

Papworth Hospital NHS Foundation Trust  
Annual Report and Accounts 2007/08

Presented to Parliament pursuant to Schedule 7,  
paragraph 25(4) of the National Health Service Act  
2006

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This report is based on guidelines issued by the Independent Regulator of NHS Foundation Trusts and was approved by the Board of Directors on the 3 June 2008.

[www.papworthhospital.nhs.uk](http://www.papworthhospital.nhs.uk)

## **Introduction to the Report**

### **Statutory Requirements**

Paragraph 26 of Schedule 7 to the National Health Service Act 2006 (the 2006 Act) requires NHS Foundation Trusts to prepare an Annual Report. Paragraph 26(3) of Schedule 7 provides that it is for Monitor (the Independent Regulator of Foundation Trusts) to decide the form of annual reports, when the reports are to be submitted and the periods for which the reports are to relate. Monitor's guidance draws on HM Treasury's Financial Reporting Manual (FReM), which interprets commercial requirements in the context of the public sector, amended to apply to NHS Foundation Trusts.

### **Monitor's Code of Governance**

In September 2006, Monitor published the NHS Foundation Trust Code of Governance (the Code). The purpose of the Code of Governance is to assist NHS Foundation Trust Boards in improving their governance practices by bringing together the best practice of public and private sector corporate governance. The Code was issued as best practice advice, but imposes some disclosure requirements.

From 2007/08 NHS Foundation Trusts are expected to observe the Code's disclosure requirements in full. A checklist of these requirements is shown in Appendix A. A statement on compliance with the Code is included on page 89.

### **Directors' Report**

The Directors' Report is a requirement of the Companies Act 1995 and contains most of the information previously included in the management commentary and operating and financial review (OFR). The Directors' Report and the OFR are required to be balanced and comment on both good and bad aspects of the Trust's performance.

## Chairman's Statement

In 2007/08 public concern over infection control and hospital cleanliness, threatened to overshadow even the most significant reductions in waiting times that had been achieved throughout the NHS.

Against this background I am pleased to report that Papworth increased the number of patients treated, achieved outstanding results in independent surveys; measuring quality, safety of care and patient satisfaction, whilst also recording a financial surplus.

On a more personal note I have found from working in service sectors such as the NHS that sometimes one has to take a slightly more public position than might be the case for the chairman of a private company. Given that the NHS has rarely been out of the news recently regarding services, patient choice, hospital cleanliness and the need for better patient care, it does seem to me that to emphasise my confidence in this hospital based on recent first-hand evidence, as a patient here, might not go amiss.

Given recent discussion on the need for individuals to take responsibility for their health, I arranged for a medical check-up in December. One wonders if the muted response to the Prime Minister's recent comments regarding this issue might reflect that for most of us the process is rather daunting and certainly far from user-friendly. I found myself eventually reaching one of Papworth's Consultants via my GP. Suffice to say that two stents later and with subsequent rest, I was able to return to work within a few days. Our new Papworth Diagnostic Centre is designed to make the process for such a check-up easier for patients straight from their GP's referral.

What was it like to be a patient at Papworth? Was I treated differently as the Chairman? My treatment was in no way different to any other urgent case but, as the Chairman, I do have a list of things that staff have asked me to publicise.

Everyone was friendly and helpful but also 'matter of fact' in his or her treatment of patients. That is important to us as patients since in all probability we are unfamiliar with what is a strange environment. We need reassurance, which Papworth provides every day. The staff asked me to publicise that they welcome patients asking 'why', 'what does that result mean', etc. They wish to be helpful and are delighted when we ask for help.

We hear a great deal concerning the need for patient dignity. Although there are very few mixed areas at Papworth, my recent experience reinforced the Trust's Clinical Vision, shared by both Boards and Members that our New

Hospital should offer all single room en-suite facilities so as to provide for greater flexibility and patient dignity.

To those readers who are current patients or about to embark on their treatment, if you believe anyone at Papworth can help in any way to make your stay more pleasant then please speak to a member of staff or volunteer. Papworth is a 'can do' organisation where the staff are delighted to help. Don't hesitate to ask them. Our staff want you to be comfortable and confident in their ability to look after you, as they did me.

Moving swiftly to the future, the New Hospital Project is progressing through the NHS approval process, if not so swiftly as some of us might wish; as any delay now will add significantly to the total costs.

On 13 December 2007, the Board of Directors confirmed their continued approval of the business case for the new £200 million Papworth Hospital and the associated, but separately funded Research and Education Institute, to be built on the Cambridge Biomedical Campus.

The New Papworth Hospital will be an autonomous specialist hospital located on an eight-acre greenfield site, adjacent to the recently opened Addenbrooke's Treatment Centre, and comprise 289 beds in single rooms with en-suite facilities.

The move to the Cambridge Biomedical Campus will provide:

- improved patient care as a result of a purpose-built design that enhances infection control, patient dignity and provides access to other clinical specialties;
- greater ability to develop new services;
- greatly enhanced research, development and education opportunities.

Governors will be monitoring progress as the detailed Business Case progresses through the regulatory process. As at May 2008 approval from the Department of Health is anticipated in the Summer. The plan is still for the new facilities opening in 2013. Whilst we all appreciate the need for careful review before public money is committed I am sure Members will be as frustrated as I am at the length of time this scheme is taking to gain approval. Hopefully I will have further information by the Annual Members' Meeting in September.

Finally, this is a formal report and as such I will confine myself to recording that the year's achievements have been delivered against a national shortage of nursing staff, with everyone in the hospital teams working with a will to deliver better patient services, quicker and with patient safety as the highest priority. It is to the great credit of the entire Papworth team that infection control rates are

low and treatment so universally successful in what is after all one of the Nation's premier centres for treating very sick cardiothoracic patients; achieving some of the highest success rates in the world.

A handwritten signature in black ink, appearing to be 'R. Burgin', with a horizontal line extending from the end of the signature.

Robert Burgin

## Directors' Report

### **The Board of Directors**

The Trust Board became the Board of Directors on 1 July 2004, when the Trust formally became an NHS Foundation Trust. The role of the Board of Directors is to manage the Trust by:

- setting the overall strategic direction of the Trust, within the context of NHS priorities;
- regularly monitoring the Trust's performance against objectives;
- providing effective financial stewardship through value for money, financial control and financial planning;
- ensuring that the Trust provides high quality, effective and patient focused services through clinical governance;
- ensuring high standards of corporate governance and personal conduct;
- promoting effective dialogue between the Trust and the communities we serve.

The Board of Directors is made up of our Chairman, Mr Robert Burgin, six other Non-executive Directors and six Executive Directors, including the Chief Executive.

The Board of Directors has the following Committees:

- Audit;
- Finance and Workforce;
- Executive Remuneration;
- Governance;
- Research and Education.

Monthly Board meetings were held during 2007/08 excluding August. In September we hold an Annual Members Meeting (AMM), where members of the Foundation Trust are invited to come and find out about how we have performed during the year and to meet the Board of Directors and the Board of Governors. There is also an opportunity to ask questions of the Chief Executive, Chairman and Board Directors. Over 100 people attended our AMM in September 2007.

## **The Trust Management Executive**

The role of the Trust Management Executive is to:

- monitor the management of risk, including agreement of any action plans or resources;
- contribute to the development of the Trust's service strategy and agree the strategy to be submitted to the Board of Directors for approval;
- review and agree detailed business plans and performance contracts;
- monitor the delivery of the Trust's service activity and financial objectives;
- agree policies and procedures to ensure the delivery of external and internal governance;
- develop and monitor the implementation of plans to improve the efficiency, effectiveness and quality of the Trust's services.

## **Directors during 2007/08 were:**

### **Mr Robert Burgin, Chairman**

Robert was appointed Chair of Papworth Hospital NHS Foundation Trust from February 2006. His other significant commitments are as an independent Member of the Tri-Services Armed Forces' Pay Review Body, appointed in 2004 by the Secretary of State for Defence and reappointed to serve a second term until 2010 and as a Non-executive Group Board Director of Circle Anglia Housing and Chairman of their Finance Advisory Committee. There has been no change to these commitments during the year.

Until April 2005 Robert was the Executive Chairman of the Environment Agency's Anglian Regional Flood Defence Committee. Prior to May 2000 he was Group Managing Director of Cambridge Water Group Plc following a long career in the water industry. He also served as Chairman and Council Member for the East of England with the National Consumer Council for Postal Services prior to his Flood Defence appointment.

Robert read Honours in Engineering at Sheffield University and is a Fellow of the Institution of Environmental Management, a Member of the Institution of Mechanical Engineers and a former member of the Council for Water UK. He has wide experience as an Executive and Non-executive Director in both the private and not-for-profit sectors.



### **Mrs Anne Bailey, Non-executive Director**

Anne was appointed as a Non-executive Director of the Foundation Trust Board for a term of three years, from October 2004. She was re-appointed from November 2007 for a further term of three years.

Anne is an American by birth and was educated at Harvard University. She has 20 years senior management experience in the private and public sectors in marketing and communications roles. Previous employers include Reed Elsevier, Suffolk County Council and Safeway. Anne has run her own PR and communications agencies and is currently responsible for the marketing of BT's largest community investment programme.

Anne is Chair of the Charitable Funds Committee and a member of both the Audit and the Finance and Workforce Committees.

### **Professor J Andrew Bradley, Non-executive Director**

Andrew was appointed as a Non-executive Director of the Foundation Trust Board in January 2008 for a term of three years. Andrew qualified in Medicine (MB ChB) from the University of Leeds in 1975, was appointed Lecturer in Surgery at the University of Glasgow in 1978 and became a Fellow of the Royal College of Physicians and Surgeons of Glasgow (FRCS) in 1979.

In 1984 Andrew was appointed Consultant Surgeon (General Surgery and Transplantation) at the Western Infirmary Glasgow and in 1993 he became Professor at the University of Glasgow. In 1997 Andrew moved to the University of Cambridge to take up the Chair of Surgery and a Honorary Consultant Surgeon position at Addenbrooke's Hospital. Andrew is Head of the Department of Surgery at the University of Cambridge (since 1998), Clinical Director of Transplantation at Addenbrooke's Hospital (since 2001) and one of three Associate Medical Directors at Addenbrooke's Hospital (since 2005). Andrew is currently Chairman of the Kidney Advisory Group at UK Transplant.

### **Mr John Lodge, Non-executive Director**

John was appointed as a Non-executive Director of the Trust Board in November 2002 for a term of four years. He was re-appointed from November 2006 for a further term of three years. John worked for IBM from 1974 to 1993, his last position being Chief Operating Officer for IBM's insurance operation.

Since leaving IBM John has been involved in Information Technology in the City of London and held two positions as Chief Executive. He is now

Chairman of a medical device company and a restaurant group. John has an MA in Natural Sciences and Economics from Trinity College, Cambridge.

John is Chair of the Finance and Workforce Committee and is a member of the Audit Committee, the Research and Education Committee and Charitable Funds Committee.

**Miss Nicola Mullany, Non-executive Director**

Nicola was appointed as a Non-executive Director of the Trust Board in January 2008 for a term of three years. Nicola is a qualified solicitor having first obtained an MA in History and Law from Sidney Sussex College, Cambridge. She is a member of the Professional Standards Board of the Chartered Insurance Institute and their sub-committee on professional ethics.

Nicola is also a member of Norwich & Peterborough Building Society's Customer Service Review Committee and the Lord Chancellor's South Cambridgeshire Advisory Sub-Committee on Justices of the Peace. Nicola's involvement in healthcare includes membership of the UK Stem Cell Bank Steering Committee and the National Institute for Health Research's Health Technology Assessment Disease Prevention Panel.

**Mr Howard Rolfe, Non-executive Director**

Howard was appointed as a Non-executive Director of the Trust Board in November 2002 for a term of four years. He was re-appointed from November 2006 for a further term of three years.

Howard has a career spanning 30 years with Marks and Spencer, including two years secondment to the Cabinet Office where he led a review of procurement in the NHS and was involved with the first Comprehensive Spending Review and Modernisation programme. He is now involved with the public sector and community bodies, is Deputy Chairman of the East of England Procurement Hub, is a Councillor for Uttlesford District Council and has business interests in Yorkshire.

Howard is Chair of the Audit Committee and a member of the Governance Committee.

**Professor Michael Simmonds, Non-executive Director**

Michael was first appointed as a Non-executive Director of the Trust Board in August 2001. He was re-appointed from November 2004 for a further term of four years, and is currently the Senior Independent Director.

Michael was, prior to his retirement in 2001, Professor of Neuro-pharmacology and Director of Undergraduate Studies at the School of Pharmacy, University of London. Michael has a lifetime's experience in research, teaching and management. He is also the alternate vice-chair of the Cambridgeshire 1 Research Ethics Committee.

Michael is Chair of the Research and Education Committee and Chair of the Governance Committee.

### **Mr Stephen Bridge, Chief Executive**

Stephen became Unit General Manager of Papworth Hospital in 1988 and was then appointed Chief Executive in April 1993, when the hospital gained NHS Trust status. He joined the Health Service in Ipswich in 1976 and has held a variety of management and planning positions at regional and district level. Stephen moved into hospital management in 1984, as Director of Operational Services/Deputy Unit General in the acute hospital sector in the West Midlands.

### **Miss Elizabeth Horne, Director of Human Resources**

Elizabeth was appointed as Director of Human Resources in June 2003 with responsibility for all aspects of human resources from recruitment and retention, to training and development, payroll and occupational health. She has worked in a broad spectrum of the service including teaching hospitals and special health authorities.

Elizabeth has been actively involved in specific national projects including the specification and evaluation for the new electronic staff record system currently being rolled out across the NHS to improve workforce information, and promoting equality and diversity as a Learning Site for the Department of Health working towards the Single Equality Scheme. Elizabeth has an MA in Law and Employment Relations and is a Fellow of the Chartered Institute of Personnel and Development (FCIPD).

### **Dr Robert McEwan, Director of Operations**

Robert was appointed as Director of Operations in November 2005. He has responsibility for the day to day management of the Trust, and his Executive lead responsibilities include performance management, business planning and facilities management. He has worked in the NHS since 1985 at hospital, district and regional level and joined Papworth from Leeds Teaching Hospital Trust where he led a range of specialist surgical and medical services including transplant surgery. Robert has a research

background with a PhD in Epidemiology and Public Health and a Masters in Business Administration.

**Ms Jane Payling, Director of Finance**

Jane was appointed as Director of Finance in March 2006 with responsibility for procurement, contracting and information. Jane joined the NHS in 1992 as a graduate finance trainee with the former East Anglia Regional Health Authority. Jane has worked in a range of organisations spanning provider, commissioner and health authority levels. Her previous role was Director of Finance at Cambridge City and South Cambridgeshire Primary Care Trusts. Jane is an economics graduate and a member of the Chartered Institute of Public Finance and Accountancy (CIPFA).

**Dr David Stone, Medical Director**

David was appointed as Medical Director in November 2002. He is a Consultant Cardiologist and has held important management positions both at Papworth and the West Suffolk Hospital Trusts. David has chaired the consultant body on both sites and has a particular interest in education, having been Director of Education at Papworth and Associate Dean at the Faculty of Clinical Medicine. David's major research interest has been in cardiac imaging.

**Mr Roger Swain, Interim Director of Finance**

Roger was appointed in April 2007 on a part-time basis to cover Ms Payling's maternity leave until her return in November 2007. He continues to be engaged in a part-time capacity on the Outline Business Case for the move of Papworth Hospital to Cambridge. Roger is a member of the Chartered Institute of Public Finance (CIPFA) who spent 38 years as an accountant in local government and the NHS before taking early retirement in 2004 from his position as Finance Director and Deputy Chief Executive of Cambridge University Hospitals NHS Foundation Trust. Roger is a member of the Board and Audit Committee at Anglia Ruskin University and Babraham Research Institute, Cambridge.

**Mrs Claire Tripp, Director of Nursing**

Claire was appointed as Director of Nursing in November 2005. Claire came to Papworth in January 1989 to work as a Staff Nurse on the Critical Care Unit. She progressed through the nursing grades, gaining promotion to Thoracic Services Manager in 2000. In 2003 she became the General Manager of Transplant and Pathology Services. Claire maintains the executive lead for pathology services, clinical governance and risk

management, medical equipment and emergency planning. As Director of Infection Prevention and Control (DIPC) she works closely with the Infection Control Team to ensure the challenges of Health Care Associated Infection (HCAI) are managed effectively within the Trust.

## Term of Office of members of the Board of Directors

		Appointed	Re-appointed	Expiry/End of Term of Office
<b>Robert Burgin</b>	Chairman	Feb 2006		*Feb 2010
<b>Anne Bailey</b>	Non-executive Director	Oct 2004	Oct 2007	**Oct 2010
<b>Andrew Bradley</b>	Non-executive Director	Jan 2008		*Dec 2010
<b>John Lodge</b>	Non-executive Director	Nov 2002	Nov 2006	**Nov 2009
<b>Nicola Mullany</b>	Non-executive Director	Jan 2008		*Dec 2010
<b>Howard Rolfe</b>	Non-executive Director	Nov 2002	Nov 2006	**Nov 2009
<b>Michael Simmonds</b>	Senior Independent Director and Vice Chairman	Aug 2001	Nov 2004	*Oct 2008
<b>Stephen Bridge</b>	Chief Executive Officer	April 1993	Not Applicable	Not Applicable
<b>Elizabeth Horne</b>	Director of Human Resources	June 2003	Not Applicable	Not Applicable
<b>Robert McEwan</b>	Director of Operations	Nov 2005	Not Applicable	Not Applicable
<b>Jane Payling</b>	Director of Finance	Mar 2006	Not Applicable	Not Applicable
<b>David Stone</b>	Medical Director	Nov 2002	June 2008	June 2011
<b>Roger Swain</b>	Interim Director of Finance	April 2007	Not Applicable	Nov 2007
<b>Claire Tripp</b>	Director of Nursing	Nov 2005	Not Applicable	Not Applicable

*\*first term of office as a Foundation Trust*

*\*\*second term of office as a Foundation Trust*

## **Board Balance and Independence**

The Board considers all of the current Non-executive Directors (NEDs), including the Chairman, to be independent. The Board considered the Chairman to be independent on appointment and do not consider his independence has been compromised during his first two years of appointment. Independence is considered annually and is based on whether each Director is independent in character, judgement and behaviour. Also considered are factors such as participation and performance on both the Board and Board Committees. NEDs, including the Chairman, are not NHS employees nor are they in receipt of NHS pensions. In the most recent appraisal process Non-executive Directors confirmed their willingness to provide the necessary time for their duties. All NED terms of office are subject to approval by the Board of Governors.

The current Board of Directors has already considered transitional arrangements to the New Hospital and the current annual appraisal discussions have included arrangements for the transitional replacement of Non-executive Directors to support the balance between 'experience' and 'new blood'.

The Board is satisfied that no individual or group has unfettered powers or unequal access to information. The Board has received confirmation from all Directors that no conflicts of interest exist with their duties as Directors.

Only NEDs, Executive Directors and the Trust Secretary (who is not a Director) are present on a regular basis at Board of Director meetings. The Remuneration Report only includes those individuals who are Directors on the Board of Directors.

It is the Trust's intention to comply with section C.2.2 of the Monitor Code of Governance and Non-executive Directors will in future be appointed for initial terms of three years and will be subject to re-appointment thereafter in accordance with the Trust policy on the composition of the Board of Directors. The most recent two NED appointments from January 2008 were for 3 years.

The Chairman, Mr Robert Burgin, was appointed in February 2006 prior to the publication of the Code and his term of office was set for an initial four year period.

The Chairman has regular meetings with the Non-executive Directors without the Executive Directors being present. The Senior Independent Director meets with the other Non-executive Directors without the Chairman being present.

In order to demonstrate compliance with the Monitor Code two new NEDs were appointed from January 2008, one ex-officio to represent the Clinical School link and the other by an open recruitment process.

### **Board Performance Evaluation**

An annual appraisal of NEDs is carried out by the Trust Chairman for review by the Appointments Committee of the Board of Governors. Appraisal information is circulated to members of the Committee. Individual NEDs are briefed on their appraisals by the Trust Chairman.

The appraisal of the Trust Chairman is performed by the Deputy Chair of Governors with input from the Chairs of Governor Committees and from the Senior Independent NED. The Deputy Chair of Governors is also the Chair of the Appointments Committee of the Board of Governors.

It is planned to undertake whole Board appraisal during 2008/09. During 2007/08 there were 2 NED vacancies for 9 months and 1 Executive Director was on maternity leave for 7 months and it was therefore considered inappropriate to undertake a whole Board appraisal until there was Board stability for at least 6 months.

### **Board Effectiveness**

On joining the Board, Non-executive Directors are given background information describing the Trust and its activities. Meetings with leaders of the core business areas are also arranged. Nicola Mullany and Andrew Bradley, both of whom were appointed during the year, received an induction pack following their appointment. This included guidance notes on the Trust, its structure, operations and corporate governance. A tour of the Hospital was also arranged.

### **Register of Interests**

At the time of their appointment, all Directors are asked to declare any interests on the Register of Directors' Interests. There is a standing item on all Board of Directors and Committee meetings to confirm/update declarations of interest. The register is held by the Trust Secretary and updated annually or as required during the year. The register is available to the public on request. Anyone who wishes to see the Register of Director's Interests should make enquiries to the Trust Secretary at the following address. The Trust Secretary, Papworth Hospital NHS Foundation Trust, Papworth Everard, Cambridge, CB23 3RE.



### **Board and Committee Meetings**

The following table shows the number of Board of Director and Committee meetings held during the year and the attendance of individual Non-executive Directors where they were members.

	Board	Audit	Executive Remuneration	Finance & Workforce	Governance	Research & Education
Number of meetings in year:	11	3	1	4	2	3
S Bridge	11	1 <sup>5</sup>	1 <sup>5</sup>			
R Burgin	11	1 <sup>5</sup>	1			
A Bailey	11	3	1	2		
A Bradley <sup>1</sup>	2		0			
E Horne	11	1 <sup>5</sup>		4		3
J Lodge	10	2		4		1
R McEwan	10			3 <sup>5</sup>		
N Mullany <sup>1</sup>	3	1 <sup>5</sup>	1			
J Payling <sup>2</sup>	4	1		2		2
H Rolfe	10	3	1		1	
M Simmonds	11		1	4	2	3
D Stone	10				1	3
R Swain <sup>3</sup>	9	2				1
C Tripp <sup>4</sup>	8	2 <sup>5</sup>			2	1

<sup>1</sup> Appointed 1 January 2008.

<sup>2</sup> Maternity Leave 1 April 2007 to 5 November 2007.

<sup>3</sup> Interim Director of Finance 1 April 2007 – 5 November 2007, attended additional meetings before and after this period for continuity.

<sup>4</sup> Planned absence.

<sup>5</sup> Directors also attend meetings of committees of which they are not members either on an annual basis or when required.

**The dates of the Board of Directors' meetings were:**

26 April 2007	5 June 2007	28 June 2007
26 July 2007	27 September 2007	1 November 2007
29 November 2007	13 December 2007	24 January 2008
28 February 2008	27 March 2008	

**Contacting the Directors**

Directors can be contacted via Corporate Affairs

Tel: 01480 364240

Email: [foundation.trust@papworth.nhs.uk](mailto:foundation.trust@papworth.nhs.uk)

## **PRINCIPAL ACTIVITIES OF THE TRUST**

Papworth Hospital NHS Foundation Trust (also referred to as Papworth or Papworth Hospital or the Trust) was founded on 1 July 2004 under the Health and Social Care (Community Health and Standards) Act 2003.

Papworth Hospital has established global reknown as an innovative and pioneering provider of specialist cardiothoracic services. In 1979 the Hospital performed the UK's first successful heart transplant and in June 2006 the Hospital carried out the first transplant using a "beating heart" signalling a major breakthrough in organ transplant technology and clinical methodology.

Papworth has a fascinating history opening as a tuberculosis hospital in 1917 during the days when TB was considered a severe threat to the national efficiency of Britain. It was Sir Pendrill Varrier-Jones, a physician and social pioneer who founded the Cambridgeshire Tuberculosis Colony at Papworth. When Pendrill Varrier-Jones conceived the idea he wanted to create not just a hospital, but a community. This sense of community remains, but our work has grown over the years.

During the 1950's (having been recently inherited by the newly formed National Health Service) Papworth became one of the region's leading hospitals developing first thoracic surgery followed by cardiac surgery and cardiology.

The Trust's services continue to develop in response to patient need and clinical advances.

The principal activities of Papworth in 2007/08 were:

- Cardiac Surgery such as bypass and valve repair surgery;
- Cardiology - with access to the very latest diagnostic facilities, Papworth is an acknowledged leader in electrophysiology, angioplasty and pacemaker services;
- Respiratory Medicine - Papworth is a leading national specialist centre for the diagnosis and treatment of pulmonary vascular disease such as pulmonary hypertension;
- Specialist oncology services, lung defence services and treatment of cystic fibrosis;
- Heart and Lung Transplantation.

We have one of the UK's leading "Sleep Clinics" which was recently featured in an 8-part BBC documentary series.

We are a Foundation Trust providing a comprehensive range of specialist services for adults. These services are supported by highly effective and

well-equipped: Radiology, Pathology, Immunology, Theatres, Critical Care, Pharmacy, Physiotherapy and Anaesthetics Directorates.

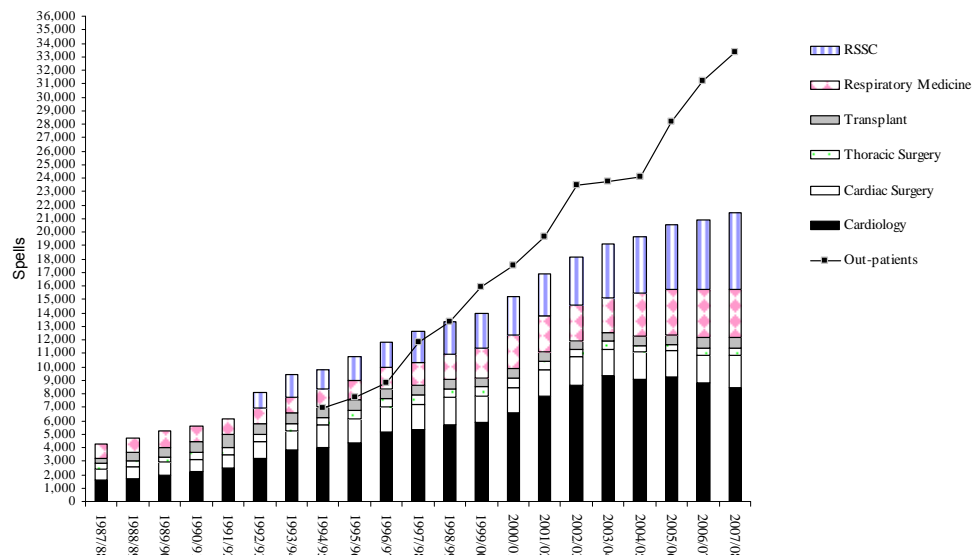
Though historically Papworth has operated as a specialist tertiary centre receiving the majority of referrals from clinicians at other hospitals; increasingly we are developing services that are also directly accessible by GPs through Choose and Book. These include Papworth *Direct*, our brand new state-of-the-art cardiothoracic diagnostic centre and our Respiratory Support and Sleep Centre.

## **Business Review**

2007/08 saw an overall improvement in the financial position of the NHS and again the financial performance at Papworth Hospital was very positive throughout the year. Credit must go to our superb staff who have responded magnificently, once again, to the request from the Board of Directors for further growth, maintenance of quality and safety, and financial prudence.

Both the number of inpatients and outpatients we treat continues to increase significantly. Over the last 20 years inpatient activity has increased at an average annual rate of nearly 9% and over the last 13 years outpatient activity has grown by nearly 13% per annum.

**In-patient and Day Case Activity 1987 - 2008**

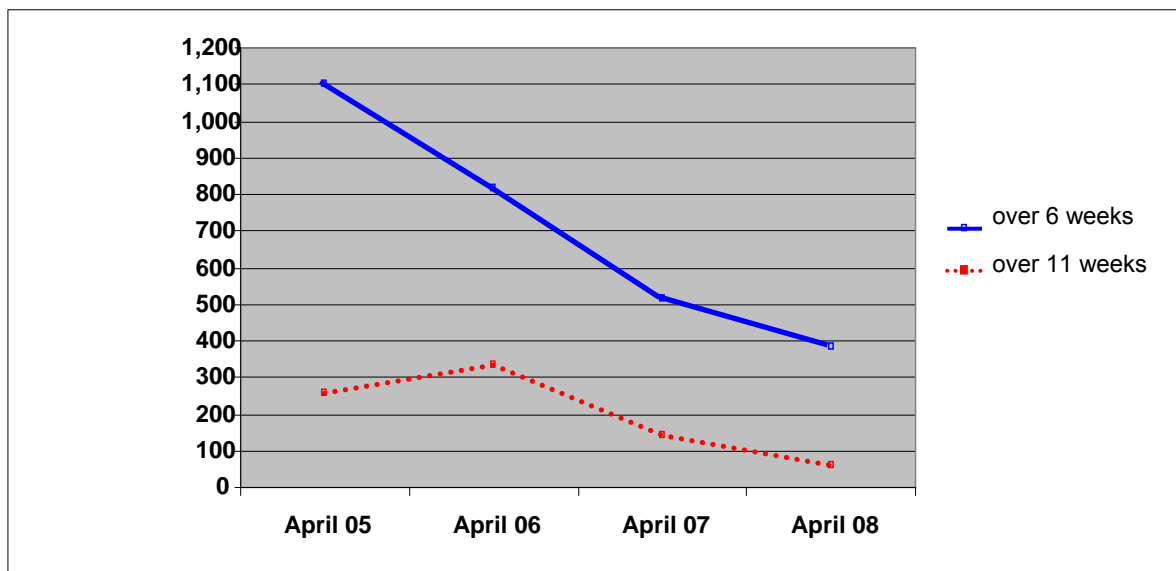


**Notable achievements were:**

- inpatient and day case activity of 21,449 spells/3% above 2006/07 outturn;
- out patient activity 33,348 spells / 7% above 2006/07 outturn;
- 2,004 open heart operations, the highest number of any hospital in the UK, and 14% more than carried out in 2006/07.

The higher than planned levels of patient activity have enabled Papworth to make further impressive reductions in waiting times

**Improvements in Waiting Times at Papworth Hospital**



<i>Number of patients waiting:</i>	<b>April 2005</b>	<b>April 2006</b>	<b>April 2007</b>	<b>April 2008</b>
over 6 weeks	1,101	815	517	383
over 11 weeks	259	333	142	61

Another area where important progress was made this year was in the reduction of inter-hospital transfer times for cardiology, ie into Papworth from our nine main referring/networked hospitals. This is important for a number of reasons, including:

- the patients referred have potentially life threatening conditions, and need to be in a specialist centre without undue delay;

- with district general hospitals (DGH) under intense pressure with emergency admissions and delayed discharges, they can ill afford to have their beds 'blocked' with patients who need to be in a Papworth bed;
- as a Trust we have introduced weekend working in our cardiac catheterisation laboratories and operating theatres, which is fundamental to the future working patterns on which the New Papworth Hospital will be based. Early introduction of this extended working week, (also including a three-session day in the week), offers more flexible working patterns for our workforce and increases the utilisation of expensive equipment.

**Other significant achievements in 2007/08 were:**

- the opening of the £4.1 million extension to our nationally acclaimed Respiratory Support and Sleep Centre (RSSC);
- the opening (in late January) of the Papworth Diagnostic Centre, complete with state of the art CT and MRI scanners, which will give patients, general practitioners and commissioners, more choice of cardiothoracic provision, and offer significant assistance in the achievement of the 18-week target. (The Department of Health target to reduce the maximum waiting time from patient referral to treatment to 18 weeks).

**Inpatients and day cases 2007/08**

Cardiology	8482
Cardiac Surgery	2365
Thoracic Surgery	565
Respiratory Support and Sleep Centre	5720
Transplant / Ventricular Assist Devices	722
Thoracic Medicine	3595
<b>Total</b>	<b>21449</b>

**Outpatients 2007/08**

Cardiology	9294
Cardiac Surgery	3368
Thoracic Surgery	389
Respiratory Support and Sleep Centre	7662
Transplant/ Ventricular Assist Devices	2790
Thoracic Medicine	9845
<b>Total</b>	<b>33348</b>

## **OTHER MAJOR ISSUES**

### **New Papworth Hospital**

The Outline Business Case for a new Papworth Hospital on the Cambridge Biomedical Campus was completed in December 2007. For more detail on the New Hospital see section on Future Plans.

Following discussions with the University of Cambridge, Papworth has decided to locate the research and education facilities in a building immediately adjacent to the New Hospital, to be funded by charitable donations and not via the Private Finance Initiative (PFI). A significant amount of the estimated £30 million cost of this Cardiothoracic Research and Education Institute has already been pledged, so it should be possible to construct this facility in parallel with the New PFI Hospital.

### **Heart Transplant Programme**

In late October, we voluntarily paused our heart transplant programme, following a higher than expected 30-day mortality rate. We invited the Healthcare Commission (HCC) to undertake a review, and following an intensive scrutiny of actions previously put in place by Papworth, the HCC agreed that we could re-start the programme some three weeks later. The HCC endorsed the actions already put in place by Papworth prior to their review and provided assurance that there was no systematic failure in our heart transplant programme. Further recommendations made by the HCC during the review have been implemented in full. Since the review there has been a one hundred percent survival rate for all transplant operations at the Trust.

However the number of transplant (hearts and lungs) carried out at Papworth in 2007/08 was 37, the lowest for many years. On a national level, the Chief Medical Officer, and even the Prime Minister, have both spoken publicly of the need for changes to ensure the long term viability of heart, lung, kidney and liver transplants in this country.

### **Pathology Services**

Papworth has for the last decade purchased, via a Service Level Agreement, its general pathology services from the neighbouring Hinchingsbrooke NHS Trust. Uncertainty as to the future of Hinchingsbrooke necessitated taking a decision during 2007/08 to transfer these services to Addenbrooke's Hospital (Cambridge University Hospital NHS Foundation Trust) with effect from 1 April 2008.

## **Principal risks and uncertainties facing the Trust**

Overall responsibility for the management of risk lies with the Board of Directors.

Other factors not discussed within this summary could also impact on the Trust and accordingly, this summary should not be considered to represent an exhaustive list of all the potential risks and uncertainties, both positive and negative that may affect the Trust. The areas of Papworth Hospital NHS Foundation Trust's activities to which the principal risks and uncertainties of the Trust are perceived to be attributable are set out below:

- Financial penalties arising from a failure to meet targets and standards in the new contracts with Commissioners from 1 April 2008;
- Adverse publicity from a failure to meet targets related to infection control or arising from injuries to patients or loss of personal data;
- Financial problems arising from inadequate level of insurance cover provided by NHSLA should a major building be lost due to fire or other destructive process;
- Financial penalty and adverse publicity which could arise should an incident occur in which the Trust is found guilty of corporate manslaughter;
- Inability to recruit sufficient key staff to meet activity levels, with consequent reduction in adequacy of cover and curtailment of services together with associated staff morale/stress issues;
- Ensuring adequate and appropriate medical cover at night;
- Ensuring adequacy of training and supervision of doctors in training;
- Risks arising from the planning and development of new Papworth Hospital, including planning and financial issues; staff retention issues and design delays;
- Reputation risk of some older buildings on the existing site not meeting current standards/expectations for privacy and dignity;
- Financial risk arising from a failure to seek agreement from Commissioners for the provision of high cost medicines for the on-going care of patients.

To manage these risks the Trust continues to develop a culture where every employee takes responsibility for their health and safety and where all operational activity has a strong safety focus. The Chief Executive is the Trust's accountable officer responsible for health and safety and is supported by the Director of Nursing, the Risk/Health & Safety Manager, departmental managers, an infection control team and a range of specialist advisors. The safety of all who use or work at the hospital is of paramount importance to the Trust and the identification and control of hazards is a fundamental part of the role of all managers. The reporting and investigation of accidents and incidents is an important tool for ensuring that the Trust continues to provide a safe



environment, especially for patients. Health and safety is part of all induction programmes.

### **Business Continuity Plans**

Following a hospital wide major incident table top exercise in 2007 the Trust is continuing to develop its ability to respond to major incidents by ensuring that all directorates have suitable disaster recovery and business continuity plans in place. Part of this work will involve a series of directorate based business recovery plan table top exercises in 2008 followed by any necessary modification and revision of plans prior to a hospital wide exercise in November 2008.

## **REVIEW OF PERFORMANCE**

### **Annual Health Check**

Papworth Hospital was delighted to receive the highest possible score of 'Excellent' in the Healthcare Commission's (HCC) Annual Health Check published in October 2007.

Papworth Hospital scored 'Excellent' for both of the categories assessed – for its 'Quality of Services', which covers a range of areas including safety of patients, cleanliness and waiting times, and 'Use of Resources' which looks at how well the organisation manages its finances.

These results provide confirmation that we are doing an excellent job, and provide positive feedback to our staff that across the board, they are delivering the highest possible standards of care. The Healthcare Commission was satisfied that we met all of the core standards for better health, summarised below, after checking our Board of Directors declaration against over 2000 National Performance Indicators.

### **Delivery of core standards for better health**

Safety	✓
Clinical & Cost Effectiveness	✓
Governance	✓
Patient Focus	✓
Accessible & Responsive Care	✓
Care Environment & Amenities	✓
Public Health	✓

### **Existing National Targets**

The Trust achieved the following for national targets set by the HCC:

- All cancers: one month diagnosis to treatment -100% of patients treated within 31 days;
- All cancers: two months GP urgent referral to treatment - 95% of patients treated within 62 days;

- Cancelled operations and those not admitted within 28 days - 3% cancelled operations and 99.1% readmitted within 28 days;
- Convenience and choice: elective and outpatient booking -100% achieved;
- Provider information in place to support choice - 100% achieved;
- Delayed transfers of care - 99.9% patients discharged without delay;
- Number of inpatients waiting longer than the standard - 100% treated within 26 weeks;
- Number of outpatients waiting longer than the standard - 100% seen within 13 weeks;
- Patients waiting greater than 3 months for revascularisation - 99.9% treated within 3 months.

### **New National Targets**

The Trust also performed exceptionally well on the range of new targets developed by the Healthcare Commission for 2007/08, achieving all of the relevant standards, and performing well above average on patient satisfaction.

- Data quality on ethnic group - 81% of data accurate and complete;
- Experience of patients - 84% satisfaction, compared with the England average score of 76% across five categories of patient satisfaction;
- Diagnostic test 18 week milestone - 99.9% of tests reported within 13 weeks;
- Inpatient 18 week milestone -100% of patients treated within 21 weeks;
- Outpatient 18 week milestone -100% of patients seen within 13 weeks;
- MRSA bacteraemia -7 new cases identified in the year against a target of 12;
- Participation in audits - Full compliance with all audit standards relevant to Papworth;
- Smoke free NHS - Papworth was and remains a smoke free site throughout the year.

Our patient care challenges for 2008/09 include:

- Improved performance on transfer of non urgent cardiac patients to Papworth Hospital from network hospitals;
- To increase theatre and catheter laboratory utilisation;
- To increase critical care capacity.

These key targets are addressed in our 2008/09 annual plan.

### **Deep Cleaning**

As part of the continued drive to reduce healthcare associated infections (HCAI) the Trust has implemented the Department of Health's national requirement for all clinical areas to be deep cleaned by 31 March 2008. The aim of the programme was to supplement stringent infection control measures that were already in place to maximise standards of cleanliness and minimise any risk of infection transfer amongst patients. The Board of Governors received a presentation on the deep cleaning programme that had been agreed for Papworth with the Estates and Hotel Services teams as well as external contractors.

### **MRSA**

Papworth had a target of a maximum of 12 cases of MRSA for the year and at the end of the year had reported 5 cases. This is good news for Papworth and its patients.

### **Patient Satisfaction**

Patient satisfaction data is collected by Papworth Hospital daily and analysed internally on a monthly basis. By analysing this data monthly we are able to highlight problem areas at an early stage and quickly put in place measures to address them. Questions can be customised as required and currently are as follows:

- How would you rate your welcome to the ward/clinic?
- How would you rate the hospital environment in terms of cleanliness?
- How would you rate the toilet and washing facilities?
- Could you easily locate and access the area of the hospital you need to visit?
- Did the personnel involved in your care wash their hands and/or use antiseptic hand rub?

## **FINANCIAL REVIEW**

2007/08 saw a significant turn-around in the financial climate in our local health economy. Increased allocations to Primary Care Trusts (PCTs) coupled with technical changes assisted local organisations in the tough decisions required to achieve financial stability. Once again the financial performance at Papworth was very positive throughout the year.

The table on the following page summarises the financial performance for 2007/08. Activity levels exceeded those set out in the commissioner contracts and original plans by £3.63m (4.1%). Consequently variable non-pay costs exceeded plan in line with the additional activity. Income exceeded total expenditure during the year as additional activity was delivered without a commensurate increase in costs, giving a retained surplus of £4.28 million. Financing items (lower depreciation and public dividend capital payments; and higher interest received) have contributed £0.25 million to the surplus.

Healthy levels of annual revenue surplus and cash balance are essential and will be planned for in 2008/09 and future years. These will contribute to a beneficial risk rating by Monitor, the Trust's regulator, and will support the business case for the new Papworth Hospital.

### **Key Finance Performance Indicators**

Monitor, the independent regulator of Foundation Trusts issues a Financial Risk Rating (FRR) to Foundation Trusts based on quarterly financial returns. During the year, Papworth achieved the highest rating of five in the last three quarters of the year. This rating is based on a formula determined by Monitor which measures financial performance using a composite indicator.

### **Stakeholder relations**

Relationships with Commissioners have remained good during 2007/08 with regular meetings taking place through the local joint commissioning group.

### **Summary of Income and Expenditure Position 2007/08**

	2007/08 Plan £000	2007/08 Actual £000	Variance Fav/(Adv) £000
<b>Income</b>			
Patient Services	89,240	92,872	3,632
Other Income	6,380	6,541	161
Pass Through	1,853	1,731	(122)
<b>Total Income</b>	<b>97,473</b>	<b>101,144</b>	<b>3,671</b>
<b>Expenditure</b>			
Pay Costs	48,011	47,956	55
Drug Costs	4,732	4,737	(5)
Clinical Supplies & Services	21,497	23,904	(2,407)
Other Non-Pay	15,623	14,196	1,427
Pass Through	1,854	1,732	121
<b>Total Expenditure</b>	<b>91,716</b>	<b>92,525</b>	<b>(809)</b>
EBITDA*	5,757	8,619	2,862
Financing Costs	4,587	4,340	247
<b>Net Surplus/ (Deficit)</b>	<b>1,170</b>	<b>4,279</b>	<b>3,109</b>

\* Earnings before Interest, Taxation, Depreciation and Amortisation

The next two tables show total income for the year broken down by commissioner and service.

**2007/08 Income by Commissioner**

**Total £92.9million**

	£(million)
Cambridgeshire (including Peterborough)	19.6
Norfolk	12.8
Suffolk	12.1
National Specialist Commissioning	10.5
Bedfordshire & Hertfordshire	8.1
Great Yarmouth & Waveney	4.7
Essex	2.9
Local Specialist Commissioning	2.5
Lincolnshire	2.4
Leicestershire & Northamptonshire	1.6
Other NHS	4.5
Market Forces Factor	6.6
Private Patients	4.6
<b>Total</b>	<b>92.9</b>

**2007/08 Income by Service**

**Total £92.9million**

	£ (million)
Cardiology	25.7
Cardiac Surgery	20.9
Thoracic Medicine	17.8
Transplant (including Ventricular Assist Device)	8.6
Critical Care	8.5
Thoracic Surgery	4.8
Market Forces Factor	6.6
<b>Total</b>	<b>92.9</b>

### **Key points to note in 2007/08**

Clinical income, which comprises both NHS and Private Patients, achieved levels in excess of the 2007/08 plan. Private Patient income was below plan at £4.63m (5% of total patient income), and remained within the limit set under the terms of the Foundation Trust's authorisation (6.1% of total patient income).

### **Private Patients Income Total £4.63m**

	Achieved £ million	Plan £million	Variance £million
Income	<b>4.63</b>	<b>5.26</b>	<b>(0.63)</b>
Private Patients Income as % of Patient Income	<b>5%</b>	<b>5.9%</b>	<b>Max 6.1%</b>

NHS income exceeded original plans due to sustained levels of demand for Papworth's services which commissioners paid for on a payment by results basis.

The non-clinical income for the year was £6.54m, which included funding to provide education and training and to fund research and development activities.

### **Pay and Non-Pay Costs**

Against the backdrop of activity undertaken, the Trust lived well within its overall resources, partly through the achievement of an ambitious productivity and cost improvement plan. Pay costs underspent on budget by £0.05m. Non-pay costs exceeded budgeted levels by £0.99m, mainly due to the high level of variable costs associated with increased activity.

The Trust has contained costs during the year through tight budgetary control and a challenging cost improvement programme. A particular focus on non-pay expenditure areas, through the Trust's procurement project, has yielded significant savings through usage reviews, market testing and collaborative purchasing across the East of England.

### **Prudential Borrowing Limit**

The Trust has a Prudential Borrowing Limit set by Monitor (the Independent Regulator of Foundation Trusts), made up of two elements. For 2007/08



Papworth's maximum cumulative long term borrowing limit was £18 million, and the approved working capital facility was £6 million. Papworth borrowed £4.1 million from the Foundation Trust Financing Facility during 2007/08 in order to finance the building of the extension of the Respiratory Support and Sleep Centre (RSSC) which opened in September 2007. The Trust did not borrow against the working capital facility.

### **Investment**

The Trust continued to invest in expanding and improving facilities during 2007/08. Total expenditure of £8m on capital projects was undertaken, with an additional £1.83m being spent on leased assets. The largest capital schemes in 2007/08 were the completion of the extension of the Respiratory Support and Sleep Centre (RSSC) and the Diagnostic Centre. The chart below shows the total investment in facilities (including leased assets) in recent years.

Looking forward to 2008/09, the planned capital investment programme amounts to £3.8 million, including projects which slipped from 2007/08. 2008/09 will see a lower level of investments than in previous years with the most significant elements being the refurbishment of one of our catheter laboratories, a replacement building for our pharmacy, and the construction of four additional high dependency beds.

### **Investment History**

<b>Year</b>	<b>Total investment £million</b>	<b>Year</b>	<b>Total investment £million</b>
<b>00/01</b>	5.294	<b>04/05</b>	5.110
<b>01/02</b>	5.804	<b>05/06</b>	5.321
<b>02/03</b>	5.298	<b>06/07</b>	4.970
<b>03/04</b>	4.730	<b>07/08</b>	9.479

### **Market Value of Fixed Assets**

The market value of the fixed assets is not known to be significantly different to the values at which these assets are held in the Papworth Hospital NHS Foundation Trust's financial statements.

### **Political and Charitable Donations**

No political or charitable donations have been made by Papworth Hospital NHS Foundation Trust in the 2007/08 financial year.

### **Financial Instruments**

The Trust does not have significant exposure to hedge accounting, price risk, credit risk, liquidity risk and cash flow.

### **Post Balance Sheet Events**

There were no significant post balance sheet events affecting Papworth Hospital NHS Foundation Trust in the 2007/08 financial year.

### **Note on Pensions**

All accounting policies in respect of pensions and other retirement benefits are set out in note 1.16 to the accounts. Details of Director remuneration can be found in the Annual Report Remuneration Report on page 82.

### **Better Payment Practice Code**

As a Foundation Trust there is no formal requirement to adhere to the Better Payment Practice Code, nevertheless in the interests of maintaining good supplier relationships, the Trust has complied with the Code during 2007/08. The Trust endeavours to make payments within the timescales required by the Code. In 2007/08 82% of invoices were settled within 30 days of invoice date. The Trust paid £598 of interest under the Late Payment of Commercial Debts (Interest) Act 1998 during 2007/08.

### **Details Regarding PFI Schemes**

No PFI schemes were undertaken by Papworth Hospital NHS Foundation Trust in the 2007/08 financial year.

### **Management Costs**

The Trust will collect management costs information for 2008/09 and will report on them in future years.

### **Going Concern**

After making enquiries, the Directors have a reasonable expectation that Papworth Hospital NHS Foundation 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 the accounts.

### **Future Trends**

The most significant trend affecting Papworth is the continued growth in the population of the area, and most specifically the element of the population which is the biggest user of cardiothoracic services. As part of the case for New Papworth, a review has been undertaken by the Department of Health predicting significant increases in demand for our services into the future. As a specialist centre, Papworth works at the leading edge of development within its field and endeavours to be a national leader in the implementation of new technologies. At the same time, technologies which were previously regarded as specialist become mainstream and part of the business of general acute providers. One such service is angiography, where catheterisation labs are being opened in and around the region as part of general care. In planning our services into the future, both the elements of growth and changes in the services we provide are taken into account.

## **FUTURE PLANS**

### **New Papworth Hospital**

In order to meet the increasing needs and growing demands for its services, the Trust is looking to build a new 289 bed purpose built hospital on a 7 acre site adjacent to Addenbrooke's Hospital and the School of Clinical Medicine on the Cambridge Biomedical Campus.

The broad objectives of the project are to:

- Deliver the highest possible quality specialist cardiothoracic services for patients in the best possible environment;
- Support research and development and training excellence;
- Maximise the quality of overall healthcare provision;
- Ensure a long term sustainable service;
- Support the retention and recruitment of excellent staff;
- Promote the social and economic well being of the local and sub-regional community.

The new facility will enable the Trust to implement its Clinical Vision for the delivery of cardiothoracic services and to continue as a centre of excellence in specialist heart and lung services. Modern state of the art buildings will provide a high quality patient focused environment and will facilitate research and development through the co-location of academic departments and clinical services.

Cambridge City Council granted outline planning permission for the Biomedical Campus (including Papworth Hospital) in November 2007. The New Hospital will be funded via the Private Finance Initiative (PFI). Under PFI a group of private firms including architects and construction companies are contracted to design, build, finance and operate the building over the lifetime of the contract – typically 30 years.

Following the approval of the Outline Business Case for the new hospital by the Trust's Board of Director's in December 2007 the Business Case has now been submitted for approval by the East of England Strategic Health Authority and the Department of Health.

The Outline Business Case has also been submitted to Monitor who will assess the impact of the proposed investment on the Trust's Financial Risk Rating.

The Trust's project team is preparing the documents required by the PFI procurement process and is aiming to place an advert in the Official Journal of the European Union in September 2008. This advert will invite tenders from PFI consortia to work with the Trust to develop the New Hospital. It is anticipated that construction of the new hospital will commence in 2010 and that the new hospital will be open to patients in 2013.

### **New services**

Some of the new services planned for 2008/09 are:

#### **Primary Percutaneous Coronary Intervention (PPCI)**

The Darzi Interim Report (October 2007) urged the introduction of PPCI across England, stating that 500 lives a year could be saved. The recently published National Infarct Angioplasty Project (NIAP) interim report (February 2008) produced by the Department of Health and the British Cardiovascular Society, has confirmed the success of PPCI in those 10 cardiac centres covered by NIAP. Papworth intends to commence a local service in September 2008, of this emergency treatment for heart attack victims, subject to confirmation from our Commissioners of their support.

#### **Grown up Congenital Heart Disease (GUCH).**

We plan to commence a 'local enhanced' GUCH service this summer, following agreement from our commissioners. This will complement the local service provided by the Norfolk and Norwich University Hospital NHS Foundation Trust and provide a cohesive service for the estimated 5,000 patients across the East of England, who often have to travel to London to access specialist GUCH services.

#### **Specialist Valve Service**

Papworth has specialist expertise in Mitral Valve (MV) repair, a far superior operation for appropriate patients than MV replacement. Earlier referral for specialist diagnosis at Papworth is crucial to the successful outcome of this complex procedure and this is where we will focus our attention as we develop this service on a national level.

## **Electrophysiology (EP)**

This service studies and diagnoses problems with the heart's rhythm. There are many types of irregular heart rhythm and these once diagnosed may be managed with regular medication. Rhythm problems can also be very complex and require further specialist intervention to modify an irregular rhythm. Recent national guidelines recognise this type of heart condition as increasing and the need for not only maintaining but advancing treatment modalities.

Papworth is the leading EP centre in the UK. To maintain this position, a detailed Development Plan has been produced, and will:

- enable Papworth to increase activity at over 8% per year through to 2015/16; and
- raise our research and development profile.

## **Respiratory Initiatives**

- **Medical Thoracoscopy**

This is a diagnostic procedure that can be delivered using a local rather than a general anaesthetic for patients who present with pleural disease; which is a type of lung disease. This procedure uses a fibre optic flexible scope to sample tissue from the lung. It is likely to be of the greatest benefit to patients who have lung cancer. A new Consultant Physician has been appointed in the oncology team and commences in July 2008. One of his remits is to develop this service in conjunction with the general anaesthetic approach using a video scope.

- **Interventional Bronchoscopy**

The new Consultant Physician will also focus on this area. The Trust has performed interventional work for some time but the new appointment will give the Trust the opportunity to expand the cryotherapy, diathermy and stent placement activity. Much of this activity will be within thoracic oncology but the post holder will also provide endobronchial services to the transplant service.

- **Respiratory Support and Sleep Outreach**

This initiative responds to increasing demand for diagnosis and management of patients who have sleep related problems. The Trust has well established clinics in both Swaffham and Thetford that are fully booked for 2008. To meet the national 18 week target, that states that patients should wait no longer than 18 weeks from referral by their GP

through to treatment, capacity needs to be increased. Recent patient satisfaction surveys have demonstrated that patients appreciate the choice of being offered care closer to home and that standards through this service have not been compromised.

## **Marketing**

The onset of 'free Choice' and imminent implementation of the 18 week referral-to-treatment target happen at a time when Papworth is increasingly able to receive referrals direct from General Practitioners (GPs), in addition to its specialist referral activity.

As a consequence, Papworth plans to increase awareness of Papworth Direct, our state-of-the-art cardiothoracic diagnostic centre and our Respiratory Support and Sleep Centre (RSSC) as featured in an eight-part BBC documentary series during 2007. We are particularly looking to develop relationships with our GP referral community, notably by hosting a number of educational events where GPs will be able to hear about the latest developments in cardiothoracic medicine.

### **Papworth Direct - Papworth's brand new, state-of-the-art cardiothoracic diagnostic centre.**

January 2008 saw the opening of Papworth *Direct*, an entirely new and innovative service whereby GPs are now able to refer patients with suspected heart disease or specific respiratory conditions direct to our brand new state-of-the-art cardiothoracic diagnostic centre. The service has been developed in close consultation with GPs and Primary Care Trusts so as to ensure we deliver the service that patients need.

GPs can refer patients to one of four pre-defined pathways, namely Angina, Palpitations, Murmur or Breathlessness. Alternatively patients can be referred for specific diagnostic tests such as ECG, Holter Monitoring, Chest X-Ray or Echo.

With the onset of Free Choice it is important that the public and referring clinicians are able to access up-to-date accurate information about the new service. Papworth *Direct* services are also now live and available within Choose & Book, the national electronic GP referral service whereby patients can make their choice of hospital and book outpatient appointments.

To support this, the launch of Papworth *Direct* has been supported by an entirely new and dedicated web microsite that provides specific information for referring GPs, hospital clinicians and the public.

By establishing the Papworth *Direct* service with its state-of-the-art imaging and respiratory physiology equipment, Papworth will be able to provide an unrivalled cardiothoracic diagnostic service, which will benefit all of our patients. Imaging developments including fixed site MRI, Dual Source CT, a direct radiography unit and expansion of our nuclear medicine facility will enhance image quality, improve access to imaging investigations and enable new applications and services to be developed.

Papworth *Direct* offers quicker access for patients and streamlined patient pathways, meaning that patients will receive quicker diagnosis and onward progression to treatment where appropriate. Wherever possible, tests will be performed in one visit avoiding unnecessary duplication of tests and repeated visits, thereby also providing better value for Commissioners.

### **The Respiratory Support and Sleep Centre (RSSC) - extended services**

The Papworth Respiratory Support and Sleep Centre (RSSC) is a major centre for the provision of ventilatory support and sleep medicine with a national referral base. It is the largest sleep centre in the UK and provides a comprehensive service for patients with all types of sleep disorder, with a reputation for the high quality of care provided as well as cost effectiveness. The Trust has recently completed a £4.1 million extension which houses a purpose built outpatient department and an administrative area. There are now 30 beds on the main ward and a further 6 in the sleep laboratory, where there is also a research area.

### **New website**

The re-development of our main hospital website further compliments our on-line communications. The development of our new website follows long consultation with our digital media user group, including representatives from Governors, Members and patients. Our new websites and microsites can be found at [www.papworthhospital.nhs.uk](http://www.papworthhospital.nhs.uk), [www.papworthdirect.nhs.uk](http://www.papworthdirect.nhs.uk) and [www.papworthrssc.nhs.uk](http://www.papworthrssc.nhs.uk)



## **Information Management and Technology (IM&T)**

In our five-year strategy for IM&T we set out a plan to deliver a digital and paper light New Papworth Hospital in 2013, and last year we put in place some of the fundamental building blocks for this vision. A central part of our strategy is to replace our Patient Administration System (PAS) - the core administrative database on all of our patient related activity. Our old PAS was not capable of delivering the National IM&T Strategy (Connecting for Health), and was poorly suited to the present NHS policy agenda including 'Choice', 18-week waiting times, and payment by results.

Our new PAS will go live in May, as this report is being written, and it will offer the following benefits:

- an up to date, user friendly system that reduces double data entry, and improves the quality of working lives for staff using the system;
- Choose and Book, and 18-week wait policy compliance;
- a referral based system that allows us to track the entire patient journey through Papworth, and facilitates better pathway management;
- anticipated savings on licence costs;
- a platform for development of Papworth's Electronic Patient Record and other paper light developments including e-prescribing and live bed-state data.

## **Consultations**

There were no consultations in 2006/07 or 2007/08 and there are none currently planned for 2008/09.

## **Environmental Matters**

In 2007, the hospital expanded its Travel plan – titled the “Greencare Plan” (the Plan) to incorporate the bigger agenda of climate change. The Plan gives the Trust focus on how we as an organisation can reduce our carbon emissions and how we can assist individuals (patients, staff and others) to reduce their carbon footprint.

Our future plans are to re-locate to Cambridge, but whilst on our existing site, we strongly recognise our responsibility to improve access for our patients, to improve the health and welfare of our staff and support the local community.

As part of our implementation plans, we were successful in achieving the **Certificate of Implementation (step 3) as part of the Travel Plan**

**Excellence Awards from** Cambridgeshire Travel for Work Partnership (TfW) and Peterborough's Travel Choice project. The project aims to reward the hard work that employers are putting into implementing workplace travel plans which are encouraging employees to use more sustainable modes of travel when possible.

Our feedback included the following:

*"This reflects the hard work and commitment undertaken by the employees of the Trust to develop and launch the travel plan after successfully achieving the Certificate of Commitment last year.*

*A lot of initiatives have already been put in place by the Trust to reduce the number of employees driving to the site.*

*It is clear from the travel plan that all parts of the organisation are involved with and committed to the travel plan and the wider GreenCare Initiative".*

### **Valuing and Involving our Staff**

The engagement of our staff in key decisions is critical to the success of the Trust. The Trust has a successful monthly newsletter called 'Newsbeat' to update staff on key issues including progress on developing New Papworth, financial matters and information of concern to them. Staff survey results are communicated via Newsbeat and the full results are available on the intranet.

All the Trust's policies and procedures are held on the intranet and available to all staff supported by training sessions and workshops as they are reviewed or implemented to further increase staff awareness.

A monthly Team Brief was launched in 2006/07 to communicate key messages arising from the meetings of the Board of Directors and a cascade process is used to ensure all staff are briefed as soon as possible.

This is a two-way process and issues of concern can also be raised via this process. Alternatively, staff have access to staff side representatives and Staff Governors to raise particular issues on their behalf. Alternatively, there are staff group specific meetings including, nursing, medical and administrative and clerical.

## **Staff Survey**

This year, the Healthcare Commission has compared our results with other acute specialist trusts (20 in total and 10 Foundation Trusts). All staff in the hospital were surveyed and 50.2% responded. In addition, staff were asked to complete a local questionnaire. In summary, the hospital scored in the best 20% of trusts in 10 out of the 26 key scores, above average in 4 and did not score in the worst 20% in any area. The areas of improvement, where staff indicated a positive response, since the last survey were:

- Increase in percentage of staff appraised in last 12 months;
- Increase in percentage appraised with personal development plans in last 12 months;
- Fairness and effectiveness of procedures for reporting errors, near misses or incidents;
- Increase in the reporting of errors, near misses or incidents;
- Quality of work life balance;
- Quality of job design;
- Support from immediate managers;
- Fairness and effectiveness of procedures for reporting errors, near misses or incidents;
- Reduction in the percentage of staff intending to leave the Trust.

Key actions to be taken forward in the updated action plan will be agreed between the Operational Executive Group and Joint Staff Council.

## **New Employment Policies and Procedures**

During the year a range of new or revised employment policies, procedures and guidelines were consulted upon, agreed and implemented including the following:

- Organisational Change Procedure;
- Criminal Records Bureau and Employment Checks Procedure;
- Recruitment and Selection Procedure;
- Time for Learning Policy and Procedure;
- Stress at Work Procedure;
- Equality Impact Assessments;
- Appraisal Procedure;
- Work Experience Procedure;
- Sickness Absence Procedure;
- Dignity at Work Policy.

Each of these policies, procedures and guidelines are intended to make the hospital an employer of choice and demonstrate our commitment to supporting and developing staff together with complying with statutory obligations. The involvement of managers and staff side in the development of the above is a major contributory factor to ensuring the ownership and effectiveness of the documents as they are implemented within the hospital.

### **Electronic Staff Record**

The Trust was part of Wave 7 of the roll out of the national Electronic Staff Record (ESR) and went live in April 2007. The personal and post records for all staff together with payments are managed through ESR. The implementation was a great success with a smooth transition from our existing human resource and payroll systems to a single system. The smooth transition involved team working by Human Resources, Finance, IT, users of the system and our external payroll provider.

At the latter end of the year, we also introduced the Oracle Learning Management System (OLM) – the learning module of the system and next year we plan to extend this to enable direct access for managers and staff and to fully implement the recruitment system.

### **Staff Consultation**

The Joint Staff Consultative Committee (JSC) is the formal management/staff interface for non-medical staff together with a newly established Local Negotiating Committee (LNC) for medical staff.

Our partnership working continues to grow in strength since being an early implementer of Agenda for Change in 2003. We have worked with staff side representatives on the annual staff survey results including the development of an action plan and the publication of a joint statement between management and staff side on taking action to eliminate bullying and harassment in the workplace. This has been followed up with a revised procedure and a recording of informal cases including those raised via staff side.

### **Workforce**

The past year has been very challenging for our workforce, with higher than planned levels of turnover - 13% against a Trust target of 10% (15% in 2006/07), sickness - 4.23% against a Trust target of 3.5% (4.5% in 2006/07)

and a significant amount of maternity leave. The average number of staff employed by the Trust during the year was 1,279.

Action taken to alleviate some of this pressure has included further streamlining of the recruitment process, advertising in different media, ie local radio, and increasing the number of staff recruited to the Papworth 'bank', ie in-house agency.

A number of new medical posts were included in the annual plan to address the European Working Time Directive relating to hours of work and rest periods. One of the changes was to implement a new rota in critical care to reduce the workload of surgical trainees. We are continuing to review our medical structure as part of our workforce plan to reinforce our position as a centre of excellence and we continue to support clinical and non-clinical staff to develop their skills and competencies.

In 2007/08, we continued to invest in the education and training of our staff although the increased activity levels resulted in a reduction in attendance at planned events towards the latter end of the year. Two significant areas of development over the year included:

- development of the unregistered workforce through the creation of a bespoke Healthcare Support Worker programme accredited by the Anglia Ruskin University for staff on Agenda for Change Bands 2 to 4. This included the development of a new role of Scrub Practitioner to develop this 'expert' role in theatres;
- commencement of an organisational development programme for leading and managing change involving multi-professional teams.

In addition, the Trust has continued to explore opportunities to create new roles as part of our overall vision to further develop our workforce. We were successful in a bid to the Strategic Health Authority to recruit two newly registered physiotherapists on a specific training programme. This is a new venture for physiotherapy and may lead the way to developing other creative roles within the team.

### **Equality and Diversity**

The Trust has a duty to eliminate discrimination and promote equality in all its Policies, Strategies, Functions and Services. In order to fulfil our statutory duty and meet the requirements of our diverse service users the Trust has developed three equality schemes (Race, Disability and Gender) and a Single Equality Action Plan. These documents demonstrate the Trust's commitment towards eliminating health inequalities.

During the year, the Trust was approved by Job Centre Plus to continue to use the  $\sqrt{\vee}$  - Positive about Disabled People symbol confirming our commitment to employing disabled people. For staff who become disabled (either temporarily or permanently), we have proactive policies and procedures in place to support them and enable their skills and experience to be retained within the hospital. These include the use of external organisations to undertake detailed workplace assessments and, where appropriate, advise on additional equipment to enable adjustments to working practices.

To ensure that the Trust is achieving the aims of the equality schemes we will be conducting Equality Impact Assessments (EIA) which is a tool aimed at improve the quality of local health services by ensuring that individuals and teams think carefully about the likely impact of their work on different communities and groups. Healthcare Commission guidelines (Standards for Better Health) require all Trusts to conduct EIA as part of best practice in healthcare provision.

The impact assessment toolkit covers all equality strands including:

- Age;
- Disability;
- Gender;
- Race;
- Sexual Orientation.

### **Staff Awareness**

Using the monthly staff newsletter and Team Brief, Directors aim to achieve common awareness on the part of staff of the financial and economic factors affecting the performance of Papworth by providing information on the Trust's performance indicators (financial and activity), as well as information on the wider NHS economy.

### **Occupational Health Services**

During the year, the Trust's Occupational Health Service has been accredited with 'NHS Plus' status, by demonstrating the provision of a high quality and effective occupational health service with a commitment to continuous improvement. Being accredited will enable the Occupational Health Service to generate income through the provision of services to external customers, as well as maintaining the quality of service provided to our own staff.

The Occupational Health Service has expanded this year to improve the efficiency and effectiveness of the service as the number of staff employed by the hospital has continued to grow. The service has been restructured to include manual handling and this approach has been of significant benefit to the hospital in promoting pro-active measures to support staff. The Trust is also pro-actively managing sickness absence within the hospital with a joint approach between the manager, staff member, Human Resources and Occupational Health.

Individual responsibility for health and safety at work and safety of others is included in all staff's role profiles including infection control.

In response to staff survey results and to meet the requirements of the NHSLA Level 1, the Trust reviewed and updated the Stress at Work procedure to reinforce the high value we place on maintaining a healthy and safe environment for all our employees.

The Trust seeks to minimise the causes of stress in the workplace through utilising the Health & Safety Executives (HSE) Management Standards for Work Related Stress (MSWRS) and risk assessment.

Through the implementation of this procedure the Trust aims to:

- Identify the adverse effects of workplace stress through risk assessment;
- Recognise the employer's responsibility in engendering a climate which promotes the management of stress;
- Contribute to supporting staff in periods of change;
- Promote through education, stress management as a means of maintaining a healthy workplace;
- Reduce the rate of sickness absence from stress related illness;
- Improve staff performance.

The Risk Management Group is responsible for ensuring that the Trust has in place the necessary controls to manage stress in the workplace.

### **Whistle blowing**

The Trust has a Raising Concerns Policy that primarily aims to encourage staff to come forward if they are concerned that the interests of others or of the organisation itself are at risk. We investigate every potential malpractice that is reported and take appropriate steps to deal with it. Whenever possible, we will give feedback to the person who raised the issue.

## **Policy to Counter Fraud and Corruption**

In line with all NHS organisations, Papworth takes a very robust approach to fraud and corruption. A Trust policy is in place which details the points of contact for any members of staff who suspect fraud and corruption is taking place. The Trust has a dedicated counter fraud officer who, amongst other areas of counter fraud work, works on behalf of the Board to create an anti-fraud culture by raising awareness and undertaking proactive fraud-proofing work. Any concerns reported are investigated at the earliest opportunity by the Local Counter Fraud & Security Officer (LCFS), in conjunction with the Foundation Trust Management. The LCFS provides reports to the Audit Committee on the concerns raised and the action that has been taken.



## **RESEARCH & DEVELOPMENT (R&D)**

In 2007/08, Papworth performed strongly against the background of the financial uncertainty created by the abolition of the NHS R&D 'Culyer' Levy and the introduction of the new National NHS R&D strategy, Best Research for Best Health. Under the 'Culyer' system the Trust received an allocation for research from the Department of Health, whilst the new system requires Trusts to bid for funding in the competitive market. During 2007/08 Papworth achieved a six-fold increase in new research grant applications. Priority was given to research grants recognised by the National Institute for Health Research Portfolio, the primary route for research infrastructure funding. As well as increasing the amount of commercial research undertaken at the Trust, this uplift has markedly increased the number of investigator-led research studies across our clinical specialties.

For example, we have secured two prestigious Health Technology Assessment grants, reinforcing our reputation for high-quality trials of new medical devices for the investigation and treatment of heart and lung disease, they are:

- **ASTER: Assessment of Surgical sTaging versus Endobronchial and endoscopic ultrasound in lung cancer: a Randomised controlled trial.** Investigator: Dr Robert Rintoul.
- **AMAZE:** A randomised controlled trial to investigate the clinical and cost effectiveness of adding an ablation device-based maze procedure as a routine adjunct to elective cardiac surgery for patients with pre-existing atrial fibrillation. Investigator: Mr Sam Nashef.

Increased National Institute for Health Research Portfolio activity allows Papworth to strengthen its financial position by claiming NHS Service Support Costs, previously paid via Culyer, through the new Comprehensive Clinical Local Research Network. The R&D Senior Manager chairs the West Anglia Comprehensive Local Research Network Board.

R&D also income generated to offset the financial consequences of the abolition of the NHS R&D Levy. Diversification into the areas of Intellectual Property and Postgraduate Conference Facilitation has not only generated revenue but additionally new 'spin off' research studies:

For instance, working closely with Health Enterprise East, the Trust achieved its first ever commercial licensing deal for the **Papworth BiVent** Endotracheal Tube developed by Consultant Anaesthetist, Dr Sunit Ghosh. A major clinical trial of the Papworth BiVent funded by our commercial partner is to commence shortly.

### **Relevant Audit Information**

So far as the Directors are aware, there is no relevant audit information of which the auditors are unaware and the Directors 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.

## **Background Information**

**This is included in the Directors' Report**

## **Operating and Financial Review**

Most of the disclosure requirements of the Operating and Financial Review have been included in the Directors' Report. Additional items are shown below.

### **Using Foundation Trust Status to develop services**

Foundation Trust status has enabled Papworth to invest over £8 million in state of the art facilities such as the Diagnostic Centre and an extension to our pioneering Respiratory Support and Sleep Centre, to cope with the ever increasing demand for our specialist services. As a Foundation Trust we were able to expedite the decision making process on these two developments following a thorough scrutiny of the two business cases by the Board of Directors.

### **Improvements in patient/carer information**

The Board of Directors is committed to ensuring that patients and carers receive the information they need in order to be able to make decisions about their care and treatment. The provision of information is central to the consent process and interpreters are provided as required, either face-to-face or over the telephone, ensuring that those patients whose first language is not English are able to communicate appropriately with healthcare staff.

A new policy has been produced for the development, review and monitoring of all patient information to ensure consistency across the Trust and that out of date leaflets are removed from circulation.

The Patient Experience Reading Panel ensures that patients and the public are involved in the development of written information, providing a user perspective on the content and production of patient literature. They also ensure that the language used in patient information is user-friendly, simple and easy to understand and that a high standard of product is achieved.

All documents produced by the Trust can be translated into alternative languages and requests for the provision of information in other formats/large print/audio are dealt with on an individual basis.

A range of patient information booklets and procedure specific information leaflets are available in each department and can be downloaded from the Papworth website.

A patient information working group is in place to review and update all our patient literature, from leaflets and posters, to letters to patients and information displays around the hospital site. Our aim is to produce user friendly information that tells patients, carers and visitors what they need to know. Linked to this group is a reader's forum of patients who can check new leaflets for us and the Patient and Public Involvement Forum will also assist us. This process is invaluable because it ensures our literature is easy to read and doesn't use too much clinical jargon.

Patients have also been involved in the development of the new Papworth website in order to improve ease of navigation and provide accessible and interactive information for patients and members of the public.

### **Patient and Public Involvement**

The Patient Experience Panel has continued to meet quarterly and participate in many projects throughout the hospital including ensuring that the patient perspective is integral to the development of the New Papworth Hospital.

As well as the Trust continuing to seek the views of every patient discharged using an electronic patient feedback console, the Patient Experience Panel have their own "floating" console and they develop their own questions based on their everyday knowledge of the hospital and comments made by patients/relatives during their contact with the Panel.

### **Working with Patients and the Public**

The Trust has continued to work closely with the Patient and Public Involvement (PPI) Forum, the British Cardiac Patients Association (Zipper Clubs) and the Norfolk Zipper Club as well as the Papworth Pulmonary Hypertension Support Group.

The Local Involvement Networks (LINKs) will replace the PPI Forum and will be phased in from April 2008. The Trust will liaise with this new body when it is established.

The Patient and Public Involvement Committee of the Board of Governors has merged with the Membership Committee and this will strengthen patient and public involvement within the Trust.

### **Freedom of Information**

Under current Freedom of Information legislation, the Foundation Trust is required to publish and respond to requests for information about its business and activities. Our public website is registered with the Office of the Information Commissioner as our formal publication scheme. During the period from 1 April 2007 to 31 March 2008 we responded to 64 requests for information, and all were responded to within the 20 day time limit.

### **Complaints Handling**

Trends and data collected on formal complaints received by the Trust are reported to the Clinical Governance Management Group on a quarterly basis via the quarterly clinical governance report. Lessons learnt and actions taken following investigation of formal complaints are detailed in the report, which also includes Patient Advice and Liaison Service (PALS) feedback and patient incidents.

The quarterly clinical governance report is presented to the Governance Committee (acting as a Committee of the Board of Directors), to all clinical management groups, is available on the Trust intranet for staff to access and the public website. In 2007/08 Papworth Hospital received 56 formal complaints which is an increase on the previous year when 47 formal complaints were received. The increase in complaints has been primarily in the communication/information category. During 2007/08 the response time to complaints, measured against the time frame set by the NHS Complaints Regulations was 100% compared with 98% in 2006/07. Throughout the year service improvements have been made as a result of analysing and responding to complaints.

### **Papworth *Direct* – our new cardiothoracic diagnostic centre**

A series of GP awareness events were held during June, July and September 2007 to inform GPs on our new cardiothoracic diagnostic centre, Papworth *Direct*. Around 70 GPs so far have attended to learn more about which patients will benefit, how the service can be accessed and what diagnostic tests are available.

Following the opening of Papworth *Direct* on 28 January 2008, a second series of GP events is planned for April 2008, which will also include a tour of the new facilities.

### **Papworth Charity**

The Board of Directors of Papworth Hospital NHS Foundation Trust is the Trustee of Papworth Hospital NHS Foundation Trust Charity.

The Charity's registration number is 1049224, and its mission statement is as follows: "The Papworth Hospital NHS Foundation Trust Charity is a registered charity, which aims to raise significant funding from a variety of charitable sources in order to sustain Papworth Hospital as the UK's leading centre of excellence for the treatment and diagnosis of cardiothoracic diseases. The charity's fundraising activities also support Papworth Hospital's pioneering research activity and vision for the future, as decided by the Board of Trustees".

The Papworth Hospital fundraising team works hard to attract extra funding into the hospital, by supporting those who fundraise in the community and by organising various activities during the year. Among the popular annual events are the sponsored walk, the carol service at Ely Cathedral, and the Grand Summer Draw. The Charity receives wonderful support from ex-patients and their loved ones, and we are especially grateful to those who make the most personal of gifts by remembering the hospital in their Will.

Further information regarding Papworth Hospital Charity may be obtained from the hospital's website, under the Fundraising heading.

## **Board of Governors**

As an NHS Foundation Trust, we have a Board of Governors as required by legislation.

The Board of Governors provides support and advice to the Trust to ensure that we deliver services that best meet the needs of patients and the communities we serve. From September 2007 when our revised constitution was approved by the Members, it comprised 18 public and 7 staff members, all elected from the membership, together with 7 representatives nominated from local organisations.

The Board of Governors fulfils a number of formal functions such as the appointment of external auditors and the appointment of the Chairman and other Non-executive Directors. The Board of Governors may, at a general meeting, appoint or remove the Chairman and the other Non-executive Directors of the Trust, although the decision to remove a Non-executive Director would require the support of three quarters of the Board of Governors.

Our Board of Governors supports the work of the Trust outside of its formal meetings, advised by the Executive Directors and the Chairman. Board of Governors' Committees play an important role, with the skills and experience of individual Governors providing a valuable asset to the Trust. Through the Committees, Governors have the opportunity to concentrate on specific issues in greater detail than is possible at a full meeting of the Board of Governors.

The Board of Governors has the following committees:

- Forward Planning, which reviews forward planning and the New Papworth Hospital project;
- Appointments [Non-executive Nomination and Remuneration], which reviews the appointment and remuneration of NEDs;
- Patient/Public Involvement and Membership (PPIM), which considers patient and public involvement and membership issues.

### **Elections to the Board of Governors**

The public and staff members of the Board of Governors are elected from the membership by the members to serve for three years. Elections originally took place in October 2004. Initial Governors were appointed for 1, 2 or 3 year terms. Details of the membership of our Board of Governors during the year are provided in the following pages.

## **Members of the Board of Governors during 2007/08:**

### **Elected Governors, representing and elected by the membership constituencies**

#### **Cambridgeshire**

##### **Don Bethune from Kimbolton**

Don was a Consultant Anaesthetist at Papworth Hospital from 1969-1998. He is currently Chair of the Board of Governor PPIM Committee and also various district, regional and national committees.

##### **John Brownlow from Croxton, St. Neots**

John retired from the RAF after a career as a pilot spanning 37 years, followed by ten years with Marshall Aerospace in Cambridge. He held planning appointments in the Ministry of Defence, was an air attaché and commanded major service units. John is currently Chair of the Board of Governor Appointments [NED Nomination & Remuneration] Committee.

##### **Anthony Lewis from Huntingdon (until March 2008)**

Anthony worked in a wide variety of personnel functions (employee relations, organisation & planning, education & training) with european responsibilities in the automotive sector.

##### **Diana Smith from Huntingdon**

Diana is secretary of her local church and is a member of the disability equality group of a housing association. Diana is disabled, with muscular atrophy, and has been a patient at Papworth Hospital for the past 14 years.

##### **Roger Belle-Fortune**

Sadly, Roger passed away in October 2007.

#### **Suffolk**

##### **Eric Flack from Bury St. Edmunds**

Eric is a retired chemist and food scientist, a former managing director of a food ingredient company, technical author and consultant.

##### **Gloria Hastings from Newmarket (re-elected October 2006)**

Gloria is now retired, but spent all her working life managing various nursing services both nationally and internationally.

##### **Patrick Jackson from Stoke By Nayland**

Patrick is a retired chartered engineer with substantial general management experience.



**Robert Hadley from Colchester (previously from Woodbridge)**

Robert is a retired chartered accountant with broad experience in both private and public sectors. Robert has been a Papworth patient.

**Norfolk**

**John Fiddy from Newton St Faith, Norwich**

John is Chairman of the Norfolk Zipper Club who actively offer help and advice to cardiac patients and their families and continually fundraise for Papworth. John has been a Papworth patient.

**Norman Howarth from Old Costessey**

Norman is a retired police chief superintendent. In Hong Kong he served as principal investigator and acting assistant director in the operations department of the independent commission against corruption. Norman underwent heart surgery at Papworth in 1995.

**Albert Mills from Wymondham**

Albert is a retired actuary by profession but worked in general management and as a main board director in the insurance industry. Albert was a Papworth patient in 2005.

**John Petch from Felthorpe**

John is a retired chief technician in the RAF. He also worked in the youth training programme as a horticulture instructor and assessor. John is still working part-time at B&Q.

**Rest of England and Wales**

**Harvey J Perkins from Manningtree, Essex**

Harvey is a business consultant and a semi-retired professional engineer with extensive multi-national business experience. Harvey was a Papworth patient in 2003.

**Harry Smith FRS from Loughborough, Leicestershire (until June 2007)**

Harry is a retired biology professor and a Fellow of the Royal Society. He has experience of scientific research, higher education and university administration.

**Edward Taylor from London**

Edward joined HM Diplomatic Service in 1968 and enjoyed a progressive career in a variety of overseas and home postings. He retired in 2000. Edward had a double lung transplant at Papworth in 2004.

**Richard Maddison from Bedford**

Richard retired from university teaching of information systems, computing and management; and is Vice-Chairman of The British Cardiac Patients Association. Richard has been a Papworth patient.

**Mervyn Maclaren from Campton**

Mervyn is a retired RAF pilot. He also has 20 years experience in industry at middle management level. He retired in 2007. Mervyn is a past patient of Papworth.

**Paddy Melford from Saffron Walden (until September 2007)**

Paddy is a retired Chairman of Trustees of East Anglia's Children's Hospices and Chairman of Trustees of Citizens Advice Bureaux for NW Essex. She has been the Bishop's adviser on the selection of lay readers, Chelmsford diocese. Paddy has also worked for the BBC as a Studio Manager and has taught in a large comprehensive school.

**Janet Atkins from Stevenage**

Janet has been a member of the Patient Experience Panel since 2003 and was joint Chair in 2006. She is actively involved in various committees within the Hospital concerning patient issues. Janet is a Papworth patient.

**Staff Governors**

**Diana Bilton, Doctors (until September 2007)**

Diana is a Respiratory Consultant and Clinical Director of Research and Development who has worked as a Papworth Consultant for 13 years.

**Amo Oduro, Doctors (from September 2007)**

Amo has been a Consultant Anaesthetist at Papworth since December 1986. He has represented clinical colleagues at various committees over that period.

**Michael Moore, Administrative, Clerical & Managers (until September 2007)**

Michael is Head of Information Technology and Systems. He has been in the Health Service for 8 years and previously was in a similar role for a major international bank.

**Lyn Edmonds, Administrative, Clerical & Managers (from September 2007)**

Lyn is the Library & Knowledge Services Manager. She has been a Chartered Librarian for 34 years and a manager at Papworth since 1986.

**Celia Hyde, Nurses (re-elected September 2007)**

Celia has been a Nurse at Papworth Hospital since 1982 and was promoted to Sister in the Transplant Unit in 2000.

**Gillian Stent, Nurses (re-elected September 2007)**

Gillian has worked in the Health Service since 1967 in a variety of posts. She started working at Papworth in 1995 and is currently a Nurse Consultant in Thoracic Malignancy.

**Chris Wisbey, Scientific & Technical (until September 2007)**

Chris is head of Cardiac Technology. He has worked in the NHS for over 30 years in the cardiac technology arena.

**Arlene Jackson, Scientific & Technical (from September 2007)**

Arlene has worked at Papworth for 22 years, progressing from student to Head of Department for Respiratory Physiology. She has held this post for the last 12 years.

**Richard Rowlands, Allied Health Professionals (re-elected September 2007)**

Richard has been a qualified Radiographer for 33 years and has been the Radiology Manager at Papworth for the past 16 years.

**Shaun Cox, Ancillary, Estates & Others (until September 2007)**

Shaun has worked at Papworth since 2004 as a Car Park Attendant. He has been a member of St. Johns Ambulance since 1986.

**Steve Rackley, Ancillary, Estates & Others (from September 2007)**

Steve has worked within the Estates Department since Sept 2000, working up to his current position as the Maintenance Co-coordinator, in charge of day to day maintenance and man-management.

**Appointed Governors**

**Graham Allen**

Academic Secretary, University of Cambridge.

**Mary Archer**

Chairman, Cambridge University Hospitals NHS Foundation Trust.

**Ms Angela Bailey**

Chief Executive, Peterborough PCT.

**Mark Howell**

District Councillor, South Cambridgeshire District Council (SCDC covers Papworth Everard).

**Linda Oliver**

Councillor, Cambridgeshire County Council.

**John Willis**

Chief Executive, The Varrier-Jones Foundation. A charity giving financial support for the work of The Papworth Trust, providing employment, housing, care and advice for disabled people.

**Judy Patrick (from September 2007)**

Chief Contracts Manager, Lincolnshire Primary Care Trust.

**Terms of Office of Governors as at 31 March 2008**

<b>Elected Constituency</b>	<b>Name</b>	<b>First Elected</b>	<b>Re-Elected</b>	<b>End of Current Term of office</b>
<b>Cambridgeshire</b>	Don Bethune	Oct 2004	Oct 2007	Oct 2010
	Diana Smith	Oct 2004	Oct 2005	Oct 2008
	John Brownlow	Oct 2004	Oct 2005	Oct 2008
	Vacancy			
	Vacancy			
<b>Suffolk</b>	Gloria Hastings	Oct 2004	Oct 2006	Oct 2009
	Patrick Jackson	Oct 2004	Oct 2005	Oct 2008
	Eric Flack	Oct 2005		Oct 2008
	Robert Hadley	Mar 2007		Oct 2010
<b>Rest of England and Wales</b>	Harvey Perkins	Oct 2004	Oct 2005	Oct 2008
	Eddie Taylor	Mar 2007		Oct 2010
	Janet Atkins	Mar 2007		Oct 2010
	Richard Maddison	Oct 2004	Oct 2007	Oct 2010
	Mervyn MacLaren	Mar 2007		Oct 2010
<b>Norfolk</b>	John Fiddy	Oct 2004	Oct 2007	Oct 2010
	Albert Mills	Oct 2005		Oct 2008
	John Petch	Oct 2004	Oct 2005	Oct 2008
	Norman Howarth	Oct 2005		Oct 2008

<b>Doctor</b>	Amo Oduro	Oct 2007		Oct 2010
<b>Administrative, Clerical &amp; Management</b>	Lyn Edmonds	Oct 2007		Oct 2010
<b>Nursing</b>	Celia Hyde	Oct 2004	Oct 2007	Oct 2010
	Gillian Stent	Oct 2005	Oct 2007	Oct 2010
<b>Scientific &amp; Technical</b>	Arlene Jackson	Oct 2007		Oct 2010
<b>Allied Health Professionals</b>	Richard Rowlands	Oct 2004	Oct 2007	Oct 2010
<b>Ancillary, Estates and Others</b>	Steve Rackley	Oct 2007		Oct 2010
<b>Appointed</b>				
<b>Chairman – Cambridge University NHS FT</b>	Mary Archer	Oct 2004		
<b>Chief Executive – Varrier Jones Foundation</b>	John Willis	Oct 2004		
<b>District Councillor, South Cambridgeshire</b>	Mark Howell	Oct 2004		May 2008
<b>Councillor, Cambridgeshire County Council</b>	Linda Oliver	Oct 2004		
<b>Cambridge University</b>	Graham Allen	Oct 2004		Oct 2010
<b>PeterboroughPCT</b>	Angela Bailey	Mar 2007		
<b>LincolnshirePCT</b>	Judy Patrick	Oct 2007		

The two vacancies in Cambridgeshire are due to the death of a Governor in October 2007 and the retirement of another Governor at the end of March 2008. At the time of writing this Annual Report the election process for 2008 is underway.

### **Register of Interests**

All Governors are asked to declare any interests at the time of their appointment, annually and on re-election. There is a standing item on all Board of Governors and Committee meetings to confirm/update declarations of interest. The register is held by the Trust Secretary. The register is available to the public on request. Anyone who wishes to see the Register of Governors' Interests should make enquiries to the Trust Secretary at the following address:

The Trust Secretary, Papworth Hospital NHS Foundation Trust, Papworth Everard, Cambridge, CB23 3RE

### **Contacting the Governors**

Governors can be contacted via Corporate Affairs

Tel: 01480 364240

Email: [foundation.trust@papworth.nhs.uk](mailto:foundation.trust@papworth.nhs.uk)

## 2007 Governor Election Results

Electoral Reform Services Limited (ERS) acted as the returning officer and independent scrutineer for the election process.

There was one candidate for each vacancy in the following staff constituencies; Doctors, Scientific and Technical, Allied Health Professionals, Ancillary, Estates and Others and two candidates for two vacancies in the Nurses constituency and therefore these candidates were elected unopposed. The poll for all contested vacancies closed at 12 noon on Thursday 6 September 2007. The election results were announced on 20 September 2007 at the Board of Governors and Annual Members' Meeting.

### **Public**

#### **Cambridgeshire**

Don Bethune (re-elected)

#### **Norfolk**

John Fiddy (re-elected)

**Bedfordshire** (amalgamated with Rest of England and Wales September 2007)

Richard Maddison (re-elected)

### **Staff**

#### **Administrative, Clerical & Managers**

Lyn Edmonds

#### **Nurses**

Celia Hyde (re-elected, unopposed)

Gillian Stent (re-elected, unopposed)

#### **Doctors**

Amo Oduro (elected, unopposed)

#### **Allied Health Professionals**

Richard Rowlands (re-elected, unopposed)

#### **Ancillary, Estates & Other**

Steve Rackley (elected, unopposed)



## Scientific & Technical

Arlene Jackson (elected, unopposed)

### Election Turnout

Date of Election	Constituencies Involved	Election Turnout%
September 2007	Bedfordshire	29
September 2007	Cambridgeshire	34
September 2007	Norfolk	39
September 2007	Staff: Administrative, Clerical and Managers	44

### Board of Governors Attendance 2007/08

Name	26-Jun-07	20-Sep-07	27-Nov-07	18-Mar-08
Allen, Graham		•	•	•
Archer, Mary	•	•		
Atkins, Janet	•	•	•	•
Bailey, Angela	•	•	•	
Bethune, Don		•	•	•
Belle-Fortune, Roger	•	•	No longer a Governor	
Bilton, Diana (until Sep 07)			No longer a Governor	
Brownlow, John	•	•		•
Cox, Shaun (until Sep 07)			No longer a Governor	
Edmonds, Lyn (from Sep 07)	Not yet appointed	•	•	•
Fiddy, John	•	•	•	•
Flack, Eric	•	•		•
Hadley, Robert	•	•	•	•
Hastings, Gloria	•	•	•	•
Howarth, Norman	•	•	•	•
Howell, Mark				
Hyde, Celia	•			•
Jackson, Arlene (from Sep 07)	Not yet appointed	•		•
Jackson, Patrick	•		•	•
Lewis, Anthony		•		
Maclaren, Mervyn	•		•	•
Maddison, Richard	•	•	•	•

Melford, Paddy (until Sep 07)	•		No longer a Governor	
Mills, Albert	•	•	•	•
Moore, Michael (until Sep 07)	•		No longer a Governor	
Oduro, Amo (from Sep 07)	Not yet appointed	•	•	•
Oliver, Linda	•			
Patrick, Judy (from Sep 07)	Not yet appointed		•	•
Perkins, Harvey	•	•	•	•
Petch, John	•			•
Rackley, Steve (from Sep 07)	Not yet appointed	•		•
Rowlands, Richard	•	•	•	•
Smith, Diana	•	•	•	•
Smith, Harry (until Jun 07)		No longer a Governor		
Stent, Gillian	•	•	•	•
Taylor, Edward	•		•	•
Willis, John	•		•	•
Wisbey, Chris (until Sep 07)			No longer a Governor	

- Indicates attendance at meeting

### **Involving and Understanding the views of our Governors and Members**

The Board of Directors welcomes all opportunities to involve and listen to the views of Governors and Members. Listed below are activities that demonstrate this commitment:

- Members voting (and standing for election) in elections for the Board of Governors;
- Seminars for Governors on subjects including Strategic Health Authority (SHA ) and other consultations, Risk Management, and New Papworth Hospital;
- Three Governor/Director Committees: Forward Planning, Appointments [NED Nomination & Remuneration], and Patient/Public Involvement and Membership (PPIM). These Committees are chaired by Governors;
- Governors attendance at the Annual Members' Meeting;
- Norfolk Governors chairing and leading Norfolk Zipper Club which supports patients and their families and actively fundraises for the Trust;
- Governor membership on the Patient Experience Panel (PEP);

- In the Summer of 2007 an extensive questionnaire was sent to all members of the Trust asking for their opinions and suggestions on a range of topics. Over 1,000 questionnaires were returned;
- During the Autumn of 2007, the Trust redesigned its website to increase its accessibility to Members and the public. Governors, Members and Non-Executive Directors were involved with the design and content through all stages of the process;
- Member engagement with the Trust through the PALS & Corporate Affairs Offices.

### **Table of attendance of Directors at Board of Governors' meetings**

<b>Name</b>	<b>26-Jun-07</b>	<b>20-Sep-07</b>	<b>27-Nov-07</b>	<b>18-Mar-08</b>
Robert Burgin	•	•	•	•
Anne Bailey		•		
John Lodge		•	•	
Howard Rolfe	•	•	•	
Michael Simmonds	•	•	•	
Nicola Mullany	Not yet appointed	Not yet appointed	Not yet appointed	•
Andrew Bradley	Not yet appointed	Not yet appointed	Not yet appointed	
Stephen Bridge	•	•	•	•
Robert McEwan				•
Claire Tripp	•	•	•	Planned Leave
Elizabeth Horne		•		•
Jane Payling	Maternity Leave	Maternity Leave	•	•
David Stone	•	•		•
Roger Swain		•	No longer a Director	No longer a Director

- Indicates attendance at meeting

Papworth Hospital is a Trust with a small management team. Executive and Non-executive Directors rationalise attendance at all Trust meetings based on the content of the agenda in order to maintain this.

### **Annual Members' Meeting**

The Trust hosted a highly successful event on 20 September 2007. Nearly 200 members attended the Annual Members' Meeting and Open Day and attendees gave the event high scores of 'good to excellent' on electronic

feedback consoles for the venue, presentation and overall experience of the day.

The day started with the Annual Members' Meeting and was followed by a buffet lunch. The afternoon saw presentations on three key projects, New Papworth Hospital, the new Cardiothoracic Diagnostic Centre, Papworth *Direct* and new developments within the Respiratory Support and Sleep Centre. The day was rounded off with in-depth tours of the hospital into areas which are not normally accessible, such as Sterile Services and the CT scanner.

## **Audit Committee**

### **Role of the Committee**

The Committee's role is to review the adequacy of the Trust's risk and control environment, particularly in relation to:

- Internal Audit, including reports and audit plans;
- External Audit, including financial systems and annual financial statements;
- Counter Fraud Services.

The Committee also ensures that the Trust's overall governance and assurance frameworks are robust and active plus it reviews the structures, processes and responsibilities for identifying and managing key risks facing the organisation. It also examines where the Trust is utilising its assets and fulfilling its processes effectively and offering best value.

The Committee is responsible for considering the appointment of the Internal Audit service and reviewing their audit fee. The Committee also reviews external audit and makes recommendations to the Board Governors for the re-appointment of the external auditor.

The Board of Governors accepted the Audit Committee's recommendation to re-appoint the external auditor at its September 2007 meeting. (The external auditors were appointed in March 2005 for a period of five years.)

The Audit Committee meets four times a year and has direct access to both External and Internal Auditors and the Local Counter Fraud Specialist.

The full terms of reference of the Committee are available from the Trust Secretary.

### **The Composition of the Committee**

As required under Monitor's Code of Governance the membership of this committee is three independent Non-executive Directors. For the purposes of Monitor's Code Howard Rolfe is considered by the Board of Directors to have recent and relevant financial experience. The membership of the Committee throughout 2007/08 was:

Howard Rolfe (Chairman)  
Anne Bailey  
John Lodge

## **Meetings and Attendance**

<b>Name</b>	<b>5 Jun 07</b>	<b>27 Sep 07</b>	<b>13 Dec 08</b>	<b>19 Feb 08</b>
Howard Rolfe, Chairman	•	•	•	•
Anne Bailey	•	•	•	•
John Lodge	•		•	•

To assist the Committee in fulfilling its role the following postholders are in attendance at meetings:

The Director of Finance, the Trust Secretary, the Head of Internal Audit, representatives from the External Auditors and the Local Counter Fraud Specialist.

The Chairman of the Audit Committee meets both auditors on a more regular basis.

The Chairman and Chief Executive are invited to attend the Audit Committee at least once a year.

The Committee has a programme of issues that it covers during the year.

Principal issues considered during 2007/08 were:

- the annual report and accounts for 2006/07 (including the external auditors ISA 260 report);
- the statement on internal control;
- the Head of Internal Audit opinion;
- the external auditors management letter for the year ended 31 March 2007;
- the internal audit plan for 2007/08;
- the external audit plan for 2007/08;
- PFI for the New Papworth Hospital;
- the introduction of International Financial Reporting Standards (IFRS);
- a governance and assurance update is considered at all meetings;
- internal audit reports on payroll, capital, Hemingford Ward, sickness absence monitoring, Thoracic Day Ward, OBC submission and main financial systems;
- a counter fraud report is presented to all meetings;
- the framework for securing best value in the development of procurement;
- the Assurance Framework structure.

During the year the Audit Committee also reviewed, standing orders, standing financial instructions, the scheme of delegation and its terms of reference.

As part of the Audit Committee's work plan for 2008/09 the Committee will develop Key Performance Indicators for Internal Audit/External Audit/Counter Fraud Service and an assessment framework for its own performance.

### **External audit reporting responsibility statement:**

The Foundation Trust is responsible for preparing the Annual Report, the Directors' Remuneration Report and the financial statements in accordance with directions issued by the Independent Regulator of Foundation Trusts ("Monitor") under the National Health Service Act 2006. The external auditors responsibility is to audit the financial statements and the part of the Directors' Remuneration Report to be audited in accordance with relevant statute, the Audit Code for NHS Foundation Trusts issued by Monitor and International Standards on Auditing (UK and Ireland).

### **External Auditor**

The external auditors of Papworth Hospital NHS Foundation Trust are:

PricewaterhouseCoopers LLP  
Abacus House  
Castle Park  
Cambridge  
CB3 0AN

The Board of Governors independently appoints the external auditor. The total cost of audit services for the year was £66,000. This was for the statutory audit of accounts for the 12 months ending 31 March 2008, and services carried out in relation to these.

As part of reviewing the content of the proposed external audit plan for each year, the Audit Committee will satisfy itself that the auditors' independence has not been compromised. A formal policy in this area will be agreed during 2008/09.



## Foundation Trust Membership

Papworth has always been a patient centred organisation and as an NHS Foundation Trust we strongly believe that greater public participation in the affairs of the Hospital combined with the freedoms afforded to Foundation Trusts will help to deliver even better services to patients.

In creating a membership we were very clear that it was more important to build an active and engaged membership rather than merely adding numbers. We are however delighted that we continue to have over 11,000 members.

### **Our Constituencies**

Following changes to our Constitution agreed by Members at our Annual Members' Meeting in September 2007 our public constituencies currently cover the whole of England and Wales allowing anyone over the age of 16 to join. Constituencies have been split to reflect Papworth's regional and national catchment areas. There are four public constituencies, covering the following areas:

Cambridgeshire  
Norfolk  
Suffolk  
The Rest of England and Wales

The staff constituency remained unchanged and is divided into 6 classes, to reflect professional groupings using the old Whitley Council classifications:

Doctors  
Nurses  
Allied Health Professionals  
Scientific and Technical  
Administrative, Clerical and Managers  
Ancillary, Estates and Others

### **Membership by constituency as at 31 March 2008**

<b>Constituencies - Public</b>	<b>Number of Members</b>	<b>%</b>
Cambridgeshire	3559	32.12
Norfolk	1809	16.32
Suffolk	1588	14.33
Rest of England and Wales	3159	28.51
Sub total	10115	
<b>Constituencies - Staff</b>		
Nurses	357	3.22
Doctors	161	1.45
Allied Health Professionals	75	0.68
Scientific & Technical	67	0.60
Ancillary, Estates & Others	48	0.43
Administrative, Clerical and Managers	259	2.34
Sub total	967	
<b>Total Membership</b>	<b>11082</b>	<b>100%</b>

### **Membership Plans**

The Trust has always favoured the recruitment of an active and engaged Membership that is representative of the community we serve. From 1 July 2005, we changed our recruitment method for staff from opt-in to opt-out, which has resulted in a staff membership of 967 as at the end of March representing 68% of staff. There are some imbalances in membership, mainly relating to young people in the 0-21 age range. Experience has shown that for our Trust, this group is the least likely to join and be engaged as the percentage of patients in this age range is very low (2%).

Our most effective recruitment campaigns have been focused on patients and their families and we will continue to target this group, whilst at the same time

evaluating the results from recent engagement/mutual working initiatives with local schools.

### **Valuing Volunteers**

Papworth Hospital continues to be indebted to its 122 volunteers who freely give their time, energy and experience to aid patients and staff and contribute greatly to the 'patient experience'. It has been found that volunteers enrich the lives of patients and their families, contributing significantly to the overall success of patient care. All the staff and patients at Papworth are extremely grateful for the hard work and commitment which our volunteers provide.

The areas of the hospital where our volunteers help have grown throughout the year and as suitable volunteers are recruited new areas are being considered where their help can be utilised. With the support and guidance of the Voluntary Services Manager, they currently assist in the following areas:

- Ward visitors;
- Trolley service around the wards;
- Meet and greet desk;
- Gift shop;
- Chaplaincy visitors;
- Administration;
- Assisting housekeeping team and help on wards;
- Help at fundraising events;
- Assisting in clinics.

### **Volunteers Christmas Lunch**

The hospital acknowledges the huge contribution that our volunteers make by inviting them to attend an annual Christmas Lunch. In December 2007 over 100 attended this lunch and our Chairman, Mr Robert Burgin, and Chief Executive, Mr Stephen Bridge, formally thanked them on behalf of all the staff for their help and dedication over the past year. Seven of our volunteers were presented with their 10 Year Long Service Awards by the Chairman and Chief Executive.

Anyone interested in hearing more about the work of our volunteers should contact our Voluntary Services Manager (via our PALS office, email: [pals@papworth.nhs.uk](mailto:pals@papworth.nhs.uk))

### **Patient Experience Panel**

We have a very active Patient Experience Panel (PEP) who have a wide breadth of experience as patients, carers or just interested members of the public. The Members are involved in many groups/committees within the Hospital bringing the patient perspective to the services we provide.

### **Reading Panel**

Twelve members of the PEP belong to our reading panel and comment at the development stage of all new patient information leaflets produced by the hospital to make sure that they will be easily understood by our patients.

## **Nominations and Remuneration Committees**

The Trust has the following Committees contributing to the process of appointment and remuneration of members of the Board of Directors:

- Nominations Committee of the Board of Directors. The Constitution of the Trust states that the Nominations Committee comprises of the Chairman, the Chief Executive and at least one Non-executive Director;
- Appointments [NED Nomination and Remuneration] Committee of the Board of Governors, comprising of only Governors;
- Executive Remuneration Committee of the Board of Directors, comprising of all the Non-Executive Directors.

### **Nominations Committee**

Two Board appointments were made in 2007/08 and there were two meetings of the Committee. The first was attended by the Chairman, the Chief Executive, the Senior Independent Director and the Deputy Chair of Governors with the Director of Human Resources in attendance. The meeting considered applications received for the openly advertised Non-executive Director (NED) vacancy and drew up a shortlist. The other meeting on the 12 November 2007 met as a formal interview panel, which included the above plus 2 further Public Governors, an External Assessor (the Chairman of another Foundation Trust) with the Trust Secretary in attendance representing the Director of Human Resources.

### **Appointments [NED Nomination and Remuneration] Committee**

The Appointments Committee is responsible for reviewing recommendations for the re-appointment of Non-executive Directors (NEDs). One NED was re-appointed for a second term of three years during 2007/08. As required under Section C.2.2 of Monitor's Code of Governance the Trust's Chairman provided the required assurances that following formal performance evaluation, the performance of the NED continued to be effective and demonstrated commitment to the role, including commitment of time for Board and Committee meetings and other duties. The Appointments Committee recommended the re-appointment to the Board of Governors.

The Appointments Committee is also responsible for setting the fees, and terms and conditions of the Trust Chairman and Non-executive Directors.

The Chairman and NEDs are not involved in any decision or discussion as to their own remuneration.

The Appointments Committee met three times in 2007/08, on the 25 July 2007, the 12 November 2007 and the 28 January 2008. Membership and attendance details are provided in the following table.

<b>Governor Members</b>	<b>Category</b>	<b>25 Jul 2007</b>	<b>12 Nov 2007</b>	<b>28 Jan 2008</b>
John Brownlow (Chair)	Public	•	•	•
Diana Bilton <sup>1</sup>	Staff		No longer a member	
Celia Hyde	Staff		•	•
Richard Maddison	Public	•	•	•
Michael Moore <sup>1</sup>	Staff		No longer a member	
John Petch	Public	•	•	•
Richard Rowlands <sup>2</sup>	Staff		•	•

<sup>1</sup>Member until September 2007

<sup>2</sup>Member from October 2007

The 25 July 2007 meeting considered the annual appraisals of the Chairman and Non-executive Directors (NEDs) and the recommendation to the Board of Governors on the re-appointment of a NED. The 12 November 2007 meeting considered the recommendation to be made to the Board of Governors on additional NED appointments. The 28 January 2008 meeting considered the remuneration and terms and conditions for NEDs for 2008/09.

Prior to the 25 July 2007 meeting a format for the appraisals of the Trust Chairman and the Non-executive Directors (NEDs) had been agreed with the Director of Human Resources. Annual appraisals of the NEDs were carried out by the Trust Chairman and reviewed by the Appointments Committee. Appraisal information was made available to members of the Committee. Individual NEDs were briefed on their appraisals by the Trust Chairman.

For the appraisal of the Trust Chairman, the Deputy Chair of Governors obtained feedback from the Chairs of Governor Committees and the Senior Independent NED. These views were amalgamated into an overall appraisal, which was presented to the Committee. Following the Committee meeting the Deputy Chair of Governors briefed the Trust Chairman on the contents of his appraisal. Appraisals are available for inspection by members of the Board of Governors through the Director of Human Resources.

The July meeting also recommended to the Board of Governors that a NED be re-appointed for a second term of three years.

The 12 November 2007 meeting made recommendations to the Board of Governors on the appointment of two additional NEDs. At the beginning of 2007/08 there were two Non-executive Director (NED) vacancies on the Board of Directors. Discussions took place in both the Appointments [NED Nomination and Remuneration] Committee and the Board of Governors on these vacancies and it was decided that one position should be recruited by open competition and that the University of Cambridge should be approached for a nomination for the second position. Both positions were filled from January 2008.

The process used for the competitively recruited position drew heavily on previous procedures; namely:

- An advertisement in a selection of national and local papers;
- Application by a CV and form. The form was specific to the role and also required applicants to make a disclosure of interests;
- A short-listing meeting of the Nominations Committee, comprising the Chairman, the Chief Executive Officer, Senior Independent Director and the Deputy Chair of Governors. The Director of Human Resources was in attendance;
- Opportunity for pre-interview visits to the Hospital;
- Interviews by the Nominations Committee, which included the above with two additional Public Governors, an External Assessor and the Trust Secretary in attendance;
- A post-interview meeting of the Appointments [NED Nomination and Remuneration] Committee to which all staff Governors as well as committee members had been invited. The Deputy Chair of Governors is the Chair of the Committee. The Deputy Chair of Governors, the two Public Governors and the Trust Secretary reported to the Committee on the interview process and obtained endorsement for a recommendation on appointment to the Board of Governors;
- Recommendation to the Board of Governors meeting on the 27 November and formal decision on appointment;

- Offer(s) of appointment.

The 28 January 2008 meeting considered the remuneration of the Chairman and NEDs. At the meeting it was agreed that the Chairman and NEDs should receive a cost of living increase for 2008/09 equivalent to that awarded to staff on Agenda for Change contracts (percentage not yet confirmed as at 31 March 2008). No increase had been recommended in either 2006/07 or 2007/08.

### **Executive Remuneration Committee**

This Committee has delegated authority by the Board of Directors to determine the salary and terms and conditions for Executive Directors. The Chairman and all Non-executive Directors are members of this Committee.

Details of Executive and Non-executive remuneration during 2007/08 can be found in the Remuneration Report.

### **Table of attendance of Non- executive Directors at Executive Remuneration Meetings**

<b>Name</b>	<b>26-Apr-07</b>	<b>5-Jun-07</b>
Robert Burgin	•	•
Anne Bailey	•	•
John Lodge	•	•
Howard Rolfe	•	•
Michael Simmonds	•	•
Nicola Mullany	Not yet appointed	Not yet appointed
Andrew Bradley	Not yet appointed	Not yet appointed



## **Remuneration Report**

Non-executive Directors' remuneration consists of fees determined by the Appointments [Nominations and Remuneration] Committee of the Board of Governors. See previous section on this Committee. All remuneration is reviewed annually by the Committee. Non-executive Directors are additionally reimbursed for expenses incurred on Trust business.

### **Elements of the Executive Directors' Remuneration**

Executive Directors' salaries are reviewed annually, taking into account external market levels and internal comparisons as well as the individual's responsibilities and overall performance against annually agreed objectives. The basic salary is paid as a fixed sum monthly and there is no separate payment or bonus related directly to performance.

### **Pensions**

Executive Directors are eligible to participate in the NHS Pension Scheme which provides salary-related pension benefits on a defined benefit basis.

### **Employment Contracts**

The policy of the Executive Remuneration Committee is for the contracts of employment of Executive Directors to contain a maximum notice period of six months. Each contract expires on the pensionable age of the individual which is the normal NHS retirement age, but is subject to earlier termination for cause or if notice is given under the contract. There is no entitlement to any additional remuneration in the event of early termination other than in the case of termination on grounds of redundancy.

### **Remuneration received**

The remuneration of the Board of Directors appointed or leaving during the year is included in respect of their period of membership only.

### **Remuneration**

Details of audited Directors' remuneration for 2007/08 and 2006/07 are given on the next page:

### Year ended 31 March 2008 (audited Information)

Name and Title	Salary	Other Remuneration <sup>2</sup>	Benefits in kind
	(bands of £5000)	(bands of £5000)	(Rounded to the nearest £100)
Mr R Burgin – Chairman	35-40	0	500
Mrs A Bailey – Non-executive Director	10-15	0	0
Prof. J Bradley – Non-executive Director (Commenced Jan – 08)	0-5	0	0
Mr J Lodge – Non-executive Director	10-15	0	100
Miss N Mullany – Non-executive Director (Commenced Jan – 08)	0-5	0	0
Mr H Rolfe – Non-executive Director	10-15	0	300
Prof. M Simmonds – Non-executive Director	10-15	0	600
Mr S Bridge – Chief Executive	135-40	0	9,800
Ms J Payling – Director of Finance (i)	55-60	0	100
Mr R Swain – Interim Director of Finance (ii)	35-40	0	0
Miss E Horne – Director of Human Resource	70-75	0	100
Dr R McEwan – Director of Operations	85-90	0	300
Dr D Stone – Medical Director (iii)	100-105	50-55	3,400
Mrs C Tripp – Director of Nursing	70-75	0	0

### Year ended 31 March 2007

Name and Title	Salary <sup>1</sup>	Other Remuneration <sup>2</sup>	Benefits in kind <sup>3</sup>
	(bands of £5000)	(bands of £5000)	(Rounded to the nearest £100)
Mr R Burgin	35-40	0	0
Prof. E Chilvers – Non-executive Director (Resigned Sept 06)	5-10	0	0
Mrs A Bailey – Non-executive Director	10-15	0	0
Mr J Lodge – Non-executive Director	10-15	0	0
Mr H Rolfe – Non-executive Director	10-15	0	0
Prof. M Simmonds – Non-executive Director	10-15	0	0
Mr S Bridge – Chief Executive	120-125	0	9,200
Ms J Payling – Director of Finance	75-80	0	0
Miss E Horne – Director of Human Resource	70-75	0	0
Dr R McEwan – Director of Operations	80-85	0	0
Dr D Stone – Medical Director	55-60	120-125	6,200
Mrs C Tripp – Director of Nursing	65-70	0	0

- i) On maternity leave from 1 Apr to 4 Nov 07
- ii) Covering maternity leave from 1 Apr 07 to 04 Nov 07
- iii) Dr Stone's 2007/08 salary figure reflects a repayment of an overpayment which occurred during the implementation of the new consultant contract. Dr Stone received a gross salary in the range of £150k - £160k for 2007/08. This is disclosed gross of the overpayment of £27.5k, which is due for repayment on 31 May 2008. A debtor of £27.5k has been included in the 31 March 2008 balance sheet for the recovery of this amount together with the recovery of associated PAYE and employer costs

### **Notes**

- 1. Salary and other remuneration excludes the employer's pension contribution and is gross of pay charges to other NHS Trusts
- 2. Other remuneration represents remuneration for clinical duties
- 3. Benefits in kind relate to the benefit of a lease car and in 2007/08 taxable benefit on mileage
- 4. No payments were made in respect of 'golden hellos' or compensation for loss of office
- 5. No compensation payments were made to past Executive or Non-executive Directors
- 6. No payments were made to a third party for the services of an Executive Director or Non-executive Director
- 7. No Executive Director served as a Non-executive Director elsewhere.

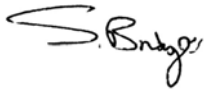
### Pension Benefits 31 March 2008 (audited information)

Name and Title	Lump Sum at age 60	Real Increase in Lump sum at age 60	Cash Equivalent Transfer Value	Real increase in Cash Equivalent Transfer Value	Accrued Pension	Real Increase in Pension
	(bands of £2500)	(bands of £2500)				
	£000	£000	£000	£000	£000	£000
Mr S Bridge – Chief Executive	162.5-165	12.5-15	885	68	52.5-55	2.5-5
Ms J Payling – Director of Finance	37.5-40	0	138	(11)	12.5-15	0
Mr R Swain – Interim Director of Finance	n/a	n/a	n/a	n/a	n/a	n/a
Miss E Horne – Director of Human Resource	60-62.5	0	253	4	20-22.5	0
Dr R McEwan – Director of Operation	35-37.5	2.5-5	161	13	10-12.5	0-2.5
Dr D Stone – Medical Director	165-167.5	10-12.5	1,028	6	55-57.5	2.5-5
Mrs C Tripp – Director of Nursing	57.5-60	2.5-5	273	17	17.5-20	0-2.5

### Pension Benefits 31 March 2007

Name and Title	Lump Sum at age 60	Real Increase in Lump sum at age 60	Cash Equivalent Transfer Value	Real increase in Cash Equivalent Transfer Value	Accrued Pension	Real Increase in Pension
	(bands of £2500)	(bands of £2500)				
	£000	£000	£000	£000	£000	£000
Mr S Bridge - Chief Executive	145-147.5	15-17.5	767	74	47.5-50	5-7.5
Ms J Payling - Director of Finance	42.5-45	0-2.5	149	6	12.5-15	0-2.5
Miss E Horne - Director of Human Resources	57.5-60	2.5-5	241	13	17.5-20	0-2.5
Dr R McEwan - Director of Operations	30-32.5	0-2.5	139	9	10-12.5	0-2.5
Dr D Stone - Medical Director	150-152.5	5-7.5	917	36	50-52.5	0-2.5
Mrs C Tripp - Director of Nursing	52.5-55	0-2.5	242	12	17.5-20	0-2.5

Non-executive Directors do not receive pensionable remuneration therefore there are no entries in respect of pensions for Non-executive Directors. Information contained within this note is based on figures provided by the NHS Pension Agency. The CETV is the actuarially assessed capitalised value of the pension scheme benefits accumulated by a member at a particular point in time. The benefits valued are the members' accumulated benefits and any contingent spouse's pension payable from the scheme. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.



S Bridge  
Accounting Officer  
3 June 2008



R Burgin  
Chairman  
3 June 2008

## **NHS Foundation Trust Code of Governance**

The Board of Directors and the Board of Governors of the Trust are committed to the principles of good corporate governance as detailed in the NHS Foundation Trust Code of Governance. Since publication of the Code of Governance, work has been undertaken within the Trust to evaluate compliance with the provisions of the code. Appendix A to the Annual Report provides a summary of disclosures that the code states are required in the Annual Report.

The following sections explain how the principles and supporting principles of the Code have been applied:

### **1. The Board**

The Board of Directors of Papworth Hospital NHS Foundation Trust is responsible for ensuring proper standards of corporate governance are maintained.

The Board, as from January 2008, is made up of the Chairman, 6 Executive Directors and 6 independent Non-executive Directors and is collectively responsible for the success of the Trust.

The Chairman satisfied the independence criteria of the code on his appointment and all the Non-executive Directors who have served during the year are considered to be independent according to the principles of the Code.

The Board considers strategic issues. The New Hospital Project is considered at all Board of Director, Board of Governor and Forward Planning Committee of the Board of Governors meetings.

The Board meets regularly and has a formal schedule of matters specifically reserved for its decision. The Board delegates other matters to the Executive Directors and other senior management. The Board has approximately 11 scheduled meetings each year.

The Directors are given accurate timely and clear information so that they can maintain full and effective control over strategic, financial, operational, compliance and governance issues. The Directors have a range of skills and experience and each brings independent judgement and considerable knowledge to the Board's discussions and determinations.

The Trust has arranged appropriate insurance cover in respect of legal proceedings and other claims against its Directors.

Details of the composition of the Board and the experience of the Directors are contained within the Annual Report which also includes information about the standing committees of the Board, the membership of those committees, and attendance.

Arrangements have been put in place by which the Trust's employees may in confidence raise concerns about matters of concern to them. These arrangements are covered in the Trust's "Policy for Raising Matters of Concern" commonly known as a "Whistle Blowing Policy".

The Chairman of the Trust is Chairman of the Board of Directors and Board of Governors and leads both Boards on strategy and monitoring. The Chief Executive has responsibility for the implementation of strategy and the day to day operations of the Trust.

## 2. The Board of Governors

The Board of Governors is responsible for representing the interests of NHS Foundation Trust members and stakeholder organisations in the governance of the Trust and exercises certain statutory powers, such as the appointment of Non-executive Directors and the External Auditor.

The Board of Governors is made up of 18 elected public members, 7 elected staff members and 7 appointed stakeholder representatives.

The Board of Governors meets four times a year in plenary session.

Details of the composition of the Board of Governors and attendance at meetings are contained within the Annual Report.

## 3. Independent Professional Advice

Independent professional advice is provided as required to the Board or its standing committees.

All of the Directors and Governors have access to the Trust Secretary for additional advice and services.

## 4. Performance Evaluation

The Board keeps under continuous review its performance and that of its Committees and individual Directors.

The appraisal of the Chairman and Non-executive Directors is carried out for and on behalf of the appointing body - the Board of Governors. The appraisal of the Chief Executive and Executive Directors is carried out for and on behalf of the Board of Directors by the Executive Remuneration Committee (all Non-executive Directors are members).

#### 5. Relations with Members

The Board recognises the importance of good communications with Members of the Trust. The Annual Members Meeting is used as an opportunity to communicate with Members in addition to the Members Newsletter "Pulse".

The Board enjoys a close working relationship with the Board of Governors. Directors attend meetings of the Board of Governors on a rotational basis and/or as business requires.

The Chairman, Chief Executive and Director of Finance attend the Forward Planning Committee of the Board of Governors. The Director of Nursing attends the Public and Patient Involvement/Membership Committee of the Board of Governors.

The Annual Plan submitted to Monitor has regard to the view of the Board of Governors and the Trust's Annual Report is submitted to the Board of Governors.

#### 6. Auditor Independence and Objectivity

The Board of Governors has appointed PriceWaterhouseCoopers (PWC) as the Trust's External Auditor. The Trust does not commission non-audit services from PWC in order that the Auditor may maintain the necessary degree of independence and objectivity.

#### 7. Going Concern

The Board confirms that it is satisfied that the Trust has adequate resources to continue in operation for the foreseeable future.

#### 8. Internal Control

The Board is committed to managing risk and to controlling its activities in a manner which enables it to fulfil its terms of authorisation and ensure compliance with applicable laws and regulations while avoiding or reducing risks which could cause loss or reputational damage.



To achieve this, the Board has established a process for the identification, evaluation and management of risks as part of an assurance framework.

The Trust's activities are conducted within an accountability framework underpinned by policy statements, written procedures and manuals. This ensures that there are written policies and procedures to identify and manage risk. Compliance with policies and procedures is the responsibility of all managers. The Board is not aware of any material exceptions to its policies.

The performance of the Trust's activities is reported regularly to the Trust Management Executive and to the Board of Directors. Financial information is prepared in accordance with appropriate accounting policies which are applied consistently.

The effectiveness of the Trust's internal control system is reviewed regularly by the Board, its committees, senior management and Internal Audit. Internal Audit reports regularly to the Board's Audit Committee.

## Compliance Statement

The Board of Directors considers that throughout the year it was fully compliant with the provisions of the NHS Foundation Trust Code of Governance with the following exceptions:

### **A.1 The Board of Directors**

#### **Constitution**

The constitution was revised in November 2005 and included areas on a Primary Care Trust (PCT) basis. All amendments to the constitution have to be approved by an Annual Members Meeting. A revised constitution was brought to the 20 September 2007 Annual Members Meeting, which included constituencies based on electoral boundaries. **As at 31 March 2008 the Trust was compliant.**

#### Dispute Resolution between the two Boards

There should be a statement explaining how disagreements between the Board of Governors and the Board of Directors will be resolved. During the year revised Standing Orders were approved which included a provision on dispute resolution between the two Boards. **As at 31 March 2008 the Trust was compliant.**

### **A.3 Balance and Independence of the Board**

#### Non Executive Board Majority

At least half of the Board, excluding the Chairman, should be independent. The Board of Directors (from April 2007) consisted of the Chairman, four Non-executive Directors (NEDs) and six Executive Directors, with two NED vacancies. Two additional NEDs were appointed from 1 January 2008. **As at 31 March 2008 the Trust was compliant.**

#### Value of Refreshing Committee Membership

During 2007/08 the Board felt that it was unable to refresh Board Committee membership as Non-executive Directors had been appointed for particular skill sets and two vacancies existed on the Board. Two new NED's were appointed from 1 January 2008 and Committee membership for 2008/09 is currently being reviewed.

### **C.2 Re-election of Directors and Governors**

#### Terms of Appointment NEDs and Governors

The code specifies that Non-executive Directors and Governors must be subject to re-appointment at intervals of no more than three years. The current Chairman was appointed in February 2005 for four years, prior to the publication of the Code of Governance.

#### Terms of Appointment of the Chief Executive and Executive Directors

The code specifies that Executive Directors should be submitted for re-appointment at intervals of no more than five years. The Trust has not appointed the Chief Executive and Executive Directors with fixed terms. Such "rolling fixed term" contracts are expensive to terminate and were abandoned by the NHS as a matter of policy some time ago for that very reason. The insecurity of tenure, particularly in the case of Chief Executives, whose appointment is to be confirmed by the Board of Governors, will not support the recruitment and retention of candidates of the high calibre required. Appraisal processes, employment policies and terms and conditions of appointment are in place to deal with the possibility of suboptimal performance and its consequences.

#### Information about elected Governors standing for re-election

The Trust agrees that the attendance record at formal, plenary meetings of the Board of Governors is relevant and should be made available to voters when elected Governors stand for re-election and this was done for elections in 2007.

The Trust does not believe that attendance at other events organised by the Trust for Governors is of the same status and should also be so reported. In the interests of recruiting a diverse and representative Board of Governors, the Trust recognises that elected members will come from a wide variety of backgrounds and will be able to devote different amounts of time to the role, in addition to the minimum required to attend formal meetings. The nature of the Trust's Public Constituencies (including Rest of England and Wales, Norfolk, Suffolk and Cambridgeshire) also means that a number of the Trust's Governors travel a considerable distance to attend meetings.

## **D.1 Information and Professional Development**

### Independent professional advice for Non-executive Directors

Independent Professional advice is provided as requested to the Board of Directors or its Committees. The Trust has not set up arrangements for the Non-executive Directors to have individual direct access to independent professional advice at the Trust's expense and at the discretion of those Non-executive Directors. This is consistent with the principle of collective Board responsibility in a unitary Board with equal degrees of responsibility amongst all members of the Board.

All Directors and Governors have access to the Trust Secretary through whom additional legal advice can be sourced if required. The Trust's legal advisors have, however, been asked to suggest an additional clause (if required) for the Trust's Standing Orders.

## **E.1 Director Remuneration**

### External professional advice on remuneration for the Chairman and Non-executive Directors

The Board of Governors did not appoint external professional advisers to market test the remuneration levels of the Chairman and other Non-executive Directors. The recommendations made to the Board of Governors during 2007/08 were based on benchmarking information obtained from a number of sources, including the Foundation Trust Network, which provides benchmarked and externally validated guidance relevant to Foundation Trusts at a collective national level.

## **Schedule A Disclosure of Corporate Governance Arrangements**

See Schedule of disclosure requirements in Appendix A.

## **Statement of the Chief Executive's responsibilities as the accounting officer of Papworth Hospital NHS Foundation Trust.**

The National Health Service Act 2006 ("the 2006 Act") states that the Chief Executive is the accounting officer of the NHS Foundation Trust. The relevant responsibilities of accounting officer, including their responsibility for the propriety and regularity of public finances for which they are answerable, and for the keeping of proper accounts, are set out in the accounting officers' Memorandum issued by the Independent Regulator of NHS Foundation Trusts ("Monitor").

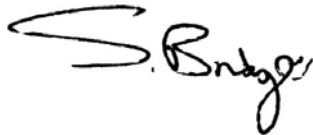
Under the 2006 Act, Monitor has directed the Papworth Hospital NHS Foundation Trust to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of Papworth Hospital NHS Foundation Trust and of its income and expenditure, total recognised gains and losses and cash flows for the financial year.

In preparing the accounts, the accounting officer is required to comply with the requirements of the NHS Foundation Trust Financial Reporting Manual and in particular to:

- Observe the Accounts Direction issued by Monitor, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- Make judgements and estimates on a reasonable basis
- State whether applicable accounting standards as set out in the NHS Foundation Trust Financial Reporting Manual have been followed, and disclose and explain any material departures in the financial statements and
- Prepare the financial statements on a going concern basis.

The accounting officer is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the NHS Foundation Trust and to enable him to ensure that the accounts comply with requirements outlined in the above mentioned Act. The accounting officer is also responsible for safeguarding the assets of the NHS Foundation Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

To the best of my knowledge and belief, I have properly discharged the responsibilities set out in Monitor's NHS Foundation Trust Accounting Officer Memorandum.



Stephen Bridge  
Chief Executive  
3 June 2008

<p style="text-align: center;"><b>Papworth Hospital NHS Foundation Trust Statement on Internal Control</b></p>
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**1. Scope of Responsibility**

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the NHS Foundation Trust's policies, aims and objectives, whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me. I am also responsible for ensuring that the NHS Foundation Trust is administered prudently and economically and that resources are applied efficiently and effectively. I also acknowledge my responsibilities as set out in the NHS Foundation Trust Accounting Officer Memorandum.

**2. The Purpose of the System of Internal Control**

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

process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives of Papworth Hospital NHS Foundation Trust, to 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 Papworth Hospital NHS Foundation Trust for the year ended 31 March 2008 and up to the date of approval of the annual report and accounts.

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

### **3. Capacity to handle risk**

Accountability arrangements of the Chief Executive include a requirement to provide regular corporate performance reports to the Board of Directors and the Board of Governors on the Trust's performance against key national targets and on the Trust's financial status.

The Chief Executive also has responsibility to:

- Ensure that responsibilities for the management and co-ordination of risk are clear;
- Ensure that major risk management policies and procedures are ratified through the appropriate structures;
- Identify and allocate the required resources, from within available funds, to implement risk management initiatives;
- Ensure communication with stakeholders on problems of mutual concern.

The Trust's Risk Management Strategy details how these are achieved, and the requirements for consulting with stakeholders in determining risks and mitigating actions.

### **4. The risk and control framework**

The Trust has established an Audit Committee, a Governance Committee, a Finance and Workforce Committee, a Risk Management Group and a Clinical

Governance Management Group, with reporting lines established to the Board of Directors.

- There are three key elements that contribute to the risk and control framework and delivery of a Statement of Internal Control:
  - I. **The Assurance Framework**—Identifies necessary disclosures and is the evidence base to demonstrate effective controls and adequacy of assurance. This demonstrates the relationship with service objectives and provides a uniformity of approach across the Trust providing a visible link to the Corporate Risk register where entries are risk rated >15.
  - II. **The Assurance Register** - identifies the topics reviewed by outside agencies e.g. The Healthcare Commission; Health and Safety Executive; Environment Agency etc. The register provides a schedule of visits from external scrutineers.
  - III. **The Corporate Risk Register** – Identifies the risks (scoring >15) and how these are managed and monitored.
- The Trust Executive is responsible for reviewing and reporting to the Board all significant risks, fed into it by the various functional reporting groups forming part of the core management process.
- The Risk Management Strategy sets out the key responsibilities for managing risk within the Trust. A traditional risk assessment matrix is used to ensure a consistent approach is taken to assessing risk.
- The risk management function is managed by the Directorate of Clinical Governance and Risk Management. There is a range of policies in place to describe the roles and responsibilities of staff in identifying and managing risk and these policies set out clear lines of responsibility and accountability. All relevant policies are available for viewing on the intranet and are regularly updated.
- Each Directorate has a risk management coordinator, who attends meetings of the Risk Management Group to share experience and best practice. Good practice in the control or treatment of risk is regularly shared with other Trusts through the various risk and governance forums and benchmarking groups attended by Trust staff.

The Board of Directors and Board of Governors review the key risks and performance indicators regularly. The Boards also receive regular reports

and updates on actions, through which the Boards have been enabled to reach an opinion on the quality of systems of internal control operating throughout the Trust.

Patients and relatives are involved in reviewing serious adverse incidents and serious complaints and in the development of action plans to reduce the risk of recurrence. The Patient Advice and Liaison Service (PALS) is well established and provides central, anonymous reporting of concerns raised by patients and/or the public.

Additional controls have been put in place by the Trust to support risks associated with the external provision of payroll services.

The Trust has participated in the Information Governance Assurance Programme between December 2007 and March 2008. It has carried out an information mapping exercise and where appropriate, has established an action plan. The Trust can report that it has had no serious untoward incidents involving the loss of data or breach of confidentiality for 2007/08. The Trust has signed the NHS Connecting for Health Statement of Compliance and scored 76% (green) in the NHS Connecting for Health Information Governance Toolkit version 5.0.

## **5. Review of economy, efficiency and effectiveness of the use of resources**

As Accounting Officer, I have responsibility for reviewing the economy, efficiency and effective use of resources. This is done in a number of ways:

- Regular review of financial performance by the Board of Directors, Audit Committee and Finance and Workforce Committee.
- Reports by Internal Audit on the use of the Trust's resources.
- Use of benchmarking data and comparative work to provide assurance and inform and guide improvement in financial and clinical performance.
- Listening and responding to matters raised by our patients, members and Governors.

## **6. Review of effectiveness**

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the



executive managers within the NHS Foundation Trust who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. 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, the Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

**My review is informed in a number of ways:**

- Dialogue with Executive Managers within the organisation who have responsibility for the development and maintenance of the system of internal control, the risk management system and the assurance framework.
- It recognises the dynamic nature of assurance and the work that has been undertaken to further develop the Trusts assurance framework and enhance the SIC.
- The work of Internal Audit throughout the year, including advice and support on the development of the Board's assurance framework.
- The assurance provided by the regular review of the various documents/reports that evidence the effectiveness of the controls in place to manage the risks to the organisation in achieving its principal objectives.
- The Audit Committee has advised me on the implications of the result of my review of the effectiveness of the system of internal control. A plan to address weaknesses and ensure continuous improvement of the system is in place.
- The Risk Management Group has examined the overall risk profile of the Trust, and reported to the Trust Executive, as well as monitoring how the Risk Management Strategy is embedded into the culture of the Trust. Relevant committees focus on key risks in their own areas.
- Standards for Better Health assessments, 'excellent' for both the use of resources and quality of clinical services. (2006/07 annual health check ratings published in October 2007).
- Healthcare Commission reviews, including the heart transplant review published in November 2007.
- Consultation with Patient and Public Involvement groups, e.g. Patient Experience Panel, Patient Forum.
- External Audit reports.
- NHS Litigation Authority level one accreditation in respect of the Clinical Negligence Scheme for Trusts and the Risk Pooling Scheme for Trusts.
- Close monitoring of financial performance and delivery on savings plans.
- Maintaining cash flow and liquidity.

- The achievement of a financial risk rating of '4' in Q1 and '5' in Q2 to Q4.
- Monitor assessment on a quarter by quarter basis throughout 2007/08 that the Trust has rated 'green' for both its provision of mandatory services and governance arrangements.

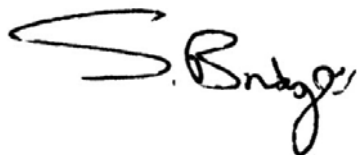
The Trust Board of Directors reviewed the assurance framework and assurance register for 2007/08 at its April 2008 meeting. The next formal review of the Corporate Risk Register will take place at the June 2008 Board meeting.

In April 2008 the Trust Board approved the Healthcare Commission Standards for Better Health declaration for 2007/08. The declaration stated full compliance across all standards for the year.

The Audit Committee has reviewed the overall framework for internal control, and has recommended this statement to the Board of Directors.

## **7. Conclusion**

No significant control issues (i.e. issues where the risk could not be effectively controlled) have been identified in respect of 2007/08. The Board has, however, recognised the need for ongoing testing in localities of its arrangements for business continuity and will be reviewing its payroll service provision during 2008/09.



Stephen Bridge  
Chief Executive  
3 June 2008

## **Independent Auditor's Report to the Board of Governors of Papworth Hospital NHS Foundation Trust**

We have audited the financial statements of Papworth Hospital NHS Foundation Trust for the year ended 31 March 2008 which comprise the Income and Expenditure Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Cashflow Statement and the related notes. These financial statements have been prepared in accordance with the accounting policies set out therein. We have also audited the information in the Directors' Remuneration Report that is described as having been audited.

### **Respective Responsibilities of Directors and Auditors**

The Foundation Trust is responsible for preparing the Annual Report, the Directors' Remuneration Report and the financial statements in accordance with directions issued by the Independent Regulator of Foundation Trusts ("Monitor") under the National Health Service Act 2006. Our responsibility is to audit the financial statements and the part of the Directors' Remuneration Report to be audited in accordance with relevant statute, the Audit Code for NHS Foundation Trusts issued by Monitor and International Standards on Auditing (UK and Ireland).

This report, including the opinion, is made solely to the Board of Governors of Papworth Hospital NHS Foundation Trust in accordance with paragraph 24(5) of Schedule 7 of the National Health Service Act 2006 (the Act) and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Director's Remuneration Report to be audited have been properly prepared in accordance with the directions issued by Monitor under the National Health Service Act 2006. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

We review whether the Accounting Officer's statement on internal control is misleading or inconsistent with other information we are aware of from our audit of the financial statements. We are not required to consider, nor have we considered, whether the Accounting Officer's statement on internal control covers all risks and controls. We are also not required to form an opinion on the effectiveness of the NHS Foundation Trust's corporate governance procedures or its risk and control procedures.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Director's report, Chairman's Statement, the Audit Committee report and the unaudited elements of the Directors' Remuneration Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

In addition we report to you if, in our opinion, the NHS foundation trust has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

### **Basis of audit opinion**

We conducted our audit in accordance with section 62 and Schedule 10 of the National Health Service Act 2006 and the Audit Code for NHS Foundation Trusts issued by Monitor, which requires compliance with relevant auditing standards 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 Directors' Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgements made by the NHS Foundation Trust in the preparation of the financial statements, and of whether the accounting policies are appropriate to the NHS Foundation Trust's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the part of the Directors' Remuneration Report to be audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Directors' Remuneration Report to be audited.

## **Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with the NHS Foundation Trust Financial Reporting Manual, of the state of affairs of Papworth Hospital NHS Foundation Trust as at 31 March 2008 and of its income and expenditure for the year then ended;
- the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the National Health Service Act 2006 and the directions made thereunder by Monitor;  
and
- the information given in the Directors' Report is consistent with the financial statements.

## **Certificate**

We certify that we have completed the audit of the accounts in accordance with the requirements of Chapter 5 of Part 2 to the National Health Service Act 2006 and the Audit Code for NHS Foundation Trusts issued by Monitor.

PricewaterhouseCoopers LLP  
Cambridge

9 June 2008

## APPENDIX A

### Monitor's Code of Governance Disclosure Requirements

Monitor's 'The NHS Foundation Trust Code of Governance' requires that certain information is disclosed in the Annual Report. For ease of reference the following table lists the disclosure requirements and states where disclosure is made.

<b>Schedule A: Disclosure of corporate governance arrangements</b>	
The Annual Report should record:	
A statement of how the Board of Directors and the Board of Governors operate, including a high-level statement of which types of decisions are to be taken by each of the Boards and which are to be delegated to management by the Board of Directors (A.1.1);	See Directors' Report.
The names of the Chairman, the Deputy Chairman (where there is one), the Chief Executive and Senior Independent Director and the Chairman and Members of the Nomination, Audit and Remuneration Committees (A.1.2);	See Directors' Report.
The number of meetings of the Board of Directors and those Committees and individual attendance by Directors (A.1.2);	See Directors' Report.
The names of the Non-executive Directors who the Board determines to be independent, with reasons where necessary (A.3.1);	See Directors' Report.
A description of each Director's expertise and experience (A.3.4);	See Directors' Report.
A clear statement about the Board of Directors' balance, completeness and appropriateness (A.3.4);	See Directors' Report.
The names of the Governors and details of their constituency, whether they are elected or appointed and the duration of their appointments (B.1.3);	See Board of Governors

The number of meetings of the Board of Governors and individual attendance by Governors and Directors (B.1.3);	See Board of Governors.
The other significant commitments of the Chairman and any changes to them during the year (C.1.6);	See Directors' Report.
A separate section describing the work of the Nomination Committee, including the process it has used in relation to Board appointments and an explanation if neither external search consultancy nor open advertising has been used in the appointment of a Chairman or a Non-executive Director (C.1.12);	See Annual Report of the Appointments [NED Nomination & Remuneration] Committee.
How performance evaluation of the Board of Directors, its committees and its Directors has been conducted (D.2);	See Report of Appointments [NED Nomination & Remuneration] Committee.
As part of the remuneration disclosures of the Annual Report, where an Executive Director serves as a Non-executive Director elsewhere, whether or not the Director will retain such earnings (E.1.3);	See Remuneration Report. No Executive Director Serves as a Non-executive Director elsewhere.
An explanation from the Directors of their responsibility for preparing the accounts and a statement by the auditors about their reporting responsibilities (F1.1);	See Directors' Report and Auditors' Report.
A statement from the Directors that the business is a going concern, with supporting assumptions or qualifications as necessary (F1.2);	See page 35.
A report that the Board has conducted a review of the effectiveness of the group's system of internal controls (F.2.1);	See Statement on Internal Control.
A separate section describing the work of the Audit Committee in discharging its responsibilities (F.3.3);	See Audit Committee Report.

Where the Board of Governors does not accept the Audit Committee's recommendation on the appointment, reappointment or removal of an external auditor, a statement from the Audit Committee explaining the recommendation and the reasons why the Board of Governors has taken a different position (F.3.5);	Not applicable. Board of Governors accepted recommendation to re-appoint external auditors.
An explanation of how, if the auditor provides non-audit services, auditor objectivity and independence is safeguarded (F.3.7);	Not applicable. No additional services provided.
Contact procedures for members that wish to communicate with Governors and/or Directors (G.1.4); and	See last page of Annual Report.
The steps the Board has taken to ensure that members of the Board, and in particular the Non-executive Directors, develop an understanding of the views of Governors and Members about their NHS Foundation Trust (G.1.5).	See Board of Governors.
The following information should be made available (which may be met by making it available on request and making the information available on the NHS Foundation Trust's website)	
A statement of the objectives of the NHS Foundation Trust and an explanation of how interests of patients, the local community and other stakeholders will be balanced (A.1.4);	Objectives are available as part of the Board Assurance framework which is available on request.
The terms of reference of the Nomination, Remuneration and Audit Committees, explaining their role and the authority delegated to them by the Boards (E.2.1 and F.3.3);	Available on request to the Trust Secretary.
A description of each Director's expertise and experience (A.3.4.);	See Directors' Report.
A clear statement about the Board of Directors' balance, completeness and appropriateness (A.3.4);	See Directors' Report.
The terms and conditions of appointment of Non-executive Directors (C.1.7);	See Directors' Report.



Where remuneration consultants are appointed, a statement of whether they have any other connection with the NHS Foundation Trust (E.2.1);	No remuneration consultants appointed.
The policy on the involvement of Members, patients and the local community at large, including a description of the kind of issues on which they will be consulted (G.1.1); and	See Membership Strategy, available on Trust website.
Contact procedures for Members that wish to communicate with Governors and/or Directors (G.1.4).	See pages 18 and 63.
The Board should set out Governors in the papers accompanying a resolution to re-appoint a Non-executive Director.	
Confirmation from the Chairman that, following formal performance evaluation, the individual's performance continues to be effective and to demonstrate commitment to the role, including commitment of time for Board and Committee meetings and any other duties (C.2.2).	This is done. See Report of the Appointments [NED Nominations & Remuneration] Committee.
The Board should set out to Members in the papers accompanying a resolution to elect or re-elect a Governor.	
Sufficient biographical details and other relevant information, including any prior performance information, to enable Members to take an informed decision on their election or re-election of Governors (C.2.3).	Candidates election statements include details of Board of Governors attendance for Governors seeking re-election.