receive the right treatment in the right place, by the right person, and at the right time.

Community Care Business Unit

The Community Care Business Unit is responsible for ensuring the effective and efficient delivery of community based services across Derby City and Derbyshire County. The services delivered through the Business Unit are diverse and include all adult Community Mental Health Teams, Assertive Outreach Teams, Early Intervention Teams, Substance Misuse Services, Child and Adolescent Mental Health Services (CAMHS) South County, and Residential and Community Rehabilitation Services. The Business Unit contains around 600 staff from a range of disciplines employed by the Trust, and a further 200 staff who are employed by the Local Authorities, but managed by Area Service Managers as part of a partnership approach to delivering services. Business Unit staff have worked hard to continually improve the range and choice of interventions available to those people who need to use our services. This drive has been demonstrated by the increased number of services offered and the addition of new methods of accessing community services. The Community Care Business Unit has rehabilitation and recovery services based in Chesterfield and Derby.

We have Community Mental Health Teams in the following areas:-

- Derby City
- Amber Valley
- Erewash
- South Derbyshire
- South Dales
- Chesterfield
- Bolsover
- Clay Cross
- Killamarsh
- High Peak
- North Dales

The Business Unit provides Assertive Outreach and Early Interventions (psychosis) Services across these localities from sites across the City and County.

We provide Psychological Therapy Services from centres in Derby City serving the local population in Derby and the South of the County.

The Eating Disorder Service, which was established this year, is based in Belper.

Developments

The Early Interventions Services have built on the advances in previous years by increasing caseloads of patients with early onset psychosis and achievement of the targets set for the service. They have achieved this through effective joint working with a range of agencies and through a comprehensive program of raising awareness with potential referrers and linking with CAMHS services.

Substance Misuse Services have been involved in service redesign and development in partnership with commissioners. The commissioners have committed to the Trust to provide the service, which has successfully achieved the targets set as follows:-

- New presentations YTD offered HBV vaccinations – **94%**
- New presentations YTD recorded as 'offered and accepted' who have commenced a vaccination course – **69%**
- Individuals in treatment previously or currently injecting who have received a HCV test – **41%** (against a target of 50%)
- New presentations YTD (current injectors or if ever injected) with hepatitis C intervention status – **82%**
- New presentations YTD completed general healthcare assessment – **96%**

The community services have been working with commissioners to develop the provision of Assertive Outreach Services, which has led to a significant enhancement to the level and responsiveness.

Rehabilitation Services based in the City have shown a commitment to excellence in implementing the Essence of Care benchmark tools. The rest of community services have also achieved the requirement to implement these tools against the targets set. The Community Matron has supported this work.

The Eating Disorder Service has been launched fully and is focusing on assisting those experiencing severe anorexia nervosa. The service has been building its caseload towards the target capacity, drawn from referrals across the County, based on clinical need. The service is also providing vital training and support to staff in other areas where necessary.

The Community Care Business Unit has recognised and supported the need for recovery-focused services. Training has been implemented to support this and already there are benefits realised for service users and staff in embracing the use of WRAP plans in supporting people around their mental health needs. The rollout of the WRAP training has been enthusiastically taken forward by a dedicated team of trained staff and service users, which has demonstrated the importance of involvement of patients, and service users in developing services as key stakeholders.

The CAMHS service has established the particular provision of services to 16/17 year olds in City and County through funding being made available. The services in the City have been working with partners to ensure that waiting times were brought within expected targets and this has been achieved through exceptional commitment of staff and managers. The service has also been committed to respond to a number of approaches to develop and provide additional services across the County.

The Trust has supported continuous improvement in how it delivers Psychological Therapy Services to ensure that we meet national guidelines around how long people wait for a service and where they can access that service.

The Psychological Therapy Services have been engaged in developments to improve waiting times for their services. Although this has seen waiting times halve they still remain too long.

Following significant and extensive reviews by the Trust around the service model it was determined by the Overview Scrutiny Committee of Derby City Council that a Public Consultation would be required. Derbyshire County PCT led on the Public Consultation from 17 December 2007 to 17 March 2008.

The public response to the document re-enforced the need for change to address access and inequity issues.

Services for People with Learning Disabilities

The Learning Disability Service provides specialist health care to people with learning disabilities and their family carers within Derby City and South Derbyshire County. The service includes five multi-disciplinary Community Teams, an Assessment and Treatment service, a Medical Department and seven core houses (NHS Campuses). The service supports primary and secondary care NHS services to improve access for people with learning disabilities and ensure that their general health needs are met.

The year 2007/08 should have seen the Learning Disability Services transfer to Local Authorities for management and provision. Following national guidance and the commencement of the review of the NHS, this has been deferred. As stated earlier in this document the outcomes of "Our NHS, Our Future" may lead to some Learning Disability Services remaining with us.

At the heart of our work the service uses person centred approaches to support people to have more choice and control in their lives.

The Community Learning Disability Teams are based at:-

- Derby City
- Alfreton
- Bretby
- Long Eaton
- Wirksworth

The Assessment and Treatment Service is County wide and located in Derby City.

The Medical Department is County wide, linked to the five community teams and located in Derby City.

The core houses are ordinary houses located in Derby, Alfreton and Ilkeston. The service has a workforce of 200 staff, half of which work within the core houses. The Community Teams and the Assessment and Treatment Service make up the other half of the workforce.

Services for people with learning disabilities work to a number of national frameworks to deliver their services. These include the Health Care Commission Annual Health Check, Department of Health, Specialist Healthcare Guidance and Department of Health, Valuing People/Valuing People NOW. The over-arching objectives in all of these are RIGHTS, INDEPENDENCE, CHOICE and INCLUSION. The service has adopted these key objectives in their delivery.

Over the last year, the service has focused on promoting person centred approaches across the whole service, improving access to mainstream primary and acute NHS provision and ensuring that specialist healthcare support is provided to individuals and families where this is required.

NHS Campus Programme

The Government target is to close all NHS Campuses by 31st March 2010. Significant work has taken place to develop plans to meet this requirement and project management structures are in place to oversee the work. We are working with the local PCTs on the closure and/or transfer of the core houses to the independent sector. Local PCTs have submitted a bid to the Department of Health for funding to support this.

Developments

We have introduced new person centred planning tools to assist our clinical decision making across the City and County as part of our involvement in the 'Good to Great' programme.

We have provided over 800 'My Health Files' (accessible health action plans) for people with learning disabilities to help them have more control over their health needs.

We have introduced a new County wide accessible complaints procedure to make it much easier for people with learning disabilities to tell us what is working well and what is not working for them.

We have introduced link workers in every community team to support people with dementia in partnership with the Older People Business Unit.

We have developed an accessible CPA to ensure that people with learning disabilities can be fully involved in their care and support.

Our increasing links with Derbyshire Acute Hospitals has enabled their services to change and adapt to meet the needs of people with learning disabilities. These include:-

- Specialist support at the hearing clinic.
- Increased take up of breast screening.
- Development of new information for people attending the eye clinic.
- Support for individuals attending complex care clinic.
- Training of junior doctors so they are more aware of the needs of people with learning disabilities.

In addition our work with primary care services includes:-

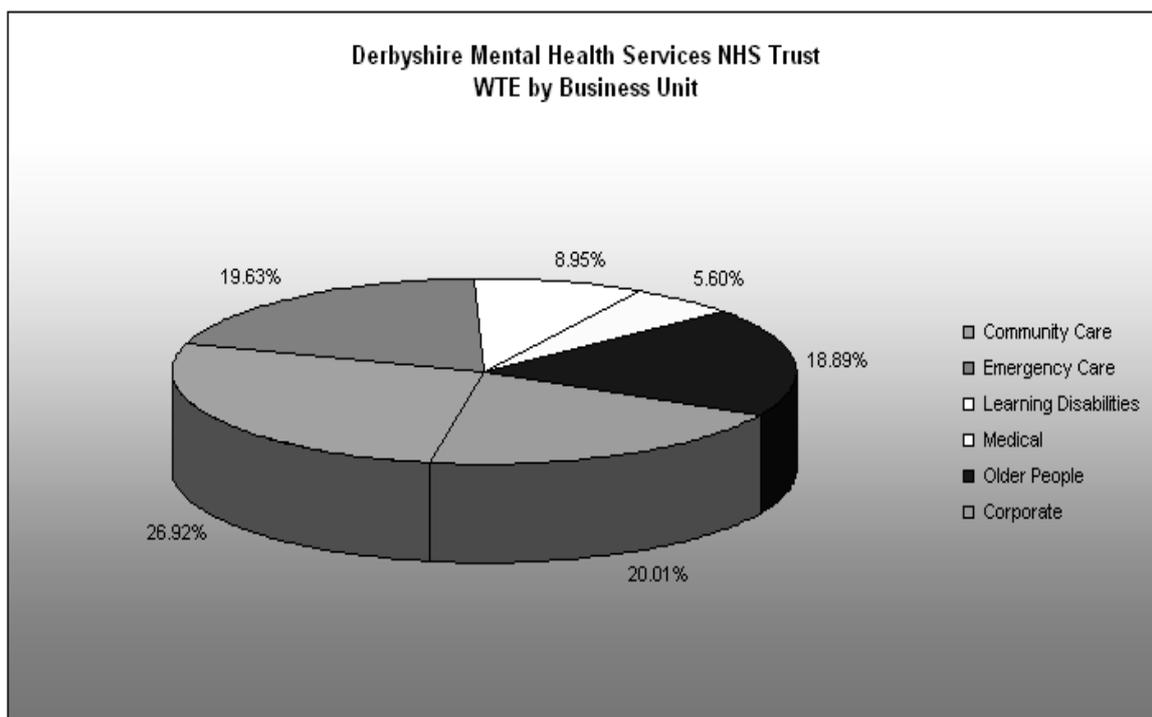
- Support for the increase in the uptake of annual health checks.
- The launch of 'Don't be a Couch Potato' which focuses on healthy eating and exercise.
- Work with leisure services and the introduction of exercise and keep fit classes.
- In addition to the above achievements, the service has a number of staff with specialist skills, knowledge and experience and, where these are required, staff work flexibly across the County to support individuals and their families. These include supporting people with their mental health needs, supporting people who misuse drug and alcohol, supporting people in palliative care and supporting people in sexual health and parenting.
- The service adopts a very flexible approach in its delivery and staff will move around the County to ensure that we minimise inequalities.

OUR PEOPLE

The Trust Board recognises that people are our greatest asset. As a Mental Health Trust the majority of our resources are in our staff.

Workforce and Human Resources

On 31 March 2008 we employed 2191 people in 1931.82 contracted whole time equivalent (WTE) posts. This is not the same as the staff WTE contained in the Annual Accounts which is based on worked WTE. The contracted WTE posts are distributed across the Trust as below:-



In 2007/08 we developed a Human Resource Strategy, which confirms commitment to our staff and our commitment to becoming a model employer. The Human Resource Strategy is structured around five key areas of effective workforce practice:-

- Workforce Planning
- Governance Arrangements
- The Trust as a Good Corporate Citizen
- The Trust as a Good Employer
- Learning and Development

The NHS National Staff Survey

The Healthcare Commission conducts the annual NHS National Staff Survey; they use the findings in their Annual Health Check as part of the organisation's compliance with Department of Health core

standards. The 2007 survey was conducted between October and December 2007, with the results being published on 9 April 2008. This year the report identifies 26 key scores in which the Trust is identified as being amongst the worst 20%, middle 60% or best 20% for all Mental Health and Learning Disability Trusts in England. The table shows a comparison of the Trust's results over the previous 5 years, since the survey was introduced:-

	Worst 20%	Middle 60%	Best 20%
2003	16	10	2
2004	13	11	4
2005	8	19	1
2006	5	21	2
2007	7	16	3

The areas in which the Trust featured in the best 20% comprise:-

- Percentage of staff having health and safety training in previous 12 months.
- Fairness and effectiveness of procedures for reporting errors, near misses or incidents.
- Percentage of staff experiencing physical violence from patients or relatives in previous 12 months.

Significant improvement was also noted in the following areas:-

- Staff having health and safety training in last 12 months.
- Staff working extra hours.
- Quality of job design.
- Support from immediate managers.
- Fairness and effectiveness of procedures for reporting errors, near misses or incidents.

The Staff Survey Action Group continues to meet monthly to coordinate the administration of the survey and to monitor progress against the action plan.

In February 2007, over 60 staff were involved in a Team Based Working Project, coordinated by the Healthcare Commission. This involved two researchers from the Business School at Aston University coming on site to facilitate six focus groups in Derby and Chesterfield and conducting individual interviews with six senior managers. The project was initiated in response to a review of the National NHS Staff Survey last year, in which the Trust was actively involved. We expect to receive the results later in the year and anticipate that the findings will inform future developments regarding team based working in the Trust.

Organisational Development

The Organisational Development Reference Group has built on the work completed to achieve Improving Working Lives Practice Plus accreditation in 2005. They have been actively involved in producing an Organisational Development Framework, which was developed following a series of focus groups that have taken place across the Trust. The group now comprises of over 50 members of staff who have received training in facilitating focus groups and periodically are called upon to obtain feedback from the workforce regarding a range of issues. During the last 12 months, this has

included the compilation of an action plan in response to the results of the NHS National Staff Survey 2006 and an organisational analysis.

Work Related Stress

The Trust is committed to dealing effectively with work related stress. A Stress Management Steering Group was established in June 2007 to drive effective change. A Tackling Stress in the Workplace Policy is in place and the Trust will monitor workplace stress by incorporating the issue into the Performance Assessment and Assurance Framework, with the aim of supporting, as well as monitoring, the reduction of stress related illness. In February 2008 the Trust undertook the Health and Safety Executive Workplace Stress Survey, achieving a response rate of 46.43%.

Equal Opportunities and Disability

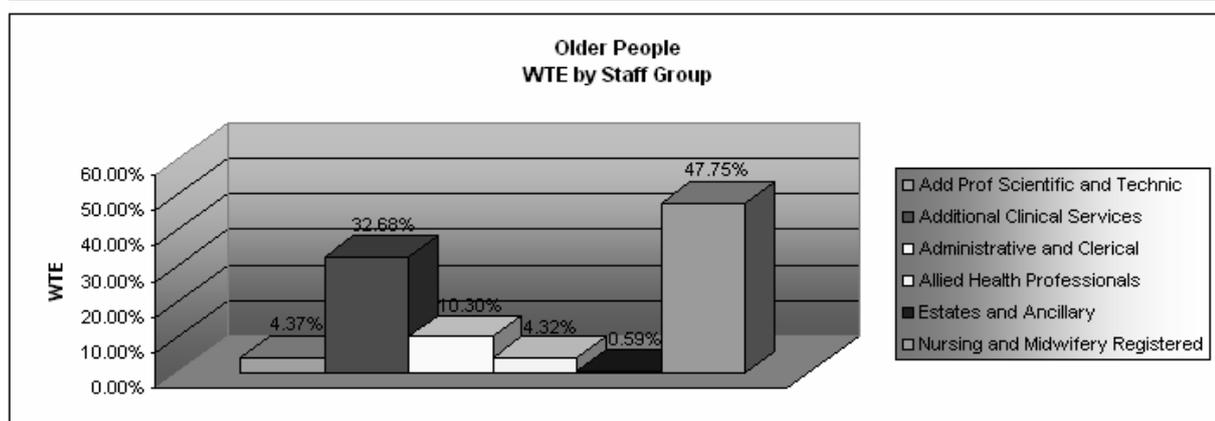
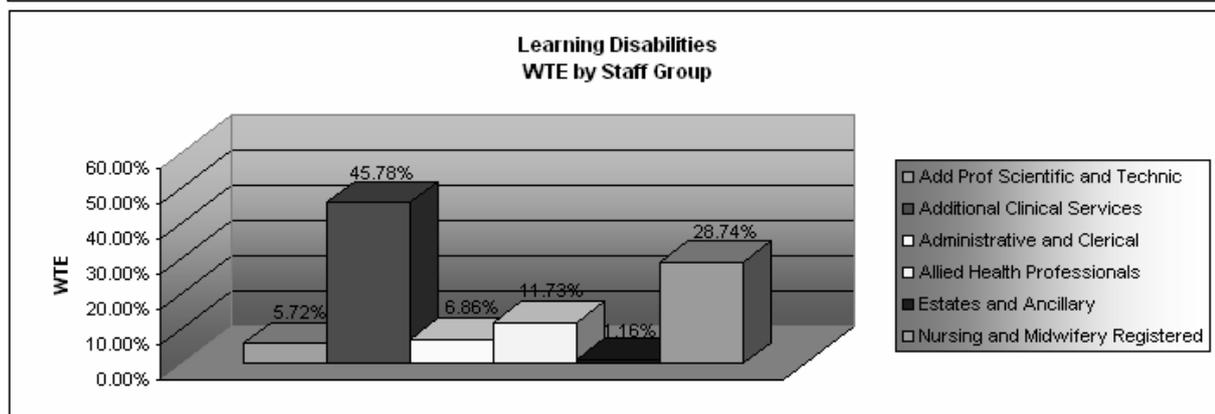
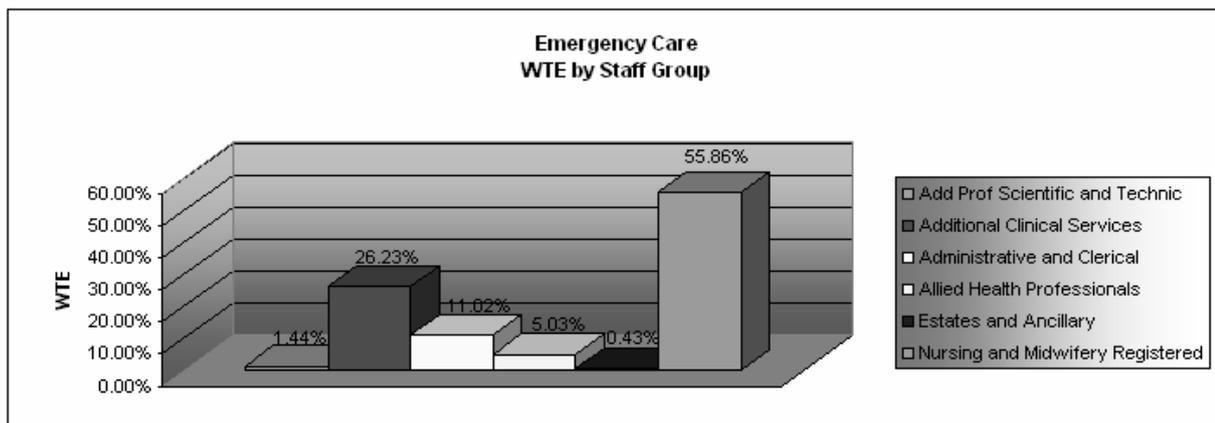
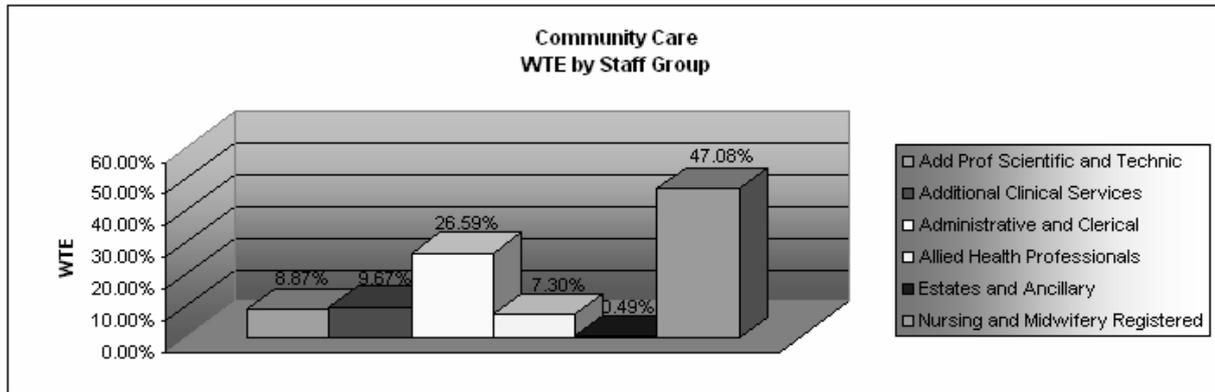
The Trust supports the principle of ensuring equal opportunities to all job applicants and staff by ensuring they are not disadvantaged by conditions which apply to recruitment and selection, promotion, transfer, grievance and all terms and conditions of employment. We aim to ensure that all staff regardless of any difference they have or may perceive to have, feel valued and have a fair and equitable quality of working life. Our Equal Opportunities Policy details all the aspects in more detail with actions on how to turn policy into practice. Our disabled employees have access to special requirements under several of the Human Resources policies, i.e. Sickness Absence and Special Leave though these have now been consolidated into a Disability Policy that is currently in draft format and being finalised in partnership with our staff side and Disability Network. The Trust continues to remain compliant with the 'Two Ticks' accreditation for Disability.

Equality Impact Risk Assessments

The creation of the Equality Impact Risk Assessment Group during 2007/08, tasked with reviewing all formal Trust policies, has proved to be challenging, but successful. The group has been trained in carrying out risk assessments and has supported planning leads in all areas of the Trust to undertake equality risk assessments on all policies, procedures and strategies, in order to comply with legal requirements. The aim is to identify and eliminate, or minimise, any adverse impact on different equality groups, ensuring that the Trust meets its duty to promote equality of opportunity.

Workforce Planning

The graphs below show how the workforce is broken up by staff group and Business Unit:-



Our workforce plan has been developed in detail to support the Service Delivery Strategy and to ensure we have the right people in the right place at the right time. This will see some changes in staff groups as we work towards a modernised workforce that is fit for purpose.

Sickness Absence Management

The Trust has recently completed a 12- month pilot using the FirstCare sickness absence management system. This has now been embedded into the organisational structure, giving all staff access to 24 hour nursing advice. The reporting methodology also allows for the collection and monitoring of more accurate data than was previously the case. This can be quickly fed back to managers, enabling them to manage sickness absence more effectively. Sickness absence levels are now starting to fall and at 31st March 2008 were 5.68% with the aim to be at 4.7% within the next 12 months.

Staff Partnership

We have used 2007/08 to review our working arrangements with our staff organisations. The move towards Foundation Trust status and the imminent establishment of a Council of Governors, with the election of four staff governors, has allowed us to start to move away from the more traditional joint consultative approaches to employment relations and embrace a culture of partnership working. This will help support our '147 Statement of Ambition, Key Goals and Operating Principles' and allow joint staff groups to be established in each of the Business Units to handle operational day to day issues. The newly created Partnership Forum will meet on a quarterly basis allowing staff organisations a real opportunity to influence and shape future Trust thinking on staffing and employment issues. The year 2007/08 has been a transition period in respect of formal staff consultation and more work is now required to both embed this new approach and deliver the benefits this new model promises with an improved understanding and involvement between management and staff side.

Learning and Development

The Learning and Development Service is responsible for the provision of high quality learning and development opportunities that support the delivery of clinically effective services. Working collaboratively, we support all staff to develop the essential skills, knowledge and attributes to improve the experience of service users and carers.

Our main aim is to ensure that the Trust, working with its partners, stakeholders and related sectors, develops and equips its staff with the skills they need to:-

- Facilitate evidence based practice.
- Undertake their working role effectively and safely.
- Provide continuing professional/personal development.
- Support workforce development, new ways of working and service modernisation.

The key areas of responsibility across the Trust include:-

- Training needs analysis
- Educational commissioning
- Delivery of essential and core learning
- Induction and mandatory training

- Workforce development
- Continuing professional development
- Life long learning
- Promoting the skills escalator
- Appraisal and personal development
- Knowledge and skills framework (KSF)
- Supporting pre and post registration programmes
- NVQs
- Leadership and management development
- Library and information service

Integrated Development, Education and Learning Group (IDEAL)

This is a multi-professional group set up to develop and support overarching Trust-wide structures to encourage and promote a culture of Life Long Learning and Continuous Professional Development. Much work has been done over the past 12 months to clarify and embed a structured learning cycle in the Trust. The cycle links the planning and provision of training activity with the operational needs of the Trust by having a robust process for appraisal and KSF reviews, with a Training Needs Analysis (TNA) process that all contribute to the production of an aggregated Trust Training Plan, that supports the achievement of Trust objectives.

The Library and Information Service

The Library Service has had a busy and successful year with an increase in all areas of operational business (borrower registration, electronic resource access and registration, training, literature searches and delivery of inter-library loan requests). Book stock has been upgraded and updated. Library PCs have also been upgraded, giving improved access to all electronic resources and applications. In addition to service developments at the Kingsway site, steady progress has been made on improving access to the service based at the Hartington Unit.

Learning at Work Week

In May 2007 two events were held as part of the Learning at Work week. The events were well attended with 175 members of staff from across the Trust. The theme of the events was healthy living, well-being and learning.

Mandatory Training

Mandatory training is an annual training programme for all Trust employees to work safely and effectively in accordance to legislation, organisational guidance and NHS LA Standards. This helps to ensure that all staff have the same knowledge and information. This is level 1 of the Essential Training Matrix. Over the last 12 months there have been developments with regard to the delivery and content. These are a one day programme, a non-clinical day programme, a Facilities and Estates specific programme, plus consecutive half day sessions and outreach sessions.

Clinical Supervision

To ensure the Continuing Professional Development needs of Clinical/Practice Supervisors are addressed, a bespoke 2 day training programme has been developed and launched within the Trust, completion of which ensures that attendees have the knowledge base from which to deliver supervision in line with the Trust policy as an Accredited Supervisor.

Supporting Pre-Registration Training and Newly Qualified Staff

The Trust continues to provide support to staff to undertake Registered Nurse training. There are currently 12 staff seconded to Derby and Nottingham University and 13 seconded to the Open University.

The Assistant Practitioner

The Trust is currently part of a Demonstrator Site Project, which involves working with Skills for Health, Derby University and the Derbyshire Workforce Planning Team. A project is underway to review existing roles within the Band 4 support staff groups, with a view to developing them further in order to meet changing service needs.

Awards

Peoples Award

The Peoples Award ceremonies have continued to delight recipients in their work places. In conjunction with Derbyshire Voice the Trust gives special recognition to people who work for, and with, the mental health services in the County and City, who show that extra commitment in their daily working lives. At the Annual Public Meeting in September 2007 the Chairman was pleased to present an extra special Annual Peoples Award to Keith Waters (Clinical Nurse Specialist) for his outstanding work.

Staff Awards

To recognise the achievements of staff throughout the Trust, our annual Staff Awards Ceremony was held on 11th January 2008 at Pride Park Stadium. Those who had completed courses ranging from Doctorates, Degrees and Masters to National Vocational Qualifications, Management Awards and the European Computer Driving Licence, were invited to attend the prestigious event. The Mayor of the City of Derby and the Chief Executive of the Trust presented Certificates of Achievement.

Team of the Year Awards

The Team of the Year Awards, for which there were seven categories this year, recognise the excellent contribution made by teams in bringing about service improvements. The awards were announced at the Annual Public Meeting in September 2007, demonstrating an extraordinary level of energy, imagination and innovation across all areas of the Trust.

The overall Team of the Year prize was awarded to the winners of the **Service User and Carer Involvement** category, for their entry 'Enhancing the Healing Environment on Pleasley'. The project

involved widespread consultation with patients, carers, the Patient Advice & Liaison Service and staff, delivering a value for money programme of work that has enhanced the ward environment, facilitated new ways of working and enriched the patient, carer and staff experience.

OUR ENVIRONMENT

Corporate Social Responsibility

Good Corporate Citizenship describes how NHS organisations can embrace corporate social responsibility, sustainable development and tackle health inequalities through day-to-day activities, how they employ staff, design and construct buildings, purchase goods and services and manage their resources. The completion of the Good Corporate Citizen Self-Assessment Tool in September 2006 identified a baseline for the Trust in each of the six key areas:-

- Community Engagement
- Procurement
- Facilities Management
- Transport
- Employment and Skills
- New Buildings

A Corporate Social Responsibility Steering Group was established in March 2007 and an action plan was subsequently put in place, resulting in considerable progress being made in each of the key areas. For example, travel plans for new developments set out the approach to reducing traffic and increasing travel choices, encouraging walking, cycling, car sharing and the use of public transport (see below) and a Cycle to Work Scheme is being planned. Recycled bricks are being used in the construction of new buildings, which also incorporate a wide range of energy saving initiatives i.e. controlling heating and lighting. The purchase of local produce, fair trade and sustainability is a consideration in respect of the supply chain. We have become increasingly engaged with the community through partnerships with football clubs and other organisations. Our PPI strategy has led to increasing opportunities for service users and carers to be actively involved in service developments. The self-assessment is currently being undertaken again to review progress made in each of the six key areas over the last 12 months. The Trust became “smoke free” in June 2007 with exceptions in certain patient areas, though commitment has been made for all areas to comply with legislation and national guidance for Mental Health Trusts and be smoke free by July 2008. We actively support people who want to give up smoking and facilitate healthy lifestyle events twice per year.

Travel Plan

The Travel Plan for the new day hospital and resource centre at Ilkeston Community Hospital and the new facilities at Kingsway sets out our approach to reducing traffic and increasing the travel choices available to staff, patients and visitors. People will be encouraged to walk, cycle, car share and use public transport as much as possible. Many will need to use cars but alternatives will be possible for some as long as there are encouragements, improvements and more information.

It can take time to change travel habits, people need to be supported. The Travel Plan sets out an action plan and a co-ordinator will be appointed to develop, implement, promote and monitor the plan.

The health community recognises the importance of The Travel Plan, and we will work in partnership with Erewash Borough Council, Derbyshire County Council, Derby City Council plus the bus operators and local cycle groups, who are all committed to its success.

Development of the Kingsway/Manor Site

Following the reorganisation of our health care facilities on the Kingsway site significant areas of the site will be surplus to NHS requirements. Not all of this land is owned by the Trust and those areas have been transferred from the Secretary of State to English Partnerships to secure a high quality, mixed-use redevelopment.

The Supplementary Planning Document relating to the redevelopment sets out the objectives. This may see the following developments:-

- 500 new homes in a broad mix of housing
- 200 key worker units
- Business development
- A park and ride interchange
- Integrating new developments with proposed extensions to existing healthcare uses and car parking provision, a nursery and ancillary facilities related to these uses.

We feel it is important that the Trust assists the public and our service users in engaging with English Partnerships and Derby City Council and have hosted displays and information workshops on the development.

Foundation Trust Application

During 2007/08 we went through an assessment process with the Department of Health and Monitor, the independent regulator, to assess our fitness to become a Foundation Trust. During the final assessment phase with Monitor, issues came to light that required us to do further work, and we had to request more time through a deferral. However this has given the Board, and the organisation, the time required to develop the areas in question and we are now on a timetable for authorisation on 1 July 2008.

As a Foundation Trust we will enjoy a greater level of freedom from day to day central government controls, whilst at the same time involving local people in deciding how we develop our services through our membership.

A Foundation Trust is still expected to work to national standards and will be inspected on a regular basis by national bodies to ensure the quality of our services is maintained. There is evidence that over a fairly short period of time, services provided by Foundation Trusts is of a higher quality and is more responsive to the needs of the local population.

Foundation Trust Council of Governors

In the early summer of last year, we received an enthusiastic response to our request for nominations for seats on the Council of Governors. We received over 70 nominations from all over the County. Ballot papers were sent to every public and staff member, which were returned by 11th July 2007. The turnout for voting was encouraging and subsequently all but one of our 20 elected seats has now been filled.

There are currently eight appointed members' seats and one vacant appointed seat remaining. The Shadow Council now comprises of 4 staff members, 15 public members and 8 appointed members.

Membership Office

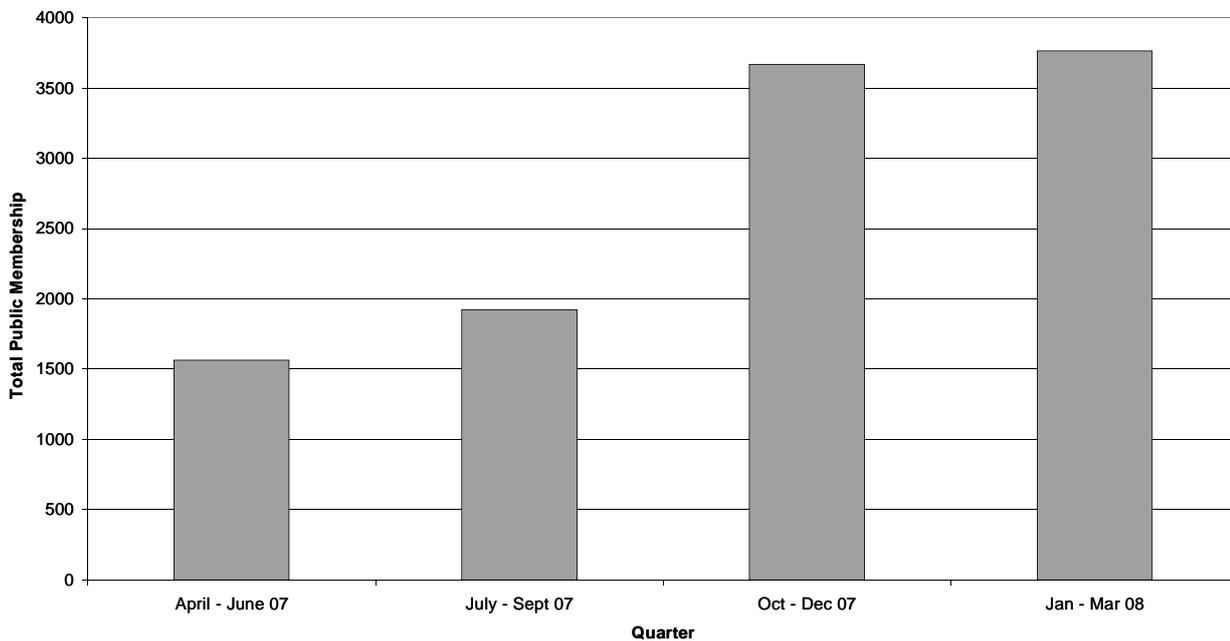
The Foundation Trust Membership Office was set up in 2007 as a gateway between the membership and the Trust. Its main functions are:-

- Monitoring and maintaining the public and staff membership registers including the socio economic profile of the membership.
- Administrative support for Members and Governors.
- Council of Governor election duties in co-ordination with Electoral Reform Society (independent body).
- Public relations duties for the membership, i.e. newsletters, information workshops and recruitment activities.
- Organising membership meetings.
- Collating membership information, i.e. queries, suggestions, complaints, compliments and feedback.
- Signposting queries through to PALS or other services in order that members can benefit from the expert advice available.

Information Workshops are held periodically throughout the County to give more detailed information about various mental health issues to our membership. These workshops also encourage recruitment to membership, as they are free for members and individuals can join free on the day.

We have seen the public membership grow to over 3750 in its first year, which is extremely encouraging. Further efforts are being made to increase the public membership over the coming months and years. The staff membership is currently 2,100.

Public Membership Totals for year April 2007 - March 2008



Membership is free and you can become a member in the following ways:-

Free phone: 0800 345 7351

Email: membership@derbysmhservices.nhs.uk

Website: www.derbyshirementalhealthservices.nhs.uk

The membership office is based at:

**Trust Headquarters
Bramble House
Kingsway Hospital
Kingsway
Derby
DE22 3LZ**

Trust Estate Strategy

The Estates and Facilities Department provides a diverse range of services across the Trust. These services provide support to the Clinical teams to enable the Trust to deliver the best possible care.

The Department has had a successful year given the significant changes, which have taken place. The following outlines the activities, which have taken place within each of the Department areas, and the role played within the Trust to maintain the highest possible standards.

Estates

We have restructured the workforce this year, following the decision by the Derbyshire County PCT to carry out all their maintenance in-house. This resulted in a large number of staff being TUPE transferred to the PCT.

Hotel Services

The Department has again had excellent PEAT results, which measure the level of cleanliness in our Hospital and properties. The National requirements of the Deep Clean programme have also been fully achieved before the deadline of 31 March 2008.

Catering

The Department has again had excellent PEAT results, which measure the quality and standard of the food, which is served to patients throughout the Trust. The Department is increasing the amount of fresh food prepared on site to improve the quality and variety available. All the main kitchen hygiene inspections that were externally assessed were to a very high standard.

Transport

The Department has re-structured following the retirement of the volunteer driver co-ordinator and developed a more integrated organisation. The numbers of volunteer drivers at the start of the year had fallen to a very low level, but following some excellent recruitment work by the team, we now have a large pool of drivers to call on.

Security

The LSMS has worked hard to develop an excellent working relationship with the police, which is resulting in greater co-operation and understanding, from both the clinical ward staff and the police officers that attend our units, of the issues and problems we deal with.

Telecommunications

We have continued to negotiate improved levels of mobile tariff payments and so reduce the cost of mobile phone calls. The installation of equipment to link some of our major sites together means that calls between these sites are now free.

Health & Safety and Fire

The Department is going through a period of transformation. The Health & Safety Department Manager left the Trust and two members of the department are on Maternity leave. The team has been reinforced through a secondment and agency staff. Despite these changes the workload has been managed and the services and support to the Trust was maintained at an acceptable level.

All these teams are now based and managed from Kingsway Hospital, but provide services to the whole of Derbyshire.

PFI Construction Project

The Derbyshire PFI Project Agreement was signed on the 9th October 2007. The completion of the Procurement phase of the project allows the Trust to re-provide new buildings to replace the old hospital buildings and services currently on the Kingsway Hospital site.

The construction of new buildings allows the Trust to transfer services from old outdated accommodation to new purpose built facilities that are fit for purpose and in line with modern up to date practice.

Costain is the building contractor that Arden has selected to complete the construction of the new buildings over the next 18 months.

Project Content

The buildings to be provided are:-

- Older People dementia challenging behaviour unit – 36 bedded unit for older people with dementia related illnesses.
- Older People functional challenging behaviour unit – 14 bedded unit for older people with a functional mental health problem.
- Adult challenging behaviour unit – 8 bedded unit for younger people with mental health problems and behavioural difficulties.
- Clinical support service building – accommodation with a mixed use for both service users and staff, containing the following services:-
 - Pharmacy
 - Catering – staff restaurant and coffee shop for service users
 - Physiotherapy
 - Patients' Bank
 - Day Activity services
 - Pastoral and Spiritual Care services – Chapel and multi-faith centre
 - Advocacy
 - Patients' services and medical records
 - Mental Health Act administration
 - Library
 - Education services
 - Physical Health Care training

All the above services are to be located on the Kingsway Hospital site.

Also to be delivered via the PFI Construction Project is a Resource Centre for Older People in the Erewash and Amber Valley localities. The building will be constructed on the Ilkeston Community Hospital site and will provide the following services:-

- Day Assessment/treatment services
- Outpatient facilities
- Team base
- Voluntary sector accommodation

Progress Update

During the last year the Trust and Arden worked on refining the design of the buildings to ensure that the proposed designs were in line with best clinical practice and complied with all statutory and other guidance. This process involved clinical and departmental staff to reach sign off on designs that were included in the project agreement.

Next Steps

Costain commenced construction in November 2007, and is working with the Trust to refine design issues relating to the buildings that had been carried over for this phase of the project. The latest issue to resolve is the interior design solutions for each building, which involves the input of clinical and departmental staff.

Project Details

The total capital cost of the project is £32 million. The programme of construction is due to be completed in May 2009, allowing the Trust to transfer services to the new buildings by July 2009.

The Trust will continue to provide cleaning, housekeeping and catering services with maintenance of the buildings provided by the PFI partner, Carillion Facilities Management.

OUR PERFORMANCE

Targets

On 18th October 2007 the Trust received its second Annual Health Check performance assessment scores which are included in this report. These were not available in time for last year's annual report.

The quality of services provided by Derbyshire Mental Health Services NHS Trust was assessed by the Healthcare Commission as **EXCELLENT** based on the period April 2006 to March 2007.

The Trust was assessed as **GOOD** for how effectively it manages its financial resources.

The Healthcare Commission stated:

“Based on our assessment, Derbyshire Mental Health Services NHS Trust provided an excellent quality of service to patients, having made significant improvements compared to the previous year. It was good at managing its finances and also made improvements. In a recent survey of Trusts in England, patients rated this organisation as ‘satisfactory’ in terms of their overall experience.”
(Healthcare Commission Summary Report for DMHST October 2007)

The Annual Health Check is made up of:-

1. Meeting Core Standards
2. Existing national targets
3. New national targets
4. Use of resources

The results for 2006/07 were:-

Indicator	Definition	Assessment of Performance
1. Meeting Core Standards		Fully met
2. Existing national targets		
• Crisis resolution team implementation	Number and configuration of crisis resolution teams	Achieved
3. New national targets		
• Experience of patients: survey of users of mental health services used to provide scores in 4 domains:	Scores on patients' experience of: <ul style="list-style-type: none"> ✓ Access and waiting ✓ Safe, high quality, co-ordinated care ✓ Better information, more choice ✓ Building relationships 	Achieved

Indicator	Definition	Assessment of Performance
• Audit of suicide prevention for mental health services	Evidence of progress towards the achievement of the standards set out in 'Prevention suicide' a toolkit for mental health services	Achieved
• Processes in place to control infection	Compliance with 4 criteria to control infection	Achieved
• Drug users sustained in treatment	Achievement of year on year improvements in the percentage of drug users retained in treatment for 12 weeks in community services	Achieved
• Proportion of data with useful ethnic group coding	Completeness of inpatient data to support monitoring of reduction in health inequalities	Achieved
• CMHT Integration Older People	All teams meeting full integration criteria	Achieved
• Smoke Free NHS	Systems and processes in place to meet NHS target	Achieved
4. Use of Resources Maximum level 4 for highest performance		
• Financial reporting	How good the Trust's financial accounting and reporting arrangements are	Level 2
• Financial management	How well the Trust plans and manages its finances	Level 3
• Financial standing	How well the Trust safeguards its financial standing	Level 3
• Internal control	How well the Trust's internal control environment enables it to manage its significant business risks	Level 3
• Value for money	How good are the Trust's arrangements for managing and improving value for money	Level 3

Significant improvements in the quality of services compared to previous performance are:-

- The completeness of inpatient data to support monitoring of reduction in health inequalities.
- The increase in the percentage of drug users retained over 12 weeks.

Significant improvement in the use of resources compared to previous performance is:-

- The Trust score of 3 for Financial Management (the highest score nationally achieved by Mental Health Trusts).
- The Trust scored 3 for Internal Control (the highest score nationally achieved by Mental Health Trusts).
- The Trust scored 3 for value for money (the highest score nationally achieved by Mental Health Trusts).
- The achievement of level 4 for value for money criteria 2 on engagement with the wider community.

Best practice example

As a result of the assessment the audit commission recognised the best practice in communication with patients, stakeholders and partners. The example of the Listen to Us, programme by the Trust's Learning Disabilities Service was published as one of only 3 case studies of best practice in the Audit Commission national report (October 2007).

The result of the Annual Health Check 2007/08 is expected in October 2008. However the results of the local performance agreements are known for 2007/08. These are targets that have been agreed with commissioners based on the wider health community national performance targets.

During 2007/08 the Trust fully met the key targets agreed as follows:-

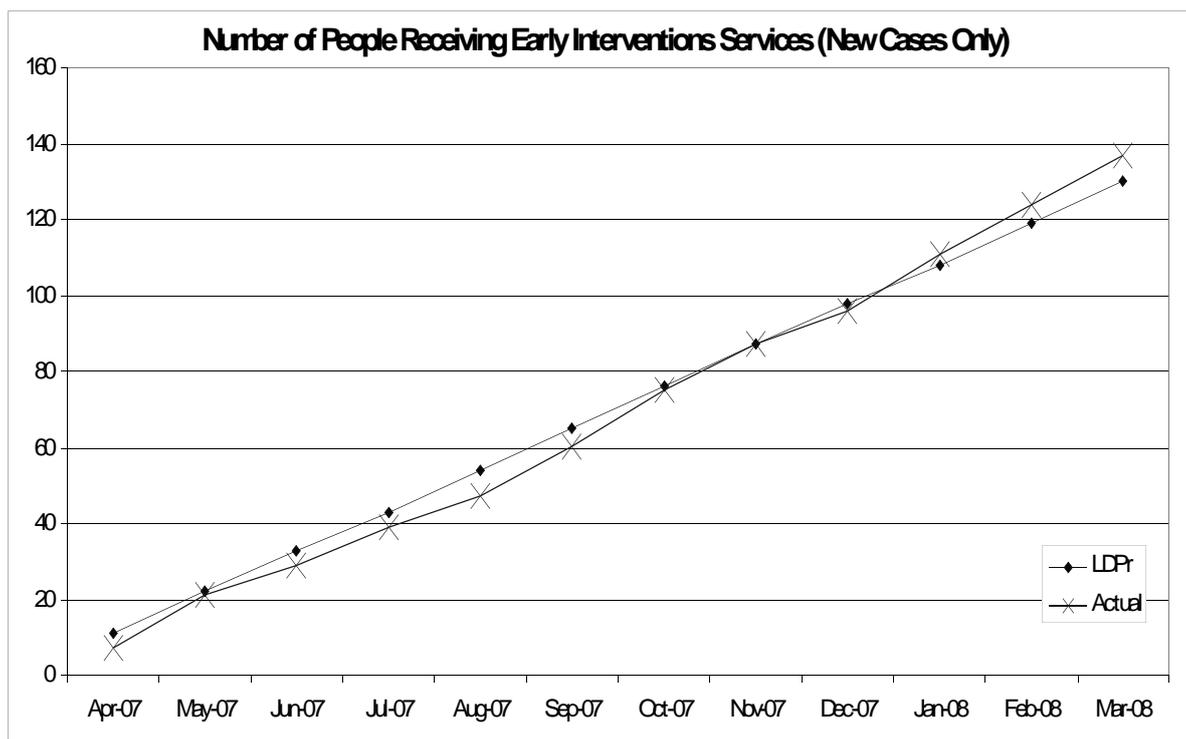
Target

Commissioning of Early Intervention in Psychosis Services (PCT key target).

Indicator

To reduce the duration of untreated psychosis to a service median of less than 3 months (individual maximum less than 6 months) and provide support for the first 3 years for all young people who develop a first episode of psychosis by 2004.

For the third year running the Early Intervention Service has fully achieved the challenging target for new cases each year.

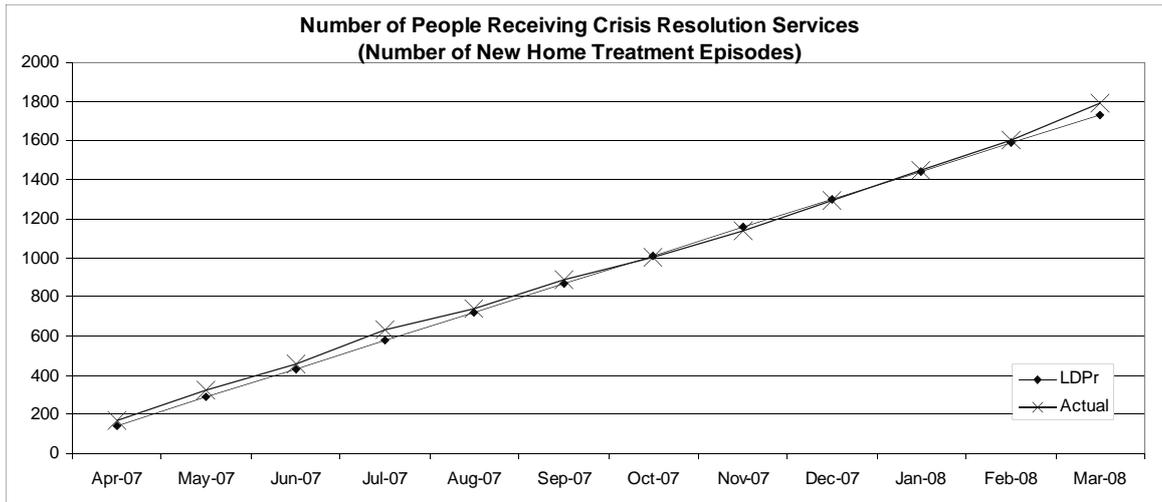


Target

Commissioning of Crisis Resolution/Home Treatment (PCT key target).

Indicator

To improve life outcomes of adults with mental health problems by ensuring that all patients who need them have access to crisis services.

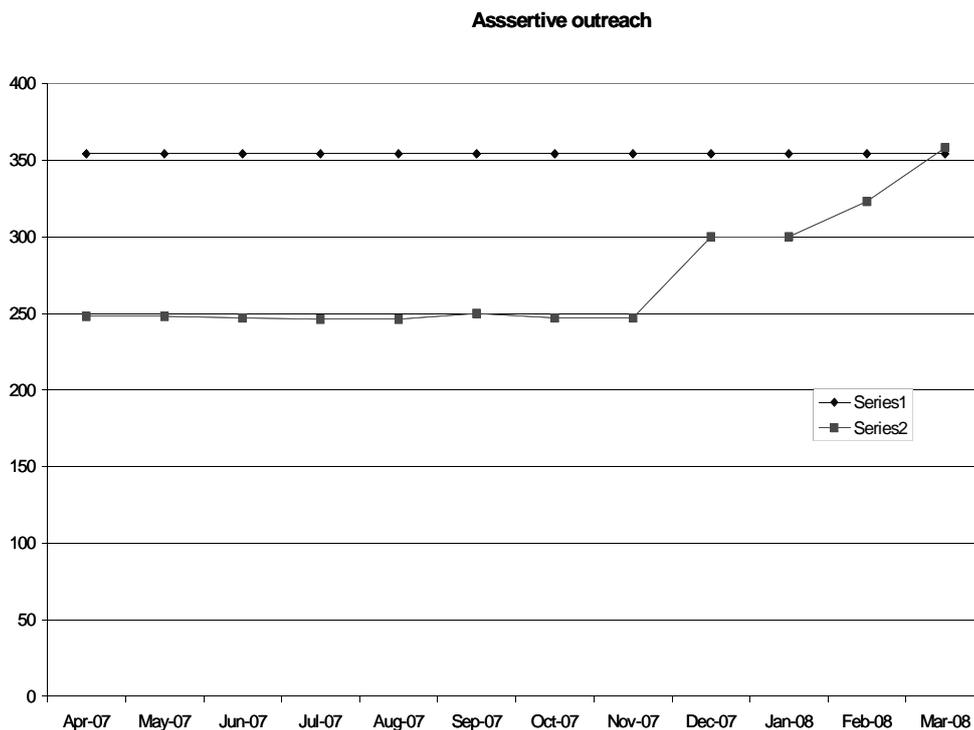


Target

Number of People Receiving Assertive Outreach Services.

Indicator

To deliver Assertive Outreach to the 20,000 adult patients with severe mental illness and complex problems who regularly disengage from services.



Considerable progress has been made by the Assertive Outreach Teams working in partnership with primary care to fully achieve the local targets set for Assertive Outreach services.

Declaration of compliance with the Core Standards 2007/08.

On 25th April 2008 the Trust declared compliance with all core standards on the basis of the evidence collated for the period 1 April 2007 to 31 March 2008.

Comments were received from partner agencies as follows:-

- The Overview and Scrutiny Committee (County) and the Commission (City)
- City and County Local Safeguarding Children Boards
- The Patient and Public Involvement Forum
- The NHS East Midlands

Overall the comments were very positive and were on those key areas of care that matter to patients, staff and the public.

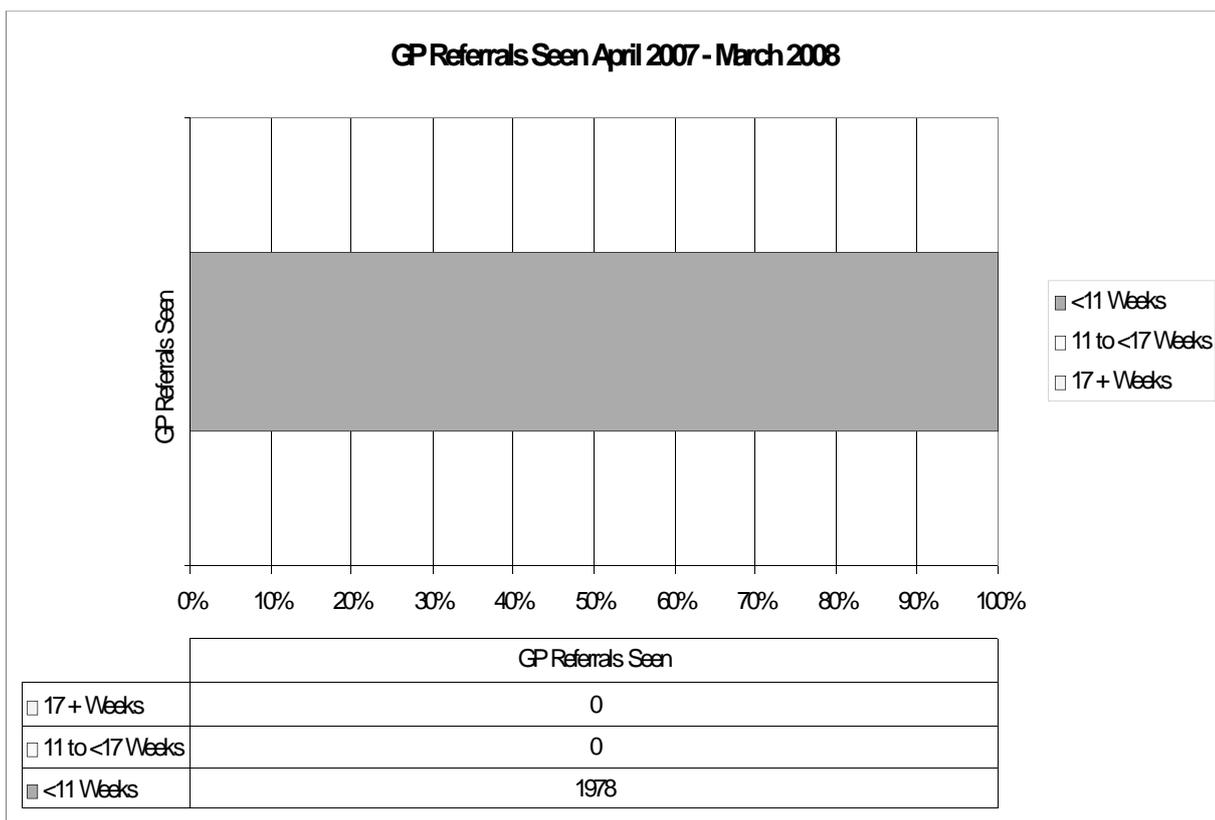
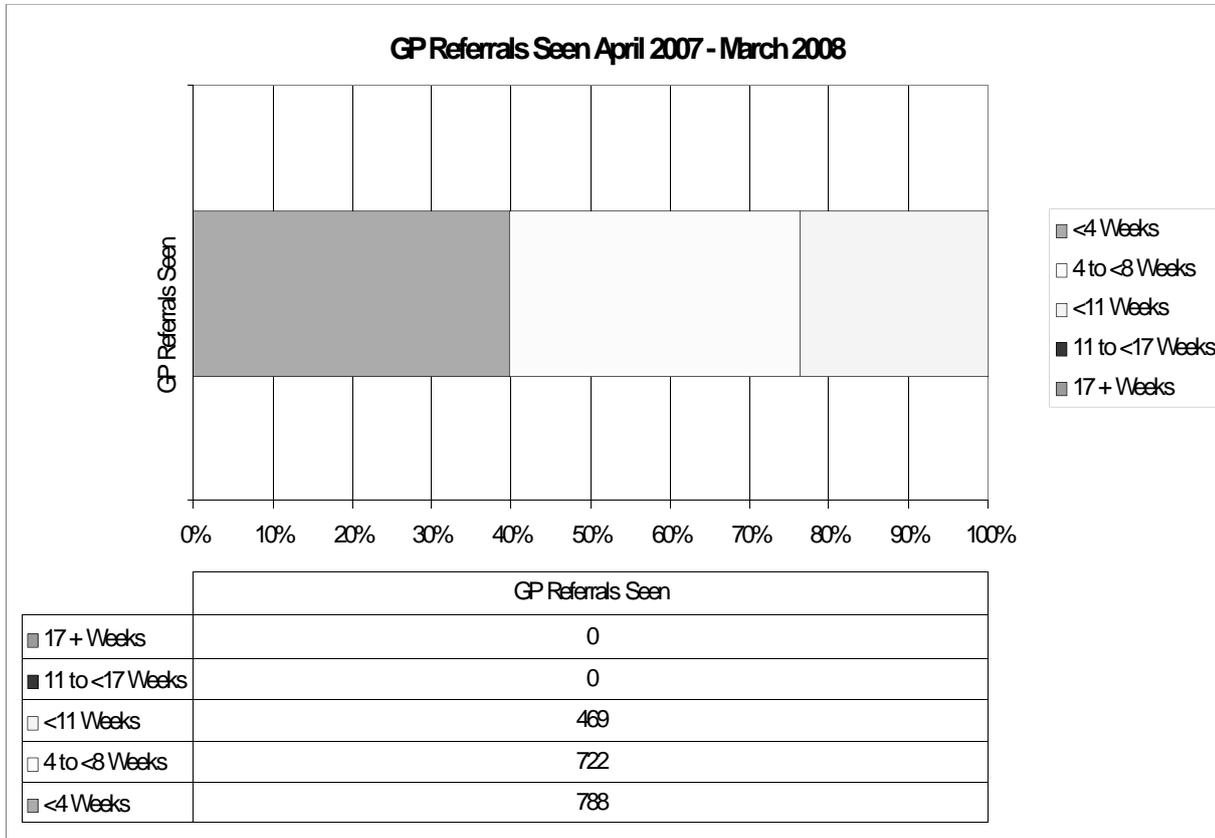
Positive comments from Partner Agencies

- The quality of incident reports and the good reporting culture.
- The positive engagement and co-operation in safeguarding arrangements demonstrated in the following ways.
- The productive relationship between all organisations involved in safeguarding arrangements and the Trust.
- The joint training that has been undertaken on a multi agency basis.
- The Trust's contribution to serious case reviews.
- The Trust representation on 7 Boards and sub committees and each of the 7 district safeguarding children management teams.
- The PPI forum commended the Trust on its commitment to improving the experience of patients and their carers as demonstrated in the following ways:-
 - The newly established café at the Hartington Unit
 - Friendly, helpful and committed staff
 - The provision of gender specific social facilities

Going forward the Trust continues its commitment to deliver NHS performance requirements through the Trust's performance management structure. It continues to strive to provide services of the highest quality and in ways that service users want.

Waiting times

The following graphics detail the waiting times for GP referrals to the Trust.



Governance

Effectiveness, Compliance and Assurance

The team comprises:-

- Research Unit Team
- CPA Team
- Clinical Audit
- Clinical Law & Ethics
- Mental Health Act Office

The Clinical Effectiveness Team comprises the range of corporate services that support, facilitate and enable the organisation to address a wide range of issues related to clinical quality and effectiveness including:-

- Organisational structures, systems & processes that are fit for purpose.
- Clinical Governance Planning, Monitoring and Reporting.
- NICE Guidelines processing, planning, support & delivery.
- Identification & dissemination of all types of necessary & relevant clinical information.
- Monitoring defined aspects of clinical priority and effectiveness delivery, reporting evidence and exceptions to collate and feed into the Trust Performance Assessments and Quality Monitoring Framework.
- Promoting and ensuring the good governance of Research undertaken in Trust services or by Trust Staff.
- Promoting continuous improvement through Research enquiry, bids, participation and the implementation of findings.
- Promoting the improved use and development of the Care Programme Approach across the Trust.
- Developing and executing a Trust annual Clinical Audit Programme related to key organisational priorities.
- Promoting advice, development and implementation of ethical practice and the Law relating to Consent.
- Administration of the Mental Health Act in line with statute.
- Development of revised requirements resulting from changes to legislation regarding Mental Health Law.
- Promoting awareness and the culture that reminds all staff to place the service user and best effective practice at the heart of service delivery.

Clinical Effectiveness

NICE Website - Launch of the new Trust website for NICE Guidelines in July 2007. The website currently includes information in relation to depression. Business cards and posters have been distributed throughout the Trust containing details. So far, 124 people have registered on the site and all new staff are encouraged to register at Trust induction, in order to increase dissemination and implementation of NICE guidelines.

NICE Leaflets - In March every Trust clinician received a set of leaflets relating to six NICE Mental Health Guidelines. This was condensed from original NICE Guidelines to provide a brief summary

applicable to the services provided by us, following feedback from clinicians who requested summarised versions of the full NICE Guidelines. The leaflets were devised following consultation with best practice groups throughout the Trust.

NHS Litigation Authority: Risk Management Standards - The Trust has undertaken a self-assessment against the revised standards. From January until April 2008 the Clinical Effectiveness Team has focussed upon NHSLA standards to ensure that all sub committees reporting to the Governance Committee have terms of reference that meet NHSLA standards, that the Trust holds a register of patient information leaflets that have been assessed against NHSLA standards and are available to all employees, and that the Trust has an approved policy for the implementation of NICE Guidelines, confidential enquiries and other nationally agreed guidance.

NICE Guidelines - The CECAC (Clinical Effectiveness Compliance and Assurance Committee) has continued to review the relevance and priority of all published NICE Guidelines and maintains a prioritised and up to date register of those requiring review. The Trust has a revised process for dealing with the implications of NICE Guidelines that is consistent with national requirements.

Clinical Audit

ECT Quality Review - A Trust-wide project led by the ECT Manager, started in September 2007, which investigated the appropriateness of prescribing of Electro-Convulsive Therapy (ECT) and appraised whether appropriate treatments had been tried before (following concerns from senior managers). Results showed 95% of prescribing was appropriate, but it was still agreed to implement changes in practice and systems, such as introduction of a referral form for ECT prescribers.

Seclusion Audit - A three month secondment of an experienced clinical manager to the Clinical Audit function between May to July 2007 enabled a process audit of seclusion (using case notes to look at key standards). Results, presented to various committees including the Mental Health Act Committee, do not indicate support for the 'ethnicity-bias hypothesis' regarding seclusions practices but there are practice issues being addressed via action planning (including training and providing information to service users), and the findings of the audit will inform the current review of the Trust Seclusion Policy.

ADHD Audit - There has been much progress with audit of NICE Guidance and a good example is the audit of the ADHD (Attention Deficit Hyperactivity Disorder) Technology Appraisal Guidelines (TAG) undertaken in CAMHS in November 2007. Two out of six teams were audited. Generally standards were met, but there are still several changes in practice/systems required e.g. algorithm re: medication, (re-) distribution of audit criteria amongst CAMHS teams and a review of existing shared care protocols.

Care Programme Approach

Care Plan Review - Reminders/triggers are now sent out every eight weeks by the CPA Service to Care Co-ordinators to support the national standard of regular review of service users care plans. Initial benefits showed a reduced proportion of overdue reviews, indicating that more service users were having their care reviewed at least every six months.

CPA Training - This has been reviewed and revised. 'Working with Carers' Training has been developed and introduced by the CPA Manager, Training & Development Senior Staff Development Officer and the Derbyshire Mental Health Carers Forum to raise the awareness of staff about the needs of informal carers and the processes and benefits of working closely with them. It includes

carers as trainers, has been well evaluated, and is introducing points of expertise and knowledge into mental health service teams. Bite-size CPA training sessions have also been introduced, lasting half an hour or an hour. Teams can book onto training in their own bases which is in response to the need to improve awareness of particular issues, such as the role of the Care Co-ordinators, and Direct Payments.

Infolink

The Mental Health Resource Directory has been produced, published and reviewed, and is now available on the Trust's internet and intranet sites for the benefit of staff, service users, carers, primary care and the public. The directory supports choice for service users and better access to information for staff, making care plans better and more effective, and improving access to resources that can help promote good mental health.

Learning Disabilities

An Accessible Complaints Postcard to aid people with learning disabilities to raise complaints or compliments has been produced. The postcard forms part of the accessible complaints workbook and procedure.

“Listen to Us” Service User led training has been used as one of only five good practice “Case studies” in the Audit Commission’s national report, “Review of the financial year 2006/07”.

Research

Implementing the Trust Research Strategy includes the use of Research-based skills and techniques in service delivery – Compassion Focussed Therapy, building wider interest and participation in Research through the new Research Network in the Trust, improving our Research profile regionally as part of the re-designed Research Hub and continuing to improve our Research Governance and support systems.

Mental Health Act & Clinical Law & Ethics

These include continuing provision of administration and good governance of the Mental Health Act process plus initial preparations for the introduction and implementation of the new Mental Health Act.

Planning and implementing requirements of the Mental Capacity Act plus ongoing provision of legal and ethical advice to clinical staff regarding clinical issues, support to the Mental Health Act Committee and the co-ordination with wider Health and Social Care community on issues, such as the operation of the Section 136 requirements.

Risk Management

The Risk Management and Assurance Team works within the Effectiveness, Compliance, Risk & Assurance Service and is responsible for leading and supporting risk management across the Trust. Areas of responsibility include overseeing the management and review of incidents and processing of incident forms, clinical and non-clinical risk assessment, risk training, risk communications (such as newsletters and alerts), incident and risk trend analysis and reporting, co-ordinating non-clinical policies and procedures and contributing and leading on specific areas of policy production, safety alerts, leading the Trust's approach to suicide prevention, co-ordinating the Trust's participation in the NHSLA risk management schemes, and providing specialist advice and leadership.

There has continued to be significant progress with regard to risk management across the Trust over the last 12 months with the management of risk becoming further embedded within Trust systems and processes. Specific areas of achievement are listed below:-

Board Assurance Framework and Board Development

There has been significant progress and development of the Board Assurance Framework over the last 12 months. The Board have participated in two Board Development sessions focusing on risk management and the Assurance Framework in particular. As a result, the Assurance Framework has been revised to become more streamlined, focussing more clearly on specific risks against Trust strategic objectives. The Trust Board has welcomed these changes. A further development session in March 2008 has begun the process of identifying risks against the 2008/09 strategic objectives.

Hot Topics

Following the Trust wide CPA/Records/Risk 2007 Audit, an 'all systems' approach of 'Hot Topics' has been introduced this year. It is designed to concentrate efforts on improving compliance for all staff, in all professional groups, whose work requires adherence to the following standards:-

- Care Programme Approach (CPA)
- Minimum Standards for Clinical and Practice Records
- Clinical Risk Management Standards

This has been undertaken through the introduction of a 'Hot Topic Fact sheet'. The first fact sheet has focused on Carers' Assessment, Safeguarding Children and Completion of the FACE Risk Profile and has been welcomed by staff across the Trust.

Developments

Improvements to the system for managing the Department of Health Safety Alert Broadcast System in the Trust. The Trusts Clinical Risk Manager has taken over the role of SABS Liaison Officer. A SABS Policy has been introduced and the management of alerts, together with monitoring of compliance, have been greatly improved. Wards and Teams are now monitored against a set of KPIs as to their compliance with meeting alert timescales.

Following consultation, the issuing of Corporate and Risk Management Policies and Procedures in paper copy, has been reduced from 140 to just 25 manuals across the Trust. Policies are now issued through an "All Staff" email with links to the Intranet site to access full versions and a summary of content and changes is listed. This ensures that staff are kept better informed of changes and improves overall access to the policies and procedures. In addition, Equality Impact Risk Assessments have been completed on all Corporate and Risk Management Polices and Procedures.

The Learning the Lessons newsletter continues to be a popular method of informing staff of learning points in relation to incidents and risks. A new section 'Focus on Incident Trends' has been introduced this year and has covered topics such as Medication Incidents, Information Security breaches and Fire incidents.

East Midlands SHA has given very positive feedback on the Trust's reporting, management and investigation of Serious Untoward Incidents in relation to the Trust's compliance with the Standards for Better Health Declaration for 2007/08.

Clinical Risk Training is now included on both the Corporate Induction and Mandatory Training sessions for all staff.

Actions have progressed well during the year in relation to the Safer Service/Preventing Suicide Action Plan and the action plan following the Trust's participation in the National Audit of Violence.

Personal Data Related Incidents

The Trust is awaiting guidance from the Department of Health. No reported incidents have occurred in the Trust within the year.

Emergency Planning

The Civil Contingencies Act 2004 places a requirement on Trusts to ensure that they are prepared for any emergency and specifically to:-

- Assess the risk of emergencies occurring and use this to inform contingency planning.
- Put in place emergency plans.
- Put in place Business Continuity Management arrangements.
- Put in place arrangements to make information available to the public about civil protection matters and maintain arrangements to warn, inform and advise the public in the event of an emergency.
- Share information with other local responders to enhance co-ordination.
- Co-operate with other local responders to enhance co-ordination and efficiency.

The Trust works with the local authorities and other NHS Trusts in Derbyshire in planning and preparing for emergencies and civil contingencies such as pandemic flu. Our emergency plan has been tested and we have a pandemic flu contingency plan in place.

Emergency preparedness is a continuing process of risk assessment, planning, implementation and review, and in the coming year the Trust will continue to build on the work done in contributing to the responsiveness to emergencies of Derbyshire's health community.

OUR FINANCIAL PERFORMANCE

The past year has been a successful one for the Trust, and our finances have been managed well.

We have reviewed and improved our financial reporting procedures and increased financial management support to our Business Units.

The Trust is excited at having reached financial close with its PFI Partner for the construction of the new 58 bedded unit on the Kingsway Site, the details of which can be found on page 34 of this report. The Board have also finalised the Retraction Business Case which will enable the full decommissioning of the old Kingsway Hospital and the release of land back to the Secretary of State for redevelopment by English Partnerships.

We have also successfully delivered our Cost Saving Programme of £3m, of which £2.5m is recurrent. The residual will be carried forward into our 2008/09 savings programme.

Key Financial Performance 2007/08

The Trust has achieved its key financial performance targets as detailed below:-

Key Financial Targets	Actual Outturn
Income and Expenditure Surplus (£0.5m)	£0.5m surplus
External Financing Limit (EFL)	£0.5m undershoot - within tolerances allowed
Capital Resource Limit (CRL)	£1.1m undershoot
Capital Absorption Duty (3.5%)	4.0%

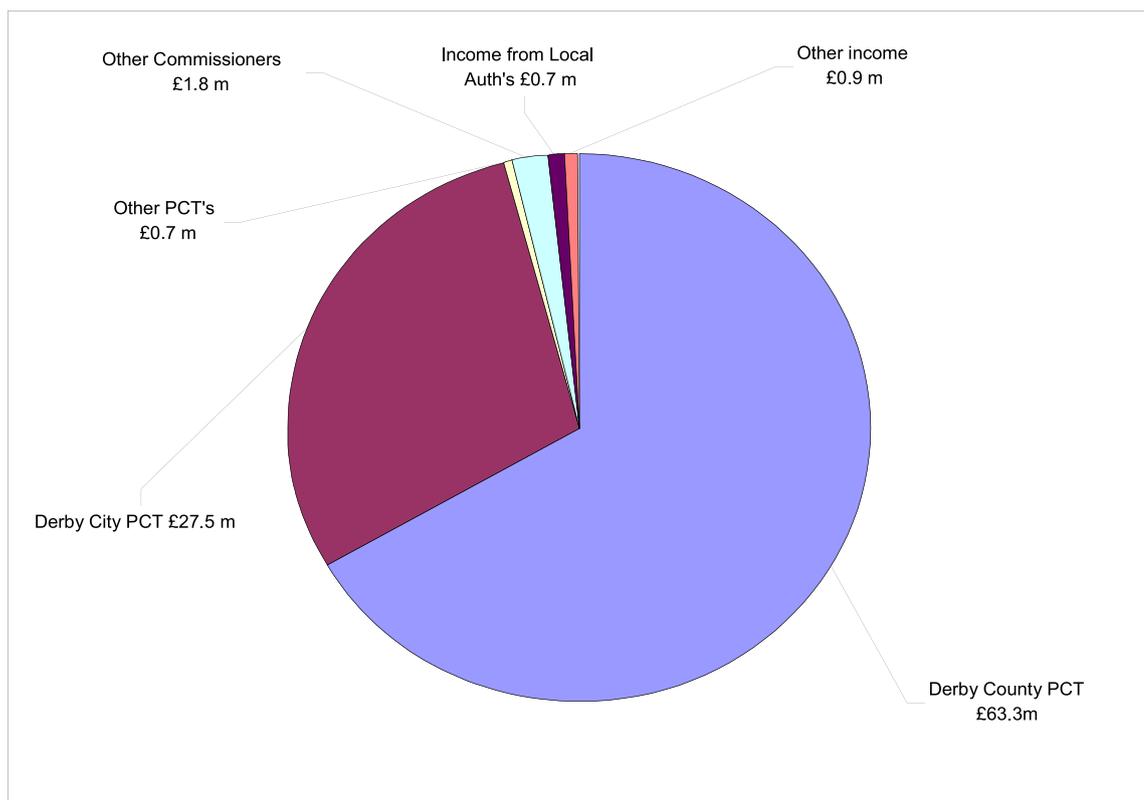
The table below summarises the actual 2007/08 financial position compared to plan.

Income and Expenditure Account	Full Year Plan £000s	Outturn £000s	Full Year Variance £000s
Income from activities	88,707	90,272	1,565
Other operating income	5,133	4,534	-599
Operating expenses	-91,521	-92,531	-1,000
OPERATING SURPLUS (DEFICIT)	2,319	2,285	-34
Cost of fundamental reorganisation/restructuring *	0		0
Profit/(loss) on disposal of fixed assets	0	-46	-46
SURPLUS/(DEFICIT) BEFORE INTEREST	2,319	2,285	-80
Interest receivable	150	283	133
Interest payable	-9	-9	0
Other finance costs - unwinding of discount	0	-35	-35
SURPLUS/(DEFICIT) FOR THE FINANCIAL YEAR	2,460	2,478	18
PDC Dividends payable	-1,960	-1,960	0
RETAINED SURPLUS/(DEFICIT) FOR THE YEAR	500	518	18

Income

The Trust receives the majority of its income from Derbyshire County and Derby City PCTs. The non-NHS income relates primarily to Local Authorities. The Trust has no private patient income.

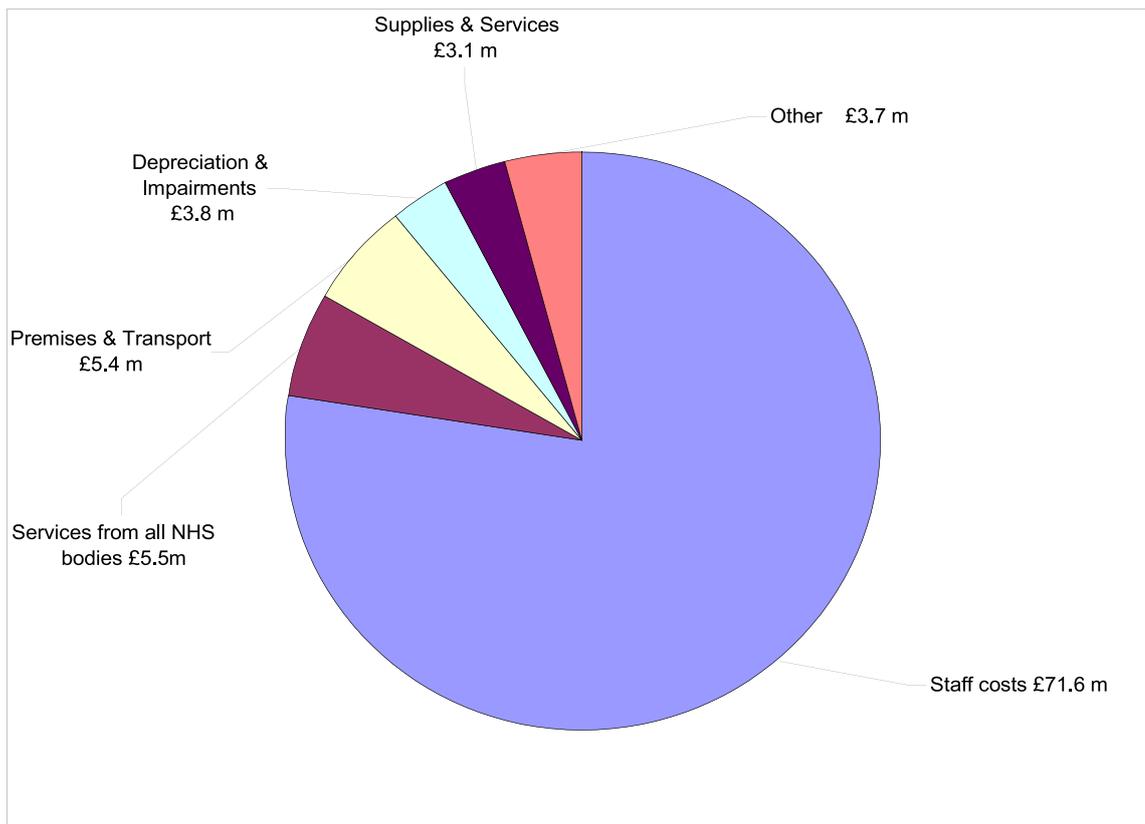
The income varies from plan primarily due to the receipt of income in support of the impairment of fixed assets from the PCTs.



Expenditure

Staff costs account for 77% of the Trusts total expenditure. The main variances in cost compared to plan relate to the cost of Impairments and the Capital work in progress, written off.

The categories of cost are shown in the chart below.



Balance sheet and cash flow

The Balance Sheet can be found on page 64.

The main movements in the balance sheet from March 2007 to March 2008 relate to Debtors (see note 13 on page 84) reduced by £1.9m. This was primarily due to the Back to Back Debtors being paid in full by the PCTs. Creditors (see note 15 on page 86) reduced by £1.8m primarily due to the early payment of Tax & Social Security costs.

The increase in cash balances compared to last year reflects the reduction in short and long term debtors, and also unspent funds in respect of the capital programme.

Capital

The expenditure on capital projects and maintenance totalled £2,044k. This was an under spend compared to plan of £1,658k. These funds will be carried forward into the 2008/09 capital programme.

Impairments

The Trust has reviewed the carrying value of its buildings on the Kingsway site as part of the overall scheme to rationalise and retract from the site. This has resulted in an impairment of £0.7m including a write down of £0.5m of pre-development costs from work in progress.

Post Balance Sheet Events

There have been no events after the balance sheet date which have affected the accounts.

Accounting Policies

Accounts are prepared in accordance with guidance issued by the Department of Health and in line with UK GAAP (Generally Accepted Accounting Principles).

After making enquiries, the Directors have a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing accounts.

Accounting policies for pensions and retirement benefits are set out in note 1.12 of the full accounts on page 71/72. Details of senior managers' remuneration can be found in the remuneration report on page 59.

Better Payment Practice Code

The Trust has a policy of paying suppliers within 30 days of receipt of a valid invoice and has paid 88% of non NHS invoices and 72% of NHS invoices within this target.

External Auditors

The Audit Commission are the independently appointed external auditors for the Trust. The Trust incurred audit fees of £112k for the audit of financial statements, value for money and the conduct of public business.

The Directors have confirmed that, as far as they are aware, all relevant audit information has been disclosed to the auditors. They have taken all of the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Private Finance Scheme

In October 2007, the Trust reached financial close with its PFI partner, for the provision of a 58 bedded unit on the Kingsway Site. This represents a £32m capital scheme which will be completed in March 2009 and occupied by July 2009. The scheme delivers value for money. The accounting treatment for PFI schemes is detailed on note 1.8 in the Accounts. The position will be reviewed upon the implementation of International Financial Reporting Standards (IFRS) for 2009/10 Accounts.

2008/09 Forward Look

In looking forward to 2008/09, the Trust will continue to focus on improving the quality of clinical services delivered, and on ensuring that efficiency and value for money can be delivered and demonstrated in all its clinical and non clinical activities. Particular efforts will also be directed towards working differently and rationalising the use of Trust owned and leased accommodation through maximising the use of new technologies.

The Trust will work to deliver the Kingsway retraction programme, and looks forward to the development of the surplus site by English Partnerships.

The Trust is currently in the assessment phase of its Foundation Trust application, and will aim to use the financial flexibilities in support of its overall clinical vision. Attention to maximising efficiency in its operations will deliver cash savings which can be invested to improve the delivery of clinical services.

OUR TRUST BOARD

The Trust Board holds monthly meetings in public on the last Wednesday of the month. We always welcome the attendance of local residents.

Declaration of Interests

Board members are required under their Codes of Conduct and Accountability to declare details of company directorships or other significant interests where those companies may seek to do business with the NHS, where this may conflict with their responsibilities as Directors.

Interests are hereby disclosed as follows:

Cecchini, Danielle	Nil	
Fairs, Martin	Spouse is an employee of Derbyshire County OCT	(e)
Forrest, Judith	Secretary - Derbyshire Dales Careline Derbyshire Dales Careline (supported by grant of £3,600 pa from NHS body) Independent member of Council of University of Derby Husband is a Non Executive Director, Derbyshire County PCT	(d) (e) (e) (e)
Gillham, Graham	Nil	
Hall, Annie	Director of Pickup Holdings Ltd Director Salford Marina Ltd Director AP Metalising Ltd Husband, Deputy Chairman and Non Executive Director- Chesterfield Royal Foundation Trust	(a) (a) (a) (a)
Hambly, Marilyn	Employee of Derby City Council	(e)
Marsden, Veronica	Self Employed Hypnotherapist, and Personal and Executive Coaching Practice	(b)
Pitt, David	Nil	
Shewan, Mike	Nil	
Snowdon, David	Nil	(a)
Sykes, John	Nil	(d)
Thompson, Lesley	Fundraising and Marketing Services Ltd Non Executive Director, 'Skill Force' Trustee/CAN	(d)

- Directorships, including non-executive directorships held in private companies or PLCs (with the exception of those of dormant companies).
- Ownership or part-ownership of private companies, businesses or consultancies likely or possibly seeking to do business with the NHS.
- Majority or controlling share holdings in organisations likely or possibly seeking to do business with the NHS.
- A position of authority in a charity or voluntary organisation in the field of health and social care.
- Any connection with a voluntary or other organisation contracting for NHS services.

Related Party Transactions

The Derbyshire Mental Health Services NHS Trust is a body corporate established by order of the Secretary of State for Health.

During the year two of the Board Members have undertaken material transactions with NHS Trusts in which their partner have interests. No personal benefit has been gained from these transactions, the transactions are between this Trust and the NHS Organisations for which they are Board members;

	Payments to Related Party	Receipts from Related Party	Amounts owed to Related Party	Amounts due from Related Party
	£'000	£'000	£'000	£'000
Judith Forrest - Chair / Mr I Forrest (Husband) - Non Executive Director at Derbyshire County PCT	937	63,308	286	1,460
Annie Hall - non Executive Director / Mr M R Hall (Husband) - Non Executive Director at Chesterfield Royal Foundation Trust	1,252	0	198	4

STATEMENT ON INTERNAL CONTROL 2007/2008

1. Scope of Responsibility

The Board is accountable for internal control. As Accountable Officer, and Chief Executive Officer 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.

Myself, and the Trust participate in partnership processes to ensure that personal and joint accountability issues are dealt with effectively. As Accountable Officer and Chief Executive I have regular supervision meetings with the Chief Executive of NHS East Midlands and the Trust Chairman. In addition, the Derby City and Derbyshire partnership forums are well established and include representation from other NHS Trusts, Primary Care Trusts and Local Authorities.

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,
- Evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The system of internal control has been in place in Derbyshire Mental Health Services NHS Trust for the whole year ended 31 March 2008, and up to the date of approval of the Annual Report and Accounts.

3. Capacity to Handle Risk

The Trust has successfully integrated clinical and corporate risk management processes, which the Director of Nursing and Governance leads on behalf of the Trust Board.

- There is a Board endorsed Risk Management Strategy which defines the organisational structures in place for the management and ownership of risk, including the responsibilities of Executive Directors for implementing the strategy. This is supported by a Risk Assessment Procedure.
- There is an appropriate committee structure in place to ensure risk is managed effectively throughout the organisation and embedded in all Trust processes.
- The Governance Committee is the principal committee concerned with the management of risk. The Audit Committee is responsible for ensuring appropriate assurances are sought for key controls which manage strategic organisation risks
- To enable staff to fulfil their responsibilities defined within the Risk Management Strategy, the Trust provides risk management training, defined within the Induction and Essential Training Policy and Matrix. This training is supported by procedural guidance and direction from specialist risk management staff.

4. The Risk and Control Framework

The system of internal control is based on a framework of risk management processes for identifying and evaluating risk and determining effectiveness of risk controls and assurances received on these controls. The processes, which are embedded in the activities of the organisation, are defined within the Risk Management Strategy and its supporting policies and procedures.

Key elements of the risk and control framework include:-

- Risk identification – proactively for example via risk assessments, project plans and reactively via incident, complaints and claims analysis, internal and external inspection and audit reports.
- Risk evaluation - using a single risk matrix to determine impact and likelihood of risk realisation and grading of risk by colour.
- Risk control and treatment – responsibility and authority for determining effectiveness of controls, development of risk treatment plans, including assigning appropriate resources is dependent upon the risk grade.
- Risk Register – incorporating requirements of the Assurance Framework including mapping of each risk recorded to a strategic objective.
- Incident investigation – robust systems for reporting and investigating incidents to identify areas for organisational learning and good practice.
- Public stakeholders are involved in the management of risks which may impact on them via the Trust commitment to the Strategic Commissioning Group and regular briefings with the Overview and Scrutiny Committees.
- Communication – the use of a ‘Blue Light’ system to rapidly communicate information on significant risks that required immediate action to be taken and a ‘Learning the Lessons’ newsletter to communicate good practice and actions that have been taken throughout the organisation.

The Board has in place an Assurance Framework that:-

- Covers all of the Trust’s main activities;
- Details Board’s strategic objectives;
- Identifies the risks to achieving the strategic objectives;
- Identifies and examines the system of internal control to manage the risks;
- Identifies and examines the review and assurance mechanisms which relate to the effectiveness of the system of internal control;
- Record actions agreed or taken to address the gaps in control and assurance.

The Framework has identified gaps in control in the following areas:-

- Market intelligence

Limited assurance has been received in the following areas:-

- Non Pay- with regard to Creditor Payments
- Payroll

The Framework has identified gaps in assurance in the following areas:-

- Management Information Reporting (Non financial)

Action Plans are in place to deal with these issues and progress will be reported to the Audit Committee and Trust Board on a regular basis.

Evidence to support the Statement on Internal Control:

- The Audit Committee has responsibility to oversee the assurance process, and provides reports regularly to the Trust Board.
- Each strategic objective has been allocated to a group or committee (or Director) within the Trust to be responsible for ensuring risk and control assessments are conducted, potential assurances mapped and reviewed when received to determine the level of assurance obtained and develop and monitor action plans.
- Risk and control assessments, involving staff from various levels within the organisation have been conducted for each strategic objective, the results of which have been included in the Assurance Framework.
- Reports to the Trust Board, Governance Committee and Audit Committee on progress with the development of the Assurance Framework.
- Routine reporting of significant risks to the Governance Committee and subsequently to the Trust Board.
- Internal Audit Reports.

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 Trust is focussed on ensuring that personal and other sensitive information is managed appropriately, with strong safeguards in place to ensure that Information Governance Arrangements are robust and that the Trust continues to demonstrate improvements in this area.

The Trust has:

- Identified a Senior Information Risk Owner at Board Level;
- Completed the Information Governance Toolkit, and reported outcomes to the Audit Committee and Trust Board;
- Undertaken a review of its flows of person identifiable data and has received assurances that data flows are secure in line with the requirements of the National IG Assurance Programme;
- Recorded no incidences of Serious Untoward Incidences in respect of these data flows.

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 have been reviewed. My review is also informed by:-

- Core Standards Final Declaration
- Trust Performance Rating from the Health Care Commission
- Clinical Negligence Scheme for Trusts re-accreditation of Level 1.
- Internal Audit reports received during year following on from the Internal Audit and External Audit Plans agreed by the Trusts Audit Committee

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, Governance Committee and Audit Committee. A plan to address the weaknesses and ensure continuous improvement of the system is in place.

No significant internal control issues have been identified.

The processes applied in reviewing and maintaining the effectiveness of internal control are described above. In summary:-

The Trust Board:

- Is responsible for approving and monitoring the systems in place to ensure there are proper and independent assurances given on the soundness and effectiveness of internal control.

The Governance Committee:

- Ensures the Trust has a sound system of internal control.
- Produces an annual Risk Management Plan as part of its the annual review of the Risk Management Strategy (to be approved by the Board), ensures its effective implementation and monitor progress.
- Evaluates, prioritises and ensures risk is treated until it is acceptable to the organisation.
- Reviews the Trusts Performance in managing risk.
- Ensures that clinical safety is integrated with all clinical governance processes.
- Ensures that clinical and professional policies and practice reflect the need to maintain a high level of clinical safety.

The Audit Committee:

- Is responsible for independently overseeing the effectiveness of the Trust's systems for internal control and for reviewing the structures and processes for identifying and managing key risks.
- Is responsible for reviewing the establishment and maintenance of effective systems of internal control.
- Is responsible for reviewing the adequacy of all risk- and control-related statements prior to endorsement by the Board.
- In discharging its responsibilities takes independent advice from the Trust's internal auditor and Audit Commission.

Internal Audit:-

- *East Midlands NHS Internal Audit Services provide the Trust with an independent and objective opinion on the effectiveness of the systems in place for risk management, control and governance.*

Internal Auditors

Tim Thomas
Kevin Watkins

Head of Internal Audit:
Audit Manager

External Audit:-

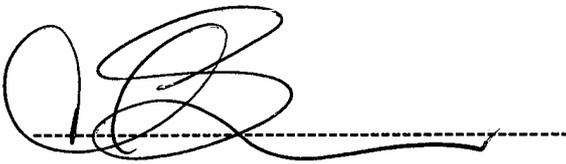
- *The Audit Commission provide the Trust with external audit services which include the review of the annual accounts and a review of the value for money achieved by the Trust.*

External auditors

John Cornett (from 01/01/08)
Nigel Carpino
Cathie Clarke

District Auditor
Audit Manager
Principal Auditor

Signed



Chief Executive Officer
On behalf of Derbyshire Mental
Health Services NHS Trust

Date

18/6/08

(on behalf of the Board)

AUDIT ARRANGEMENTS 2007/08

	£000
Audit Services including Value for Money (VFM)	112
Further Assurance Services	118
Other Services	0
Costs of Work Performed by Audit	230

The Trust's External Auditor is the Audit Commission. The cost of work undertaken by them in 2007/08 was £112k including value for money.

The Trust's Internal Auditor is East Midlands Internal Audit Services (EMIAS). The cost of work undertaken by them in 2007/08 was £118k.

The specific areas reviewed have been the Trust's annual accounts, financial aspects of corporate governance, PFI and Information Governance. The independence of this work is reflected in the presentation of reports about each of these areas to the Audit Committee.

The Audit Committee is one of the Trust's mandatory Committees and it meets bi-monthly. It consists of three non-executive Board members, Martin Fairs (Chair), Marilyn Hambly and Lesley Thompson. The Executive Director of Finance and Contracting is invited to attend each meeting of this Committee. The Chair of the Trust, together with the other Executive Directors and senior officers attend by invitation. This supports the principle of independence of both external and internal audit.

The Statement of Internal Control (SIC) forms part of the annual accounts.

In his Annual Report to the Board, the Audit Committee chair reported that:-

The Committee had reviewed the draft SIC and concluded that it was consistent with the view of the Committee on the organisation's system of internal control and accordingly supported the Board's approval of the SIC.

The Committee had received the HOIA Opinion which provided significant assurance on the system of internal control. The HOIA Opinion also notes that there is "an appropriate control framework to support the production of the Trust's declaration of compliance against the Standards for Better Health".

The Committee has reviewed the revised Assurance Framework and believes it is fit for purpose but recognises that it is a dynamic document and requires continuous review and development at Board level. The Committee has formed the opinion that the system of risk management is adequate in identifying risks and allows the Board to understand, assess and control significant risks.

Both internal and external audit plans of work have been agreed by the Committee, completed reports have been received and reviewed and implementation of audit recommendations have been monitored.

The Committee is satisfied as to the cost-effectiveness of the Internal Audit services and the Board should note the renewed appointment of EMIAS. All work related to fraud and corruption has also been regularly reported and reviewed.

All members of the Committee have attended specific audit training events during the year.

(Note: the full Audit Committee Annual Report is available on the Trust website).

REMUNERATION REPORT 2007/08

The remuneration of Board Directors is covered by the Remuneration and Terms of Service Committee which must meet at least once per year to consider the remuneration of Board Directors. The Committee is a Sub Committee of the full Board and comprises the Chairman and Non-Executives. The Chief Executive attends to advise and confirm his agreement to the approach taken to the remuneration of the Executive Directors.

In 2006/07 the Remuneration Committee agreed a policy of bringing all Directors (including the Director of HR) and the Chief Executive onto an Agenda for Change Pay Banding. Three local pay scales (Executive 1, 2 and 3) were created and each Director was assimilated to a scale using the Agenda for Change job evaluation scheme.

Since then, work has been undertaken to produce a revised contract of employment using the national Very Senior Managers contract as a model. The contract has provision for individual performance review to form a part, but there is currently no policy to incorporate PRP payments in the contract.

Contracts for all Directors are permanent, and there is no proposal in the Trust's Remuneration Policy to issue short term or rolling contracts. The Trust has a Contractual Notice Policy which covers all staff. The notice period for Directors and the Chief Executive is recommended as six months.

Any early termination of a Senior Manager's, Director's or Executive Director's contract would be considered by the Committee. A Compromise Agreement is equally likely to be issued where the termination of a Senior Manager's contract is negotiated and mutually agreed to come to an end.

Salary and Pension Entitlements of Senior Managers

Title	Name	2007/08			2006/07		
		Salary (based on bands of £5000) £000	Other remuneration (bands of £5000) £000	* Benefits in kind to the nearest £100 £	Salary (based on bands of £5000) £000	Other remuneration (bands of £5000) £000	Benefits in kind to the nearest* £100 £
Chief Executive	Mike Shewan	135-140	0	4,100	125-130	0	4,100
Executive Director of Finance and Contracting	Danielle Cecchini	90-95	0		25-30	0	
Executive Medical Director	John Sykes	55-60	105-110	4,100	55-60	100-105	4,100
Executive Director/ Chief Nurse/ Assistant Chief Executive	David Snowdon**	70-75	0	3,075	85-90	0	4,100
Acting Director of Nursing & Governance	Stephen Edgeley***	15-20	0	1,025	0	0	0
Executive Director of Strategy, Planning & Marketing	David Pitt	85-90	0	4,100	80-85	0	4,100
Director of Corporate and Legal Affairs	Graham Gillham	40-45	0	4,100	40-45	0	4,100
Chair	Judith Forrest	20-25	0	0	20-25	0	0
Non-Executive Director	Annie Hall	5-10	0	0	5-10	0	0
Non-Executive Director	Marilyn Hambly	5-10	0	0	5-10	0	0
Non-Executive Director	Martin Fairs	5-10	0	0	0-5	0	0
Non-Executive Director	Lesley Thompson	5-10	0	0	0-5	0	0
Non-Executive Director	Veronica Marsden	5-10	0	0	0-5	0	0

* Benefits in kind relate to lease cars provided for Senior Managers

** D Snowdon left the Trust on 31 Dec 2007

*** S Edgeley acting from 1 Jan 2008

B. Pension Benefits

Title	Name	Real increase in pension at age 60 (Bands of £2500)	Real increase in pension related lump sum at age 60 (Bands of £2500)	Total accrued pension at age 60 at 31 March 2008 (bands of £5000)	Total accrued pension related lump sum at age 60 at 31 March 2008	Cash Equivalent Transfer Value at 31 March 2008	Cash Equivalent Transfer Value at 31 March 2007	Real Increase in Cash Equivalent Transfer Value	Employers Contribution to Stakeholder pension (to nearest £100)
		£000	£000	£000	£000	£000	£000	£000	£00
Chief Executive	Mike Shewan	22.5-25	102.5-105	75-80	255-260	1,176	750	406	284,800
Executive Director of Finance and Contracting	Danielle Cecchini	2.5-5	7.5-10	15-20	50-55	218	158	56	39,200
Executive Medical Director	John Sykes	2.5-5	10-12.5	50-55	155-160	793	696	79	55,300
Executive Director/ Chief Nurse/ Assistant Chief Executive	David Snowden	0-2.5	5-7.5	40-45	130-135	628	554	45	31,800
Acting Director of Nursing & Governance	Stephen Edgeley****	0-2.5	0-2.5	25-30	75-80	378	360	2	1,500
Executive Director of Strategy, Planning & Marketing	David Pitt	0-2.5	5-7.5	20-25	65-70	280	240	35	24,300
Director of Corporate and Legal Affairs	Graham Gillham	0-2.5	0-2.5	15-20	55-60	323	310	6	4,000

** D Snowden left 31 Dec 2007

*** S Edgeley acting from 1 Jan 2008

EXTERNAL AUDITOR OPINION

Independent auditor's report to the Board of Directors of Derbyshire Mental Health Services NHS Trust

Opinion on the financial statements

I have audited the financial statements of Derbyshire Mental Health Services NHS Trust for the year ended 31 March 2008 under the Audit Commission Act 1998. The financial statements comprise the Income and Expenditure Account, the Balance Sheet, the Cashflow Statement, the Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared in accordance with the accounting policies directed by the Secretary of State with the consent of the Treasury as relevant to the National Health Service set out within them. I have also audited the information in the Remuneration Report that is described as having been audited.

This report is made solely to the Board of Directors of Derbyshire Mental Health Services 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.

Respective responsibilities of Directors and auditor

The directors' responsibilities for preparing the financial statements in accordance with directions made by the Secretary of State are set out in the Statement of Directors' Responsibilities.

My responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view in accordance with the accounting policies directed by the Secretary of State as being relevant to the National Health Service in England. I report whether the financial statements and the part of the Remuneration Report to be audited have 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. I also report to you whether, in my opinion, the information which comprises the commentary on the financial performance included within the Operating and Financial Review, included in the Annual Report, is consistent with the financial statements.

I review whether the directors' Statement on Internal Control reflects compliance with the Department of Health's requirements, set out in 'The Statement on Internal Control 2003/04' issued on 15 September 2003 and the further guidance relating to that Statement issued on 7 April 2006, 2 April 2007, 7 April 2008 and 20 May 2008. I report if it does not meet the requirements specified by the Department of Health or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered, whether the directors' Statement on Internal Control covers all risks and controls. Neither am I required to form an opinion on the effectiveness of the Trust's corporate governance procedures or its risk and control procedures.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises the unaudited part of the Remuneration Report, the Chairman's and Chief Executive's Statements and the remaining elements of the Financial Performance review. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

Basis of audit opinion

I conducted my audit in accordance with the Audit Commission Act 1998, the Code of Audit Practice issued by the Audit Commission and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Trust's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that:

- the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error; and
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared.

In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

Opinion

In my opinion:

- the financial statements give a true and fair view, in accordance with the accounting policies directed by the Secretary of State as being relevant to the National Health Service in England, of the state of the Trust's affairs as at 31 March 2008 and of its income and expenditure for the year then ended;
- 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; and
- information which comprises the commentary on the financial performance included within the Financial Performance review, included within the Annual Report, is consistent with the financial statements.

Conclusion on arrangements for securing economy, efficiency and effectiveness in the use of resources

Directors' Responsibilities

The directors are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in the Trust's use of resources, to ensure proper stewardship and governance and regularly to review the adequacy and effectiveness of these arrangements.

Auditor's Responsibilities

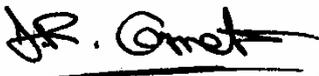
I am required by the Audit Commission Act 1998 to be satisfied that proper arrangements have been made by the Trust for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires me to report to you my conclusion in relation to proper arrangements, having regard to the criteria for NHS bodies specified by the Audit Commission. I report if significant matters have come to my attention which prevent me from concluding that the Trust has made such proper arrangements. I am not required to consider, nor have I considered, whether all aspects of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Conclusion

I have undertaken my audit in accordance with the Code of Audit Practice and having regard to the criteria for NHS bodies specified by the Audit Commission and published in December 2006, I am satisfied that, in all significant respects, Derbyshire Mental Health Services NHS Trust made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2008.

Certificate

I certify that I have completed the audit of the accounts in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.



John Cornett
(Officer of the Audit Commission)

District Auditor
Rivermead House
Lewis Court
Grove Park
Enderby
Leicestershire
LE19 1SU

20 June 2008

Independent auditor's report to the Board of Directors of Derbyshire Mental Health Services NHS Trust on the Trust Financial Monitoring and Accounts Forms

I have examined the summarisation schedules numbered TRU01 to TRU35 of Derbyshire Mental Health Services NHS Trust for the year ended 31 March 2008, which have been prepared by the Director of Finance and acknowledged by the Chief Executive.

This report is made solely to the Board of Directors of Derbyshire Mental Health Services 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.

In my opinion these summarisation schedules are consistent with the statutory financial statements.



John Cornett
District Auditor
Rivermead House
Lewis Court
Grove Park
Enderby
Leicestershire
LE19 1SU

20 June 2008

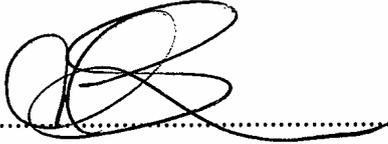
2007-08 Annual Accounts of Derbyshire Mental Health Services NHS Trust

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.

nb: sign and date in any colour ink except black

17/6/08 Date..........Chief Executive

2007-08 Annual Accounts of Derbyshire Mental Health Services NHS Trust

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

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

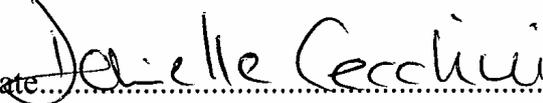
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the trust and to enable them to ensure that the accounts comply with requirements outlined in the above mentioned direction of the Secretary of State. They 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

nb: sign and date in any colour ink except black

18/6/08Date..... Chief Executive

18/6/2008Date..... Finance Director

2007-08 Annual Accounts of Derbyshire Mental Health Services NHS Trust

Year ended 31 March 2008

**SUMMARISATION SCHEDULES (TRUs) FOR THE
DERBYSHIRE MENTAL HEALTH SERVICES NHS TRUST**

Summarisation schedules numbered TRU01 to TRU35 plus freetext 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.

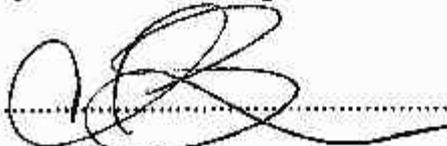
nb: sign and date in any colour ink except black

18/6/2008 Date  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

nb: sign and date in any colour ink except black

18/6/08 Date  Chief Executive

(Note: This certificate is not required by the Department of Health)

2007-08 Annual Accounts of Derbyshire Mental Health Services NHS Trust

Year ended 31 March 2008

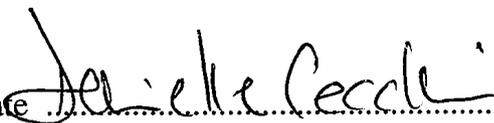
**SUMMARISATION SCHEDULES (TRUs) FOR THE
DERBYSHIRE MENTAL HEALTH SERVICES NHS TRUST**

Summarisation schedules numbered TRU01 to TRU35 plus freetext 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.

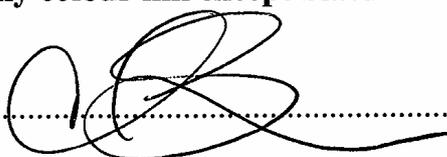
nb: sign and date in any colour ink except black

18/6/2008 Date  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

nb: sign and date in any colour ink except black

18/6/08 Date  Chief Executive

(Note: This certificate is not required by the Department of Health)

TRUST ANNUAL ACCOUNTS 2007/08

Data entered below will be used throughout the workbook:

Trust name:	Derbyshire Mental Health Services NHS Trust
This year	2007/08
Last year	2006/07
This year ended	31 March 2008
Last year ended	31 March 2007
This year beginning	1 April 2007

Derbyshire Mental Health Services NHS Trust - Annual Accounts 2007/08

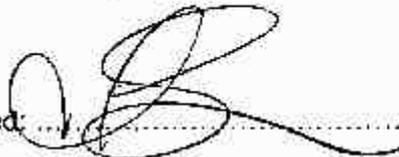
INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 March 2008

	NOTE	2007/08 £000	2006/07 £000
Income from activities	3	90,272	85,443
Other operating income	4	4,534	5,964
Operating expenses	5	<u>(92,521)</u>	<u>(89,140)</u>
OPERATING SURPLUS/(DEFICIT)		2,285	2,267
Cost of fundamental reorganisation/restructuring*		0	0
Profit/(loss) on disposal of fixed assets	8	<u>(46)</u>	<u>(192)</u>
SURPLUS/(DEFICIT) BEFORE INTEREST		2,239	2,075
Interest receivable		283	195
Interest payable	9	(9)	(9)
Other finance costs - unwinding of discount	16	<u>(35)</u>	<u>(36)</u>
SURPLUS/(DEFICIT) FOR THE FINANCIAL YEAR		2,478	2,225
Public Dividend Capital dividends payable		<u>(1,960)</u>	<u>(1,724)</u>
RETAINED SURPLUS/(DEFICIT) FOR THE YEAR		518	501

**BALANCE SHEET AS AT
31 March 2008**

	NOTE	31 March 2008 £000	31 March 2007 £000
FIXED ASSETS			
Intangible assets	10	42	78
Tangible assets	11	52,072	52,014
Investments	14.1	0	0
		<u>52,114</u>	<u>52,092</u>
CURRENT ASSETS			
Stocks and work in progress	12	198	180
Debtors	13	3,360	5,248
Investments	14.2	0	0
Cash at bank and in hand	18.3	2,982	227
		<u>6,540</u>	<u>5,655</u>
CREDITORS: Amounts falling due within one year	15	<u>(4,533)</u>	<u>(6,303)</u>
NET CURRENT ASSETS/(LIABILITIES)		2,007	(648)
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>54,121</u>	<u>51,444</u>
CREDITORS: Amounts falling due after more than one year	15	(28)	(32)
PROVISIONS FOR LIABILITIES AND CHARGES	16	(2,637)	(2,460)
TOTAL ASSETS EMPLOYED		<u>51,456</u>	<u>48,952</u>
FINANCED BY:			
TAXPAYERS' EQUITY			
Public dividend capital	22	17,156	17,187
Revaluation reserve	17	21,948	20,297
Donated asset reserve	17	34	31
Government grant reserve	17	0	0
Other reserves	17	8,680	8,680
Income and expenditure reserve	17	3,638	2,757
TOTAL TAXPAYERS' EQUITY		<u>51,456</u>	<u>48,952</u>

The financial statements on pages 1 to 44 were approved by the Board on 18 June 2008 and signed on its behalf by:

Signed:  (Chief Executive)

Date: 18/6/08

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED
31 March 2008**

	2007/08	2006/07
	£000	£000
Surplus/(deficit) for the financial year before dividend payments	2,478	2,225
Fixed asset impairment losses	(1,896)	0
Unrealised surplus/(deficit) on fixed asset revaluations/indexation	3,914	3,121
Increases in the donated asset and government grant reserve due to receipt of donated and government grant financed assets	0	0
Defined benefit scheme actuarial gains/(losses)	0	0
Additions/(reductions) in "other reserves"	0	0
Total recognised gains and losses for the financial year	4,496	5,346
Prior period adjustment	0	0
Total gains and losses recognised in the financial year	4,496	5,346

CASH FLOW STATEMENT FOR THE YEAR ENDED
31 March 2008

	NOTE	2007/08 £000	2006/07 £000
OPERATING ACTIVITIES			
Net cash inflow/(outflow) from operating activities	18.1	6,578	4,608
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE:			
Interest received		283	195
Interest paid		(9)	0
Interest element of finance leases		0	(9)
Net cash inflow/(outflow) from returns on investments and servicing of finance		274	186
CAPITAL EXPENDITURE			
(Payments) to acquire tangible fixed assets		(2,332)	(5,055)
Receipts from sale of tangible fixed assets		231	0
(Payments) to acquire intangible assets		0	(6)
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		(2,101)	(5,061)
DIVIDENDS PAID			
		(1,960)	(1,724)
Net cash inflow/(outflow) before management of liquid resources and financing		2,791	(1,991)
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 other current asset investments		0	0
Net cash inflow/(outflow) from management of liquid resources		0	0
Net cash inflow/(outflow) before financing		2,791	(1,991)
FINANCING			
Public dividend capital received		0	1,991
Public dividend capital repaid (not previously accrued)		(31)	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		0	0
Capital element of finance lease rental payments		(5)	(4)
Cash transferred (to)/from other NHS bodies		0	0
Net cash inflow/(outflow) from financing		(36)	1,987
Increase/(decrease) in cash		2,755	(4)

NOTES TO THE ACCOUNTS

1 ACCOUNTING POLICIES

The Secretary of State for Health has directed that the financial statements of NHS trusts shall meet the accounting requirements of the NHS Trust Manual for Accounts which shall be agreed with HM Treasury. The accounting policies contained in that manual follow UK generally accepted accounting practice and HM Treasury's Government Financial Reporting Manual to the extent that they are meaningful and appropriate to the NHS. The accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.

Accounting Convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of fixed assets at their value to the business by reference to their current costs. NHS Trusts are not required to provide a reconciliation between current cost and historical cost surpluses and deficits.

1.2 Acquisitions and Discontinued Operations

Activities are considered to be 'acquired' only if they are acquired from outside the public sector. Activities are considered to be 'discontinued' only if they cease entirely. They are not considered to be 'discontinued' if they transfer from one public sector body to another.

1.3 Income Recognition

Income is accounted for applying the accruals convention. The main source of income for the Trust is from commissioners in respect of healthcare services provided under local agreements. Income is recognised in the period in which services are provided. Where income is received for a specific activity which is to be delivered in the following financial year, that income is deferred.

1.4 Intangible Fixed Assets

Intangible assets are capitalised when they are capable of being used in a Trust's activities for more than one year; they can be valued; and they have a cost of at least £5,000.

Intangible fixed assets held for operational use are valued at historical cost and are depreciated over the estimated life of the asset on a straight line basis, except capitalised Research and Development which is revalued using an appropriate index figure. The carrying value of intangible assets is reviewed for impairment at the end of the first full year following acquisition and in other periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Purchased computer software licences are capitalised as intangible fixed assets where expenditure of at least £5,000 is incurred. They are amortised over the shorter of the term of the licence and their useful economic lives.

1.5 Tangible Fixed Assets

Capitalisation

Tangible assets are capitalised if they are capable of being used for a period which exceeds one year and they:-

- individually have a cost of at least £5,000; or
- collectively have a cost of at least £5,000 and individually have a cost of more than £250, where the assets are functionally interdependent, they had broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control; or
- form part of the initial equipping and setting-up cost of a new building, ward or unit irrespective of their individual or collective cost.

Expenditure on digital hearing aids in the year ended 31 March 2004 (but not in earlier years) was treated as capital expenditure, in accordance with the amendment to the Capital Accounting Manual issued in July 2003, giving rise to an increase in fixed assets regardless of the cost of the individual hearing aids. Subsequent purchases of digital hearing aids are capitalised only when the total value is greater than £5,000. Where small numbers of appliances are purchased the costs are expensed as incurred.

Valuation

Tangible fixed assets are stated at the lower of replacement cost and recoverable amount. On initial recognition they are measured at cost (for leased assets, fair value) including any costs such as installation directly attributable to bringing them into working condition. They are restated to current value each year. The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

All land and buildings are restated to current value using professional valuations in accordance with FRS15 every five years and in the intervening years by the use of indices. The buildings index is based on the All in Tender Price Index published by the Building Cost Information Service (BCIS). The land index is based on the residential building land values reported in the Property Market Report published by the Valuation Office.

Professional valuations are carried out by the District Valuers of the Revenue and Customs Government Department. The valuations are carried out in accordance with the Royal Institute of Chartered Surveyors (RICS) Appraisal and Valuation Manual insofar as these terms are consistent with the agreed requirements of the Department of Health and HM Treasury. In accordance with the requirements of the Department of Health, the last asset valuations were undertaken in 2004 as at the prospective valuation date of 1 April 2005 and were applied on the 31 March 2005. The valuations are carried out primarily on the basis of Depreciated Replacement Cost for specialised operational property and Existing Use Value for non-specialised operational property. The value of land for existing use purposes is assessed at Existing Use Value. For non-operational properties including surplus land, the valuations are carried out at Open Market Value.

Assets in the course of construction are valued at current cost using the indexes as for land and buildings, as above. These assets include any existing land or buildings under the control of a contractor. Additional alternative Open Market Value figures have only been supplied for operational assets scheduled for imminent closure and subsequent disposal.

All adjustments arising from indexation and five-yearly revaluations are taken to the Revaluation Reserve. All impairments resulting from price changes are charged to the Statement of Total Recognised Gains and Losses. Falls in value when newly constructed assets are brought into use are also charged there. These falls in value result from the adoption of ideal conditions as the basis for depreciated replacement cost valuations.

Assets in the course of construction are valued at current cost using the indexes as for land and buildings, as above. These assets include any existing land or buildings under the control of a contractor.

Residual interests in off-balance sheet Private Finance Initiative properties are included in tangible fixed assets as 'assets under construction and payments on account' where the PFI contract specifies the amount, or nil value at which the assets will be transferred to the Trust at the end of the contract. The residual interest is built up, on an actuarial basis, during the life of the contract by capitalising part of the unitary charge so that at the end of the contract the balance sheet value of the residual value plus the specified amount equal the expected fair value of the residual asset at the end of the contract. The estimated fair value of the asset on reversion is determined by the District Valuer based on Department of Health guidance. The District Valuer should provide an estimate of the anticipated fair value of the assets on the same basis as the District Valuer values the NHS Trust's estate.

Operational equipment other than IT equipment, which is considered to have nil inflation, is valued at net current replacement cost through annual uplift by the change in the value of the GDP deflator. Equipment surplus to requirements is valued at net recoverable amount.

Depreciation, Amortisation and Impairments

Tangible fixed assets are depreciated at rates calculated to write them down to estimated residual value on a straight-line basis over their estimated useful lives. No depreciation is provided on freehold land and assets surplus to requirements.

Assets in the course of construction and residual interests in off-balance sheet PFI contract assets are not depreciated until the asset is brought into use or reverts to the Trust, respectively.

Buildings, installations and fittings are depreciated on their current value over the estimated remaining life of the asset as advised by the District Valuer. Leaseholds are depreciated over the primary lease term. Equipment is depreciated on current cost evenly over the estimated life of the asset.

Impairment losses resulting from short-term changes in price that are considered to be recoverable in the longer term are taken in full to the revaluation reserve. These include impairments resulting from the revaluation of fixed assets from their cost to their value in existing use when they become operational. This may lead to a negative revaluation reserve in certain instances.

Where the useful economic life of an asset is reduced from that initially estimated due to the revaluation of an asset for sale, depreciation is charged to bring the value of the asset to its value at the point of sale.

Where, under Financial Reporting Standard 11, a fixed asset impairment is charged to the Income and Expenditure Account, offsetting income may be paid by the Trust's main commissioner using funding provided by the NHS Bank.

1.6 Donated Fixed Assets

Donated fixed assets are capitalised at their current value on receipt and this value is credited to the Donated Asset Reserve. Donated fixed assets are valued and depreciated as described above for purchased assets. Gains and losses on revaluations are also taken to the Donated Asset Reserve and, each year, an amount equal to the depreciation charge on the asset is released from the Donated Asset Reserve to the Income and Expenditure account. Similarly, any impairment on donated assets charged to the Income and Expenditure Account is matched by a transfer from the Donated Asset Reserve. On sale of donated assets, the value of the sale proceeds is transferred from the Donated Asset Reserve to the Income and Expenditure Reserve.

1.7 Government Grants

Government grants are grants from government bodies other than funds from NHS bodies or funds awarded by Parliamentary Vote. The government grants reserve is maintained at a level equal to the net book value of the assets which it has financed. Gains and losses on revaluations are also taken to the Government grant reserve and, each year, an amount equal to the depreciation charge on the asset is released from the Government grant reserve to the Income and Expenditure account. Similarly, any impairment on grant funded assets charged to the Income and Expenditure Account is matched by a transfer from the Reserve.

1.8 Private Finance Initiative (PFI) Transactions

The NHS follows HM Treasury's Technical Note 1 (Revised) "How to Account for PFI transactions" which provides practical guidance for the application of the Application Note F to FRS 5 and the guidance 'Land and Buildings in PFI schemes Version 2'.

Where the balance of the risks and rewards of ownership of the PFI property are borne by the PFI operator, the PFI obligations are recorded as an operating expense. Where the trust has contributed assets, a prepayment for their fair value is recognised and amortised over the life of the PFI contract by charge to the Income and Expenditure Account. Where, at the end of the PFI contract, a property reverts to the Trust, the difference between the expected fair value of the residual on reversion and

any agreed payment on reversion is built up over the life of the contract by capitalising part of the unitary charge each year, as a tangible fixed asset.

Where the balance of risks and rewards of ownership of the PFI property are borne by the Trust, it is recognised as a fixed asset along with the liability to pay for it which is accounted for as a finance lease. Contract payments are apportioned between an imputed finance lease charge and a service charge.

1.9 Stocks and Work-in-Progress

Stocks and work-in-progress are valued at the lower of cost and net realisable value. This is considered to be a reasonable approximation to current cost due to the high turnover of stocks. Work-in-progress comprises goods in intermediate stages of production. Partially completed contracts for patient services are not accounted for as work-in-progress.

1.10 Research and Development

Expenditure on research is not capitalised. Expenditure on development is capitalised if it meets the following criteria:

- there is a clearly defined project.
- the related expenditure is separately identifiable.
- the outcome of the project has been assessed with reasonable certainty as to:-
 - its technical feasibility.
 - its resulting in a product or service which will eventually be brought into use.
- adequate resources exist, or are reasonably expected to be available, to enable the project to be completed and to provide any consequential increases in working capital.

Expenditure so deferred is limited to the value of future benefits expected and is amortised through the income and expenditure account on a systematic basis over the period expected to benefit from the project. It is revalued on the basis of current cost. The amortisation charge is calculated on the same basis as used for depreciation i.e. on a quarterly basis. Expenditure which does not meet the criteria for capitalisation is treated as an operating cost in the year in which it is incurred. NHS Trusts are unable to disclose the total amount of research and development expenditure charged in the income and expenditure account because some research and development activity cannot be separated from patient care activity.

Fixed assets acquired for use in research and development are amortised over the life of the associated project.

1.11 Provisions

The Trust provides for legal or constructive obligations that are of uncertain timing or amount at the balance sheet date on the basis of the best estimate of the expenditure required to settle the obligation. Where the effect of the time value of money is material, the estimated risk-adjusted cash flows are discounted using the Treasury's discount rate of 2.2% in real terms.

Clinical Negligence Costs

The NHS Litigation Authority (NHSLA) operates a risk pooling scheme under which the NHS Trust pays an annual contribution to the NHSLA which in return settles all clinical negligence claims. Although the NHSLA is administratively responsible for all clinical negligence cases the legal liability remains with the Trust. The total value of clinical negligence provisions carried by the NHSLA on behalf of the Trust is disclosed at note 16.

Since financial responsibility for clinical negligence cases transferred to the NHSLA at 1 April 2002, the only charge to operating expenditure in relation to clinical negligence in 2007/08 relates to the Trust's contribution to the Clinical Negligence Scheme for Trusts.

Non-Clinical Risk Pooling

The Trust participates in the Property Expenses Scheme and the Liabilities to Third Parties Scheme. Both are risk pooling schemes under which the Trust pays an annual contribution to the NHS Litigation Authority and, in return, receives assistance with the costs of claims arising. The annual membership contributions, and any 'excesses' payable in respect of particular claims are charged to operating expenses as and when they become due.

1.12 Pension Costs

Past and present employees are covered by the provisions of the NHS Pensions Scheme. The Scheme is an unfunded, defined benefit scheme that covers NHS employers, General Practices and other bodies, allowed under the direction of the Secretary of State, in England and Wales. As a consequence it is not possible for the NHS Trust to identify its share of the underlying scheme assets and liabilities. Therefore the scheme is accounted for as a defined contribution scheme and the cost of the scheme is equal to the contributions payable to the scheme for the accounting period.

The Scheme is subject to a full valuation for FRS 17 purposes every four years. The last valuation on this basis took place as at 31 March 2003 however, the revaluation is to be aligned with the full valuation and will take place in 2008. The scheme is also subject to a full valuation by the Government Actuary to assess the scheme's assets and liabilities to allow a review of the employers contribution rates, this valuation took place as at 31 March 2004 and has yet to be finalised. The last published valuation on which contributions are based covered the period 1 April 1994 to 31 March 1999. Between valuations, the Government Actuary provides an update of the scheme liabilities. The latest assessment of the liabilities of the Scheme is contained in the Scheme Actuary report, which forms part of the NHS Pension Scheme (England and Wales) Resource Account, published annually. These accounts can be viewed on the Business Service Authority - Pensions Division website at www.nhs.gov.uk. Copies can also be obtained from The Stationery Office.

The conclusion of the 1999 valuation was that the scheme continues to operate on a sound financial basis and the notional surplus of the scheme is £1.1 billion. It was recommended that employers' contributions are set at 14% of pensionable pay from 1 April 2003. On advice from the actuary the contribution may be varied from time to time to reflect changes in the scheme's liabilities. Employees pay contributions of 6% (manual staff 5%) of their pensionable pay.

The Scheme is a "final salary" scheme. Annual pensions are normally based on 1/80th of the best of

the last 3 years pensionable pay for each year of service. A lump sum normally equivalent to 3 years pension is payable on retirement. Annual increases are applied to pension payments at rates defined by the Pensions (Increase) Act 1971, and are based on changes in retail prices in the twelve months ending 30 September in the previous calendar year. On death, a pension of 50% of the member's pension is normally payable to the surviving spouse.

Early payment of a pension, with enhancement, is available to members of the Scheme who are permanently incapable of fulfilling their duties effectively through illness or infirmity. A death gratuity of twice final years pensionable pay for death in service, and up to five times their annual pension for death after retirement, less pensions already paid, subject to a maximum amount equal to twice the member's final years pensionable pay less their retirement lump sum for those who die after retirement is payable.

Additional pension liabilities arising from early retirement are not funded by the scheme except where the retirement is due to ill-health. For early retirements not funded by the scheme, the full amount of the liability for the additional costs is charged to the Income and Expenditure account at the time the NHS Trust commits itself to the retirement, regardless of the method of payment.

The Scheme provides the opportunity to members to increase their benefits through money purchase Additional Voluntary Contributions (AVCs) provided by an approved panel of life companies. Under the arrangement the employee/member can make contributions to enhance an employee's pension benefits. The benefits payable relate directly to the value of the investments made.

[Where the NHS Trust has employees who are members of pension schemes other than the NHS Pension scheme described above, additional disclosure will be required to give details of those schemes e.g. stakeholder pensions.]

1.13 Liquid Resources

Deposits and other investments that are readily convertible into known amounts of cash at or close to their carrying amounts are treated as liquid resources in the cashflow statement. The Trust does not hold any investments with maturity dates exceeding one year from the date of purchase.

1.14 Value Added Tax

Most of the activities of the Trust are outside the scope of VAT and, in general, output tax does not apply and input tax on purchases is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

1.15 Foreign Exchange

Transactions that are denominated in a foreign currency are translated into sterling at the exchange rate ruling on the dates of the transactions. Resulting exchange gains and losses are taken to the Income and Expenditure Account.

1.16 Third Party Assets

Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the

accounts since the Trust has no beneficial interest in them. Details of third party assets are given in Note 28 to the accounts.

1.17 Leases

Where substantially all risks and rewards of ownership of a leased asset are borne by the NHS Trust, the asset is recorded as a tangible fixed asset and a debt is recorded to the lessor of the minimum lease payments discounted by the interest rate implicit in the lease. The interest element of the finance lease payment is charged to the Income and Expenditure Account over the period of the lease at a constant rate in relation to the balance outstanding. Other leases are regarded as operating leases and the rentals are charged to the Income and Expenditure Account on a straight-line basis over the term of the lease.

1.18 Public Dividend Capital (PDC) and PDC Dividend

Public Dividend Capital represents the outstanding public debt of an NHS Trust. At any time the Secretary of State can issue new PDC to, and require repayments of PDC from, the NHS Trust.

A charge, reflecting the forecast cost of capital utilised by the NHS Trust, is paid over as public dividend capital dividend. The charge is calculated at the real rate set by HM Treasury (currently 3.5%) on the forecast average carrying amount of all assets less liabilities, except for donated assets and cash with the Office of the Paymaster General. The average carrying amount of assets is calculated as a simple average of opening and closing relevant net assets. A note to the accounts discloses the rate that the dividend represents as a percentage of the actual average carrying amount of assets less liabilities in the year.

1.19 Losses and Special Payments

Losses and Special Payments are items that Parliament would not have contemplated when it agreed funds for the health service or passed legislation. By their nature they are items that ideally should not arise. They are therefore subject to special control procedures compared with the generality of payments. They are divided into different categories, which govern the way each individual case is handled.

Losses and Special Payments are charged to the relevant functional headings in the Income and Expenditure Account on an accruals basis, including losses which would have been made good through insurance cover had NHS Trusts not been bearing their own risks (with insurance premiums then being included as normal revenue expenditure).

1.20 EU Emissions Trading Scheme

EU Emission Trading Scheme allowances are accounted for as government granted current asset investments, valued at open market value. As the Trust makes emissions a provision is recognised, with an offsetting transfer from the government grant reserve. The provision is settled on surrender of the allowances. The current asset investment, provision and government grant reserve are valued at current market value at the balance sheet date.

1 SEGMENTAL ANALYSIS

This note is not applicable to the Trust as we have only one business segment.

3. Income from Activities

	2007/08	2006/07
	£000	£000
Strategic Health Authorities	0	2
NHS Trusts	0	4
Primary Care Trusts*	89,569	84,797
Foundation Trusts	3	0
Local Authorities	665	632
Department of Health	0	0
NHS Other	0	0
Non NHS:		
- Private patients	0	0
- Overseas patients (non-reciprocal)	0	0
- Road Traffic Act	0	0
- Injury cost recovery	0	0
- Other	35	8
	90,272	85,443

*Includes £1m to offset fixed asset impairments charged to operating expenses.

Non NHS Other Income of £35k includes:-

Probation Service Income	30
--------------------------	----

4. Other Operating Income

	2007/08	2006/07
	£000	£000
Patient transport services	0	0
Education, training and research	1,954	2,194
Charitable and other contributions to expenditure	0	0
Transfers from donated asset reserve	1	1
Transfers from government grant reserve	0	0
Non-patient care services to other bodies	1,412	2,195
Income Generation	270	269
Other income	897	1,305
	4,534	5,964

Other Operating Income of £897k includes:-

	2007/08	2006/07
	£000	£000
NHS Other - Non Clinical Income *		640
Staff Charges - Lease cars	302	312
Nurse Bank	205	156
Psychology Income	156	29
Westleigh- Core House	136	96
Learning Disabilities	60	60
Total	859	1,293

* This is in 'Non-patient care services to other bodies' in 2007/08.

5. Operating Expenses

5.1 Operating expenses comprise:

	2007/08	2006/07
	£000	£000
Services from other NHS Trusts	160	194
Services from PCTs	2,443	2,796
Services from other NHS bodies	0	132
Services from Foundation Trusts	2,850	2,590
Purchase of healthcare from non NHS bodies	0	0
Directors' costs	750	1,110
Staff costs	70,855	68,395
Supplies and services - clinical	2,306	2,391
Supplies and services - general	821	900
Consultancy services	436	93
Establishment	1,106	1,183
Transport	2,349	2,258
Premises	3,010	2,955
Bad debts	122	80
Depreciation	3,008	2,490
Amortisation	36	39
Fixed asset impairments and reversals	708	65
Audit fees	112	116
Other auditor's remuneration	118	103
Clinical negligence	204	218
Redundancy costs	0	46
Other	1,127	986
	92,521	89,140

The 2006/7 figures for Establishment have been reduced by £2,157k and the Transport figures increased by £2,157k to reflect the change of treatment of Lease Cars and Travelling expenses in 2007-8

Other expenditure of £1,127k includes:-

	2007/08	2006/07
	£000	£000
Legal Fees	263	229
Pension / Legal costs arising in current year	233	106
Recharges from County Council	274	87
Training Course Fees	187	45
Insurance premiums	60	35
Non clinical charges from NHS Trusts	92	117
Total	1,109	619

5.2 Operating leases

5.2/1 Operating expenses include:

	2007/08	2006/07
	£000	£000
Hire of plant and machinery	666	653
Other operating lease rentals	1,510	1,513
	2,176	2,166

5.2/2 Annual commitments under non - cancellable operating leases are:

	Land and buildings		Other leases	
	2007/08	2006/07	2007/08	2006/07
	£000	£000	£000	£000
Operating leases which expire:				
Within 1 year	132	573	222	218
Between 1 and 5 years	498	600	444	435
After 5 years	880	333	0	0
	1,510	1,506	666	653

6. Staff costs and numbers

6.1 Staff costs

	Total	2007/08 Permanently Employed	Other	2006/07
	£000	£000	£000	£000
Salaries and wages	60,122	52,235	7,887	58,238
Social Security Costs	4,097	3,825	272	4,195
Employer contributions to NHS Pension Scheme	7,332	6,846	486	7,055
Other pension costs	0	0	0	0
	71,551	62,906	8,645	69,488

6.2 Average number of persons employed

	Total	2007/08 Permanently Employed	Other	2006/07
	Number	Number	Number	Number
Medical and dental	123	104	19	115
Ambulance staff	0	0	0	0
Administration and estates	471	422	49	467
Healthcare assistants and other support staff	349	345	4	320
Nursing, midwifery and health visiting staff	928	817	111	1,013
Nursing, midwifery and health visiting learners	39	39	0	39
Scientific, therapeutic and technical staff	209	209	0	206
Social care staff	0	0	0	0
Other	6	2	4	2
Total	2,125	1,938	187	2,162

6.3 Employee benefits

	2007/08	2006/07
	£000	£000
No employee benefits were met by the Trust during the year	0	0
	0	0

6.4 Management costs

	2007/08	2006/07
	£000	£000
Management costs	4,998	4,369
Income	94,806	91,407

Management costs as a percentage of Income have increased from 4.8% in 2006/07 to 5.3% in 2007/08.

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

6.5 Retirements due to ill-health

During 2007/08 there were 5 (2006/07, 6) early retirements from the NHS Trust on the grounds of ill-health. The estimated additional pension liabilities of these ill-health retirements will be £186k (£615k). The cost of these ill-health retirements will be borne by the NHS Business Services Authority Pensions Division.

7. Better Payment Practice Code

7.1 Better Payment Practice Code - measure of compliance

	2007/08	
	Number	£000
Total Non-NHS trade invoices paid in the year	25,898	20,233
Total Non NHS trade invoices paid within target	22,676	17,219
Percentage of Non-NHS trade invoices paid within target	88%	85%
Total NHS trade invoices paid in the year	1,183	11,518
Total NHS trade invoices paid within target	855	8,425
Percentage of NHS trade invoices paid within target	72%	73%

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.

7.2 The Late Payment of Commercial Debts (Interest) Act 1998

	2007/08	2006/07
	£000	£000
Amounts included within Interest Payable (Note 9) arising from claims made under this legislation	0	0
Compensation paid to cover debt recovery costs under this legislation	0	0

8. Profit/(Loss) on Disposal of Fixed Assets

Profit/(loss) on the disposal of fixed assets is made up as follows:

	2007/08	2006/07
	£000	£000
Profit on disposal of fixed asset investments	0	0
(Loss) on disposal of fixed asset investments	0	0
Profit on disposal of intangible fixed assets	0	0
(Loss) on disposal of intangible fixed assets	0	0
Profit on disposal of land and buildings	0	0
(Loss) on disposal of land and buildings	(46)	(192)
Profits on disposal of plant and equipment	0	0
(Loss) on disposal of plant and equipment	0	0
	(46)	(192)

9. Interest Payable

	2007/08	2006/07
	£000	£000
Finance leases	9	9
Late payment of commercial debt	0	0
Loans	0	0
Other	0	0
	9	9

10. Intangible Fixed Assets

	Software licences £000	Licenses and trademarks £000	Patents £000	Development expenditure £000	Total £000
Gross cost at 1 April 2007	219	0	0	0	219
Indexation				0	0
Impairments	0	0	0	0	0
Reclassifications	0	0	0	0	0
Revaluation	0	0	0	0	0
Additions purchased	0	0	0	0	0
Additions donated	0	0	0	0	0
Additions government granted	0	0	0	0	0
Disposals	0	0	0	0	0
Gross cost at 31 March 2008	219	0	0	0	219
Amortisation at 1 April 2007	141	0	0	0	141
Indexation				0	0
Impairments	0	0	0	0	0
Reversal of impairments	0	0	0	0	0
Reclassifications	0	0	0	0	0
Revaluation	0	0	0	0	0
Charged during the year	36	0	0	0	36
Disposals	0	0	0	0	0
Amortisation at 31 March 2008	177	0	0	0	177
Net book value					
- Purchased at 1 April 2007	78	0	0	0	78
- Donated at 1 April 2007	0	0	0	0	0
- Government granted at 1 April 2007	0	0	0	0	0
- Total at 1 April 2007	78	0	0	0	78
- Purchased at 31 March 2008	42	0	0	0	42
- Donated at 31 March 2008	0	0	0	0	0
- Government granted at 31 March 2008	0	0	0	0	0
- Total at 31 March 2008	42	0	0	0	42

11. Tangible Fixed Assets

11.1 Tangible fixed assets at the balance sheet date comprise the following elements:

	Land	Buildings excluding dwellings	Dwellings	Assets under construction and payments on account*	Plant and machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2007	15,375	27,970	0	5,549	1,058	143	6,479	820	57,394
Additions purchased	0	0	0	2,044	0	0	0	0	2,044
Additions donated	0	0	0	0	0	0	0	0	0
Additions government granted	0	0	0	0	0	0	0	0	0
Impairments	0	(1,896)	0	0	0	0	0	0	(1,896)
Reclassifications	0	1,285	0	(2,708)	0	0	1,349	74	0
Indexation	831	2,330	0	325	12	1	0	15	3,514
Revaluation	400	0	0	0	0	0	0	0	400
Disposals	(73)	(215)	0	0	0	0	0	0	(288)
Cost or Valuation at 31 March 2008	16,533	29,474	0	5,210	1,070	144	7,828	909	61,168
Depreciation at 1 April 2007	0	0	0	0	626	100	4,410	244	5,380
Charged during the year	0	1,922	0	0	64	8	920	94	3,008
Impairments	0	165	0	543	0	0	0	0	708
Reversal of Impairments	0	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0	0	0
Indexation	0	0	0	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0	0	0
Depreciation at 31 March 2008	0	2,087	0	543	690	108	5,330	338	9,096
Net book value	15,375	27,939	0	5,549	432	43	2,069	576	51,983
- Purchased at 1 April 2007	0	31	0	0	0	0	0	0	31
- Donated at 1 April 2007	0	0	0	0	0	0	0	0	0
- Government granted at 1 April 2007	0	0	0	0	0	0	0	0	0
- Total at 1 April 2007	15,375	27,970	0	5,549	432	43	2,069	576	52,014
- Purchased at 31 March 2008	16,533	27,353	0	4,667	380	36	2,498	571	52,038
- Donated at 31 March 2008	0	34	0	0	0	0	0	0	34
- Government granted at 31 March 2008	0	0	0	0	0	0	0	0	0
- Total at 31 March 2008	16,533	27,387	0	4,667	380	36	2,498	571	52,072

11.1 Tangible Fixed Assets (contd)

The net book value of assets held under finance leases and hire purchase contracts at the balance sheet date are as follows:

	Land	Buildings, excluding dwellings	Dwellings	Assets under construction and payments on account	Plant and machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
At 31 March 2008	0	107	0	0	0	0	0	0	107
At 31 March 2007	0	102	0	0	0	0	0	0	102

The total amount of depreciation charged to the income and expenditure in respect of assets held under finance leases and hire purchase contracts:

	Land	Buildings, excluding dwellings	Dwellings	Assets under construction and payments on account	Plant and machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Depreciation 31 March 2008	0	4	0	0	0	0	0	0	4
Depreciation 31 March 2007	0	4	0	0	0	0	0	0	4

11.2 The net book value of land, buildings and dwellings at 31 March 2008 comprises:

	31 March 2008	31 March 2007
	£000	£000
Freehold	43,813	43,243
Long leasehold	107	102
Short leasehold	0	0
TOTAL	43,920	43,345

12. Stocks and Work in Progress

	31 March 2008	31 March 2007
	£000	£000
Raw materials and consumables	198	180
Work-in-progress	0	0
Finished goods	0	0
TOTAL	198	180

13. Debtors

	31 March 2008	31 March 2007
	£000	£000
Amounts falling due within one year:		
NHS debtors	2,056	2,288
Provision for irrecoverable debts	(220)	(102)
Other prepayments and accrued income	881	743
Other debtors	643	819
Sub Total	3,360	3,748
Amounts falling due after more than one year:		
NHS debtors	0	1,500
Provision for irrecoverable debts	0	0
Other prepayments and accrued income	0	0
Other debtors	0	0
Sub Total	0	1,500
TOTAL	3,360	5,248

Other Debtors include £0 prepaid pension contributions at 31 March 2008 (£0 at 31 March 2007)

14. Investments

14.1 Fixed Asset Investments

	<i>Description</i> £000	<i>Description</i> £000	Other £000	Total £000
Balance at 1 April 2007	0	0	0	0
Additions	0	0	0	0
Disposals	0	0	0	0
Revaluations	0	0	0	0
Balance at 31 March 2008	0	0	0	0

14.2 Current Asset Investments

	EU emissions trading scheme £000	Department of Health £000	Other £000	Total £000
Balance at 1 April 2007	0	0	0	0
Additions	0	0	0	0
Disposals	0	0	0	0
Revaluations	0	0	0	0
Balance at 31 March 2008	0	0	0	0

15. Creditors

15.1 Creditors at the balance sheet date are made up of:

	31 March 2008 £000	31 March 2007 £000
Amounts falling due within one year:		
Bank overdrafts	0	0
Current instalments due on loans	0	0
Interest payable	0	0
Payments received on account	0	0
NHS creditors	1,436	1,097
Non - NHS trade creditors - revenue	523	959
Non - NHS trade creditors - capital	357	663
Tax	7	804
Social security costs	7	655
Obligations under finance leases and hire purchase contracts	4	5
Other creditors	98	4
Accruals and deferred income	2,101	2,116
Sub Total	4,533	6,303
Amounts falling due after more than one year:		
Long - term loans	0	0
Obligations under finance leases and hire purchase contracts	28	32
NHS creditors	0	0
Other	0	0
Sub Total	28	32
TOTAL	4,561	6,335

Other creditors include;

£8k outstanding pensions contributions at 31 March 08 (31 March 07 £6k)

15.2 Loans [and other long-term financial liabilities]

	31 March 2008 £000	31 March 2007 £000
Amounts falling due:		
In one year or less	0	0
Between one and two years	0	0
Between two and five years	0	0
Over 5 years	0	0
TOTAL	0	0

	31 March 2008 £000	31 March 2007 £000
Wholly repayable within five years	0	0
Wholly repayable after five years, not by instalments	0	0
Wholly or partially repayable after five years, by instalments	0	0
TOTAL	0	0

Total repayable after five years by instalments

Loans [and long-term financial liabilities] wholly or partially repayable after five years:

Terms of payment	Interest rate %	31 March 2008 Value outstanding £000	31 March 2007 Value outstanding £000

15.3 Finance lease obligations

	31 March 2008 £000	31 March 2007 £000
Payable:		
Within one year	13	13
Between one and five years	52	52
After five years	31	44
	96	109
Less finance charges allocated to future periods	(64)	(72)
	32	37

15.4 Finance Lease Commitments

The Trust does not have any new future finance lease commitments.

16. Provisions for liabilities and charges

	Pensions relating to former directors £000	Pensions relating to other staff £000	Legal claims £000	Restructurings £000	Other £000	Total £000
At 1 April 2007	0	1,911	130	0	419	2,460
Arising during the year	0	48	54	0	489	591
Utilised during the year	0	(146)	(39)	0	(145)	(330)
Reversed unused	0	0	(35)	0	(84)	(119)
Unwinding of discount	0	35	0	0	0	35
At 31 March 2008	0	1,848	110	0	679	2,637

Expected timing of cashflows:

Within one year	0	155	110	0	679	944
Between one and five years	0	612	0	0	0	612
After five years	0	1,081	0	0	0	1,081

The provision for pensions includes a degree of uncertainty in respect of timings and amount, due to the uncertainty over life expectancy. Future liability is calculated using actuarial values.

£508k is included in the provisions of the NHS Litigation Authority at 31 March 2008 in respect of clinical negligence liabilities of the NHS Trust (31 March 2007 £708k).

17. Movements on Reserves

Movements on reserves in the year comprised the following:

	Revaluation Reserve £000	Donated Asset Reserve £000	Government Grant Reserve £000	Other Reserves £000	Income and Expenditure Reserve £000	Total £000
At 1 April 2007 as previously stated	20,297	31	0	8,680	2,757	31,765
Prior Period Adjustments	0	0	0	0	0	0
At 1 April 2007 as restated	<u>20,297</u>	<u>31</u>	<u>0</u>	<u>8,680</u>	<u>2,757</u>	<u>31,765</u>
Transfer from the income and expenditure account				518		518
Fixed asset impairments	(1,896)	0	0			(1,896)
Surplus/(deficit) on other revaluations/indexation of fixed/current assets	3,910	4	0			3,914
Transfer of realised profits/(losses) to the income and expenditure reserve	0	0	0		0	0
Receipt of donated/government granted assets		0	0			0
Transfers to the income and expenditure account for depreciation, impairment, and disposal of donated/government granted assets		(1)	0			(1)
Other transfers between reserves	(363)	0	0	0	363	0
Other movements on reserves [specify]				0		0
Reserves eliminated on dissolution	0	0	0	0	0	0
At 31 March 2008	<u>21,948</u>	<u>34</u>	<u>0</u>	<u>8,680</u>	<u>3,638</u>	<u>34,300</u>

18. Notes to the cash flow Statement

18.1 Reconciliation of operating surplus to net cash flow from operating activities:

	2007/08 £000	2006/07 £000
Total operating surplus/(deficit)	2,285	2,267
Depreciation and amortisation charge	3,044	2,529
Fixed asset impairments and reversals	708	65
Transfer from donated asset reserve	(1)	(1)
Transfer from the government grant reserve	0	0
(Increase)/decrease in stocks	(18)	6
(Increase)/decrease in debtors	1,888	948
Increase/(decrease) in creditors	(1,470)	(1,002)
Increase/(decrease) in provisions	142	(204)
Net cash inflow/(outflow) from operating activities before restructuring costs	6,578	4,608
Payments in respect of fundamental reorganisation/restructuring	0	0
Net cash inflow from operating activities	6,578	4,608

18.2 Reconciliation of net cash flow to movement in net debt

	2007/08 £000	2006/07 £000
Increase/(decrease) in cash in the period	2,755	(4)
Cash (inflow) from new debt	0	0
Cash outflow from debt repaid and finance lease capital payments	5	4
Cash (inflow)/outflow from (decrease)/increase in liquid resources	0	0
Change in net debt resulting from cash flows	2,760	0
Non - cash changes in debt	0	0
Net debt at 1 April 2007	190	190
Net debt at 31 March 2008	2,950	190

18.3 Analysis of changes in net debt

	At 1 April 2007	Cash Transferred (to)/from other NHS bodies	Other cash changes in year	Non-cash changes in year	At 31 March 2008
	£000	£000	£000	£000	£000
OPG cash at bank	242	0	2,737		2,979
Commercial cash at bank and in hand	(15)	0	18		3
Bank overdraft	0	0	0		0
Loan from DH due within one year	0	0	0	0	0
Other debt due within one year	0	0	0	0	0
Loan from DH due after one year	0	0	0	0	0
Other debt due after one year	0	0	0	0	0
Finance leases	(37)	0	5	0	(32)
Current asset investments	0	0	0	0	0
	<u>190</u>	<u>0</u>	<u>2,760</u>	<u>0</u>	<u>2,950</u>

19. Capital Commitments

Commitments under capital expenditure contracts at 31 March 2008 were £0 (31 March 2007 £477k)

20. Post Balance Sheet Events

There are no post balance sheet events.

21. Contingencies

	2007/08 £000	2006/07 £000
Contingent liabilities	(15)	(26)
Amounts recoverable against contingent liabilities	0	0
Net value of contingent liabilities	(15)	(26)
Contingent Assets	0	0

The Contingent Liability is in respect of Legal claims

The Trust has a number of claims for equal pay outstanding. The likely outcome of the claims is uncertain and these have not been included in the Contingent Liability figure above

22. Movement in Public Dividend Capital

	2007/08 £000	2006/07 £000
Public Dividend Capital as at 1 April 2007	17,187	15,196
New Public Dividend Capital received (including transfers from dissolved NHS Trusts)	0	1,991
Public Dividend Capital repaid in year	(31)	0
Public Dividend Capital written off	0	0
Public Dividend Capital issued as originating capital on new establishment	0	0
Public Dividend Capital transferred to Foundation Trust	0	0
Other movements in Public Dividend Capital in year	0	0
Public Dividend Capital as at 31 March 2008	17,156	17,187

Derbyshire Mental Health Services NHS Trust - Annual Accounts 2007/08

23. Financial Performance Targets

23.1 Breakeven Performance

The Trust's breakeven performance for 2007/08 is as follows:

	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08
	£000	£000	£000	£000	£000	£000
Turnover	72,039	75,392	94,216	88,981	91,407	94,806
Retained surplus/(deficit) for the year	0	0	0	0	501	518
Adjustment for:						
- Timing/non-cash impacting distortions	0	0	0	0	0	0
- Use of pre - 1.4.97 surpluses [FDL(97)24 Agreements]	0	0	0	0	0	0
- 2004/05 Prior Period Adjustment (relating to 1997/98 to 2003/04)	0	0	0	0	0	0
- 2005/06 Prior Period Adjustment (relating to 1997/98 to 2004/05)	0	0	0	0	0	0
- 2006/07 Prior Period Adjustment (relating to 1997/98 to 2005/06)	0	0	0	0	0	0
- 2007/08 Prior Period Adjustment (relating to 1997/98 to 2006/07)	0	0	0	0	0	0
- Other agreed adjustments	0	0	0	0	0	0
Break-even in-year position	0	0	0	0	501	518
Break-even cumulative position	0	0	0	0	501	1,019

Materiality test (i.e. is it equal to or less than 0.5%):

- Break-even in-year position as a percentage of turnover 0.55%
- Break-even cumulative position as a percentage of turnover 1.07%

23.2 Capital cost absorption rate

The Trust is required to absorb the cost of capital at a rate of 3.50% of average relevant net assets. The rate is calculated as the percentage that dividends paid on public dividend capital, totalling £1,960k, bears to the average relevant net assets of £49,509k, that is 4.0%.

The variance from 3.5% is within the Department of Health's materiality range of 3.0% - 4.0%.

23.3 External financing

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

	2007/08	2006/07
£000	£000	£000
External financing limit	(2,740)	1,991
Cash flow financing	(2,791)	1,991
Finance leases taken out in the year	0	0
Other capital receipts	0	0
External financing requirement	<u>(2,791)</u>	<u>1,991</u>
Undershoot/(overshoot)	51	0

23.4 Capital Resource Limit

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

	2007/08	2006/07
	£000	£000
Gross capital expenditure	2,044	5,083
Less: book value of assets disposed of	(288)	(192)
Plus: loss on disposal of donated assets	0	0
Less: capital grants	0	0
Less: donations towards the acquisition of fixed assets	0	0
Charge against the capital resource limit	<u>1,756</u>	<u>4,891</u>
Capital resource limit	2,871	5,195
(Over)/Underspend against the capital resource limit	<u>1,115</u>	<u>304</u>

24 Related Party Transactions

The Derbyshire Mental Health Services NHS Trust is a body corporate established by order of the Secretary of State for Health.

During the year two of the Board Members have undertaken material transactions with NHS Trusts in which their partner have interests. No personal benefit has been gained from these transactions, the transactions are between this Trust and the NHS Organisations for which they are Board members;

	Payments to Related Party	Receipts from Related Party	Amounts owed to Related Party	Amounts due from Related Party
	£'000	£'000	£'000	£'000
Judith Forrest - Chair / Mr I Forrest (Husband) - Non Executive Director at Derbyshire County PCT	937	63,308	286	1,460
Annie Hall - Non Executive Director / Mr M R Hall (Husband) - Non Executive Director at Chesterfield Royal Foundation Trust	1,252	0	198	4

The Department of Health is regarded as a related party. During the year Derbyshire Mental Health Services NHS Trust has had a significant number of material transactions with the Department, and with other entities for which the Department is regarded as the parent Department. These entities are listed below:

East Midlands Strategic Health Authority;
 Chesterfield Royal Hospital NHS Foundation Trust;
 Derby Hospitals NHS Foundation Trust;
 NHS Logistics Authority;
 NHS Professionals;
 NHS Litigation Authority;
 NHS Purchasing and Supply Agency;

In addition, the Trust has had a number of material transactions with other Government Departments and other central and local Government bodies. Most of these transactions have been with Derbyshire County Council and Derby City Council in respect of joint enterprises.

The Trust has also received revenue and capital payments from a number of charitable funds. The members of the NHS Trust Board are also the Trustees for Charitable Funds. These funds relate to both the Mental Health Trust and also Southern Derbyshire Primary Care Trusts.

The audited accounts for the Funds Held on Trust are available from the Communications Department.

The Register of Interests is available from the Legal Department.

25 Private Finance Transactions

The Trust reached financial close on the batch PFI project on 9 Oct 2007. The project is scheduled to be operative from July 2009 and the cost of the enabling works for the project of £2,285k are currently held within note 11.1 Tangible Fixed Assets in Assets under Construction.

26 Pooled Budgets

Derbyshire Mental Health Services NHS Trust is not involved in any pooled budget arrangements.

27 Financial Instruments

FRS 13, Derivatives and Other Financial Instruments, requires disclosure of the role that financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities. Because of the continuing service provider relationship that the NHS Trust has with local Primary Care Trusts and the way those Primary Care Trusts are financed, the NHS Trust is not exposed to the degree of financial risk faced by business entities. Also financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which FRS 13 mainly applies. The NHS Trust has limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the NHS Trust in undertaking its activities.

As allowed by FRS 13, debtors and creditors that are due to mature or become payable within 12 months from the balance sheet date have been omitted from all disclosures other than the currency profile. Provisions should be shown gross. Any amount expected in reimbursement against a provision (and included in debtors) should be separately disclosed.

Liquidity Risk

The NHS Trust's net operating costs are incurred under annual service agreements with local Primary Care Trusts, which are financed from resources voted annually by Parliament. The Trust also largely finances its capital expenditure from funds made available from Government under an agreed borrowing limit. Derbyshire Mental Health Services NHS Trust is not, therefore, exposed to significant liquidity risks.

Interest-Rate Risk

0% of the Trust's financial assets and 100% of its financial liabilities carry nil or fixed rates of interest. Derbyshire Mental Health Services NHS Trust is not, therefore, exposed to significant interest-rate risk. The following two tables show the interest rate profiles of the Trust's financial assets and liabilities:-

27.1 Financial Assets

Currency	Total	Floating rate	Fixed rate	Non-interest bearing	Fixed rate		Non-interest bearing
					Weighted average interest rate	Weighted average period for which fixed	
	£000	£000	£000	£000	%	Years	Years
At 31 March 2008							
Sterling	2,982	2,982	0	0	2.20%	0	0
Other	0	0	0	0	0.00%	0	0
Gross financial assets	<u>2,982</u>	<u>2,982</u>	<u>0</u>	<u>0</u>			
At 31 March 2007							
Sterling	1,727	226	1,501	0	2.20%	0	0
Other	0	0	0	0	0.00%	0	0
Gross financial assets	<u>1,727</u>	<u>226</u>	<u>1,501</u>	<u>0</u>			

27.2 Financial Liabilities

Currency	Total	Floating rate	Fixed rate	Non-interest bearing	Fixed rate		Non-interest bearing
					Weighted average interest rate	Weighted average period for which fixed	
	£000	£000	£000	£000	%	Years	Years
At 31 March 2008							
Sterling	1,726	226	1,500	0	2.20%	0	0
Other	0	0	0	0	0.00%	0	0
Gross financial liabilities	<u>1,726</u>	<u>226</u>	<u>1,500</u>	<u>0</u>			
At 31 March 2007							
Sterling	(19,679)	0	(2,492)	(17,187)	2.20%	0	0
Other	0	0	0	0	0.00%	0	0
Gross financial liabilities	<u>(19,679)</u>	<u>0</u>	<u>(2,492)</u>	<u>(17,187)</u>			

Note: The public dividend capital is of unlimited term.

Foreign Currency Risk

The Trust has no foreign currency income or expenditure.

27.3 Fair Values

Set out below is a comparison, by category, of book values and fair values of the NHS Trust's financial assets and liabilities as at 31 March 2008.

	Book Value	Fair Value	Basis of fair valuation
	£ 000	£ 000	
Financial assets			
Cash	2,982	2,982	
Debtors over 1 year:			
- Agreements with commissioners to cover creditors and provisions	0	0	Note a
Investments	0	0	
Total	<u>2,982</u>	<u>2,982</u>	
Financial liabilities			
Overdraft	0	0	
Creditors over 1 year:			
- Finance leases	(28)	(28)	Note b
Provisions under contract	0	0	Note c
Loans	0	0	
Total	<u>(28)</u>	<u>(28)</u>	

Notes

a These debtors reflect agreements with commissioners to cover creditors over 1 year for early retirements and provisions under contract, and their related interest charge/unwinding of discount.

b To obtain fair value, cash flows have been discounted at prevailing market interest rates for finance leases for a similar term.

c Fair value is not significantly different from book value since, in the calculation of book value, the expected cash flows have been discounted by the Treasury discount rate of 2.2% in real terms.

28 Third Party Assets

The Trust held £582k cash at bank and in hand at 31 March 2008 (£448k - at 31 March 2007) which relates to monies held by the NHS Trust on behalf of patients. This has been excluded from cash at bank and in hand figure reported in the accounts.

29 Intra-Government and Other Balances

	Debtors: amounts falling due within one year	Debtors: amounts falling due after more than one year	Creditors: amounts falling due within one year	Creditors: amounts falling due after more than one year
	£000	£000	£000	£000
Balances with other Central Government Bodies	1,851	0	390	0
Balances with Local Authorities	0	0	0	0
Balances with NHS Trusts and Foundation Trusts	205	0	968	0
Balances with Public Corporations and Trading Funds	0	0	78	0
Balances with bodies external to government	1,304	0	3,097	28
At 31 March 2008	3,360	0	4,533	28
Balances with other Central Government Bodies	1,909	1,500	239	0
Balances with Local Authorities	0	0	0	0
Balances with NHS Trusts and Foundation Trusts	379	0	467	0
Balances with Public Corporations and Trading Funds	0	0	40	0
Balances with bodies external to government	1,460	0	5,557	32
At 31 March 2007	3,748	1,500	6,303	32

30 Losses and Special Payments

There were 51 cases of losses and special payments (2006/07 28 cases) totalling £83,025 (2006/07 £45,887) incurred during 2007/08.

There were no cases of clinical negligence, fraud, personal injury or compensation where the net payment exceeded £250,000.

Conclusion

The objective of this annual report is to provide the public we serve, with a comprehensive analysis of the development and performance of the Trust for the year 1 April 2007 to 31 March 2008.

During this year the Trust prepared an Integrated Business Plan (IBP) as part of the application to become a Foundation Trust. The executive summary of this plan is also available to the public and includes the main trends and factors of the five-year service delivery strategy, which builds on the developments detailed in this annual report.

We welcome comments and suggestions on all aspects of our public service including the annual report and IBP. If you do wish to make any comments please contact in the first instance:-

Tracey Shewan
Head of Public Relations and Organisational Development
Derbyshire Mental Health Services NHS Trust
Bramble House
Kingsway
Derby
DE22 3LZ
Tel: 01332 362221 Ext.3535

tracey.shewan@derbysmhservices.nhs.uk

This report will be supplemented with an annual review as requested by our stakeholders.

If you wish to have this provided in another language, large print or require any other assistance please request through the address above.

Annual Report
& Accounts
2007
2008

Derbyshire **NHS**
Mental Health Services NHS Trust



Trust Headquarters
Bramble House
Kingsway Hospital
Kingsway
Derby
DE22 3LZ

Telephone 01332 362221