Peterborough and Stamford Hospitals
NHS Foundation Trust

Annual Plan 2008/2009

Chairman's Foreword

I am pleased to present this Annual Plan for Peterborough and Stamford Hospitals NHS Foundation Trust. This provides an overview of the past year and looks forward to our plans for the next year and beyond, including our new strategy which takes us to 2013.

We have consulted widely, and our plans are well-informed by views from our governors, members, staff and stakeholders. This ensures that we are reflecting not only what is important for our local population, but also our determination to continue with strong partnership working across the local health economy for the benefit of the people of Stamford, Peterborough and the surrounding areas.

The aim of this plan is to look forward and I would like to emphasise that its achievement will be based on the hard work and dedication of all of our staff, volunteers, partners and governors, without whom we would not deliver the excellent patient experience that people needing our services deserve.

Mr Jonathan Radway
Interim Chairman

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1 Past Year Performance

1.1 Chief Executive's summary of the year

Whilst this report looks forward to the financial year ending 31 March 2009, this particular section reviews the financial year that ended 31 March 2008 and I am pleased to report a year of significant improvement and achievement which will take the Trust forward into a strong future.

The year has seen a number of performance improvements. At the start of the year the Trust completed its review of issues surrounding the management of the orthopaedic waiting list and throughout the year has ensured improvements so that by the end of December there were no further reported waiting list breaches. Further waiting list improvements have been delivered towards the achievement of the 18 week waiting list targets, and whilst the 90% March milestone was achieved and exceeded for non-admitted patients (reaching 95%), the 85% March milestone for admitted patients was not reached with a performance of 79%. However, good progress will ensure that this is met for 2008/09.

There has also been significant pressure on the Trust's services from increased levels of emergency admissions (12% above target) and our staff have worked hard to accommodate this increased demand, with reduced lengths of stay and reduced MRSA and C-diff rates. Sickness absence has also reduced and the year has seen excellent financial performance as noted below.

One of our major achievements during the year was the commencement of building for the Greater Peterborough Health Investment Plan, comprising a new acute hospital (to be called the Peterborough City Hospital) and a new Mental Health Unit for the Cambridgeshire and Peterborough Mental Health Partnership Trust on the Edith Cavell site with an Integrated Care Centre (now called the City Care Centre) for Peterborough Primary Care Trust on the District Hospital site. This followed the final contract exchange with Progress Health on the 4 July 2007.

The Trust has also seen significant organisational development during the year with the restructuring of our service units into eight Clinical Business Units (emergency and critical care; surgery; musculoskeletal; medicine and long term conditions; cancer and specialist care; family and public health; clinical services and clinical administration). This has been accompanied by the development of service line management which has been developed with clinicians in specific specialties.

The Trust's strategy – The Way Forward, has been reviewed and developed with external stakeholders, governors and staff and has been replaced by a new strategy and vision for the Trust to be ***"a major healthcare provider in eastern England that is best for patients and great to work for"***. The details of our strategy are set out in section 2.1.

In addressing issues surrounding the orthopaedic waiting list management, the Trust has also commissioned, with the support of Monitor (the Independent Regulator for NHS Foundation Trusts), a board review and the initial evaluation of our current processes has been completed. With improved performance, clear direction on improvements for patients and a strong financial background, the Trust is able to commence the new year with a clear board development plan. This will ensure that these improvements are further developed and embedded

into the organisation for the Board of Directors, Board of Governors and the Clinical Business Units with the aim of supporting and delivering excellent care for our patients.

1.2 Summary of Financial Performance

The table below sets out the ***provisional*** financial results for the Trust for the year ended 31 March 2008.

The annual accounts for the year were submitted for external audit scrutiny, as required, on 29 April 2008. Following external audit review, the Board will be requested to consider any further amendments and will then approve the annual accounts at a meeting in June. The annual accounts will then be submitted to Monitor and to Parliament in July 2008. Once this has happened, the Board will be able to publish the accounts.

Income and Expenditure – Provisional Results For The Year

£ Millions	Plan	Actual	Variance F/(A)
INCOME			
Protected income (PCT contracts)	151.7	155.9	4.2
Unprotected income	4.5	4.9	0.4
Other operating income	19.2	20.0	0.8
Total Income	175.4	180.8	5.4
EXPENDITURE			
Pay costs	(111.3)	(108.0)	3.3
Non-pay costs	(48.7)	(53.9)	(5.2)
Depreciation, dividends and other costs	(10.4)	(11.5)	(1.1)
Total Expenditure	(170.4)	(173.4)	(3.0)
RETAINED SURPLUS	5.0	7.4	2.4
I&E Margin (retained surplus as % of income)	***2.9%***	***4.1%***	

The Trust recorded an income and expenditure surplus of just over £7.4M (or 4.1% of total income). This was significantly better than the plan for the year, which anticipated a surplus of £5M. The performance means that the Trust has put right the deficits incurred in its first two years of trading, and has strengthened its overall financial position.

The good performance in 2007/08 also confirms that the Trust is ahead on its plan to achieve surpluses going forward, to support investment in healthcare services and the development of the new hospital in Peterborough.

1.3 Other Major Issues

There have also been changes within the Board of Governors and Board of Directors during the year.

It is important to note the important contribution made to the Trust by our public governor, volunteer and long-term critical friend, Mr Ken Wright who sadly passed away in September 2007. Ken's contribution was made over many years and always in a cheerful and supporting manner and recognised by patients, staff, directors and governors.

Elections were held in September 2007 that reshaped the Board of Governors with 9 new public and three new staff governors; there is also a new vice-chairman of the governors Mr Peter Morrison who was elected in January 2008. This change in governors has brought increased attention to the roles and responsibilities of governors which will be further supported by the development programme for the coming year.

Two new non-executive directors joined the Trust during the year – Mrs Caroline Stark (in May 2007) and Mr Stuart Anderson (in October 2007) replacing Mr Martin Hindle (who left to become Chairman of University Hospitals of Leicester) and Mr Geoff Clubbe, Deputy Chairman (who retired).

Mr St Clair Armitage, PFI Project Director, also left the Trust (in December 2007). This change in the Board of Directors accompanied by the development of an Associate Project Director role, sees the board configured with six executive directors (including the chief executive) and seven non-executive directors (including the chairman).

In the last of the board changes for the year, our Chairman, Dr Clive Morton OBE retired from the Trust on 31 March 2008 and a new chairman has been appointed, Mr Nigel Hards, to take up post from 1 July 2008. Mr Jonathan Radway, who became Deputy Chairman on the retirement of Mr Clubbe, is Interim Chairman during the period 1 April to 30 June 2008.

The year also saw the merger of our external auditors, Robson Rhodes LLP into Grant Thornton LLP. In order to renew our external audit arrangements, the Trust is currently engaged in a tender process with a view to appoint auditors at the Board of Governors meeting to be held in July 2008.

2 Future Business Plans

2.1 Strategic Overview

The Trust's future business plans are set within the context of a new strategic direction for Peterborough and Stamford Hospitals NHS Foundation Trust for the period 2008 to 2013. This was prepared during the summer of 2007 with external stakeholders, governors and staff. The new vision for our Trust is to be ***"a major healthcare provider in Eastern England that is best for patients and great to work for"***. This vision is underpinned by values for the organisation. These are to:

- consistently achieve high standards of patient care;
- work with determination and clear focus;
- create an atmosphere which is caring, friendly and sensitive to individuals;
- recognise merit and celebrate success and achievement;
- respect people's dignity and treat them with fairness, consistency and honesty;
- continuously improve and adapt the way we work;
- work together as a team supporting and encouraging all members;
- acknowledge people's desire for job satisfaction, growth and creativity in their work.

Our vision and values will work together to achieve four strategic aims of:

1. providing excellent patient care that is streamlined, integrated, consistent and responsive through consideration of:
    a. patient safety
    b. improving hospital services
    c. integrating services
2. extending our catchment population to sustain local clinical services;
3. determining core services and how they are localised for patients;
4. developing the Foundation Trust as a major player in the City and contributing more to our social responsibilities.

The first of these aims includes the key area of patient safety. This has its own strategy which is to be launched in May 2008, and patient safety will be the overarching theme for all of our work.

To deliver the overall strategy it is clear that we need to have in place two important building blocks: robust financial performance and high quality governance.

Financial Performance

The main financial projections are set out in the accompanying appendix. The income and expenditure projections are summarised as follows.

INCOME AND EXPENDITURE PROJECTIONS

£ Millions	Actual 2007/08	Plan 2008/09	Plan 2009/10	Plan 2010/11
Earnings before interest, tax, depreciation and amortisation (EBITDA)	18.9	14.8	15.9	12.4
EBITDA Margin	10.5%	8.2%	8.8%	6.7%
Surplus for the year – excluding exceptional items	**9.1**	**4.5**	**4.5**	**4.1**
Income and Expenditure Margin	**5.0%**	**2.5%**	**2.5%**	**2.2%**
Cumulative retained surplus/(deficit)	5.4	7.5	12.0	(24.4)

The exceptional items in 2007/08, and estimated for 2008/09, relate to the impairment of fixed assets. The impairment value was £1.7M in 2007/08, and is expected to be £2.5M in 2008/09.

The income and expenditure position in 2010/11 is expected to be affected by a write-down of fixed assets ahead of the opening of the new PFI-financed hospital on the Edith Cavell health campus. The new hospital is scheduled for opening in December 2010. The write-down is estimated to be £40.4M. The surplus without this exceptional write-down is projected to be £4.1M, as shown in the table above. The full projections, including this write-down, show a deficit of £36.4M projected for 2010/11.

The accounts for 2007/08, and all of the forward projections, have been prepared according to the relevant accounting standards, and the requirements of Monitor and HM Treasury, as applicable at the present time in respect of accounting for PFI schemes. The Trust continues to follow the advice of its financial advisors in connection with the PFI scheme, as confirmed by its External Auditors. This means that currently no asset or liability is recognised in the Trust's balance sheet, and no expenditure transactions have been recorded in connection with the PFI scheme, other than project-related costs borne by the Trust which have been accounted for as expenditure incurred in the year, in the normal way.

The application of International Financial Reporting Standards (IFRS) to the public sector is now likely to be required by HM Treasury for the 2009/2010 financial year, with a restating of the 2008/2009 Accounts, where appropriate, to enable prior-year comparisons to be made.

The application of International Financial Reporting Standards is likely to have a significant impact on accounting for PFI schemes, and all the associated disclosures in the accounts and strategic financial planning. However, this is not clear or certain at the present time, and the Trust awaits guidance from HM Treasury and Monitor on how International Financial Reporting Standards are to be applied.

The Trust is and continues to be compliant with its private patient cap under the Terms of Authorisation as issued by Monitor.

Local Market Context

The financial projections are supported by the health planning work undertaken for the Greater Peterborough Health Investment Plan and further reviewed when

considering the changing external landscape as part of the development of our strategy.

Our patients come to the Trust from five main Primary Care Trusts (PCTs) – Peterborough, Lincolnshire, Cambridgeshire, Leicestershire County and Rutland, and Northamptonshire. This means that the Trust has an influence on and is influenced by a number of different providers including Hinchingbrooke, United Lincolnshire Hospitals, Addenbrookes, University Hospitals Leicester, Kettering and also Queen Elizabeth Hospital in Kings Lynn.

Our own strategy supports the development of Stamford Hospital in south Lincolnshire. This is to ensure that there is a vibrant health campus that can provide services locally to the people of Stamford supported by local partners, including GPs and wider primary and social care, and that also contributes to the overall well-being of the Foundation Trust. The development of this strategy is being led by a dedicated project manager. The Trust has also been involved in discussions concerning the potential future for Hinchingbrooke Hospitals and is keeping informed of the potential changes.

It is expected that the reputation of all hospitals as portrayed by national surveys and satisfaction and performance indicators as shown on the NHS Choices website will have increased influence on patients. The new Clinical Business Units will be supported in building and enhancing strong GP relationships to ensure good local support for our services.

A further influence on the Trust's development will be the consultation and implementation of the "Our NHS, Our Future" changes (the Darzi Review). The tensions between care at home and centralised specialist care are recognised and also serve to reduce the potential impact of population growth. The early reflection of services changes can be seen in the service development plans in the following section.

The growth in the local engagement agenda is also a key area for the Trust as we plan to enhance our engagement with and involvement of our members as outlined in the membership plan. This will also be supported by the development of roles and responsibilities with the governors.

2.2 Service Development Plans

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

INCOME

£ Millions	Plan 2007/08	Actual 2007/08	2008/09	Plan 2009/10	2010/11
Income from protected activities	151.8	155.9	155.8	155.1	160.2
Income from unprotected activities	4.5	4.9	4.6	4.7	5.0
Other operating income	19.1	20.0	19.8	21.6	24.8
Total Income	**175.4**	**180.8**	**180.2**	**181.4**	**190.0**

Income from protected activities

Clinical Income

£ Millions	Plan 2007/08	Actual 2007/08	2008/09	Plan 2009/10	2010/11
Elective	38.4	37.9	36.8	33.9	35.3
Non-Elective	54.3	57.2	57.9	59.8	61.8
Outpatients	27.4	28.0	27.3	26.5	27.1
Accident and Emergency	5.5	5.5	5.7	5.9	6
Sub-Total	**125.6**	**128.6**	**127.7**	**126.1**	**130.2**
Other Services	26.2	27.3	28.1	29.0	30.0
Total income from protected activities	**151.8**	**155.9**	**155.8**	**155.1**	**160.2**

Contract negotiations for 2008/09 with all Primary Care Trusts were concluded in March 2008. The existing legally-binding contract remains in place, with the Trust agreeing revised activity and finance schedules, and other related performance provisions, with the PCTs. The planned activity and revenue levels for 2008/09 are based on the revised contracts agreed with the PCTs.

In summary, the revised contracted activity, service and revenue levels for 2008/09 include the national price tariff uplift for inflation of 2.3% and reflect:

1. A small real-terms reduction (3%) in elective or planned activity. This follows the substantial increase (17%) achieved in 2007/08 on the journey towards achieving the Government's 18 week waiting times target. The target is for no one to wait more than 18 weeks from being referred to hospital by their GP to having their required treatment, by December 2008. National price tariff reductions mean a loss of income of £0.4M and national price tariff reclassification mean a loss under this category of £0.6M.

2. Sustaining the actual level of emergency activity and revenue achieved in 2007/08. Last year saw a substantial increase (12% above plan) in emergency work, after a number of years of steady reductions achieved by the Trust working with PCTs on a whole range of initiatives. The Trust will continue to work with PCTs on developing alternatives to acute hospital care. National price tariff changes result in a £0.6M loss of income in this category.

3. Sustaining, in total, the actual level of outpatient activity and revenue. Significant increases in some specialties – associated with sustaining improved waiting times performance and the growth of local services in areas like cardiology, neurology and dermatology – have been offset by reductions in other areas. These reductions have been driven by the PCTs commissioning fewer follow-up attendances, investment in alternatives in primary care, and the full year impact of the loss of the musculo-skeletal service (a major element of rheumatology and orthopaedics outpatients services) to a combined primary care/private sector provider. National price tariff reclassification mean a loss of £1.1M under this category.

4. A small increase (2.8%) in contracted accident and emergency department attendances and revenue, linked to last-year's level of actual performance and allowing for some further growth.

5. Having allowed for the reclassification of some activity and income from the elective and outpatient categories, planned income under the other healthcare services heading is expected to fall back to 2007/08 planned levels, after a number of years of increases.

The level of elective activity and revenue agreed for 2008/09 is expected to reduce significantly (by 10%) in 2009/10. This is driven by the need to achieve a maximum referral-to-treatment time of 18 weeks by December 2008.

Beyond 2008/09 the revenue projections assume modest growth of 1% per annum for non-elective activity and revenue. The projections assume that outpatient activity and revenue continue to fall in real terms. This links to the earlier analysis concerning the impact of national policies including care closer to home and competition from existing and potentially new providers.

The approach outlined above is consistent with earlier projections, and the thinking around the development of a single hospital in Peterborough in 2010/2011. The projections assume an inflation uplift of 2.3% per annum.

Income from unprotected activities

The plan for 2008/09 is in line with the plan for 2007/08. Although performance in 2007/08 was better than expected, especially on the Trust's contract with the Ministry of Defence, it is judged unlikely that this will be sustained. This is a consequence of focussing capacity, resources and management effort on delivering on the Trust's main PCT contracts. Sustaining the improved performance on the Ministry of Defence contract – including the earning of bonuses for fast access arrangements for military personnel - coupled with exploiting business development opportunities represent a potential upside to the financial planning, although there is a risk that the fast track service will cease because of 18 week achievements.

An inflation uplift of 2.3% has been assumed to be achievable across all areas.

The projections beyond 2008/09 assume no further real-terms changes, and an annual inflation uplift of 2.3% being achieved.

Other operating income

We are expecting other operating income levels in most areas to at least be maintained in real terms in line with 2007/08 levels, but with a reduction in lease income when the Cambridgeshire and Peterborough Mental Health Partnership NHS Trust moves out of our facilities and into their new Mental Health Unit.

The plan also assumes that the planned cost of running the Greater Peterborough Health Investment Plan (GPHIP) project (£1.1M) will be partly covered by our two NHS partners meeting their respective shares of the costs, with transitional funding from the Department of Health covering the balance. This is consistent with what happened in 2007/08.

An inflation uplift of 2.3% per annum has been assumed to be achievable in 2008/09 and the subsequent years.

Objectives 2008/09

To ensure that our plans are delivered, the following objectives have been agreed for the following year. These show achievement against new national targets including satisfaction and financial requirements; existing core standards; and objectives to meet our new strategic aims. Each objective is referenced to one of the strategic objectives listed on page 7.

Category 1 targets		
Objective	Outcome	Action
Healthcare acquired infections [strategic aim 1a]	Infection rates are maintained at or below agreed trajectories (17.5% reduction in inpatient c-diff cases for the over 2's on 2007/08 outturn and maintenance of MRSA position) and patients have confidence in the cleanliness of our facilities and record levels of satisfaction for cleanliness in the top 20% in the national patient survey	Develop appropriate isolation facilities (capital programme) at PDH and ensure timely isolation for all patients
		Review dress code policy and ensure bare below the elbows is implemented Trust-wide
		Improve hand washing audit levels to a minimum of 90%
		Review and implement prescribing policy and ensure compliance
		Board level review of RCAs is incorporated as normal business
18 weeks [strategic aim 1b]	95% of non –admitted patients and 90% of admitted patients are seen within 18 weeks and are easily able to access patient focussed services; maximum waits for inpatients, outpatients and diagnostics (of 8, 3 and 2 weeks) are achieved by December 2008	Review and redesign all complex pathways by September 08
		Implement controls to patient demand that achieve more than 80% of slot availability for GPs and implement fully choose and book by the end of quarter 3.
31 day maximum wait from referral to treatment for all cancers [strategic aim 1b]	All cancer patients are treated promptly when diagnosed and have confidence in the response of our services	Review all pathways for cancer treatment and redesign to ensure treatment within 31 days from December 2008
		As part of the A&C review, ensure patient tracking is incorporated into all specialties from October

Category 1 targets continued		
Objective	Outcome	Action
Patient Satisfaction [strategic aim 1b]	Patients have confidence and 85% of satisfaction in the services that we provide as demonstrated on the Patient Experience Tracker	Roll out patient experience tracker to general wards, achieve at least 50% take up by patients and ensure action is taken appropriately
		Improve customer care in A&E, maternity and outpatients so that complaints are reduced overall by 10%
		Achieve a top 20% rating in at least 20% of the national patient survey
Staff Satisfaction [strategic aim 1b]	Staff have confidence that they will be safe at work, have the opportunity to use their skills and are valued for their contribution	Ensure all staff have an annual appraisal and personal development plan by implementing and monitoring the annual forward planning tool
		Initiate action plan on staff safety
		Achieve a top 20% rating in at least 40% of the national staff survey key scores
Financial security [strategic aim 1b]	Financial good health is maintained within the organisation and Monitor and the Boards of Directors and Governors have confidence in our financial stability	Achieve planned surplus and EBITDA margin and deliver forward looking efficiency and productivity plans for the next 3 years
		Maintain pay and non pay controls within new systems when devolved to CBUs; refresh routine financial reporting to cover CBU income and expenditure performance and profitability.
		Develop service line reporting in general surgery, ENT and orthopaedics
		Deliver CRES in pharmacy and procurement
		Initiate efficiency plans in theatres, day surgery, renal, productive ward and consultant job planning Achieve workforce productivity targets on: sickness absence - 4% turnover – 12.5%

Key targets and contractual agreements		
Objective	Outcome	Action
Accident and Emergency [strategic aim 1b]	Maintain performance above 98% in any rolling 4 week period for the health community	Achieve earlier senior medical review for acute admissions
		Implement action plan to co-locate the medical and surgical assessment units and reduce the time patients spent in the department to less than 4 hours for 80% of patients
		Agree the actions coming out of the GP A&E audit and implement all hospital based actions in accordance with the implementation plan
Maximum waiting time of 62 days from referral to treatment for all cancers [strategic aim 1b]	Maintain performance above 98%	Review all pathways for cancer treatment and redesign to ensure treatment within 62 days
		Ensure patient tracking is incorporated into all specialties from October 2008
Maximum waiting time of 2 weeks from urgent GP referral to first outpatient appointment for all suspected cancers [strategic aim 1b]	Maintain performance above 98%	Maintain monitoring systems
		Review capacity planning process and systems and implement all recommendations to ensure compliance
People suffering heart attack to receive thrombolysis within 60 minutes of call [strategic aim 1b]	Maintain performance above 68%	Improve relationships with Ambulance Trust
		Reduce monitoring intervals to monthly
Choose and Book [strategic aim 1b]	Achieve full implementation of system	Implement paper-free referral system by end of Q3
		Engage clinicians in early delivery
		Resolve technical issues regarding speed and firewall
Other national core standards [strategic aim 1b]	maintain performance above national standard (cancelled operations within 28 days, minimal delayed transfers of care, 48 hour access department of sexual health, 2 week rapid access chest pain clinic access)	Maintain existing monitoring systems and take action as necessary

Implementing strategy		
Objective	Outcome	Action
Providing excellent patient care • Safety [strategic aim 1a]	Patient safety culture is enhanced in the organisation and patients have confidence in our services	Create infrastructure, strategy and action plan
		Improve Hospital Standardised Mortality Rate by 5% as part of a longer-term reduction to 90%
		Generate awareness of this programme across the hospitals
		Implement key actions including MEWS (early warning scoring for deteriorating patients) and pre-theatre briefing
		Generate interest in our work within the region
• Quality of service [strategic aim 1b]	The quality of services within our main gateways to the hospital is improved so that patient complaints are reduced by 10% overall	Improve patient satisfaction and reduce complaints in outpatients, A&E and maternity
		Agree objectives for CBU leaders to identify and resolve the major issues for patients in these areas
		Initiate patient experience trackers in all general ward areas
		Generate enthusiasm among staff for improved customer care and develop training packages
Increasing our catchment population [strategic aim 2]	Stamford hospitals developed into sustainable community hospital that is embedded in the community and contributes to the FT	Agree clinical strategy and implement 1 major new service delivery
		Agree strategy and key actions
		Increase referrals from Lincolnshire by 5%
	The Trust is positioned to provide secondary care services to the population of Huntingdon and the surrounding villages	Agree clinical strategy for localising care where possible in and around Huntingdon and implement one service localisation for patients in the south west of our catchment area
		Develop joint arrangements with successful franchiser for Hinchingbrooke so that firm proposals exist for at least one jointly delivered service for Hinchingbrooke
	The Trust catchment area is extended to the west and to the east	Develop relationships with GPs in Fenland and Rutland and increase referrals by 5%

Implementing strategy continued		
Objective	Outcome	Action
Service reviews [strategic aim 3]	Agree clear strategies for children, stroke, heart failure, cancer and for centralisation / localisation plan for all other specialities	Clinical strategy steering group established under the direction of the Medical Director
		Children, heart failure, stroke and cancer services present strategies to Boards of Directors or Governors
		Each specialty has developed its localisation strategy
		Agree the radiotherapy business case for the new hospital
Being a major player [strategic aim 4]	PST takes a full and active role within the City and is seen to be a major contributor to the City's well being	Partnership working with PCT is improved and at least one Board to Board meeting takes place and joint reviews of services are established
		External relationships are agreed with Board of Directors and full part is played in the Local Area Agreement
		Membership infrastructure is increased to ensure good access by Governors and membership numbers increase by 5%
		Partnership working is developed with DMETA and the MDHU and additional clear benefits are agreed between the organisations
Developing the organisation		
Implementing the Board development programme [strategic aim 1b]	Roles and responsibilities are clarified and there are high quality Board governance arrangements and processes	Board development programme implemented including team and individual coaching and skills development
		A programme for sustaining and implementing the change is agreed and implemented
		The new Chair is recruited and fully inducted
Establishing and developing the CBUs [strategic aim 1b]	Operational structures are aligned with capable CBU leadership	Structures and processes are developed to enable the CBUs to function effectively
		Board development programme implemented including assessing the CBU leadership and governance arrangements
		Not less than 6 CBUs achieve foundation status

Developing the organisation continued		
Objective	Outcome	Action
Establishing organisation development and transformational capability [strategic aim 1c and 1b]	Services are developed quickly and effectively to meet the changing needs of their customers	Service Improvement Team is fully functional within HR and the Organisational Development (OD) elements are working closely together to provide project support for the CBUs
		OD and Educational Learning and Development strategies are developed and agreed
Progressing GPHIP [strategic aim 1c and 1b]	A first class hospital with first class services exists in Peterborough	Ensure construction programme is adhered to, on time, in budget with minimal variations
		Develop the commissioning programme
		Initiate and progress the health planning proposals and development
		Develop the workforce plan to deliver planned services with CBUs

2.3 Operating Resources required to deliver service development

Operating Expenditure

£ Millions	Plan 2007/08	Actual 2007/08	2008/09	Plan 2009/10	2010/11
Pay costs	111.3	108.0	114.1	113.7	118.3
Drug costs	9.8	9.9	10.8	11.4	11.8
Other operating costs	38.9	44.0	40.5	40.5	47.7
Total operating expenditure	**160.0**	**161.9**	**165.4**	**165.6**	**177.8**

Overview

Planned expenditure in 2008/09 is based on the following:

- Continued control and stability in expenditure levels, as evidenced throughout last year – to maintain sound financial performance;
- An expectation that there will be improved recruitment to vacant posts in the medical, nursing, midwifery, scientific and therapy areas - to improve the quality of care being provided for our patients, and resulting in higher expenditure*;*
- Additional investment in some key service development areas – to improve the quality of care being provided, and resulting in increased expenditure (and as detailed below);

- Management of additional expenditure relating to investment in capacity to support achievement of contracted levels of activity and the 18-week waiting times target;

- Maintenance of efficiency gains already achieved in providing increased levels of activity, coupled with further cash-releasing savings through the Trust's "Staying Fit" programme;

- The various inflationary uplifts and assumptions as set out in more detail below.

Additional Investment

The Trust plans to go ahead with almost £1.5M of additional investment in a number of key areas, including:

- More midwives (£0.4M - 9 qualified staff and one unqualified assistant) – to improve patient care, and in connection with the increased volume of activity;

- Additional senior medical and nurse input to surgical activity (£0.4M);

- Additional senior medical input into emergency care and the medical specialties (£0.6M – including an interventional cardiologist and two acute physicians). This is linked to the increased volume of activity and the development of local services in Peterborough.

Capacity Plan and Staying Fit

The Trust plans to spend £2.8M on additional capacity linked to sustaining elective activity performance. This has regard to the lower level of elective activity required in 2008/09, compared with 2007/08, and builds on efficiencies and improved productivity which started to be generated in the second half of last year in particular. The Trust spent £4.6M on various initiatives to create additional capacity in 2007/08.

The Trust's programme of improving efficiency and delivering savings (under the Staying Fit programme) also includes:

- General Procurement savings (through the Procurement Work Plan) - £0.2M;
- Pharmacy prescribing and the installation of the Automated Dispensing System ("pharmacy robot") - £0.5M.

Inflationary uplifts and allowances

The inflationary uplifts and allowances applied in the expenditure projections for 2008/09 are consistent with those used in earlier forecasts, and briefly are as follows:

Pay inflation: An assumption that pay costs will increase by 3%, in respect of the full-year effect in 2008/09 of the national pay awards implemented in 2007/08, and to cover the national pay awards likely to be agreed for 2008/09;

***Consultant contract*:** An allowance of £300K has been made to cover the likely cost of clinical excellence awards, and salary threshold adjustments – consistent with 2007/08.

***Pay Modernisation/Incremental Drift**:* No allowance has been made, meaning that any net additional costs will have to be covered by corresponding savings within service units and directorates. This seems a reasonable approach, especially as budgets have already been increased for what was presented as the major impact of incremental change and "gateway" progress impacting in 2007/08.

***Non-pay inflation*:** An assumption that all non-pay costs, other than those relating to pharmacy, will increase across the board by 2.75% for price rises has been made.

***Prescribing and Impact of NICE Requirements*:** An assumption that drugs costs will increase by 12.14% in 2008/09, in respect of price rises, changed prescribing and NICE requirements. *This is before any mitigating impact from procurement savings and improving prescribing is taken into account.*

European working time directive for doctors in training: An allowance of £350K has been made at this stage. This is an initial estimate, having regard to the proposals which have already been considered. It should be noted that compliance is required by August 2009. This means that although robust plans need to be developed, changes are required over an extended period of time, so mitigating the financial impact in 2008/09.

Connecting for Health: An allowance of £300K has been made at this stage, consistent with 2007/08, and intended to cover additional running costs associated with the national IT programme.

Infection Control: An allowance of £280K has been made at this stage. This is based on initial proposals from the Director of Nursing, and includes continuing with some of the investment started in 2007/08, and especially moving to rapid testing for clostridium difficile and additional MRSA screening. This investment is proposed in order to ensure satisfactory progress on reducing clostridium difficile rates, improved patient care and reduction of the risk of financial penalties under new contracts with PCTs.[1]

Increased Number of Matrons: An allowance of £150K has been made at this stage. This is based on initial proposals from the Director of Nursing, and reflects the estimated additional net cost of achieving an increase in Matron posts from 8 to 19, allied with other changes.

Contingency: An expectation that contingent expenditure will be equivalent to 1% of projected income has been assumed and factored into the planning. A reserve to cover such spending will continue to be maintained, and will be needed to cover investment in organisational development, investment in preparatory work relating to the development of both the District Hospital and Stamford Hospital sites, and non-recurrent costs relating to GPHIP. The reserve also has to cover other uncertain or discretionary expenditure.

[1] New contracts will be required to come in from 1 April 2009 at the latest.

The Staying Fit Programme

The Board approved an initial two-year savings programme in November 2005, based on a detailed assessment of opportunities to modernise services and deliver real cost reductions of £6M at the same time. The savings programme was launched under the badge *Fit For The Future* in January 2006 with the first phase successfully implemented in 2006/07, and the second phase being scheduled for implementation in 2007/08.

The first phase of developing profit centre reporting – reporting of income earned, and expenditure incurred, by specialty – was completed in 2007/08, and included work with McKinsey on service line (profit centre) management. This approach supports and informs the on-going need to modernise services increase productivity and target areas for efficiency improvement.

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

- closure of another surgical ward and operating theatre - £0.9M
- the closure of half a medical ward - £0.5M
- reduction in administrative staffing costs - £0.4M
- improved pharmaceuticals and general procurement - £0.3M
- improved use of facilities and income generation - £0.4M
- reduction in insurance premiums - £0.2M
- other smaller schemes - £0.3M

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

Similarly, the closure of the medical beds at both the Edith Cavell Hospital and District Hospital, was postponed because the additional emergency activity required the facilities to be kept open. Again, the costs of keeping the facilities open was covered by the additional revenue being earned.

Having delivered on all the main elements of the *Fit For The Future* programme, the Trust is developing a *Staying Fit* programme which focuses on improving margins, efficiency and productivity, to secure good financial performance.

As noted above, in the section on *Capacity Plan and Staying Fit* part of the programme is already firm and focuses on:

- reduced surgical and operating capacity;
- general procurement savings;
- pharmacy savings.

The Staying Fit programme also includes the following areas where projects, some facilitated by external specialist advisors, are already well underway:

- operating theatres management, utilisation and planning;
- emergency care pathways (joint work with Peterborough PCT);
- consultant job planning;
- nurse rostering and organisation;
- medical equipment management, utilisation and planning.

These projects are likely to have some financial benefit in 2008/09 – this has not yet been factored into the financial planning, so savings will come through as a potential 'upside' to our planning. The main financial benefits will come through in 2009/10. Savings achieved in 2008/09 will enable further investment to be made to increase budgeted nurse establishments on the main wards, and will act as a hedge against other pressures.

In addition, work is progressing in connection with two significant business and service development opportunities:

- development of renal services in Peterborough and Stamford;
- development of therapeutic radiotherapy.

Looking Ahead

From 2008/09 onwards, costs have been assumed to increase by 5% for inflation and similar pressures (compared with a tariff and revenue inflation uplift assumption of 2.3%). Plans are also being developed to ensure cash releasing savings to cover the gap between the inflation uplift assumption and cost inflation (2.3%) can be generated or covered by improved margins on earning current and additional revenue.

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

The other operating costs projection for 2010/11 includes:

- estimated non-recurrent spending of £4.6M to cover the Trust's double-running costs and other costs arising from the commissioning of the new hospital in December 2010;
- the Unitary Payment due to Progress Health for 2010/11 (estimated at £8.9M);
- capitalisation of part of the Unitary Payment (to start to create a deferred asset, as under current accounting rules) estimated at £0.8M.

The estimated non-recurrent spending relating to the commissioning of the new hospital is planned to be covered by equivalent transitional funding from the Department of Health.

The plans also assume that in 2010/11 the Trust is able to lose, from December 2010, costs relating to facilities management and costs generated by having to operate from three sites in Peterborough. The potential risks here are already mitigated by the fact that the majority of the Trust's facilities management costs are already covered through the Interim Services contracts with Progress Health.

2.4 Investment and Disposal Strategy

Investment in Fixed Assets

£ Millions	Plan 2007/08	Actual 2007/08	2008/09	Plan 2009/10	2010/11
Investment in maintenance assets	7.0	6.0	7.0	6.0	3.5
Investment in non-maintenance assets	0.0	4.9	0.0	0.0	0.0
Total capital investment	**7.0**	**10.9**	**7.0**	**6.0**	**3.5**

Investment in non-maintenance assets came to £4.9M. This related to the acquisition of The Gables buildings and residential blocks on the District Hospital site from the Cambridgeshire and Peterborough Mental Health Partnership NHS Trust. This was part of the programme of land and asset sales required as the Trust prepared to move ahead with the Greater Peterborough Health Investment Plan.

The Trust received additional cash from the Department of Health as Public Dividend Capital to facilitate this purchase. This acquisition had not featured in the original plan for the year. The acquisition completes the programme of land and asset purchases for the Trust in connection with the Greater Peterborough Health Investment Plan. It ensures that all land and facilities on the Peterborough District Hospital site which will not be required in the future for healthcare provision are in the ownership of the Trust, so facilitating the future development of the District Hospital site.

In addition, the Board approved further investment in fixed assets in the course of the year, taking into account an improving financial position and the receipt of additional cash as Public Dividend Capital to support additional investment.

The on-going strategy, for 2008/09 and the medium term, continues to focus on upgrading or replacing our fixed asset stock within internally generated resources. The overall emphasis remains on investment to support our main healthcare activities (protected services) in Peterborough and Stamford. Investment in replacement equipment and various schemes to ensure statutory compliance is planned to be £7M in 2008/09.

Beyond 2008/09, the emphasis will be on maintaining the asset base as we move towards the new single hospital in Peterborough opening in 2010/2011.

2.5 Financing and Working Capital Strategy

Net Cash Position

£ Millions	Plan 2007/08	Actual 2007/08	2008/09	Plan 2009/10	2010/11
Net Cash (Cash held less borrowing)	9.9	26.2	15.3	20.6	24.2

The financial and working capital strategy has as its main objective maintaining liquidity in the Trust as we sustain an income and expenditure surplus in 2008/09 and going forward.

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

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

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

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

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

Where cash is identified as being surplus to short-term operating requirements, it will continue to be invested in "safe harbour" facilities, with the objective of securing a competitive return within an acceptable risk profile. Such short-term investment of surplus operating cash will continue to be managed in accordance with the Board of Directors' standing financial instructions, and in adherence to the criteria set out in Monitor's document *Managing Operating Cash In NHS Foundation Trusts*.

3 Risk Analysis

3.1 Governance Risk

3.1.1 Commentary

The seven elements of governance as presented in Monitor's compliance framework are noted below together with the approach that the Trust is using to ensure compliance

Legality of constitution: The Trust has just completed a review of the constitution with the Board of Governors to ensure that the Trust's processes are consistent with the requirements of the constitution and where appropriate revised to reflect any recent changes. It is expected that the constitution will be presented to Monitor for approval during the first quarter of this financial year.

Representative membership: The membership report at Section 5 provides details of the actions that have been taken regarding membership development. This includes the Trusts participation in local authority organised Weeks of Action in areas of deprivation and local engagement with community groups and local areas in line with governor contacts and plans. This is an area highlighted for development during the year which will be supported by the outcome of a re-tender for membership management services. The need to increase membership numbers (by targeting under-represented areas) is an area of ongoing work.

Appropriate board roles and structures: The Trust is able to take the opportunity of the board evaluation report and action plan to ensure a full review of board roles, structures, capabilities and governance arrangements which will be developed and supported by ongoing work together with the appointment of a new Chairman.

Service performance: The Trust has seen a marked improvement in performance at the end of 2007/08. The development of Clinical Business Units and an assurance process for the reporting of performance and scrutiny of plans will ensure that targets and national core standards are kept under scrutiny and any deviation from required standards will be highlighted and rectified quickly. The Trust is committed to ensuring that the 18 week target for admitted patients is consistently achieved across the board for the first quarter of 2008/09. This achievement will also be supported by a robust process of governance to ensure that the reporting received by the board is consistent with good information management practices.

Clinical quality: One of the Trust's key aims is providing excellent inpatient care – this includes a key element of patient safety which the Trust will be launching at its healthcare governance annual general meeting. It will be supported by the development of benchmarked activity, high performance against hospital acquired infection requirements, and close working with local commissioners to understand and deliver integrated care for patients across different providers to high standards.

Effective risk and performance management: The Trust has taken the opportunity to review risk management processes for the new organisation structure. This is to ensure that Clinical Business Unit risk registers are maintained and used to support operational delivery, together with a corporate risk register to reflect aggregated operational risks, trust-wide risks and individual high risk issues. A risk based approach is taken to the evaluation of performance

forecasting for expected levels of activity and delivery of targets. This assists in the identification of individual risks and clear actions for mitigation.

The ongoing development and final achievement of the Greater Peterborough Health Investment Plan is a key risk area. This is managed through a specific risk register where each partner organisation assesses and owns their own risks, but the process enables an overview of the project risks and mitigating actions to be maintained. The high and significant risks from this are taken to the joint Chief Executive's Project Board,

Co-operation with NHS bodies and local authorities: The Trust will continue with its strong local partnership working and is reviewing its current engagement with the Greater Peterborough Partnership (the Local Strategic Partnership) to ensure that the input from the previous Chairman is maintained and developed. The Trust has maintained good working relationships with the local overview and scrutiny committees and (whilst working closely with the previous patient and public involvement forum) is part of the local steering group for the establishment of the new Local Involvement Network (LINk) and expects to work closely with the LINk to ensure high public involvement in commenting on and developing our services together with our staff and membership.

3.1.2 Significant Risks

The declarations highlight the need to ensure that whilst the delivery of performance has been secured, the changes in organisational development need to be embedded and reviewed to ensure continued good governance. The most significant governance risks are therefore:

Development of the Clinical Business Unit Structure

The new Clinical Business Unit (CBU) structure was formally introduced into the Trust from 1 April 2008 and all general managers and clinical leads have been appointed. To assist the CBU implementation there has been development support provided by the Office of Public Management and work is ongoing with budget development and management support requirements. Clinical engagement is a key issue and is being progressed through the CBU development as well as through specific sessions for clinicians on business management which include financial management, compliance regime and PCT contracting.

It is essential that the new structure for our clinical services delivers high quality patient care meeting safety, quality, performance and financial requirements. To ensure that the revised structure provides these requirements there are a number of controls in place. There are weekly meetings of the general managers for each CBU chaired by the director of operations; the current conformance committee is to be changed to accommodate the increased numbers of units and all the general managers and clinical leads are on the chief executive's advisory forum.

There is also to be ongoing support and development as part of the wider board development plan; and there are plans to review the CBUs to ensure the correct alignment of services within and across the units. These actions should ensure the risks associated are appropriately managed and that the CBUs achieve foundation status with increased autonomy and decision making close to the patient.

Implementation of Board Development Plan

The Trust needs to ensure the successful implementation of the board development plan. This includes the induction of the new chair and clear definitions of roles and responsibilities to ensure that the correct decisions are taken at the right time and by the right group or individual. Individuals will also need to be supported to ensure that they can deliver to the required standards.

To ensure successful delivery this programme will run from April to December 2008. The programme is being implemented with Whitehead Mann and an internal project manager who will be supported by a board development steering group, with representation from executive directors, non-executive directors and governors.

Service Performance Assurance

Given the Trust's recovery from the orthopaedic waiting list issue, the final risk identified is to ensure that the Board of Directors has assurance on the performance and management information systems on which the reporting of service delivery is based. Systems have been revised and audit used to verify waiting list reporting; there are also processes for access and information governance to provide separate assurance.

As part of the organisational development referred to above, the Board of Directors will need to be assured that the revised conformance committee process provides scrutiny and assurance on service delivery. The committee will be able to review the work undertaken on the forecasting and modelling for the achievement of performance targets. These developments will enable the directors to be assured on forecasting of future activity and performance and enable the governors, Monitor and other external stakeholders to have confidence in the reported achievements.

3.2 Mandatory Services Risk

3.2.1 Commentary

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

Mandatory services: Plans for the continued development of our services including their delivery to national targets are part of our ongoing contracting discussions with our local commissioners and within our local Clinical Business Unit structure. Mandatory service provision has changed from the previous years requirement with changes in the agreed contracts as detailed in section two.

Protected assets: The Trust's protected assets will change in due course as part of the Greater Peterborough Health Investment Plan. Any requested changes will be in line with the development.

3.2.2 Significant risks

There are two significant risks identified to mandatory services:

Demand Management

The Trust needs to respond to changes in demand so that patients can be assured of treatment to the correct quality and performance standards and

targets. This is at risk if there is an unprecedented level of demand, and it is therefore important for the Trust, together with GPs and PCT commissioners to ensure that any significant changes are highlighted and addressed.

This process is managed through regular reporting (including forecasting), management and contract monitoring both internally and with PCTs.

Our NHS: Our Future NHS Next Stage Review

The overall plan for services following the review led by Lord Darzi will be consulted on, and implemented, during the period of this plan. This will be led by individual Strategic Health Authority areas. It is essential for the Trust to take its full part in the consultation to influence the outcome and to anticipate service changes so as to maximise opportunities. The Trust will also need to ensure that its position across the border of two Strategic Health Authority areas is managed and that both sets of consultations are accessed and progressed.

This process will be managed with a strategic advisory committee and by the engagement of Clinical Business Units in the plans for service changes.

3.3 Financial Risk

3.3.1 Commentary

The range of financial risks and assumptions are discussed in section two. The significant risks are detailed below.

3.2.2 Significant risks

Achievement of our financial strategy is likely to mean achievement of a risk rating of '4' (above the minimum standard) for 2008/09 through to 2010/11 inclusive.

The most significant risks to financial performance and the financial risk rating are:

Maintaining Cost Control and Delivering Planned Productivity Improvements

Having achieved a dramatic improvement in the Trust's financial performance, there is a risk of complacency, losing direction and regarding the matter as "closed" – against an on-going need to deliver productivity gains and continued national price tariff uncertainty.

This risk will be managed through a continued strong performance management process. The Board of Directors and the Chief Executive's Advisory Forum (formerly Trust Executive) are agreed on the overall strategy, and have spent time briefing staff throughout the organisation on the importance and purpose of the Trust's overall strategy and its supporting financial strategy. There will continue to be monitoring of progress by the Board of Directors and Conformance Committee, allied with creating more focus and direction within eight new but smaller Clinical Business Units. Management of each Clinical Business Unit will comprise a Clinical Lead, General Manager and another senior clinician or managerial specialist. This management team will be accountable for financial performance and responsible for, and engaged with, service and productivity improvement.

Revised financial reporting and other monitoring mechanisms will continue to be developed, especially in respect of 'profit centre reporting' and to support financial management within the Clinical Business Units. The Finance Directorate will be maintained at full establishment, with additional investment if necessary, to maintain financial controls, see the savings programme through and develop routine profit centre reporting with the Clinical Business Units. The Board of Directors will continue to engage external expertise and advice where it judges necessary, and will maintain a Service Improvement Team to work on key programmes to support organisational development, service improvement and productivity gains.

Operational and Tactical Planning

The Trust expects a 3% reduction in elective work in 2008/09 but needs to build on the productivity gains made in 2007/08 by planning and managing elective activity, month by month, more efficiently – to ensure waiting times targets are achieved, and to make the most productive use of normal operational capacity. At the same time, the Trust needs to plan for the ebb and flow of emergency activity – and be ready to respond to further increases and decreases. The Trust also needs to develop its operational and tactical planning capabilities.

There is a risk of failure in these areas, which could result in delay in achieving improvements in waiting times for patients, damaged reputation and contract disputes. There is an associated risk of not eliminating sufficiently quickly the significant additional costs incurred in 2007/08 in connection with providing additional capacity at short notice and sub-contracting orthopaedic work. There is an on-going risk of increasing capacity and costs inappropriately or ahead of additional activity and revenue coming through without understanding the potential impact of other providers.

The mechanisms already described above in connection with maintaining cost control, and delivering planned productivity improvements, are also relevant to managing and mitigating the risk of failing to plan effectively. There will also be a further development of the performance management process to focus on specialty and Clinical Business Unit performance, with special emphasis on performance against plans, forecasting and scenario planning.

Agreement of New Contracts with Primary Care Trusts

Primary Care Trusts have served notice to the Trust so that the current contracts (which have been in place since April 2004) end on 31 March 2009. This means that new contracts need to be formulated, negotiated and agreed for the 2009/10 financial year and beyond.

There is a risk to the Trust's cashflow, should contracts fail to be agreed. This would be a short-term issue, and would be mitigated by working capital management, and short-term borrowing if necessary. There is a risk to the Trust's income and expenditure performance going forward, where contracts are agreed and the kind of penalties set out in the Department of Health's new standard contract are agreed to be applicable where operational performance targets are not achieved. This can be mitigated by achievement of operational targets, and the agreement of a more balanced contract which includes both rewards and penalties, and which is clear on the responsibilities of both parties.

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

The Trust has had an internal audit review of the arrangements for compliance with the Terms of Authorisation. This audit will be used as the basis for developing and delivering a clear action plan for additional assurance. There will also be supporting processes, with a planned compliance officer post, to ensure compliance can be evidenced.

4 Declarations and Self-Certification

4.1 Board Statements

The Board of Directors considered the requirements of declarations and self-certification at its board meeting on the 6 May 2008.

The board acknowledges the hard work and achievements over the last 12 months, and has assured itself of robust plans and new performance management processes. However, the service performance statement has not been signed as for full assurance the certification needs to be based on the evidence of substantial and ongoing achievement. It is however expected that the board will be able to review this self certification at the end of September 2008 and certify full compliance.

All other statements have been certified.

5 Membership Report

5.1 Membership Analysis

Membership details are outlined in the following tables. These illustrate the change in membership size and analysis of membership as at 31 March 2008. It should be noted that where individual member data is missing, figures have been allocated on a pro-rata basis to support the calculations for percentage representation account for missing data.

Table 1: Membership size and movements

Public constituency	**2007/08**	**2008/09 (estimated)**
At year start (April 1)	5196	5326
New members	517	672
Members leaving	387	406
At year end (March 31)	5326	5592
Staff constituency	**2007/08**	**2008/09 (estimated)**
At year start (April 1)	3134	3114
New members	377	417
Members leaving	397	381
At year end (March 31)	3114	3150

Table 2: Analysis of current membership

Public constituency	**Number of members**	**Eligible membership**	**Percentage representation**
Age (years):			
16-24	57	46111	0.12%
25-34	197	64583	0.31%
35-59	1662	165164	1.01%
60-75	2231	66091	3.38%
75+	1179	35683	3.30%
Ethnicity:			
White	5100	361448	1.41%
Mixed	23	3276	0.70%
Asian or Asian British	174	9319	1.87%
Black or Black British	24	2070	1.16%
Other	5	1519	0.33%
Socio-economic groupings:			
ABC1	1587	185565	0.86%
C2	834	66907	1.25%
D	896	66188	1.35%
E	2009	58972	3.41%
Gender:			
Male	2433	185525	1.31%
Female	2893	192107	1.51%
Total	**5326**	**377632**	**1.41%**

The main areas of missing data are in ethnic group and in age group where on initial registration for membership age was caught in age bands rather than date of birth. Action to be undertaken to improve these areas is noted in section 5.2.

Table 3 below also shows the election turn out for those elections held in September 2007.

Table 3: Election turnout

Closing date of election	Constituencies involved	Election turnout %
6 September 2007	Public	32.8%
6 September 2007	Staff	25.6%

5.2 Membership Constituencies and Activity

The Trust has two membership constituencies – one for public members and one for staff members. There is no separate patient constituency as the Trust's wider patient and public engagement initiatives encompass specific patient involvement. This is through wider public consultation, include the Trust's former statutory Patient and Public Involvement Forum which is in the process of being re-formed into the Local Involvement Network (LINk), local Overview and Scrutiny Committees, as well as membership and local stakeholder feedback.

Membership numbers, whilst being maintained and slightly increasing have not significantly changed. This is consistent with the Trust's primary aim for its membership to be engaged more frequently and more effectively. The Trust's membership represents 1.4% of the local population, with membership focused in the older age groups and higher socio-economic groupings. However representation according to gender and ethnicity show an more evenly spread picture with representation higher amongst Asian communities but lower in mixed and black groups.

In order to address these issues, it will be noted that the objectives for the Trust shown in section 2, explicitly include an increased membership infrastructure to support governor engagement and to increase membership numbers by 5%. This is being tackled through a review of external membership support which is currently the subject of a commercial tender, and which aims to ensure that there is ease of access for governors in order to arrange local membership events and engagement.

To further support governor interaction with membership, the Trust also aims to bring together its strands of patient and public engagement with membership activities, ensuring that there is a robust and comprehensive view of community requirements and enabling the governors to be more widely supported in membership activities.

This will build on work already achieved in the 2007/08 year where the Trust became a participating partner in the local multi-agency Weeks of Action campaigns led by the City Council and Cambridgeshire Constabulary which have been targeted at public engagement with those in areas of social deprivation. The Trust has also produced membership materials in a range of languages to assist those for whom English is not their first language – this includes coverage of asian and southern and eastern European communities.

The Trust will also build on the successful Annual Members Meeting held in April 2008.

The Trust is also represented on Peterborough City Council's steering group for the development of the LINk to replace the Patient and Public Involvement Forum. This has highlighted the potential for close working across public organisations who are all seeking the views of the local community and as part of the development, a priority is being given to the Peterborough LINk to engage with, and help all stakeholders engage with, hard to reach groups.

5.3 Election of Governors

Elections were held in August/September 2007 for both the public constituency and staff constituency. There were 9 vacancies for public governors and 4 vacancies for staff governors. 10 candidates stood in the public governor elections and 5 candidates stood in the staff governor elections. The turnout is shown in section 5.1 above.

These elections were run for the Trust by the Electoral Reform Ballot Services (ERBS) and were in accordance with the election rules as stated within the constitution.

The next planned elections are due to take place in August/September 2009.

6 Financial Projections

The financial projections are attached at Appendix 2.

7. Supporting Schedules

7.1 Schedules 2 and 3

Revised schedules 2 and 3 are attached at Appendix 3 and 4 respectively.

Peterborough and Stamford Hospitals NHS Foundation Trust

Board Statements

2008/09

Clinical quality

The board of directors is required to confirm the following:

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

Service performance

The board of directors is required to confirm the following:

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

☑ The board is satisfied that plans in place are sufficient to ensure ongoing compliance with the *Health Act 2006: Code of Practice for the Prevention and Control of Healthcare Associated Infections* (the Hygiene Code).

Risk management

The board of directors is required to confirm the following:

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

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

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

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

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

Peterborough and Stamford Hospitals NHS Foundation Trust

Board Statements

2008/09

Compliance with the Terms of Authorisation

The board of directors is required to confirm the following:

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

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

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

Board roles, structure and capacity

The board of directors is required to confirm the following:

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

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

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

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

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

Peterborough and Stamford Hospitals NHS Foundation Trust

Board Statements

2008/09

Signature	Signature .....
Nik Patten	Jonathan Radway .....
In capacity as Chief Executive & Accounting Officer	In capacity as Chairman

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

Peterborough and Stamford Hospitals NHS Foundation Trust

Board Statements

2008/09

If the Board feels unable to sign any of the statements above:
Please complete this analysis for all areas where the Board is unable to fully self-certify.

The Issue:

Service Performance The Trust has been making good progress in recovering from waiting list performance issues. It is working through an organisational development plan following an external evaluation supported by Monitor. The Board of Directors has not signed the first service performance declaration because it is prudent to see sustained performance improvement demonstrated by evidence over a further period of time, giving the Board additional assurance that the new systems are truly embedded and ensuring consistent delivery. The Board expects to be able to sign this statement in six months, by which time the Board Development Plan's first two stages will have been completed. [Also see Annual Plan 2008/2009, page 26]

This should include (1) a description of the issue that has arisen, identifying the area(s) of the Authorisation to which it applies, (2) an assessment of the consequences of the issue including the magnitude (e.g. performance levels achieved or estimated) and (3) the timeframe in which it will come into effect or if it has already done so, when it occurred

Proposed Actions:

The actions required are to ensure the fulfilment of the initial stages of the board development plan and the achievement of continued delivery through the performance management processes that support the implementation of Clinical Business Units.

This should include (1) a summary of the proposed actions that will be put in place to address the issue, (2) the process that will be applied in reviewing the effectiveness of these actions as appropriate to the circumstances of the issue, and (3) a work plan that details the timelines of these actions

Next Steps:

The Board of Directors will continue to monitor performance (through reports from the Chief Executive's Advisory Forum and the revised Conformance Committee). The Board Development Steering Group will oversee the implementation of the board development plan.

This should include (1) a list of the third parties the NHS foundation trust has and intends to notify of the issue and (2) a proposal of the support required from Monitor (if any)

Repeat this format on additional pages as required.

Peterborough and Stamford Hospitals NHS Foundation Trust

Annual Plan 2008/2009 Financial Projections

	2007/08 £'000s	2008/09 £'000s	2009/10 £'000s	2010/11 £'000s
INCOME AND EXPENDITURE PROJECTIONS				
Income from activities (protected)	155,923	155,758	155,085	160,218
Income from activities (unprotected)	4,885	4,606	4,711	4,970
Other operating income	19,967	19,881	21,699	24,982
Operating expenses - pay	(107,964)	(114,274)	(113,881)	(118,548)
Operating expenses - non-pay	(53,913)	(51,115)	(51,710)	(51,137)
Progress Health - unitary payment	0	0	0	(8,070)
EBITDA	18,899	14,856	15,905	12,414
Operating expenses - depreciation	(8,117)	(9,083)	(6,755)	(3,802)
OPERATING SURPLUS/(DEFICIT)	**10,782**	**5,773**	**9,150**	**8,612**
Profit/(loss) on disposal of fixed assets	(113)	0	0	(40,445)
SURPLUS/(DEFICIT) BEFORE INTEREST	**10,669**	**5,773**	**9,150**	**(31,833)**
Interest receivable/(payable)	1,061	538	765	1,029
SURPLUS/(DEFICIT) FOR THE YEAR	**11,730**	**6,310**	**9,915**	**(30,803)**
PDC dividends payable	(4,308)	(4,310)	(5,383)	(5,542)
RETAINED SURPLUS/(DEFICIT) FOR THE YEAR	**7,422**	**2,000**	**4,532**	**(36,345)**
RETAINED SURPLUS FOR THE YEAR - EXCLUDING EXCEPTIONAL ITEMS	***9,122***	***4,500***	***4,532***	***4,100***
EBITDA MARGIN	***10.5%***	***8.2%***	***8.8%***	***6.5%***
I&E MARGIN - EXCLUDING EXCEPTIONAL ITEMS	**5.0%**	**2.5%**	**2.5%**	**2.2%**
BALANCE SHEET				
FIXED ASSETS				
Intangible assets	0	0	0	0
Tangible assets	144,161	142,079	141,324	72,304
CURRENT ASSETS				
Stocks and work in progress	2,460	2,460	2,460	2,460
Trade debtors and prepayments	6,014	5,620	5,313	5,051
Investments	0	0	0	0
Other current assets	0	0	0	0
Cash at bank and in hand	26,218	15,301	20,588	24,163
TOTAL CURRENT ASSETS	**34,692**	**23,381**	**28,361**	**31,674**
CREDITORS				
Bank overdraft/Drawdown credit facility	0	0	0	0
Amounts falling due within 1 year	(22,364)	(7,364)	(7,364)	(7,364)
NET CURRENT ASSETS/(LIABILITIES)	**12,328**	**16,018**	**20,998**	**24,310**
Long Term Debtors	632	632	632	632
TOTAL ASSETS LESS CURRENT LIABILITIES	**157,121**	**158,729**	**162,954**	**97,246**
CREDITORS				
Amounts falling due after 1 year	(135)	(135)	(135)	(135)
PROVISION FOR LIABILITIES AND CHARGES	(1,675)	(1,675)	(1,675)	(1,675)
TOTAL ASSETS EMPLOYED	**155,311**	**156,919**	**161,144**	**95,436**
TAXPAYERS' EQUITY				
Public dividend capital	75,764	75,764	75,764	75,764
Revaluation Reserve	70,588	70,588	70,588	41,488
Donated asset reserve	3,499	3,106	2,799	2,537
Government grant reserve	0	0	0	0
Other reserves	0	0	0	0
Income and expenditure reserve	5,460	7,460	11,992	(24,353)
TOTAL TAXPAYERS' EQUITY	**155,311**	**156,919**	**161,144**	**95,436**

Peterborough and Stamford Hospitals NHS Foundation Trust

Annual Plan 2008/2009 Financial Projections

	2007/08 £'000s	2008/09 £'000s	2009/10 £'000s	2010/11 £'000s
SOURCES AND APPLICATIONS OF FUNDS				
OPERATING ACTIVITIES				
Operating surplus	10,782	5,773	9,150	8,612
Depreciation and amortisation	8,117	9,083	6,755	3,802
Transfer from the donated asset reserve	(397)	(394)	(307)	(262)
(Increase)/decrease in stock	(41)	0	0	0
(Increase)/decrease in debtors	14,942	394	307	262
Increase/(decrease) in creditors	(7,460)	(15,000)	0	0
Increase/(decrease) in long-term debtors	(160)	0	0	0
Increase/(decrease) in long-term creditors/provisions	(538)	0	0	0
NET CASH INFLOW(OUTFLOW) FROM OPERATING ACTIVITIES	25,245	(144)	15,905	12,414
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE				
Interest Received / Paid	1,061	538	765	1,029
FUNDS FROM OTHER SOURCES				
Proceeds from sale of fixed assets	0	0	0	0
CAPITAL EXPENDITURE				
Capitalised Unitary Payment	0	0	0	(827)
Capital expenditure	(10,975)	(7,000)	(6,000)	(3,500)
DIVIDENDS PAID	(4,308)	(4,310)	(5,383)	(5,542)
NET CASH INFLOW (OUTFLOW) BEFORE FINANCING	11,023	(10,917)	5,287	3,574
FINANCING				
PDC Received	5,224	0	0	0
Movement in overdraft/drawdown credit facility	0	0	0	0
INCREASE/(DECREASE) IN CASH	16,247	(10,917)	5,287	3,574

Peterborough and Stamford Hospitals NHS Foundation Trust

Schedule 2 – Mandatory Services

Specialty			Emergency	Elective	Day case	A&E	Outpatient	Critical Care	Outpatient	Other (2)	Other (3)	Other (4)
Code	Specialty		Spells	Spells	Spells	Attendances	Attendances	Bed Days	Attendances	Tests	Diagnostics	spells
100	General surgery		2,986	4,713		-	20,526		22			
101	Urology		719	5,427		-	9,754		-			
110	Trauma and orthopaedics		1,999	3,969		-	33,988		2			103
120	Ear, nose and throat (ENT)		359	1,380		-	13,434		-			
130	Ophthalmology		52	2,572		-	33,897		246			
140	Oral surgery		154	3,012		-	7,504		-			
143	Orthodontics			-		-	5,022		-			
150	Neurosurgery			-		-	-		69			
160	Plastic surgery			765		-	3,357		-			
170	Cardiothoracic surgery			-		-	-		107			
171	Paediatric surgery			-		-	264		-			
180	Accident and emergency (A&E)		2,094	-		70,593	-		103			
190	Anaesthetics		6	2,267		-	4,679		-			
200	ITU			-		-	-	1,611	-			
210	HDU			-		-	-	1,083	-			
300	General medicine		6,927	4,137		-	22,402		-			
301	Gastroenterology			-		-	5		-			
302	Endocrinology		4	-		-	43		-			
303	Clinical haemotology		252	376		-	6,837		138			
310	Audiological medicine			-		-	-		4,098			
311	Clinical genetics			-		-	-		329			
313	Clinical immunology and allergy			-		-	-		58			
315	Palliative medicine			-		-	-		154			
320	Cardiology		633	677		-	7,726		-		1,268	
321	Paediatric cardiology		1	1		-	399		-			
330	Dermatology			138		-	4		12,852			
340	Thoracic medicine			-		-	5		-			
360	Genito-urinary medicine			-		-	-		8,929			
361	Nephrology			-		-	-		66			

Peterborough and Stamford Hospitals NHS Foundation Trust

Schedule 2 – Mandatory Services

Specialty		Emergency	Elective	Day case	A&E	Outpatient	Critical Care	Outpatient	Other (2)	Other (3)	Other (4)
Code	Specialty	Spells	Spells	Spells	Attendances	Attendances	Bed Days	Attendances	Tests	Diagnostics	spells
370	Medical oncology	410	242		-	10,318		-			1,810
400	Neurology	-	-		-	-		3,226			
410	Rheumatology	-	41		-	7,514		-			
420	Paediatrics/SCBU	5,039	228		-	13,295	4,464	19			
421	Paediatric neurology	-	-		-	-		38			
430	Geriatric medicine	3,003	35		-	3,391		-			
501	Obstetrics	5,451	6		-	11,775		-			
502	Gynaecology	706	1,928		-	13,008		192			
560	Midwifery	2,385	-		-	4,205		27,728			
800	Clinical oncology (previously Radiotherapy)	-	-		-	58		1,074			
810	Radiology	-	6		-	-		36	51,584	1,744	
822	Chemical pathology	-	-		-	-		136	472,266		
823	Haematology	-	-		-	-		27,859	388,375		
824	Histopathology	-	-		-	-		-	46,185		
830	Immunopathology	-	-		-	-		-	507		
831	Medical microbiology	-	-		-	-		-	111,570		
950	Nursing episode	-	-		-	-		1,452			
960	Allied Health Professional Episode	-	-		-	-		8,324			
324	Anti-Coagulant	-	-		-	-		1,827			
	Cervical Cytology	-	-		-	-		-	19,618		
	Mammography	-	-		-	-		-	13,358		
Total		**33,180**	**31,920**	**-**	**70,593**	**233,410**	**7,158**	**99,084**	**1,103,463**	**3,012**	**1,913**

Peterborough and Stamford Hospitals NHS Foundation Trust

2008/2009 Schedule 3 – Mandatory Education and Training Services 2008/09

Commissioning body	Educational body	Contract Length	Expiry date of contract	Student group	Type of training	Number of Students	Contract Value
		(Years)					(£' 000s)
(note 1)	(note 2)	(note 3)	(note 4)	(note 5)	(note 6)	(note 7)	(note 8)
East of England SHA	Eastern deanery	1 Year	31.03.09	Training Grade Doctors	Postgraduate medical & dental education	141	321
East of England SHA	Eastern deanery	1 Year	31.03.09	Training Grade Doctors	Salary for training grade doctors	141	4,091
East of England SHA	Eastern deanery	1 Year	31.03.09	GDP VTS	General dental vocational training 3	12	18
East of England SHA	Eastern deanery	1 Year	31.03.09	GDP CPD	General dental contin. profess.develop	varies	15
East of England SHA	Eastern deanery	1 Year	31.03.09	GP VTS	General practice vocational training 4	30	7
East of England SHA	University of Cambridge	1 Year	31.03.09	Medical Students	Undergraduate medical education	17.29 fte	329
East Midlands SHA	University of Leicester	1 Year	31.03.09	Medical Students	Undergraduate medical education	22.83 fte	708
GKT Dental Institute	GKT London	1 Year	31.3.09	Dental Students	Undergraduate dental education	0.17 fte	2

Peterborough and Stamford Hospitals NHS Foundation Trust

2008/2009 Schedule 3 – Mandatory Education and Training Services 2008/09

Commissioning body	Educational body	Contract Length (Years)	Expiry date of contract	Student group	Type of training	Number of Students	Contract Value (£' 000s)
(note 1)	(note 2)	(note 3)	(note 4)	(note 5)	(note 6)	(note 7)	(note 8)
East of England SHA	HSHS (Anglia Ruskin University)	3 Years	Various	Nurses	HCA's	30	278
East of England SHA	University of Westminster	4 Years	Aug-09	Pathology	Mortuary Tech	2	32
East of England SHA	HSHS (Anglia Ruskin University)	2 Years	Various	Theatres	ODP	10	30
East of England SHA	Internal NVQ Programme	2 Years	Various	Pharmacy	Pharmacy Techs	4	27
East of England SHA	University of Sheffield	4 Years	Various	Therapies	OT/PT Helper	3	14
East of England SHA	University of Westminster	Varies	Various	Pathology	MLSO	16	179
East of England SHA	UEA	Varies	Various	Pharmacy	Pre-registration students	7	68
East of England SHA	HSHS (Anglia Ruskin University)	4 Years	Various	Cardiology	MTO	4	17
East of England SHA	Nottingham	3 Years	Jul-10	Dental tech			10
West Suffolk Hospital NHS Trust		1 Year	31.03.09	N/A	Library Income	N/A	64
East Of England SHA	Eastern deanery	1 Year	31.03.09	N/A	Distinction Award	N/A	208
Dept. Of Health		1 Year	31.03.09	N/A	R&D Income	N/A	49
East Of Eng (£76K),Anglia Ruskin University (£152K)	HSHS (Anglia Ruskin University)	1 Year	31.03.09	N/A	CCHS Prem Increase	N/A	225

Peterborough and Stamford Hospitals NHS Foundation Trust

2008/2009 Schedule 3 – Mandatory Education and Training Services 2008/09

Commissioning body	Educational body	Contract Length (Years)	Expiry date of contract	Student group	Type of training	Number of Students	Contract Value (£' 000s)
(note 1)	(note 2)	(note 3)	(note 4)	(note 5)	(note 6)	(note 7)	(note 8)
East Of England SHA	Eastern deanery	1 Year	31.03.09	N/A	Deanery funding ext to foundation programme	N/A	27
East Midlands SHA	University of Leicester	1 Year	31.03.09	N/A	Audio & Physio recharge	N/A	32
Total							**6823**

Notes	**This sheet is for mandatory services.Therefore the Trust should include only services for third parties where contracts have been signed (or it is understood that they will be signed) with the relevant commissioners or other third parties.**
	Explain all abbreviations.
1	Specify commissioning body or third party e.g. WDC and note if the contract has not been signed.
2	Specify accrediting educational body, e.g. university
3	Specify contract length in years
4	Specify expiry date of contract
5	Specify student group for which the education/training is to be provided, e.g. medical students
6	Specify type of training
7	Specify student number or "Not applicable" as appropriate.
8	Specify per annum contract value in £' 000s