

Papworth

Annual Report

Accounts

Papworth Hospital
NHS Foundation Trust



1st July 2004 - 31 March 2005

Presented to Parliament pursuant to Schedule 1, paragraph 25(4) of the
Health and Social Care (Community Health and Standards) Act 2003



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This is Papworth's first Annual Report as a Foundation Trust. The Report covers the 9-month period 1 July 2004 – 31 March 2005, to reflect our time as a Foundation Trust. The Accounts in S. 9 give financial information for that 9-month period. However, where performance data is presented, it reflects full-year performance, to enable comparisons to be made with previous years. The Trust has also prepared a 3-month Annual Report, to reflect its residual period as an NHS Trust, from 1 April 2004 – 30 June 2004. This report is available on request from the Corporate Affairs Department, Papworth Hospital NHS Foundation Trust, Papworth Everard, Cambridge CB3 8RE.

The Trust has had a demanding, yet stimulating, year, adjusting to its new status, and learning to work with our Board of Governors and membership community. Managing change is always a challenge, but Papworth has never been averse to innovation, and we have developed a resilience that enables us to cope. This has been especially beneficial this year, as not only did we become a Foundation Trust, but also acted as an early implementer for *Agenda for Change*, the NHS pay and conditions initiative, and *Payment by Results*, the new NHS tariff-based payment regime; worked hard to gain approval of our Strategic Outline Case for a new Papworth Hospital, to open in 2011; and won a £1.5m capital grant to open the first Research Bio Incubator Centre on an NHS site. And these are just some examples of what we have accomplished this year! So, thanks to all our staff, supporters, our new Governors and members, for their enthusiasm, commitment and hard work, without which much of this could not have been achieved.

Above all, the Report should be read within the context of the Trust's mission statement:

"The Trust aims to maintain its standing as a centre of excellence for the diagnosis and treatment of and research into cardiothoracic disease and to continue to develop standards of excellence in patient care."

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John Beadsmoore
Chair

A handwritten signature in black ink, appearing to read 'S. Bridge'.

Stephen Bridge
Chief Executive

2004/2005 was an exciting, yet challenging and stressful year for Papworth. Significant achievements included:

- **Attainment of NHS Foundation Trust status, on 1 July 2004.**
- **Approval of the Strategic Outline Case for a new, Private Finance Initiative funded Papworth Hospital (c. £209 million, to open in 2011).**
- **Ensuring that by the end of March 2005, no patient was waiting for a heart operation more than three months.**
- **Successful implementation of the new NHS pay and conditions package, *Agenda for Change*. Papworth was one of only 12 NHS Trusts piloting the massive new scheme, as an Early Implementer site.**
- **Receipt of a £1.5 million capital grant from the East of England Development Agency to open the first Research Bio Incubator Centre on an NHS site.**

On a less positive note, the Trust suffered financially from the refusal of the Department of Health to provide full reimbursement of the costs of implementing *Agenda for Change*. Equally, Payment by Results is not yet sufficiently refined to cope with some of the complex procedures performed at specialist Trusts, and we are working with the Department of Health to ensure that future versions of the tariff more fairly recompense such complexities.

In common with most NHS Hospital Trusts, Papworth also incurred financial problems with the implementation of the Consultant Contract, again due to the miscalculation by the Department of Health of the true cost of this other major initiative. Appropriate action by the Board of Directors and the senior management team, together with excellent support from all Papworth staff, ensured that a potential year-end deficit was avoided.

Unfortunately, Papworth lost its third star when the 2003/04 Performance Ratings were published in July 2004, solely due to the Health Commission using a different rule for assessing year-end financial position, to that approved by the Department of Health, HM Treasury and the Audit Commission.

Although Foundation Trusts are nominally freed from the central performance management control exercised by the Department of Health, the conflicting requirements of central targets and local governance, coupled to the exacting compliance requirements of both Monitor and the Healthcare Commission, have created extra pressures on an already stretched organisation.

We are proud at Papworth that, despite these tensions, we have succeeded in achieving all our healthcare and activity-based targets. In terms of patient activity, 2004/2005 was another successful year, as demonstrated by the following:

- **Total number of in-patient and day case spells was 2% above planned activity.**
- **The actual number of percutaneous coronary interventions (also known as angioplasties and stents), was 18% above planned activity.**
- **The number of respiratory medicine outpatient attendances was 9% above planned activity.**

The prospect of moving Papworth Hospital 15 miles to the south east, onto land adjacent to Addenbrooke's Hospital (to be known as the Cambridge Biomedical Campus) is a massive project that needs to be managed sensitively.

Since July 2004, the Board of Directors have spent a significant amount of time informing the Board of Governors of the clinical benefits of the proposed move, which is due to take place in 2011.

Our new Board of Governors has been extensively involved in the appointment of healthcare advisers and technical advisers (following the commencement of the Outline Business Case stage), and in drafting Public Consultation documents for the consultation phase, which begins in June 2005.

Summary comparison to 2004/05 plan:

£million	2004/05 Actual	2004/05 Plan	Variance Fav/ (Adv)
Income & expenditure			
Income			
Clinical income	71.09	71.05	0.04
Non-clinical income	9.03	8.03	1.00
Total income	80.12	79.08	1.04
Expenditure			
Pay costs	(39.95)	(38.28)	(1.67)
Non-pay costs	(36.43)	(36.75)	(0.32)
EBITDA	3.74	4.05	(0.31)
Net (deficit)/surplus reported	(0.14)	0.23	(0.37)
<i>Adjustment for OBC project costs*</i>	0.15		0.15
<i>Adjusted surplus position</i>	0.01	0.23	(0.22)

* These costs relate to future redevelopment of the hospital and are funded by a separate allocation of Public Dividend Capital funds from the Department of Health. In terms of assessing the Trust's underlying financial performance, these costs are excluded from the Income and Expenditure statement.

Strategic performance - Overall summary

At the beginning of 2004/05, the Trust set its Strategic Objectives for the year, underpinned by local, operational objectives.

The Strategic Objectives formed part of the Trust's application for Foundation Trust status and, as such, were submitted to Monitor with the application pack. The twenty Strategic Objectives were based on SMART principles and were regularly reported to the Board of Directors and Board of Governors throughout the year.

At year-end, the Trust had achieved green status in all bar two of the Strategic Objectives. The two amber status Objectives at year-end were:

S11. To address medical workforce issues to ensure robust cover arrangements are in place for all subspecialty areas. Have in place minimum two consultants to cover all subspecialties.

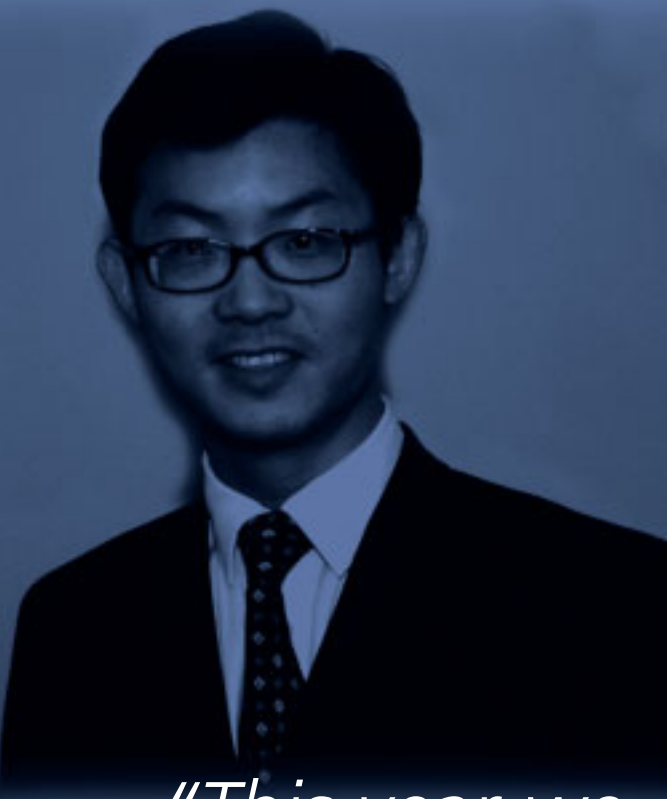
S16. Consolidate plans for increased availability of MRI on site.

Strategic Objective 11 (S11) will now be risk assessed as part of the 2005/06 planning process. In addition, The Trust will continue to explore all options for increased availability for MRI on site throughout 2005/06 (S16).

The outturn for 2004/05 shows a small reported deficit on income and expenditure, and healthy EBITDA* and balance sheet positions.

The cash position is also favourable due to delays on capital, coupled with higher than expected PDC funding.

*Earnings Before Interest, Taxation, Depreciation and Amortisation.



"This year we celebrated another landmark in pioneering surgery with the 10th anniversary of our ventricular assist device (VAD) programme."

Mr Steven Tsui Consultant Surgeon

Papworth celebrates ten years since the first mechanical heart operation

This year we celebrated another landmark in pioneering surgery with the 10th anniversary of our ventricular assist device (VAD) programme.

Ventricular assist devices are effectively artificial hearts that are used to support very sick patients with severe heart failure. "Some patients are so ill that they simply would not survive the wait for a heart transplant" explains Steven Tsui, Consultant Surgeon and the Clinical Lead for the Papworth VAD programme. "With technological advances, it is now possible for these patients to have a mechanical heart implanted to keep them alive so that they can go home to wait for a suitable donor heart." The VAD is powered by batteries and takes over the work of the failing heart, pumping blood around the body.

In very rare cases, after resting a much-weakened heart, patients can make sufficient recovery to allow the VAD to be removed without needing a heart transplant.

This has happened in only two cases at Papworth. The hearts of these two patients recovered 59 and 113 days respectively after the VADs were implanted. "This is an unpredictable but fantastic outcome for the patient" says Mr Tsui.

Leanne Faulkner from Cambridgeshire was just 17 years of age when she was admitted to Papworth Hospital in 2001 with profound breathlessness. Doctors diagnosed acute heart failure, but because she was too sick to go onto the transplant waiting list surgeons at the hospital inserted two VADs, one to do the work for each ventricle. After resting her heart for three months with the VADs, Leanne's heart recovered spontaneously and the VADs were successfully removed. Today, Leanne is leading a full and normal life.

Papworth is one of only three designated centres in the UK to perform VAD surgery for patients with heart failure. Since 1994 our surgeons have treated over 70 patients with a variety of mechanical hearts. These patients have ranged from 16 to 63 years in age and the average support duration has been 3 months.

Technology has progressed hugely since 1994 and the VADs that are used today are very different from the first battery operated VAD. "When we started the programme it was intended to explore the long term use of these machines" explains Professor John Wallwork, one of the surgeons who performed the very first operations. "Today, it is more about bridging to transplantation, but we have come a long way in the last ten years and will continue to pioneer new developments in this area which will lead to more long-term use".

I am writing this statement on behalf of our Board of Governors. The Governors play a key part in Foundation Trusts' corporate governance arrangements and strategic development; and it is important that their voice is heard. Our Governors come from a variety of backgrounds, but all share a common desire to contribute their skills, experience and time to assist Papworth in the maintenance of its position as a centre of excellence for the provision of cardiothoracic services.

All of us have had a steep learning curve, familiarising ourselves with the ramifications of Foundation Trust status, and this is perhaps particularly true for the Board of Governors. However, they have risen to the challenge and have played an active role in many aspects of the Trust's development. The Governor's various Committees and working groups have made a significant impact in their first year, in areas as diverse as accessing the hospital, forward planning and the development of the Membership Strategy. More details on our Governors can be found in Section 5, Board of Governors.

The Governors have received regular updates on the Trust's financial and operational performance against targets, and are satisfied that the Trust has performed well, despite the many challenges that we have faced, as explained in Section 1, Highlights. Equally, the Governors are actively involved in the Trust's forward planning and provide a vital assurance mechanism for the Trust's membership community.

At Papworth, we endeavour to adopt a "no surprises" approach to information sharing, so our Governors are kept abreast of external factors that may influence the Trust's performance, whether in the short or long-term. For example, they are fully aware of the difficulties faced by the local health economy and of the fact that advances in medicine may ultimately change the range of services offered and the service mix at Papworth. The Governors support and welcome this inclusive approach. The Trust believes that the Governors' presence in the governance arrangements of the Trust is a valuable one, and this view has been reciprocated by Governors, and can already be evidenced.

Both Governors and Trust look forward to continuing this mutually rewarding and stimulating relationship.



A handwritten signature in black ink, appearing to read 'John D. Beadsmoore'. The signature is fluid and cursive, with a prominent initial 'J'.

John D. Beadsmoore,
Chair, on behalf of the Board of Governors

2. Chief Executive's Statement

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The financial year 2004/2005 was a landmark year for the NHS, with the introduction of the following major reforms:

- **Patient Choice**
- **Payment of Results**
- **NHS Foundation Trusts**
- **A new pay system for non-medical staff, i.e. Agenda for Change**
- **The establishment of the Healthcare Commission**
- **A new contract for consultant medical staff**
- **The European Working Time Directive**
- **A new contract for General Practitioners (GPs).**

In addition, the continuing reform and investment programme required further significant progress to be made in 2004/2005 in the following key areas:

- **Reductions in the maximum waiting times for revascularisation in-patients/day cases – six to three months by March 2005**
- **Preparation for the roll out of national Information Technology programme (NPfIT)**
- **Changing workforce programme**
- **Further development of managed clinical networks**
- **Opening of Independent (i.e. private sector run) and NHS Treatment Centres for elective surgery.**

Papworth was heavily engaged in all but two of the above-mentioned 13 policy initiatives. Furthermore, we made major progress with the following projects:

- **The business case for major capital investment (c. £209m.) involving a relocation of Papworth Hospital to the Cambridge Biomedical Campus.**
- **The development of a research incubator (i.e. start-up centre) building, the first of its kind in the NHS.**
- **The opening of 20 additional in-patient and day case beds, 10% increase on current capacity.**
- **The establishment of a Cancer Centre in conjunction with Addenbrooke's for patients requiring treatment for upper gastrointestinal cancer (upper GI).**
- **Opening of new microbiology laboratory and mortuary, costing £2.9m.**

As can be seen from the above, this has been an exceptionally demanding year for the Trust, and has required tremendous effort and diligence from the Board of Directors. In making this statement on behalf of the Board of Directors,

I am satisfied that both the Trust and the Board have performed satisfactorily since achieving Foundation Trust status and are now in a strong position to continue the delivery of the work begun during 2004/05.

A handwritten signature in black ink, which appears to read 'S. Bridge'. The signature is written in a cursive, flowing style.

Stephen J. Bridge, Chief Executive



Results of patient survey reveal an improvement in waiting times at Papworth Hospital

A national survey published recently by the independent health watchdog, the Healthcare Commission, shows that patients at Papworth Hospital have seen an improvement in their waiting times for an outpatient appointment.

We consistently scored amongst the best performing 20% of Trusts and achieved a response rate of 64% compared to the national average, which was 59%.

The national survey carried out in 2004 asked patients across England of their experiences of outpatient services. It involved 169 acute trusts with an outpatient facility. The main findings for Papworth highlight that:

86% reported that they waited three months or less for their outpatient appointment

89% said they were seen within 30 minutes of their scheduled appointment time

"We are delighted with the results of this survey", explains Stephen Bridge, Papworth's Chief Executive. "It endorses our commitment to driving down the time our patients have to wait for an appointment".

The survey also endorsed the hospital's successful implementation of the national initiative, copying letters to patients, where it was in the top 20% of Trusts. This national initiative has come out of the 2000 NHS Plan which states that all patients should be asked if they want copies of their clinical letters.

Background

Papworth is an internationally renowned specialist hospital engaged in the research and treatment of cardiovascular and respiratory diseases, including cancer.

The hospital first opened in 1917 as a tuberculosis hospital and 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.

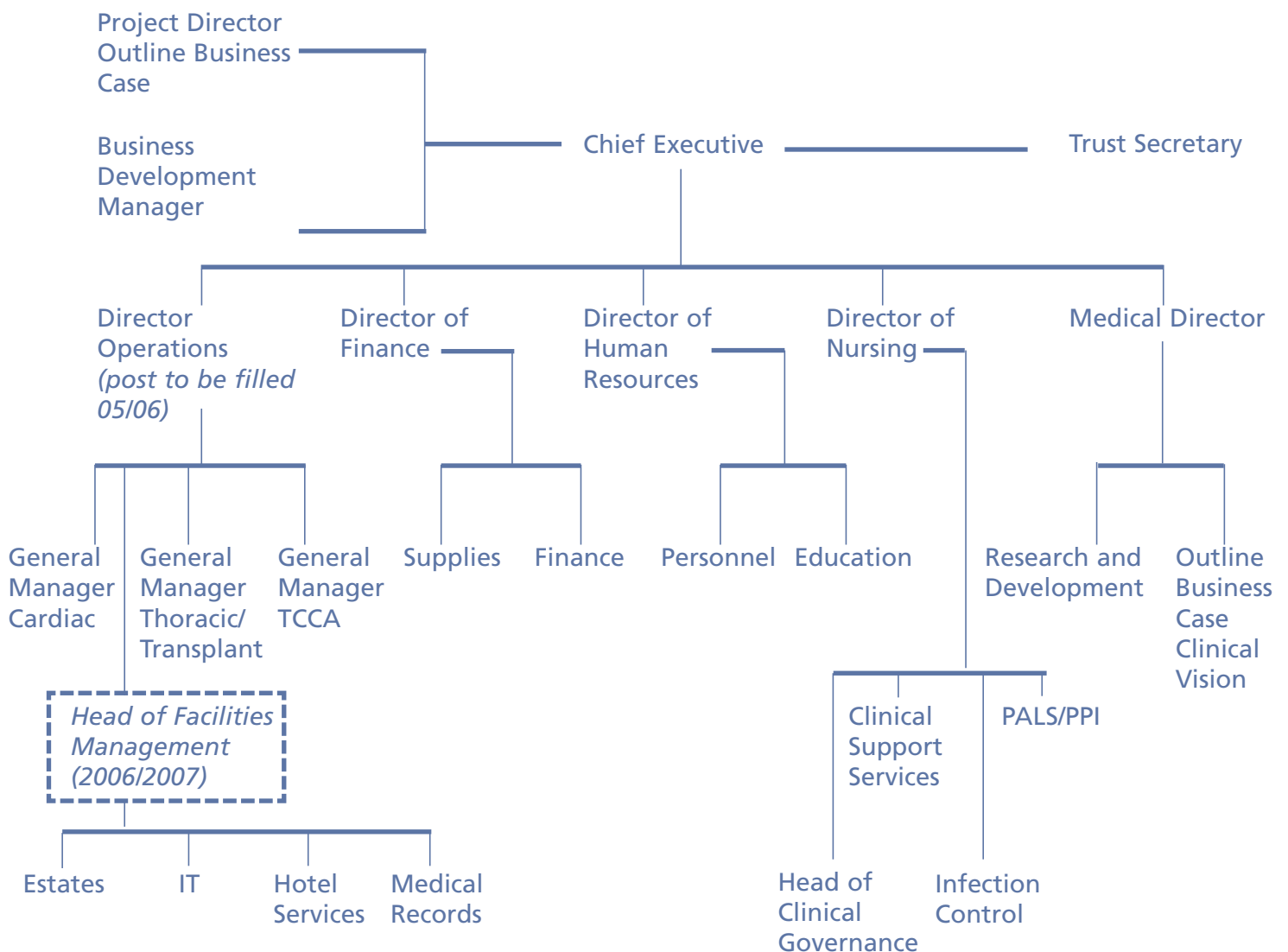
During the 1950s, Papworth became one of the region's main hospitals, developing first thoracic surgery, then cardiac surgery and cardiology.

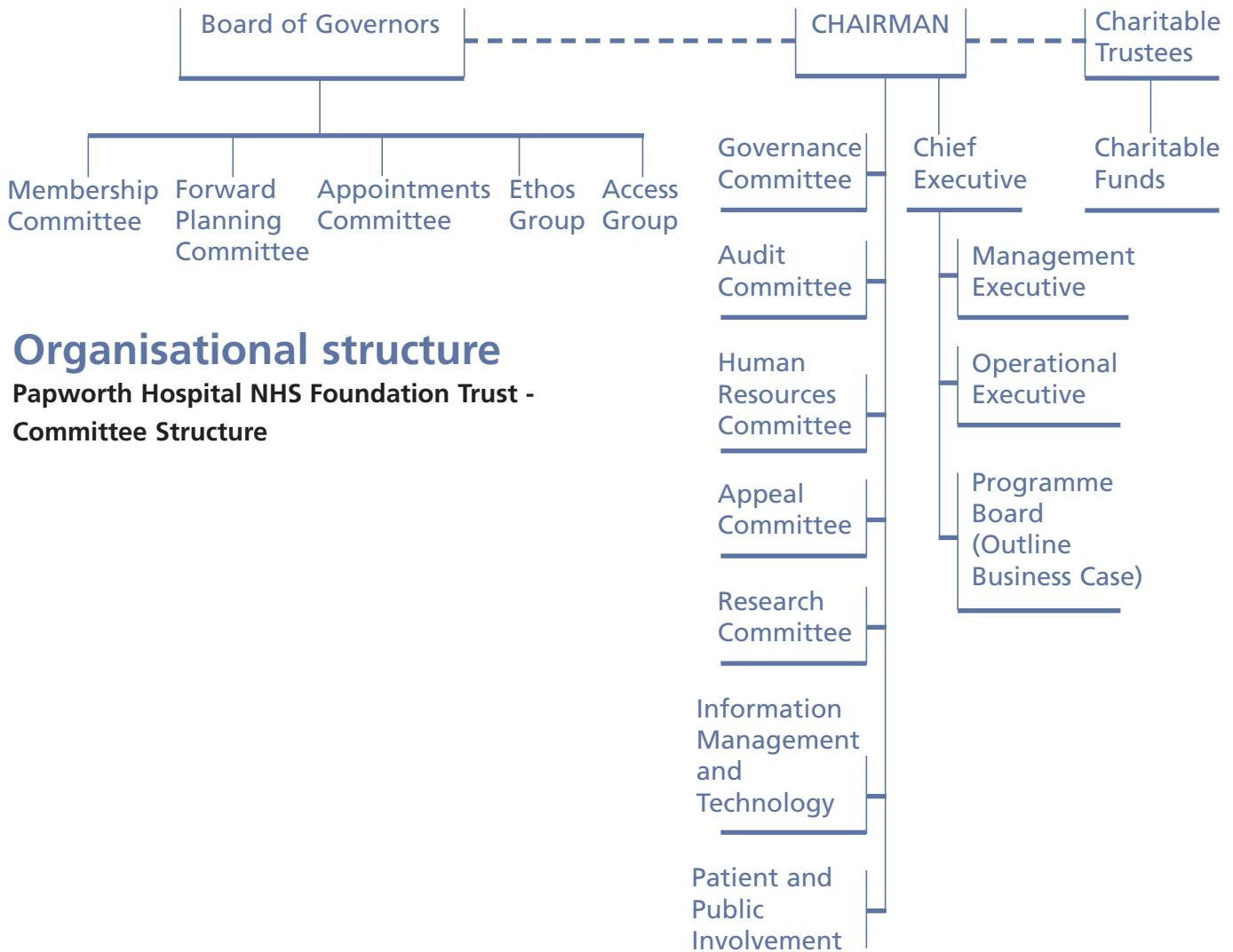
Today, we are a well-established specialist Trust providing adult services in cardiology, cardiac surgery, thoracic surgery and respiratory medicine. We are also the country's main heart and lung transplant centre.

We treat over 20,000 in-patients and day cases and 20,000 outpatients patients each year, have 1,300 staff, and 225 beds.

Organisational structure

Papworth Hospital NHS Foundation Trust - Proposed Senior Management Structure (2005/2006)





Organisational structure Papworth Hospital NHS Foundation Trust - Committee Structure

Patient activity 2004/05

Total activity (including private)	99/00 Actual FCE's	00/01 Actual FCE's	01/02 Actual FCE's	02/03 Actual FCE'S	03/04 Actual FCE's	04/05* Actual FCE's	*inpatient/day case activity now based on hospital spells rather than finished consultant episodes (FCEs). Overall average ratio for the Trust is 1.02 episodes per spell; i.e. 19,206 spells equates to approx. 19,590 episodes
Outturn							
Inpatients/day cases							
Cardiology	5,868	6,575	7,820	8,611	9,324	9,097	
Cardiac surgery	1,946	1,873	1,947	2,176	1,999	1,988	
Thoracic surgery	715	747	598	547	573	522	
Thoracic medicine	4,726	5,283	5,923	6,321	6,539	6,904	
Transplant	629	687	717	580	647	695	
Total	13,884	15,165	17,005	18,235	19,082	19,206	
Outpatients	15,881	17,526	19,499	22,365	23,747	24,095	

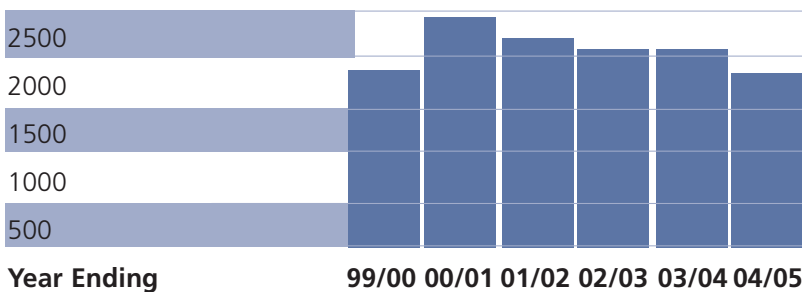
4. Operating And Financial Review

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Waiting list as at end of financial year

	99/00	00/01	01/02	02/03	03/04	04/05
Cardiology	1023	1564	1493	1445	1356	1306
Thoracic Sugery	707	703	634	436	422	168
Thoracic	178	186	89	223	332	413
Total	1908	2453	2216	2104	2110	1887

Number of patients waiting as at end of financial year



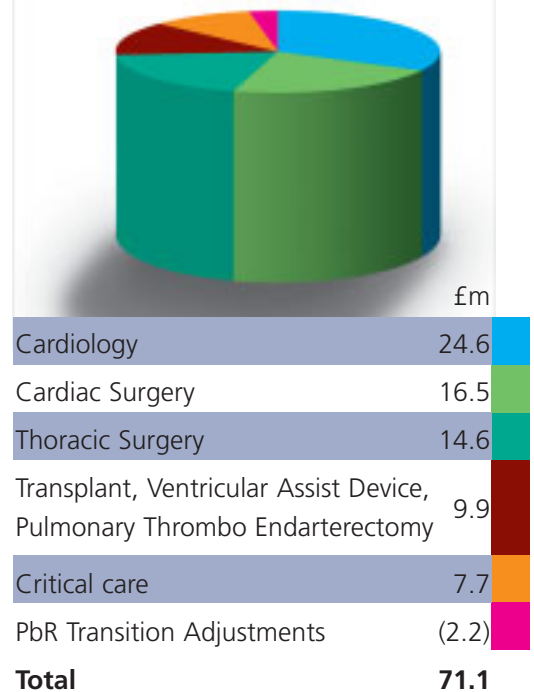
Inpatients and day cases 2004/05 at a glance

Cardiology	9097	
Cardiac Surgery	1988	
Thoracic Surgery	522	
Respiratory Support and Sleep Centre	4229	
Cyctic Fibrosis	420	
Transplant	695	
Thoracic Medicine	2255	
Total	19206	

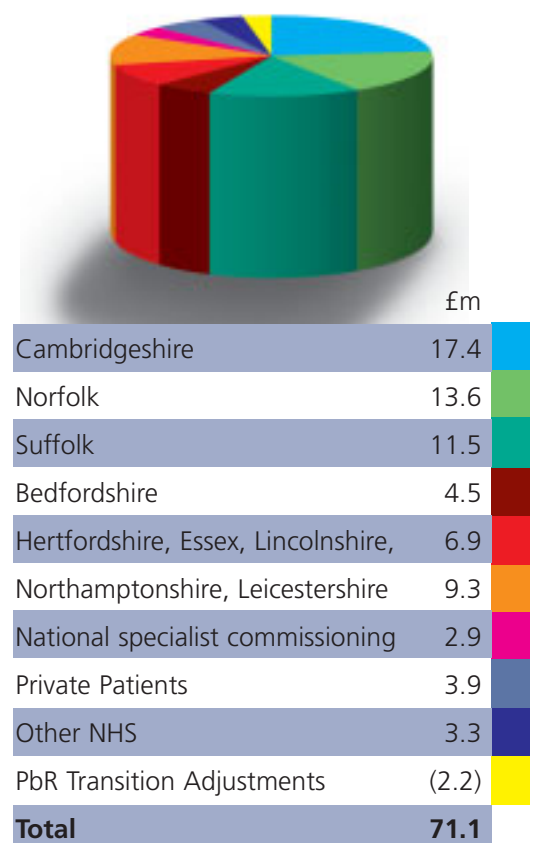
Outpatients

Cardiology	6398	
Cardiac Surgery	2258	
Thoracic Medicine	7400	
Respiratory Support and Sleep Centre	3995	
Cyctic Fibrosis	1390	
Transplant	2654	
Total	24095	

2004/05 Income by Service Total £71.1m



2004/05 Income by Commissioner Total £71.1m



Key objectives 2004/05

As mentioned in S1, Highlights, the Trust achieved all bar two of its strategic objectives for the year. Other main objectives achieved in-year were:

Cardiac services

- To reduce the maximum waiting time for in-patients and day cases needing a coronary angioplasty and all cardiac surgery, from six months to three months.
- To recruit suitably qualified and experienced nursing staff to enable all 20 beds in Hemingford Ward (20 beds) to open by end of year.
- To appoint a University Lecturer (consultant equivalent) in cardiothoracic surgery
- To acquire a 3D echo machine, through fundraising activity.

Thoracic services

- To establish a comprehensive patient focused bronchoscopy service.
- To appoint a second consultant chest physician for the Pulmonary Vascular Diseases Unit.
- To assist Hinchingsbrooke Hospital with the appointment of two consultant chest physicians by offering sessions at Papworth, but at nil cost to us.
- To make significant progress on the 15-bed extension

Transplant services (including Ventricular Assist Devices)

- To celebrate the 25th anniversary of mainstream cardiac transplantation in the UK, and to use the event to publicise the importance of organ donation.
- To manage the impact of the introduction of the European Working Time Directive for doctors in training, by introducing the new role of Donor Care Physiologists.
- To appoint to the vacancy of a second Consultant Transplant Physician in chest medicine.

Support services

- To address European Working Time Directive issues (i.e. out of hours cover) in Theatres, Critical Care and Anaesthetics (TCCA), by extending use of surgical assistants.
- To continue the development of patient and public engagement at both an individual and collective level.
- To reduce hospital acquired infections.
- To successfully implement Agenda for Change.
- To achieve Practice Plus Standard for Improving Working Lives, and prepare for re-accreditation for Investors in People.
- To make significant progress on the completion of an Outline Business Case for the major development of Papworth Hospital.
- To set up and manage a Biotechnology Incubator at Papworth Hospital.

4. Operating And Financial Review

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Performance against these objectives is measured and regularly monitored throughout the year, using a Balanced Scorecard performance monitoring tool. The Balanced Scorecard for the Trust for 2004/05 was as follows:

The diagram clearly illustrates the depth of the performance monitoring carried out at the Trust, and the robust controls assurance mechanisms in place.



The Impact of Foundation Trust Status

Papworth attained Foundation Trust status on 1 July 2004. Our goal in achieving Foundation Trust status was to enable us to exploit the additional freedoms granted to Foundation Trusts, in terms of the ability to be innovative with service development, increased financial control and enhanced local accountability and stakeholder relationships. In reality, Foundation Trust status places additional pressures on the organisation, in terms of balancing the conflicting requirements of central targets and local governance, coupled to the exacting compliance requirements of both Monitor and the Healthcare Commission. In addition, the lack of sophistication of the tariff-based Payment by Results system has created challenges for the Trust, as explained in Section 1, Highlights. To compound these issues, the local health economy has experienced major financial difficulties during 2004/05 and the knock-on effect of this will continue into 2005/06 and beyond.

It is 'early days' yet to comment on specific changes to clinical services that have resulted from Foundation Trust status. However, the following are examples of improvements to Patient and Public Involvement as a result of Foundation Trust status:

- Engagement through members with wider section of the community.
- Physical access to the hospital
- Car parking
- Signage
- Greater public participation in forward planning

Financial performance 1 July 2004 – 31 March 2005: Overall Summary

The overall financial performance for the 12-month period to 31 March 2005 is summarised in the table in Section 1. Adjusting for the exceptional costs relating to the Outline Business Case for the redevelopment of the hospital shows a small retained surplus for the year of £11k.

Key points to note in 2004/05

Clinical income comprises both NHS and Private patients and was slightly up on plan. The shortfall in NHS income primarily relates to specialist services (e.g. transplant service) funded by NSCAG (National Specialist Commissioning Advisory Group), which is high cost, low volume and unpredictable. Private patient income is above plan but remains within the limit set under the terms of authorisation:-

£million	Actual	Plan	Variance Fav/(Adv)
NHS total	69.41	69.84	(0.43)
PbR clawback/specialist supplement	(2.23)	(2.23)	
Private patients	3.91	3.44	0.47
Total	71.09	71.05	0.04
Private patient % (cap 6.1%)	5.5%	4.8%	

Non-clinical income

Total is £1.45m above plan and includes income arising through R&D projects (£0.4m above plan); contributions from charitable funds (£0.63m).

Pay and non pay costs

The net overspends, after adjusting for R & D project costs, on pay costs of £0.6m and non-pay costs of £0.7m, reflect:

- **Consultant contract pay costs.**
- **The impact of Agenda for Change on non-medical staff pay costs.**
- **Increased variable costs relating to high levels of cardiology activity.**
- **Increased costs of facilities management contracts (cleaning and laundry).**
- **Energy costs – a new electricity supply contract from November resulted in a 35% increase in costs.**

Prudential Borrowing Limit

The Trust has a prudential borrowing limit of £5,000,000 - £3,000,000 working capital overdraft facility and £2,000,000 borrowing limit. The Trust has not needed to borrow against this limit during 2004/05.

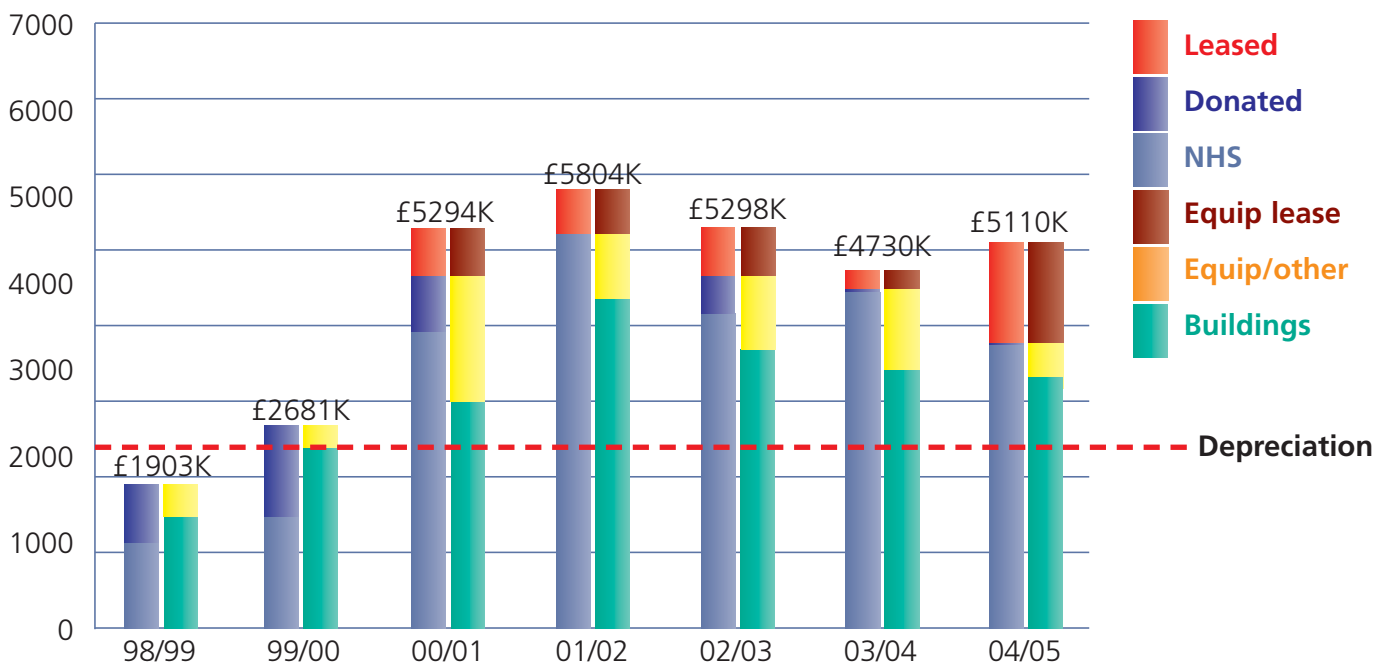
Investment

The Trust has invested heavily in expanding and improving facilities in recent years, significantly exceeding the annual provision made for depreciation. The total investment in 2004/05 of £5.1m also includes support from charitable funds and equipment funded through operating leases. The chart below summarises the recent history.

In 2005/06, the capital expenditure programme amounts to £6.5m. This includes investment in the Biotechnology Incubator, which is primarily funded through a £1.3m grant from the East of England Development Agency (EEDA); and also includes the expansion of respiratory medicine ward facilities, funded by the additional public dividend capital of £1.8m.

A further £0.5m of funding for this programme is provided by the planned disposal of several residential properties no longer required by the Trust.

Investment History





Making a Difference

An event was held in February to say a heartfelt thank you to the Norfolk Zipper Club, which over the past twenty-four years has raised a staggering £700,000 to buy equipment for the hospital.

Papworth Hospital's chairman Mr John Beadsmoore, who unveiled a plaque to recognise this achievement said "We are enormously grateful to everyone who raises funds for the hospital and none more so than the Norfolk Zipper Club, whose members unstintingly raise thousands upon thousands of pounds each year.

They continue to dream up new fundraising ideas and turn out in all weathers to raise funds for our patients".

Fifty members of the Norfolk Zipper Club travelled to Papworth to enjoy a celebratory lunch. As part of the celebrations, they were given a tour of the hospital's Cardiac Unit, where many of them have been patients. They also had the opportunity to see the club's most recent gift; a state of the art cardiac monitoring system, which cost £45,000.

John Fiddy, Chairman of Norfolk Zipper Club said "All our members have had some form of surgery at Papworth and not only do we offer support we also raise funds for the hospital. I think the £700,000 that we have notched up over the years shows the strength of feeling that our members have for Papworth Hospital".

The following month saw the completion of a remarkable fundraising project for Papworth.

Michael Chalmers was a young man who was just 17 when he was diagnosed with a rare form of pulmonary hypertension. This meant he went from climbing mountains in Mexico to desperately needing a heart and lung transplant just months later at Christmas 2003.

Sadly for his devoted family, friends and staff at Papworth, he lost his fight that Christmas. They decided to fundraise in his memory and *"the bathroom idea came about"*, said Senior Sister Ann Mainwood *"as Michael greatly enjoyed a relaxing bath as a patient."*

Mr and Mrs Chalmers, Michael's friends and family raised £11,000 to transform the bathroom on Princess Ward into a "state of the art" bathroom, including a hydraulic bath. It has been designed to make it easy for even our most seriously ill patients to use with comfort and dignity. As well as the hydraulic seating, the bath itself is hydraulic which makes bathing patients easier for staff.

The official opening took place on 10th March with Mrs Gerry Chalmers (pictured with her husband, Peter and Ann) cutting the ceremonial ribbon.

These are two amazing and we hope inspirational stories about our kind and generous supporters who have fundraised for the Hospital Charity. If you would like to get involved and organise a fundraising event in aid of Papworth this year, then contact the Fundraising Team on 01480 364237.

5. Board of Directors

The Board of Directors comprises a Chair and 5 non-Executive Directors, one of whom is a representative from the University of Cambridge.

The Foundation Trust Chair, non-Executive Directors and Chief Executive were appointed in accordance with the terms of the Health and Social Care (Community Health and Standards) Act 2003, S.19, which permitted the appointment of the former NHS Trust Chair, non-Executive Directors and Chief Executive, if that was in accordance with their wishes.

There have been two changes in membership to the Board of Directors in 2004/2005. Firstly, a new non-executive director (Mrs Anne Bailey) was appointed in October 2004, to cover an existing vacancy. In addition, the Chief Nurse left in February 2005, obtaining promotion to a larger NHS Trust. The Board of Directors is currently considering how best to replace this post and an appointment will be made during 2005/06.

Board Members during 2004/05 were:

Our non-Executive Directors come from diverse backgrounds, as is illustrated below:



John D. Beadsmoore
Chairman

Mr John Beadsmoore was appointed Chair of Papworth Hospital NHS Trust in November 2001. Prior to joining the Trust, he worked for CIBA, a Swiss multinational

pharmaceutical/chemical company, with the past ten years of his 37 years with the company as Head of one of their worldwide businesses, and as Managing Director of the UK company.

For much of the 1980's, he worked at the headquarters in Basle, Switzerland. From 1988 to 1997, he was Chairman of the Board of Governors of Cambridge Regional College and, in this role, was responsible for the creation of the new King's Hedges site.

He served for eight years on the Council of TWI at Abington and was the TWI non-executive responsible for establishing Granta Park, the Science Park eight miles south of Cambridge.

Mr Beadsmoore has tenure until November 2005, whereupon the Board of Governors will determine whether to renew the appointment. This decision will be made, based upon a full and objective performance appraisal.

Non-Executive Directors	Executive Directors
Mr John Beadsmoore Chair	Mr Stephen Bridge, Chief Executive
Professor Edwin Chilvers	Mr Stephen Donaldson Director of Finance
Professor Michael Simmonds	Dr David Stone Medical Director
Mr Howard Rolfe	Ms Elizabeth Horne Director of HR
Mr John Lodge	Chief Nurse (Vacant Post, previously Mr Nigel Davies)
Mrs Anne Bailey	

5. Board of Directors

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Professor
Edwin Chilvers
non-Executive Director

Professor Edwin Chilvers is a Professor in the Department of Respiratory Medicine at the University of Cambridge.

Professor Chilvers graduated from the Nottingham Medical School in 1982, having undertaken an intercalated BMedSci in the Department of Anatomy.

After Senior House Officer posts in a variety of London teaching hospitals, he trained in General and Respiratory Medicine at Ealing and Hammersmith Hospitals and, thereafter, was awarded a MRC Clinical Training Fellowship at the University of Leicester, to undertake research on cell signalling.

Following appointment as Lecturer in the Department of Respiratory Medicine, University of Edinburgh, he obtained a Wellcome Trust Senior Fellowship to pursue his research interests in granulocyte biology and cell signalling.

He was appointed Hon. Consultant Physician (Edinburgh Royal Infirmary) in 1992 and Reader in Medicine at the University of Edinburgh in 1997. He took up his current post as Professor of Respiratory Medicine at the University of Cambridge in 1998 and was elected Fellow of St Edmund's College in 1999.

He holds an Honorary Consultant appointment at both Addenbrooke's and Papworth Hospitals.

He has maintained a high interest in medical teaching throughout his career and was Senior Editor for the 18th and 19th Editions of Davidson's Principles and Practice of Medicine published in 1999 and 2002.

Professor Chilvers was appointed for 4 years, from January 2003.



Professor
Michael Simmonds
non-Executive Director

Professor Michael Simmonds was appointed as a non-Executive Director of the Board in August 2001. Prior to his retirement in 2001, he was Professor of Neuropharmacology and Director of Undergraduate Studies at the School of Pharmacy, University of London. He has a lifetime's experience in research,

teaching and management, as well as worldwide involvement in voluntary professional activities as an expert adviser to universities in the UK and abroad. Professor Simmonds was appointed for 4 years, from 1 November 2004.



Mr Howard Rolfe
non-Executive Director

Mr Howard Rolfe was appointed as a non-Executive Director of the Board on 1st November 2002. He had a career spanning 30 years in Marks and Spencer.

Prior to his retirement in 2001, he was responsible for new selling channels – catalogue and internet selling. For two years (1997 – 1999), he was seconded

to the Cabinet Office as Deputy Director of Efficiency and Effectiveness and his responsibilities included being Chair of the NHS Procurement Review.

He also worked on employment issues and the Comprehensive Spending Review and Modernisation Programme during his secondment. A lawyer by training, Mr Rolfe studied at the University of Aston. Mr Rolfe was appointed for 4 years, from December 2002.



Mr John Lodge
non-Executive Director

Mr John Lodge was appointed as a non-Executive Director of the Board on 1st November 2002. He worked for IBM from 1974 to 1993, his last position being Chief Operating Officer for IBM's insurance operation.

Since leaving IBM he has been involved in IT, particularly in the City of London,

having held two Chief Executive's positions. He is the non-executive Chairman of the Ethical Exchange Management Company PLC, working on the establishment and funding of a new concept in commodity and financial exchanges. Mr Lodge has an MA in Natural Sciences and Economics from Trinity College, Cambridge. Mr Lodge was appointed for 4 years, from December 2002.

5. Board of Directors

Papworth Hospital NHS Foundation Trust
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Mrs Anne Bailey
non-Executive Director

Mrs Anne Bailey is an American by birth and was educated at Harvard MA. (She is a Member of the Executive Committee of Harvard Club of UK and membership co-ordinator from 2000 – 2002). She brings to Papworth's Board of Director's 17 years senior management experience in the private and public

sectors. Her track record includes two years with Suffolk County Council where she published an award winning residents' magazine and developed the council's first customer service strategy.

Anne has also run her own PR and communications agencies advising a range of national and regional organisations on how to improve their PR. She has also headed up the combined press office and brand PR departments at Safeway UK where she focused on customer and industry communications. Mrs Bailey was appointed for 3 years, from October 2004.

The Board of Governors is responsible for the appointment, or removal, of the non-Executive Directors. These decisions are made based upon the results of the non-Executive Directors' performance appraisals, which are conducted by the Chair of the Trust, in association with the Chair of the Board of Governors' Appointments Committee.

The Trust's Executive Directors are:



Mr Stephen Bridge
Chief Executive

Mr Stephen Bridge, Chief Executive, 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.

He moved into hospital management in 1984, as Director of Operational Services/Deputy Unit General in the acute hospital sector in the West Midlands.



Mr Stephen Donaldson
Director of Finance

Mr Stephen Donaldson is a qualified Chartered Accountant and was appointed as Director of Finance in September

1992. He has lead responsibility for financial management arrangements within the Trust. He is also the lead Director for I M & T and Estates. He came to Papworth from the private sector where he worked for Bass plc, both in the leisure division and the public house retailing division.



Mr David Stone
Medical Director

Dr David Stone was appointed 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. He 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. His major research interest has been in cardiac imaging.



MS Elizabeth Stone
Director of Human Resources

Ms Elizabeth Horne was appointed as Director of Human Resources at the end of June 2003. Ms Horne is an experienced human resources

professional with a track record in human resources within the NHS,

having worked in a broad spectrum of the service including teaching hospitals and special health authorities. She has experience, skills and knowledge in all aspects of human resources from recruitment and retention to training and development, payroll, and occupational health.

In addition, she has been actively involved with working with Workforce Development Confederations on specific projects and national projects including the specification and evaluation for the new electronic staff record to improve workforce information across the NHS.

Mr Nigel Davies was appointed as Chief Nurse and Director of Patient Services in June 2003.

Prior to this position, he was Deputy Director of Nursing at a District General Hospital in Buckinghamshire. His clinical nursing experience is predominantly in Cardiac Services and Critical Care following work at four London teaching hospitals. He also has experience of teaching nursing students working in higher education as a Lecturer-Practitioner in Oxford and as a Senior Lecturer at London's South Bank University.

Mr Davies is a clinical governance reviewer for the Commission for Health Improvement (CHI) and an external examiner for the University of Manchester's undergraduate nursing programme. Mr Davies left the Trust in February 2005, to take up a post at a larger Trust.

The following Committees support the Trust's Board of Directors:

- **Audit Committee**
- **Governance Committee**
- **Patient and Public Involvement Committee**
- **IM & T Committee**
- **Research Committee**
- **Remuneration Committee**
- **Human Resources Committee**

Non-Executive Directors chair each of the above Committees and the Minutes of the Committees are received and ratified by the Board of Directors. In addition, each Committee makes an annual report to the Board of Directors, on the discharge of the Committee's functions. The Committees of the Board of Directors are supported by the Trust's Management Groups, including a Risk Management Group and a Clinical Governance Management Group, both of which have non-Executive representation.

The Trust's Remuneration Committee membership is included in Section 9, Summary Financial Statements.

Details of senior managers remuneration is included in the Section 9, Summary Financial Statements. The Remuneration Committee is responsible for determining the remuneration of the Trust's executive and senior managers. The Appointments Committee of the Board of Governors is responsible for determining the remuneration of the Trust's Chair and non-Executive Directors.

The Trust maintains a Register of Interests for its Board of Directors, which is updated annually. This document can be viewed upon request to the Trust Secretary, Papworth Hospital NHS Foundation Trust, Papworth Everard, Cambridge CB3 8RE. There are currently no company directorships held by directors where those companies are likely to do business, or are seeking to do business, with the Trust.

The Board of Directors is keen to follow best practice in corporate governance and to fully understand and appreciate the complexities of operating as a unitary Board. To this end, the Board commenced a process of self-appraisal during 2004/05, which will continue in 2005/06.

12 volunteers achieve a total of 198 years service to patients at Papworth Hospital

12 volunteers

*achieve a total
of 198 years
service to
patients
at Papworth
Hospital*

During December we invited our team of volunteers to an annual celebratory lunch as a way of thanking them for their hard work and dedication. Over 70 people attended the lunch at the Conservatory in Papworth Village.

Judith Nithsdale, Voluntary Services Manager at the hospital said "We are extremely privileged to have such a loyal band of volunteers here at Papworth and we like to acknowledge our gratitude by holding an annual lunch for them. This year was particularly special as we gave commemorative awards to those volunteers with over ten years service".

This year saw twelve of the longest serving volunteers achieve a combined total of 198 years service. In particular Keith and Alma Easter have served the hospital for 44 years. They both volunteer with us in a number of ways. Alma commenced as a landlady providing bed and breakfast in the village for the relatives of Papworth patients and along with Keith continues to provide this valuable service. Keith, who was Head Gardener at the hospital before his retirement, also still keeps a close eye on the wildfowl at the hospital pond and comes in regularly to feed the birds as well as visiting patients on the wards.

We have approximately 90 volunteers who undertake a wide range of tasks within various areas of the hospital. The amount of time each gives to the hospital can be tailor-made to suit the individual, but most work a minimum of one four hour shift per fortnight.



The Board of Governors comprises 39 Governors, with 21 elected public Governors, 7 elected staff Governors and 11 appointed Governors, representing key stakeholder organisations.

The Trust opted to have higher than required numbers of staff and appointed Governors, as we felt this would better represent these key groups.

The Trust's constituencies remain unchanged from those defined in its Constitution dated June 2004. The Trust's membership is divided into Public (including Patients) and Staff constituencies. There are 6 public constituencies, corresponding to the 6 areas of the Trust:

- **Cambridgeshire**
- **Suffolk**
- **Norfolk**
- **Rest of England**
- **Bedfordshire**
- **Those parts of Essex, Hertfordshire, Lincolnshire and Northamptonshire covered by Uttlesford PCT, North Hertfordshire and Stevenage PCT, Royston, Buntingford and Bishops Stortford PCT, South East Hertfordshire PCT, East Lincolnshire PCT, South West Lincolnshire PCT and Northamptonshire Heartlands PCT.**

The staff constituency is divided into 6 classes, to reflect the staff mix at the Trust:

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

Members of the Board of Governors are as follows:

Elected Governors

Cambridgeshire

Don Bethune
Keith Jackson
John Brownlow
Pat Wells-Johnson
Diana Smith

Suffolk

Emmeline Backhuys
Gloria Hastings
Patrick Jackson
Anthony E Sketch

Rest of England

Christine Groves
Patrick Talbott
Harry Smith FRS
Harvey J Perkins

Bedfordshire

Richard Maddison
Andrew McIlhatton

Norfolk

John Fiddy
Norman Simpson
John Petch
Anthony Eaves

North West Essex, North & East Hertfordshire, East Northamptonshire and South Lincolnshire

Paddy Melford

Robert Stewart

Staff Governors Doctors

Diana Bilton

Administrative, Clerical & Management

Michael Moore

Nursing (in order of election)

Celia Hyde

Gillian Stent

Scientific & Technical

Chris Wisbey

Allied Health Professionals

Richard Rowlands

Ancillary, Estates and Others

Shaun Cox

Appointed Governors

Roy Pegram Councillor, Cambridgeshire County Council

David Burton Non Executive Director, Norfolk, Suffolk and Cambridgeshire Strategic Health Authority

Mary Archer Chairman, Cambridge University Hospitals NHS Foundation Trust

Hilary Daniels Chief Executive, West Norfolk Primary Care Trust

John Willis Chief Executive, Varrier Jones Foundation

Bruce Rosengard Professor, British Heart Foundation

Norman Costin Vice Chairman, Bedfordshire Heartlands Primary Care Trust

Douglas Patisson Chief Executive, Hinchingsbrooke Hospital

Mark Howell District Councillor, South Cambridgeshire

Graham Allen Academic Secretary, University of Cambridge

Karen Livingstone Board Member, East of England Development Agency

Governors were appointed from 1 July 2004, on 1, 2, or 3-year terms. Elections were run in accordance with the election rules defined in the Trust's Constitution.

The first set of elections for those Governors appointed on 1-year terms will be held during 2005/06. Two staff Governors resigned in-year and were replaced through uncontested elections, at no cost to the Trust.

The Trust maintains a Register of Interests for its Board of Governors, which is updated annually. This document can be viewed upon request to the Trust Secretary, Papworth Hospital NHS Foundation Trust, Papworth Everard, Cambridge CB3 8RE.

There are currently no company directorships held by Governors where those companies are likely to do business, or are seeking to do business, with the Trust.

Membership report

The Trust made a commitment in its application to become a Foundation Trust to involve as many people as possible in our work.

We have balanced this view with the belief that it better serves the Trust to have an active, participative membership than one that has been co-opted.

Our membership numbers at the end of 2004/05 reflect that balance, standing at a total membership of 8,156.

In the first year as a Foundation Trust, we elected not to opt-in all staff, but invited staff to learn more about Foundation Trusts and the associated changes before joining. We ended the year with 586 staff members, which is approximately 50% of the total establishment. The Trust's membership numbers for 2004/05 are shown in the table below:

Public and patient constituency	2004/05
At year start (April 1)	2608
New members	5037
Members leaving	(-75)
At year end (March 31)	7570
Staff constituency	
At year start (April 1)	424
New members	164
Members leaving	(-2)
At year end (March 31)	586
TOTAL	8156

The membership constituencies are as described at S.6, *Board of Governors*. Eligibility for membership is open to all people over 16 years of age that either reside in one of the public constituencies, or are employees of the Trust.

Membership numbers per constituency at end March 2005 are:

Public Patient Members / Constituency

Total	Cambs	Norfolk	Suffolk	Beds	Herts, Essex, Lincs & Northants	Rest of England	Not stated
7570	2564	1418	1336	587	575	1075	15

Staff Members / Constituency

Total	Doctors	Nursing	AHPs	Scientific & Technical	Admin & Clerical	Ancillary, Estates & Others	Not stated
586	60	236	53	41	172	24	24

The Trust's membership strategy for 2004/05 focused on two key objectives. The first objective was to reach a target membership number of 7,500, which we achieved through a combination of direct mail campaigns, proactive press releases, member-get-member campaigns, and targeted communications campaigns for staff and patients.

The second objective was to ensure that effective methods of membership communications were developed. We have achieved this through the production of a quarterly membership newsletter that keeps members up-to-date on aspects of the Trust's performance and other items of interest.

We began a programme of constituency meetings, to offer members the chance to meet their Governors, and ask questions, or raise issues of concern, both with Governors and Trust staff. However, these meetings were not very well-attended and the Trust will consider alternative methods to develop Governor-member communications during 2005/06.

To check the effectiveness of our membership communications, the Trust carried out a membership survey in January 2005, to gather members' views on their early experiences of Foundation Trust membership.

The survey returned a very positive response and headline findings are reproduced below:

80% said that membership had lived up to their expectations

74% agreed that we involved them enough as members

80% said they would recommend membership to friends and family

15% of our members have joined other Foundation Trusts

61% felt that they had sufficient contact with their Governors

20% said they would stand to be a Governor at the next election

94% said they liked receiving the Trust's membership newsletter

79% agreed that they received an appropriate level of information from us

41% would like membership events

60% would be willing to travel to events at the hospital

52% would like some membership events to take place in their local area

The Trust has developed an Action Plan, based on the findings of the survey, and will implement the plan during 2005/06.

The Trust will conduct an annual membership survey, to ensure that it continues to meet members' expectations and involves the membership in the work of the Trust.

Currently, the Trust's membership is under-represented in numbers of young people (18 – 40), women and ethnic minorities, so, during 2005/06, we shall particularly focus on working with these groups, to develop their interest in joining the Trust.

Membership costs for 1 July 2004 – 31 March 2005 were £54,630.

New technology is to be developed following the approval of a specialist BioTechnology Incubator to be built here at Papworth Hospital.

The Incubator, the first of its kind to actually be built on a hospital site, hopes to attract companies engaged in the development of new medical devices for the treatment of cardiovascular or respiratory diseases. These companies will most likely be spin offs from research previously carried out at the hospital and local universities or firms which would benefit from working on an NHS site.

Costing £2million the Incubator is to be completed and have its first tenants by this summer, with the ambition to encourage academic institutions, the NHS and businesses to work more closely.

The East of England Development Agency (EEDA) has provided £1.4m of funding with the remaining balance coming from the hospital. Work on the new unit will begin with specially constructed modular buildings being put in place during the spring.

The Incubator will provide a total of 1200sq metres of commercial space to be broken down into units.

Vital to the success of this project is the ability for NHS clinical and research staff to work with business, academics and medical device experts to produce new products. These new devices will then potentially be available to everyone throughout the NHS.

Stephen Bridge, our Chief Executive said, "We are delighted to be working with EEDA and the commercial sector to develop this new project.

The incubator will be the first of its kind on a hospital site and we see this as an exciting opportunity to develop new products and ideas that will ultimately benefit the NHS, its patients and the business world".

Provision of information to, and consultation with, employees

The Trust has in place a Human Resources Strategy, which incorporates aspects relating to communications with staff. In addition, the Trust participates in the annual NHS Staff Survey and adds local questions, to determine staff views on key matters affecting the Trust.

The Trust's results for both the NHS and local surveys were largely positive, although Agenda for Change and the potential relocation to Cambridge were highlighted as issues of particular concern to staff.

The Department of HR has prepared an action plan to address the issues arising from the surveys. The Trust also maintains a staff intranet, publishes a monthly staff newsletter, and consults with staff on all major strategic issues, e.g. during 2004/05, we consulted with staff on Foundation Trust status, Agenda for Change and the potential relocation of the hospital to Cambridge in 2011.

Policies relating to disabled employees and equal opportunities

The Trust has in place an Equal Opportunities Policy and a Policy on the Employment of People with Disabilities. The Trust adheres to all UK and EU anti-discriminatory legislation and regularly reviews policies in this area, to ensure they are kept up-to-date. During 2004/05, the Trust commissioned a disability audit, to ascertain whether the Trust was in a state of readiness to comply with the terms of the Disability Discrimination Act and, where gaps were identified, to prepare action plans to address the gaps.

Health and safety performance and occupational health

The Trust received two improvement notices from the Health and Safety Executive (HSE) in 2004/05. The improvement notices related to the Trust's policies on Manual Handling and Violence and Aggression.

In response, the Trust revised the two policies in question (Manual Handling and Violence and Aggression), taking into account the HSE's comments on the existing policies. The revised policies were approved by the Trust's Risk Management Group and then re-submitted to the HSE.

Risk Assessment training sessions in the two affected areas have been scheduled for 05/06, to demonstrate to the HSE that we took their findings very seriously and were acting to address the issues identified. The Trust's Manual Handling Adviser will hold follow-up sessions with the Trust's nominated risk assessors, to reinforce the training they have already received. Following a recent reinspection, the HSE removed the improvement notices in May 2005.

There were no significant issues reported by the Trust's Occupational Health department during 2004/05.

Policy on payment of suppliers and performance achieved

The Trust endeavours to comply with the Government's "Better Payment Practice Code" and aims to pay all valid non-NHS invoices by the due date, or within 30 days of receipt of goods or a valid invoice. The Trust managed to pay 69% (by value) of invoices during the period within the 30 day target.

No claims have been made by small businesses under the Late Payment of Commercial Debts (Interest) Act 1998 during the period to 31 March 2005.

Consultations completed in 2004/05 and planned for 2005/06

As stated above, the Trust has carried out several consultation exercises with staff this year, on Foundation Trust status, Agenda for Change and the potential relocation of the hospital to Cambridge in 2011. In addition, during 2005/06, the Trust will be conducting a public consultation on the planned relocation. This consultation will be carried out between June and September 2005, and will include consultation with the public, PCTs, local Councils, local Overview and Scrutiny Committees, local patient involvement groups, Foundation Trust members and Governors and all other stakeholder groups that will be affected by a redevelopment of the hospital on another site.

External Auditors

Pricewaterhouse Coopers were the external auditors appointed by the Audit Commission in respect of the accounts of Papworth Hospital NHS Trust up to 30 June 2004. The Board of Governors approved the extension of this appointment to cover the accounts for the period to 31 March 2005.

In February 2005, a market testing exercise was conducted for the provision of an External Audit service. Following healthy competition, the Board of Governors approved the re-appointment of Pricewaterhouse Coopers for a further 5-year period.

The cost of the audit fees related to the statutory audit of the accounts and mandatory performance reviews for the reporting period amounted to £64k.

The financial statements set out in the pages that follow are a summary of the accounts for the 9 month period 1 July 2004 – 31 March 2005, prepared by the Trust in accordance with paragraphs 24 and 25 of Schedule 1 to the Health and Social Care (Community Health and Standards) Act 2003.

The auditors' report on the full accounts was unqualified.

A full set of the accounts for 2004/05, including the full statement of internal control, will be made available on request to the Director of Finance, Papworth Hospital NHS Foundation Trust, Papworth Everard, CB3 8RE, (tel. 01480 830541).

Statement of Directors' responsibilities in respect of the accounts

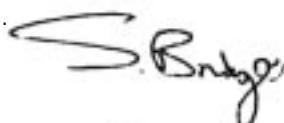
The Directors are required under the Health and Social Care (Community Health and Standards) Act 2003 to prepare accounts for each financial year. The Independent Regulator of NHS Foundation Trusts ("Monitor"), with the approval of the Treasury, directs that these accounts give a true and fair view of the Foundation Trust's gains and losses, cash flows and financial state at the end of the financial year. In preparing these accounts, the directors are required to:

- Apply on a consistent basis accounting policies developed using methods and principles laid down by Monitor with the approval of the Treasury.
- Make disclosure of information as required by Monitor with the approval of the Treasury.
- Make judgements and estimates which are reasonable and prudent.
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts.

The 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. He is 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.

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

By order of the Board


Stephen Bridge
Chief Executive


Stephen Donaldson
Director of Finance

Independent auditors' report to the directors of Papworth Hospital NHS Trust on the summary financial statements.

We have examined the summary financial statements set out on pages 29 to 32.

This report is made solely to the Board of Papworth Hospital NHS Foundation Trust in accordance with Part 11 of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 54 of the Statement of Responsibilities of Auditors and of Audited Bodies, prepared by the Audit Commission.

Respective responsibilities of directors and auditors

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

Basis of Opinion

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

Opinion

In our opinion the summary financial statements are consistent with the statutory financial statements of the Trust for the 9 month period 1 July 2004 - 31 March 2005 on which we have issued an unqualified opinion.

PricewaterhouseCoopers LLP
Cambridge
23 June 2005

PAPWORTH HOSPITAL NHS FOUNDATION TRUST**STATEMENT ON INTERNAL CONTROL – 1 JULY 2004 – 31 MARCH 2005****1. Summary Statement**

The Board of Directors is accountable for internal control. As Accounting Officer and Chief Executive of this Board, I have responsibility for maintaining a sound system of internal control that supports the achievement of the organisation's objectives, and for reviewing its effectiveness. The system of internal control is designed to manage rather than eliminate the risk of failure to achieve these objectives; it can, therefore, only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing risk management process, designed to identify the principal risk to the achievement of the organisation's objectives; to evaluate the nature and extent of those risks; and to manage them efficiently, effectively and economically. The system of internal control is underpinned by compliance with the requirements of all regulatory bodies relevant to Foundation Trusts and comprises robust, regular performance monitoring and reporting of:

- Governance, including clinical, information and corporate governance
- Risk management
- Financial management
- Activity against targets
- Serious adverse incident reporting
- Performance against SMART objectives

In addition, the Trust fulfils its obligations in the areas of:

- Stakeholder consultation
- Accountability to the Board of Governors and membership body

As Accounting Officer, I also have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control has taken account of the work of the executive management team within the organisation, who have responsibility for the development and maintenance of the internal control framework, and of the internal auditors. I have also taken account of comments made by external auditors and other regulatory and review bodies in their reports.

I am satisfied that a sound system of internal control has been in place throughout the financial year and is ongoing.



Stephen J. Bridge, Chief Executive
31 March 2005

(on behalf of the Board of Directors)

Income and expenditure account for the 9 month period ended 31 March 2005

	£'000
Total Income	60,660
Operating expenses	(59,512)
Exceptional item: PFI set-up costs	(151)
Operating surplus	997
Loss on disposal of fixed assets	(176)
Interest	82
Surplus for the financial year	903
Public Dividend Capital dividends payable ¹	(1,050)
Retained (deficit) for the year	(147)

Balance Sheet as at 31 March 2005

	31/3/05 (£'000)	30/6/04 £'000
Fixed assets	48,306	41,421
Current assets	11,008	12,810
Creditors: amounts falling due within one year	(10,410)	(12,784)
Net current assets	598	26
Total assets less current liabilities	48,904	41,447
Provisions for liabilities and charges	(104)	(116)
Total assets employed	48,800	41,331
Financed by:		
Government funding	43,862	37,326
Donated asset reserve	4,938	4,005
Total capital and reserves	48,800	41,331

Notes

The financial statements on pages 29 to 32 are a summary of the information contained within the Trust's full accounts upon which the auditors, PricewaterhouseCoopers LLP have issued an unqualified opinion. The full accounts are available on request from the Corporate Affairs office at Papworth Hospital NHS Foundation Trust, Papworth Everard, Cambridge CB3 8RE

1. Trusts are required to pay an annual dividend to the Department of Health equal to 3.5% of the estimated average net assets held by the Hospital. This effectively represents a financing cost.

Signed on behalf of the Board 23 June 2005

John Beadsmoore Chairman



Stephen Bridge Chief Executive



Stephen Donaldson Director of Finance



Cash flow statement for the 9 month period ended 31 March 2005

	£'000
Cash flow from operating activities	5,823
Interest	82
Capital expenditure	(2,391)
Dividends paid	(1,400)
Net cash inflow before financing	2,114
Financing	
Public Dividend Capital	1,284
Other capital grant	65
Increase in cash	3,463

Statement of total recognised gains and losses for the 9 month period end 31 March 2005

	£'000
Surplus for the financial year before dividends	903
Unrealised surplus on fixed asset revaluations	6,384
Increase in reserve for donated and government grant financed assets	137
Reduction in donation reserve for depreciation	(189)
Total recognised gains in the financial year	7,235

Salary and pension entitlements of senior managers 2004/05

	Salary (bands of £5000) £000	Other Remuneration (bands of £5000) £000	Real increase in pension at age 60 (bands of £5000) £000	Total accrued pension at age 60 At 31 March (bands of £5000) £000	Benefits in kind (Rounded to the nearest £)
Mr J Beadsmoore Chairman	15-20	0	0	0	0
Prof. E Chilvers Non-executive Director	0-5	0	0	0	0
Mrs A Bailey Non-executive Director (appointed October 04)	0-5	0	0	0	0
Mr J Lodge Non-executive Director	0-5	0	0	0	0
Mr H Rolfe Non-executive Director	0-5	0	0	0	0
Prof. M Simmonds Non-executive Director	0-5	0	0	0	0
Mr S Bridge Chief Executive	80-85	0	0	0	3,200
Mr S Donaldson Director of Finance	c/w	c/w	c/w	c/w	c/w
Mr N Davies Director of Patient Services (resigned February 05)	35-40	0	c/w	c/w	1,900
Mrs E Horne Director of Human Resources (appointed July 04)	45-50	0	c/w	c/w	0
Dr D Stone Medical Director	c/w	c/w	c/w	c/w	c/w

c/w consent to disclosure withheld as allowed under the terms of the Data Protection Act 1998.

Notes

- Salary and other remuneration excludes the employer's pension contribution and is gross of pay charges to other NHS Trusts. Other remuneration includes remuneration for clinical duties.
- Pension information is not disclosed, under the Data Protection Act 1998. All executive directors are members of the NHS Pension Scheme and readers are referred to note 1.12 in the full accounts for details of the operation of this scheme. Further details can be obtained from the NHS Pensions Agency, Hesketh House, Broadway, Fleetwood, Lancs. or from the Agency's website at www.nhs.gov.uk.
- The Trust can confirm that it has complied with the Department of Health's Guidance regarding NHS managers' pay.
- The Chief Executive was appointed using an open competition process and is on an open-ended contract. He was appointed prior to 1993 when the NHS Trust was formed.
- The remuneration of staff is determined by agreement which recognised trade unions for negotiation and consultation. For senior management and certain other management posts the Trust follows nationally agreed terms and conditions, which reflect the implementation of Agenda for Change.
- No payments were made in respect of 'golden hellos' or compensation for loss of office.

Chairman:

Mr John Beadsmoore

Mrs Anne Bailey

Non-executive Director (from October 2004)

Professor Michael Simmonds

Non-executive

Mr John Lodge

Non-executive

Mr Howard Rolfe

Non-executive

Professor Edwin Chilvers

Non-executive

Mr Stephen Bridge

Chief Executive

Mr Stephen Donaldson

Finance Director

Mr David Stone

Medical Director

Mr Nigel Davies

Chief Nurse and Director of Patient Services

Mrs Elizabeth Horne

Director of Human Resources (from July 2004)

Remuneration Committee

Chairman:

Mr John Beadsmoore

Professor Michael Simmonds

Mr John Lodge

Mr Howard Rolfe

Mrs Anne Bailey

Audit Committee

Chairman:

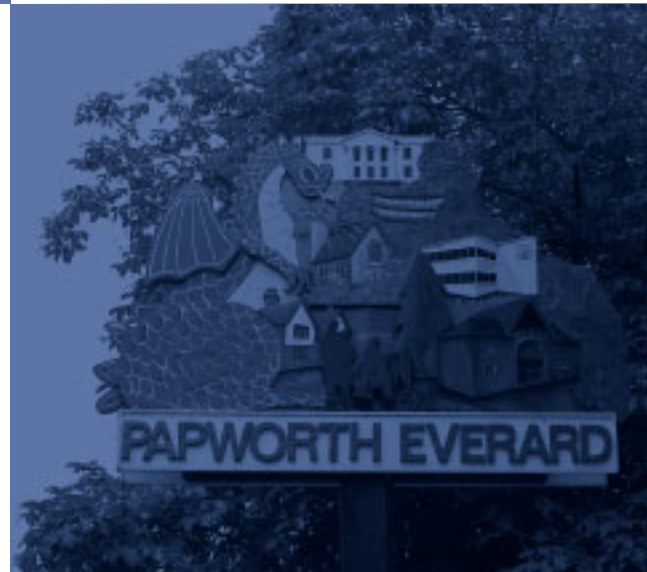
Mr Howard Rolfe

Professor Michael Simmonds (to September 2004)

Mr John Lodge

Mrs Anne Bailey (from October 2004)

The Trust also has a Governance Committee, which comprises the same membership as the Board of Directors, with the exceptions of Mr Lodge, Mr Rolfe and Mrs Bailey.





Papworth Hospital
NHS Foundation Trust



Papworth Hospital NHS
Foundation Trust,
Papworth Everard,
Cambridgeshire CB3 8RE