Peterborough and Stamford Hospitals
NHS Foundation Trust

Annual Report and Accounts

2005/2006

16 June 2006

Peterborough and Stamford Hospitals NHS Foundation Trust

Annual Report and Accounts

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

There are two complete documents enclosed

Annual report (blue)

Annual accounts (white)

Peterborough and Stamford Hospitals
NHS Foundation Trust

Annual report

2005/2006

16 June 2006

Content

The annual report of Peterborough and Stamford Hospitals NHS Foundation Trust includes the following sections:

This report is based on guidance issued by the Independent Regulator of NHS Foundation Trusts and was approved by the Board of Directors on 14 June 2006

Chris Banks
Chief Executive Officer

1. Chair's statement

I am pleased to have the opportunity to make the opening statement for our annual report for 2005/06, our second as a NHS Foundation Trust. This year was always going to present a number of challenges for the Trust as we strove to tackle the inherited deficit of £7.7 million from our first year as a foundation trust; and I am pleased and proud to be able to report on how well the Trust has done against this background.

As can be seen from the Chief Executive's statement and the supporting sections of the report, the Trust finished the year with an annual overspend of £951,000 against an original budget deficit of £3 million and met all key performance targets. Amongst the continuing challenges of delivering high quality health care everyone has been working on delivering our financial recovery through our *Fit for the Future* savings plan as well as working on improvements to ensure that our performance against ever increasing targets can be assured. This has included our excellent work on infection control and cleanliness to continue our achievement of low MRSA rates and working on our initial Annual Health Check assessment with full compliance at the end of this year. The work of all our staff and volunteers has contributed to this year's successful outcome and on behalf of both the Board of Directors and Board of Governors I would like to publicly thank everyone for their hard work, flexibility and commitment, without which this result would have been impossible. This is a tremendous achievement.

Looking to the future, we remain committed to the achievement of the Greater Peterborough Health Investment Plan which, through strong local partnership working, will deliver not only a single acute hospital for Peterborough rather than our current two sites, but also an intermediate care centre for Peterborough Primary Care Trust and a new modern mental health unit for the Peterborough and Cambridgeshire Mental Health Partnership Trust. We are also looking to create an active health campus on the Stamford and Rutland Hospital site to ensure the maintenance and development of local services for the population of Stamford. The year has also seen the revision and development of strategic objectives based on joint work with the Board of Governors and their representation on strategic groups is enabling the Trust to ensure that the views of the governors, and through them our membership, are reflected in our strategic developments.

This work provides a local flavour to our response to national initiatives that will also see the Trust developing initiatives to ensure that the Trust is the local 'provider of choice' for appropriate health care, liaising with the evolving practice-based commissioning groups to understand their needs and requirements and working with local partners to review the requirements of out-of-hospital care. It is worth noting that our Health Investment Plan work already embraces much of this ethos with devolvement of services that will be better delivered within the community.

There will, of course, be fresh challenges and opportunities, and the Board of Directors is supporting the need for a clear business-like approach to our legally binding contracts with Primary Care Trusts to ensure we receive funding for the work that we undertake on behalf of our patients and their GPs that refer them into our services. This more robust and transparent approach will help us to mitigate the potential risks to income from Primary Care Trust and Strategic Health Authority savings requirements. We are also clear on the need to continue to develop and provide good customer care to our patients so that they are happy to support their local hospital as the 'provider of choice' based on performance. This, together with an emerging strategy to develop our services and attract new patients into the Trust will also enable the Trust to maintain and develop our income.

In summary, we have had a successful year in 2005/06 and we look forward to the challenges of the years ahead, and working with our governors, staff, volunteers and members who are fundamental to our continuing success.

Clive Morton

Chairman, Peterborough and Stamford Hospitals NHS Foundation Trust

2. Chief Executive's statement

I am pleased to present the Trust's annual report for the year ended 31 March 2006, our second year as a NHS Foundation Trust.

It was our most challenging year yet, and as we tackled our previous year's financial problems by putting into effect a radical savings plan, we were in the full glare of the media spotlight. We weathered the local political storm and came through the year having admitted 1% more patients than the previous year, having met all our main national and local targets, and having reduced the annual overspend from £7.7 million in 2004/05 to £951,000 in 2005/06.

2.1 Accountability

In view of the financial position we were unable to devote resource to increasing our membership but we were pleased to see it maintained at approximately 5,000 members of public and 3,500 staff. The Trust has used its more democratic base to consult its members about services and to communicate our savings plans and the reasons for them.

The Board of Governors has been very supportive to the Board of Directors throughout this difficult period and has proven to be a strong and effective influence on the way the Trust is managed.

As Chief Executive I am designated as the Accounting Officer under the Health and Social Care (Community Health and Standards) Act 2003. The relevant responsibilities of the Accounting Officer, including responsibility for the propriety and regularity of the public finances for which they are answerable, the keeping of proper accounts and compliance with the NHS Foundation Trust's terms of authorisation, are set out in the NHS Foundation Trust Accounting Officer Memorandum, published by Monitor. To the best of my knowledge and belief, I have discharged properly my responsibilities as Accounting Officer.

2.2 Business focus

We continued to pioneer the new reimbursement system for hospitals, 'payment by results', which does away with funding through block allocations, and moves us towards payment at a nationally set tariff rate for each spell of care that we provide.

Following its introduction the previous year, the tariff was dramatically changed to correct what the Department of Health perceived as anomalies. The impact was a significant reduction in the income generated from emergency admissions which presented the Trust with more challenges as it sought to balance its books. We also found that the investments made by Primary Care Trusts (PCTs) the previous year in additional community services became more effective as the year went on and emergency admissions were about 2% less in 2005/06 than in the previous year. This is the first time the Trust has seen a year-on-year reduction in emergency admissions, although attendances in A&E rose from 68,189 (2004/05) to 69,389 (2005/06).

In contrast to the emergency admissions, we performed nearly 4.5% more planned operations and reduced our maximum waits for an operation to six months, with the majority being performed in much less time. This has unfortunately resulted in several of our local PCTs disputing payment because they claim we have treated patients too quickly. We are seeking full payment through the contract process as these patients were referred by the PCTs' GPs and were in need of an operation.

Our savings plan included a review of our clinical processes which demonstrated that patients were sometimes staying an unnecessarily long time in hospital leading to additional cost, and more importantly not providing patients the most appropriate care for their needs. Following the review a number of service improvements were made and average lengths of stay dropped significantly. We also increased the amount of surgery done as a day case without a subsequent stay in hospital. These two factors enabled us to close 106 beds in summer 2005, and despite the bed reductions, all key targets were met and patient care was delivered to high standards.

2.3 Access, targets, standards and services

As noted the Trust met its target for maximum waits for an operation. It also met national targets for outpatient appointments, cancer consultations and treatment, lower MRSA levels, where we continue to be among the lowest in the country, and A&E waiting times where over 98% of patients were seen and treated within four hours consistently throughout the year.

The Trust also submitted full compliance with the Annual Health Check process at the end of the year, having uncovered an area of non-compliance concerning medical devices training for the initial in-year assessment that was then rectified to ensure compliance by 31 March 2006.

2.4 Patient focus and involvement

Our Patient and Public Involvement Committee, which is a committee of the Board of Directors comprising directors, governors, senior managers, patient group representatives and members of the statutory Patient and Public Involvement Forum (PPIF), continued to co-ordinate our patient involvement activities. The PPIF was particularly interested in cleanliness and catering and produced some very helpful reports with recommendations to improve services that have been mostly put into effect.

2.5 Workforce

Having implemented the Consultant Contract in 2004/05 it was the turn of the non-medical staff to have their pay modernised in 2005/06 through the Agenda for Change programme. By the year end virtually all eligible staff had been through the process and were assimilated onto new pay scales. The exercise was completed subsequent to the year end.

In line with savings plans the Trust was very successful in reducing agency costs to £0.9 million (2004/05 £1.7 million) and bank staff costs to £1.58 million (2004/05 £2.26 million) on a total pay bill of over £100 million The Trust has also been reducing its full time workforce by slowing recruitment and by restructuring. The bed closures and other savings schemes have allowed the Trust to employ slightly less people than it did three years ago. There were 3170 staff in post at 31 March 2006 (3314 at 31 March 2005), but during 2005/06 there were just two redundancies. We also achieved a reduction in sickness absence levels to around 5% which is higher than our local target but moving in the right direction.

Further success was achieved with the Trust being awarded Improving Working Lives Practice Plus status following a visit by assessors in July 2005, and in October 2005 we were named as one of the top 100 employers by the Nursing Times for 2005, the only NHS organisation in East Anglia to be in the list.

2.6 Facilities

The Trust continued its private finance initiative (PFI) plans for a new hospital and other health facilities with its preferred partner, Progress Health, in March 2005. The consortium is led by Multiplex and ABN-Amro. Financial close on the PFI deal is planned for September 2006 and building completion by end 2009 with services transferring in 2010. The project has slipped by about six months from our original plans because of delays with local authority planning permission, and latterly the decision by the Department of Health to undertake an additional review of all large PFI schemes.

2.7 Finance

As noted above the financial deficit for the year was £951,000 compared with £7.7 million the previous year. The deficit is after making provision for disputed items by PCTs amounting to £1.7 million (previous year provision £1.3 million). Based on our results for 2005/06 and our Annual Plan for 2006/07 the Regulator for Foundation Trusts, Monitor, has improved the Trust's risk rating from 2 to 3 out of 5.

2.8 Summary

This was without doubt the toughest year the Trust has faced and yet it came through in a much better position than it started. We have successfully continued to improve and deliver the services mandated to us in our terms of authorisation; we have maintained good local governance and accountability arrangements and we have a strong and effective Board of Governors. We will continue to look innovatively at how to provide our services and over the coming year we aim to bring the finances back into surplus.

Chris Banks

Chief Executive Officer, Peterborough and Stamford Hospitals NHS Foundation Trust

3. Background Information

3.1 Establishment

The Peterborough and Stamford Hospitals NHS Foundation Trust ('the Trust') is a public benefit corporation. Monitor, the Independent Regulator of NHS Foundation Trusts, established the Trust under licence on 1 April 2004 as one of the first ten NHS organisations to achieve NHS Foundation Trust status.

3.2 Financial Information

This annual report and accounts document provides detailed information on our financial and operational performance throughout the year. This paragraph provides particular information on our accounting policies and audit information that may be of specific interest.

Accounting policies for pensions and other retirement benefits are set out in the accounts and details of senior employees' remuneration can be found in section 10 of this annual report.

The Trust's external auditors are appointed by the Board of Governors on a rolling annual basis on a recommendation from the Trust's Audit Committee. The external auditors are RSM Robson Rhodes LLP, their remuneration for 2005/06 was £53,000. No non-audit work was performed.

3.3 Code of Governance

The Trust Board of Directors and Board of Governors have reviewed the draft NHS Foundation Trust Code of governance issued by Monitor, and provided a joint response to the consultation. This annual report does not detail exceptions to compliance as the code has not yet been formally issued. However, a list of actions has been agreed to ensure compliance with the draft code which will be reviewed once the final code is received.

Areas that may be issues for compliance are:

- The length of terms of office for non-executive directors – this is 3 years in the code, whilst a 4 year term was deemed appropriate by the Board of Governors;
- The balance of non-executive/executive directors – there are currently even numbers of non-executive and executive directors whilst the code proposes a majority of non-executive directors;
- The independent senior director – the code proposes this role which does not formally exist, although the Board of Governors is recommending that this role could be undertaken by the Chair of the Audit Committee if this remains a requirement in the code.

3.4 Future Developments

As reported in the Chief Executive's statement the Trust is progressing with a PFI and 2005/06 saw the completion of the planning approval process. This scheme is an example of our close partnership working with a cross-organisational project board and project team, as the successful outcome will be a new primary care facility, a new mental health unit and a single acute hospital for the City of Peterborough. The Board of Directors gave approval to the affordability of the acute hospital scheme in May 2006, and at the time of writing the outcome of the national PFI review is awaited. It is hoped that financial close will be attained by September 2006 and that building will commence immediately after with the completion of three schemes to the following timescales:

- integrated care centre – 2008
- mental health unit – 2008
- new acute hospital – 2010

At the Stamford and Rutland Hospital work is ongoing with partners and through a locally based Stamford Hospital Advisory Development Committee to develop a health campus attracting complementary services.

3.5 Employment Issues

Learning and development

The Trust has an ambitious learning and development strategy that delivers the national agenda, enhances patient care and service delivery while also providing individual staff with structured programmes of learning.

A key component of our strategy has been based around the challenges of implementing the knowledge and skills framework (KSF) for all staff groups. The KSF is an integral part of Agenda for Change. We are building a knowledge and skills framework that meets individual staff group requirements e.g. radiographers, ward clerks, nursing staff and medical secretaries. Learning programmes are established and agreed with individual staff as part of their initial development review, which occurs after three months in post and subsequently at their annual appraisal. In this way the foundations of lifelong learning are reinforced and staff can understand their learning plan, the link to career progression and associated learning activities.

To support this process, our induction package has been redeveloped around KSF core dimensions and aims to deliver a foundation level of competence for all staff. The programme has a strong values-based approach. The principle has been extended to local induction, with plans to provide staff with self-directed learning packages that drive their local induction learning. This is to promote principles of ownership where possible with staff encouraged to seek information they need to know about their own work area. This is also reviewed during the first development review to highlight and address any gaps in understanding.

In addition to existing leadership and management development programmes which include the RCN clinical leadership programme, leadership at the point of care and a wide range of short courses, we are currently developing a standard package which will provide a foundation for all managers within the Trust which is also KSF based.

All the KSF based programmes are designed to ensure that our staff can attain and develop the target skills level appropriate to their role with confidence and assurance. We also support our staff with their individual training requirements, and this year has seen a number of staff, clinical and non-clinical gain NVQ and degree-level qualifications.

Disability

Our revised orientation programme for non-medical staff includes a session co-run by a disabled patient in order to emphasise the importance of treating people with respect and dignity from a service as well as employment perspective and the impact of this on service delivery. From September, the medical induction programme will also include a session co-hosted by a disabled patient in order to emphasis these issues.

The staff appraisal system, joint review and development, provides a formal opportunity for a discussion as part of an individual's ongoing review and development. In particular, our responsibilities under the Disability Discrimination Act are covered in recruitment and selection workshops and induction and orientation. The Trust operates the double tick symbol and training on the requirements of this is included in the recruitment and selection workshops.

The Trust has supported a number of staff at different levels, in different departments to achieve successful rehabilitation back to work or re-deployment as appropriate. The redeployment register which was introduced last year captures details of individuals, their redeployment needs and tracks progress effectively, ensuring that all appropriate potential options are fully explored.

The Trust has specific and separate guidance on redeployment for reasons of health or disability and reference is also incorporated within the sickness absence processes. The Trust believes very strongly that staff who cannot continue in their original role due to illness or disability are provided with further opportunity to re-train and develop in a more suitable role. There are some excellent examples of rehabilitation and redeployment across the Trust which we explore in partnership with staff side representatives. We support trial periods for staff to explore alternative roles and have a strong culture around phased returns and introductions.

The 2005 staff survey results will be considered by the equality and diversity steering committee in order to assess trends and identify actions.

Equal opportunities

The Trust has an established policy in place on equality and diversity which covers both employment issues for staff and service access and provision for patients. One of the Trust's core values set out in its HR strategy is to respect people's dignity and treat them with fairness, consistency and honesty. This continues to be emphasised through induction and orientation.

Our commitment to equality means valuing individuals, recognising their differences and similarities and that any unique contribution can significantly benefit our organisations and the community. It is the policy of Peterborough and Stamford Hospitals NHS Foundation Trust to treat individuals fairly regardless of their gender, race, nationality, ethnic origin, marital status, disability, age, religious beliefs or sexual orientation.

Induction and orientation for staff has been fully revised in order to adopt a values based approach, which recognises contribution, values staff and treats people fairly and with dignity. The adoption of a values based approach has provided an excellent platform to discuss equality and diversity within the workplace and as a service provider. This has been very positively received by staff, including those with many years experience in the health service elsewhere. During orientation, staff are also made aware of Language Line and other resources available to support them when working with a diversity of colleagues, patients and visitors. For example, as part of the national Clean Your Hands campaign the 'clean your hands day' poster was translated into many languages in order to engage all staff, patients and visitors.

Staff grievances, disciplinaries and long term sickness cases are monitored and reviewed regularly (including an ethnicity breakdown) at the Trust Board of Directors and service unit meetings to assess trends and take necessary action. The new recruitment and selection handbook reflects the importance of treating people fairly and the recruitment and selection workshops mainstream the importance of equality of opportunity and diversity through the course, whilst exploring examples and situations. The course has been compulsory for all panel chairs since April 2005. From April 2006 the course has been compulsory for the majority of panel members and will be compulsory for all panel members by April 2007. Diversity awareness training days are available and attended by staff and feedback has been excellent.

Another trust value, highlighted in the HR strategy is 'to work together as a team supporting and encouraging all members'. The Trust encourages individuals to recognise the importance of effective multi-disciplinary team work, valuing the skills and experience that people bring irrespective of their professional background. It is notable that there is a great deal of multi-disciplinary working focused on the delivery of patient services, which is happening across the Trust and local healthcare economy.

An important principle for the Trust is the mainstreaming of diversity and equality and the issue of transference of learning across employment and service delivery and access. This is one of the drivers to strengthen the diversity and equality steering group.

The Trust has played a key role in the Strategic Health Authority's work to develop and support 'Pathways to Employment for Refugees', which culminated in a multi-agency open evening in Peterborough targeting local refugees.

Getting involved

The most significant consultation through out the year has been that on the Trust's *Fit for the Future* savings plan. This was undertaken as a result of the previous year's deficit and the notification from our Primary Care Trust (PCT) commissioners of further withdrawals in funding. The consultation process with staff and unions has been in progress since November 2005, and there has been evident co-operation in achieving the required aims. Throughout the process, whilst not part of a formal consultation, the Peterborough City Council Health Overview and Scrutiny Committee and the Health Overview and Scrutiny Committee for Lincolnshire have been kept fully informed of progress.

In early 2005 the Trust undertook a travel options consultation with staff and public foundation members, partner organisations and volunteers. The outcomes have been analysed and are being implemented to provide additional transport options and car parking facilities. These options include subsidised bus fares, additional bus fares and, in recognition of the Year of the Volunteer, free parking for hospital volunteers.

The Agenda for Change project which has involved the assimilation of over 3000 staff onto a new pay system has been a very successful example of joint partnership working with trade union colleagues. The communication group established for facilities staff whose employment is affected by the private finance initiative continues to thrive and be effective.

Regular surveys and questionnaires, trials, open days and sessions are used to involve and engage staff, providing an opportunity for staff and staff representatives to discuss issues. Many staff were involved in the preparation and assessment processes for the Trust's accreditation at the highest level, 'Practice Plus' of the national Improving Working Lives scheme in 2005.

Staff have the opportunity to share ideas and views formally and informally within their service units and views which are not represented directly by the staff themselves are fed back by managers appropriately. Also, the staff governors run surgeries which are open to all staff should they wish to share concerns or views.

These ongoing involvement initiatives are underpinned by a routine monthly team briefing process which provides staff with information on trust-wide indicators including national targets and financial performance. This is then supplemented by local information from their particular service area which outlines areas of particular focus, both congratulating staff on achievements and highlighting areas for further development.

Specialist newsletters are also widely used across the Trust for a variety of purposes. For example the 'clinical brief' cascades information and policies from the Clinical Management Board meeting; we also give regular operational information to all staff through 'Factsheet'.

Health, safety and welfare

The Trust has a well established Health and Safety Committee, chaired by a member of the Trust Executive. The Committee membership consists of employee safety representatives as well as management representatives from across the Trust. The Committee meets quarterly; it reviews work related accidents, adverse event and near miss reports, concerns raised by employee representatives and any other factors that may affect the health, safety and welfare of staff, patients or visitors.

The positive safety culture is born out by the results of the 2005 staff attitude survey which identified that 82% of all those questioned said they had received health and safety training in the last 12 months.

The Trust has a robust adverse event and near miss reporting and monitoring system to identify the potential for further safety improvements. The National Patient Safety Agency (NPSA) receive reports on all patient safety related adverse events and near misses, in the period 1 October – 31 December 2005 (the first time the NPSA have provided organisations feedback) the Trust was in the best quartile of reporting NHS organisations, the majority of which were near misses or very low severity incidents. The 2005 staff attitude survey confirmed that 98% of staff questioned knew how to use the reporting system, it also identified that the staff thought the system was fair and effective; the Trust was in the top 20% of acute trusts surveyed.

Car parking, as in most NHS acute hospitals, is a major problem. The Trust in partnership with other local NHS trusts and Peterborough City Council has undertaken a travel options consultation. The consultation led to an action plan that will be implemented incrementally over a three-year period. Examples of the changes include working in partnership with Stagecoach to provide subsidised travel for employees for both commuting and travelling between hospital sites. A review of car parking facilities has led to more spaces being made available for drivers who hold the Blue disability badge; many of these are now available closer to the main entrances of the hospitals. The Trust has moved away from managing poor parking internally to a contract to be

patrolled by Peterborough City Council. Previous problems of drivers parking on fire access roads have significantly reduced.

The management of verbal abuse and violence within the Trust continues to be a high priority, and personal safety training in conjunction with the Cambridgeshire Constabulary continues to be important. The results from the 2005 staff attitude survey acknowledged that the Trust was in the best 20% of Trusts for low levels, having some of the lowest rates of verbal abuse and violence nationally. The Trust demonstrated its commitment to zero tolerance of physical abuse to employees by the successful prosecution of a member of the public who assaulted an employee during this period.

The Trust continues to review and tightly manage the levels of sickness absence through positive human resources management and the utilisation of the in-house occupational health service. Following on from the launch of the stress management policy in 2004 stress questionnaires have been used in a small number of management areas within the Trust to ascertain any underlying problems. The outcomes have been consistent with other management information.

The occupational health service continues to work closely with the human resources specialist on redeployment of employees for reasons of health or disability. The Trust ethos is to assist, where possible, the redeployment and retraining of employees who cannot continue in their original role due to illness or disability.

The Trust supports a number of initiatives to help manage workloads and minimise the long hours culture including time management training, strategy days allowing staff to work from home in an uninterrupted fashion where appropriate and the newly introduced stress management policy. The challenge is to achieve this against a backdrop of major national implementations, performance targets and initiatives. There are excellent examples of staff that have changed their working hours by working flexibly, or reducing hours, to have a more structured work/life balance.

3.6 Partnership working

There is strong collaborative working across the local health economy. Partnership working is one of the organisation's strengths and there is significant collaboration, input and decision making that transcends organisational boundaries. Projects, for example exploring employment pathways for refugees, take place with input from health and social care and educational providers in the city. The chairman is a member of the city's urban regeneration committee and the Trust is represented at a senior level on a number of external forums regarding developments in Peterborough.

The Trust is organised and run with the direct input of Ministry of Defence staff that play an essential and vital part in service delivery. The MOD staff are fully integrated alongside trust staff in the clinical areas in which they work. Both Ministry of Defence and ISS Mediclean staff attend the trust induction and orientation sessions, as part of their training and development programme.

The Greater Peterborough Health Investment Plan (GPHIP) and Stamford Hospital campus development and travel choice plans are all being developed in conjunction with the local health communities.

There are many examples of multi-disciplinary and multi-agency meetings, which take place to enhance service delivery e.g. discharge planning which takes place with the full involvement of a wide range of stakeholders including registered and unregistered nurses, therapists, pharmacists, social services, and primary care.

Multidisciplinary working across primary care is commonplace, for example in terms of the development of services to the new prison, discharge planning, National Service Frameworks and other service developments. Also, regular meetings take place between NHS Professionals and the Peterborough PCTs regarding the provision of temporary staff for the PCTs, service delivery and enhancement.

As an NHS Foundation Trust, there is a Board of Governors including public, partner and staff governors who were democratically elected and actively participate in the running of the organisation, including the appointment process for non-executive directors.

4. Operating review

4.1 Introduction

The current Trust was formed on 1 April 2004 succeeding the Peterborough Hospitals NHS Trust, which had been established on 1 April 1993. The Trust provides healthcare services from three main sites in Peterborough: the Peterborough District Hospital, the Peterborough Maternity Unit, and the Edith Cavell Hospital; and in Stamford at the Stamford and Rutland Hospital. We organise and manage a wide range of mainly hospital-based healthcare services for people in Peterborough and the surrounding area of North Cambridgeshire and South Lincolnshire.

4.2 Guiding principles and goals

The Trust is here to provide the best possible healthcare for our community, and to help people to have healthier lives. The Board of Directors and Board of Governors discussed objectives at a joint meeting during the year and these have been developed into a new set of strategic objectives.

To ensure that the Trust becomes and remains fit for the future our objectives, and broad performance indicators (in italics) are to:

- be the healthcare provider of choice for the community of Greater Peterborough and the surrounding area; *we will undertake patient surveys and market research to monitor this.*

- provide a comprehensive range of elective, emergency and diagnostic services suitable for a medium sized district general hospital at least to national standards; *we will maintain all our current services or will consult on any anticipated changes.*

- generate a surplus of at least 2% annual turnover every year to invest in our services from 2007/08; *we will monitor performance against this current annual plan.*

- invest in hospital estate in Peterborough to ensure facilities are fit for purpose; *we compare the results of our annual estate survey with previous years and with national benchmarks to demonstrate improvement.*

- 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; *we will establish a local hospital advisory committee to monitor this activity.*

- 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; *we will survey our members and stakeholders to give us feedback on our image in the community.*

- continually improve services and reputation, and promote customer loyalty through a model that fully involves patients and primary care colleagues; we will maintain our service improvement team; *we will produce a project plan and timetable for our 'total patient involvement' project and monitor progress against that.*

- be a model employer with a reputation as a great place to work in order to attract and retain excellent staff; *we will undertake an annual staff survey to check staff opinions and attitudes, and we will demonstrate an improvement in sickness absence statistics and a lowering of underlying staff turnover rates.*

The delivery of these objectives will be through our Trust Executive which has the remit for operational implementation being composed of all the executive directors together with senior operational staff.

4.3 Performance

The Chief Executive's statement summarises the main service and performance achievements and associated issues for 2005/06 as well as the financial position for the end of the year.

A complete picture of performance is provided by the balanced scorecard used to monitor performance on a regular basis, with the complete version for the year reproduced below.

Area		YTD 2004/05	YTD Actual	Apr 05	May 05	Jun 05	Jul 05	Aug 05	Sep 05	Oct 05	Nov 05	Dec 05	Jan 06	Feb 06	Mar 06
Activity Focus	Non-Elective admissions - numbers	32,605	31,869	2687	2551	2706	2611	2636	2636	2545	2634	2858	2847	2443	2812
	Elective admissions - numbers	31,384	32,714	2648	2607	2770	2573	2782	2760	2658	3051	2411	2863	2699	2996
	Day Case admissions - % of elective work against 75% target	70%	72%	70%	70%	71%	72%	74%	74%	73%	72%	74%	71%	72%	72%
	Outpatient New Attendances - numbers	73,273	76,058	5957	6330	6548	5694	6382	6826	6569	7160	5561	6505	5933	6493
	GP Outpatient Referrals	53,378	52,793	5138	4873	5324	4576	4687	4818	4703	4871	4059	4898	4777	5556
	A&E - Attendances	68,238	69,389	5952	6182	6231	6189	5689	5841	5865	5494	5504	5638	5043	5779
		Full year target	YTD target	Apr 05	May 05	Jun 05	Jul 05	Aug 05	Sep 05	Oct 05	Nov 05	Dec 05	Jan 06	Feb 06	Mar 06
	Waiting List - people waiting > 8 months	0	0	1	13	13	4	2	4	4	7	0	0	0	0
	Waiting List - people waiting > 6 months	0	0	29	90	68	62	56	58	59	43	0	0	0	0
	Waiting List - suspended as a % of total	7%	7%	9.0%	9.2%	8.4%	8.8%	8.6%	7.8%	7.2%	8.3%	6.7%	6.8%	6.6%	7.1%
	Waiting List - Total numbers of people waiting	tba	tba	4537	4695	4725	4566	4587	4713	5088	4781	5070	5026	5194	5094
	Outpatients - people waiting > 15 weeks	0	0	154	262	237	207	142	67	154	12	0	0	0	0
	Outpatients - people waiting > 13 weeks	0	0	662	694	624	703	566	557	404	26	0	0	0	0
		YTD 2004/05	YTD Actual	Apr 05	May 05	Jun 05	Jul 05	Aug 05	Sep 05	Oct 05	Nov 05	Dec 05	Jan 06	Feb 06	Mar 06
	Average LOS - Emergency	5.5	5.0	5.3	5.8	5.7	5.1	5.1	4.9	4.9	4.8	4.6	4.4	5.2	4.9
	Average LOS - Elective	3.1	3.1	3.3	3.3	3.7	3.2	3.1	2.9	3.0	2.8	3.6	2.8	2.8	2.9
	Excess Beddays	-	10.0%	12.7 %	13.3 %	13.3 %	12.9 %	12.1 %	12.0 %	12.0 %	11.0 %	11.0 %	11.0 %	10.0 %	10.0 %
	% Bed occupancy - weekly snapshot	-	89%	83.0 %	84.0 %	89.0 %	87.0 %	91.7 %	85.0 %	91.0 %	88.0 %	81.0 %	93.0 %	88.7 %	88.0 %

Area	Indicator	2004/05 Nat Median	YTD Actual	Apr 05	May 05	Jun 05	Jul 05	Aug 05	Sep 05	Oct 05	Nov 05	Dec 05	Jan 06	Feb 06	Mar 06
National Performance Indicators	12 Hour 'Trolley' Waits For Emergency Admission	100.0%	100.0%	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %
	Total Time In A&E 4 Hours Or Less:	96.6%	98.8%	98.9 %	98.9 %	98.9 %	99.2 %	98.5 %	98.9 %	99.7 %	99.0 %	99.1 %	99.1 %	98.8 %	97.8 %
	All Cancers 2 Week Wait	99.8%	100.0%	100 %	100 %	100 %	100 %	100 %	100 %	100%	100 %	100 %	100 %	100 %	100 %
	All cancers - 62 day wait from referral (new standard from Dec 05)	n/a	Since Dec = 96%	96 %	100 %	97 %	100 %	100 %	100 %	89 %	100 %	94.0 %	100 %	95 %	97 %
	All cancers - 31 day wait from Decision-to-Admit (new standard from Dec 05)	n/a	Since Dec = 99%	78 %	71 %	76 %	100 %	94 %	100 %	100 %	98 %	98 %	99 %	100 %	100 %
	Booking - New Outpatients	80.5%	98.3%	95%	93%	97%	99%	99%	99%	99%	99%	98%	99%	99%	100 %
	Booking - admissions	92.4%	96.9%	95%	96%	96%	96%	97%	97%	97%	98%	99%	97%	98%	98%
	Outpatient Waited > 17 weeks	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Inpatient Waited > 9 months	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Cancelled Operations	1.2%	0.9%	0.8%	0.6%	0.7%	0.4%	0.6%	0.8%	0.9%	1.1%	1.0%	1.3%		0.5%
	Delayed Transfer Of Care	2.6%	2.3%	2.7%	2.6%	1.8%	1.5%	1.8%	1.8%	2.4%	2.1%	2.0%	1.7%	2.1%	2.1%
	Outpatients who waited < 13 weeks	83.0%	83.7%	85.2 %	78.7 %	80.1 %	79.0 %	76.9%	78.7 %	80.2 %	83.1 %	92.3 %	88.6 %	91.9 %	91.9 %

Area		2004/05 Nat Median	2004/05 Trust value	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Performance Indicators – Quarterly	Financial Management	3	2	2	2	2	3
	Wait for Rapid Access Chest Pain Clinic	91.8	67.5%	100%	98%	99%	85%
	Patient Complaints	77.9	93.6%	94%	93%	83%	84%
	Workforce - Sickness Absence rates	n/avail	5.2%	4.8%	4.4%	6.0%	5.0%
	Workforce - Junior Doctors Hours	n/avail	100%	100%	100%	100%	100%
	Data Quality on Ethnic Group	81.9	85.7%	87%	88%	88%	86%
	Infection Control - MRSA cases	tba	16	1	3	3	2
	Thrombolysis - 30 mins	86	81.7%	91%	100%	79.0%	89%
	Thrombolysis - 60 mins	48.3	55%	50%	64%	50%	63%

Traffic lights:	= below target	= on target	= above target	= not applicable

In providing our services we are extremely well supported by both the Friends organisations and by our volunteers. The Friends of Peterborough Hospitals and the Friends of Stamford Hospital have donated money throughout the year to purchase equipment and improve amenities, and our volunteers support the Trust in our day-to-day operations escorting patients and visitors to wards and clinics, providing a mobile library service and acting as an information point.

For the future we are looking to build on our strong local partnership working to ensure services are developed to meet the needs of our local population. This includes working across the local health community to implement the requirements of "Our Health, Our Care, Our Say" the white paper on out of hospital care, the ethos of which is already included in the PFI plans for new facilities and service delivery modernisation.

We are also looking at how we can extend our catchment and our services to a wider population and have appointed a Head of Business Development to assist with this aim.

To ensure we fulfil our responsibilities as a public benefit corporation the Trust is pursuing the development of good corporate citizenship using a self-assessment model developed by the NHS. Following the completion of the self-assessment process, which will add to the good practices that we already follow, it is expected that the following year will see the development of a cohesive suite of policies to support sustainable development and benefit local social, economic and environmental conditions. Existing policies include our travel options policy which encourages the use of alternative transport and won a county award for sustainable transport schemes this year. We also consider the use of local suppliers as a criteria when reviewing purchasing decisions to ensure that, where economically sound and effective, contracts for goods and services can be placed locally. Finally in developing the Greater Peterborough Health Investment Plan PFI scheme all the associated specifications and contracts have ensured that environmental standards are met.

To ensure robust performance, the Trust has a system of risk management and governance which ensures a process for highlighting and managing risk and ensuring high standards in clinical care for patients and high standards of corporate performance. To ensure that governance arrangements are robust, the Trust Board of Directors has reviewed its structure during the year when replacing executive and non-executive directors (the latter in conjunction with the Board of Governors), having due regard to the mix of skills required. Performance reporting to the board has also been reviewed to ensure a sharp focus on operational delivery as well as a more strategically focused Board of directors meeting.

Risks that have been identified and are being addressed include the need to ensure the ongoing robustness of local partnership working whilst having clearly defined legal contractual obligations where a robust approach to contracting discussions is required; to ensure that the Trust develops its reputation through continued financial recovery and patient satisfaction; and to ensure that our services are attractive to patients under the government patient choice agenda. Further information on the management processes for identifying, assessing and managing risks are contained in the Statement on Internal Control in the Annual Accounts

The following year will continue to see an emphasis on the achievement of patient care targets and implementation of national guidelines for patient care. This will also be supported by ongoing implementation of Connecting for Health, the national IT strategy to ensure that patient care systems can be connected to each other to enable information to be transferred and used appropriately in supporting patient care and also to ensure the implementation of a common staff record.

Further details on plans for the coming year and their risk management are also available in the Trust's Annual Plan 2006/2007 which is available on the Trust's website or direct from the Trust's Company Secretary.

4.4 Patient care and involvement

The focus of patient care delivery is through a service unit structure, with each unit (Surgery, Medicine, Clinical & Life Support, Woman & Child, and Stamford Hospital) being headed by a

general manager and a lead clinician for each Clinical Management Team. These units work together to provide a seamless integrated service for patients.

The Trust's governors and members are continuing to make a real difference to the development of our services and the redesign of public involvement activities. There is governor and member input into improving the quality of care through Essence of Care Group and National Survey Group participation, and the provision of lay membership on Drug and Therapeutics, Maternity Liaison, Maternity Risk Management, Healthcare Governance and Patient and Public Involvement Committees. Each public governor is also aligned to an area of the Trust to gain experience of the particular area and to provide a public perspective to the particular director or general manager of the area.

Members have also contributed through their responses to information and involvement in the Annual Health Check assessment, a visiting time review and the development of our travel options programme which won a county award for sustainable transport schemes.

A number of developments have also progressed throughout the year. In May 2005 we developed a new form of knee surgery at Stamford Hospital using a 'magic wand'. In June we commenced a new glaucoma screening service and in August we introduced a new bladder scanner. Protected mealtimes were introduced in September and an angiography suite was opened in November, funded by the National Lottery. November also saw the results of our 'Art in Hospital' project when local photographers donated outstanding photographs of local scenes to decorate the corridors.

The Trust has a range of dedicated groups for particular areas. This includes the Disability Advisory Group whose achievements this year include the provision of an electric scooter for the Edith Cavell Hospital site which will enable visitors and patients requiring assistance and unable to bring their own scooter to access the hospital more easily. Also, a new intercom is being installed for the Edith Cavell Hospital site which will enable visitors and patients who require additional assistance to contact reception without leaving their vehicles in order to request assistance such as a wheelchair. A successful capital bid has secured self-opening doors for the vascular surgery ward at Peterborough District Hospital to enable visitors and patients to enter and leave the ward independently, for example, following amputations.

Service Unit Healthcare Governance Committees form the infrastructure for integrated governance within the Trust and report to the Healthcare Governance Committee. The function of these committees is reviewed by the Healthcare Governance Committee to ensure appropriate clinical governance activities. For example, systems to implement recommendations coming out of national confidential enquiries and feedback from the Healthcare Commission have been reviewed.

Service Unit Healthcare Governance Committees also agree topics for local clinical audit and ensure audits are presented and action plans are agreed and monitored. Clinicians have protected time for clinical governance activities and clinical audits are presented at most sessions. Service units prioritise audit to ensure national audit requirements are met, including the implementation of NICE guidance. Local areas of concern are investigated, and the Clinical Negligence Scheme for Trusts standards can be accommodated and re-audit can take place. The Trust's Healthcare Governance Committee monitors clinical audit across the Trust and requests audits where there are concerns about the quality of clinical care.

Quality concerns can be cross boundary and need to be addressed with partners in the community. For this reason the Clinical Governance Locality Forum has been re-established to bring together GP, mental health and social care colleagues. Jointly chaired by the medical director of the Trust and the medical director of the Peterborough Primary Care Trusts (PCTs), this forum addresses issues of combined quality interests and makes recommendations for changes in practice where improvements are needed.

Progress with NICE guidance is one area of particular joint concern for the PCTs and the Trust and a separate NICE Implementation Group has been established by the PCTs to monitor developments in this area. The Trust has representatives on this group and works with the PCTs to identify and manage any barriers to the implementation of mandatory guidance alongside maintaining an overview of compliance with recommended best practice.

The Trust's National Confidential Enquiry into Patient Outcome and Death (TCEPOD) Committee meets quarterly and receives any new reports. Relevant clinicians are invited to respond to findings from them and to alert the committee to any major concerns in meeting recommendations for best practice. The committee reviews data on all deaths in hospital taking a special interest in deaths from venous thromboembolism (VTE) as recommended in the House of Commons Health Committee's report on the prevention of VTE in hospitalised patients. Members of the Clinical Management Board have reviewed all current recommendations from national reports and provided an overview to the TCEPOD on progress against implementation.

The Trust Annual Health Check group has responsibility to ensure the Trust is compliant with the core standards described in Standards for Better Health. The group, chaired by the Director of Nursing will in addition facilitate compliance with developmental standards that are the framework for the Trust's clinical governance development plan. Progress with National Service Frameworks and all other elements of the Annual Health Check are also co-ordinated by the group, which in turn reports to the Trust Executive and the Healthcare Governance Committee.

The Trust has continued its contract with Dr. Foster, the organisation that works alongside the Department of Health to provide specific information to the general public, on some aspects of NHS Trusts' performance. Reports are received regularly by the Trust Executive and the Clinical Management Board for review of benchmarked data. Clinicians are being encouraged to interrogate the data provided by Dr. Foster to compare outcomes and identify any areas for concern.

Patient and public involvement is a key area for the Trust to ensure that the views of the local community forums are taken into account when delivering and designing services. There is a committee to steer and monitor this work with membership including Board of Directors and Governors representatives, Patient and Public Involvement Forum members, public and staff members. Good local relations have been established with our local independent Patient and Public Involvement Forum and the local authority Health Overview and Scrutiny Committee.

Members of the Patient and Public Involvement Forum have continued to work with Trust staff on hospital cleanliness and nutrition projects, including participation in audit and benchmarking activities. In relation to infection control and cleanliness issues the Patient and Public Involvement Forum has been working with Trust staff on auditing hand hygiene and the environment, raising the awareness of members of the public. A meeting was held in November with the Director of Nursing and Infection Control Nurses and subsequently a place on the Hospital Infection Control Committee has been offered to, and taken up by, the Forum. The Trust has continued to place great emphasis on preventing and controlling infection, has signed up to the 'Saving Lives' project and undertaken the self assessment process set out in the Department of Health framework.

The Trust continues to work closely with the local Overview and Scrutiny Committee which has been kept informed of changes due to our *Fit for the Future* financial recovery plan, been involved in the development of our travel options policy and also been kept up-to-date with the progress of the local PFI scheme. They have also been very supportive in the development and implementation of the Annual Health Check process.

The service improvement team leads developments and co-ordinates the many groups of staff involved in service improvement. Developments are reported to the Board of Directors through the year. The four main streams of work undertaken during 2005/06 were:

- choose and book,
- medical patient flows,
- surgical patient flows and theatre utilisation,
- administrative and clerical process improvements.

A group chaired by a member of the public meets six monthly to review findings from the national patient survey programme. This group has driven changes in a number of working practices following analysis of the results of the various surveys. For example:

- enabling young patients to choose between the paediatric ward or adult wards for in patient care,
- reviewing noise issues for patients at night, including staff footwear and rubbish bin closing mechanisms.

The Trust has a Readers' Panel whose primary job is to look at patient information leaflets and to comment on their grammar, style and overall reader friendliness. Staff are encouraged when reviewing their information sheets to send them through the Readers' Panel for comment and then to revise them in line with the comments made. The Panel has reviewed between 40 and 50 leaflets during the year including urology service leaflets, lymphoedema and therapy services information.

The Trust cares for a large number of patients who do not speak English as their first language. Interpretation and translation services are key to these patients' care and experience. The Trust has been working closely with the current provider of these services to ensure availability, quality and cost effectiveness of interpretation, moving appropriate elements of this demand to telephonic provision with good effect.

Staff attending trust induction are given a presentation on complaint handling and further training is provided at locally organised updates. Leaflets are available on all wards for patients regarding the process of making complaints and how to go about it.

Quarterly reports are published for each service unit and are circulated to all members of the Board of Directors. The results of these reports are discussed at a patterns and trends meeting which includes representatives from the patient advice and liaison service, risk management and clinical standards. Through this meeting action is taken to address concerns. The quarterly complaints report is also fed into the Trust's Clinical Management Board, Healthcare Governance Committee, Nursing and Midwifery Advisory Group and each service unit clinical management team meeting.

The total number of complaints received in 2005/2006 was 309, of which 90%% were responded to within 20 days. The total number of accolades recorded was 10,798 for the same time period. The Trust strives to achieve local resolution of complaints and members of staff met with relatives regarding 23 complaints during the year.

Forty one concerns were raised with the Healthcare Commission, five of which required further action and 36 were closed. No cases were referred to the Ombudsman for investigation.

The most common categories of complaints for the year were:

- aall aspects of clinical treatment,
- standards of care,
- waiting times (mostly outpatient waits).

The Trust seeks to learn from the experiences of patients and visitors expressed through complaints. The following is a list of examples of changes made in response to them:

- Various policies reviewed to ensure optimum level of care at all times.
- All appointment letters are sent out first class now to save on delays.
- The way in which discharge letters are given to patients has been reviewed and electronic discharge letters are being trialled.
- Inter hospital transfer sheets are now being used for complex discharges to nursing homes.
- Complaints have been used on various courses for teaching purposes.

- Review of local induction processes to ensure that they are robust.
- Changes in patient booklets to depict clearer information for better understanding.
- Dress Code Policy revised to include issue of noisy shoes at night.

5. Financial review

5.1 Overall position

The Trust recorded an income and expenditure deficit of just under £1M. This was significantly better than both the original and revised plans for the year (which anticipated deficits of £3M and £2.4M respectively). Although a deficit was recorded last year, this still represents a major improvement on our first year of operating as an NHS Foundation Trust (when a deficit of £7.7M was recorded).

The Trust's finances continued to dominate the agenda in the Trust, with the Board agreeing and taking a number of actions in the summer of 2005 intended to reduce staffing levels, capacity and costs, while at the same time ensuring that services to patients were not compromised, and activity and revenue secured. These measures delivered real reductions in cost which helped improve the financial position in 2005/06.

In the late summer, the Board appointed advisers from Alvarez and Marsal, to work with the Trust on reviewing existing savings plans and financial projections, and to identify further opportunities for changing the way services are provided to deliver more cost reductions. The Board has gone on to develop and approve a *Fit For The Future* savings programme, which was approved and consulted on in February 2006, and which is planned to deliver savings of £6M over the next two years.

The focus on operating efficiency and cost control is also set against a background of substantial financial pressures facing the main Primary Care Trusts (PCTs) with which we have contracts. In addition, the PCTs' on-going strategy of looking to reduce emergency admissions into our hospitals and to develop primary care services as an alternative to outpatient and elective (planned) care in our Trust represents another significant threat. Planned disinvestment in 2005/06 was almost £3M, and is likely to be the same in 2006/07.

The improvement in the Trust's financial position marks another step down the road to achieving a break-even position (our plan for 2006/07) and then a surplus thereafter. Against a background of increasing uncertainty about levels of activity and revenue (linked to the PCTs' commissioning intentions and greater choice of hospital being offered to patients) there is still more to do, and the Board is resolved to reduce costs further, while at the same time looking to identify and exploit business opportunities.

5.2 Accounting policies

Monitor, the Independent Regulator, has directed that the financial statements of NHS Foundation Trusts must meet the accounting requirements of the NHS Foundation Trusts *Financial Reporting Manual*, as agreed with HM Treasury.

The accounting policies set out in the *Financial Reporting Manual* follow UK generally accepted accounting practice ('UK GAAP') and HM Treasury's *Resource Accounting Manual* to the extent that they are meaningful and appropriate to the NHS.

The Trust's Annual Accounts and associated financial statements have been prepared in accordance with the 2005/2006 *Financial Reporting Manual* issued by Monitor. The accounting policies have been applied consistently in dealing with items considered material in relation to the Accounts.

The only area where the Trust has chosen to follow a different approach from that set out in the *Financial Reporting Manual* is in respect of partially-completed spells of care. The Trust has not adjusted its income figures for partially completed spells because this would be inconsistent with the way in which the healthcare contracts work, and the adjustment is not material to determining a fair and reasonable income figure.

The accounting policies are set out in full in the annual accounts.

5.3 Income

Income from activities

Income earned from activities (providing healthcare services) was £141.9M.

This was then adjusted down by £6.9M, under the Department of Health's transition arrangements for the implementation of the new 'payment by results' funding system for the NHS. Income earned by providing services to PCTs is recorded at the full national tariff price. The total income earned included an additional £13.7M, being the difference between local historic costs/funding and national average costs/funding under the standard national price tariff. However, under the rules set by the Department of Health, 50% of this additional income (£6.9M) had to be paid back to the Department of Health in 2005/06.

Having adjusted for the funding withdrawn by the Department of Health, income earned from activities was £135M. Had the Trust received the full funding under the standard national tariff in 2005/06, the Trust would have recorded an income and expenditure surplus of £5.9M.

In 2006/2007, the transitional arrangements require 25% of the additional income to be paid back to the Department of Health. This will benefit the Trust, but is more than offset by other changes to the national tariff, resulting in overall increases in tariff prices of 1.5% compared with the Department of Health's own assessment of inflation and NHS cost pressures for the year of 6%.

Private patient income

The Trust earned £0.4M from providing services to private patients, which equates to 0.3% of income earned from activities. This accords with the "private patient cap" (limit on income) set out in the Trust's Terms of Authorisation. More detail is in note 2.3 of the annual accounts.

Other operating income

Income earned from other sources, including education, training and research and other trading activities was £18.2M. This included £1.8M of funding provided by the Department of Health to cover project costs and fees relating to the Greater Peterborough Health Investment Plan. More detail is in note 3 of the annual accounts.

5.4 Expenditure

Operating expenses

The total operating expenses of the Trust comprise £99.9M for pay costs and £50.3M in respect of non-pay costs.

The pay expenditure figure includes a provision of £0.7M to cover the estimated payments to be made in the course of 2006/07 for the final groups of staff entitled to arrears of pay under Agenda for Change. The arrears of pay cover the period 1 October 2004 to 31 March 2006. Agenda for Change is a programme of pay modernisation, agreed at national level by the Department of Health, for all staff groups in the NHS other than medical staff. The provision is based on a detailed estimate for the remaining staff groups.

Also included in our operating expenses is a provision of £0.2M for the estimated cost of redundancies associated with the first phase of restructuring announced in the *Fit for the Future* savings programme.

We also felt it necessary to increase our provision for credit notes and bad debts by just over £2M. This includes a provision of £1.7M relating to credit notes that may have to be issued for invoices for healthcare activities which are in dispute. This is because we are concerned that our commissioning PCTs will fail to pay the Trust for services we have provided to their patients. There is no suggestion that the activity we have undertaken did not happen, or is invalid or wrongly priced in some way. Our main PCTs are however disputing invoices issued for some elective activity on the basis that the activity exceeded expectations or that the Trust saw and treated patients "too quickly".

The Trust will strive to resolve these outstanding matters, having recourse to mediation and arbitration (the process set out in the terms and conditions of the healthcare contracts) if necessary. But for this issue, the Trust would have recorded a respectable surplus for the year.

The operating expenses for 2005/06 also include £1.4M of expenditure on project costs and fees relating to the Greater Peterborough Health Investment Plan, which the Trust is managing for its local NHS partners.

External audit fees

Expenditure incurred on external audit fees comprised £53,000 for statutory audit work. The independent auditor (external auditor) was Robson Rhodes LLP, Daedalus House, Station Road, Cambridge CB1 2RE.

5.5 Cash flow

Operating cash flow from activities was £10.6M.

The operating surplus generated £3.1M and, non-cash expenditure items (depreciation) generated a further £5.6M. The net change in the working capital position generated a further £1.9M of cash – debtors grew by £3.5M, and creditors and other items increased by £5.4M.

Interest earned on cash balances held just offset interest paid on borrowing. Beyond this, the cash generated from activities was spent on payments to acquire fixed assets (£4.1M) and payment of the full dividend due to the Department of Health on Public Dividend Capital (£4.1M). The Trust also received just over £0.6M from the sale of fixed assets – mainly the sale of surplus residential accommodation.

Taking into account all of the above, the net cash inflow into the Trust was just over £3M. This was then used to repay £3M of borrowing (drawing-down of our working capital facility), so clearing the borrowing by the end of the year.

5.6 Relationships with trade creditors

The Trust has maintained good working relationships with its trade creditors (suppliers) over the past year. In total, the Trust paid almost 55,000 invoices for goods and services. On average across all of last year, 80% of these invoices were settled within 30 days of registration in the Trust.

We are pleased to report that no interest had to be paid under the *Late Payment of Commercial Debts (Interest) Act 1998*.

5.7 Prudential borrowing limit and debt

The Trust has a prudential borrowing limit, set by Monitor, of £18.6M. This comprises £6.6M for cumulative long-term borrowing, and £12M for an approved working capital facility.

The Trust did not plan to take on any long-term debt in 2005/2006 and none was taken on. The Trust does not plan to take on any long-term debt in 2006/07 and the medium-term.

The Trust started the year with an approved working capital facility with the Department of Health of £8M. From 1 April 2005, £5M of this facility remained available, with £3M having been drawn down to support operating costs.

With the working capital facility at the Department of Health only being available until 31 March 2006, the Trust negotiated and secured a new working capital facility with its bankers of £12M. This exists as a committed money market facility and will need to be renewed in December 2007. The facility is available without any restrictive covenants or on-going fees.

The £3M drawn down from the Department of Health working capital facility was repaid in full in December 2005. At the same time, £3M was drawn down from the money market facility with our bankers. This enabled the Trust's on-going working capital position to be supported. This £3M drawn down from our bankers was repaid in full in March 2006. This meant that the Trust had all of its £12M working capital facility available at 31 March 2006.

5.8 Balance sheet

Net assets employed increased by £3.2M in the year to £125.1M at 31 March 2006. This increase comprised a gain of £3.4M as a result of fixed asset revaluations, along with the net impact of other changes in net assets held.

No investments have been made in joint ventures or any subsidiaries, and no financial assistance has been given to, or received from, any third party or other partner.

Investment in fixed assets was £4.4M. comprising £3.5M on purchased assets, and £0.9M in respect of donated assets. In line with our on-going strategy, the emphasis was on replacement medical equipment, and building and engineering work associated with maintaining compliance with statutory requirements. The £0.9M for donated assets largely comprised investment in angiography equipment, financed by a donation from the 'Big Lottery Fund' (an allocation from the National Lottery). This enabled one of the radiology rooms at the Edith Cavell Hospital to be equipped to undertake angiography, with this new service starting in December 2005.

Our on-going strategy, for 2006/07 and the medium term, continues to focus on upgrading and replacing our fixed asset stock within internally generated financial resources. The overall emphasis remains on investment to support our main healthcare activities (protected services). In 2006/07 the main areas of investment will be:

- Investment in equipment replacement and various schemes relating to ensuring statutory compliance - £2.4M
- Upgrade of the Intensive Care Unit at the Peterborough District Hospital - £1.2M

Investment in new Information Technology, as part of the NHS national programme for IT *(Connecting For Health)* is also expected to feature strongly, but is subject to receipt of additional investment funding – through additional cash in the form of Public Dividend Capital – from the Department of Health.

Beyond 2006/07, the emphasis will be on maintenance of the asset base as we move towards the new hospital build in Peterborough in 2010. Should this scheme not proceed, then the investment and disposal strategy, and associated financing and working capital strategy, will need to be revised to reflect additional investment in the existing hospital buildings in Peterborough.

5.9 Charitable funds

The Trust's Board of Directors are also the Charity Trustees for the Peterborough and Stamford Hospitals NHS Foundation Trust Charitable Fund. This Charitable Fund is registered with the Charity Commission as number 1050601, and is managed by the Trust.

In the last financial year, this Charitable Fund made a contribution of £678,000 towards the operating expenses of the Trust (compared with £623,000 in the previous year). After allowing for administration charges of £30,000 this means that £648,000 was made available to support enhancements to our healthcare services, along with improved amenities for patients and staff in a wide variety of wards and departments. This was made possible through donations from members of the public and other fund-raising activities from a number of local organisations, and the Board of Directors is grateful for this wonderful contribution to the services the Trust provides.

More details are included in the Annual Accounts for the Peterborough and Stamford Hospitals NHS Foundation Trust Charitable Fund, which will be published separately and will be available from the Company Secretary.

6. Board of Directors

The composition of the Board of Directors is detailed below. As at the 31 March 2005 the Board consists of seven non-executive and seven executive directors. Details of the individuals holding positions of chairman, non-executive directors, chief executive and executive directors throughout the year are detailed in the tables below.

The appointment of non-executive directors is undertaken by the Board of Governors. This work is carried out by the Non-executive Director Appointments and Terms of Service Committee of the Board of Governors and is chaired by the Deputy Chairman (Governor) who presides at Board of Governors meetings on all matters concerning non-executive directors. This committee is composed solely of governors and operates with support and advice from the Trust Chairman, Director of Human Resources and Company Secretary.

The Chairman appraises the non-executive directors, and is in turn appraised by the Deputy Chairman (Governor). Results of appraisal are to be reported to the Board of Governors through the Non-executive Director Appointments and Terms of Service Committee.

The Board of Governors has the responsibility for appointing or removing the chairman and non-executive directors. A recommendation on any such action would be made by the Deputy Chairman (Governor) on behalf of the Non-executive Director Appointments and Terms of Service Committee and any such action would need to be approved by the full Board of Governors. The Board of Governors agrees remuneration for non-executive directors with advice from this committee.

The non-executive directors undertake the appointment of the executive directors.

Remuneration for the executive directors is agreed by the Remuneration and Terms of Service Committee of the Board of Directors, which comprises the non-executive directors. The remit of the committee covers approval of directors' remuneration only although a view is maintained of other senior posts.

Remuneration details for the directors as determined by the Remuneration and Terms of Service Committee are included in the annual accounts and in section 10 of this annual report. The Trust also maintains a register of directors' interests. This is available to view from the main Peterborough public library or from the cash offices situated in each of the Trust's main hospitals (Peterborough District Hospital, Stamford Hospital, Edith Cavell Hospital). The details are also available from the office of the Company Secretary who can be contacted on 01733 874174. The following paragraphs give information on the individuals who have formed the Board of Directors for 2005/06 and on the committees of the Board.

6.1 Non-executive directors

Chairman – Dr Clive Morton OBE

Appointment start date 1 April 2004 - Appointment end date 31 March 2008

Dr Morton was the chairman of the previous NHS trust having held this position since 1996. The Board of Governors approved his re-appointment as the Chairman on the 1 April 2005 to give a four-year term since the establishment of the Foundation Trust.

Dr Clive Morton OBE is an experienced and successful company director with a 20 year record of achievement in public and private organisations. He has been Director of Personnel/Human Resources for Komatsu UK, Northern Electric, Rolls Royce Industrial Power Group and Anglian Water Services. He was also Director of Business Development for Anglian Water International. He is an independent adviser and coach on World Class Strategy and Board Development, leads The Morton Partnership, which specialises in organisational transformation, consulting to boards in the private, public and not-for-profit sectors.

Dr Morton is Chairman of Dermasalve Sciences PLC, Deputy Chairman of Opportunity Peterborough, the Urban Regeneration Company, and Deputy Chairman of D1 Oils, an international biodiesel producer. He is also Chairman of the Positive Health Alliance, a company which provides on-line employee health improvement plans. He is a visiting professor at both Middlesex University Business School & Loughborough University and a former Vice President of the Institute of Personnel and Development.

Dr Morton is also a successful author. His first book *Becoming World Class* was voted MCA's Best Management Book of the Year in 1994. *Beyond World Class*, concerning economic and social sustainability, was published and acclaimed in 1998. His latest book, *By the Skin of Our Teeth*, on business sustainability, was published in 2003.

Deputy Chairman – Mr Geoffrey Clubbe

Appointment start date 1 April 2004: Appointment end date 30 November 2007

Mr Clubbe was the Deputy Chairman of the previous NHS trust and has served as a non-executive director since 1994. The Board of Governors approved the re-appointment of Mr Clubbe on the 1 July 2005 to extend his term by two additional years.

Mr Clubbe worked for Royal Insurance for almost 40 years before retiring and is an active member of the community. Mr Clubbe is also a director of The Baptist Insurance Company PLC passed in Gloucester, and a director and ex-chairman of Christian Endeavour Holiday Centres Ltd.

Non-Executive Director – Mr Razahusein Rahim

Appointment start date 1 April 2004: Appointment end date 31 March 2008

Mr Rahim was a non-executive director of the previous NHS trust a position he has held since November 2000. The Board of Governors approved the re-appointment of Mr Rahim on the 1 April 2005 to give a four-year term since the establishment of the Foundation Trust.

Mr Rahim is a Fellow of The Institute of Chartered Accountants in England & Wales running his own accountancy firm and is active in the local Asian & Muslim community. He served as a school governor between 1989 and 2004 for two different schools in Peterborough. Mr Rahim's firm acts for tenants of the Trust who run the Jack in the Box Nursery which is situated on the Peterborough District Hospital site.

Non-Executive Director – Mr Martin Hindle

Appointment start date 1 April 2004: Appointment end date 30 November 2006

Mr Hindle was a non-executive director of the previous NHS trust. Mr Hindle was formerly chief executive of Cable and Wireless Nautec where he was responsible for business networks for the global shipping industry. Mr Hindle retains shares in Cable and Wireless. He has a long and successful career at board level in the pharmaceutical industry. He is a Member of the National Biological Standards Board and has served as a non executive director of the National Blood Authority. Mr Hindle is a director of the Leicestershire and Rutland Probation Service. He is also a Member of the Royal Pharmaceutical Society.

Non-Executive Director – Ms Susan Grey

Appointment start date 24 January 2005: Appointment end date 31 December 2008

Ms Grey was appointed to a non-executive director vacancy by the Board of Governors effective from the date shown.

Ms Grey has 25 years of international healthcare experience having worked in health and social care in the UK and abroad and in the public, private and voluntary sectors. She was formerly director of strategy and modernisation at Bedfordshire and Luton Community NHS Trust and has previously worked for Bedfordshire Health Authority. Ms Grey is also a board member of the Bedfordshire Pilgrims Housing Association based in Bedford and undertakes consultancy work for health and social care organisations.

Non-Executive Director – Mr Jonathan Radway

Appointment start date 30 August 2005: Appointment end date 29 August 2009

The Board of Governors appointed Mr Radway to a non-executive director vacancy effective from the date shown.

Mr Radway is a legal professional and is self-employed as a management consultant currently undertaking work for the Judicial Appointments Commission and the Reuniting Europe Programme for the Foreign Office. Previous appointments include being Performance Director for Her Majesty's Courts Service and Justices' Chief Executive for Hertfordshire Magistrates' Courts Service. He has been a Deputy District Judge (MC) since 1999.

Non-Executive Director – Dr Sarah Raper

Appointment start date 21 February 2005: Appointment end date 31 March 2006

The Board of Governors appointed Dr Raper to a non-executive director vacancy effective from the date shown. Due to her appointment as chief executive to Telford's regeneration company and her move away from the area, Dr Raper resigned with effect from 31 March 2006.

Dr Raper is a qualified doctor who has experience in the commercial property sector as well as having worked on regeneration in Liverpool and Corby. Dr Raper undertook her doctor training at King's College London and Bromley Hospital Kent. Following a career change she held the post of commercial director for Catalyst Corby, leading on the regeneration and growth of Corby, whilst in her post as non-executive director. Previously Dr Raper was acting joint chief executive of Speke Garston an award-winning regeneration initiative for Liverpool.

Mr Andrew Burroughs was appointed as a non-executive director to fill the vacancy left by Dr Raper and started in post on 24 April 2006.

6.2 Executive directors

Chief Executive – Mr Christopher Banks

Mr Banks was Chief Executive of the previous NHS trust. He was appointed Chief Executive in July 2002, having filled previous roles in the Trust as Project Director and Finance Director. Mr Banks is a qualified Chartered Accountant and also a director of Bluestone New Media Ltd based in Northborough, Peterborough.

Finance Director – Mr Christopher Hall

Mr Hall was Finance Director of the previous NHS trust. He is a chartered public finance accountant and acts as principal financial advisor to the Trust Board.

Director of Nursing – Mrs Christine Wilkinson

Mrs Wilkinson was Director of Nursing of the previous NHS trust. Together with Mr Randall she leads the clinical directorate of the Trust. Mrs Wilkinson is the Director for Infection Prevention and Control.

Director of Human Resources – Mrs Christine Tolond

Mrs Tolond was Director of Human Resources of the previous NHS trust and has a wealth of human resources experience in the public and private sector, previously working at Leicester Hospitals.

Director of Operations – Mr William Stevenson (retired 31 March 2006)

Mr Stevenson was Director of Organisational Development/Acting Director of Operations of the previous NHS trust.

Project Director – Mr StClair Armitage

Mr Armitage was appointed Project Director of the NHS Foundation Trust on 12 May 2004. He has experience in the private sector with Catalyst Healthcare of bidding for, and delivery of, private finance initiative projects in the healthcare sector. He previously served in the Royal Navy.

Medical Director – Mr John Randall (from 1 October 2005)

Mr Randall was appointed Medical Director of the trust on the retirement of Mr Turner. He is a consultant in obstetrics and gynaecology and specialises in reproductive medicine. Mr Randall has a private practice at the Fitzwilliam Hospital and was previous an associate medical director of the trust.

Medical Director – Mr Alan Turner (retired 31 September 2005)

Mr Turner was Medical Director of the previous NHS trust. He was a consultant urologist at the Trust and also had a private practice at the Fitzwilliam Hospital up to his retirement. Mr Turner is a lead assessor and trainer for the General Medical Council Performance Procedures and is a Lecturer at the Keele University Clinical Leadership Unit. Together with Mrs Wilkinson he is responsible for clinical governance within the Trust and they jointly lead the Trust's Clinical Directorate.

Mrs Paula Gorst replaced Mr Stevenson as Director of Operations, coming into post on 24 April 2006.

6.3 Board of Directors committees

The Board functions through five committees as follows:

Remuneration and Terms of Service Committee

This committee considers the remuneration and terms of service of executive directors, is chaired by Dr Morton, the Chairman of the Board with all non-executive directors being members. The committee is advised by the Chief Executive and Director of Human Resources who are asked to be absent when discussions over their own remuneration or terms of service take place.

Audit Committee

This committee examines the audit requirements and audit reports from external and internal audit ensuring that actions are taken on the agreed recommendations of audits. The committee is chaired by Mr Clubbe, the Deputy Chairman of the Board with Mr Rahim and Mr Radway as members for 2005/06. Prior to Mr Radway's appointments both Dr Raper and Ms Grey attended the committee to provide the input of a third non-executive director. The committee includes internal and external audit representatives with the Chief Executive, Director of Finance and Company Secretary in attendance.

Conformance Committee

This committee considers the financial performance of the Trust and compliance against national performance standards. The committee is chaired by Mr Clubbe, the Deputy Chairman of the Trust with Mr Hindle as a non-executive member together with the Chief Executive, Director of Finance and Director of Operations. The committee has recently restructured its method of working to ensure a systematic focus on the operational performance of each service unit and directorate of the Trust. Other senior managers of the Trust are also in attendance for consideration of their particular service unit or directorate and to assist with specific item.

Healthcare Governance Committee

This committee considers the Trust's performance against clinical and corporate governance requirements, receiving updates from the Trust's clinical operational units, on risk management issues, infection control, clinical audit results, reports from the clinical management board, details on complaints and other related items. The committee is chaired by Mr Hindle, with Dr Raper and Ms Grey as non-executive members. The Chief Executive, Medical Director, Director of Nursing, Director of Finance and Director of Human Resources are all members of the committee. Other senior managers of the Trust are also in attendance.

Patient and Public Involvement Committee

This committee considers the strategy and high-level initiatives to ensure appropriate patient and public involvement including those relevant activities of the Board of Governors. The committee is chaired by Ms Grey with the Director of Nursing and Chief Executive also being members of the committee together with four governors. Other senior managers and lay representatives are also part of the committee.

7. Board of Governors

The composition of the Board of Governors is detailed below. The Board of Governors consists of 14 public governors, six staff governors, six partner governors and currently one co-opted adviser.

Elections for public and staff governors to serve on the Board of Governors were held in March 2004 with the results being announced on the 25 March 2004. The Electoral Reform Ballot Services conducted the elections on behalf of the Trust using a single transferable vote system. Partner governors were nominated by the agreed partner organisations for the Foundation Trust.

Half of the public governors (seven) gaining most votes have terms of office for 3½ years, the remaining (seven) have terms of office for 2½ years. Half of the staff governors (three) gaining most votes have terms of office for 3½ years, the remaining (three) have terms of office for 2½ years. Routine elections are to be held so that results can be announced at the annual public meeting of the Foundation Trust and that attendance can be one of the last duties for any outgoing governors. The next elections are to be held in August/September 2006 and will again be conducted on behalf of the Trust by Electoral Reform Ballot Services.

There are no sub-divisions of either the public or staff constituency.

All the public and staff governor vacancies were filled by the initial election. During 2005/06 there have been a number of departures, with one staff governor being successful in gaining a post with another organisation, one public governor resigning due to personal circumstances and one public governor who sadly died in office. Since the end of the year, we have sadly been affected by the death of another public governor. These changes are detailed below.

Partner governors have terms of office of three years. There have been two changes during the year, which are detailed below, and the coming year will see the need to confirm Primary Care Trust partner governors due to the recent national reorganisation.

All governors can be elected or appointed up to a maximum of nine years. Governors receive no remuneration but are reimbursed for any expenses incurred. The Trust also maintains a register of governors' interests. This is available to view from the main Peterborough public library or from the cash offices situated in each of the Trust's main hospitals (Peterborough District Hospital, Stamford Hospital, Edith Cavell Hospital). The details are also available from the office of the Company Secretary who can be contacted on 01733 874174. The following paragraphs give information on the individuals who have formed the Board of Governors for 2005/06

7.1 Chairman

Dr Clive Morton OBE

Appointed to 31 March 2008

As Chairman of the Board of Directors, Dr Morton also chairs the Board of Governors. Dr Morton's details are listed in the previous section.

7.2 Public governors

Mrs Moira Beattie OBE

Term of office to 30 September 2007

Mrs Beattie is a member of the Macmillan Appeals Committee and a member of the local Primary Care Trust Patient and Public Involvement Forum.

Mr Arthur Critchley

Term of office to 30 September 2007

Mr Critchley is a director and shareholder of Barnes Kavelle Ltd, Bradford.

Dr Dennis Guttmann

Term of office to 30 September 2007

Gp Capt Michael Jenkins OBE

Term of office to 30 September 2007

Mrs Sarah Dixon

Term of office to 30 September 2007

Mrs Dixon is Head Teacher of Peterborough High School.

Mr Kenneth Craig

Term of office to 30 September 2007

Mr Ken Wright

Term of office to 30 September 2007

Mr Wright is Chairman of the Health and Adult Care Sub-Committee of the Peterborough Senior Citizens' Forum and chairman of Bretton Doctors and Patients Association.

Mr Keith Smith

Term of office to 30 September 2006

Mr Smith is the East Anglia Representative on the National Executive of the NHS Retirement Fellowship and Chairman of the Peterborough Branch of the Fellowship. He is also the Membership Secretary of the Peterborough Senior Citizens' Forum.

Mrs Rosemary McCulloch

Whilst Mrs McCulloch's term of office was to 30 September 2006, she resigned due to personal circumstances with effect from 20 January 2006.

Ms Maria Stafford

Term of office to 30 September 2006

Ms Stafford is a non-executive director for National Savings and Investments, a member of Council of Sheffield University, a member of the Audit Committee of the Department for Constitutional Affairs at Westminster, and a non-executive director of Opportunity Peterborough Urban Regeneration Company. Ms Stafford was also formerly Chairman of Glasgow Caledonian University.

Mrs Susan Mahmoud

Term of office to 30 September 2006

Mrs Mahmoud is Chairman of Macmillan Cancer Relief Peterborough, Chairman of the Friends of Peterborough Hospitals, a trustee of the Peterborough Council of Voluntary Services and was previously a member of the local Primary Care Trust Patient and Public Involvement Forum.

Mr John Dawson

Whilst Mr Dawson's term of office was to 30 September 2006, he sadly passed away on 4 May 2006.

Mr John Horrell CBE TD DL

Whilst Mr Horrell's term of office was to 30 September 2006, he sadly passed away on 17 December 2005.

Councillor Horrell was a director of Horrell Farmers Ltd, and was a city councillor and was elected Mayor of Peterborough in May 2005.

Mr Bob Woolley

Term of office to 30 September 2006

Mr Woolley is Chairman of the Park Road Baptist Housing Association Florence House Retirement Home

7.3 Staff governors

Dr Roger Moshy, Consultant Radiologist

Term of office to 30 September 2007

Dr Moshy is immediate past Chairman of the Association of Early Pregnancy Units and Director and member of the council of the British Medical Ultrasound Society.

Mr N A (Dan) Anandan, Associate Specialist at Stamford Hospital

Term of office to 30 September 2007

Mrs Jane Porter, Deputy General Manager of Woman and Child Services and Head of Midwifery

Whist Mrs Porter's term of office was to 30 September 2007, she resigned her post effective from 3 June 2005 to take up a new post at Leicester Royal Infirmary.

Mrs Elizabeth Phillips, Assistant General Manager Medical Inpatients

Term of office to 30 September 2006

Miss Katrina Wilson, Stroke Unit Project Nurse until June 2005 and now Neurology Development Manager

Term of office to 30 September 2006

Mr Robert Donlevy, Clinical Audit Facilitator

Term of office to 30 September 2006

7.4 Partner governors

Mr Chris Town, Chief Executive, Greater Peterborough Primary Care Partnership

Mr Town's nomination was due to expires on 31 March 2007, but due to his secondment to lead on part of the patient-led reorganisations his place was taken by the Acting Chief Executive.

Mr Town is a director of Gladstone Connect and serves on the advisory board of the Harrogate Management Centre.

Mrs Angela Barr, Acting Chief Executive, Greater Peterborough Primary Care Partnership

Nomination expires on 31 October 2008.

Mr Martin Whittle, Director of Quality, Lincolnshire South West teaching Primary Care Trust

Nomination expires 31 March 2007

Cllr John Holdich OBE, Cabinet Member for Health and Social Care, Peterborough City Council

Nomination from 30 June 2004 to 24 May 2005

Councillor Holdich's nomination expired when cabinet responsibility for health and social care was re-assigned following annual council.

Cllr Graham Murphy, Cabinet Member for Health and Adult Social Care, Peterborough City Council

Nomination from 25 May 2005 to 22 May 2006

Councillor Murphy's nomination expired when cabinet responsibility for health and social care was re-assigned following annual council.

Cllr Murphy is Chairman of Peterborough Dial-a-Ride, a board member of Cross Keys Homes, Vice Chairman of the Cambridgeshire and Peterborough Fire Authority and a LEA Governor for Orton Wistow Primary School and an Eye Parish Councillor.

Mr Michael Lilliman, representing the Friends organisations of the Trust

Nomination from 14 January 2005 expires 13 January 2008

Mr Lilliman is secretary/treasurer of the Peterborough Ecclesiastical and Ancient Parish Trusts of Hetley, Langton, Corby and Sambrook.

Mrs Heather Hanlon representing the Volunteers of the Trust

Nomination expires 31 March 2007

Air Commodore Paul Evans, Director of Healthcare, Defence Medical Services Department representing the Ministry of Defence

Nomination expires 31 March 2007

Cllr Diane Lamb was nominated as the partner governor for Peterborough City Council to replace Cllr Murphy.

Adviser

Mr Greg Lee, adviser with young persons remit, competition winner, Kings School in Peterborough.

Mr Lee resigned this post from 31 August 2005.

Mrs Geeta Pankhania was appointed as an advisor on health and ethnicity issues to the Board of Governors in April 2006.

8. Membership

The Trust has adopted the simplest form of membership constituencies and has a single public membership and a single staff membership constituency, neither of which are sub-divided into geographical areas or particular staff groupings. As a district general hospital providing services to its local community, a decision was made not to have a separate patient constituency but to ensure that public membership is advertised amongst patients.

Patient representation to the Trust can also be made through a number of direct patient involvement groups including a disability advisory group, a cancer involvement group, the maternity liaison services committee and through local patient surveys aimed at improving patient care.

Membership numbers at the beginning and end of 2005/06 are shown in the table below.

	1 April 2005	31 March 2006
Staff members	3,649	3,450
Public members	5,036	5,073
Total	8,685	8,523

Any individual employed by the Trust for more than six months is eligible for membership and all eligible staff members were automatically opted in and given the opportunity to opt-out if required. All new staff are opted in to membership and written to with the opportunity to opt-out if preferred. The decline in staff numbers is due to the reduction in the number of staff employed.

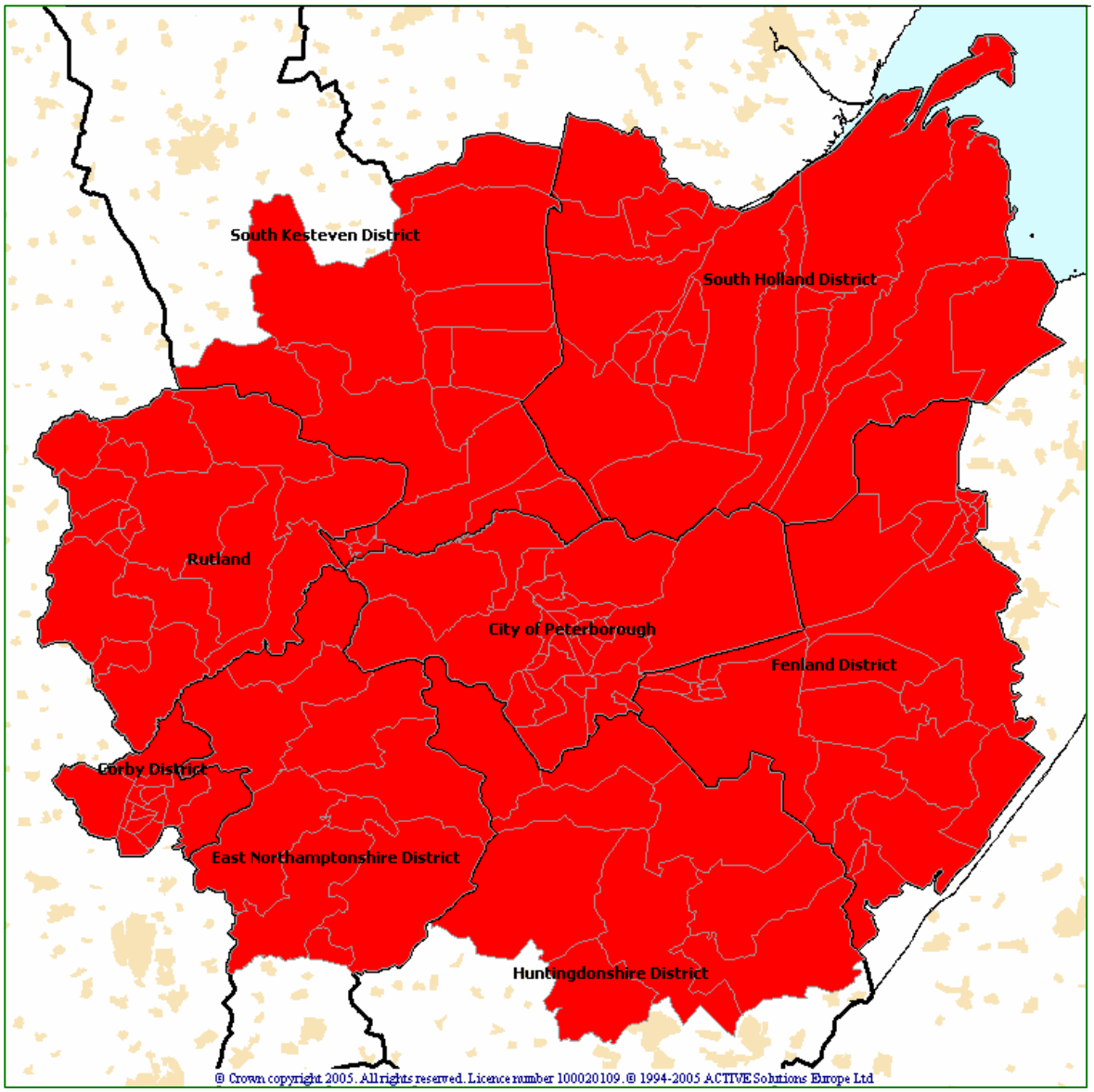
Any person aged 16 or over living in the Trust's membership catchment is eligible to become a member. This catchment is based on electoral wards. This is detailed in the Trust's constitution which is available to view from the main Peterborough public library or from the cash offices situated in each of the Trust's main hospitals (Peterborough District Hospital, Stamford Hospital, Edith Cavell Hospital). The details are also available from the office of the Company Secretary who can be contacted on 01733 874174. The catchment area is represented in the map below and was updated in October 2005 to take account of changes in ward configurations.

The Trust expects members to be committed to the principles of NHS Foundation Trust status, the Greater Peterborough Health Investment Plan, honesty and integrity and racial and religious tolerance.

A target was initially set to increase public members to 7,500 by the end of 31 March 2005. However due to the need to contain costs and as part of the Trust's savings plan, work was curtailed on this activity. Instead work progressed on identifying ways to increase membership involvement and communications and the year saw consultation with members on the Trust's travel options initiative and visiting times as well as initial workshops to consider the Trust's performance against the Healthcare Commissions' annual healthcheck standards. The Trust also worked with the hospital's Patient and Public Involvement Forum with an item in the Trust's members' newsletter enabling members to feedback directly to the Forum on the Trust's Patient Advice and Liaison Service.

For 2006/2007 the Trust has a public membership target of 6,500 and has identified geographic areas to target for recruitment, as well as under-represented age groups. An awareness campaign and recruitment exercise is planned for the media to run in tandem with preparations for the governors' elections to be held in August/September 2006.

Public membership area map



9. Public interest disclosures

There are no separate public interest disclosures as areas of interest have been included in the background information section.

10. Remuneration Report

The details of senior managers remuneration is detailed in page 9 of the Annual Accounts and is replicated below. This covers the Trust's non-executive and executive directors whose experience is outlined in section 6 of this Annual Report. The terms of office are also outlined in section 6 of this annual report; executive directors do not hold fixed term appointments.

Remuneration – Executive Directors

The remuneration committee for determining the pay of executive directors is the Terms and Remuneration Committee. This is chaired by the Chairman of the Trust with all non-executive directors being members.

In order to make decisions on remuneration, the committee is informed by the Chief Executive concerning performance and by the Director of Human Resources concerning comparisons of similar posts obtained through an independent external agency. The Chief Executive and Director of Human Resources are required to leave when their own posts are being discussed.

Remuneration – Non-Executive Directors

The responsibility for determining remuneration of non-executive directors is with the Board of Governors. In order to maintain an overview of appointments, performance and remuneration, the Board of Governors has established a Non-Executive Directors Remunerations and Terms of Service Committee to undertake the work required for these appointments. Recommendations are then made to the full Board of Governors.

This committee is chaired by the Deputy Chairman (Governor) who is a public governor with previous experience of appointments and remuneration, with other members of the committee being four public governors and two staff governors. The committee is advised by the Chairman on the performance of the non-executive directors and also by the Director of Human Resources and Company Secretary on comparisons and developments within the Foundation Trust movement.

The performance appraisal of the non-executive directors is undertaken by the Chairman, who is appraised by the Deputy Chairman (governor), the basis of which is informed by previous years' appraisals. The determination of pay was through the consideration of an independent review commissioned by the Foundation Trust Network on non-executive director comparisons as well as the remuneration rates being set by other NHS foundation trusts.

The decision was taken by the committee to adopt the lowest points on a recommended scale in the report commissioned by the Foundation Trust Network, and that this would be backdated to 1 April 2005 only. There is ongoing work throughout the Foundation Trust Network members to share rates of pay and this has shown that the Trust has made a comparable decision with other similar organisations. Determination of pay for 2006/2007 will be informed by further analysis of the remuneration throughout NHS foundation trusts. Any decisions will also be supplemented by information from appraisals.

Chief Executive's Declaration

I can confirm that this report accurately represents the arrangements for remuneration for the Trust's senior management.

16 June 2006

Remuneration Details

Name and Title		Remuneration		Pension Rights as at Age 60		Increase Arising in 2005/06		Cash Equivalent Transfer Value as at 31/03/05	Cash Equivalent Transfer Value as at 31/03/06	Real Increase in CETV as funded by employer
		Salary	Other	Accrued	Lump Sum	Accrued	Lump Sum			
		£000 (bands of £5,000)	£000	£	£	£	£	£	£	£
2005/06										
St Clair Armitage	Project Director	100-105	## Nil	2,754	8,261	1,651	4,953	16,782	44,226	18,917
Christopher Banks	Chief Executive Officer	120-125	Nil	13,200	39,600	1,111	3,332	172,971	199,544	15,574
Geoffrey Clubbe	Non-executive Director	10-15	Nil	Non executive directors do not have a pensionable position						
Susan Grey	Non-executive Director	10-15	Nil	Non executive directors do not have a pensionable position						
Christopher Hall	Finance Director	80-85	Nil	22,154	66,462	4,548	13,644	202,544	268,531	42,646
Martin Hindle	Non-executive Director	10-15	Nil	Non executive directors do not have a pensionable position						
Clive Morton	Chairman	35-40	Nil	Non executive directors do not have a pensionable position						
Jonathan Radway	Non-executive Director (started 30/08/05)	5-10	Nil	Non executive directors do not have a pensionable position						
Raza Rahim	Non-executive Director	10-15	Nil	Non executive directors do not have a pensionable position						
John Randall	Medical Director (started 01/10/05)	10-15	40-45	Authority to disclose withheld						
Sarah Raper	Non-executive Director (left 31/03/06)	5-10	Nil	Non executive directors do not have a pensionable position						
William Stevenson	Director of Organisational Development and Acting Operations Director (retired 31/03/06)	Authority to disclose withheld								
Christine Tolond	Director of Human Resources	75-80	Nil	Authority to disclose withheld						
Alan Turner	Medical Director (retired 12/10/05)	30-35	25-30	Authority to disclose withheld						
Christine Wilkinson	Director of Nursing	75-80	Nil	20,859	62,576	2,248	6,745	241,278	286,811	27,650

St Clair Armitage has been allowed the use of a maisonette owned by the Trust at no charge.

* Alan Turner's remuneration included £22,000 in respect of a distinction award which is centrally funded by the Department of Health.

Further information on the Trust can be obtained from

The Trust's website at www.peterboroughandstamford.nhs.uk

The Trust's Information Governance Manager

Information Governance Manager
Information Services
Memorial Wing
Peterborough District Hospital
Thorpe Road
Peterborough
PE3 6DA

The Trust's Company Secretary

Company Secretary
Edith Cavell Hospital
Bretton Gate
Bretton
Peterborough
PE3 9GZ

All press enquiries should be made through the Communications Office on 01733 874110