Peterborough and Stamford Hospitals
NHS Foundation Trust

Annual Plan 2007/2008

Chairman's Foreword

I am pleased to present this Annual Plan for Peterborough and Stamford Hospitals NHS Foundation Trust. This provides an overview of the past year and looks forward to our plans for the next year and beyond.

Our plans are built on messages from our governors, members, staff and stakeholders to make sure we are reflecting what is important for our local population, our experience of patient choice and strengthened commissioning as well as our determination to continue with strong partnership working across the local health economy for the benefit of the people of Stamford and Peterborough.

Whilst this plan is about looking forward, I wish to pay tribute to the hard work and dedication of all our staff, volunteers, partners, governors and non-executives who, in 2006, have made the patient experience one of excellence and produced the results detailed in the Annual Plan.

Dr Clive Morton, OBE
Chairman

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1 Past Year Performance

1.1 Chief Executive's Statement

This is my first Annual Plan as Chief Executive of Peterborough and Stamford Hospitals NHS Foundation Trust and I am pleased to present our plans for the future as well as to look back on a year of achievements and discovery. Whilst this report looks forward to the financial year ending 31 March 2008, this particular section reviews the financial year ending 31 March 2007 so that plans for the future can be shown to benefit from past experience and existing strong foundations.

The last year enabled the Trust to progress under three chief executives. Mr Chris Banks took up the role of Chief Executive of Cambridgeshire Primary Care Trust on 1 January 2007 and Mr Alan Turner took the post of Interim Chief Executive up until my start on 26 February 2007. I would like to pay tribute to my two predecessors from whom I have inherited a Foundation Trust to be proud of, and the challenge to make it even better.

The Trust started the year with a deficit of £951,000 having recovered from a large deficit of £7.7million as at the end of March 2005. The year saw the progressive implementation of our *Fit for the Future* savings plan which has seen us complete the current year with a surplus of £2.5million (M). This is an impressive achievement the details of which are included in section 1.2 below. A further achievement is the improvement in relationships with the community of Stamford, which has been the result of close working with the GPs, local media, town council and other stakeholders to reassure the local population that the future of the hospital is not to be determined by a remote organisation but is in the hands of its local supporters and users in the Stamford community.

It is important to note ongoing service delivery improvements that have been achieved throughout the year. April 2006 saw the launch of a scooter service to help maintain patient and visitor mobility for those using the Edith Cavell Hospital. Two new outpatient facilities were launched with an integrated dermatology clinic bringing outpatients, minor interventions, plastic surgery and UV treatment together in a single unit for patients at the Edith Cavell Hospital in July, and a new department of sexual health opened on the site in June.

June also saw the first meeting of the Stamford Hospital Development Advisory Committee as one of the building blocks in our strengthened community relationships. July had two key events, the first being the *Bring a Pound to Work Day* on the 19 July, a campaign run in conjunction with the Peterborough Evening Telegraph, which exceeded the target donations and enabled the funding of a refurbished A&E department, heart monitors for SCBU and additional equipment for our care of the elderly wards. We then had a visit from Andy Burnham, Minister of State for Health who met members of staff, familiarised himself with the Peterborough District Hospital site and spend time shadowing our duty managers being very impressed with the patient care ethos that surrounds this vital role.

The year also saw the receipt of a number of awards. An excellent rating was awarded by the Healthcare Commission regarding our hospital admissions process in October and the Trust was awarded two good ratings for both quality of services and use of resources in the first year of the national annual health check process. This followed on from the Trust being the only organisation in Peterborough to gain a level 4 work place travel award in September, and was then followed by the Trust's Service Improvement Team being awarded the Top Team Award in the public sector organised by the Public Services Management Network in partnership with the

Improvement and Development Agency, Harvey Nash, Deloitte, The Times Public Agenda and SOLACE.

Further service developments include the expansion of haematological services at the District Hospital site for patients requiring inpatient care from the Huntingdon area, and the opening of a new midwifery “home from home” service at the maternity unit in January. The year finished with the finalisation of work on the new Intensive Care Unit at the District Hospital which was opened at the beginning of April.

The Trust also ensured progress on targets throughout the year with notable increases in day surgery care (up to 76% of elective work), reduced lengths of stay, continued good MRSA and reduced clostridium difficile rates and reduced cancelled operations. Pressure to reduce waiting lists and the numbers of patients suspended from active lists also identified issues with waiting list management within orthopaedics which has been investigated by an internal team with external scrutiny from an independent panel member and arms length scrutiny by Monitor. This is allowing the Trust to resolve its own issues and improve processes which will be a key action for the coming year.

The Trust has also improved its results in the national surveys for patients and staff, and these have been used to highlight areas of improvement that can be made, including the need to ensure that areas of increasing patient expectation and emphasis such as privacy and dignity are not overlooked when striving to meet challenging central targets.

The year has also seen great progress in the development of the Greater Peterborough Health Investment Plan which will see not only a single site hospital for Peterborough, but also new mental health and primary care facilities. With the completion of the approval processes and contract agreement, this is also one of the key developments for the Trust that will enable us to move from having good hospitals and services to having great hospitals and services.

1.2 Financial Performance

The table below sets out the ***provisional*** financial results for the Trust for the year ended 31 March 2007.

The annual accounts for the year were submitted for external audit scrutiny, as required, on 30 April 2007. Following external audit review, the Board will be requested to consider any further amendments and will then approve the annual accounts at a meeting in June. The annual accounts will then be submitted to Monitor, the Independent Regulator for NHS Foundation Trusts and to Parliament in July 2007. Once this has happened, the Board will be able to publish the finalised accounts.

The Trust recorded an income and expenditure surplus of just over £2.5M (or 1.5% of total income). This was significantly better than the plan for the year, which projected a surplus of just over £0.2M. This puts the Trust on the right track for making good its past deficits (£7.7M in 2004/2005 and £0.9M in 2005/2006). The projections show that the Trust expects the deficit to be cleared by the end of 2007/08.

Income and Expenditure – Provisional Results For The Year

£ Millions	Plan	Actual	Variance F/(A)
INCOME			
Protected income (PCT contracts)	138.5	143.5	5.0
Funding withdrawn by Dept. of Health	(3.8)	(3.8)	0.0
Unprotected income	5.1	4.9	(0.2)
Other operating income	18.3	17.5	(0.8)
Total Income	158.1	162.1	4.0
EXPENDITURE			
Pay costs	(103.7)	(102.5)	1.2
Non-pay costs	(44.3)	(46.9)	(2.6)
Depreciation, dividends and other costs	(9.9)	(10.2)	(0.3)
Total Expenditure	(157.9)	(159.6)	(1.7)
RETAINED SURPLUS	0.2	2.5	2.3
I&E Margin (retained surplus as % of income)	***0.0%***	***1.5%***	

The good performance in 2006/2007 also indicates that the Trust is ahead on its plan to achieve surpluses equivalent to at least 2.5% of income going forward – to support investment in healthcare services and the development of a new hospital in Peterborough.

1.3 Other Major Issues

As in the previous year there have been a number of changes to the Trust Board of Directors. Mrs Paula Gorst was appointed as Director of Operations, and Mr Andrew Burroughs was appointed as Non-Executive Director, in April. The end of December saw the departure of Mr Chris Banks as Chief Executive (going to Cambridgeshire PCT) and also Mr Martin Hindle who was appointed as Chairman of Leicestershire University Hospitals NHS Trust.

This year also saw the first governor elections since our establishment in April 2004. A number of governors stood down at the elections held in September, these were public governors Mr Keith Smith and Mr Bob Woolley and staff governors Mrs Liz Phillips, Ms Katrina Wilson and Mr Rob Donlevy. They were replaced by new governors Mr George Dickens, Mrs Rubina Hussain, Mr Peter Morrison, Mr Sam Shippey and Mrs Sandra Woodhouse as public governors and Mrs Sue Friend and Ms Angela Broekhuizen as staff governors. Two governors were also successfully re-elected: Ms Maria Stafford and Mrs Susan Mahmoud.

We also had a number of replacements and resignations in the year, Gp Capt Mike Jenkins resigned in October and was replaced by Mr Meb Datoo who was the runner up in the public governor elections and Mr Sam Shippey elected in September, stepped down in January. There have been two public governor resignations since April 2007, Mrs Rubina Hussain and Mrs Sarah Dixon. Two of our partner governors were also replaced with Councillor Diane Lamb being appointed Peterborough City Council partner governor in May replacing Councillor Graeme Murphy following cabinet portfolio reassignments and Mrs Ellen Smith being appointed Lincolnshire PCT partner governor in November replacing Mr Martin Whittle.

2 Future Business Plans

2.1 Strategic Overview

There are a number of different factors influencing the Trust's future plans. This year should see the fruition of a number of the Trust's strategic development strands including the final agreement and signed contracts for a new single site hospital for Peterborough as part of the Greater Peterborough Health Investment Plan (GPHIP) and the development of joint venture arrangements securing the future of Stamford within the Stamford community. Taken together with the range of acute service reviews being conducted by PCT commissioners, the timing is right to conduct a complete review of the Trust's long-term strategic plans due to this changing environment, and work on this will commence this year.

It will remain important for the Trust to operate within defined financial parameters and 2007/08 will see significant income changes with PCTs purchasing the additional elective activity required to meet the 18 week maximum wait milestones, whilst emergency and outpatient work remain relatively static. This elective increase is potentially higher than expected given the PCTs requirement to reduce elective activity in 2006/07 because of affordability. However the overall changes and profile are consistent with those used in forecasting the requirements for GPHIP which provides a consistent link between our development plans and commissioning intentions.

This additional income will be supplemented by ongoing progress and implementation of the Trust's *Fit for the Future* plans, with a key objective to continue to increase the level of surplus by generating cost improvements. This will be provided through changes being implemented in administration and clerical services; changes identified through the use of service line reporting to demonstrate individual service profitability; and medical staffing changes to ensure best use of the new consultant contract.

There will also be changes in service delivery with increases in elective surgical work through the utilisation of extended operating hours, increased theatre efficiency and where appropriate additional staff. Services will also develop with the implementation of the outcome of PCT tenders which will see a change in the patient care pathway for DVT services to avoid admissions and also the move of musculo-skeletal services into the community for Peterborough residents as foreseen in the planning for GPHIP. Whilst the Trust has successfully retained the DVT service, musculo-skeletal services will be provided through the local PCT provider arm. The Trust is also committed to increasing the level of the ward establishments to a minimum of 0.98 whole time equivalent nurses per bed, with a skill mix ratio of 65:35 (registered:non-registered nurses), to ensure that the improvements in services are supported by investment on the wards to ensure continued levels of improvement in areas such as length of stay and discharge planning.

The management of elective surgical services will also be impacted by the implementations of the review into orthopaedic waiting list management as the lessons learned from this incident are implemented to ensure that such a situation cannot re-occur. This will sit alongside the move to only accept referrals through the choose and book system by April 2008.

These changes are reflected in the Trust's financial projections as shown in the table below, with the main financial projections set out in the accompanying appendix 2.

The income and expenditure projections are summarised below.

INCOME AND EXPENDITURE PROJECTIONS

£Millions	Actual 2006/07	Plan 2007/08	2008/09	2009/10
Earnings before interest, tax, depreciation and amortisation (EBITDA)	12.7	15.4	15.6	16.7
EBITDA Margin	7.80%	8.80%	8.80%	9.40%
Surplus for the year	**2.5**	**5.0**	**4.5**	**9.1**
Bottom Line Margin	**1.50%**	**2.90%**	**2.60%**	**5.10%**
Cumulative retained surplus/(deficit)	(2.0)	3.0	7.5	(23.8)

No exceptional items are anticipated to affect the projections for 2007/08 and 2008/09.

However, the income and expenditure position in 2009/10 is expected to be affected by a write-down of fixed assets ahead of the opening of the new PFI-financed hospital on the Edith Cavell Hospital site. This write down is estimated to be £40.4M. The surplus without this exceptional write-down is projected to be £9.1M, as shown in the table above. The full projections, including this write-down, show a deficit of £31.3M projected for 2009/10. The projections also include £0.5M of non-recurrent expenditure in 2007/08 and 2008/09. The Board has approved, in principle, the establishment of an incentive or reward reserve to support one-off, discretionary expenditure in clinical and corporate areas over the next two years, but not beyond.

The Trust's plans are also influenced by internal and external strategic developments. Internally the completion of the agreements for the development of GPHIP and the need to complete work on the assessment and development of a management joint venture for Stamford Hospital in conjunction with the local GPs are significant developments that set the backdrop for future development. The assessment of the viability of the joint venture will be undertaken in line with Monitor guidance on investments to ensure the financial, governance and tax position for the Trust is not impaired.

The external strategic environment will also be influenced by a range of strategic developments. There is an ongoing acute services review being conducted by the East of England SHA, with a more local consultation concerning services being delivered to the residents of Huntingdonshire by Hinchingbrooke Healthcare Trust, which within the consultation document has identified the potential for the dissolution of the Trust as a stand alone organisation. The Trust has good working relationships with Hinchingbrooke and already works in partnership for the delivery of services to this area.

Lincolnshire PCT is also consulting on service delivery options, starting in May which the Trust will respond to in detail.

These strategic developments will be supported by a marketing plan which aims to ensure the development of good relationships with local GPs, practice based commissioning groups and PCTs. The potential for the further development of these relationships is evidenced by the strong partnership working in Stamford, the completion of GPHIP and the strong contracting relationships being built with commissioners.

The investment required to support the development of relationships and influence into the consultations and potential reorganisations will be evaluated and committed to during the year alongside the investment required to ensure delivery on agreed contracted levels of activity. This is taken into account in the projections above.

It is important for the Trust to ensure that it continues to deliver services to a minimum of national targets and standards so that patients actively choose to come to the Trust for their treatment and care. The Trust is committed to ensuring high standards for our patients and staff but is also clear that where there are issues that need to be addressed these will be done through an open and transparent process. This will be seen in the implementation of recommendations from the orthopaedic review.

The Trust's strategic objectives will remain consistent from 2006/07 into 2007/08, but as mentioned above the Trust is committed to performing a complete review and overhaul of its strategy with its stakeholders which may see the focus change for 2008/09. To ensure that the Trust becomes and remains fit for the future our objectives are set out in the table below.

OVERARCHING OBJECTIVES 2007/08

- Be the healthcare provider of choice for the community of Greater Peterborough and the surrounding area;
- provide a comprehensive range of elective, emergency and diagnostic services suitable for a medium sized district general hospital at least to national standards;
- generate a surplus of at least 2% annual turnover every year to invest in our services from 2007/08;
- invest in hospital estate in Peterborough to ensure facilities are fit for purpose;
- invest in Stamford Hospital to create a vibrant health campus in Stamford through development of NHS services, public/private partnerships and sub-lets to complementary service organisations;
- project a positive image of the Trust and its individual services through pro-active communication and consultation with: Foundation Trust members, public, patients, staff, commissioners and stakeholders;
- continually improve services and reputation, and promote customer loyalty through a model that fully involves patients and primary care colleagues;
- be a model employer with a reputation as a great place to work in order to attract and retain excellent staff.

To ensure focus on delivery, priorities for the year have been identified to support the requirements for service delivery, quality improvements and strategic development as set out in the table below.

TRUST PRIORITIES 2007/08

- Patient Care - ensuring that we are a provider of choice through:
  meeting national performance targets
  meeting national service quality standards
  being in the upper quartile in national patient surveys

- Financial Security – ensuring the delivery of the planned financial surplus through:
  delivering on Fit for the Future plans and delivery of additional contracted activity

- Staff Development – ensuring our staff can address healthcare changes through:
  developing clinical engagement
  supporting staff including increased emphasis on appraisals
  supporting staff transferring to interim services
  developing staff values
  recruiting and retaining staff as an employer of choice
  developing committee effectiveness and decision making

- Business Development – ensuring the viability of services through:
  implementing GPHIP
  engaging in partnership with GPs
  participation in local and regional strategic reviews including Stamford, Hinchingbrooke, Lincolnshire and the East of England
  review and development of Trust's long term strategy

2.2 Service Development Plans

Our current activity and revenue projections are set out in the main table below, and analysed in more detail in the subsequent sections.

INCOME

£ Millions	**Plan 2006/07**	**Actual 2006/07**	**2007/08**	**Plan 2008/09**	**2009/10**
Income from protected activities	134.7	139.7	151.8	154.2	153.6
Income from unprotected activities	5.1	4.9	4.5	4.6	4.7
Other operating income	18.3	17.5	19.1	19.6	21.5
Total Income	**158.1**	**162.1**	**175.4**	**178.4**	**179.8**

2.2.1 Income from protected activities

Clinical Income

£ Millions	Plan 2006/07	Actual 2006/07	2007/08	Plan 2008/09	2009/10
Elective	31.1	31.6	38.4	40.1	37.0
Non-Elective	54.0	54.2	54.3	54.4	56.1
Outpatients	27.2	27.5	27.4	27.4	27.4
Accident and Emergency	5.4	5.4	5.5	5.5	5.6
DoH Clawback	(3.8)	(3.8)	0	0	0
Sub-Total	**113.9**	**114.9**	**125.6**	**127.4**	**126.1**
Other Services	20.8	24.8	26.2	26.8	27.5
Total income from protected activities	**134.7**	**139.7**	**151.8**	**154.2**	**153.6**

Contract negotiations for 2007/08 with our three main Primary Care Trust commissioners (Peterborough PCT, Cambridgeshire PCT and Lincolnshire PCT) were concluded in April 2007. The existing legally-binding contract remains in place, with the Trust agreeing revised activity and finance schedules and other related performance provisions with the PCTs. The three main PCTs account for 85% of the Trust's planned income from protected activities in 2007/08. Negotiations are well underway with the other PCTs with whom the Trust has contracts.

The planned activity and revenue levels for 2007/08 are based on revised contracts where agreed (for the main three PCTs) and best estimates of what is likely to be agreed for the other PCTs.

In summary, the revised contracted activity, service and revenue levels for 2007/2008 reflect:

1. A substantial increase (18%) in elective or planned activity required to ensure the milestones on the journey towards achieving the Government's 18 week waiting times target are achieved. The target by December 2008 is for no one to wait more than 18 weeks from being referred to hospital by their GP to having their required treatment.

2. A further reduction (2%) in non-elective or emergency activity, driven by further investment by PCTs in primary care and admissions-avoidance schemes. This is partly offset by some allowance for growth as a result of an increasing elderly population in the Trust's catchment area, and by the temporary impact of the Department of Health's threshold adjustment. The latter acts as a transitional payment, made by PCTs, to help cover the reduction in the Trust's income, at full national tariff price, whilst the Trust reduces capacity and costs.

3. A small overall decrease (2.6%) in outpatient activity and revenue. Some significant increases in some specialties – associated with making progress on the maximum 18 week waiting time target referred to above – have been offset by reductions in other areas. These reductions have been driven by the PCTs looking to commission fewer follow-up attendances, investment in alternatives in primary care, and the loss of the musculo-skeletal service (a major element of rheumatology and orthopaedics outpatients services) to a combined primary care/private sector provider.

4. A small reduction (1.4%) in contracted accident and emergency department attendances and revenue – again linked to the Peterborough PCT's plans to reduce patient demand for the Trust's casualty service.

5. A small increase (3%) for other healthcare services (after a significant increase in 2006/07).

The Trust also benefits, in 2007/08, from finally being able to retain 100% of the benefit of moving to the Department of Health's national standard tariff. In 2006/07, £3.8M (25% of this benefit) had to be paid back to the Department of Health. The 2007/08 financial year marks the end of four years of transition from local prices to the national price tariff.

Our revenue projections are based on our current, detailed understanding of revised contracted activity levels for 2007/08. The level of elective activity and revenue agreed for 2007/08 is expected to be sustained through 2008/09 before reducing significantly in 2009/10. This is driven by the need to achieve a maximum referral-to-treatment time of 18 weeks by December 2008, and importantly incorporates an on-going increase in orthopaedic activity. Beyond 2007/08 the revenue projections assume modest growth for non-elective activity and revenue. The projections assume that outpatient activity and revenue continue to fall in real terms. This is consistent with earlier projections, and the thinking around the development of a single hospital in Peterborough in 2010/2011.

The projections assume an inflation uplift of 2.5% per annum.

2.2.2 Income from unprotected activities

The plan for 2007/08 comprises a reduction in income expected to be earned on our contract with the Ministry of Defence and from private patients. It has been assumed that there will no income generation from business development opportunities. This is a consequence of focussing capacity, resources and management effort on delivering on the Trust's main PCT contracts. An inflation uplift of 2.5% has been assumed to be achievable across all areas.

The projections beyond 2007/08 assume no further real-terms changes, and an annual inflation uplift of 2.5% being achieved.

2.2.3 Other operating income

We are expecting other operating income levels in most areas to be at least maintained in real terms in line with 2006/07 levels.

The Trust is the lead NHS organisation on the Greater Peterborough Health Investment Plan, a major proposed investment programme under the Government's Private Finance Initiative (PFI). This scheme also includes the Cambridgeshire and Peterborough Mental Health Partnership NHS Trust and the Peterborough Primary Care Trust. In 2006/07, these two organisations contributed £0.6M towards the project costs being borne by the Trust on behalf of all three NHS organisations. In addition, £0.4M was available to the Trust as income received from the NHS Bank for the project, and brought forward from the previous year. This brought the total funding in 2006/07 to £1M, which went some way to covering total project costs of £1.4M.

The project costs for 2007/08 are estimated at just over £1M, and this has been included in the planned expenditure figures for the year. Income agreed by the two

partner organisations for the year has been agreed at £0.3M. This has been included within the Trust's planned other operating income for 2007/08. Funding in respect of all of the planned project costs is being pursued with the East of England Strategic Health Authority, which has taken over responsibility from the NHS Bank for the allocation of transitional funding to assist with project costs.

The projections assume this level of project costs continuing in 2008/09 and 2009/10 with corresponding transitional funding coming in from the Strategic Health Authority. The projections also assume a further £1.4M of transitional funding comes through in 2009/10 to cover estimated additional costs ahead of commissioning the new hospital in Peterborough in 2010/11.

An inflation uplift of 2.5% per annum has been assumed to be achievable in 2007/2008 and the subsequent years.

2.3 Operating Resources

Operating Expenditure

£ Millions	Plan 2006/07	Actual 2006/07	2007/08	Plan 2008/09	2009/10
Pay costs	103.7	102.5	111.3	112.0	111.4
Drug costs	9.6	9.1	9.8	10.8	11.9
Other operating costs	34.7	37.9	38.9	40.0	39.8
Total operating expenditure	**148.0**	**149.5**	**160.0**	**162.8**	**163.1**

2.3.1 Overview

Planned expenditure in 2007/08 is based on the following.

- Continued control and stability in expenditure levels, as evidenced throughout last year.
- Delivery of £3.0M of real cost savings through phase two of our *Fit For The Future* savings programme, agreed in November 2005, and being implemented.
- A significant real-terms increase in expenditure associated with delivering the increase in elective activity planned for the year.
- The various inflationary uplifts and assumptions as set out in more detail below.

2.3.2 Inflationary uplifts and allowances

The inflationary uplifts and allowances applied in the expenditure projections for 2007/08 are consistent with those used in earlier forecasts, and briefly are as follows.

- Pay inflation assumed at 2.5% on all pay and agency cost heads, to cover the national pay awards for 2007/08, and to make some allowance for other pay cost issues.

- The on-going impact of pay modernisation under "Agenda for Change" is assumed to add an average 1.1% across all pay headings, driven by the extra costs of increments on salary bandings ("incremental drift") and revised pay rates for unsocial hours' working.

- Non-pay inflation assumed at 2.7% on all non-pay heads, except for prescribing and the clinical negligence premium.

- The clinical negligence premium has been reduced by 4% to reflect the actual premium advised by the NHS Litigation Authority. A discount of 10% has also been allowed, consistent with our continued achievement of level one accreditation for the general services element of the contribution. A discount of 20% has been allowed, consistent with our achievement of level two accreditation for maternity services, for the obstetrics element of the contribution.

- Prescribing costs are assumed to increase by 18.5% in total, comprising 13.5% for general increases and inflation, and 5% for the estimated impact of NICE guidance and requirements.

- Medical staff costs are assumed to increase by £0.7M (equivalent to around 6.4% on junior medical staff costs). This is a result of likely increases in medical staffing, and associated rota changes, relating to further progress on reducing junior doctors' hours and cost pressures relating to the implementation of 'Modernising Medical Careers'.

In addition to all of the above, a contingency of £1M has been assumed and factored into the plan. The projections also include a further £0.5M of non-recurrent expenditure. The Board has approved, in principle, the establishment of an incentive or reward reserve to support one-off, discretionary expenditure in clinical and corporate areas. The projections assume this level of non-recurrent expenditure might be permitted in 2007/08 and 2008/09, but not continuing in 2009/10 and beyond. This reserve also bolsters the standard contingency reserve and acts as a further hedge against one-off cost pressures.

2.3.3 Cash releasing savings – 'Fit for the Future'

The Board approved a two-year savings programme in November 2005, based on a detailed assessment of opportunities to modernise services and deliver real cost reductions of £6M at the same time. The savings programme was launched under the badge *Fit For The Future* in January 2006 with the first phase successfully implemented in 2006/07. This achieved £3M of cost reductions.

The second phase of the Fit For The Future programme includes the following major schemes and planned savings:

- Closure of another part surgical ward and operating theatre - £0.9M
- The closure of half a medical ward - £0.5M
- Reduction in administrative staffing costs - £0.4M
  (linked with centralised patient booking arrangements and increased investment in information technology)
- Improved pharmaceuticals and general procurement - £0.3M
- Improved use of facilities and income generation - £0.4M
- Reduction in insurance premiums - £0.2M
- Other smaller schemes - £0.3M

The closure of the part surgical ward and operating theatre will be postponed as the capacity, staffing and facilities will be needed to support the increase in elective activity in 2007/08 and 2008/09. The cost of keeping these facilities open will be covered by additional revenue being earned from the extra activity.

The closure of further medical beds at both the Edith Cavell Hospital and District Hospital, although planned, will only proceed if non-elective activity does indeed fall to the levels planned and contracted by the Primary Care Trusts. Again, the costs of

keeping facilities open for longer than anticipated will have to be contained within the extra revenue being earned.

2.3.4 Looking ahead

From 2007/08 onwards, costs have been assumed to increase by 5% for inflation and similar pressures (compared with a tariff and revenue inflation uplift assumption of 2.5%). Plans are also being developed to ensure cash releasing savings to cover the gap between the inflation uplift assumption and cost inflation (2.5%) can be generated or covered by improved margins on earning current and additional revenue.

The Trust will need to ensure that a robust 'exit strategy' is in place for 2009/10 so that increased expenditure associated with providing increased elective activity, and earning additional revenue, is completely eliminated ahead of returning to a more normal, lower, elective activity level.

2.4 Investment and Disposal Strategy

Investment in Fixed Assets

£ Millions	Plan 2006/07	Actual 2006/08	2007/08	Plan 2008/09	2009/10
Investment in maintenance assets	4.0	5.2	7.0	6.0	6.0
Investment in non-maintenance assets	0.0	1.4	0.0	0.0	0.0
Total capital investment	**4.0**	**6.6**	**7.0**	**6.0**	**6.0**

Actual investment in fixed assets was finally £2.6M more than originally planned by the Board of Directors. Investment in non-maintenance assets came to £1.4M. This related to the acquisition of the St. John's office building on the District Hospital site from Peterborough PCT. This was part of the programme of land and asset sales required as the Trust prepared to move ahead with the Greater Peterborough Health Investment Plan. The Trust received additional cash from the Department of Health as Public Dividend Capital to facilitate this purchase. This acquisition had not featured in the original plan for the year.

In addition, the Board approved further investment in fixed assets in the course of the year, taking into account an improving financial position and the receipt of additional cash as Public Dividend Capital to support additional investment. A further £0.7M was invested in information technology as part of an on-going commitment to participate in the Department of Health's National Programme for Information Technology.

The on-going strategy, for 2007/08 and the medium term, continues to focus on upgrading or replacing our fixed asset stock within internally generated resources. The overall emphasis remains on investment to support our main healthcare activities (protected services). Investment in replacement equipment and various schemes to ensure statutory compliance is planned to be £4M in 2007/08.

Over and above this, there is expected to be further investment of almost £3M in new information technology (linked to the Department of Health's National Programme for

Information Technology and the Connecting For Health programme) and digital image capture, storage and retrieval (in Radiology and throughout the Trust). This investment will be financed through cash received from the Department of Health as Public Dividend Capital.

Beyond 2007/08, the emphasis will be on maintaining the asset base as we move towards the new single hospital in Peterborough opening in 2010/2011. Should this scheme not proceed, then the investment and disposal strategy, and associated financing and working capital strategy, will need to be revised significantly to reflect a need for substantial additional investment in the existing buildings in Peterborough.

2.5 Financing and Working Capital Strategy

Net Cash Position

£ Millions	Actual		Plan		
	2005/06	2006/07	2007/08	2008/09	2009/10
Net Cash (Cash held less borrowing)	0.5	9.9	6.3	11.7	18.3

The financial and working capital strategy has as its main objective maintaining liquidity in the Trust as we sustain an income and expenditure surplus in 2007/08 and going forward.

The main elements of the financing and working capital strategy are:

- no long-term borrowing to finance investments,
- improvement in debtor turnover rates,
- maintenance of trade creditor payment performance.

The Trust continues to have in place, with its bankers, Barclays, a working capital facility. This comprises a committed money market facility of £12M.

These facilities are similarly available without any covenants, restrictions or fees. The interest charges are set at 0.8% above base rate.

The whole working capital facility of £12M is available to support any in-year working capital pressures, and acts as a hedge against not achieving in line with the income and expenditure plan.

3 Risk Analysis

This risk analysis is based on the review and development of the Trust's Board Assurance Framework and self-assessment of the various compliance requirements and assurance through internal and external audit. Risks themselves are scored according to a risk management framework with the most significant risks discussed in the commentary below. This work is also supported by an initial SWOT and PEST analysis prepared to assist the planned long-term strategy review for the Trust.

3.1 Governance Risk

3.1.1 Commentary

The five elements of governance are noted below together with the approach that the Trust is using to ensure compliance.

Legality of constitution: The Trust's original constitution was developed with external legal advice and is kept under review by the Governance Committee of the Board of Governors, who explore in detail any national requirements and local developments that need reflecting to ensure that the constitution remains up-to-date. In the past year changes have been made to reflect the revised Department of Health election rules, to update the public membership boundaries to ensure that these reflect changes in ward boundaries, and to reflect PCT reconfigurations. A full review is to be undertaken in 2007/2008 using legal advice to ensure continued compliance and ensuring comments made by Monitor at the last amendment are incorporated as appropriate.

Representative membership: The membership report at section 5 provides details of the actions that have been taken regarding membership development including increased community engagement, advice concerning local ethnic minority groups and the identification of geographic areas of under-representation which will continue to be tackled.

Appropriate board roles and structures: The Trust has reviewed its structure for the Board of Directors, taking the opportunities of a retirement and resignation amongst non-executive directors to review skills and capabilities. This has been supported by a review against the code of governance requirements with an action plan to deliver compliance against the recommendations as appropriate, and also a review of structures including an operational and management review that will benefit from the oversight of the new chief executive. This will also address the capacity needed to support the developing strategic agenda.

Effective risk and performance management: The Trust will continue its focus on effective performance management arrangements to ensure the delivery of an effective savings plan. This will include further development of a balanced scorecard for specific service units within the Trust and measures to ensure that the waiting list issues uncovered during 2006/07 do not recur.

Co-operation with NHS bodies and local authorities: The Trust has a long history of partnership working which is evidenced in the Greater Peterborough Health Investment Plan. The Trust is committed to working in partnership with representation on the Local Strategic Partnership (Greater Peterborough Partnership) through the Trust's chairman, and good working relationships with the local Overview and Scrutiny Committees. Developments for Stamford are indicative of the Trust's priority to deliver change through partnership and local agreement with clear local communication strategies.

Whilst it is not for the Trust to comment on its expected rating for governance, it is accepted that a 'green' rating cannot be achieved until corrective work to ensure achievement against national waiting list standards has been achieved.

3.1.2 Significant risks

The most significant governance risks are:

Achievement of National Standards: As mentioned in earlier sections the Trust is implementing a recovery plan to ensure achievement of national waiting list standards for orthopaedics. Whilst plans are in place to ensure achievement this is a significant non-compliance and is therefore identified as a significant risk. The Trust's aim is to ensure that all waiting list breaches are removed by August 2007.

Reputation: As mentioned in the previous year's plan, reputation management is a key area to be addressed. The Trust has enhanced its reputation within the Stamford community by close community working and needs to ensure that this is maintained and developed with the joint venture proposals. Whilst the Trust's financial position has improved into a surplus, further cost savings are required to ensure that an ongoing surplus can be generated to repay the earlier debt and provide a sound cost base for the GPHIP scheme. Good reputation management therefore continues to be essential to ensure that patients have confidence in the services provided and staff are confident in the management of the Trust. Work is therefore ongoing to improve staff engagement, especially clinical staff, and to continue work with the media who are key to the portrayal of the Trust.

Partnership working: There are inevitable tensions to working in co-operation with NHS bodies due to the need for clear contracting terms regarding payment for work undertaken, and developing a clear understanding with PCT commissioners that the levels of patient care within contracts match patient demand and the requirements to meet national targets. At the same time there needs to be good partnership working and understanding between local organisations to ensure that the plans for the Greater Peterborough Health Investment Plan and the development of the Stamford hospital campus proceed with partnership support. The maintenance of this balance is addressed on an ongoing basis with strong chief executive relationships and participation in local partnership events.

These risks are being managed and are not thought to endanger compliance with the Trust's terms of authorisation.

3.2 Mandatory Services Risk

3.2.1 Commentary

The Trust has worked throughout the year to ensure that services are maintained and delivered according to contract volumes and standards.

Mandatory services: Plans for the continued development of our services and delivery to national targets are part of our ongoing contracting discussions with Primary Care Trusts. Emergency planning preparedness continues to be an example of best practice and the service development plan for the achievement of GPHIP is consistent with the Department of Health's clinical case for change documents, which will see a change in service delivery to match purchaser expectations. This is being seen by a move of musculo-skeletal services, plans for the delivery of diabetes outside the acute hospital setting and the reshaping of the patient pathway for DVT services. The Trust's approach is to work in partnership with our commissioners to deliver those services required by patients. Education and training services continue

to be delivered to the standards required with contract reviews and comments from students being part of their ongoing development.

Protected assets: As noted in the annual plan for 2006/07 changes to the Trust's protected assets have taken place to support the land deals to enable the development of the GPHIP. This covers the sale and transfer of parts of the Edith Cavell site to health partners in the scheme. The land remains covenanted for health service use.

Whilst it is not for the Trust to comment on its rating, a 'green' rating is expected for mandatory services risk.

3.2.2 Significant risks

The most significant risks to mandatory services are:

Service reconfigurations: There are a number of reconfiguration reviews ongoing within the local health service environment. This will mean some shifts in service delivery which could include some commissioners moving services away from a hospital setting. This may have an impact on the Trust's ability to continue to provide the same services for remaining commissioners. Close working relationships, and the development of market intelligence and marketing strategy as well as ensuring adherence to PCT requirements for changes mitigates this risk.

Partner investment: Our Primary Care Trust partners have increased their investment considerably into elective services for the year. Work has been implemented to ensure that these requirements can be met after a year of restrictions.

These risks are being managed and are not thought to significantly endanger compliance with the Trust's terms of authorisation.

3.3 Financial Risk

3.3.1 Commentary

Achievement of our financial strategy is likely to mean achievement of a risk rating of '3' (the minimum standard). This could be assessed as a '4' (slightly better than the minimum standard) if the projected deficit in 2009/10 is restated to discount the exceptional items (the one-off impairment of fixed assets referred to earlier) and so to reflect the real underlying surplus projected for that year.

3.3.2 Significant risks

The most significant risks to the financial risk rating are:

Maintaining Cost Control and Delivering Planned Savings: Having achieved a dramatic improvement in the Trust's financial performance, there is a risk of complacency, losing focus and direction, and regarding the issue as 'closed'.

This risk will be managed through a continued strong performance management process. The Board of Directors and Trust Executive are agreed on the overall strategy, and have spent time briefing staff throughout the organisation on the importance and purpose of the Trust's overall strategy and its supporting financial strategy. There will continue to be monitoring of progress by the Board of Directors, Conformance Committee and Trust Executive team.

Revised financial reporting and other monitoring mechanisms have been bedded in and will continue to be developed, especially in respect of 'profit centre reporting'. The Finance Directorate will be maintained at full establishment, with additional investment if necessary, to maintain financial controls, see the savings programme through and develop 'profit centre reporting'. The Trust's Service Improvement Team remains fundamental to focussing on key areas for service modernisation and delivery of substantial cost reductions, and supporting and ensuring the achievement of these cost reductions.

Delivery Of Increased Elective Activity: The Trust plans to achieve an 18% increase in activity and revenue in 2007/08. There is a risk of failing to achieve this increase, resulting in delay in achieving improvements in waiting times for patients, damaged reputation and contract disputes. There is an associated risk of increasing capacity and costs ahead of additional activity and revenue being earned and appointing staff who are not required after 2008.

The mechanisms already described above in connection with maintaining cost control, and delivering planned savings, are also relevant to managing and mitigating the risk of failing to achieve the increased elective activity. There will also be a further development of the performance management process to focus on specialty and service unit performance, and especially information governance and performance against activity and waiting times trajectories.

3.4 Risk of any other non-Compliance with Terms of Authorisation

There are two significant risks:

Management focus: This plan outlines the need to continue with internal cost reductions, address specific performance issues, manage the start of the GPHIP building process, develop a new model for the management of Stamford Hospital and address external strategic development and service reconfigurations. It is therefore important that management focus is maintained on these different areas and key meeting agendas have been refocused to ensure that these items are kept under review. The current operational and management review will also serve to ensure areas are strengthened as appropriate.

Greater Peterborough Health Investment Plan: The key future development for the Trust is the delivery of the GPHIP scheme with a single site acute hospital in Peterborough as part of a wider PFI scheme with our local partners. Disruption or delay to the scheme would cause both a loss of morale and a potential impact on service development and modernisation because one of the key drivers for change would be lost. This particular risk is expected to be mitigated following the signing of final contract agreements for the scheme, however monitoring the schemes progress and delivery is monitored regularly and forms a part of all Board agendas and the Trust's risk register.

These risks are being managed and are not thought to significantly endanger compliance with the Trust's terms of authorisation at this stage.

4 Declarations and Self-Certification

Board Statements

The Board of Directors considered the requirements of declarations and self-certification at its meeting on the 4 April 2006 and, having due regard to the assurance it received, is able to certify agreement and compliance with the Board statements for:

- clinical quality
- risk management
- compliance with the terms of authorisation
- board roles, structures and capacity

Due to known problems concerning orthopaedics the Board is unable to certify agreement and compliance with the statements for:

- service performance

These issues are being addressed with the recommendations from the internal review being implemented to ensure there is no recurrence. Waiting list breaches will be resolved by August 2007. This includes the reporting and management of cancer waiting times.

The full templates are attached as appendix 1.

5 Membership Report

5.1 Membership Numbers

The Trust's planned and actual membership numbers for 2006/07 and the planned membership for 2007/08 are as follows:

Membership Numbers

	Last Year (Plan) 2006/07	Last Year (Actual) 2006/07	Next Year (estimated) 2007/08
Public constituency			
At year start (April 1)	5,073	5,064	5,321
New members	2,765	393	815
Members leaving	338	136	136
At year end (March 31)	6,500	5,321	5,500
Minimum number of members required under Schedule 1	100	100	100
Staff constituency			
At year start (April 1)	3,450	3,680	3,522
New members	230	437	230
Members leaving	330	595	330
At year end (March 31)	3,350	3,522	3,422
Minimum number of members required under Schedule 1	50	50	50

As can be seen from the figures in the table, membership numbers have remained relatively static. Membership numbers have gradually increased since 2005/06 but not to the levels that had been hoped. The eastern part of the trust's catchment was targeted as being particularly under-represented and a random mailing generated 152 additional members.

Work has continued to concentrate on considering methods of effective communication. Our membership has been used as a reference group to feedback on priorities for the Trust and to comment on developments in services including a revision to patient visiting times. Further work is envisaged in the year to ensure that the Trust's patient and public involvement activities and membership engagement are aligned to ensure that these streams of work are complementary. This will also align involvement activities with the review of the Trust's overall strategy.

5.2 Membership Constituencies

The Trust has two membership constituencies – one public and one staff.

The Trust's wider patient and public engagement initiatives encompass not only our governors and our membership, but also specific patient involvement groups (e.g. disability advisory group, cancer patient information group) and wider consultation as appropriate (including the Trust's statutory Patient and Public Involvement Forum, local Overview and Scrutiny Committees, interaction with the local strategic partnership and the media). There is therefore no separate patient constituency.

5.2.1 Public constituency

The public constituency is defined by a membership catchment area. The Trust has a diverse membership population with a full breakdown of numbers as at the 20 March 2006 shown below. All members were asked to confirm when joining that they were 16 years or over.

Members by Age

Age Group	Population*	Members	Percent Membership
16 – 24	53,156	40	0.1%
25 – 34	73,401	107	0.1%
35 – 59	188,613	883	0.5%
60 – 74	75,537	1,024	1.4%
75+	40,387	498	1.2%
Unknown		2,769	
Grand Total	431,094	5,321	1.2%

* 2001 Census Standard Table S101, accessed 25 May 07

Members by Ethnic Group

Ethnic Group	Eligible Population*	Members	Percent Membership
Chinese	1,010	1	0.1%
Other Black	320	1	0.3%
Other Ethnic Group	712	2	0.3%
White & Black Caribbean	645	2	0.3%
Black African	652	3	0.5%
Other White inc Italian	9,273	50	0.5%
White & Asian	579	3	0.5%
Irish	4,576	29	0.6%
British	402,816	2,650	0.7%
Asian Pakistani	4,335	31	0.7%
Black Caribbean	1,363	11	0.8%
Other Asian	1,035	10	1.0%
Asian Indian	3,015	33	1.1%
Other Mixed	743	9	1.2%
Not Stated		2,486	
Total	431,094	5,321	1.2%

* 2001 Census Standard Table S101, accessed 25 May 07

The membership catchment area is defined by electoral ward boundaries and due to changes in these areas, the membership catchment was revised in November 2005

following approval from Monitor. The membership catchment will continue to be developed to reflect service reconfiguration work.

The geographical spread of the Trust's population is shown in the table below by our membership catchment's district and unitary authority areas.

Members by Residential Area

District/Local Authority Area	Eligible Population*	Members	Percent Membership
City of Peterborough	121,680	2,348	1.9%
South Kesteven	51,875	1,193	2.3%
South Holland	62,837	277	0.4%
Fenland	67,058	636	0.9%
Huntingdonshire	39,281	340	0.9%
Corby and Kettering	42,308	1	0.0%
East Northamptonshire	18,106	363	2.0%
Rutland	27,949	163	0.6%
Total	431,094	5,321	1.2%

* 2001 Census Standard Table S101, accessed 25 May 07

These analyses highlight areas of work that need to be tackled in the forthcoming years to address representational issues whilst building the catchment population numbers. These areas are discussed in 5.3 below. It should be noted that representation by residential area is considered to be more effective when considering areas for expansion than considering more detailed analysis by socio-economic group which would need to be based on the relatively limited population data available. The collection of socio-economic group data will be considered during the coming year.

5.2.2 Staff constituency

The staff constituency is based on an opt-out arrangement for staff. All staff eligible for membership (i.e. permanent members of staff, or staff with temporary contracts of 12 months or more in duration) are written to on joining to confirm their membership and given the opportunity to opt out. The level of opt-outs remains very small.

It should be noted that the staff figures include bank staff as they are eligible for membership, and that the numbers quoted are individual staff and not whole time equivalents which are a smaller number. On leaving the Trust staff are invited to join the public catchment if they remain within the membership catchment area.

5.3 Future Membership

The Trust has a Board of Governors' Committee that monitors membership communication and recruitment. To support the work of the Board of Governors an engagement programme is to be developed to provide effective approaches to the diverse local community. Work on the revision of the Trust's overall strategy is expected to support our membership development.

There are four challenges for the coming years as noted below.

(1) Geographical coverage – Work is ongoing to recruit members. The current consultation exercise for Stamford also encourages individual respondents to become members of the Trust and has already shown some impact in the numbers.

(2) Membership ethnic diversity – The ethnic group table above shows the diversity of the population as compared to the census population. However these figures mask the growth in the diversity of the population due to immigration. In particular there continues to be considerable growth in the Portuguese and Eastern European populations. Plans are to be developed during the year to enhance our links with local minority groups.

(3) Membership age group representation – The age group analysis above also shows under-representation in the 35-59 year age group. Plans are to be put in place to address this shortfall and the potential to target employers is being considered as well as the potential to link into the newly formed Youth Parliament for Peterborough.

(4) Raising awareness – There is also work to do on raising the general public awareness of foundation trust membership and a plan of work is being considered involving a media campaign. Advertisements have been placed in the local newsletter issued to each household by Peterborough City Council and similar routes to the surrounding catchment are being considered.

Activities will also be focused around the elections to be held for the Board of Governors in September 2007.

5.4 Election of Governors

Elections were held in September 2006 and were in accordance with the election rules contained within the constitution. The elections were run in conjunction with Electoral Reform Ballot Services.

6 Financial Projections

Please see attached templates in appendix 2.

7. Supporting Schedules

The supporting schedules outlining revised schedule 2 (mandatory services) and schedule 3 (education and training) are attached at appendix 3 and appendix 4 respectively.

Appendix 1

Declarations and Self-Certification

Board Statements (1 of 2)

Clinical quality

The board of directors is required to confirm the following:

☑ The board is satisfied that, to the best of its knowledge and using its own processes (supported by Healthcare Commission metrics and including any further metrics it chooses to adopt), its NHS foundation trust has and will keep in place effective arrangements for the purpose of monitoring and continually improving the quality of healthcare provided to its patients.

Service performance

The board of directors is required to confirm the following:

☒ The board is satisfied that plans are in place to ensure ongoing compliance with all existing targets (after the application of thresholds) and national core standards, and a commitment to comply with all known targets going forwards.

Commentary on this declaration is at section 4. Compliance with waiting list targets is forecast for August 2007

Risk management

The board of directors is required to confirm the following:

☑ Issues and concerns raised by external audit and external assessment groups (including reports for NHS Litigation Authority assessments) have been addressed and resolved. Where any issues or concerns are outstanding, the board is confident that there are appropriate action plans in place to address the issues in a timely manner;

☑ All recommendations to the board from the audit committee are implemented in a timely and robust manner and to the satisfaction of the body concerned;

☑ The necessary planning, performance management and risk management processes are in pace to deliver the annual plan;

☑ A Statement of Internal Control ("SIC") is in place, and the NHS foundation trust is compliant with the risk management and assurance framework requirements that support the SIC pursuant to most up to date guidance from HM Treasury (www.hm-treasury.gov.uk); and

☑ All key risks to compliance with their Authorisation have been identified and addressed.

Board Statements (2 of 2)

Compliance with the Terms of Authorisation

The board of directors is required to confirm the following:

☑ The board will ensure that the NHS foundation trust remains at all times compliant with their Authorisation and relevant legislation;

☑ The board has considered all likely future risks to compliance with their Authorisation they face going forwards, the level of severity and likelihood of a breach occurring and the plans for mitigation of these risks; and

☑ The board has considered appropriate evidence to review these risks and has put in place action plans to address them where required to ensure continued compliance with their Authorisation.

Board roles, structure and capacity

The board of directors is required to confirm the following:

☑ The board maintains its register of interests, and can specifically confirm that there are no material conflicts of interest in the board;

☑ The board is satisfied that all directors are appropriately qualified to discharge their functions effectively, including setting strategy, monitoring and managing performance, and ensuring management capacity and capability;

☑ The selection process and training programmes in place ensure that the non-executive directors have appropriate experience and skills;

☑ The management team have the capability and experience necessary to deliver the annual plan; and

☑ The management structure in place is adequate to deliver the annual plan objectives for the next three years.

Signature..... Signature.....

Mr Nik Patten
In capacity as Chief Executive & Accounting Officer

Dr Clive Morton
In capacity as Chairman

Signed on behalf of the board of directors, and having regard to the views of the governors.

Financial Projections

	2006/07	2007/08	2008/09	2009/10
	£'000s	£'000s	£'000s	£'000s
INCOME AND EXPENDITURE PROJECTIONS				
Income from activities (protected)	139,677	151,750	154,160	153,574
Income from activities (unprotected)	4,906	4,465	4,577	4,691
Other operating income	17,546	19,173	19,652	20,143
Transitional income	0	0	0	1,400
Income generation from PDH site	0	0	0	0
Operating expenses - pay	(102,494)	(111,321)	(111,957)	(111,347)
Operating expenses - non-pay	(46,965)	(48,707)	(50,816)	(51,727)
Progress Health - unitary payment	0	0	0	0
EBITDA	**12,670**	**15,360**	**15,614**	**16,734**
Operating expenses - depreciation	(6,090)	(6,300)	(6,842)	(3,517)
OPERATING SURPLUS/(DEFICIT)	**6,580**	**9,060**	**8,772**	**13,217**
Profit/(loss) on disposal of fixed assets	(118)	0	0	(40,445)
SURPLUS/(DEFICIT) BEFORE INTEREST	**6,462**	**9,060**	**8,772**	**(27,228)**
Interest receivable/(payable)	303	250	314	583
SURPLUS/(DEFICIT) FOR THE YEAR	**6,765**	**9,310**	**9,086**	**(26,645)**
PDC dividends payable	(4,309)	(4,308)	(4,545)	(4,704)
RETAINED SURPLUS/(DEFICIT) FOR THE YEAR	**2,456**	**5,002**	**4,541**	**(31,349)**
EBITDA MARGIN	**7.81%**	**8.76%**	**8.75%**	**9.38%**
FINAL MARGIN	**1.51%**	**2.85%**	**2.55%**	**5.06%**
BALANCE SHEET				
FIXED ASSETS				
Intangible assets	0	0	0	0
Tangible assets	126,580	127,345	126,621	59,677
CURRENT ASSETS				
Stocks and work in progress	2,409	2,409	2,409	2,409
Trade debtors and prepayments	21,444	9,058	8,710	8,394
Investments	0	0	0	0
Other current assets	0	0	0	0
Cash at bank and in hand	9,982	6,284	11,667	18,280
TOTAL CURRENT ASSETS	33,835	17,751	22,786	29,083
CREDITORS				
Bank overdraft/Drawdown credit facility	0	0	0	0
Amounts falling due within 1 year	(29,840)	(9,840)	(9,840)	(9,840)
NET CURRENT ASSETS/(LIABILITIES)	3,995	7,911	12,946	19,243
TOTAL ASSETS LESS CURRENT LIABILITIES	130,575	135,256	139,567	78,920
CREDITORS				
Amounts falling due after 1 year	(138)	(138)	(138)	(138)
PROVISION FOR LIABILITIES AND CHARGES	(2,210)	(2,210)	(2,210)	(2,210)
TOTAL ASSETS EMPLOYED	**128,227**	**132,908**	**137,219**	**76,572**
TAXPAYERS' EQUITY				
Public dividend capital	70,540	70,540	70,540	70,540
Revaluation Reserve	56,354	56,354	56,354	27,254
Donated asset reserve	3,368	3,047	2,817	2,619
Government grant reserve	0	0	0	0
Other reserves	0	0	0	0
Income and expenditure reserve	(2,035)	2,967	7,508	(23,841)
TOTAL TAXPAYERS' EQUITY	**128,227**	**132,908**	**137,219**	**76,572**

Financial Projections

	2006/07	2007/08	2008/09	2009/10
	£'000s	£'000s	£'000s	£'000s
SOURCES AND APPLICATIONS OF FUNDS				
OPERATING ACTIVITIES				
Operating surplus	6,580	9,060	8,772	13,217
Depreciation and amortisation	6,090	6,300	6,842	3,517
Transfer from the donated asset reserve	(386)	(386)	(348)	(316)
(Increase)/decrease in stock	165	0	0	0
(Increase)/decrease in debtors	(9,944)	12,386	348	316
Increase/(decrease) in creditors	10,897	(20,000)	0	0
Increase/(decrease) in long-term creditors/provisions	450	0	0	0
NET CASH INFLOW(OUTFLOW) FROM OPERATING ACTIVITIES	**13,852**	**7,360**	**15,614**	**16,734**
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE				
Interest Received / Paid	303	250	314	583
FUNDS FROM OTHER SOURCES				
Proceeds from sale of fixed assets	5,370	0	0	0
CAPITAL EXPENDITURE				
Capitalised Unitary Payment	0	0	0	0
Capital expenditure	(6,604)	(7,000)	(6,000)	(6,000)
DIVIDENDS PAID	(4,309)	(4,308)	(4,545)	(4,704)
NET CASH INFLOW (OUTFLOW) BEFORE FINANCING	**8,612**	**(3,698)**	**5,383**	**6,613**
FINANCING				
PDC Received	906	0	0	0
Movement in overdraft/drawdown credit facility	0	0	0	0
INCREASE/(DECREASE) IN CASH	**9,518**	**(3,698)**	**5,383**	**6,613**
PRUDENTIAL BORROWING RATIOS				
FREE CASH FLOW				
Operating surplus	6,580	9,060	8,772	13,217
Depreciation and amortisation	6,090	6,300	6,842	3,517
Transfer from the donated asset reserve	(386)	(386)	(348)	(316)
Earnings before interest, tax, depreciation and amortisation	12,284	14,974	15,266	16,418
DEBT SERVICE COVER RATIO	3.07	3.69	3.61	3.98
DEBT / NET REVENUE	2.77%	2.60%	2.67%	2.60%
INTEREST COVER RATIO	3.07	3.69	3.61	3.98

Schedule 2 for Mandatory Services

Foundation Trust	Peterborough and Stamford Hospitals NHS Foundation Trust
Year	2007/08
Commissioner	All

Code	Speciality	Spells Emergency	Spells Elective	Spells Day case	Attendances A&E	Attendances Outpatient	Bed Days Critical Care	Tests Other	Attendances Other (2)	Spells Other (3)	Treatments Other (4)
100	General surgery	2812	5077	0	0	20707	0	0	1	16	0
101	Urology	787	5513	0	0	11005	0	0	0	0	0
110	Trauma and orthopaedics	1792	4290	0	0	34719	0	0	3	0	0
120	Ear, nose and throat (ENT)	334	1562	0	0	14492	0	0	13190	0	0
130	Ophthalmology	46	2523	0	0	35192	0	0	502	0	0
140	Oral surgery	131	3436	0	0	2117	0	0	0	0	0
141	Restorative dentistry	0	0	0	0	0	0	0	1	0	0
142	Paediatric dentistry	0	0	0	0	0	0	0	0	0	0
143	Orthodontics	0	0	0	0	4784	0	0	0	0	0
145	Oral and maxillo facial surgery	0	0	0	0	6279	0	0	0	0	0
146	Endodontics	0	0	0	0	0	0	0	0	0	0
147	Periodontics	0	0	0	0	0	0	0	0	0	0
148	Prosthodontics	0	0	0	0	0	0	0	0	0	0
149	Surgical dentistry	0	0	0	0	0	0	0	0	0	0
150	Neurosurgery	0	0	0	0	0	0	0	75	0	0
160	Plastic surgery	0	731	0	0	3221	0	0	0	0	0
170	Cardiothoracic surgery	0	0	0	0	0	0	0	14	0	0
171	Paediatric surgery	0	0	0	0	209	0	0	0	0	0
180	Accident and emergency (A&E)	1566	0	0	68048	2	0	0	146	0	0
190	Anaesthetics	4	2694	0	0	5163	0	0	261	0	0
192	Critical care medicine	0	0	0	0	0	0	0	0	0	0
200	ITU	0	0	0	0	0	1689	0	0	0	0
210	HDU	0	0	0	0	0	0	0	0	0	0
300	General medicine	6389	4103	0	0	22154	0	0	0	0	644
301	Gastroenterology	0	0	0	0	2	0	0	0	0	0
302	Endocrinology	0	0	0	0	54	0	0	0	0	0
303	Clinical haemotology	217	474	0	0	4472	0	0	157	0	0
304	Clinical physiology	0	0	0	0	0	0	0	0	0	0
305	Clinical pharmacology	0	0	0	0	0	0	0	0	0	0
310	Audiological medicine	0	0	0	0	0	0	0	0	0	0
311	Clinical genetics	0	0	0	0	0	0	0	253	0	0
312	Clinical cytogenics and molecular genetics	0	0	0	0	0	0	0	0	0	0
313	Clinical immunology and allergy	0	0	0	0	0	0	0	17	0	0
314	Rehabilitation	0	0	0	0	0	0	0	0	0	0

Schedule 2 for Mandatory Services

Code	Speciality	Spells Emergency	Spells Elective	Spells Day case	Attendances A&E	Attendances Outpatient	Bed Days Critical Care	Tests Other	Attendances Other (2)	Spells Other (3)	Treatments Other (4)
315	Palliative medicine	0	0	0	0	0	0	0	117	0	0
320	Cardiology	603	764	0	0	7506	0	0	0	0	0
321	Paediatric cardiology	1	0	0	0	254	0	0	0	0	0
330	Dermatology	0	74	0	0	8858	0	0	0	0	0
340	Thoracic medicine	0	0	0	0	74	0	0	0	0	0
350	Infectious diseases	0	0	0	0	0	0	0	0	0	0
352	Tropical medicine	0	0	0	0	0	0	0	0	0	0
360	Genito-urinary medicine	0	0	0	0	0	0	0	8279	0	0
361	Nephrology	0	0	0	0	0	0	0	57	0	0
370	Medical oncology	293	231	0	0	9364	0	0	0	1521	0
371	Nuclear medicine	0	0	0	0	0	0	0	0	0	0
400	Neurology	0	0	0	0	0	0	0	2377	0	0
401	Clinical neuro-physiology	0	0	0	0	0	0	0	0	0	0
410	Rheumatology	0	35	0	0	8632	0	1082	0	0	0
420	Paediatrics/SCBU	4468	220	0	0	12972	4381	0	14	24	0
421	Paediatric neurology	0	0	0	0	0	0	0	31	0	0
430	Geriatric medicine	2632	36	0	0	3501	0	0	2	0	0
450	Dental medicine	0	0	0	0	0	0	0	0	0	0
460	Medical opthalmology	0	0	0	0	0	0	0	0	0	0
501	Obstetrics	5579	3	0	0	12196	0	0	0	0	0
502	Gynaecology	674	2068	0	0	16396	0	0	270	0	0
560	Midwifery	1869	0	0	0	43	0	0	4983	0	0
600	General medical practice	0	0	0	0	0	0	0	0	0	0
601	General dental practice	0	0	0	0	0	0	0	0	0	0
700	Learning disability (previously known as mental handicap)	0	0	0	0	0	0	0	0	0	0
710	Mental illness	0	0	0	0	0	0	0	0	153	0
711	Child and adolescent psychiatry	0	0	0	0	0	0	0	0	0	0
712	Forensic psychiatry	0	0	0	0	0	0	0	0	0	0
713	Psychotherapy	0	0	0	0	0	0	0	0	0	0
715	Old age psychiatry	0	0	0	0	0	0	0	0	0	0
800	Clinical oncology (previously Radiotherapy)	0	0	0	0	62	0	128	730	0	0
810	Radiology	0	1	0	0	0	0	54826	43	0	0
820	General pathology	0	0	0	0	0	0	0	0	0	0
821	Blood transfusion	0	0	0	0	0	0	0	0	0	0
822	Chemical pathology	0	0	0	0	0	0	528922	5	0	0
823	Haematology	0	0	0	0	0	0	172048	1808	0	0
824	Histopathology	0	0	0	0	0	0	3229	0	0	0
830	Immunopathology	0	0	0	0	0	0	0	0	0	0
831	Medical microbiology	0	0	0	0	0	0	102846	0	0	0

Schedule 2 for Mandatory Services

		Spells	Spells	Spells	Attendances	Attendances	Bed Days	Tests	Attendances	Spells	Treatments
Code	**Speciality**	**Emergency**	**Elective**	**Day case**	**A&E**	**Outpatient**	**Critical Care**	**Other**	**Other (2)**	**Other (3)**	**Other (4)**
900	Community medicine	0	0	0	0	0	0	0	0	0	0
901	Occupational medicine	0	0	0	0	0	0	0	0	0	0
902	Community health services - dental	0	0	0	0	0	0	0	0	0	0
903	Public health medicine	0	0	0	0	0	0	0	0	0	0
904	Public health dental	0	0	0	0	0	0	0	0	0	0
950	Nursing episode	0	0	0	0	0	0	0	0	0	0
960	Allied Health Professional Episode	0	0	0	0	0	0	0	2434	0	0
XX	Cytology	0	0	0	0	0	0	72	0	0	0
XXX	Cervical Cytology	0	0	0	0	0	0	18395	0	0	0
XXXX	Orthotics	0	0	0	0	0	0	0	1108	0	0
XXXXX	No code - please add description	0	0	0	0	0	0	0	0	0	0
XXXXX	No code - please add description	0	0	0	0	0	0	0	0	0	0
Total		30197	33835	0	68048	244430	6070	881548	36878	1714	644

Schedule 3 for Education and Training

Mandatory Education and Training Services

Commissioning body	Educational body	Contract Length	Expiry date of contract	Student group	Type of training	Number of Students	Contract Value
		(Years)					(£000s)
(note 1)	(note 2)	(note 3)	(note 4)	(note 5)	(note 6)	(note 7)	(note 8)
East of England SHA	Eastern deanery	1 Year	31.03.08	Training Grade Doctors	Postgraduate medical & dental education	141	315
East of England SHA	Eastern deanery	1 Year	31.03.08	Training Grade Doctors	Salary for training grade doctors	141	4027
East of England SHA	Eastern deanery	1 Year	31.03.08	GDP VTS	General dental vocational training [3]	12	18
East of England SHA	Eastern deanery	1 Year	31.03.08	GDP CPD	General dental contin. profess.develop	varies	15
East of England SHA	Eastern deanery	1 Year	31.03.08	GP VTS	General practice vocational training [4]	30	7
East of England SHA	University of Cambridge	1 Year	31.03.08	Medical Students	Undergraduate medical education	17.29 fte	329
East Midlands SHA	University of Leicester	1 Year	31.03.08	Medical Students	Undergraduate medical education	22.83 fte	525
Yorkshire and The Humber SHA	University of Sheffield	1 Year	31.03.08	Dental Students	Undergraduate dental education	0.08 fte	1
GKT Dental Institute	GKT London	1 Year	31.3.08	Dental Students	Undergraduate dental education	0.17 fte	2
East of England SHA	HSHS (Anglia Ruskin University)	2 Years	Jun-05	Nurses	EN-RGN	6	13
East of England SHA	HSHS (Anglia Ruskin University)	3 Years	Various	Nurses	HCA's	33	288
East of England SHA	HSHS (Anglia Ruskin University)	1.5 Years	Jun-07	Midwives	Midwifery	1	5
East of England SHA	University of Westminster	4 Years	Aug-09	Pathology	Mortuary Tech	1	16
East of England SHA	HSHS (Anglia Ruskin University)	2 Years	Various	Theatres	ODP	10	29
East of England SHA	Internal NVQ Programme	2 Years	Various	Pharmacy	Pharmacy Techs	4	7
East of England SHA	University of Sheffield	4 Years	Various	Therapies	OT/PT Helper	3	14
East of England SHA	University of Westminster	Varies	Various	Pathology	MLSO	16	179
East of England SHA	UEA	Varies	Various	Pharmacy	Pre-registration students	7	55
East of England SHA	HSHS (Anglia Ruskin University)	2 Years	Apr-07	Radiology	Asst Pract	1	1
East of England SHA	HSHS (Anglia Ruskin University)	4 Years	Various	Cardiology	MTO	4	37
Peterborough and Stamford Hospitals NHS FT							