

Contents

	Section	Page
Highlights	1	4
Chairman's Statement	2	5-6
Chief Executive's Statement	3	7-8
Background Information	4	10
Future Developments	5	11
Future Challenges	6	12-13
New Papworth Hospital	7	14-16
Operational and Financial Review	8	17-25
Valuing and Involving our Staff	9	27-28
Board of Governors	10	29-31
Foundation Trust Membership	11	32-34
Board of Directors	12	35-39
Remuneration Report	13	40-43
Committees and Meetings	14	44
Other Public Interest Information Disclosures	15	45
Summary Financial Statements		46-51

Governors/Directors

If you have a comment for a Governor or Director, please contact: Corporate Services
Tel: 01480 364240
Email: foundation.trust@papworth.nhs.uk

Patient Advice and Liaison Service

If you require information, support or advice about our services, please contact: PALS Office
Tel: 01480 364896
Email: PALS@papworth.nhs.uk

Membership

If you are interested in becoming a member of Papworth Hospital NHS Foundation Trust, please contact: Corporate Services
Tel: 01480 364240
Email: foundation.trust@papworth.nhs.uk

Recruitment

For current vacancies go to:
<http://www.jobs.nhs.uk>

Communications

If you have a media enquiry, require further information about our hospital, or would like more copies of this report, please contact:
Tel: 01480 364929
Email: communications@papworth.nhs.uk

Papworth Hospital NHS Foundation Trust Annual Report and Accounts 2006/2007

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



1. Highlights

Papworth treated 3,000 more patients than in 2005/06.

We invested £4.5 million in our capital programme.

We achieved financial balance within the context of severely challenging market conditions.

Our patron Her Royal Highness The Duchess of Gloucester, GCVO, officially opened new facilities in our Thoracic Unit, doubling the number of thoracic day case beds and increasing thoracic inpatient beds by nine.

We started building an innovative Cardiothoracic Diagnostic Centre offering patients quicker diagnosis and progression to treatment. We are also building an extension to our Respiratory Support and Sleep Centre (RSSC) to cater for demand.

The RSSC's Sleep Clinic featured in an eight-part BBC documentary highlighting its work and the difficulties of living with sleep disorders. The series was watched by 30 million viewers.

We performed the UK's First Beating Heart Transplant using a new system for organ conservation.

We achieved the best risk rating possible from Monitor for resource management, governance and mandatory services in quarter four of 2006/07.

Turf turning ceremony for new Diagnostic Centre



In front of television cameras and encouraged by a group of "hard hatted" staff, Dr Sarah Clarke and Dr Nick Screamon ceremoniously turned the first turf in the building of the new Diagnostic Centre on 22 February. This new service will offer patients the opportunity for a quicker diagnosis and progression to treatment, significantly improving the patient experience.

2. Chairman's Statement



This is my second annual report as Chairman of Papworth Hospital NHS Foundation Trust Board of Directors and of the Board of Governors.

We are an acute cardiothoracic hospital with an international reputation, one of a limited number of NHS Foundation Trust Hospitals designated to provide nationally commissioned specialised services for heart and lung transplant and cardiothoracic treatment specialties.

My colleague Stephen Bridge, in his annual statement, refers to the year as another crucial one for the health service, a year which saw a reorganisation of the authorities that fund our services. The year was also a significant one if the NHS is to achieve the new patient waiting time target of 18 weeks by December 2008. This target has been a key driver in our service delivery plans. Our aim at Papworth Hospital is to provide a positive patient experience for all our patients. The majority of our patients are admitted after being referred from other hospitals so our patients will benefit from this quicker access to our specialist care. All our staff work together as a team to achieve the best outcome for patients but occasionally patients are referred to us after some delay, so we are taking the opportunity under the Government's new Patient-Choice agenda to offer more options for direct GP referral.

The Boards of Directors and Governors work closely together to ensure that forward strategy, financial planning, patient experience and member involvement help to achieve the highest standards of clinical excellence. You may already be aware that as a result of growing demand for our patient services two additional projects were approved during the year, a pioneering new 'one-stop' Diagnostic Centre and a further extension to the Respiratory Support and Sleep Centre. Both will be available later in 2007.

This year has also been particularly difficult for staff at Papworth, owing to the uncertainty associated with our proposed move to an autonomous hospital adjacent to the University of Cambridge Clinical School on the Biomedical Campus. I was appointed by the Governors in January 2006 to aid this complex move.



2. Chairman's Statement

In a highly regulated public service sector like the NHS one can accept that the approval process for any major capital investment has to be rigorous but that very process itself exacerbates our ability, as a Foundation Trust Hospital Board, to meet the Secretary of State for Health's plea to speed up the process for change.

The new hospital is designed to provide all single-room treatment, to allow the hospital teams to work more effectively and efficiently to take advantage of the Government's newer initiatives under Agenda-for-Change, with operating theatres able to be run 24/7. We all accept that no Secretary of State could approve a new hospital that is not recognised to be affordable by the whole health community. In our case, the reduction in unit costs will be such as to allow substantial savings to be shared with our traditional commissioners whilst attracting patients from outside our current normal catchment area.

The new hospital plan is supported by proven growth demonstrated over the last decade, reflecting increasing demands of not only the expanding population but also life expectancy and clinical advances. Letters of support from the University Clinical School, the Strategic Health Authority and Primary Care Trusts have been secured. Planning permission for the Biomedical Campus site extension, including the proposed land for the new Papworth Hospital is anticipated mid-2007.

The Biomedical Campus is an international site and the proposed move by Papworth Hospital is seen as also supporting a Papworth Cardiothoracic Institute enhancing transnational research and education in association with other existing research centres.

One of my associated responsibilities is that of Chairman of the Charity Board/Board of Trustees and in that role I have met fundraising groups, individual volunteers and representatives from charitable groups in the region and beyond. All share an ambition for Papworth to thrive. Our charitable donors will be vital in contributing to education and research in the new hospital. The Board intends to launch a major gifts appeal to coincide with approval for the hospital.

As mentioned earlier I am also Chairman of the Board of Governors, which has to approve major strategy. Determination of forward strategy is a complex partnership between both Boards, the Secretary of State for Health, the local Strategic Health Authority and local/national Primary Care Trusts. Without their comprehensive support we would not be in the process of promoting a new hospital. It is now essential that we make progress in securing the necessary approval required.

I would also like to take this opportunity to thank all our staff and patients for their understanding whilst we continue to process the application for the new hospital.

Also I need to thank our Governors and Members. Our Governors are not paid. They demonstrate tireless dedication to the hospital. Our Members elect them from those Members wishing to stand. Some are ex-patients and others are staff members, whilst our local councils directly nominate a few. They are our 'eyes and ears'. Though the Board of Governors is advisory, they are responsible for appointing the Non-executive Directors, work with the Nurse Director to review Patient and Public Involvement and hence in reality they ultimately hold the organisation to account. We are indebted to them.

Members are members of the public who have expressed a willingness to take an interest in the Hospital on behalf of the wider public. Our regulatory body, Monitor, considers that we need sufficient members to provide a representative voting population as their role is to elect the Governors. We have such a membership base (11,500 members) but our age profile and diversity could be better. Why not come along to a Governor meeting? They are open to the public.



Robert Burgin
Chairman
5 June 2007

3. Chief Executive's Statement



The financial year 2006/07 was a crucial one for the NHS, as understandable public concern over financial problems, closure of facilities, and infection control meant that the health service was rarely out of the news.

In addition to the above, yet another structural change - less than five years from the previous one - saw the establishment of 10 new Strategic Health Authorities and a reduction to approximately 150 Primary Care Trusts, organisations principally responsible for the planning and purchasing of healthcare, respectively.

Throughout all this upheaval, healthcare staff across the country continued to provide services to a population with ever increasing expectations. The Government has responded to the public's demand for a better health service, by pledging to reduce the total waiting time for non-urgent healthcare to 18 weeks by December 2008. To have any chance of achieving this ambitious target, 2006/07 was the year during which the total waiting time had to come down from 65 weeks to 44 weeks. With very few exceptions the 44-week target has been achieved in England, excluding of course patients waiting for heart and lung transplants where the availability of donor organs is the main issue.

At Papworth, we managed to admit a significant number of patients even earlier, i.e. within a total waiting time - from GP referral - of 37 weeks. To achieve this Papworth treated nearly 2% more inpatients than in 2005/06; the 19th successive

year of growth, at a staggering annual average growth rate of 9%. The expansion in outpatient activity has been even more impressive, averaging 14% per annum for the past 12 years.

Papworth admits about 85% of patients from a waiting list; this compares to about 30% in general hospitals. Our focus on waiting times is therefore very understandable, but all patients benefit from quicker access to specialist care.

I was therefore delighted that the Board of Directors approved two important business cases this year, one for a further extension to the Respiratory Support and Sleep Centre and secondly, for a pioneering new 'one-stop' Diagnostic Centre.

Both of these developments will open later in 2007. These two capital projects form part of Papworth's exciting five-year strategy for 2007/12, designed to help us continue to meet



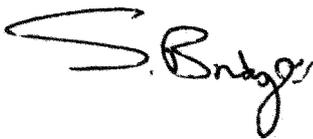
3. Chief Executive's Statement

growing demand for our services and help us introduce more streamlined services for patients.

Another area that Papworth continues to lead the way in is clinical innovation and the application of the latest technology, demonstrated in our performing the UK's first beating heart transplant operation in May 2006.

We achieved all this and produced a year end surplus of £2.3 million, essential if we are to continue to invest in additional staff and equipment, as well as helping to pay for our much needed new hospital. See page 14.

Papworth Hospital continues to thrive, and I should like to take this opportunity to thank all our staff for their excellent efforts in what has been another outstanding year.



Stephen Bridge
Chief Executive
5 June 2007

Papworth Hospital scored in the best 20 per cent of Trusts.

In a survey of 80,000 patients published by the Healthcare Commission, the health watchdog in England, Papworth Hospital scored high marks on questions relating to a broad range of issues such as admission, the hospital ward, staff, care and treatment, and operations. Papworth's scores were particularly high for meeting privacy and dignity needs of patients and for the time staff took to explain the purpose of the medicines patients needed to take home. The survey reviewed 167 acute and specialist NHS Trusts and for 97 per cent of the questions Papworth scored in the best 20% of Trusts.



Claire Tripp, Director of Nursing said: "We are delighted that Papworth has scored so highly in this national survey of patients and it is feedback that all our staff can be proud of. We are always looking at areas we can improve and deliver even greater patient focused care. We constantly review the feedback we receive and revise our practices accordingly. This survey shows we are on the right track."



Papworth Hospital's State-of-the-art CT Scanner arrives

Saturday 6 January saw the delivery of a revolutionary new generation Computerised Tomography (CT) scanner, the Siemens Somatom Definition. Papworth is the first site in the UK to have this state-of-the-art technology. This scanner is capable of rapidly and non-invasively imaging the coronary arteries, offering patients a quicker, effective and non-invasive diagnostic test for coronary heart disease.

The delivery of this CT scanner heralds the first stage of Papworth Hospital's innovative new Cardiothoracic Diagnostic Centre, now called Papworth *Direct*, which will open later this year. This new service will offer patients the opportunity of a quicker diagnosis and progression to treatment, significantly improving the patient experience.



Dr Nick Screaton, Consultant Radiologist at Papworth Hospital said, "Papworth Hospital has been an advocate of cardiac CT for many years having carried out much of the early clinical work in the UK. The installation of this leading edge technology is a fantastic opportunity for us to remain at the forefront of developments in Cardiac CT. Together with its numerous clinical advantages the new scanner provides abundant research opportunities."



4. Background Information

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 and continues to be a high performing organisation.

Papworth Hospital has established global renown 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.

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

In more recent years the hospital has become most associated with providing transplant services yet Papworth continues to deliver the

highest standard of patient care not only in heart and lung transplant but also in the following areas:-

- 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. Papworth also offers specialist oncology services, lung defence services and treatment of cystic fibrosis. It also has one of the UK's leading Sleep Clinics which was recently featured in an eight-part BBC documentary series.

We treat over 20,000 inpatients and day cases and over 30,000 outpatients each year. We have 258 beds and 1,300 staff.

Building Work on RSSC Extension Begins



This £4.5 million extension to the Respiratory Support and Sleep Centre will provide a much needed extra 10 sleep centre beds, consulting rooms and office space. The work should be completed in September 2007.

BBC Documentary 'Sleep Clinic'

The Sleep Clinic at Papworth Hospital was the focus of an eight-part documentary series on BBC1 earlier this year. Its purpose was to increase awareness of the difficulties of living with sleep disorders and to highlight the work of our Respiratory Support and Sleep Centre's Sleep Clinic. This series was watched by a staggering 30 million viewers.

5. Future Developments

The Board of Directors and Board of Governors both gave their full support to an exciting five-year strategy for Papworth.

This strategy, covering the five years before our planned move to the Cambridge Biomedical Campus, contains 40 initiatives, which we believe will help Papworth achieve the following:

- Increase inpatient and day case activity by a further 30%, by the end of 2012.
- Increase outpatient activity by 30% in the same period.
- Significantly enhance our profile in research and development and clinical education.
- Increase our cost effectiveness by reducing pay costs from 49% to 44% of total income.

The Board of Directors also approved two important business cases for major capital projects, both essential to our five-year strategy. The two projects are:

- A £4 million extension to the RSSC, essential if Papworth is to capitalise on the success of the eight-part BBC TV documentary *'The Sleep Clinic'*.
- A £4 million Diagnostic Centre, equipped with the UK's first dual headed 64 slice cardiac CT scanner, which we confidently predict will enable Papworth to provide more *'one-stop'* diagnosis and treatment within the next year to eighteen months.

New Papworth Hospital Project

The Government review of NHS major Private Finance Initiative (PFI) projects, initiated in early 2006, has effectively delayed Papworth's project by 12 months. Originally approved by the Department of Health to go to the market in September 2006, it will not now be possible to achieve this until the late Summer of 2007. However, interest from the PFI sector remains very strong, and the Board of Directors remains confident that the autonomous, new Papworth Hospital will be delivered, on the Cambridge Biomedical Campus, in 2012, subject to the approval of the Department of Health and Monitor. For further details see page 14.



6. Future Challenges

Health Care Commission Annual Assessment

Papworth received a rating of 'fair' in the new Healthcare Commission Annual Assessment for the financial year 2005/06. This was a disappointing result given that Papworth services scored comfortably high on all but two indicators:

- MRSA infection (we had 14 cases all year against a target of 12).
- coding of ethnic origin (75% of Papworth inpatients have a valid code against a target of 80%).

The Board of Directors has invested in improved performance management arrangements in the Trust to ensure sharper performance management processes and increased consistency in delivering national targets.

Workforce Development

Our key workforce challenge continues to be the sustainability and development of our services on our existing site, whilst planning and designing a new world-class hospital on the Cambridge Biomedical Campus. The vision for the new Papworth can be achieved only with the support and enthusiasm of our existing teams.

As a result, we have continued to extend our successful track record of developing new and enhanced roles based on a competency approach and removing traditional demarcation lines and staff group specific roles. Work has commenced on implementing new training and educational packages for unregistered clinical staff to be used across the hospital, accredited by Anglia Ruskin University. This approach ensures the workforce of the future has the skills and experience needed to deliver the hospital's services in the short and long-term.

A number of initiatives have been developed to sustain the workforce challenges, including plans to promote flexible working for staff to increase the range of services provided 24/7. These initiatives will meet the needs of our patients for more convenient access to services and our staff for flexible working practices to achieve a better work/life balance.

Capital Investment

Despite the plan to move to a new hospital in 2012, Papworth must continue to review and develop its current site to support the increases in patient numbers predicted over the next five years. This will include investment of £14.01m in capital over the next three years.

6. Future Challenges

As a result of prudent investment in earlier years, the estate structure, fabric and services are generally in good shape and the level of significant maintenance required is low. During 2007/08, the Trust will review its fixed asset base to ensure that the optimum financing strategy is pursued.

The following investments are planned for 2007/08:

- Completion of the extension of the Respiratory Support and Sleep Centre.
- Completion of the Diagnostic Centre.
- Progress on the replacement of medical equipment.
- Installation of a theatre store which will free up critical space within the theatres and critical care areas enabling improvements in patient throughput.
- Investment in IT including the implementation of a new Patient Administration System (PAS).

18 Week Patient Wait

The NHS Improvement Plan has given a commitment that by December 2008 no patient will wait longer than 18 weeks from GP referral to treatment. This is an extremely ambitious target for the NHS as a whole and particularly for tertiary hospitals, like Papworth, where patients may arrive from other hospitals late in the treatment pathway. With this in mind, Papworth has already undertaken considerable preparation work to further reduce waiting times, including liaising with District General Hospitals to limit delays in patient referral.

New Clinical Information System



As part of Papworth's continued drive for excellence and staying at the forefront of patient care, the Critical Care Unit has entered the era of computerised patient records as their new Clinical Information System (CIS) went live as planned in November. The new system has been a multi-disciplinary project where all information about patients, which previously would have been contained on approximately twenty separate pieces of paper, is now available at the touch of a screen at the patient's bedside.



7. New Papworth Hospital

In October 2005 Papworth's Board of Directors and the lead Primary Care Trusts made the decision that the best option for the provision of care for patients of Papworth Hospital and for research into heart and lung diseases was to move to a site adjacent to Addenbrooke's Hospital and the University School of Clinical Medicine on the Cambridge Biomedical Campus.

There were a number of factors that contributed to the decision to relocate to Cambridge.



Cambridge Biomedical Campus site showing the location of the new Papworth Hospital highlighted in blue.

- Generally an ageing patient population means that an increasing number of our patients have other diseases and conditions as well as their heart and/or lung problem. Relocating to the Cambridge Biomedical Campus will mean patients have improved access to the other specialist diagnostic and clinical services provided within Addenbrooke's Hospital.
 - It is important that Papworth Hospital remains at the cutting edge of research in order to continue to develop state of the art treatment for the patients of tomorrow. Building a new hospital with extensive research facilities with close links to the University of Cambridge, the Medical Research Council and Addenbrooke's Hospital will increase our ability to develop new research programmes.
 - Locating Papworth adjacent to Addenbrooke's Hospital supports the development of new services such as primary angioplasty for the treatment of people who have suffered a heart attack.
- In addition, the public consultation carried out from June-September 2005 confirmed that the preferred option for the redevelopment of Papworth Hospital was to move to the Cambridge Biomedical Campus rather than redevelop the existing Papworth Everard site.

7. New Papworth Hospital

Private Finance Initiative

The Department of Health requires the new hospital to be funded via the Private Finance Initiative (PFI). PFI provides a way of funding public buildings such as hospitals and schools by attracting private investment and therefore avoiding the need for public funds for capital expenditure. A group of private firms including architects and construction companies are contracted to design, build and maintain the building over the lifetime of the contract – typically 30 years.

The Trust is currently preparing all the documents required by this PFI process and is aiming to place an advert in the Official Journal of the European Union (OJEU) in January 2008. This advert will invite tenders from PFI consortia to work with the Trust on the development of the new hospital. The successful consortium will be selected following a detailed evaluation of the bids and construction of the new hospital will commence in January 2010. The new hospital is likely to open to patients in 2012.

Designing the new hospital

Building a new hospital provides an opportunity to look at how we deliver our services to ensure

we are offering first class care to patients. With this in mind we are exploring improving access for patients by offering out of hours and weekend appointments and treatments, ensuring systems are in place to support patients being discharged as soon as they are fit enough to do so and ensuring the design of the new hospital meets patients' needs.

A large number of our staff have been involved in the design work that has taken place to date. This design work represents the standard we have set for the architects and the builders who will bid to build the hospital when we invite bids from PFI consortia.

Some key design features of the new building include:

- 100% single bedrooms with en-suite facilities, with the exception of the day ward facilities and two 4-bedded bays in the Respiratory Support and Sleep Centre.
- Locating clinical departments in a way that ensures patient travel distances within the hospital are as short as possible and that care is delivered as effectively as possible.



Artists impression of the new Papworth Hospital



7. New Papworth Hospital

Access to the new hospital

Transport infrastructure has always been a key issue for the project and the Trust is pleased to report that work is now underway on the new M11 link road and the Cambridgeshire Guided Busway.

The new link road from the M11 to the Biomedical Campus received planning permission in November 2006 and site clearance began in February 2007. The road will be constructed in two phases. Phase 1 from the Trumpington Park and Ride to Shelford Road section is due for completion by March 2008, and Phase 2 from the Shelford Road to Addenbrooke's is due for completion by the end of 2009.

The new Cambridgeshire Guided Busway will provide high quality, reliable and frequent public transport along the A14 corridor and will link the new Papworth Hospital to the St Ives to Cambridge busway route with its additional Park and Ride sites. The guided bus contract has now been let and construction of the St Ives to Cambridge stretch started in March 2007. Construction of the Cambridge Station to Trumpington section is due to start in October 2007. The estimated opening date is Spring 2009.

Next steps

A project of this magnitude requires Department of Health and HM Treasury approval. The project has recently been the subject of a Department of Health review and we anticipate a positive outcome to the review in the summer of 2007. Thereafter the Outline Business Case for the project will have to be approved by the East of England Strategic Health Authority, the Department of Health and HM Treasury. We anticipate that this approval will be given later this year.

Outline Planning Consent will also be required before the PFI project can be advertised in the European Journal. An Outline Planning Application was submitted by the campus developers for the entire campus in October 2006 and Cambridge City Council is expected to give planning consent by September 2007.

National Triumph for Papworth Hospital's Transplant Team at Transplant Games



Sixteen transplant patients won an amazing total of 38 medals and the Tesco Challenge Trophy for the best overall heart (and lung) team at the British Transplant Games held during August in the lovely city of Bath. The team took part in a huge variety of sports, ranging from the usual track events to badminton, tennis, fishing, cycling, swimming and even canoeing on the River Avon.

Three team members were competing for the first time; one of them commented, "I just had a brilliant time. The team spirit was tremendous with everybody encouraging each other. I feel so lucky to be given a chance to live my life to the full and be able to take part in events such as this."

8. Operational and Financial Review

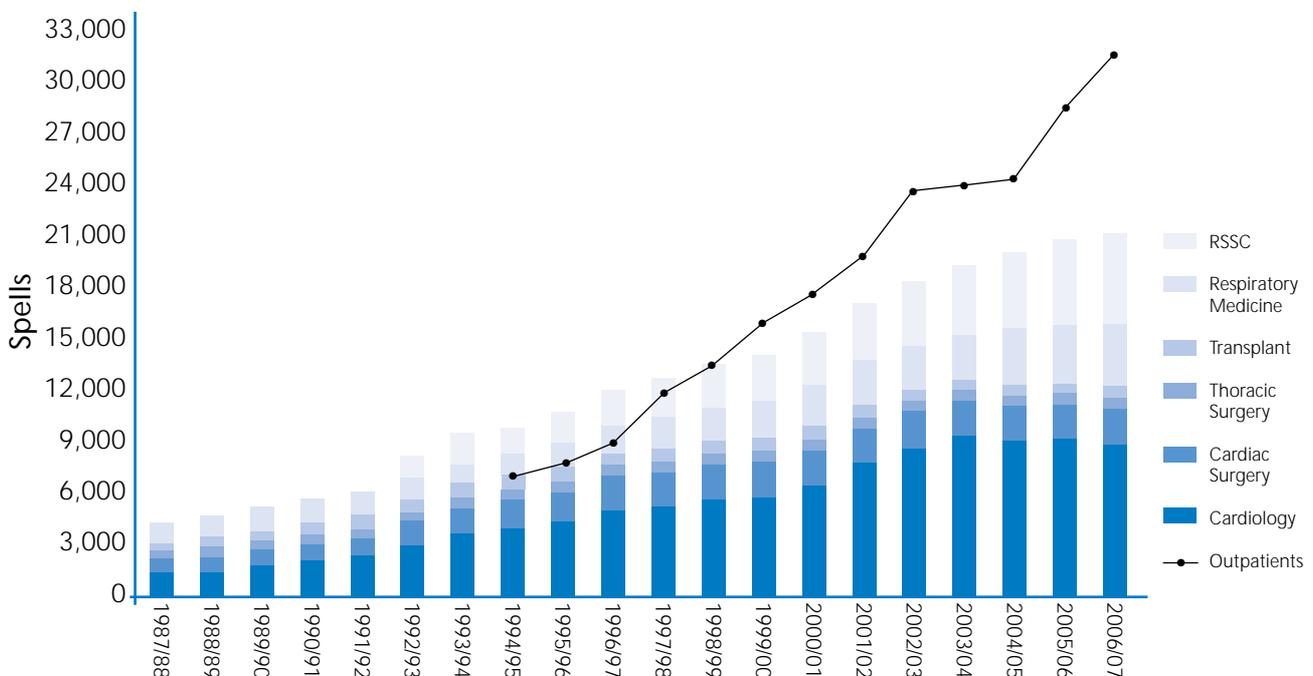
Activity overview

Despite the difficult financial position of the NHS, and the East of England in particular, Papworth has had another outstanding 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 19 years inpatient activity has increased

at an average annual rate of nearly 9% and over the last 12 years outpatient activity has grown by nearly 14% per annum.



Notable achievements were:

- 1,754 cardiac surgical operations, 9% more than 2005/06 and only just short of the record number carried out in 2002/03.
- 68 heart and lung transplants, 15% more than last year.
- Significant growth in specialised cardiology, specifically Electrophysiological Services (EPS) 18% more than last year, (which was 32% up on 2004/05).
- The 14th successive year of growth in the number of patients treated by the Respiratory Support and Sleep Centre (RSSC), with a 9% increase on 2005/06.





The transplant team. Back row (left to right) Karen Cuthill (Theatre Sister), Andrew Klein (Consultant Anaesthetist), Arshad Ghori (Specialist Registrar).

Front row (left to right) Cliff Choong (Consultant Surgeon), David Jenkins (Consultant Surgeon), Michael Burt (patient), Alison Ogborne (Donor Care Physiologist).

UK's First Beating Heart Transplant

A 58 year old Papworth Hospital patient became the first person in the UK to receive a beating heart. The transplant operation was carried out by a team of surgeons at Papworth Hospital on 22nd May.

A new system for organ conservation, TransMedics Organ Care System, was used for this transplantation.

After removal from the donor, the heart is placed into the Organ Care System, designed to maintain human organs in a functioning state outside the body.

The heart is then immediately revived to a beating state, perfused with oxygen and nutrient-rich blood and maintained at the appropriate temperature.

Using the System, organs are kept in their physiological, beating state during transport to the recipient and until implantation.

8. Operational and Financial Review

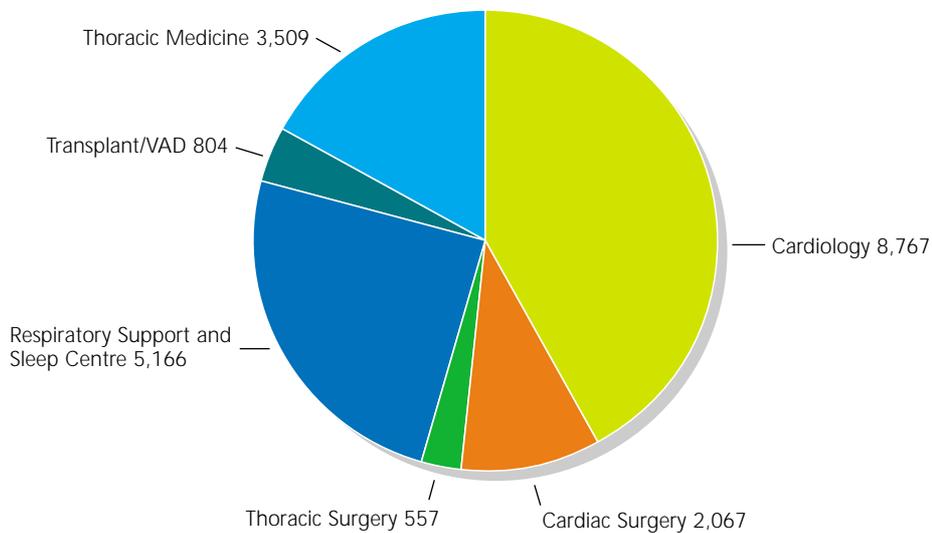
Activity overview

Waiting List as at the end of financial year

	00/01	01/02	02/03	03/04	04/05	05/06	06/07
Cardiac	1,564	1,493	1,445	1,356	1,306	1,206	1,069
Thoracic	889	723	659	754	581	498	132
Total	2,453	2,216	2,104	2,110	1,887	1,704	1,201

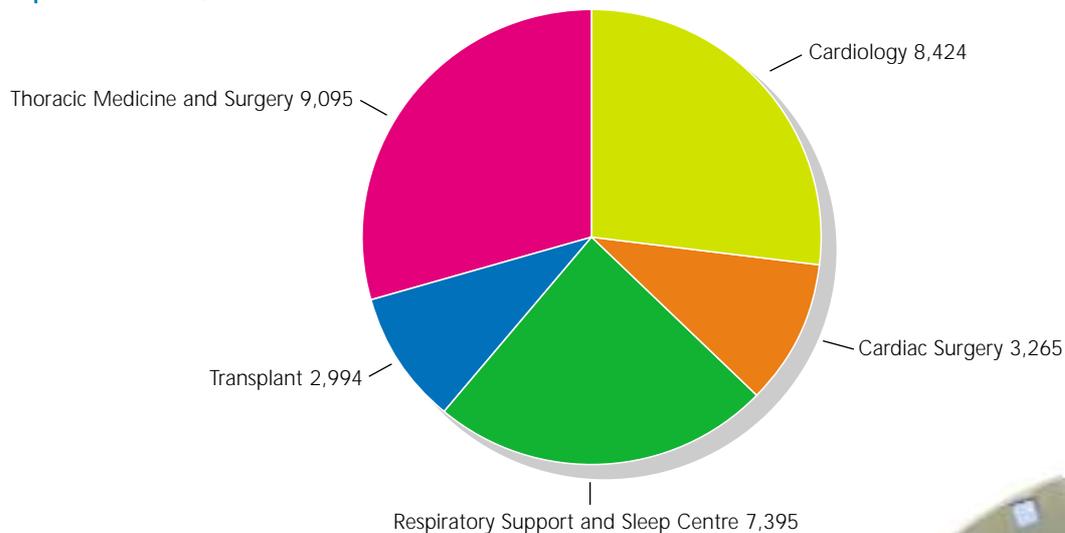
Inpatients and day cases 2006/07 at a glance

Total patients 20,870



Outpatients

Total patients 31,173



8. Operational and Financial Review

Patient Care

Performance against Key Objectives

Existing National Targets

- Delivered maximum inpatient and day case waiting time of 26 weeks throughout the year.
- Delivered maximum waiting time of 13 weeks from GP referral to first outpatient appointment throughout the year.
- 97.1% of patients whose operations were cancelled by the hospital for non-clinical reasons were readmitted within 28 days.
- Maintained a maximum waiting time of three months for revascularisation and angiography.
- Achieved a maximum waiting time of one month from diagnosis to treatment for all cancer cases.
- Over 95% of patients with suspected cancer treated within 62 days.
- 100% of elective patients were able to book their admission or appointment at their convenience.
- Convenience and choice – the relevant provider information about Papworth services was put in place to support choice.

- Delayed transfers of care: only 10 patients (less than 1% of bed days against a national target of 3%).

New National Targets

- Achieved a reduction in new MRSA bacteraemia identified at Papworth to below the target of 12 cases.
- 99.7% of patients received diagnostic tests within the national target time scale of 13 weeks, with the average waiting time much less.
- Coding of the ethnic origin of inpatients increased from 75% in 2005/06 to 80% in 2006/07.
- Scored in the top 20% of Trusts on 97% of questions in the Healthcare Commission Inpatient Survey 2006.
- Delivered the 18 week milestone maximum inpatient and day case waiting time of 20 weeks by 31 March 2007.
- Delivered the 18 week milestone maximum waiting time of 11 weeks from GP referral to first outpatient appointment.
- Delivered a smoke free site and local services for smoking cessation.

New Thoracic Extension opened by HRH The Duchess of Gloucester, GCVO



The hospital's patron, Her Royal Highness The Duchess of Gloucester, GCVO, officially opened new facilities in the Papworth Hospital's Thoracic Unit in June.

This new two storey extension doubled the number of thoracic day case beds to 14 and increased the thoracic inpatient beds by nine.

8. Operational and Financial Review

Patient Care

Standards for Better Health

In 2005/06 we met most of the core standards for better health, with the notable exception of C4(a), where the Trust was obliged to report non-compliance as, through our MRSA surveillance programme, we identified 14 new MRSA cases in Papworth patients (against a target of 12). The Trust worked hard in the last year to deliver the fundamental standards of care set out in Standards for Better Health, and we were delighted to report in our annual health check declaration in May 2007, compliance with all of the core standards, including MRSA. We achieved full compliance in the following areas.

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

Local Performance Indicators

We monitored progress on a range of indicators important to Papworth, its staff and patients and achieved the following:

- Delivered a cost improvement target of £2.1 million.
- Reduced outpatient waiting times to nine weeks.
- Maintained a low level of serious untoward incidents and patient related adverse incidents throughout the year.

Our patient care challenges for 2007/08 going forward include:

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

These key targets are addressed in our 2007/08 annual plan.

Patient Satisfaction

Patient satisfaction data is collected by Papworth 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:

Do you feel that the care you received respected your personal wishes, beliefs and values?

Did staff always call you by your preferred name?

Do you feel staff respected your confidentiality?

Do you feel staff actively tried to promote your privacy, dignity and protect your modesty?

Did we meet your expectations?

Patients have a choice of the following four answers: Always, most of the time, sometimes, seldom.

The average positive score for those patients who have responded is 97%.



8. Operational and Financial Review

Support

Research and Development

We are a centre of excellence for multidisciplinary research and development. Our major research programmes focus on coronary heart disease and respiratory programmes, including transplantation. Research performance continued to be strong in 2006/07. The Trust had 118 (non-commercial) and 36 (commercial) research projects in progress supported by around £2.2m in external funding from charitable bodies, industry and pharmaceutical companies. 100 peer reviewed papers were published this year.

We continue to work closely with Cambridge University Hospital to ensure that the currently successful collaborative research consortium continues under the new NHS Research and Development Strategy.

Below are just a few examples of research and development carried out at Papworth:

- **UK's first beating heart transplant.**
Chief Investigator - Mr Steven Tsui. In May 2006, Papworth Hospital was the first hospital in the UK to use the new Transmedics Organ Care System for organ preservation prior to heart transplantation. This study is ongoing but if it proves to be successful, it could significantly increase the number of donor hearts available for transplantation.
- **Talc Pleurodesis: doctor versus nurse led procedure.**
Chief Investigator - Mrs Helen Munday. This pilot study demonstrates that appropriately trained nurses could competently perform the procedure as safely and effectively as doctors. The procedure entails inserting a drain into the chest between the ribs, draining off all the fluid over several days and then, when the chest cavity is dry, injecting a talc suspension into the chest drain. This has the effect of sticking the lung up against the chest wall.
- **CECaT Trial (Cost effectiveness of functional cardiac testing in the diagnosis and management of coronary heart disease trial).**
Chief Investigator - Dr David Stone. A randomised clinical trial recruited 898 patients between September 2001 and September 2004, and completed the last patient follow-up in March 2007. This trial was funded by the Department of Health's Health Technology Assessment (HTA) programme. Results from the study were recently reported at the highly regarded American College of Cardiology Annual Conference. The final report to the HTA has been submitted and is in the review process.

Overview and Scrutiny Committee

The Overview and Scrutiny Committee is formally consulted with regard to draft and final declarations for the Healthcare Commission Core Standards, and provides appropriate supporting statements. The declaration can be found on the Papworth Hospital website at www.papworth-hospital.org.uk.

Complaints handling

Trends and data collected on formal complaints received by Papworth Hospital NHS Foundation 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), and all clinical management groups and is available on the Trust intranet for staff to access.

In 2006/07 Papworth Hospital received 47 formal complaints which is lower than the previous year when 56 formal complaints were received. During 2006/07 the response time to complaints, measured against the time frame set by the NHS Complaints Regulations was 98% compared with 66% in 2005/06.

Throughout the year a range of service improvements has been made as a result of analysing and responding to complaints and further information is available on request from Corporate Services.

8. Operational and Financial Review

Financial Review

2006/07 was another very challenging year for NHS finances.

Against the backdrop of this difficult financial climate, overall financial performance at Papworth was very positive throughout the year.

The following table summarises financial performance for 2006/07. Income exceeded total expenditure during the year as additional activity was delivered without a commensurate increase in costs, giving a retained surplus of £2.3 million. Financing items (lower depreciation and public dividend capital payments; and higher interest received) have contributed £0.57 million to the surplus.

Healthy levels of annual revenue surplus and cash balance are essential and will be planned for in 2007/08 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.

Summary of Income and Expenditure Position 2006/07

£ million	2006/07 Plan	2006/07 Actual	Variance Fav/(adv)
Income			
Clinical Income	82.1	86.4	4.3
Non-Clinical Income	7.4	6.1	(1.3)
Total Income	89.5	92.5	3.0
Expenditure			
Pay Costs	45.1	44.9	0.2
Non-Pay Costs	39.8	41.3	(1.5)
EBITDA*	4.6	6.3	1.7
Financing Costs	4.6	4.0	0.6
Retained surplus for the year	0	2.3	2.3

* Earnings before Interest, Taxation, Depreciation and Amortisation

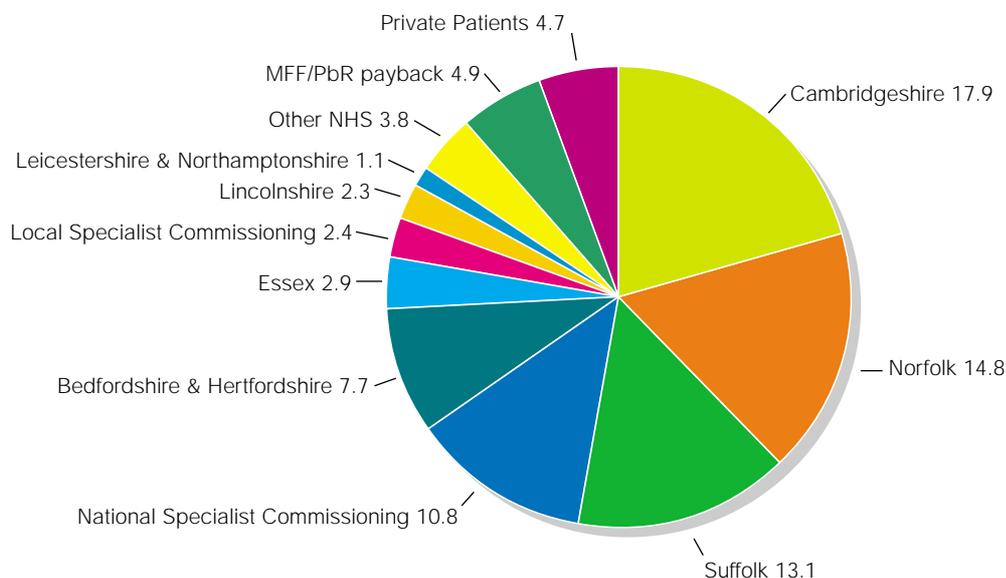


8. Operational and Financial Review

Financial Review

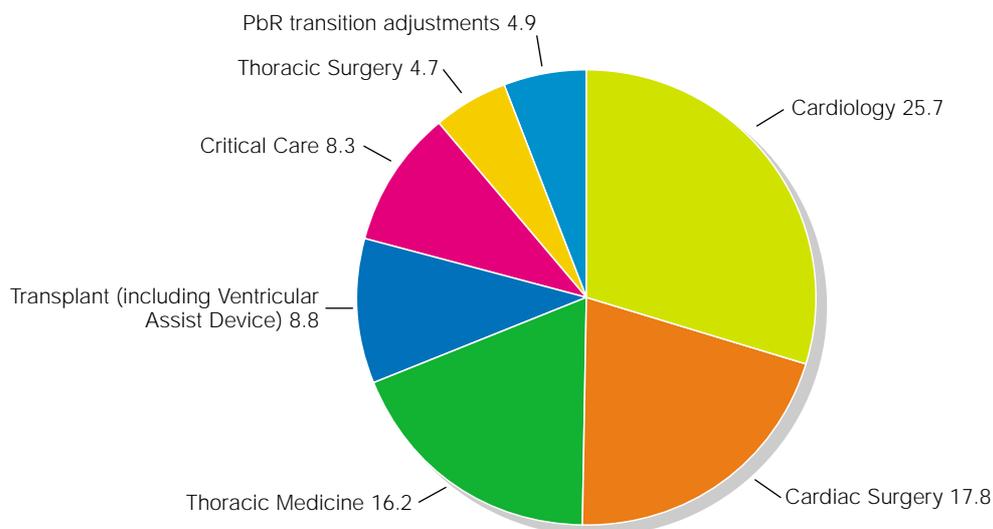
2006/07 Income by Commissioner

Total £86.4m



2006/07 Income by Service

Total £86.4



Key points to note in 2006/07

Clinical income, which comprises both NHS and Private Patients, achieved levels in excess of the 2006/07 plan. Private Patient income was just below plan at £4.7m (5.4% 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).

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 £6.1m, which included funding to provide education and training and to fund research and development activities.

Private Patients Income Total £4.7m

£ million	Achieved	Plan	Variance
Private Patients	4.7	4.8	(0.1)
Total Patient Income	86.4	82.1	4.3
Private Patients as % of Patient Income	5.4%	5.8%	(0.4)%

8. Operational and Financial Review

Financial Review

Pay and Non-Pay Costs

Given the high levels 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 £0.2m. Non-pay costs exceeded budgeted levels by £1.5m, mainly due to the high level of variable costs associated with increased activity.

Prudential Borrowing Limit

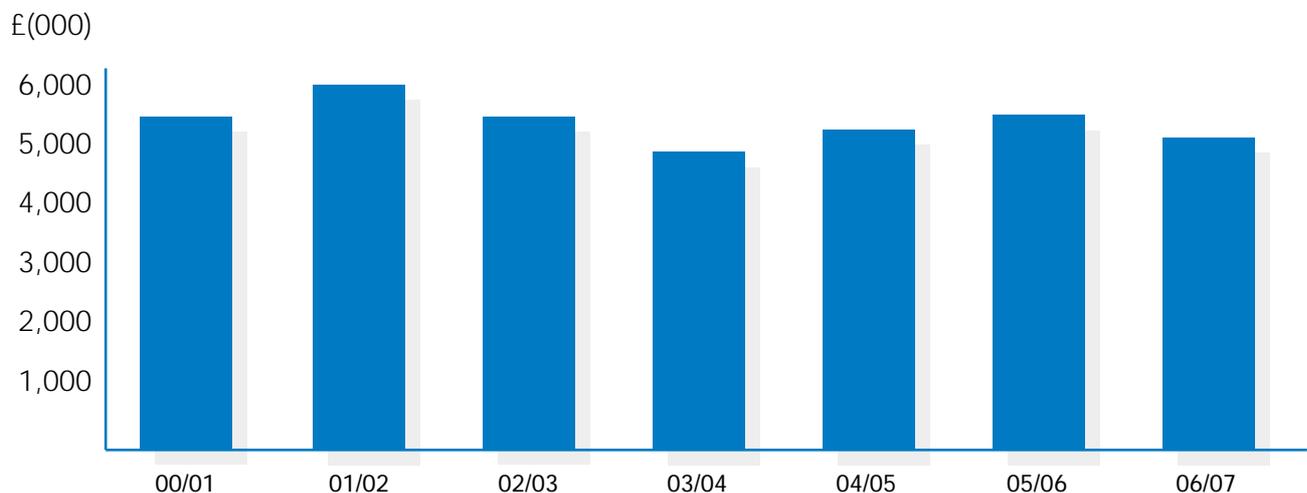
The Trust has a Prudential Borrowing Limit set by Monitor (the independent regulator of Foundation Trust Hospitals), made up of two elements. For 2006/07 Papworth's maximum cumulative long term borrowing limit was £11,000,000, and the approved working capital facility was £6,000,000. The Trust did not need to borrow against either element of the Prudential Borrowing Limit during 2006/07.

Investment

The Trust continued to invest in expanding and improving facilities during 2006/07. The total expenditure of £5.0m included leased assets of £0.5m. The largest NHS capital schemes in 2006/07 were the completion of the Thoracic Day Ward extension and the commencement of the extension for the Respiratory Support and Sleep Centre (RSSC). The chart below shows the total investment in facilities (including leased assets) in recent years.

Looking forward to 2007/08, the planned capital investment programme amounts to £8.3 million. 2007/08 will see a number of developments that expand the physical space available at Papworth including the completion of the RSSC and the diagnostic centre which will house further state-of-the-art diagnostic equipment including the new CT scanner.

Investment History





World Heart Day Walk 2006

Almost 300 people came along on Sunday, 24th September to enjoy the second Papworth Hospital World Heart Day Walk in the beautiful grounds of Wimpole Hall.

It was a lovely, warm summer's day, and the large crowd of walkers raised the fantastic sum of almost £21,000.

Part of the funds helped to purchase a state-of-the-art SERVO i ventilator for Critical Care, which is used after major heart or lung surgery and for patients who are admitted

directly to critical care requiring life support. It can be moved around with the patient from one area to another without the need to disconnect them from the ventilator, and is one of the most sophisticated ventilators on the market.

The remainder of the walk's proceeds have been used by the Cardiac Rehabilitation department, as many of the walkers were past users of the service, and taking part in its honour.

9. 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 the 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 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.

The Trust has a staff notice board on the intranet which enables a more informal communication process.

Staff Survey

How did we do?

The Trust scored highly in the recent national NHS staff survey. We achieved high scores in access to washing materials for staff, patients and visitors; training on handling confidential information; receipt of Agenda for Change job outlines and on agreed personal development plans.

Hearts and Minds

The Trust recognises the vital contribution that employees make every day to the successful running of our hospital. To acknowledge the professionalism, dedication and commitment of staff, the 'Hearts and Minds' employee incentive scheme was launched to reward and recognise the role that staff play in improving the quality and effectiveness of the services we provide. Over the past year, a number of ideas have been supported and are being progressed and sponsored by a senior member of the management team.



9. Valuing and Involving our Staff

Smoke Free Hospital

The health and well-being of our staff is paramount and, in close collaboration with our staff and external stakeholders, the Trust became "smoke free" in January 2007 and developed and distributed guidance for staff, patients and visitors to support people wishing to cease smoking. Claire Tripp, Director of Nursing was presented with a National Clean Air Award in recognition of the Trust's outstanding commitment in providing a tobacco smoke free environment to protect the health, safety and well-being of everyone who enters the Papworth site.



Claire Tripp (left) receives the National Clean Air Award

Occupational Health and Health and Safety

Staff are supported via the Trust's Occupational Health Department providing a full range of services including assessments for pre-employment, night workers, display screen equipment, sickness absence advice, vaccination programmes, lifting and handling training. In addition, all staff have access to an externally provided counselling and advisory service.

Responsibility for health and safety at work is included in all staff's written statement of employment and role profiles and forms part of the appraisal scheme.

Supporting Equality and Diversity

The Trust is committed to ensuring that all staff and patients are treated fairly and equitably.

During 2006/07 we have reviewed our reporting mechanisms relating to equality to ensure compliance with current legislation and the Finance and Workforce Committee, a sub-committee of the Board of Directors, monitors progress. Annual workforce data is also provided to the Board of Directors relating to recruitment and selection, training and development and workforce profile.

The Trust has updated its Race Equality Scheme and implemented a Disability Equality Scheme and Action Plan. The Trust was selected to participate in the Department of Health's Single Equality Scheme Learning Site Project and together with other Learning Sites we are taking a lead in developing a Single Equality framework for the NHS, the learning outcomes from which will be disseminated to all NHS organisations.

Papworth Hospital Apprentice Wins Top Award



Matthew Baxter, an apprentice maintenance craftsman (electrical) at Papworth Hospital was awarded Apprentice of the Year for work based learning at Huntingdonshire Regional College (HRC). This award makes him not only Apprentice of the Year within the building services apprentices but throughout the whole range of apprenticeships offered by Huntingdonshire Regional College.

Matthew and his colleague Richard Hulme are the first apprentices that the hospital has employed within the Estates department since 1977 and they have been so successful in contributing to the team that the department is looking into employing further apprentices in 2007.

10. 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.

It comprises 21 public and seven staff members, all elected from the membership, together with 11 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 Governor's Committees play an important role, with the skills and experience of individual members 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 sub-committees:

Forward Planning

Appointments [Non-executive Remuneration]

Membership *

Patient & Public Involvement *

* The Board of Governors is currently considering the merger of these Committees

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 for the 28 positions originally took place in October 2004. Initial Governors were appointed for one, two or three year terms. See pages 30-31 for details of the membership of our Board of Governors during the year.

Register of Interests

All Governors are asked to declare any interests on the Register of Governors' Interests at the time of their appointment, annually and on re-election. This register is maintained by the Trust Secretary. The register is available for inspection by members of the public. 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.



10. Board of Governors

The following were Members of the Board of Governors during 2006/07:

Elected Governors, representing and elected by the membership constituencies.

Cambridgeshire

Roger Belle-Fortune from Huntingdon (from October 06)
19 year career as a Barrister and was a committee member of The Bar Council. Roger is a member of the Lincoln's Inn Special Disciplinary Panel.

Don Bethune from Kimbolton

Papworth retired Consultant Anaesthetist. Chairman of various Hospital, District, Regional and National Committees.

John Brownlow from Croxton, St. Neots

Retired from the RAF after a career as a Pilot spanning 37 years then spent 10 years with Marshall Aerospace in Cambridge. Held planning appointments in the Ministry of Defence, was an Air Attache and commanded major service units.

Keith Jackson from Willingham (until September 2006)

Retired Director of a large education faculty in Cambridge. Retired Chairman of the British Cardiac Patients Association.

Anthony Lewis from Huntingdon

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

Is involved with various charities and the local church. Diana is disabled, with muscular atrophy, and has been a patient at Papworth Hospital for the past 14 years.

Suffolk

Eric Flack from Bury St. Edmunds

Retired Chemist and Food Scientist. Former Managing Director of a food ingredient company, Technical Author and Consultant.

Gloria Hastings from Newmarket (re-elected October 2006)

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

Patrick Jackson from Stoke By Nayland

Retired Chartered Engineer with substantial general management experience.

Robert Hadley from Woodbridge (from January 2007)

Retired Chartered Accountant with broad experience in both private and public sectors.

Norfolk

John Fiddy from Newton St Faith, Norwich

Chairman of the Norfolk Zipper Club. Actively involved with offering help and advice to cardiac patients and their families and in fundraising activities for Papworth.

Norman Howarth from Old Costessey

Retired Police Chief Superintendent. Worked in Hong Kong and served as Principal Investigator and Acting Assistant Director in the Operations Department. Norman underwent heart surgery at Papworth in 1995.

Albert Mills from Wymondham

Retired Actuary by profession but worked in general management and as a main Board Director in the insurance industry.

John Petch from Felthorpe

Retired Chief Technician in the RAF. 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

Peter Horne from Maidstone, Kent

Peter was a Chartered Quantity Surveyor, Arbitrator, Adjudicator and had worked in the construction industry since 1964. Sadly Peter passed away on 3 April 2007.

Harvey J Perkins from Manningtree, Essex

Semi-retired professional Engineer, business consultant with Non-executive experience in the engineering industry.

Harry Smith FRS from Loughborough, Leicestershire

Retired Biology Professor and a Fellow of the Royal Society. Has experience of scientific research, higher education and university administration.

Patrick Talbott from Bridgnorth, Shropshire (until September 2006)

Retired College Principal and retired Governor of Cambridge Regional College.

Edward Taylor from London (from January 2007)

Joined HM Diplomatic Service in 1968 and enjoyed a progressive career in a variety of overseas and home postings. Retired in 2000.

Bedfordshire

Richard Maddison from Bedford

Retired from university teaching of information systems, computing and management; and is Vice-chairman of The British Cardiac Patients Association.

Andrew McIlhatton from Steppingley (until September 2006)

A Governance & Control Manager at senior level within the finance industry.

Mervyn Maclaren from Campton (from January 2007)

Retired RAF pilot. 20 years experience in industry at middle management level.

North West Essex, North & East Hertfordshire, East Northamptonshire and South Lincolnshire (HELN)

Paddy Melford from Saffron Walden

Retired Chairman of Trustees of East Anglia's Children's Hospices and Chairman of Trustees of Citizens Advice Bureaux for NW Essex. Has been the Bishop's Adviser on the Selection of Lay Readers, Chelmsford diocese. She has also worked for the BBC as a Studio Manager and has taught in a large comprehensive school.

Robert Stewart from Saffron Walden (until September 2006)

Ex Army Officer and Defence Attache.

Janet Atkins from Stevenage (from January 2007)

Member of the Patient Experience Panel since 2003 and Joint Chair in 2006. Actively involved in various committees within the hospital concerning patient issues.

Staff Governors

Diana Bilton, Doctors

Respiratory Consultant and Clinical Director of Research and Development. Has worked as a Papworth Consultant for 13 years.

10. Board of Governors

Michael Moore, Administrative, Clerical & Managers
Head of Information technology and systems. Has been in the health service for eight years and previously was in a similar role for a major international bank.

Celia Hyde, Nurses

Has been a nurse at Papworth Hospital since 1982 and was promoted to sister in the Transplant Unit in 2000.

Gillian Stent, Nurses

Has worked in the health service since 1967 in a variety of posts. Started working at Papworth in 1995 and is currently a Nurse Consultant in Thoracic Malignancy.

Chris Wisbey, Scientific & Technical

Head of Cardiac Technology. Has worked in the NHS for over 30 years in the cardiac technology arena.

Richard Rowlands, Allied Health Professionals

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

Shaun Cox, Ancillary, Estates & Others

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

Appointed Governors

Graham Allen

Academic Secretary, University of Cambridge.

Mary Archer

Chairman, Cambridge University Hospitals NHS Foundation Trust

Angela Bailey (from January 2007)

Chief Executive, Peterborough PCT.

David Burton (until July 2006 when the SHA ceased to exist)

Non Executive Director, Norfolk, Suffolk and Cambridgeshire Strategic Health Authority.

Norman Costin (until October 2006 when the PCT ceased to exist)

Vice Chairman, Bedfordshire Heartlands Primary Care Trust.

Hilary Daniels (until October 2006 when the PCT ceased to exist)

Chief Executive, West Norfolk Primary Care Trust.

Mark Howell

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

Karen Livingstone (until October 2006)

Board Member, East of England Development Agency.

Linda Oliver

Councillor, Cambridgeshire County Council.

Douglas Pattison (until September 2006)

Chief Executive, Hinchingbrooke Hospital NHS Trust.

Bruce Rosengard (until September 2006)

Professor, British Heart Foundation.

John Willis

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

Two elections were held during 2006/07, the first in September 2006 and the second in January 2007.

The election results were:

September 2006:

Cambridgeshire

Roger Belle-Fortune elected.

3,822 ballot papers despatched, 1,286 returned, 25 invalid leaving 1,261 votes to count.

January 2007:

Suffolk

Robert Hadley elected.

1,704 ballot papers despatched, 826 returned, 5 invalid leaving 821 to count.

Rest of England

Eddie Taylor elected.

1,362 ballot papers despatched, 421 returned, 2 invalid leaving 419 to count.

Bedfordshire

Mervyn Maclaren elected.

1,127 ballot papers despatched, 332 returned, 3 invalid leaving 329 votes to count.

HELN

Janet Atkins elected.

853 ballot papers despatched, 348 returned, 3 invalid leaving 345 to count.

Governors can be contacted via Corporate Services

Tel: 01480 364240

Email: governors@papworth.nhs.uk

During 2007/08 the Papworth Hospital website will be upgraded. The upgrade will include information on Governors and their preferred method of contact.

Dates of Board of Governor Meetings held in 2006/07:

Thursday 8 June 2006

Saturday 9 September 2006

Thursday 7 December 2006

Monday 27 March 2007

Details of attendance at formal Governor meetings are kept by the Corporate Services Department. Papworth Hospital presents a special challenge for our unpaid Governors, many of whom travel considerable distances to attend our meetings. Formal meetings which by their nature are expected to occur in June/September/December/March can be affected by adverse weather/road conditions given the lack of public transport to Papworth Everard.



11. Foundation Trust Membership

Papworth has always been a patient-centred organisation and as a 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 nearly 11,500 members.

Our Constituencies

Our public constituencies currently cover the whole of England, allowing anyone over the age of 16 to join. Constituencies have been split to reflect Papworth's regional and national catchment areas. There are six public constituencies, covering the following areas:

- Cambridgeshire
- Suffolk
- Norfolk
- Bedfordshire
- Those parts of Hertfordshire, Essex, 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
- Rest of England

However, we have become increasingly aware that this is financially difficult to manage and has resulted in the Board of Governors having vacant posts in some constituencies whilst turning away other members who wish to volunteer as Governors because there are no vacancies in their constituency. The Board of Governors is, therefore, considering changes to our constituency base which will be considered during 2007/08.

The staff constituency is divided into six 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

11. Foundation Trust Membership

As of 31 March 2007 the membership by constituency was as follows:

Constituencies	Number of Members	%
- Public		
Cambridgeshire	3,849	33.54
Norfolk	1,945	16.95
Suffolk	1,685	14.68
Rest of England	1,341	11.69
Bedfordshire	1,110	9.67
*HELN	843	7.35
Sub total	10,773	
- Staff		
Nurses	289	2.52
Doctors	89	0.78
Allied Health Professionals	69	0.60
Scientific & Technical	41	0.36
Ancillary, Estates & Others	28	0.24
Administrative, Clerical and Managers	186	1.62
Sub total	702	
Total Membership	11,475	

* HELN Parts of Hertfordshire, Essex, Lincolnshire & Northamptonshire

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 September 2005, we changed our recruitment method of staff from opt-in to opt-out, which has resulted in a staff membership of 702 as at the end of March representing 62% of staff. There are some imbalances in membership, in particular relating to young people in the 0-21 age range and ethnic minority groups.

Recent and planned membership activity is concentrated on members below the age of 21, where our largest imbalance exists. Experience

has shown that for our Trust, this group is still the most difficult to reach as the percentage of patients in this age range is also 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 developing a youth strategy.

Valuing Volunteers

Papworth Hospital continues to be indebted to its 118 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 at Papworth are extremely grateful for the hard work and commitment which our volunteers provide.

The areas of the hospital where our volunteers help out 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 helping on wards
- Helping at fundraising events



11. Foundation Trust Membership

Volunteers' Christmas Lunch

The hospital acknowledges the huge contribution that our volunteers make by inviting them to attend an annual Christmas Lunch. In December 2006 over 100 attended this lunch and our Chairman, Robert Burgin, and Chief Executive, Stephen Bridge, formally thanked them on behalf of all the staff for their help and dedication over the past year. Three of our longest serving volunteers were presented with long service awards by the Chairman and Chief Executive.

In line with our plans to develop our membership we now have a growing number of young people volunteering who wish to pursue careers in the NHS. Our youngest volunteer is just seventeen.

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)

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 design stage of all new patient information leaflets produced by the hospital to make sure that they will be easily understood by our patients.

Annual Members' Meeting (2006)

"You have so many talented staff who gave up their Saturday afternoon for us – please thank them" was just one of the many compliments we received following the 2nd Annual Members' Meeting which Papworth hosted on Saturday 9th September. Over 100 members were treated to a buffet lunch accompanied by the Rosetti String Quartet followed by key note presentations from Mr David Jenkins (speaking about innovation in transplant surgery) and Dr Nick Sreaton (presenting on developments in the world of radiology).

After an update on our plans to relocate to the Cambridge Biomedical Campus the day concluded with a rare opportunity for members to get a behind the scenes view of Papworth Hospital.



The Annual Members' Meeting 2006

12. 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, Robert Burgin, six other Non-executive Directors and six Executive Directors, including the Chief Executive. See pages 36-37 for further details.

The Board of Directors has the following sub-committees:

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

Monthly board meetings are held excluding December and 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 2006.

Register of Interests

At the time of their appointment, all Directors are asked to declare any interests on the Register of Directors' Interests. This register is maintained by the Trust Secretary and updated annually or as required during the year. The register is available for inspection by members of the public. Anyone who wishes to see the Register of Directors' 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.

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.



12. Board of Directors



Mr Robert Burgin, Chairman

was appointed Chair of Papworth Hospital NHS Foundation Trust on 1 February 2006. He is an independent Member of the Tri-Services Armed Forces' Pay Review Body, appointed in 2004 by the Secretary of State for Defence and recently reappointed to serve a second term until 2010, a non-executive Group Board Director of Circle Anglia Housing and Chairman of their Finance Advisory Committee. Circle Anglia has approximately 50,000 social houses under management, with a building target for 2,000 new homes a year. Until April 2005 Mr Burgin 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. Mr Burgin 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

is an American by birth and was educated at Harvard University. She has almost 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. She has run her own PR and communications agencies and is currently responsible for the marketing of BT's largest community investment programme. Mrs Bailey was appointed for three years, from October 2004. Mrs Bailey is Chairman of the Charitable Funds Committee and a member of both the Audit and the Finance and Workforce Committees.



Professor Edwin Chilvers, Non-executive Director

is Professor of Respiratory Medicine at the University of Cambridge and Honorary Consultant Physician at Addenbrooke's and Papworth Hospitals. Following Senior House Officer and Specialist Registrar posts and research training in cell biology in London he was appointed as Lecturer and then Wellcome Trust Senior Fellow at the University of Edinburgh. He is a Fellow of St Edmund's College, Cambridge and Senior Editor of Davidson's Principles and Practice of Medicine. Professor Chilvers was appointed for four years, from January 2003. Professor Chilvers resigned in September 2006.



Mr John Lodge, Non-executive Director

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 Information Technology in the City of London and held two positions as Chief Executive. He is now Chairman of a sustainable investment company and a restaurant group. Mr Lodge has an MA in Natural Sciences and Economics from Trinity College, Cambridge. He is Chairman of the Finance and Workforce Committee and is a member of the Audit Committee, the Research and Education Committee and Charitable Funds Committee. He was appointed as a Non-executive Director of the Board in November 2002 for a term of four years. He was re-appointed from November 2006 for a further term of three years.



Mr Howard Rolfe, Non-executive Director

has a career spanning 30 years with Marks and Spencer, including two years secondment to the Cabinet Office, where his responsibilities included Chair of the NHS Procurement Review, the Comprehensive Spending Review and the Modernisation Programme. He is now involved with the public sector and community bodies, is a councillor for Uttlesford District Council and has a property company in Yorkshire. Howard Rolfe is Chairman of the Audit Committee and a member of the Governance Committee. He was appointed as a Non-executive Director of the Board in November 2002 for a term of four years. He was reappointed from November 2006 for a further term of three years.



Professor Michael Simmonds, Non-executive Director

was, prior to his retirement in 2001, 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. He is also the alternate vice-chair of the Cambridgeshire 1 Research Ethics Committee. Professor Simmonds is Chairman of both the Research and Education Committee and of the Governance Committee. Professor Simmonds was first appointed as a Non-executive Director on the Trust Board in August 2001. He was re-appointed for four years, from November 2004, and is currently the senior independent director.

12. Board of Directors



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.



Miss Elizabeth Horne, Director of Human Resources

was appointed as Director of Human Resources in June 2003. Miss 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 nationally on specific and national projects including the specification and evaluation for the new electronic staff record to improve workforce information across the NHS.



Dr Robert McEwan, Director of Operations

was appointed as Director of Operations in November 2005. He has responsibility for the day to day management of the hospital, 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. Dr McEwan has a research background with a PhD in epidemiology and public health and a Masters in Business Administration.



Ms Jane Payling, Director of Finance

was appointed as Director of Finance in March 2006 with responsibility for procurement, contracting and information. She joined the NHS in 1992 as a graduate finance trainee with the former East Anglia Regional Health Authority. She 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. Ms Payling is an economics graduate and a member of the Chartered Institute of Public Finance and Accountancy (CIPFA).



Dr David Stone, Medical Director

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.



Mrs Claire Tripp, Director of Nursing

was appointed as Director of Nursing in November 2005. She 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. She 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.

The Board has two Non-executive vacancies and it is planned to appoint to these during 2007/08.



12. Board of Directors

Board balance and independence [Code of Governance A.3.4]

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 does not consider his independence has been compromised during his first full year 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 recent 360-degree 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 there exist no conflicts of interest 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 Board of Directors has therefore only included details of the Board of Directors in its senior employees remuneration disclosure.

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 Chairman, Robert Burgin, was appointed in February 2006 prior to the publication of the

Code and his initial term of office was set for four years.

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 there is a need to appoint further NEDs, one ex-officio, to represent the Clinical School link and the other with a view to succession planning. The Board of Governors has requested a forward plan to address the question of balance on the Board of Directors. In that context the Board of Directors will endeavour to demonstrate an 18-month to two-year stable period for the Board, Executive as well as Non-executive, during the period of the actual new hospital move.

Nominations Committee (Board of Directors) Appointments [NED Nomination and Remuneration] Committee (Board of Governors)

Papworth has a Nomination Committee of the Board of Directors and an Appointments Committee of the Board of Governors. Both Committees contribute to the appointment of the Chairman and Non-executive Directors.

The Constitution of the Trust states that the Nomination Committee comprises the Chairman, the Chief Executive and at least one Non-executive Director.

No Board appointments were made in 2006/07 and there was no meeting of the Committee.

The Appointments Committee is also responsible for reviewing recommendations for the re-appointment of Non-executive Directors. Two NEDs were re-appointed for a second term of office of three years during 2006/07. As required under Section C.2.2 of Monitor's Code of Governance the Trust Chairman provided the required assurances that following formal performance evaluation, the performance of the two NEDs continued to be effective and demonstrate commitment to the role, including commitment of time for Board and Committee

12. Board of Directors

meetings and other duties. The Appointments Committee approved both re-appointments and recommended them 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 for the financial year. At the January 2007 review no increase in fees was recommended for 2007/08. No increase was recommended for 2006/07. See page 42 for further details of Director Remuneration.

The Appointments Committee met once in 2006/07. Present were Mr John Brownlow (Chairman – Public Governor), Dr Richard Maddison (Public Governor), Mr John Petch (Public Governor) and Ms Celia Hyde (Staff Governor). Mr Michael Moore (Staff Governor) attended in place of Dr Diana Bilton (Staff Governor) who was unavailable for the meeting. The Meeting considered the re-appointment of two NEDs and the fees for NEDs for 2007/08, no increase in fees was recommended to the Board of Governors.

Terms of Office of Non-executive Directors [Code of Governance A.1.2.]

	Appointed	Re-appointed	Expiry/End of Term of Office
Robert Burgin (Chairman)	Feb 2006		*Feb 2010
Anne Bailey	Oct 2004		*Oct 2007
Edwin Chilvers	Jan 2003		Sept 2006
John Lodge	Oct 2002	Oct 2006	**Oct 2009
Howard Rolfe	Oct 2002	Oct 2006	**Oct 2009
Prof Michael Simmonds (Senior Independent Director)	Aug 2001	Nov 2004	*Oct 2008

*first term of office

**second term of office

Non-executive Director appointments can be terminated by a three-quarter majority of Governors voting at a Board of Governors meeting. The Senior Independent Director is also Vice Chairman.

Terms of Office Executive Directors

Executive Director	Date In Post	Unexpired Term	Notice
Chief Executive	Mar 1993		6 months
Director of Finance	Mar 2006		6 months
Director of Nursing	Nov 2005		6 months
Medical Director	Nov 2002	Currently being reviewed	6 months
Director of Operations	Nov 2005		6 months
Director of Human Resources	June 2004		6 months



13. Remuneration Report

Remuneration Report - Directors

This report sets out the Papworth Hospital NHS Foundation Trust policy on the remuneration of the Board of Directors.

Executive Remuneration Committee

The remuneration policy for Executive Directors is set by the Executive Remuneration Committee, a sub-committee of the Board of Directors. This Committee deals with all matters relating to the remuneration of Executive Directors and is responsible for the determination and maintenance of overall remuneration policy and review and agreement of Executive Director salaries and benefits.

The members of the Executive Remuneration Committee during the year were Mr Robert Burgin (Chairman), Professor Michael Simmonds, Mr John Lodge, Mr Howard Rolfe and Mrs Anne Bailey. In addition, meetings are attended by the Chief Executive, who advises on matters relating to the other Executive Directors and the overall performance of the Trust. The Chief Executive is not present when matters concerning his own remuneration are considered.

Executive Directors: remuneration policy

The Committee places high value on the independence of its decision-making processes. In consultation with the Director of Human Resources, the Committee draws on information from external bodies on particular remuneration matters. During the year, the Committee used benchmarking information from NHS Partners on comparative

market data to assist in the determination of pay and benefits. In addition, NHS Partners were commissioned to review the executives' remuneration which addresses a set of fair internal relativities amongst the Executive Team and relates them to the outside market. NHS Partners have no other connection with the Foundation Trust.

The remuneration policy for Executive Directors tries to balance the Trust's status as a public sector body (and the expectation that all areas of spend, including executive remuneration, must deliver value to the tax payer) with the fact that the Trust operates in a competitive environment and needs to offer remuneration that enables it to attract, retain and motivate high calibre individuals with the skills and competences required to lead the organisation.

In doing so, the remuneration policy seeks to:

- Remunerate individuals fairly for individual responsibility and contribution.
- Take into account wider salary policy and employment conditions within the Trust and the relationship that should exist between the remuneration of Executive Directors and other employees.
- Have regard to the market median levels of remuneration.

The Committee's approach to policy going forward will continue to reflect these principles, underpinned by regular review and monitoring of remuneration policy and practice in similar organisations outside the Trust.

13. Remuneration Report

Non-executive Directors: remuneration policy

Non-executive Directors' remuneration consists of fees determined by the Appointments Committee of the Board of Governors. Such fees are 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. [Code of Governance D.2]

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.



13. Remuneration Report

Remuneration

Details of audited Directors' remuneration for 2006/07 and 2005/06 are given below

Year ended 31 March 2007

Name and Title	Salary ¹ (bands of £5,000)	Other Remuneration ² (bands of £5,000)	Benefits in kind ³ (Rounded to the nearest £100)
Mr R Burgin – Chairman	35-40	0	0
Mrs A Bailey – Non-executive Director	10-15	0	0
Prof. E Chilvers – Non-executive Director (resigned Sept 06)	5-10	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	6,200
Miss E Horne – Director of Human Resources	70-75	0	0
Dr R McEwan – Director of Operations	80-85	0	0
Ms J Payling – Director of Finance	75-80	0	0
Dr D Stone – Medical Director	55-60	120-125	9,200
Mrs C Tripp – Director of Nursing	65-70	0	0

Year ended 31 March 2006

Mr J Beadsmoore - Chairman (Resigned Oct-05)**	35-40	0	0
Mr R Burgin - Chairman (Commenced Feb-06)	5-10	0	0
Prof. E Chilvers - Non-executive Director**	10-15	0	0
Mrs A Bailey - Non-executive Director**	10-15	0	0
Mr J Lodge - Non-executive Director**	15-20	0	0
Mr H Rolfe - Non-executive Director**	15-20	0	0
Prof. M Simmonds - Non-executive Director**	20-25	0	0
Mr S Bridge - Chief Executive	110-115	0	5,400
Mr S Donaldson - Director of Finance (Resigned Jan-06)	75-80	0	2,500
Ms J Payling - Director of Finance (Commenced Mar-06)	5-10	0	0
Miss E Horne - Director of Human Resources	70-75	0	0
Dr R McEwan - Director of Operations (Commenced Nov-05)	30-35	0	0
Dr D Stone - Medical Director	45-50	140-145	6,600
Mrs C Tripp - Director of Nursing (Commenced Nov-05) ¹	25-30	0	0

** Salary for the year ended 31 March 2006 includes an element of back pay relating to the nine-month period to 31 March 2005.

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.
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 [Code of Governance E.1.3]

13. Remuneration Report

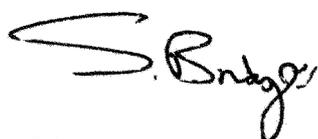
Pension Benefits 31 March 2007

Name and Title	Lump Sum	Real Increase in	Cash Equivalent	Real increase in
	at age 60	Lump Sum	Transfer Value	Cash Equivalent
	(bands of £2,500)	(bands of £2,500)	£000	£000
	£000	£000		
Mr S Bridge - Chief Executive	145-147.5	15-17.5	767	74
Ms J Payling - Director of Finance	42.5-45	0-2.5	149	6
Miss E Horne - Director of Human Resources	57.5-60	2.5-5	241	13
Dr R McEwan - Director of Operations	30-32.5	0-2.5	139	9
Dr D Stone - Medical Director	150-152.5	5-7.5	917	36
Mrs C Tripp - Director of Nursing	52.5-55	0-2.5	242	12

Pension Benefits 31 March 2006

Name and Title	Lump Sum	Real Increase in	Cash Equivalent	Real increase in
	at age 60	Lump Sum	Transfer Value	Cash Equivalent
	(bands of £2,500)	(bands of £2,500)	£000	£000
	£000	£000		
Mr S Bridge - Chief Executive	125-127.5	10-12.5	645	78
Mr S Donaldson - Director of Finance (Resigned Jan 06)	45-47.5	7.5-10	221	35
Ms J Payling - Director of Finance (Commenced Mar 06)	40-42.5	7.5-10	136	22
Miss E Horne - Director of Human Resources	55-57.5	7.5-10	216	29
Dr R McEwan - Director of Operations (Commenced Nov 05)	27.5-30	7.5-10	122	29
Dr D Stone - Medical Director	140-142.5	40-42.5	843	211
Mrs C Tripp - Director of Nursing (Commenced Nov 05)	50-52.5	12.5-15	219	48

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
5 June 2007



R Burgin
Chairman
5 June 2007



14. Committees and Meetings

The Audit Committee

Membership of this Committee is three Non-executive Directors.

The Audit Committee met four times this year and has direct access to both external and internal auditors and the local Counter Fraud Specialist.

The Committee's role is to review the adequacy of the Trust's control and risk 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 and 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, audit fee and any

question of resignation and dismissal and makes recommendations to the Board of Governors for External Audit.

Membership and Attendance [Code of Governance A.1.2]

Name	Attendance
Howard Rolfe, Chairman	4
Anne Bailey	4
John Lodge	4

In attendance at meetings are:

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 Board of Governors accepted the Audit Committee's recommendation to re-appoint the external auditor at its September 2006 meeting. (The external auditors were appointed in March 2005 for a period of three years).

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. [Code of Governance A.1.2]

	Board	Audit	Remuneration	Finance & Workforce	Governance	Research & Education
Number of meetings in year	11	4	2	4	3	4
S J Bridge	10	1 ²			3 ²	2 ²
R Burgin	11		2			
A Bailey	10	4	2	3		
E Chilvers ¹	2				1	3
E Horne	11	1 ²		3	1 ²	1 ²
J Lodge	10	4	2	4		3
R McEwan	10			3	2 ²	
J Payling	11	4 ²		3		4 ²
H Rolfe	10	4	2		3	
M Simmonds	11		2	4	3	4
D Stone	10				3	4
C Tripp	10				3	3

Notes:

1. E Chilvers resigned September 2006

2. Directors also attend meetings of committees of which they are not members either on an annual basis or when required

- There were no meetings of the Nomination Committee held in 2006/07

The Dates of the Board of Directors' meetings were:

27 April 2006	25 May 2006	22 June 2006	27 July 2006
28 September 2006	12 October 2006	26 October 2006	23 November 2006
25 January 2007	1 March 2007	29 March 2007	

15. Other Public Interest Information Disclosures

Note on Pensions

All accounting policies in respect of pensions and other retirement benefits are set out in the note 1.16 to the accounts. Details of Director remuneration can be found in the remuneration report on page 42.

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 £50,200. This was for the statutory audit of accounts for the 12 months ending 31 March 2007, and services carried out in relation to these. No fees were made to the External Auditors for other services.

Relevant Audit Information

As far as each Director is aware, there is no relevant audit information of which the Trust's auditors are unaware. The Directors have taken all reasonable steps to make themselves aware of any relevant audit information and to establish that the Trust's auditors are aware of that information.

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.

Details Regarding PFI Schemes

No PFI schemes were undertaken by Papworth Hospital NHS Foundation Trust in the 2006/07 financial year.

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 2006/07 financial year.

Post Balance Sheet Events

There were no significant post balance sheet events affecting Papworth Hospital NHS Foundation Trust in the 2006/07 financial year.



16. Summary Financial Statements

The financial statements set out in the pages that follow are a summary of the accounts for the financial year 1 April 2006 to 31 March 2007, prepared in accordance with paragraphs 24 and 25 of schedule 1 to the Health and Social Care (Community Health and Standards) Act 2003. The auditor's report on the full accounts was unqualified.

A full set of accounts for 2006/07, will be made available on request from the Corporate Services Office, Papworth Hospital NHS Foundation Trust, Papworth Everard, CB23 3RE (tel 01480 364240)

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

The Health and Social Care (Community Health and Standards) Act 2003 ("2003 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").

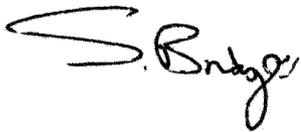
Under the 2003 Act, Monitor has directed the Papworth Hospital NHS Foundation Trust to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state 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
5 June 2007

16. Summary Financial Statements

Statement on Internal Control 2006/07

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 2007 and up to the date of approval of the annual report and accounts.

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. Both Boards also receive regular reports on the arrangements in place to ensure effective internal control.

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.

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.

Since 1 November 2006 the Director of Nursing is the executive responsible for risk management, the Director of Nursing and the Medical Director have responsibility for clinical governance and the Trust Secretary is responsible for corporate governance.

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. The Risk Management Group also has Non-executive representation from the Board of Directors. 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 Trust's Assurance Framework annually. 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.



16. Summary Financial Statements

The Risk Management Strategy is circulated to a wide range of external stakeholders and the assurance framework is also submitted to the Board of Governors. 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.

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 members, Governors and patients.

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 and the assurance framework.
- The work of Internal Audit through the year, including advice and support on the development of the assurance framework.
- The assurance framework 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.
- Healthcare Commission reviews.
- Consultation with Patient and Public Involvement groups, e.g. Patient Experience Panel, Patient Forum.
- Health and Safety Executive inspections.
- External Audit reports.

The Trust Board of Directors, the Audit Committee and the Governance Committee has reviewed the Trust wide Risk Register and assurance framework and has identified the most significant risks where it believes that the Trust should take action to improve controls and assurances during 2007/08.

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.

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 2006/07. The Board has, however, recognised the need for ongoing testing in localities of its arrangements for business continuity.



Stephen Bridge
Chief Executive
5 June 2007

16. Summary Financial Statements

Accounts for the year ended 31 March 2007

Independent auditors' statement to the Board of Governors of Papworth Hospital NHS Foundation Trust (name of body) NHS Foundation Trust

We have examined the summary financial statements for the year ended 31 March 2007 which comprise the Income and Expenditure Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Cashflow Statement and the related notes.

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 1 of the Health and Social Care (Community Health and Standards) Act 2003 (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.

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 within the Annual Report with the statutory financial statements.

We also read the other information contained in the Annual Report and consider the implications for our statement if we become aware of any apparent misstatements or material inconsistencies with the summary financial statements.

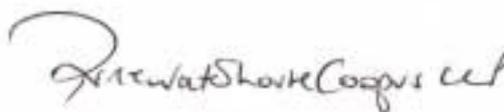
Basis of opinion

We conducted our work in accordance with Bulletin 1999/6 'The auditors' statement on the summary financial statement' issued by the Auditing Practices Board. Our report on the statutory financial statements describes the basis of our audit opinion on those financial statements.

Opinion

In our opinion the summary financial statements are consistent with the statutory financial statements of the Trust for the year ended 31 March 2007.

We have not considered the effects of any events between the date on which we signed our report on the statutory financial statements and the date of this statement.



PricewaterhouseCoopers LLP
Cambridge
24 July 2007



16. Summary Financial Statements

Income and Expenditure Account for the year ended 31 March 2007

	2006/07	2005/06
	£(000)	£(000)
Total Income	92,526	85,943
Operating Expenses	(88,952)	(84,186)
Operating Surplus	3,574	1,757
Loss on Disposal of Assets	(25)	(208)
Interest receivable	241	190
Surplus for the Financial Year	3,790	1,739
Public Dividend Capital dividends payable ¹	(1,487)	(1,605)
Retained surplus for the year	2,303	134

Balance Sheet as at 31 March 2007

	31/3/07	31/3/06
	£(000)	£(000)
Fixed Assets	52,045	50,340
Current Assets	17,196	12,036
Creditor amounts falling due within one year ²	(15,833)	(12,517)
Net current assets (liabilities)	1,363	(481)
Total assets less current liabilities	53,408	49,859
Provisions for liabilities and charges	(78)	(94)
Total assets employed	53,330	49,765
Financed By Government Funding	48,580	44,890
Donated Asset reserve ²	4,750	4,875
Total Capital and Reserves	53,330	49,765

Cash Flow Statement for the year ended 31 March 2007

	2006/07	2005/06
	£(000)	£(000)
Cash flow from operating activities	8,055	5,062
Interest	234	189
Capital Expenditure	(4,191)	(4,757)
Receipts from sale of fixed assets	154	313
Dividends paid	(1,487)	(1,605)
Net cash inflow/(outflow) before financing	2,765	(798)

16. Summary Financial Statements

Financing

	2006/7	2005/6
	£000	£000
Public Dividend Capital Received	1,317	1,200
Increase in cash	4,082	402

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

	2006/07	2005/06
	£(000)	£(000)
Surplus for the financial year before dividends	3,790	1,739
Unrealised gain/(deficit) on fixed asset revaluations	81	(234)
Increase in reserve for donated assets	90	692
Reduction in donation reserve for depreciation	(222)	(265)
Total recognised gains in the financial year	3,739	1,932
Prior period adjustment ²	(497)	
Total gains recognised since the last annual report	3,242	

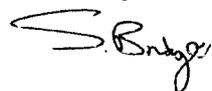
Notes

1. Trusts are required to pay an annual dividend to the Department of Health equivalent to 3.5% of the estimated average net assets held by the Trust. This is effectively a financing cost to the Trust.
2. Creditors and Donated Asset Reserve as at 31 March 2006 have been re-stated to reflect a change in accounting policy which affects the treatment of lottery funded assets. These figures have been re-stated to ease comparisons between years and were previously reported as £12,020k and £5,372k respectively.
3. After making enquiries, the Board of Directors have reasonable expectation that the 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.

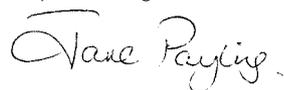
Signed on behalf of the Board on 5 June 2007



Robert Burgin Chairman



Stephen Bridge Chief Executive



Jane Payling Director of Finance



www.papworth-hospital.org.uk

Papworth Hospital NHS Foundation Trust
Papworth Everard
Cambridge
CB23 3RE

Telephone: 01480 830541

Printed on re-cycled paper