





We are proud to be the first public sector organisation to join the Green500 – the top 500 organisations in London who are reducing their carbon footprints. Last year we successfully reduced gas consumption by 17 per cent and electricity consumption by five per cent, savings equal to over 5,000 tonnes of CO₂.

Pictured is local energy rep, Lynsie Patient showing colleague Adam Reavenall how he can help save energy.

Guy's and St Thomas' NHS Foundation Trust Annual Report and Accounts

Presented to Parliament pursuant to Schedule 7,
paragraph 25(4) of the National Health Service Act 2006.

Along with our partners King's College London and King's College Hospital and South London and Maudsley NHS Foundation Trusts – we aim to become the UK's largest Academic Health Sciences Centre providing high quality clinical services underpinned by teaching and a strong focus on research.

Leading teaching hospitals

Guy's and St Thomas' NHS Foundation Trust is made up of two of London's oldest and most well known teaching hospitals. The hospitals have a long history, dating back almost 900 years, and have been at the forefront of medical innovation and progress since they were founded. Both hospitals have built on these traditions and continue to have a reputation for excellence and innovation.

Since becoming an NHS Foundation Trust in July 2004, the hospitals continue to be amongst the best performing in the NHS both in terms of quality of care and financially. As well as being one of the most successful Foundation Trusts, we are also one of the busiest with around 750,000 patient contacts a year.

We provide a full range of hospital services for our local communities in Lambeth, Southwark and Lewisham, as well as specialist services for patients from further afield, including cancer, cardiothoracic, renal and children's services. The Evelina Children's Hospital opened in a landmark building at St Thomas' in October 2005, while Guy's is home to the largest dental school in Europe.

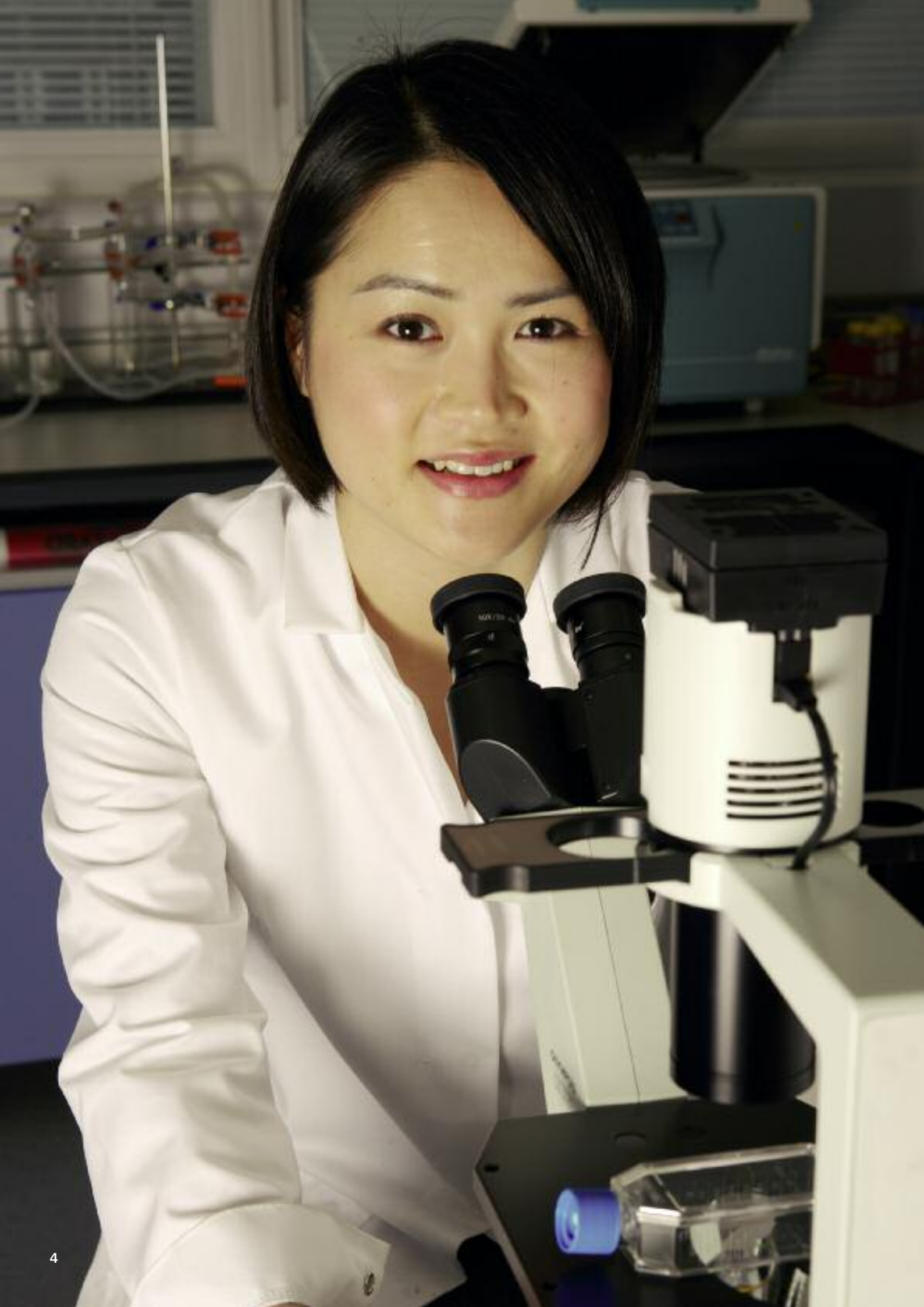
Along with our partners King's College London and King's College Hospital and South London and Maudsley NHS Foundation Trusts – we aim to become the UK's largest Academic Health Sciences Centre providing high quality clinical services underpinned by teaching and a strong focus on research. This builds on our strong track record for clinical and research excellence. For example in December 2006, with our academic partner King's College London, we were announced as one of the first five comprehensive Biomedical Research Centres (BRC) in the UK.

We also play a key role in the education and training of tomorrow's doctors, nurses and other health professionals, and are one of the largest employers locally, with around 9,000 staff. We work hard to reflect the cultural and ethnic diversity of the communities we serve. As a Foundation Trust, we are strengthening our partnerships with patients and local people, as well as neighbouring NHS organisations, local authorities, GPs and voluntary organisations – and we take pride in playing an active part in the local community.

The success of our hospitals depends on the commitment and dedication of our staff, many of whom are world leaders in the fields of health care, teaching and research. We continue to work hard to recruit and retain the best doctors, nurses, therapists and the full range of other staff on whom the smooth running of our services depends.

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Our comprehensive Biomedical Research Centre has a unique focus on 'translational' research – taking medical discoveries from the laboratory into clinical settings at the earliest opportunity to benefit our patients. It will receive £50 million of National Institute for Health Research (NIHR) funding over five years.

Pictured is clinical research fellow Dr Kazumi Chia at work in the Division of Imaging Sciences at Guy's Hospital.

Chairman's statement

This year's successes in external ratings validate the belief that the Trust provides high quality clinical services to patients. Staff should justly be proud of the past year's work. The personal recognition won by many individuals celebrate talent and effort in a range of disciplines from Comfort Momoh's MBE for her work on female genital mutilation to Douglas Kalisa's award for his bravery in tackling a security issue.

While the professional dedication of staff is the distinguishing feature of a fine hospital, there are other matters to celebrate. The FACE initiative and new signage funded by Guy's and St Thomas' Charity have transformed the initial experience of patients and visitors.

Because of our robust financial situation, the estates strategy is moving rapidly to implementation and we can now have confidence that a rebuilding and renewal programme is coming to fruition. This demonstrates not only the growing understanding that a good environment for care is essential but also recognises the ever increasing emphasis on cleanliness and hygiene across the Trust. One of this year's most important achievements has been the primacy of the ***Saving Lives*** campaign which has seen extensive investment in staff training and environmental improvements to combat hospital acquired infections. Public and patients rightly expect the high standards to which all staff are committed.

The Trust Board has been actively involved in the debate about the future shape of health care as we aim to develop services across a range of community locations in consultation with our Primary Care Trust partners. Within this context the Academic Health Sciences Centre (AHSC) is of central importance. This will establish Guy's and St Thomas', together with King's College Hospital and South London and Maudsley NHS Foundation Trusts and our shared academic partner King's College London, as a partnership of international status and credibility. Central to the plan will be collaborative research which can truly demonstrate benefits to patients across South London and beyond, and it will bring to an end the at times fruitless competition between organisations which share a common purpose.

The Trust plays an important part in the London community through close links with our MPs, the Mayor, the Greater London Assembly, our Primary Care Trusts, Lambeth and Southwark local authorities, the South Bank Employers Group and Partnership, the Southbank Centre, the London Eye and numerous other bodies. Our excellent relationship with the Metropolitan Police has been cemented by the appointment of a full time officer, PC Nick Hedges, to support the security team at St Thomas' Hospital. The Board has formalised various strands of its social responsibility work into policies covering climate change initiatives, local employment and education, equalities and sustainability in procurement and international clinical links.

Chairman's statement

The external environment is changing very rapidly with large new building projects around London Bridge and Waterloo so it is particularly important that as the oldest and largest public sector employer and service provider, we set a positive and responsible example as a developer and demonstrate our concern for the local community.

In this context, the agreements – after long delay – to develop Founder's Place and also Block 9 at St Thomas' have been widely welcomed this year. Rapid progress on both schemes is now anticipated. Our thanks must go to the Trustees of the Charity for their support on Founder's Place and numerous other initiatives from which we benefit greatly. We are also pleased to be collaborating with King's College London to create a training and education centre in Block 9.

Dawn Hill, and in July 2008 Anna Tapsell, completed their terms of office on the Board of Directors, having given outstanding service. Both Dawn and Anna brought substantial knowledge of south London which has illuminated Board discussions over the years and has helped particularly to drive our service and equalities work, and to increase Board awareness of the patient experience. The Board of Directors has welcomed David Dean and Mike Franklin as Non-Executive Directors who bring new expertise and fresh insights.

The Members' Council continues to fulfil its role of advising the Board on strategy and in addition we are grateful to members who are diligent in their support of Trust activities. Some of the original members have stood down this year, but they too remain loyal friends of the hospitals.

Guy's and St Thomas' has been uniquely fortunate in its ability to attract exceptional individuals to the post of Chief Executive, and we warmly welcomed Ron Kerr when he took up his appointment on October 1 2007. His passion for quality in patient care and his leadership for the Trust as we launch the Academic Health Sciences Centre have already made a significant impact. Ron is hugely respected within the wider National Health Service and I have no doubt that during his tenure as Chief Executive the Trust will thrive and develop. I owe both Ron and Tim Higginson, who acted as Chief Executive for several months, my personal appreciation for their guidance and support.

Patricia Moberly, Chairman

In response to feedback from patients and staff, we have invested more than £2 million in smaller projects to improve the quality of the patient environment. A new rapid response team has completed more than 4,000 minor repairs since December.

Pictured are plumber Tony McGrory and trade assistant Chevron Gayle from the rapid response team.





Pictured is Madeleine Warren who has been on dialysis for 10 years and home nocturnal dialysis since November, which gives her more freedom and time to socialise with friends.

We are proud to have one of the largest living kidney donor programmes in the NHS. The Trust performed 80 transplants last year, half from living donors. We are also the first Trust in the UK to offer home-based nocturnal dialysis which allows patients to live fuller lives.

Directors' report

Guy's and St Thomas' NHS Foundation Trust has once again enjoyed a very successful year and we continue to use our strong and stable financial position to drive forward short to medium term investment which is delivering service improvements and benefit for our patients, and to progress our very exciting and ambitious longer term strategic vision.

Substantial elements of that vision are now focused on a commitment, with our partners King's College Hospital and South London and Maudsley NHS Foundation Trusts and King's College London, to become one of the UK's first Academic Health Sciences Centres (AHSC) which will be recognised both nationally and internationally for excellence in service, research and teaching.

The other key area where we have made considerable progress in the past year is in developing a detailed estates strategy for the Trust which now provides a framework to guide investment decisions and ensures our plans are complementary to those of our partners, including Guy's and St Thomas' Charity which owns some parts of our sites and adjacent land. Implementation of the strategy will allow us to update much of the fabric of our buildings to rival the best facilities elsewhere, and will require careful planning and sustained investment over many years.

In terms of our operational performance, we were delighted to be awarded a double 'excellent' rating by the Healthcare Commission for both the quality of our services and use of resources in 2006/07.

We await the outcome of this year's rating which will be published later in the year, whilst also recognising that this will include a number of new and challenging assessments. For example, the achievement of the milestones associated with the 18 week patient pathway has proved difficult for Trusts such as ours that treat a large number of patients referred from other hospitals and about whom we have found it difficult to compile a complete picture of their total waiting time.

We continue to provide a full range of local hospital services to people living in Lambeth and Southwark, and we also provide a wide range of more specialist services to both the local population and to patients from further afield. Our commitment to playing an active part in the local health economy, in particular to ensure sustainable and high quality services locally, has been set out in our responses to two recent public consultations – on *Healthcare for London – A Framework for Action* and also *A Picture of Health*, about the future of health services in south east London.

Directors' report

Initiatives during the year to support and continue to enhance service delivery and related activities have been wide ranging and, whilst it is impossible to mention them all, highlights include:

- the completion of our Modernisation Initiative, working with partners to improve local services for kidney and stroke patients and people using sexual health services;
- the launch of our National Institute for Health Research (NIHR) comprehensive Biomedical Research Centre;
- substantial progress with our cancer strategy to improve services for cancer patients at the Trust and across south east London;
- significant progress with a range of initiatives that reflect our corporate social responsibility, from protecting the environment and reducing energy consumption to being a good employer and playing an active part in the regeneration of our local communities;
- a continuing drive to reduce hospital acquired infection;
- further success in engaging patients and seeking their feedback so this can be reflected in future service development.

We have also tendered for a commercial partner to enter into a joint venture to modernise our pathology services, and are now in detailed negotiations with a preferred partner. And, in collaboration with our academic partner King's College London, we continue to attract a number of exciting research collaborations with both the commercial and charitable partners, including success in securing a Wyeth Early Clinical Development Centre, the only centre of its kind in western Europe, and one of three new Breakthrough Breast Cancer research units. Further details of these and many other successes are described throughout this report.

Business review

Guy's and St Thomas' has performed exceptionally well again financially in 2007/08, and the Trust has declared a surplus of £56 million for the financial year. The Trust had planned to achieve a surplus of £10 million in 2007/08, recognising the need to achieve a £26.9 million efficiency improvement which builds on the £43.1 million efficiency improvement achieved in 2006/07 as part of a three year programme.

The Trust is planning to achieve a further £24.8 million savings in 2008/09, and also to deliver a surplus of £20 million in addition to the £56 million already achieved in 2007/08. These surpluses will then be available to reinvest in service developments and the Trust's estate in support of our strategic vision.

We have identified eight key drivers of change which we believe present both threats and opportunities to our future operation at this time. These are:

- our decision to create an Academic Health Sciences Centre;
- the new national contract for the commissioning of services by Primary Care Trusts;
- the changes to commissioning intentions for clinical services;
- the introduction of 'free choice' as part of the national Patient Choice initiative;
- the effects of the financial regime, *Payment by Results*, the market forces factor and the associated national tariff;
- changes to funding for research and development and teaching;
- changes to funding for capital projects;
- commercial opportunities.



The Trust has focused on managing the risks associated with the drivers of change which are potential threats, and on ensuring that it is in a position to take advantage of the potential opportunities.

The Trust has a well established financial and operational reporting model that includes detailed monthly scorecard reporting to both the Board of Directors and Trust Management Executive covering national and Trust specific performance targets.

In addition, Board sub committees have developed a range of key performance indicators, and local indicators are well developed throughout the organisation. For example, we recently created and launched a web-based 'dashboard' to provide managers with real time information about a range of nursing, infection control and hygiene standards at individual ward or departmental level to assist with day-to-day performance monitoring.

The Trust has an exemplary record on environmental issues and is proud to be regarded as an NHS and industry leader in this respect, with success ranging from a substantial reduction in energy usage to being one of the first Trusts in the UK to install Combined Health and Power (CHP) facilities – due to be fully operational by March 2009.

We also take our responsibilities as the largest local employer and a member of the vibrant community on London's South Bank very seriously. We work hard to recruit locally, both in support of our commitment to the environmental agenda and because we are committed to employing a workforce that reflects and is able to meet the needs of the ethnically and culturally diverse communities we serve in South London.

We are proud to host MOSAIC, a project funded by the Department of Health's Equality and Human Rights Group which aims to harness NHS procurement to help tackle racism and discrimination and to promote equality. We have also recently agreed a procurement strategy that aims to encourage local businesses to seek contracts with the Trust. In an organisation which spends over £230 million a year with third party suppliers, we recognise that we can have considerable influence and we work hard to use this to positive effect in the local community.

There will be significant changes to Primary Care Trust contracts in 2009/10, and we also anticipate changes to the national **Payment by Results** tariff linked to the introduction of HRG version 4. The Trust's current three year Foundation Trust contracts expire at the end of the 2008/09 financial year, and we expect to have to move to the new national contract. We have already amended existing contracts for most of the contractual terms proposed in the new national contract, with the exception of the penalty proposals. Moving to the new contract from April 2009 will lead to issues about whether our performance on contracted activity will be funded, and potential financial penalties linked to performance.

The Trust remains strongly committed to equality and diversity and therefore meeting or exceeding obligations to our workforce regardless of their age, disability, ethnicity, gender, religion or belief, or sexual orientation. The Trust's values support this and our aim is to be both a service provider and an employer of choice. A number of human resources policies have been reviewed and updated during the year to ensure they reflect best practice in this respect.

The Trust has a range of well established communications channels in place to ensure regular and effective communication with all staff. The Trust also enjoys a positive relationship with staff side representatives and meets with them regularly to ensure their full involvement in key issues, for example, they are consulted on policies that impact on staff or on significant employment issues, and are closely involved in discussions about the pathology joint venture.

The Board recognises and regularly pays tribute to staff for their part in the organisation's success, and is very conscious that the Trust's excellent operational and financial performance are the result of active engagement and support from front line staff, both clinical and non-clinical, who have championed a collective drive for greater efficiency and improved operational performance.

Directors' report

Board of Directors

The Board of Directors provides wide ranging experience and expertise, and continues to demonstrate the vision, oversight and encouragement that allow the Trust to flourish. In 2007/08, its membership consisted of the following Executive Directors:

Chief Executive, Sir Jonathan Michael (to April 30), Ron Kerr (from October 1); *Director of Strategy and Workforce*, Tim Higginson (also Acting Chief Executive from May 1 to September 30); *Director of Finance*, Martin Shaw; *Medical Director*, Edward Baker; *Chief Nurse/Director of Clinical Services*, Eileen Sills; and *Director of Capital, Estates and Facilities*, Steve McGuire.

And seven Non-Executive Directors:

Chairman, Patricia Moberly; *Vice Chairman/Non-Executive Director, Vice Principal (Health), King's College London*, Robert Lechler; and *Non Executive Directors*, Rory Maw, Jan Oliver, Anna Tapsell, Keith Palmer (to June 12); David Dean (from June 13); Dawn Hill (to October 31); and Mike Franklin (from November 1) – see pages 62 to 63 for further details.

The Board of Directors is not aware of any relevant audit information that has been withheld from the Trust's auditors, and members of the Board take all the necessary steps to make themselves aware of relevant information and to ensure that this is passed to the external auditors as appropriate.

The Board is not aware of any significant differences in any of the market values of its fixed assets as described in the Trust's financial statements. A revaluation took place in 2007/08. The Trust's auditors have provided an opinion on our 2007/08 accounts, which appears on page 71.

The Board considers the Trust to be fully compliant with the principles of the **NHS Foundation Trust Code of Governance**, as well as with the provisions of Code in all but the following areas where we have alternative arrangements in place: appraisal of the Chairman; the designation of independent directors and a senior independent director; Chief Executive and Executive Director terms of appointment; information about elected governors standing for re-election; and independent professional advice for Non-Executive Directors. Further details can be found in the full compliance statement which is available on the Trust website.

Looking ahead

The Trust has major strategic plans going forward, primarily in relation to sustained service improvement and enhanced research and development activities in support of our ambition to create a leading Academic Health Sciences Centre (AHSC). Other initiatives which underpin the strategic vision for the AHSC include our estates strategy, plans for cancer services and expansion of our research activities through the Trust's comprehensive Biomedical Research Centre which receives its first full year funding from April, following an initial set up phase in 2007/08.

This is an exciting period where we will use our successful performance in 2007/08 to help realise our vision as we move into 2008/09. Underpinning this are the greater freedoms we have as a Foundation Trust – both financially as we generate and retain surpluses to reinvest, and in terms of setting our own strategic direction – and welcome the opportunities this provides.

It remains therefore to thank the people who have helped to make this possible, including our approximately 9,000 staff; our Members' Council and wider membership; Guy's and St Thomas' Charity for their ongoing support and generous investment in support of our strategic direction; our AHSC partners, with whom we are working increasingly closely and collaboratively to our collective benefit; as well as our many external stakeholders and supporters, in particular our local Primary Care Trusts and other NHS organisations in South East London with whom we work closely.

Ron Kerr, Chief Executive, on behalf of the Board of Directors

Effective hand hygiene and a high profile awareness campaign are at the heart of our success in reducing hospital infections – in the last year we have seen MRSA blood infections fall by 36 per cent, the number of patients acquiring MRSA while in hospital fall by 53 per cent and the number of cases of *C.difficile* fall by 24 per cent.

Pictured is Dr Karen Turnock washing her hands in the neonatal intensive care unit at St Thomas'.





Pictured are pharmacists Stephen Gamble and Seema Amlani in the busy dispensary at St Thomas'. Our pharmacies respond to nearly one million requests for medicines each year.

In 2008/2009 the Trust will have almost 70 contracts with 130 organisations to deliver care valued at almost £500 million. Our total income, including funding for teaching and research, will be around £800 million excluding private patients.

Our financial performance

Guy's and St Thomas' has performed exceptionally well again financially in 2007/08, and the Trust has declared a surplus of £56 million for the financial year. The Trust had planned to achieve a surplus of £10 million in 2007/8, recognising the need to achieve a £26.9 million efficiency improvement which builds on the £43.1 million efficiency improvement achieved in 2006/07 as part of a three year programme.

The year end surplus reflects the fact that the Trust delivered a significant programme of cost reduction and also increased efficiency, whilst continuing to improve services and achieve all the key NHS targets which are expected of us. The Trust's income position has exceeded our planned income for this period by £32.5 million, whilst expenditure was £7.9 million below plan despite delivering these higher levels of activity.

Interest receivable exceeded plan by £3.6 million and profit on the disposal of fixed assets contributed a further £2 million to the surplus. The effect of the revaluation of the Trust's estate and buildings was an increased charge of £1.4 million, and this has been accounted for in expenditure, after taking account of impairments of £2.9 million of which £1.5 million was funded by the Government grant reserve.

Table 1 below compares the 2007/08 outturn to the 2007/08 plan.

Table 1

	Plan 2007/08 £millions	Actual 2007/08 £millions	Variance £millions
Total income	742.9	775.4	32.5
Expenses	(682.6)	(675.7)	6.9
EBITDA*	60.3	99.7	39.4
Depreciation	(35.5)	(34.5)	1.0
PDC	(17.8)	(17.8)	0.0
Profit on disposal	0.0	2.0	2.0
Interest receivable	3.0	6.6	3.6
Retained surplus	10.0	56.0	46.0

*Earnings before interest, tax, depreciation and amortisation.

The increase in actual income compared with the levels set out in our plan was primarily a result of the Trust undertaking additional activity for a number of Primary Care Trusts, over and above the original contracted levels. This resulted in increased income, with minimum increases in the expenditure associated with delivering this additional activity.

Our financial performance

Financial Performance 2006/07 and 2007/08

Table 2 below shows the Trust's financial performance for 2006/07 and 2007/08.

Table 2

	Actual 2006/07 £millions	Actual 2007/08 £millions
Income	701.9	775.4
Expenditure (including depreciation)	(663.7)	(710.2)
Operating surplus	38.2	65.2
PDC	(17.4)	(17.8)
Interest etc	1.6	8.6
Retained surplus	22.4	56.0

The Trust made a £22.4 million surplus in 2006/07 which was allocated in 2007/08 to fund capital schemes to enhance the hospital environment and maintain our buildings, support the provision of medical equipment and allow continued investment in our IT infrastructure. In 2007/08, the Trust has generated a surplus of £56 million, and this will be used to further develop our services and to implement the Trust's ambitious estates strategy.

These surpluses are primarily due to the following positive factors:

- additional activity which has resulted in increased income from Primary Care Trusts;
- the successful delivery of a significant cost improvement programme;
- the unexpected recovery of prior year income;
- delays in some spending plans being funded by an investment reserve created from non-recurrent income sources;
- profit on the sale of fixed assets;
- interest received on cash deposits.

These 'gains' have been partially offset by:

- some increase in costs associated with providing increased activity for Primary Care Trusts;
- the cost of meeting national waiting time targets.

The Trust developed efficiency proposals of £26.9 million to deliver in 2007/8, and we will also continue to drive down costs in future years as part of our plan to meet anticipated financial risks and to deliver surpluses which we can reinvest in service developments and our estate in support of the Trust's strategic vision.

Trends in activity, income and expenditure

Charts 1-5 (right) show activity, income and expenditure growth over a five year period from 2003/04 to 2007/08.

Activity trends

Charts 1-3 show the growth in inpatient and day case activity (measured as completed patient spells) – up by 23 per cent, and growth in outpatient attendances – up by eight per cent.

The growth in inpatient and day case activity relates to increased demand for specialist (tertiary) services and the increased activity purchased by Primary Care Trusts to achieve national waiting times targets.

Total outpatient activity has grown by eight per cent (new outpatient referrals increased by 14 per cent and follow-up referrals increased by five per cent) over the period. As a result, the ratio of new to follow-up attendances has continued to improve.

A&E attendances have also increased over the five year period as a whole – up by over eight per cent – and the time that patients wait to be diagnosed, treated, admitted or discharged has also improved in line with national targets. We have seen a three per cent reduction in A&E attendances between 2006/7 and 2007/8 as a result of demand management measures agreed with our local Primary Care Trusts.

Chart 4 shows the growth in income over the five year period from April 2003 to March 2008. Income has grown at approximately 11 per cent a year over the period. This increase in income, above inflation, is mainly as a result of Primary Care Trusts purchasing additional activity (as described above) but also specific funding for quality improvements in some areas.

The Department of Health increased the funding we received to support the provision of education and research by £6.1 million in 2007/08, compared with the funding received in 2006/07. The Trust was also successful in winning new research grants to offset the reductions in research levy funding from the Department of Health. In 2007/8, the rate of reduction in the levy was slower than originally notified, and £6.4 million of additional transitional levy funding was received.

Chart 5 shows the growth in expenditure over the five year period. Expenditure has grown at a rate slightly below nine per cent a year over the period. This is primarily as a result of the additional staff and non-pay costs associated with delivering additional activity, although growth in expenditure in 2007/08 has reduced to seven per cent, which reflects our considerable success in achieving cost efficiencies over the past year.



Chart 1: Completed patient spells

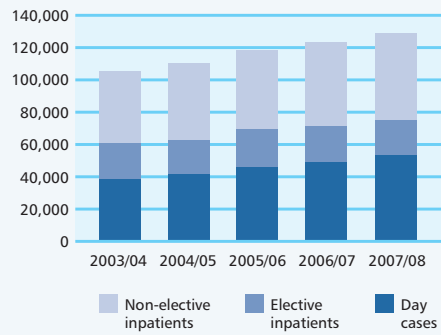


Chart 2: Outpatient attendances

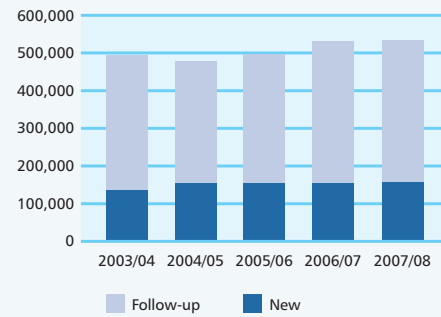


Chart 3: A&E attendances

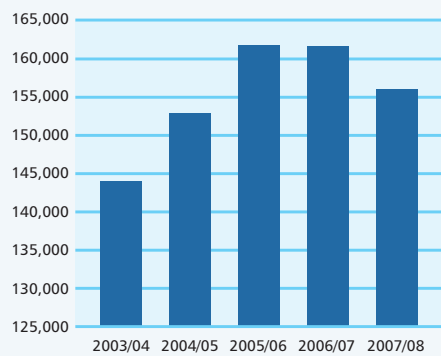


Chart 4: Income £000s

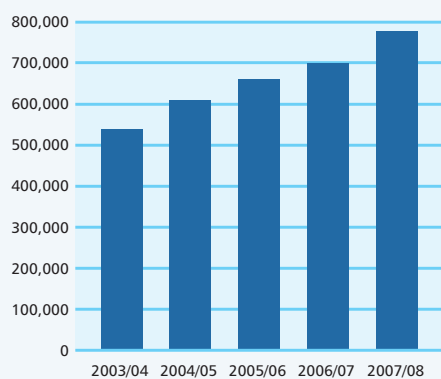
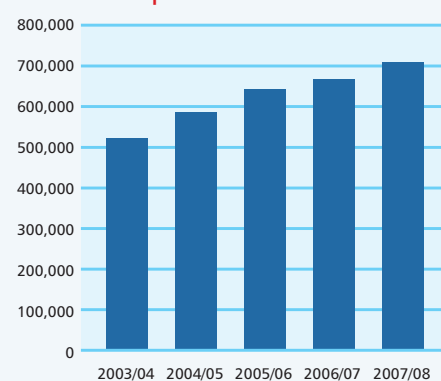


Chart 5: Expenditure £000s



Our financial performance

Cash flow and balance sheet

There have been a number of significant changes in the Trust's balance sheet and working capital during the year.

The Trust ended the year with £146.4 million cash in the bank, against a plan of £74.4 million. This was an increase in cash of £72 million compared to plan, and of £80.1 million when compared with the £66.3 million position at the end of 2006/07. The increase above plan is largely due to the Trust achieving a surplus that is £46 million greater than planned for and due to £11 million of land sales which were not reflected in the original plan.

The Trust had a projected NHS capital spend of £67.6 million for the year and also expected to draw-down Public Dividend Capital (PDC) of £34.6 million from the Department of Health. During the year, the Trust has also received a further £10.5 million of PDC capital approvals. The actual capital expenditure during the year was £52.3 million, which was less than planned due to the timing of payments for some elements of the capital programme. The Trust drew down £17.9 million PDC in 2007/08 for completed schemes.

In 2008/09, the Trust expects to complete a further £14 million of outstanding PDC schemes agreed with the Department of Health and the South East London Strategic Health Authority at the time of our authorisation as an NHS Foundation Trust, as well as a further £6.9 million of newly authorised capital expenditure to complete the installation of combined heat and power systems on both the Guy's and St Thomas' sites. The Department of Health has confirmed that these funds will be available as PDC in 2008/09.

The Trust's land and buildings were subject to a revaluation in 2007/08. Land values rose by £91 million, and building values by a total of £9 million. The increase in building values was net of a reduction of £18 million in the value of some buildings, of which £15.1 million was chargeable to the revaluation reserve and £1.5 million was charged to the income and expenditure account, but funded by the Government grant reserve. Assets to the value of £1.4 million had no residual value in the revaluation and Government grant reserves and this has resulted in a charge to the income and expenditure account.

There has been no change to the Trust's schedule of protected and non-protected assets during the year. The Trust has, however, disposed of the General Lying-In Hospital at Waterloo and its share of the Lambeth Hospital site. These facilities were deemed non-protected assets at the time of the Trust's authorisation as an NHS Foundation Trust. The Trust intends to re-invest the proceeds of these land sales in delivering its estates strategy.

In 2008 the Trust expects to relinquish its lease with Lewisham Primary Care Trust for the remaining parts of the New Cross Hospital site and the Trust services occupying these facilities will be relocated as required.

Charitable funding

The Trust is fortunate to be supported by Guy's and St Thomas' Charity. All the charitable funds that benefit the Trust are administered by this separate charity. In 2007/08, the Trust spent £3.5 million from charitable grants on capital projects and also received £9 million in charitable contributions towards revenue expenditure. The Modernisation Initiative, funded by the Charity, drew to a close in March 2008 having successfully transformed care for kidney and stroke patients, as well as sexual health services in Lambeth and Southwark.

Capital expenditure

Capital expenditure during 2007/08 was focused on protected assets and included backlog maintenance, the provision of medical equipment and investment in IT projects. Table 3 below shows a breakdown of the different sources of the capital and how this has been spent:

Table 3: Capital expenditure

	NHS funded £ millions	Donated £ millions	Government grants £ millions
Buildings	20.7	1.6	0.0
Assets under construction	5.8	0.5	0.0
Plant and machinery	11.7	1.4	0.9
Information technology (IT)	8.5	0.0	0.0
Furniture and fittings	0.0	0.0	0.0
Software licences etc	1.2	0.0	0.0
Total	47.9	3.5	0.9

Commercial income and private patient cap

The Trust has a large commercial portfolio, and much of this income is subject to long term contracts.

In accordance with Foundation Trust legislation, the Trust's private patient income is capped at 2.9 per cent of income from patient care activities based on the Trust's 2002/03 financial outturn. The Trust remained within the private patients cap for 2007/08 (see Note 3.3 of the annual accounts on page 82). Our future plans assume that private income will remain constant in real terms, and that we will therefore remain within the required limit.



Prudential Borrowing Limit

A Prudential Borrowing Limit (PBL) is set by Monitor and is reviewed at least annually. The total amount that the Trust borrows must be within this limit. Monitor sets the PBL for each Foundation Trust with reference to financial ratios and the individual Trust's working capital facility.

The Trust had no borrowing against the PBL during 2007/08, and this was in line with expectation. The Trust's performance against the PBL indicators is described in Note 23 of the final accounts on page 92.

External audit services

The Members' Council agreed that Deloitte & Touche LLP should be the Trust's external auditor for 2007/08. The Trust incurred £120,892 in audit services fees in relation to the statutory audit of the Trust accounts to March 31 2008. The Trust also employed Deloitte and Touche LLP to undertake a review and recommend improvements in IT security arrangements for a fee of £10,625, and to undertake an audit of a Pool of London Single Regeneration Budget grant for a fee of £3,055 during the accounting period.

Monitoring Trust performance

The Trust has developed a 'balanced scorecard' to review and monitor performance at a Trustwide, divisional and directorate level. Incorporated within the Trust level scorecard, which is reported monthly to the Board of Directors, are the metrics used by Monitor to assess the financial risk rating of the Trust.

Monitor uses four criteria to assess the Trust's financial risk rating: underlying financial performance; achievement of the financial plan; financial efficiency; and liquidity. At the end of the financial year the Trust achieved a risk rating of five, in a range of one to five where five is the best performance.

Identifying potential financial risks and opportunities

In assessing the financial risks faced by the Trust, we have assessed the external factors which are likely to impact on the organisation. We have identified eight key drivers of change which we believe present both threats and opportunities to our future operation at this time. These are:

- our decision to create an Academic Health Sciences Centre;
- the new national contract for the commissioning of services by Primary Care Trusts;

- the changes to commissioning intentions for clinical services;
- the introduction of 'free choice' as part of the national Patient Choice initiative;
- the effects of the financial regime, *Payment by Results*, the market forces factor and the associated national tariff;
- changes to funding for research and development and teaching;
- changes to funding for capital projects;
- commercial opportunities.

The Trust has focused on managing the risks associated with the drivers of change which are potential threats, and on ensuring that it is in a position to take advantage of the potential opportunities.

The development of the Academic Health Sciences Centre (AHSC); 'free' Patient Choice and extending our commercial income are all viewed as primarily being opportunities. The volatility of the national tariff under *Payment by Results*, and changes to the levy funding for research and development and teaching, and to the funding of capital projects, are viewed as both threats and opportunities and make planning difficult.

The extent and impact of changes in commissioning intentions currently being considered by Primary Care Trusts (PCTs), including referral management proposals, remain uncertain. To date, the Trust has been able to operate using its existing contractual agreements with the PCTs, but in future will potentially have to accept the less favourable terms of the new national contract.

Responding to potential financial risks and opportunities

In responding to these potential risks and opportunities, in particular the change and uncertainty we face in terms of the external environment, the Trust continues to set itself challenging financial targets.

The Trust is planning to achieve a further £24.8 million savings in 2008/09, and also aims to deliver a surplus of £20 million which will be in addition to the £56 million surplus achieved in 2007/08. These surpluses will then be available to reinvest in service developments and our estate in support of the Trust's strategic vision.

The degree to which these targets are achieved will determine the levels of investment that the Trust is able to undertake in future years, and will also provide a financial buffer should the financial risks we have identified materialise.

Our financial performance

Through the south east London service design and sustainability project, we are working closely with the Primary Care Trusts and the other hospital Trusts in south east London, as well NHS London, to share information. This will allow us to assess the financial and clinical risk to services, and to develop joint strategies which will mitigate financial risk and help to plan services in a sustainable way for the future.

The following section sets out the key risks and opportunities we have identified in achieving the financial targets that we have set ourselves, and how these will be managed.

Developing an Academic Health Sciences Centre

Together with King's College Hospital and South London and Maudsley NHS Foundation Trusts and our shared academic partner, King's College London, we have declared our intention to create an Academic Health Sciences Centre (AHSC). Based on the complementary skills of the partners, we will be able to provide the full range of world class clinical services and excellence in teaching and research to the populations we serve.

Opportunities to improve efficiency and the quality of our services are being explored, and the partners in the AHSC believe that opportunities for service development, and income growth and diversification will result.

New national contract

During 2007/08 and again in 2008/09, the Trust has been able to operate under existing contractual agreements with Primary Care Trusts (PCTs), but potentially will have to accept the new national contract in future years as the PCT's have served notice in relation to the existing three year rolling contracts with effect from April 1 2009.

Whilst the Trust has amended existing contracts for most of the contractual terms proposed in the new national contract, we did not accept the penalty proposals as these were not negotiated, but mandated nationally. The Trust will, together with the Primary Care Trusts, review any national proposals in the future, and may also challenge the imposition of any terms it believes to be unfair legally. The Trust has supported discussions between the Department of Health and the **Foundation Trust Network** and will consider its position further if necessary.

Changes in commissioning intentions

The Trust is working closely with local Primary Care Trusts (PCTs) as they develop their commissioning intentions and referral management and practice-based commissioning proposals for 2009/10 and beyond. To date the effect of referral management and practice-based commissioning have been relatively minor, although we continue to monitor their impact on the Trust.

With our partners in the Academic Health Sciences Centre, we have responded jointly to both the **Healthcare for London – A Framework for Action** and **A Picture of Health** consultation on the future of services in South East London. We have also participated in discussions about how the proposals will be taken forward as the outcomes of consultation are known.

These proposals, along with any other plans to rationalise specialist services, may be reflected in the future commissioning intentions of GPs, Primary Care Trusts and other purchasing consortia. The Trust is well placed to assist in the consolidation of specialist services and, if asked, would provide services to an agreed population as part of networked pathways of care.

The Trust has been notified of plans to deliver non-specialist cardiac services more locally within Kent. We do not anticipate that this will affect referral patterns for specialist tertiary services, and we will continue to assess the impact on the secondary care that we provide as local provision in Kent changes.

Free Patient Choice

The Trust has undertaken a number of initiatives to improve the overall experience of patients attending our hospitals, including significant investment in the hospital environment. We believe that this, together with the high quality of our clinical services and our reputation as leading teaching hospitals, will make us attractive to patients under the 'free choice' initiative.

Our most recent Healthcare Commission rating assessed the Trust as 'excellent' for both the quality of our services and the use of resources. Furthermore, our maternity service was recently given the best rating in London in a recent Healthcare Commission review, and we have already seen a significant increase in the number of women booking to have their baby at St Thomas'.

The Trust is working with other NHS and private sector providers to ensure continuity of care for patients whether within the hospital, the community or their own home. We are investing in services in ways that will ensure care is delivered in the most appropriate setting and working with



GPs and primary care colleagues to develop care pathways. Where treatment outside of hospital is clinically appropriate and financially advantageous, we will work with local partners to explore how best to make this happen.

The financial regime

Our staff led the work to establish a consortium of Trusts across the NHS who are using an international expert to help fully understand and plan for the implications of *Payment by Results*.

The Trust has gained slightly under *Payment by Results*, but the volatility of the national tariff with the introduction of HRG version 4 remain a matter of concern. These concerns are mitigated in 2008/09 and 2009/10 by the expectation that extensions to the national tariff structure are likely to be minimal. Any review of the market forces factor could have significant consequences for the income of the Trust, although our market forces factor is lower than that of many of the other London teaching hospitals.

The Trust has successfully implemented service level reporting. Reports of profit and loss by service, consultant and procedure at a patient level are now available for all the Trust's services. The potential for national tariff changes to alter the signals from these trading accounts remains a concern, although they are being used to inform the Trust business planning decisions and proving valuable.

Changes to funding for research and teaching

Since the publication of the Department of Health's research and development strategy *Best Research for Best Health* in January 2006, we have been working closely with our main university partner King's College London, as well as with King's College Hospital NHS Foundation Trust, to drive forward proposals which will ensure that we continue to attract and retain research income and that we maximise our shared research potential. This is clearly also a key element of our collective vision for the Academic Health Sciences Centre.

The levy funding that we receive for research and development is projected to be phased out in 2008/09 and 2009/10, and we are already planning to make efficiency savings to offset the predicted loss of income. We have also secured a number of successful bids to help mitigate the loss of funding, the most notable of which being our approval as one of five comprehensive Biomedical Research Centres, attracting approximately £50 million over the next five years.

The Trust did not incur any further loss of teaching income in 2007/08, and we recovered additional income

above plan as a number of the funding reductions imposed by NHS London in 2006/07 were reversed and additional funding was made available.

We are aware, however, that the teaching levy is subject to further review. Should these levies reduce in future, a significant detrimental impact on teaching across London is anticipated. We will work with NHS London and the Department of Health to ensure that the impact of any proposed changes are fully understood, and we will argue for transitional arrangements if significant change is proposed.

Changes to funding for capital projects

When we were first licensed as an NHS Foundation Trust, we received written confirmation from the Department of Health that our existing approved capital programme commitments would be funded through Public Dividend Capital (PDC). Since authorisation, a number of further capital approvals have been forthcoming which will also attract Public Dividend Capital (PDC) with a dividend payable at 3.5 per cent.

New rules introduced by the Department of Health 2007/08 indicated that all NHS Foundation Trusts are required to adopt loan financing in place of PDC. The Department of Health has since confirmed in writing that it will be honoring these initial capital commitments in 2008/09, including a commitment to combined heat and power schemes awarded as PDC in 2007/08. For the Trust, these outstanding PDC funded schemes have a value of £20 million.

Commercial opportunities

The Trust benefits from having one of the largest and most successful enterprise units in the NHS. The corporate development team advises and supports innovative initiatives across the Trust and brings a high degree of commercial expertise and professionalism to this work.

For example, during 2008 we expect to create a joint venture partnership to lead the modernisation of the Trust's pathology services, working with a commercial partner to ensure we are a leader in the provision of high quality and efficient pathology services for the Trust and potentially for external organisations also.

Through an initiative with the Soldiers, Sailors, Airmen and Families' Association (SSAFA) we will be expanding the services we deliver for the Ministry of Defence by adding responsibility for the provision of primary health care services to British forces and their dependents in Northern Europe from April 1 2008. This builds on 12

Our financial performance

years successfully managing the provision of hospital services to British forces based in Northern Europe, and has allowed us to develop innovative approaches to working with other organisations to develop new services.

Other activities which complement core Trust work and support innovation include working with clinicians and other staff to develop ideas and research with commercial partners, particularly where these can be translated into practical solutions that benefit patient care. We also manage the Trust's private patient services in a way that can provide both commercial income and extra capacity for NHS work when needed. The corporate development team will continue to generate a significant and valued income stream for the Trust in 2008/09.

Countering fraud and corruption

The Board of Directors has established policies and procedures to minimise the risk of fraud or corruption, along with a procedure to be followed in the event of any suspected wrongdoing being reported. Members of staff with reasonable suspicions of irregularities are encouraged to report them and the Trust's policy is that no employee will suffer as a result of reporting reasonably held suspicions.

The reporting procedure is detailed in the Trust's policy on Raising a Matter of Concern (whistle blowing policy) and Standing Financial Instructions. This guidance also includes contact details for the Trust's Local Counter Fraud Specialist (LCFS), and the NHS Fraud and Corruption Reporting Line. This guidance is available to staff on **GTi**, the Trust's intranet, along with other useful information about countering fraud, and we regularly remind our staff to be vigilant.

Reported concerns are investigated by the Trust's Local Counter Fraud Specialist, who reports to the Director of Finance, and liaises with the NHS Counter Fraud and Security Management Service and the police as necessary. If the reported concerns or allegations are substantiated, the matter will be pursued in accordance with criminal, civil or disciplinary proceedings, or a combination of these. We work hard to create an anti-fraud culture in the Trust and to prevent and detect fraud and corruption. Reports of any counter fraud activity are made to the Audit Committee, a sub committee of the Board of Directors.

Building on a hugely successful 'back to the floor' initiative which sees more than 100 senior nurses return to clinical practice every Friday, our 56 matrons now spend around 75 per cent of their time supporting direct patient care.

Pictured is Chief Nurse Eileen Sills and ward sister Elizabeth Browse with patient Frederick Strickett.





We were proud to be rated the best maternity service in London according to a recent independent review by the Healthcare Commission, and we are also one of only 14 maternity units nationally to achieve level 3 accreditation under the Clinical Negligence Scheme for Trusts.

Caseload midwife
Katie Smith with
mother Hazara
Khatun and baby
Sumayyah Sara
Rahman.

Our operational performance

The Trust continues to perform well operationally, as well as financially, and to achieve the targets expected of all NHS organisations. We also continue to achieve good outcomes in the many external assessments to which we are subject each year, and we take our social and environmental responsibilities seriously, both as a major employer and through our active involvement in the community we serve.

The overall performance rating that we receive each year is the Healthcare Commission's Annual Health Check, and the assessment consists of two elements – one measuring the quality of our services and the other assessing how well we use our resources.

In the most recent rating, published in October 2007 and covering the 2006/07 financial year, we were delighted to receive an 'excellent' rating in both categories on a scale of weak, fair, good, and excellent. Our achievements are thanks to the hard work and dedication of staff across the Trust and reflect our commitment to high quality clinical care, improving the patient experience, reducing waste and increasing efficiency.

The quality of services score consists of a number of elements, including targets set by the Department of Health and feedback from patients who completed the national inpatient survey. The Trust was awarded the top ratings of 'fully met' and 'excellent' for the parts of the assessment which look at targets, having satisfied the Healthcare Commission that we were meeting the basic (core) standards, as well as other new and existing targets.

Our 'excellent' rating for the use of resources section reflects our continued high standard of financial management, which is also demonstrated by our success in once again delivering a substantial surplus that can be reinvested in service developments. As an NHS Foundation Trust, the financial element of our assessment is carried out by the independent regulator Monitor, and our financial performance is kept under close review throughout the year. The score is based on how well we manage our finances, as well as how we plan, monitor and report on the money we spend and how we ensure that our services provide value for money.

The Healthcare Commission will publish its performance ratings for 2007/08 in October, so we do not yet know how our overall performance for the past year has been assessed, although we do expect to have again met the core standards.

Our operational performance

Meeting national targets

Guy's and St Thomas' is one of the largest and busiest Trusts in the country. During 2007/08, we saw 534,000 outpatients, 75,100 inpatients and 53,700 day case patients. On average we have 1,100 beds in use at any one time, with around 850 beds at St Thomas' and 250 at Guy's, as well as up to 36 specialist baby cots.

We continue to meet the ever more challenging national access targets by improving the speed with which patients are diagnosed and treated. As we work hard to deliver the next 18 week patient pathway milestones – required by December 2008 - our focus is shifting away from looking at waiting times for individual stages of care to dramatically reducing the time from initial referral to treatment starting.

In March 2008, 86 per cent of patients who began treatment as inpatients or daycases, and 91 per cent of patients who began treatment as outpatients, waited less than 18 weeks from original referral. On both indicators, the Trust was slightly ahead of national milestones which were set at achieving at least 85 and 90 per cent respectively.

Within the Trust's busy accident and emergency department, we consistently met the 98 per cent target for patients to be diagnosed, treated, discharged or admitted within four hours.

The Trust continued to reduce waiting times for planned (elective) admissions and for a first outpatient appointment. But the biggest improvements during the year were achieved in diagnostics, where the maximum waiting time for all diagnostic tests and procedures was cut to six weeks. In many diagnostic services, the average waiting time is now just two weeks. Our audiology service showed the most significant waiting time reduction during the year.

We know that waiting times matter to our patients, and we continue to work hard to minimise and further reduce any delays.

We are speeding up access to cancer treatment, and again ensured that all patients referred urgently by their GP were seen by a specialist within two weeks. The proportion of patients who begin treatment within two months of an urgent GP referral has also improved during the year, and we exceeded the target that 95 per cent of patients should begin their treatment within 62 days. In achieving this, we have worked closely with colleagues in other hospitals who refer patients to us.

For patients with heart conditions, we continue to ensure that no patient waits longer than three months for a cardiac re-vascularisation operation, and that all patients referred to the rapid access chest pain clinic are seen within two weeks.

Similarly, we place great importance on reducing hospital associated infection, which is also a source of particular concern to patients. Last year, by implementing the national ***Saving Lives*** programme, with its focus on staff training and effective hand hygiene, we saw MRSA blood infections fall by 36 per cent, the number of patients acquiring MRSA fall by 53 per cent and the number of cases of *C.difficile* drop by 24 per cent compared with the previous year.

Under the Government's ***Choose and Book*** initiative, the Trust offers all patients a choice of dates for their hospital admission or outpatient appointment, and during the current year we expect an increasing proportion of appointments to be booked at the point when the patient attends their GP surgery and the need for a referral is identified.

We work hard to minimise any delays when patients are transferred to another organisation for continuing care, and to keep the number of patients whose operations are cancelled at short notice to a minimum. However, we know that we need to improve our performance around cancellations and have prioritised this as an area for action this year.

As an NHS Foundation Trust we are also required to agree an ***Annual Plan*** with Monitor that sets out detailed service and financial plans for the current year and broader plans over a three year period. Our third plan was submitted in May 2008.

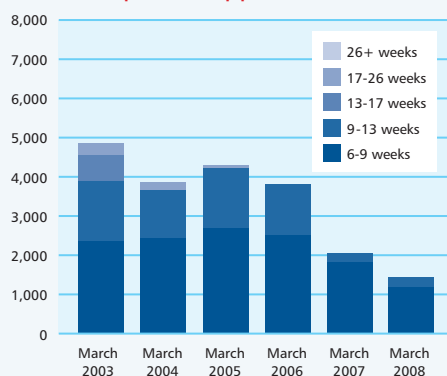
Maternity review

In other areas of inspection, the Healthcare Commission also conducted a review of all the maternity units in England and the Trust was delighted to receive a 'better performing' rating, making it the highest scoring service in London. The Healthcare Commission used a variety of sources for its assessment, including a patient satisfaction survey, and rated each unit on a four point scale of 'best performing', 'better performing', 'fair performing' and 'least well performing'.

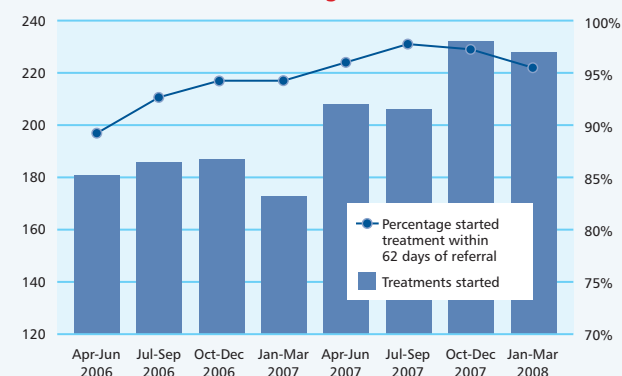
The review of our service highlighted good staffing levels and a well trained team looking after patients. Mothers and babies benefit from a strong multi-disciplinary team consisting of midwives, obstetricians, anaesthetists, an obstetric physician and neonatologists, who work together to deliver the best care possible regardless of whether a pregnancy is low or high risk. Women also praised the modern and homely environment, particularly the midwifery-led Home from Home service, but also the Birth Centre which cares for women requiring additional support.



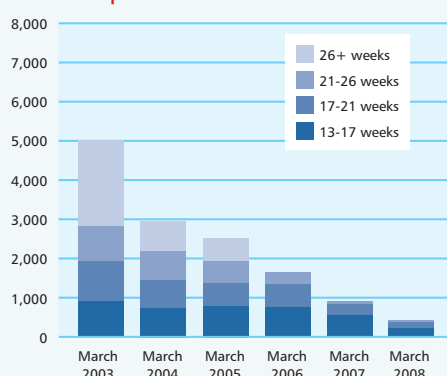
Patients waiting over six weeks for an outpatient appointment



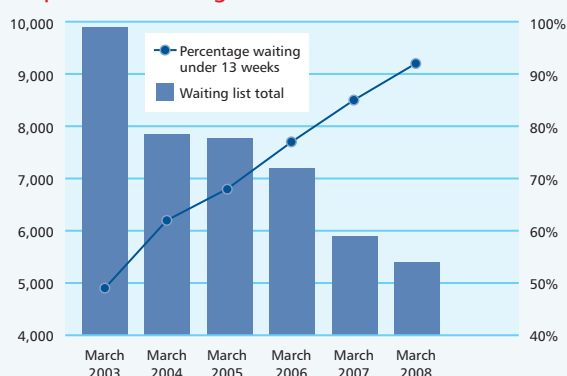
Urgent cancer referrals – patients starting treatment within two months of an urgent GP referral



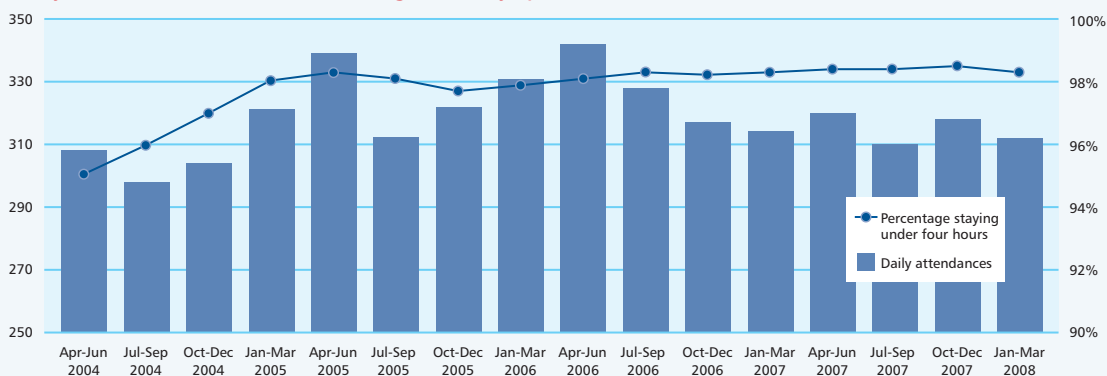
Patients waiting over 13 weeks for a hospital admission



Total inpatient waiting list and proportion of patients waiting less than 13 weeks



Daily A&E attendances and waiting times by quarter



Our operational performance

Clinical Negligence Scheme for Trusts

In December our women's services department achieved the highest level of the Clinical Negligence Scheme for Trusts (CNST) – maternity level 3. The assessment measures the effectiveness of the Trust's processes and procedures for managing risk, and successful accreditation at this level makes us one of only 14 maternity units across the country to achieve this, as well as the second largest to do so. This is a good indicator of a well managed service, and will benefit the many women using our maternity services each year.

CNST is run by the NHS Litigation Authority and the assessment is wide ranging, looking at everything from how we audit screening tests and communicate results to patients and other health professionals, to how well we learn from national reports highlighting the latest clinical evidence and good practice.

Our vision

The Trust continues to be guided by the vision agreed by the Board of Directors in December 2004, which is that:

'over the next five years, the Trust will continue to provide top quality care to the local community and become both the first choice for clinical care in South East England (from Kent to Hampshire), and internationally distinctive in research, teaching and the management of health services.'

To drive forward our vision, our key priorities for 2007/08 were:

- To improve operational efficiency and reduce costs;
- To meet all regulatory requirements, and where strategically or commercially advantageous, exceed minimum standards;
- To develop our services, teaching and research in the context of changes in south east London, discussions with King's College Hospital and previously determined service priorities.

Environmental impact

The Trust is committed to minimising its impact on the environment, and following the successful launch of our **Earthcare and Energy** campaign in February 2007, impressive savings have been achieved – with gas consumption down by 16.68 per cent and electricity consumption down by 4.75 per cent – equal to 3,874 and 1,824 tonnes of CO₂ respectively – when compared with the previous year. Across the organisation, a network of local energy representatives have generated over 450 savings suggestions, many of which have been implemented, and these range from motion-sensitive lights in toilets and store cupboards, to timers on hot water boilers in staff rest rooms.

In October, the Board of Directors approved the installation of Combined Heat and Power (CHP) plants on both sites and these will allow us to further reduce energy consumption and our dependence on external energy supplies. We expect the new systems to be up and running by March 2009 and in their first full year of operation, 2009/10, the annual savings to the Trust will be around £1.7 million, with a reduction in carbon emissions of around 7,300 tonnes of CO₂. Through this initiative we now expect to exceed our original, and already ambitious, targets to reduce energy consumption by 10 per cent and CO₂ emissions by 3,000 tonnes over three years.

The Trust has recently become the first public sector organisation to be invited to join the **Green500** scheme, part of the Mayor of London's Climate Change Action Plan, targeting the top 500 organisations in London occupying commercial property. Membership will enable us to build on the work we have already done to establish the Trust as an NHS leader on sustainability initiatives.

The expansion of the Trust's recycling scheme has also been very successful. Dry materials, including: paper, cardboard, aluminium and steel cans, drink cartons and plastic bottles, are now being recycled – a total of almost 250 tonnes of materials since the programme was expanded in May 2007.



Social responsibility

The Trust places great importance on being an active and positive participant in the communities it serves, and we also recognise that we have responsibilities that range from adopting an ethical and sensitive approach to energy consumption and purchasing decisions to helping local people into work or training opportunities. Collectively this is sometimes referred to as 'corporate social responsibility' and our efforts are described here and elsewhere in this report, for example on page 39 where we describe the Founder's Place scheme with its regeneration potential and on page 45 where we describe initiative to support local recruitment and to help unemployed people back into work.

We are also delighted to host the national MOSAIC project which brings together diversity and procurement activities in a positive way which has the potential to have a beneficial economic impact on our local communities. At a more strategic level, we also believe that our vision for an Academic Health Sciences Centre has considerable potential to bring economic, as well as health benefits to south east London.

In January, the Board of Directors held a special session to review the range of activities already taking place in the Trust which, taken together, demonstrate the progress we are making towards becoming an increasingly socially responsible organisation.

We are proud of our record on energy and this is especially important when set in the context of the World Health Organisation declaring climate change as one of the greatest determinants on health. Alongside this, the Board also reviewed our work to support the local economy and provide a range of training and employment opportunities for local people, as well as a number of corporate and individual staff-led initiatives that support international aid and development from the earthquake zone of Pakistan to many parts of Africa.

We also take our responsibility to play an active part in the regeneration of Lambeth and Southwark very seriously. We recognise the challenges and opportunities presented by our diverse local boroughs which are characterised both by areas of considerable affluence, and significant areas of deprivation and poor housing that have an adverse impact on health and well being.

Moving forward, the Board is keen to ensure that its commitment to corporate social responsibility becomes part of normal business, and that we have systems in place to measure progress, for example through a form of 'corporate social accounting'.

Information risks

Following recent guidance, the Trust is required to assess and report information risks and data losses in a standard format provided by Monitor. The two tables (overleaf) contain a summary of three incidents and additional detail about a fourth, which related to the loss of documents containing personal data from outside NHS premises.

We take all incidents very seriously and these are investigated in the same way as clinical incidents so that we learn lessons and take action to prevent similar issues occurring.

Our operational performance

Table 1 – Summary of Monitor reportable incidents

Date of incident (month)	Nature of incident	Nature of data involved	Number of people potentially affected	Notification steps
December 2007	Loss of paper copies of information in transit by a member of staff	Names, addresses, hospital number and summary of clinical condition	30 patients and relatives of 130 deceased patients	Individuals and their GPs were notified by telephone and police were notified
Further action on information risk	<p>The information lost in transit was being used for the purposes of clinical audit. Those involved were offered support and advice by the Trust and their GPs, and no known harm or detrimental effect has been reported.</p> <p>The Trust will continue to monitor and assess its information risks in light of the incident and has implemented the following:</p> <p>A member of staff was disciplined using the Trust Disciplinary Policy.</p> <p>The Trust reinforced staff awareness in relation to protecting and transporting confidential information.</p>			

Table 2 – Summary of other personal data related incidents in 2007/08

Category	Nature of incident	Total
1	Loss of inadequately protected electronic equipment, devices or paper documents from secured NHS premises	0
2	Loss of inadequately protected electronic equipment, devices or paper documents from outside secured NHS premises	0
3	Insecure disposal of inadequately protected electronic equipment, devices or paper documents	1
4	Unauthorised disclosure	1
5	Other	1

We have one of the UK's largest specialist allergy services and associated research programmes. The LEAP Study is currently enrolling 640 children in a groundbreaking study to discover more about peanut allergy – a potentially life-threatening condition that affects one in 70 babies and young children.

Pictured is consultant paediatric allergist George du Toit with Toby Atkinson-Seed who recently joined the LEAP Study.





As part of our commitment to 'put patients first', we have extended the POPS team – Proactive care of Older People undergoing Surgery – which ensures older patients are as fit and healthy as possible before their surgery, thereby speeding up recovery times and reducing the time spent in hospital.

Pictured is specialist occupational therapist Amelia Adams with patient Louise Cole.

Listening to our patients

We aim to put patients at the centre of everything we do and we recognise the importance of their views, as well as those of relatives and carers, as only they can help us to make simple but effective changes that improve the experience of patients in hospital. Patients and their families also play a key role in ensuring new service developments meet the needs of the diverse communities we serve.

Patient feedback

During the year we extended the original programme of inpatient satisfaction surveys to include day case patients attending for diagnostic tests, surgery or other procedures. Independent research organisation, Ipsos MORI, conduct a telephone survey of around 1,500 patients every three months and this provides valuable information about how patients feel about their care at the Trust.

The results continue to show a high level of satisfaction with the Trust's services, with an average of 89 per cent of patients being satisfied or very satisfied with the overall quality of care. Day case patients appear to indicate even higher satisfaction levels, with an average of 93 per cent satisfied or very satisfied. A postal survey has also been added since autumn 2007 so we can gain feedback from outpatients, and more recently some of our younger patients, aged 5 to 17 years, and their parents and carers have also been surveyed.

In addition, we continue to participate in the national Healthcare Commission patient survey programme which requires an annual inpatient survey. In the past year, this also included a national review of maternity services, the results of which were very positive for the Trust – we were the only maternity service in London to receive a 'better performing' rating.

We continue to use the findings of our survey work to inform service improvement and are pleased that patients are largely very positive about the care that we provide. We also recognise the concerns that patients may have about data protection and how we look after the often sensitive information that we hold about them. As an organisation, we take these responsibilities very seriously indeed, and we have conducted a detailed audit of all our information systems and have reminded staff of their obligations and responsibilities.

Listening to our patients

Driving service improvement

The results of the surveys are fed back to clinical teams for action and reported to both the Board of Directors and to the Members' Council's patient experience working group. This information is supplemented by reports from the Patient Advice and Liaison Service (PALS) and the complaints team so that areas have a rounded view of how their service is perceived.

To ensure this information is used effectively, in the past year we have asked each area to produce a 'patient feedback action plan' that identifies specific areas for improvement and sets out a number of clear actions against which performance can be measured. A number of Trustwide actions have also been agreed with input from the patient experience working group, including displaying details of waiting times in outpatient clinics and ensuring assistance at mealtimes for those patients who require help.

As we highlight issues and take action we are seeing improvements. For example, surveys have told us that patients were unhappy that 'doctors and nurses talk in front of patients as though they were not there' and we are now having some success in dealing with this issue.

Involving patients and the public

A major focus this year has been the development of a comprehensive patient and public involvement strategy setting out a three year vision and action plan to embed a positive approach to involvement across the organisation. The strategy describes how patients can be involved in their care and treatment, as well as how individual departments and the wider Trust can involve patients and the public in planning and organising services.

A short-life working group of the Board of Directors, including a representative from the Members' Council developed the strategy. We also sought views from a wide range of local stakeholders and staff, including our Patient and Public Involvement Forum. Following wide consultation, the final strategy reflects helpful comments from a number of respondents and we are beginning to implement the action plan.

The Modernisation Initiative has played a leading role in helping to create a culture where patient views lie at the heart of service redesign, embedding patient and public involvement in all three of its work streams – services for kidney, stroke and sexual health. This includes initiatives such as asking kidney patients to help review hospital menus before inviting them to a special event to try the results prior to their introduction.

The team working to improve services for patients undergoing surgery also involved patients, via a postal survey and through focus groups, for example seeking their input in the development of new surgical admissions lounges on both hospital sites to provide a comfortable and welcoming place for patients having planned surgery.

A further and valuable way in which we continue to engage with both patients and the public is through the Trust's very successful annual Open Day. This year's event was held at Guy's Hospital and we estimate around 2,000 visitors attended, having plenty of opportunity to learn about our services and a wide range of health issues.

Staff continued to meet and work in partnership with our Patient and Public Involvement Forum throughout the year and we have benefited from its small, but active, membership which has demonstrated a strong commitment to improving the patient experience.

Amongst the issues that the group brought to our attention this year were the response times of maintenance staff supporting the accident and emergency department at St Thomas', and the need to review the assistance provided to elderly patients at mealtimes. We are pleased to have been able to respond positively to this information and to improve services, which has included the introduction of dedicated food service assistants and new arrangements that mean patients no longer have to choose their meal in advance.

Thanks are extended to Patient and Public Involvement Forum members over many years as these organisations will be replaced by Local Involvement Networks during 2008/09.

Providing patient information

Good information is important as it helps patients and their carers to make informed decisions and become more involved in their care. It can also remind them what they have been told by hospital staff.

In accordance with good practice, the Trust has developed a systematic process for producing reliable, high quality patient information. The communications department provides advice and support to clinical staff to ensure the content is evidence-based, meets national standards and includes patient feedback – a key element of the process. Consideration is also given to the format and distribution of the information to make sure that it is accessible and meets the needs of patients.

Where good external information already exists, staff liaise with the patient information team in the Knowledge and Information Centre (KIC) to ensure consistent information is provided to patients across the hospitals



and we direct them to the best external resources. We also offer an 'information prescription' service for patients, encouraging them to play a more active part in their care.

The Trust offers a comprehensive Language Support Service and can provide interpreters for patients, their family/carers and members of the public. Language support lines in the most common languages are also used in the hospital to allow patients to phone and communicate in their first language, and facilities exist for the translation of information, including into formats such as audio or Braille if required.

Staff based in the Knowledge and Information Centre at St Thomas' provide a wide range of support for patients, relatives and visitors. From April to December, they received more than 6,000 queries and almost 63,000 people used the facilities, which include free internet access, help finding reliable information about health conditions and walk in access to the Patient Advice and Liaison service (PALS).

Themes identified through queries to the PALS service are now reported quarterly to senior staff and the team works closely with clinical colleagues and the complaints team to resolve concerns at an early stage wherever possible.

The KIC user group also meets regularly to provide feedback on patient information initiatives, including the development of a children's information prescription service in the Evelina Children's Hospital in conjunction with NHS Direct, and the in-house guide 'Producing Patient Information' developed by the communications team to help staff to produce high quality information that meets the needs of patients.

We are proud to have an active team of over 300 volunteers who support the work of our hospitals in a number of ways. Since October, they have provided a new 'meet and greet' service, whereby volunteers clearly identified by a blue NHS welcome sash offer help from the information desks, main entrances and other busy areas to direct and assist patients and visitors, and the feedback so far has been extremely positive. Volunteers also escort patients from the wards to our very own MediCinema to see the latest films several times a week.

Learning from complaints

Feedback from patients and relatives not only helps us to improve new and existing services, but it can help us to learn lessons and sometimes may even help to make services safer or more accessible. Comments and complaints are an essential part of the way in which we

evaluate our services, particularly whether they are meeting the needs and expectations of patients.

A complaints leaflet is widely available and we will shortly be re-launching a comments card scheme to make it easier for patients, relatives and visitors to feedback their views. We aim to create an atmosphere where patients and their representatives feel able raise any concerns with senior staff if they are unhappy with their treatment or care – and our policies and staff training programmes reinforce this. Alternatively, comments and complaints can also be handled over the telephone, in writing or through our PALS team.

Increasingly our complaints team is focused on working to tackle complaints in a way that is tailored to the individual requirements and issues raised by the complainant, for example, by offering meetings with staff at an early stage as this can often help to resolve matters.

During the year we received 941 formal complaints, which was an increase of 30 from 2006/07, and 15 cases concluded during the past year were subject to review by the Healthcare Commission.

Freedom of Information

The Trust continues to work hard to ensure that requests for information received under the **Freedom of Information Act** are responded to promptly and as fully as possible. During the year we received 273 requests for information, and 122 were handled under our official Freedom of Information procedures. The remaining 151 requests were handled outside these procedures, and were primarily requests for access to medical records or to see Trust policies.



With our partners King's College London and King's College Hospital and South London and Maudsley NHS Foundation Trusts, we aim to become the UK's largest Academic Health Sciences Centre. Visit www.londonsahsc.org for more information.

Pictured is Genetic Counsellor Manager Christine Patch, who is researching the benefits of genetic technologies and holds a Biomedical Research Centre fellowship.

Transforming our services

A great deal has been happening in the past year to support continuing improvements in our services, with both a focus on increased efficiency and the modernisation of systems and processes, and substantial investment in service improvements, particularly key strategic priorities such as cancer services, as well as research.

Creating an Academic Health Sciences Centre

A major focus, with our partners King's College Hospital and South London and Maudsley NHS Foundation Trusts and our academic partner King's College London, has been the work to progress our shared vision for an Academic Health Sciences Centre (AHSC).

Following a clear commitment by the three Trust Boards of Directors and by the Council of King's College London, we are actively driving forward with the creation of an AHSC that will combine international excellence in service, teaching and research with benefits for our local communities to whom we provide a full range of both general and specialist services.

This combination of local, national and international excellence is underpinned by our strong focus on 'translational' research and our collective mission which is to be 'one of the world's leading centres for basic, translational and clinical research. That is applying world-class medical science to research to deliver better clinical care and patient outcomes.' We believe AHSCs represent the future for the most successful health care organisations in the UK – and that we are one of only a handful of organisations which can achieve this status.

With our partners, we bring together three of the country's most successful NHS Foundation Trusts and one of the world's leading research-led universities. We will become the UK's largest AHSC, and we are also unique in providing the full range of clinical specialties and sub-specialties, including mental health services. These are complemented by major academic strengths that will allow us to bring service delivery and research together, pushing the boundaries of medical science, and drive new treatments and clinical innovation.

We are financially successful organisations, and as Foundation Trusts we have surpluses to invest. There is a long standing track record of clinical excellence and innovation that spans all the partners – and with access to a diverse population of around five million, we have a powerful opportunity to ensure medical breakthroughs are rapidly transferred from the laboratory into new treatments that will give our patients access to the best possible care at the earliest opportunity.

Transforming our services

As we build momentum, the AHSC will play a crucial role in enabling us to attract the highest calibre of health care professionals and support staff, academics and researchers, as well as the brightest and best students and trainees. It will support our role as a major training and education provider with responsibility for developing leading health care professionals and scientists of tomorrow, and will also ensure that we remain internationally competitive and are able to deliver excellent clinical care.

Working together as partners in the AHSC, we will also be in a stronger position to maximise new funding and charitable opportunities, ranging from research grants and commercial partnerships to innovative fundraising initiatives that will complement existing income streams.

Considerable work to drive forward our AHSC vision has taken place during the past year, and this continues to be a major focus for the Trust going forward. Many senior clinicians, as well as non-clinical staff, have been involved in the work so far and clinical engagement in particular is driving much of our thinking. As we move into an implementation phase, we have established a Partnership Board and a Project Executive to oversee the work, and we have launched a website to keep both internal and external audiences updated on progress at www.londonsahsc.org.

Improving cancer services

During the past year, the Trust has also made considerable progress in developing its strategy for cancer services, working closely with partners King's College Hospital NHS Foundation Trust, King's College London and the South East London Cancer Network.

The strategy is about to move into a new phase and this will be supported by the Board of Directors' decision to invest an additional £10.4 million in cancer services over the next three years and, we hope this will be further boosted by funding from Guy's and St Thomas' Charity, as well as investment by other partners.

During the past year, plans to transform services for breast, skin and lung cancer patients have been finalised, and work to plan improvements to radiotherapy and systemic therapy (chemotherapy and other drug treatments) has also made rapid progress. This includes proposals to ensure services are provided closer to where patients live, rather than in the main cancer centre if appropriate.

In addition, we have continued to consult patients and other stakeholders about the improvements that they would like to see, and have developed some imaginative

initiatives that build on international visits which took place as part of the strategy development. For example, we are developing a model where volunteers will provide support and advice to patients who are currently undergoing treatment.

A key focus of the strategy continues to be the integration of service delivery with an ambitious research programme and, in this respect as well as with its strong focus on partnership working, the cancer strategy and its implementation are very much seen as an example of how the Academic Health Sciences Centre might operate.

Patients will receive the best possible care and increasing numbers will have access to clinical trials, giving them the opportunity to receive new treatments as these are developed. In the past 18 months, the number of clinical trials taking place at the Trust specifically focused on cancer increased by 100 per cent, and the proportion of patients involved in these trials also continues to rise. The creation of new Clinical Research Facilities on both our hospital sites, as well as at King's College Hospital, will be a further boost going forward.

A wide range of Trust clinicians are now involved in this work, and the Trust was delighted to appoint Professor Arnie Purushotham as the first Director of the Integrated Cancer Centre. In the autumn we also announced that Dr Andrew Tutt will head up a new **Breakthrough Breast Cancer Unit**. The unit, one of just three new facilities that Breakthrough is supporting in the UK, will focus on a poorly understood type of breast cancer which is more likely to affect young women and those of African origin, making its work especially relevant to the communities we serve in south London.

Building for the future

A further area of related work where there has been considerable progress in the past year has been with the development and implementation of a detailed estates strategy. A major part of the strategy is to develop a full business case for cancer services on the Guy's site, working closely with Guy's and St Thomas' Charity and King's College London as we have a shared interest given we all own parts of the estate and occupy space.

Cancer is just one area where we are ensuring that we have an estates strategy which is closely aligned with the equivalent strategies of our partners in the Academic Health Sciences Centre, and which will support the delivery of both our clinical and research strategies going forward. Specialist consultants are currently assisting with the development of a detailed plan for the re-development of the Guy's site.



A key element of our estates strategy is the creation of distinct areas within the hospitals, which will allow the smooth flow of patients in different areas depending on their clinical needs. For example, there will be a greater separation of planned and emergency care, inpatient services will be brought together in a smaller number of areas, and we will create dedicated facilities for ambulatory care to meet the needs of patients who do not require an overnight hospital stay.

Further examples of progress in this respect include the creation of a Clinical Research Facility at St Thomas', funded in partnership with King's College London, with a generous grant from Tate and Lyle and funding from the British Heart Foundation, and plans for a similar facility located alongside the Biomedical Research Centre's Facility of Translational Medicine on the 15th and 16th floors of the Tower at Guy's.

The past year has also seen progress with detailed work to improve the infrastructure of key buildings, a number of which require significant investment both in terms of maintenance and to ensure that the hospital environment meets rising patient expectations and is suitable for the delivery of modern health care.

Our capital programme is currently around £70 million a year, and includes major investment in infrastructure projects ranging from lift refurbishments and electrical systems to operating theatre refurbishments and expanded on site accommodation for patients who no longer need to be cared for in a hospital bed, but need to stay close to the hospital. We have also invested substantially in centralised theatre sterilisation facilities and in a centralised decontamination service for the Dental Institute.

The programme also includes plans for the re-cladding and internal refurbishment of the East Wing at St Thomas', the refurbishment of six wards over three years across both hospital sites including the improvement of three wards at St Thomas' as part of regular PEAT assessment, and the commissioning of specialists to advise on major works such as improvements to the external fabric of the Tower at Guy's which requires urgent repair.

Work to involve patients in the design of new facilities and environmental improvements is ongoing and the estates team launched an initiative to support this during the year, building on successful events such as the Trust's Open Day and Annual Public Meeting where they presented their plans to a wide audience.

A particular success was the launch in January of an ambitious new wayfinding strategy to help patients, visitors and staff to navigate our hospital sites and make them a more welcoming place. The colour coding of

buildings and renaming of some, including a new postal address for both hospitals, was planned in direct response to detailed patient feedback.

New signage and maps on both sites have made it easier and less stressful for patients and visitors to find their way around the hospitals. The link between the improved environment and staff attitudes and behaviour has continued to be a theme in this project, with front line staff including receptionists and porters receiving training to help patients and visitors understand the changes.

This is part of the wider Face initiative, a major project supported by a £3.6 million grant from Guy's and St Thomas' Charity over three years to improve the hospital environment, particularly public areas, and to develop new design standards for a wide range of developments from ward refurbishments to circulation areas. For example, using innovative design techniques and inexpensive photography the patient lifts have been given a smart 'face lift' and many public toilets are now bright and welcoming. The design standards are ensuring that all projects on site use the same principles, providing spaces which are easy to clean and maintain, and helping to reduce the Trust's carbon footprint by using sustainable products.

The Face team has supported the developing estate strategy by involving patients and the public in discussions about the hospital environment, including views on privacy and dignity issues.

Founder's Place

A further very welcome development which will support the delivery of our estates strategy for the St Thomas' site, was the confirmation in November that Secretary of State for Communities and Local Government, Hazel Blears had sanctioned the construction for the Founder's Place development opposite the hospital.

This is a major development, being led by Guy's and St Thomas' Charity, which will provide 400 units of high quality staff accommodation, health facilities, a new nursery for the children of Trust staff and a new home for the Ronald McDonald House close to the Evelina Children's Hospital. This will provide vital support and accommodation for the families of sick children.

The Charity in partnership with the Foundation Trust and the Evelina Family Trust are appointing a development partner to construct Founder's Place. Following their appointment, the Charity will submit a detailed plan for the phased construction of the development with completion expected in 2013.

A significant benefit of the scheme will be the

Transforming our services

regeneration of the area between St Thomas' and the facilities of Lower Marsh and Waterloo, reflecting our support for sustainable communities which deliver a mix of key worker, social and private residential housing, as well as the creation of a safer and more pleasant environment for all who live or work locally.

One stop access to urology

A number of projects have both transformed the hospital environment and also the way we work – so that care is organised and delivered in the most patient-focused and responsive way.

The newly designed urology service at Guy's provides a 'one stop shop' for patients who now receive a more rapid diagnosis, have a shorter wait for their hospital appointment and can undergo a wider range of tests and receive the results on the same day. They can even listen as the consultant dictates a letter to their GP and are able to take a copy away with them, minimising both delays and the anxiety of waiting for news.

The new clinic, which sees around 120 patients a week with a range of conditions including prostate, renal or bladder cancer, as well as stone disease or continence problems, brings together medical staff, specialist nurses and radiologists in a single place, therefore avoiding the need for patients to travel around the hospital to different departments. The redesigned centre was supported by a £3 million grant from Guy's and St Thomas' Charity and patients were closely involved in the planning of the new facilities to ensure they meet their needs.

A similar project, also completed this year, is the new children's allergy clinic at St Thomas'. This too has created a greatly enhanced environment for patients, with coloured glass and mirrored panels creating bright and attractive waiting areas for children and their families.

The Enterprise Project

A very different, but equally important project that made significant progress this year is the Enterprise Project which aims to deliver new business processes and systems for the finance and procurement activities of the Trust. The project will streamline existing processes and improve efficiency and cost effectiveness. One of its key objectives is to free up clinical staff from procurement activities so this time can be used for patient care. The project includes the implementation of automated stock management solutions across the hospital.

In an organisation that spends over £230 million a

year with external suppliers, the transformational potential of this project is huge, not only in terms of improved financial control, but also in reducing the time that both clinical and non clinical staff spend on ordering goods and services and managing supplies.

The project will introduce an online 'shopping' facility for items such as stationery, office equipment and clinical supplies, as well as a sophisticated cabinet system which is currently being piloted within clinical areas including a ward setting and theatres. The cabinets will help to monitor usage and minimise wastage of expensive clinical items that often have a 'use by' date. They will also allow costs to be allocated to an individual member of staff or patient, which will help enormously as we are increasingly required to cost each episode of care patient by patient.

There will be a phased roll out of the key changes to all users which will be backed up by a major training programme. The new system will be live in the finance department this summer, extending to other areas over the following months.

In addition, the Trust continues to invest substantially in information technology. In the past year, this has included both improvements to essential infrastructure to increase capacity and improve reliability, and investment in a wide range of new clinical and non-clinical systems which will increase operational efficiency and improve the working lives of staff, freeing up extra time for direct patient care in many cases.

Commercial opportunities

We continue to use our freedoms as an NHS Foundation Trust to enter into new partnerships and pursue business development opportunities. In 2006/07 we established Guy's and St Thomas' Enterprises Limited and Guy's and St Thomas' Forces Healthcare Limited, and we continue to take forward new opportunities when these arise, either because they will generate income to support our NHS activities or because they present opportunities to improve patient care or modernise services.

We are currently extending our role managing the delivery of hospital services in Northern Europe for the Ministry of Defence to include primary care and mental health services. We are also actively exploring a number of commercial partnerships and opportunities closer to home which aim to improve quality of care and operational efficiency.

One of the most significant new projects this year is the selection of a joint venture partner with whom to modernise and expand our pathology services. In



December 2007, the Board of Directors agreed to begin detailed negotiations with a preferred partner, with an outcome expected in summer 2008. Other initiatives include exploring opportunities to make best use of our catering capacity by selling meal services to other NHS or public or private sector organisations.

Modernisation Initiative draws to a close

This £15 million project, generously supported by Guy's and St Thomas' Charity to explore new ways of identifying, delivering and embedding sustainable service improvement drew to a close in March 2008. Over the past five years, the Modernisation Initiative has successfully transformed many aspects of local services for kidney and stroke patients, as well as services for people with sexual health problems living in Lambeth and Southwark.

Each work stream has reported wide ranging achievements, and details of the successes and lessons learnt are being compiled. Amongst the highlights are imaginative new ways of engaging patients in service redesign, ranging from traditional focus groups and events to the use of 'mystery shoppers' and radical new approaches to health awareness targeted at high risk groups within the local community.

As well as introducing the first home-based nocturnal dialysis service in the UK and a number of new self care options for dialysis patients, the initiative developed a high street based sexual health service in Camberwell, and a number of communications tools to enable stroke patients to exercise greater say over their care, ranging from simple pictorial menu cards to a guide for relatives.

Clean and safer care

The last year has seen considerable progress and investment in both infection control and cleaning across the hospitals – with these two strands of our work increasingly aligned. A detailed cleaning strategy is now in place and the Trust completed a 'deep clean' of all clinical areas by March 31 2008.

Last June the Trust launched a new phase of its infection control plan, with a zero tolerance approach to poor hand hygiene, strict compliance with a revised **Trust Dress Code and Uniform Policy**, now incorporating the 'bare below the elbows' initiative, and full implementation of the national **Saving Lives** programme. Our local roll out of Saving Lives has involved training the whole workforce, and the development of a bespoke IT

solution to provide real time performance monitoring information.

Outstanding progress has been made and compliance with hand hygiene is now consistently at 98 per cent. We are also delighted to report that the Trust has exceeded its target reductions for both MRSA bacteraemias (blood infections) and *C.difficile*.

To support continued improvement, the Board of Directors has approved investment of £6 million a year which includes: funding for 12 additional Matrons; an additional consultant specialising in infection control; rapid response cleaning and maintenance teams; additional cleaning hours on all inpatient wards and investment in specialised cleaning equipment.

A number of further developments within nursing and midwifery have helped to drive our focus on quality of care and patient safety this year. We continue to build on the 'back to the floor' initiative which sees more than 100 of our most senior nurses return to clinical duties every Friday. Matrons now spend around 75 per cent of their time in clinical practice, and other senior clinical and managerial staff support these initiatives by undertaking regular patient safety walkabouts.

In addition, having identified that ward sisters have the greatest impact on the safe delivery of care on the wards, we have strengthened their role. By making them 'supernumary' while on duty – so they are no longer part of normal staffing levels required to run the ward – they now focus on ensuring that care is delivered to an exceptional standard, additional training and support is provided to more junior staff, and patients have regular opportunities to discuss their treatment or care.



Patient surveys show that Guy's and St Thomas' continues to receive extremely positive feedback from the majority of patients. We were recently ranked fourth best hospital trust in the country in an Ipsos MORI study of patient satisfaction in the NHS.

Pictured are
patient Lenore
Sylvester and staff
nurse Bridgette
Lynch on Blundell
Ward at Guy's.

Working in partnership

Partnership working continues to take many forms, some described in this chapter, while others such as our Academic Health Sciences Centre (AHSC) and cancer programme are described on pages 37 and 38. Collaboration has been a major theme this year as we explore the full potential of the AHSC to deliver excellence in terms of clinical services, teaching and research, and as we play an increasingly active part in the wider community, contributing to local regeneration, employment initiatives and environmental sustainability – see also pages 28 and 29.

Located along London's busy South Bank, in the heart of one of the most vibrant parts of the Capital, Guy's and St Thomas' have a long tradition of working with a wide range of organisations. The Trust strives to play an active and positive role in the diverse communities served by both hospitals, and is also a major local employer with around 9,000 staff.

As a member of both Lambeth Health and Social Care Partnership Board and the Healthy Southwark Partnership Board, the Trust meets regularly with its key health partners, including Lambeth and Southwark NHS Primary Care Trusts and King's College Hospital and South London and Maudsley NHS Foundation Trusts. There is also regular liaison with King's College London, our main academic partner, including board level meetings and through our Academic Health Sciences Centre (AHSC) work.

The membership of our Members' Council includes representatives from a number of our key partner organisations, as well as elected representatives of patients, public and staff. Through them, together with the wider membership of our NHS Foundation Trust, we have been able to successfully strengthen our links with the communities we serve, primarily in south east London but also from further afield as we provide specialist services to a wide area.

With our AHSC partners, we have not only responded collectively to two key consultation documents, *Healthcare for London: A Framework for Action* and *A Picture of Health* about the future of local health services in south east London, but we have also been developing closer relationships with our health partners in 'outer south east London' – in Lewisham, Greenwich, Bexley and Bromley.

The Trust continues to enjoy a strong relationship with Guy's and St Thomas' Charity, and the Charity provides valued support that ranges from funding for service developments and

Working in partnership

innovation, environmental improvements and arts and heritage projects to major grants for both research delivery and infrastructure. Many of the projects that the Charity has supported are described throughout this report.

Our NHS partners

The Trust continues to work closely with our local Primary Care Trusts in Lambeth and Southwark, as well as others such as Wandsworth, both on immediate operational issues and to develop longer term plans that will enhance local health services and ensure these are responsive to the needs of patients.

Increasingly we are developing new 'pathways of care', for example through Southwark Partnership for Older People and the Chronic Obstructive Pulmonary Disease project. These map and seek to improve the whole patient journey from seeing a GP to receiving either general or specialist care in hospital and, in some cases, also include follow up rehabilitation once back at home. As part of this work, we are looking at the most appropriate place to provide care, which may be outside the traditional hospital setting.

Southwark Partnership for Older People Project is also a positive example of closer collaboration where we are working with the Southwark Primary Care Trust, social services and local care agencies. Led by Southwark Council, the project aims to help older people live independently for longer and to reduce any time spent in hospital. To date, the project has achieved a 12 per cent reduction in the number of older people requiring support in a care home following hospital treatment and also contributed to a significant reduction in average length of stay on the Trust's elderly care wards, down from 23.5 to 16.5 days.

We also work closely with South London and Maudsley Trust as the local provider of mental health services, as well as a partner in our AHSC, as the Trust has facilities on both our main hospital sites. There is regular liaison between our two organisations, particularly in relation to patients attending the accident and emergency department at St Thomas' who may require mental health support.

With King's College Hospital we have seen a significant increase in joint working, not only in relation to our proposals to become an AHSC, but also in finding ways that we can work together to support other local hospitals – University Hospital Lewisham, Queen Mary's Sidcup, the Queen Elizabeth Hospital in Greenwich and Bromley Hospitals NHS Trust – all of which are likely to see changes to current services in response to the *A Picture of Health* consultation.

With colleagues at King's College Hospital, we are developing plans to potentially extend the specialist services that we provide to these hospitals, and we continue to discuss this with the local Primary Care Trusts who are responsible for commissioning these services. Services under discussion include stroke, for example the introduction of telemedicine to provide specialist diagnostic advice to other sites, and also the development of a networked model of care that would ensure stroke patients receive rapid access to thrombolysis drugs, as well as specialist rehabilitation.

Other initiatives include support for consultant rotas at local hospitals to ensure appropriate cover and on-call arrangements, the effective delivery of specialist training programmes and proposals to maximise opportunities for research.

Our local health scrutiny committees

The Trust is committed to working closely with our local authority health scrutiny committees, providing early and detailed briefings on key issues such as potential service change. As part of this we attend meetings of the committees when required, for example to brief members and explain the implications of the *A Picture of Health* consultation from our perspective.

In the past year, we have also arranged for committee members to visit our hospitals to gain a greater understanding of some of the Trust's services. Lambeth Health Scrutiny Committee members visited the St Thomas' accident and emergency department where they met a wide range of staff and were able to discuss issues such as the impact of alcohol related attendances on the service. Meanwhile, the newly appointed Chairman of Southwark Health Scrutiny Committee, visited the renal dialysis unit at Guy's to meet staff and learn more about their specialist work.

The Trust is also involved in the Lambeth and Southwark Strategic Partnerships and is represented at appropriate board meetings. We also participate in Lambeth Council's annual health debate and are involved in the annual local business leaders' forum.

Guy's and St Thomas' Charity

Guy's and St Thomas' Charity uses its very considerable charitable funds – the result of donations to both our hospitals over many years – to improve services for patients, support our staff and to contribute to research and development at the Trust and in the wider health community in Lambeth and Southwark. Guy's and St



Thomas' NHS Foundation Trust is the main beneficiary of the Charity and, over the past year, we received funding for 14 major projects totalling around £2.5 million.

These include:

- £161,000 to introduce a new service for young people with Duchene Muscular Dystrophy, a neuro-muscular disease, helping young patients to make the transition from children's to adult care;
- £385,000 to set up a surveillance and training programme for the treatment of postpartum haemorrhage, the most common obstetric emergency;
- £73,000 to launch 3-D ultrasound imaging surveillance of abdominal aortic aneurysm stent grafts to enable the early detection of stent graft failure.

The Charity also made 51 smaller grants totalling £410,000 to support a wide range of individual staff development opportunities and smaller projects to improve the hospital environment or services for patients. These included funding for a series of cultural events which benefit patients and visitors, and also enhance the working lives of staff. A small grant was used to fund a stunning glass art installation in the bereavement centre, and funding was also provided to pilot an exercise rehabilitation programme for patients following surgery for lung cancer.

We are enormously grateful to the Charity for supporting these important initiatives, as well as for their continuing support for the visual and performing arts programme which contributes greatly to the life of the hospitals, benefiting patients, visitors and staff.

Local partnerships

The Trust works closely with many local groups and partnerships which are well established in the areas surrounding both our hospital sites – and we have taken significant steps this year to further connect the Trust to the local community through work placements. These include:

- the London Development Agency, which supports a number of important initiatives through the South Bank Employers Group;
- the South Bank Partnership and South Bank Forum, which consider community and environmental issues in the north of Lambeth and Southwark;

- the Cross River Partnership, which links the communities on the north and south of the River Thames.

A new role, funded by the South Bank Employers Group, has been introduced within the Trust to create two-week work placements for at least 40 people in the first year. Our aim is to help local residents in Lambeth and Southwark back into employment, and the scheme is also open to people who have been treated in the hospital within the last two years. In addition, the project has links with local education institutions and is open to students, and is making particular efforts to engage with groups working with people with disabilities and those who are long-term unemployed.

In addition, as part of our ongoing commitment to provide a safe and welcoming environment for patients, visitors and staff, we have teamed up with the Metropolitan Police to secure the appointment of a full time police officer for St Thomas' Hospital. PC Nick Hedges took up his new role in November and is helping with a number of crime reduction and community safety initiatives within the hospital, as well as providing a valuable point of contact and advice.



Serving a diverse community in the heart of the Capital where more than 250 languages are spoken, our catering department serves more than one million inpatient meals a year, with over 20 options to meet different dietary and cultural preferences.

Pictured in the kitchen at St Thomas' are chefs Jess De Guzman and Cyril Yemoh.

Valuing our staff

Our organisation's success is inseparable from our 9,000 staff – from housekeeping staff to nurses and consultants, both clinical and non-clinical employees lie behind our achievements. They ensure we provide first class care to patients, actively engage in teaching and research, meet numerous targets and standards, and continue to improve efficiency.

Over the last year, the contribution of employees to the Trust's clinical and financial performance has been outstanding. Throughout the organisation staff have played a central role in improving operational efficiency, whilst also ensuring that we remain focused on patient needs and quality of care.

For example, as part of a national pilot **Taking Care 24/7**, medical staff and senior nurses have helped review rotas and implement new ways of working so we can further reduce junior doctor's working hours which will be required when the **European Working Time Directive 2009** comes into effect. As part of this initiative we have extended the role of some of our most senior nurses, known as site nurse practitioners, improving care for patients on the wards and the training and support available for both nurses and junior doctors.

In addition, medical staff worked closely with colleagues in recruitment and medical HR to ensure a smooth transition when the first junior doctor handover took place under the new national **Modernising Medical Careers** arrangements last August. We saw a significant increase in the number of doctors starting a new placement at the same time, and we are proud to have supported them and managed this change with minimal impact on service delivery.

During the year, ward sisters from across the Trust held two very successful conferences to set clinical priorities and identify the resources needed to deliver them. Both events were followed by a further conference that brought all our senior nurses together for the first time. A wide range of topics that impact on nursing and midwifery staff and the effective delivery of high quality care were discussed on each occasion, and internal speakers were joined by high profile guests, including Chief Nursing Officer, Chris Beasley.

The Joint Staff Committee continues to meet six times a year and receives regular presentations on performance, as well as other subjects of interest. It provides a valuable consultative forum where a range of perspectives can be considered and frank discussions can take place. Subgroups of the main committee are established when needed, for example to consider pay and conditions, and staff side representatives are also vital in contributing to discussions at the Health and Safety Committee.

Valuing our staff

Communicating with staff

The Trust has a range of well established communication channels to ensure all staff are updated on key issues and have regular opportunities to discuss these with their manager so they understand how they impact on them and their service or department.

There is both a monthly *Team Briefing* and a staff magazine, *People*, as well as an extensive Trust intranet, *GTi*, and an electronic *Daily Bulletin* which operates as a notice board for important messages and activities across the Trust. Managers have responsibility for cascading information to those without regular email or internet access, and some areas also have local newsletters or staff notice boards to supplement corporate communication.

The Knowledge and Information Centre (KIC) at St Thomas' provides a drop in centre where staff can access email and the intranet, and the KIC regularly hosts training or question and answer sessions aimed at staff. Our two day corporate induction programme is also a valuable source of information for new recruits and points them to the range of ways in which they can access information once working at the Trust.

Staff involvement

Feedback is a vital tool in an organisation where we strive for excellence and seek to learn lessons if we need to improve things. Listening to and involving our staff underpins our approach and we seek to involve staff in decision making and change, particularly service redesign and improvement work.

For example, we continue to work closely with staff when planning service changes, such as the redesign of the Trust's accident and emergency department and the creation of dedicated ambulatory facilities. We are also continuing to increase our internal change capability and we now have a group of over 200 senior clinical and non-clinical staff who have completed our *Change Leaders Programme*. In addition, there are 15 staff who are full time 'change agents' working on key strategic initiatives, such as the delivery of the 18 week pathway measures.

Consistent with the requirements of the Healthcare Commission, we participate in the national staff survey. We communicate the results of the survey back to staff and we also develop an action plan to respond to staff feedback. For example, this has led to a focus this year on reducing stress and tackling bullying and harassment in the workplace, issues that remain a concern.

During the year, we also introduced a new *Organisational Change (HR) policy* which updates our

former redundancy policy and strengthens our commitment to effective communication and consultation with employees during any change that significantly affects their employment or working life at the Trust.

The main staff consultation that has taken place during the past year has been with the staff working in the poisons information service, and we continue to work closely with the staff whilst a final decision on the future of this service is reached.

Equality and diversity

In October, the Trust hosted its second highly successful Diversity Leadership Conference attended by around 160 staff. This year's event had a significant emphasis on promoting positive attitudes to the employment of disabled people and the impressive line up of speakers included Barbara Follett MP, Parliamentary Under Secretary for Work and Pensions, Erin Riehle from the Cincinnati Children's Hospital Medical Centre and Ceri Goddard from the British Institute of Human Rights.

During the year, we have updated our equality and diversity strategy contained within a Single Equality Scheme which encompasses our wish to be a health care provider and employer of choice. We have also perceived Trust policies relating to equal opportunities to ensure that these reflect best practice. We are proud to use the Positive about the Disabled 'two tick' symbol on our recruitment materials, which signals our positive approach to employing people with disabilities. To support this, we have provided managers with guidance to ensure that they understand the requirements of the *Disability Discrimination Act* and are better able to support disabled staff, including anyone who becomes disabled during the course of their employment.

During the year, our staff equality networks came together into a single network which has been renamed *Aspire*. This now encompasses support for disabled staff, as well as our former BME Network and similar support groups aimed at gay, lesbian and transgender staff. We continue to work closely with the new network and value its input into many areas of the Trust's work as part of our commitment to recognising and valuing diversity.

We have also launched a new *Promoting Dignity and Respect at Work* policy which reinforces the Trust's values and makes it clear that all staff, patients, visitors, contractors and students have the right to be treated with consideration, fairness, dignity and respect. The policy highlights the positive behaviours we expect and aims to reinforce a culture of professionalism and good customer service.



We have appointed local dignity champions in response to the national *Dignity Challenge* and we have also identified a Trustwide lead for Dignity who is one of the Trust's Deputy Chief Nurses. Whilst the primary focus of this initiative is on the dignity of patients, especially older people, we believe it will deliver wider benefits that support the culture and behaviours we want to reinforce throughout the organisation.

Last year we established a *Single Equality Scheme* for the Trust, which incorporates our Disability Equality Scheme and other schemes. This provides a single overarching framework that incorporates our legal responsibilities, as well as our broader commitment to value and celebrate all aspects of diversity, reflecting this in service provision, our employment practices and the culture of the organisation. In finalising the scheme, we not only involved staff, but also sought the views of external groups, including disabled patients and their carers.

The Trust continues to take a range of actions to ensure we meet all our statutory and regulatory obligations. We also have focused considerable effort on training and development, including a new diversity course to help senior managers conducting equality impact assessments, recruitment and selection training, and tailored training events for other groups including nurses, housekeeping assistants and over 150 managers and supervisors in the capital, estates and facilities directorate.

Training and development

The Trust places a high priority on training and development for all staff groups, including both continuing professional development – see also pages 51 and 52 – and also personal development opportunities which provide staff with enhanced skills that enable them to perform their role more successfully.

All staff are required to attend the Trust induction programme, which is supplemented by additional training for some groups of staff and by local induction arrangements to ensure staff are familiar with their role, area of work and what is expected of them.

Prominence is given to the Trust's values, which were developed with significant input from staff. These are used to guide both how staff interact with patients, relatives, visitors and the public, and with one another and the individuals and organisations with whom we work.

Over the past year considerable attention continues to be directed at mandatory training, particularly in making this more accessible and easier for staff to complete, for

example, through enhanced on line training and the introduction of consolidated training days for clinical staff that bring together a number of elements of required training in a single session.

Moving forward, we are developing a comprehensive development programme that aims to establish consistency across the organisation through the foundation of behavioural standards based on our Trust values. An early focus will be to develop and pilot programmes on customer service, leadership and management effectiveness.

A safe working environment

It is important for staff, as well as patients and visitors, that we place a high priority on health and safety in the workplace. During the year, we have continued to develop an excellent working relationship with our link inspector from the Health and Safety Executive (HSE), building on the implementation of our action plan following an HSE Inspection in January 2007.

As part of this commitment, some of our senior managers recently attended an accredited training programme at the Institution of Occupational Safety and Health, and we continue to promote the importance of reporting any incidents or potential incidents to all staff so that we can investigate and learn any lessons.

Our occupational health service is one of the largest in the country and employs a team of doctors, nurses, counsellors and support staff who provide a comprehensive occupational health service to Trust managers and staff, as well as contracted services to a number of local businesses.

Services range from pre-employment screening of new staff to assessments of fitness to work following serious illness or injury. These are also regular work-related health checks, vaccination and immunisation programmes, and advice on reducing risks in the workplace. A particular focus this year, following feedback from our staff survey and in response to performance data, has been training and awareness to improve the management of sickness absence and to reduce stress in the workplace.



Around 50 students a year at King's College London, the university partner in our Academic Health Sciences Centre, are able to study medicine through the 'Extended Medical Degree Programme', which offers places to bright, motivated pupils from local secondary schools.

Pictured are
Stella Adesoye and
Linda Onyema
who recently
completed their
studies.

Teaching and research and development

Some of our most significant achievements in the past year have been in the research and development (R&D) arena, where much of what we do is becoming increasingly integrated with our partner organisations and underpins our shared vision of clinical, teaching and research excellence – the very essence of a successful Academic Health Sciences Centre.

Teaching

The Trust plays an important role in clinical education and the training of a wide range of health professionals, including doctors, dentists, nurses, allied health professionals and many other laboratory and technical staff who are vital to the delivery of first class health care.

Teaching and training are central to our responsibilities as leading teaching hospitals and a major academic centre, and will underpin our vision for an Academic Health Sciences Centre. To strengthen leadership in this area, we are currently recruiting a new director to coordinate training across different professional disciplines and also support the further development of multi-professional training.

During the year, we have continued to build educational links for nursing and midwifery students, as well as other professional groups, with both London South Bank University and with King's College London. There have also been a number of developments to enhance postgraduate education for these groups, including an intermediate programme to support band 5 and 6 staff nurses who wish to progress their career and enhance their leadership skills.

Undergraduate education

Trust staff make an important contribution to the training of medical students studying at King's College London and, in the past year, students from the final year of the Bachelor of Medicine and Bachelor of Surgery (MBBS) programme have started to undertake their 'shadow houseman F1 year' within the clinical departments of both hospitals.

Teaching sessions are recognised within consultant job plans and on average consultants deliver around two hours of undergraduate teaching a week, and also provide learning opportunities in their clinics, the operating theatres and whilst conducting ward rounds. All new consultants are informed of the teaching opportunities within the Trust and are contacted

Teaching and research and development

by one of the undergraduate teaching leads when they take up their appointment.

Other health care professionals also provide valuable teaching to medical undergraduates and inter-professional education continues to be an area of development. Regular meetings between Guy's and St Thomas' 'teachers' and staff from King's College London take place to ensure that Trust staff can provide advice on the development of the curriculum and also help to maintain and assure the delivery of a high quality learning experience for students.

Postgraduate education

The Department of Postgraduate Medical and Dental Education has had another busy and productive year. At the beginning of the year, staff provided considerable support to Trust trainees who had been unsuccessful in the early rounds of recruitment under the new 'MTAS' system for specialty training posts which now form part of the *Modernising Medical Careers* system. This support not only assisted the trainees at a stressful and difficult time, but also ensured that virtually all of our trainees were successful in finding jobs in the subsequent stages of the recruitment process.

In August, the Trust successfully provided an induction programme for more than 350 trainees who were starting in the Trust simultaneously – the largest number of trainees to arrive at once. A significant element of their induction was delivered through a CD-based induction programme which they were required to complete prior to their arrival. Further development of the training programme means that in August 2008 we expect that the new intake of trainees will be inducted via an on-line, intranet-based programme.

During the year, the department has also been successful in securing almost £150,000 from the London Deanery for both the training of faculty staff and the creation of a simulator training centre to support the ongoing training of trainees. As a result, we have a two year rolling programme in place to ensure all our clinical and educational supervisors receive appropriate training in teaching and supervision, building work has already begun on the multidisciplinary simulation training centre within the Sherman Centre at Guy's Hospital. In a further development, we have also opened a dedicated IT suite for trainees on the St Thomas' site.

In January, the Postgraduate Centre transferred from the King's College London Medical School to the Trust and the transition will allow the Trust to play a greater role in developing integrated educational programmes for the wide range of health professionals we train.

Research and development

This has been an exceptionally busy year for the research and development department at the Trust, as well as for the Trust and King's College London staff who lead our National Institute for Health Research (NIHR) funded comprehensive Biomedical Research Centre and its various research themes. The centre has been very much in its start up phase, receiving both a capital grant to develop new facilities and purchase large items of equipment, as well half year revenue funding for research activities and capacity building, particularly recruitment to additional training posts.

In addition to the awarding of our Biomedical Research Centre, one of just five such centres in the UK along with Oxford, Cambridge, Imperial and University College London, the NIHR has also awarded us a number of smaller grants, including NIHR programme grants and a technology platform in diagnostic imaging. The way that NHS research funding is allocated is changing and we are delighted that these major grants secure our position as a leading centre for NHS funded research.

During the year there were approximately 435 research projects underway across the Trust, many involving close collaboration with partner organisations both locally and across the UK. Research projects attracted £21.6 million of non-commercial grant funding, and we also received £18.3 million of transitional funding from the NHS research and development levy to support non-commercial research.

Trust staff were cited as authors or co-authors of 1,116 research papers in major peer reviewed scientific journals during the year.

As well as progress with the creation of Clinical Research Facilities on both hospital sites, a further important development during the year has been the creation of a Joint Clinical Trials Office for Guy's and St Thomas', King's College London and King's College Hospital. By streamlining previously bureaucratic processes and improving joint working, this is already making us far more attractive to external collaborators such as pharmaceutical companies – and the average time from first contact to R&D sign off for new research projects at Guy's and St Thomas' has reduced from 168 to 61 days.

Biomedical Research Centre

Our comprehensive Biomedical Research Centre is a major collaboration between the Trust and its main academic partner King's College London, with King's College Hospital NHS Foundation Trust as a key strategic partner. The centre has also developed additional strategic partnerships with Barts and The London and St George's NHS Trusts, and works closely with



South London and Maudsley NHS Foundation Trust who have a specialist Biomedical Research Centre in mental health. As well as securing our position as a leading centre for NHS funded research, the Biomedical Research Centre has provided opportunities to attract additional funding and develop unique links with a diverse range of other partners, including the London Development Agency and a number of major pharmaceutical and biotechnology companies.

In its first year of operation, from April 2007, the Centre received £5.2 million in revenue funding which increases to full year funding of around £11 million a year from April 2008. With a capital grant of £5.2 million, the total NIHR grant will be over £50 million over five years, and we have also been successful in securing further investment in clinical academic training posts – clinical fellowships, lectureships and fellows in translational research – whose appointment will help to increase research capacity within the partner organisations.

Our Biomedical Research Centre has a strong focus on translational research – ensuring that we ‘translate’ scientific discoveries into improvements in treatment which will benefit patients at the earliest opportunity. A key strength lies in access to a uniquely diverse patient population of around five million people in London and the South East as this enables us to drive forward research and establish clinical trials into the widest possible range of diseases and medical conditions.

The Centre’s work is focussed around seven key research themes: allergy and asthma; atherosclerosis (heart disease and stroke); cancer; dermatology, immunology and infection; oral health; and transplantation. There are also a number of ‘cross-cutting’ areas that span the themes: genetics; paediatrics; imaging; health and social care; stem cell research; the Wolfson Centre for Age-Related Disease; cell and molecular biophysics; and developmental neurobiology.

As well as setting up a management executive, the Centre has established an External Scientific Advisory Board chaired by the Director of the Cancer Research UK Transformation Research Group at the University of Dundee, Professor Sir David Lane and made up of international experts in translational research. The Board has provided valuable external input and advises the Centre Director, Professor Richard Trembath, and the wider Biomedical Research Centre team on our scientific strategy and its implementation.

A unique element of the Centre has been the creation of a regular Biomedical Forum to showcase translation in biomedical and clinical research and foster collaboration between clinicians and basic scientists. Speakers in the

Forum’s first year have ranged from leading international scientists to our own theme leaders and researchers – and a highlight came in February when we welcomed Sir William Castell, Chairman of the UK’s largest funder of medical research, the Wellcome Trust, to present his views on the importance of translational research.

Other highlights have included the launch of two new research training schemes – clinical training fellowships and also allied health care professionals/nurses/midwives research training fellowships, which aim to open the opportunities to become involved in high quality research to a wider range of health professionals who can use the scheme to study for a Masters Degree, PhD or to work as a post doctoral fellow. Both schemes have proved extremely successful, and 15 outstanding candidates were appointed as a result of the first recruitment initiative, with further recruitment planned.

A further unique feature of our Centre is the plan to create a physical centre that will be home to a new Faculty of Translational Medicine, providing a place where researchers, trainees and clinicians can meet to interact and share research ideas on a regular basis.

Work began in February 2008 to transform the 15th and 16th floors of the Tower at Guy’s into a base for the Faculty, as well as a home for the Trust’s R&D department, the Joint Clinical Trials Office and a new Clinical Research Facility to provide dedicated and comfortable surroundings for patients participating in clinical trials.

The Clinical Research Facility at Guy’s has been funded by Guy’s and St Thomas’ Charity, which included a donation from the Barrowclough Legacy for Cancer Research, and King’s College London. A similar facility at St Thomas’, due to open in May 2008, has been funded by Tate and Lyle, the British Heart Foundation and King’s College London. Together these facilities will greatly enhance our ability to attract a wide range of clinical trials and other investigations.

Comprehensive Local Research Network

The Trust is pleased to host the South London Comprehensive Local Research Network – part of a national clinical research network which provides governance support for research, as well as a mechanism for NHS organisations to help fund clinical trials work and other research studies.

King’s College Hospital’s Research and Development Director, Dr Ernest Choy, has been appointed as Clinical Director for the Network, which covers 27 NHS organisations in south London, including hospital and primary care trusts, as well as the London Ambulance Service. A team is currently being recruited to manage the work of the Network.



Pictured is Jack Kwaku Akosa and Ellis Khaldoun investigating the time capsule recently installed in the Evelina Children's Hospital, which contains items chosen by the children from the Evelina School.

Guy's and St Thomas' Charity generously supports arts and heritage in our hospitals. The Charity manages a diverse collection of over 4,000 works of art, regularly commissioning new pieces, and spends around one per cent of major capital schemes on art to enhance the patient experience.

Our organisational structure

Our Members' Council

The Members' Council (our equivalent of the Board of Governors as described in legislation) advises the Trust on how to carry out our work to help us best meet the needs of our patients and the wider community.

It has a number of statutory duties, including to appoint the Chairman and Non-Executive Directors, and to ratify the appointment of the Chief Executive – a process we undertook this year and which is led by the Non-Executive Directors. The Members' Council also determines the remuneration of the Chairman and Non-Executive Directors, receives the Trust's Annual Report and Accounts and Auditor's report, and appoints the Trust's external auditor.

The patient, public and staff members of the Members' Council are elected from the membership by the members to serve for three years. Elections for the 27 positions originally took place in April 2004, and 13 of these positions came to the end of their term on June 30 2007. Elections were therefore held last April to replace these members.

In addition, two members of the Members Council stepped down during the year and they have been replaced, in accordance with our Constitution, by the candidates who had secured the next highest number of votes in these categories. A full list of who's who on the Members' Council can be found on page 56.

The Members' Council had three working groups which met during the last year outside the formal meetings of the full Council to focus on specific issues. They were:

Service strategy – this group reviewed the Trust's service strategy implementation and received detailed briefings to help members better understand this year's financial position. They provided valuable input to the Board of Directors on responding to these challenges, and also invited a representative from the London Strategic Health Authority to discuss the implications of the proposals contained in the consultation document, *Healthcare for London – A Framework for Action*.

Patient experience – this group reviewed the results of the annual postal survey of inpatients, as well as our quarterly patient experience telephone surveys. They were also involved in the development of the Trust's wayfinding strategy and continue to participate in the implementation of the *Nursing Standards Toolkit* across the Trust.

Staffing and employment – this group looked at the Trust's workforce and staff satisfaction survey, considering issues such as work-life balance, pay and benefits, and training and development opportunities. They also considered and commented on the Trust's *Single Equality Scheme*, which replaced the previous race and disability schemes, and reviewed our response to changes in national age discrimination legislation.

Our organisational structure

Who's who

Patient members	From date shown for 3 years	Actual/possible attendance
Mr Michael Craft	July 1 2006	5 / 6
Mr John Hyde	July 1 2006	4 / 6
Mr Jeremy Marsh	July 1 2006	5 / 6
Dr John Matthews	July 1 2007	5 / 6
Ms Niamh O'Sullivan	July 1 2007	3 / 3
Mr John Taylor	July 1 2007	3 / 3
Sir Richard Thompson	July 1 2007	3 / 3
Mrs Jane Wardle	July 1 2006	6 / 6
Mr Gerald Hine	July 2004	3 year term completed June 2007
Mr Derek Lee	July 2004	3 year term completed June 2007
Mr John McLaughlin	July 2004	3 year term completed June 2007
Mr Bill Ashworth replaced by Miss Susan Hardy in February 2008	July 2007	1 / 1
Mr David Edwards Vacancy to be filled	July 2006	Served until April 2008
Public members		
Mrs Pauline Anderson	July 1 2006	6 / 6
Miss Susan Brooks	July 1 2007	1 / 6
Mrs Jenny Cobley	July 1 2007	3 / 3
Mr Edward Heckles	July 1 2006	4 / 6
Mrs Wendy Matthews	July 1 2007	6 / 6
Mrs Daphne McKenzie	July 1 2007	6 / 6
Mrs Patricia Prendergast	July 1 2006	4 / 6
Mrs Victoria Silvester	July 1 2006	6 / 6
Mr Peter Truesdale	July 1 2007	1 / 3
Mr Simon Wallace	July 1 2006	6 / 6
Mr Stephen Bubb	July 2004	3 year term completed June 2007
Miss Karen Pardoe	July 2004	3 year term completed June 2007

Staff members	Constituency	From date shown for 3 years unless indicated	Actual/possible attendance
Dr J Coltart (N)	Medical and Dental Practitioners	July 1 2007	3 / 6
Mr Shamin Khan	Medical and Dental Practitioners	July 1 2006	3 / 6
Ms Liz Dunn	Nursing and Midwifery	July 1 2006	6 / 6
Ms Jaqueline Dunkley-Bent replaced by Ms Lesley Blackburn in January 2008	Nursing and Midwifery	July 1 2007	1 / 1
Ms Jacky Lewis	Other	July 1 2007	3 / 6
Mr Brian Johnson	Other	July 1 2006	5 / 6
Mr Hamish Wallis Vacancy to be filled	Other Health Professional	July 1 2006	Served until May 2008

Stakeholder members	Actual/possible attendance
Lambeth Council	Cllr Peter Truesdale until July 2007 Replaced by Cllr Dr Neeraj Patil 1 / 3
Southwark Council	Cllr Nick Stanton 1 / 6
Lewisham PCT	Cllr Brian Lymbery until May 2007 Replaced by Mr Martin Wilkinson 1 / 2
Lambeth PCT	Ms Caroline Hewitt 3 / 6
Southwark PCT	Mr Chris Bull until May 2007 Replaced by Ms Susanna White 2 / 4
London South Bank University	Prof David Sines 1 / 6
South Bank Employers Group	Ms Julia Barfield 3 / 6
NHS London	Paul Baumann until May 2008 Replaced by Mr Stephen Webb 0 / 0
King's College London	Dr Lynn Carlisle 4 / 6
South London and Maudsley NHS Foundation Trust	Ms Madeliene Long 3 / 6

To view the register of interests for our Members' Council please contact the Head of Corporate Affairs.



Since November, the staffing and employment working group has been replaced by a new group:

Membership development, involvement and communications – this group is looking at whether our membership is fully representative of those we serve, as well as options for increasing communication and involvement of the members. It will also be developing a strategy to help increase our membership over the coming years.

Nominations Committee

The Nominations Committee makes recommendations to the Members' Council on the appointment of the Chairman and Non-Executive Directors. The committee also provides advice to the Members' Council on levels of remuneration for the Chairman and other Non-Executive Directors, which are then decided at a general meeting. The Committee also receives reports on behalf of the Members' Council on the process and outcome of appraisal for the Chairman and Non-Executive Directors.

The appointment of two new Non-Executive Directors was confirmed by the Members' Council last year, acting on the advice of the Nominations Committee, and we are delighted to welcome David Dean and Mike Franklin to the Trust. The Members' Council also approved the appointment of a new Chief Executive, Ron Kerr, in April and Ron formally took up his appointment on October 1.

Membership and attendance

Name	Actual	Possible
Patricia Moberly (Chair)	6	6
Pauline Anderson	3	3
Jane Wardle	2	2
Dr John Coltart	3	3
Ms Madeliene Long	3	3

Our membership

The Trust membership is a prized and valued asset. The membership supports the activity of the Trust, helps guide decision making and ensures that the Trust remains true to its NHS values and purpose. The Trust is accountable to its members.

The membership provides an additional way for the Trust to communicate with patients, the public and our staff, and we have three membership categories:

- **Patient membership** – people over 18 years of age who are registered with the Trust as a patient and have received treatment within the last three years. Carers, who are not eligible for the other categories of membership, will also be offered patient membership.
- **Public membership** – people over 18 years of age who live in either Lambeth or Southwark.
- **Staff membership** – employees of the Trust with an employment contract which means that they will be working with the Trust for a year or more. Staff who are based at the Trust, but work for a partner organisation or as a contractor are also eligible, as are registered volunteers who are not eligible for the other categories of membership.

The Trust has 14,983 members, of whom 3,273 are patient members, 3,602 are public members and 8,108 are staff members.

The Trust aims to have a membership that is as representative as possible of the diverse communities which we serve – and analysis of the membership shows that this diversity is broadly reflected in the membership profile.

We are committed to regular communication with our membership and are keen to hear their views. Members receive regular mailings updating them on developments and events in the Trust, and are invited to regular seminars and the Trust's annual Open Day, as well as meetings of the Members' Council and the Trust's Annual Public Meeting. The seminars in particular have proved popular, and recent topics include heart conditions, allergies, diabetes and eye health.

Members wishing to communicate with Directors and elected members of the Members' Council, or anyone interested in finding out more about membership, should contact:

Membership Office
Ground Floor, West Wing
Guy's Hospital, Great Maze Pond
London SE1 9RT
Tel: 020 7188 0012
Email: members@gstt.nhs.uk

Our organisational structure

Board of Directors

The role of the Board of Directors is to manage the Trust by:

- setting the overall strategic direction of the Trust within the context of NHS priorities;
- regularly monitoring our performance against objectives;
- providing effective financial stewardship through value for money, financial control and financial planning;
- ensuring that the Trust provides high quality, effective and patient-focused services through clinical governance;
- ensuring high standards of corporate governance and personal conduct;
- promoting effective dialogue between the Trust and the local communities we serve.

The Board of Directors is made up of our Chairman, Patricia Moberly, and six other Non-Executive Directors. There are currently six Executive Board Directors, including the Chief Executive.

The membership of the Board of Directors is balanced, complete and appropriate as demonstrated by the biographical details of Board members on pages 60 to 63. The Trust considers that all the Non-Executive Directors are independent in character and judgment, and that there are no relationships or circumstances which are likely to affect, or could appear to affect, the judgment in this respect. The Trust has therefore decided not to appoint a senior independent director.

Monthly board meetings are open to the public, who can come and listen to the discussions. Agendas, papers and minutes are published on our website, along with dates of future meetings.

In September we hold an Annual Public Meeting (APM), where members of our NHS Foundation Trust, local people, patients, staff and other local stakeholders are invited to hear about how we have performed during the year and to meet the Board of Directors and the Members' Council. There is also an opportunity to ask questions of the Chief Executive, Chairman and Executive Board Directors. Over 200 people attended our APM in September 2007.

Attendance at Board of Directors meetings

Name	Actual / Possible	Notes
Dr Edward Baker	12 / 12	
David Dean	8 / 8	From July 2007
Mike Franklin	4 / 5	From Nov 2007
Tim Higginson	12 / 12	
Dawn Hill	6 / 7	To Oct 2007
Ron Kerr	6 / 6	From Oct 2007
Robert Lechler	12 / 12	
Rory Maw	11 / 12	
Steve McGuire	11 / 12	
Jonathan Michael	1 / 1	To April 2007
Patricia Moberly	12 / 12	
Jan Oliver	9 / 12	
Keith Palmer	3 / 4	To June 2007
Martin Shaw	12 / 12	
Eileen Sills	12 / 12	
Anna Tapsell	11 / 12	

Committee	Membership
Assurance & Risk	Anna Tapsell (Chair), Patricia Moberly, Jan Oliver, Rory Maw, Jonathan Michael (to April 2007), Tim Higginson, Edward Baker, Eileen Sills, Steve McGuire, Ron Kerr (from October 2007)
Audit	Keith Palmer (Chair to June 2007), Anna Tapsell (Chair from July 2007), Rory Maw, David Dean (from June 2007)
Estates	Patricia Moberly (Chair), Keith Palmer (to June 2007), David Dean (from June 2007), Robert Lechler, Jan Oliver, Steve McGuire, Tim Higginson, Jonathan Michael (to April 2007), Ron Kerr (from October 2007), Martin Shaw
Finance & Investment	Keith Palmer (Chair to June 2007), Rory Maw (Chair from July 2007), whole Board of Directors
Personnel & Workforce	Jan Oliver, Rory Maw, Dawn Hill (to October 2007), David Dean (from June 2007), Mike Franklin (from November 2007), Tim Higginson, Steve McGuire, Martin Shaw, Jonathan Michael (to April 2007), Ron Kerr (from October 2007), Eileen Sills
Remuneration	Patricia Moberly (Chair), All Non-Executive Directors
Strategy	Patricia Moberly (Chair), Whole Board of Directors



Audit Committee

The Audit Committee provides the Board of Directors with a means of independent and objective review of financial and corporate governance and risk management in the Trust. It also provides assurance of independence for external and internal audit, and ensures that standards are set and compliance with them is monitored in the non-financial, non-clinical areas of the Trust that fall within the remit of the Committee.

The Committee is authorised by the Board of Directors to investigate any activity within its terms of reference and to seek any information it requires from any member of staff. In discharging these responsibilities last year, the Committee approved both the internal and external audit work plans, and received regular reports from internal and external audit. The Committee reviewed the draft management letter from the external auditors for the year ended March 31 2007, and recommended the letter for formal acceptance by the Board of Directors.

At its meeting in May, the Committee reviewed the draft annual accounts and approved their submission to the auditors. The Committee also approved revisions to the Trust policies governing corporate conduct, and recommended the adoption of these by the Board of Directors. In addition, the Committee received reports on counter fraud work at the Trust, including the annual report of the Local Counter Fraud Specialist.

At its meeting in November 2007, the Members' Council accepted the Audit Committee's recommendation that Deloitte & Touche LLP be appointed as the Trust's external auditors for the year commencing April 1 2007. Deloitte and Touche LLP were also employed by the Trust during the year to undertake a review and recommend improvements in IT security arrangements, and to undertake an audit of a Pool of London Single Regeneration Budget grant. In order to safeguard the auditor's objectivity and independence, this work was performed by a separate audit team and partner.

Membership and attendance

Name	Actual / Possible	Notes
Keith Palmer	1 / 1	Chair to June 2007
Rory Maw	3 / 3	
Anna Tapsell	3 / 3	Chair from July 2007
David Dean	2 / 2	From July 2007

Remuneration Committee

The Remuneration Committee decides the pay and allowances, and other terms and conditions of the Executive Directors.

Membership and attendance

Name	Actual	Possible
Patricia Moberly (Chair)	2	2
Prof Robert Lechler	2	2
Anna Tapsell	2	2
Jan Oliver	2	2
Rory Maw	2	2
Keith Palmer	1	1
Dawn Hill	1	1
Mike Franklin	1	1
David Dean	1	1

Working with the Members' Council

The Board of Directors interacts with the Members' Council (its members are the Governors as described in legislation) to ensure that it understands their views – and through them – those of our members. To support this process:

- Board meetings are attended by a number of members of the Members' Council, one of whom presents a formal report of the activities of the Members' Council and its working groups to the Board;
- Similarly, Board members are invited to attend all Members' Council meetings and a member of the Board presents a formal report of the activities of the Board to the Members' Council;
- All meetings of the Members' Council's working groups are attended by a Non-Executive and Executive Director of the Board;
- The format and agenda for Members' Council meetings brings Board and Members' Council members together in workshop discussions to support a lively exchange of ideas and views.

Who's who

Trust Management Executive

The membership of the Trust's Management Executive brings together Executive Board Directors, Trust Directors and the Divisional Directors.

The role of the Trust Management Executive is to:

- monitor the management of risk, including agreement of any action plans or resources;
- contribute to the development of the Trust's service strategy and agree the strategy to be submitted to the Board of Directors for approval;
- review and agree detailed business plans and performance contracts;
- monitor the delivery of the Trust's service activity and financial objectives;
- agree policies and procedures to ensure the delivery of external and internal governance;
- develop and monitor the implementation of plans to improve the efficiency, effectiveness and quality of the Trust's services.

The Management Executive has the following sub-committees:

- Capital Investment;
- Clinical Governance and Risk Management;
- Enterprise Executive;
- Information Strategy Group;
- Medical Workforce;
- Research and Development.



Ron Kerr CBE

**Chief Executive
from October 2007**

Ron took up the position of Chief Executive on October 1 2007. He brings a wealth of experience from his extremely successful and wide ranging NHS career, including roles at a local, regional and national level. He was most recently the Chief Executive of United Bristol Healthcare NHS Trust.

Previous roles include Director of Operations for the NHS Executive, Regional Director for North Thames Regional Office, and Chief Executive of the South East London Commissioning Agency. His early career also included work at several central London teaching hospitals and, prior to moving to Bristol, he was Chief Executive of the National Care Standards Commission. At United Bristol Healthcare, he led a major transformation in the Trust's financial position and the Trust's preparation for NHS Foundation Trust status.



Dr Edward Baker

Medical Director

Ted Baker has been Medical Director since 2003. He has been a consultant paediatric cardiologist at the Trust and a senior lecturer at King's College since 1987. Ted has held a number of Trust positions including Assistant Medical Director, Clinical Director of Children's Services and Group Director of Women and Children's Services. He led the projects that established the Evelina Children's Hospital and the Women's Centre at St Thomas'.

Ted trained in both the UK and the USA. He pioneered the use of magnetic resonance imaging in the treatment of congenital heart disease, and has published and lectured widely on this and related topics. He is editor-in-chief of the leading international scientific journal in his specialty and author of a major clinical textbook, now in its third edition. Recently he has led a project for the Department of Health reviewing the provision of specialised children's services nationally.

Sir Jonathan Michael

**Chief Executive
until April 30 2007**

Sir Jonathan Michael was Chief Executive at Guy's and St Thomas' from November 2000 until April 30 2007, when he left to take up a new appointment at British Telecom.



Steve McGuire

**Director of Capital,
Estates and Facilities
Management**

Steve McGuire joined the Trust as its first Director of Capital, Estates and Facilities Management in April 2003 from Leeds Teaching Hospitals NHS Trust where he was Director of Property and Support Services.

Steve joined the NHS in 1992 and has been Director of Facilities at both Leeds Health Authority and St James and Seacroft NHS Teaching Trust. Previously Steve worked for the British Coal Corporation where he held a variety of posts. He is a Chartered Mining Engineer.



Martin Shaw

Director of Finance

Martin Shaw joined the Health Service in 1981.

Martin joined West Lambeth Health Authority in 1983 where he held a variety of posts and was deputy Director of Finance there until 1993 when he joined Guy's and St Thomas', first as Business and Financial Planning Manager, before becoming Strategy Director and Projects Director. Since 1998 he has been Finance Director of the Trust.

Martin chairs the Healthcare Financial Management Association's Finance Directors' Group and is a member of the Foundation Trust Network's Finance Directors' Group.



Eileen Sills CBE

**Chief Nurse and
Director of Clinical
Services**

Eileen Sills joined the Trust in February 2005 from Whipps Cross University Hospital NHS Trust where she had been Director of Nursing, Deputy Chief Executive and Acting Chief Executive.

She qualified as a Registered General Nurse in 1983, and held a number of nursing and clinical leadership posts before moving into nursing management roles at University College London, Homerton and the Royal Free Hospitals. Eileen's first Director post was at the Royal National Orthopaedic Hospital in 1999.

She is a visiting Professor at the Florence Nightingale School of Nursing at King's College London and at London South Bank University, and a Trustee of both the Burdett Trust and the Florence Nightingale Museum.

Eileen added Director of Clinical Services to her role in August 2005 – and from April 2008 – becomes Chief Nurse/Chief Operating Officer.



Tim Higginson

**Director of Strategy
and Workforce**

Tim Higginson has a long history of service within the Trust, before his appointment as Personnel Director and more recently as Director of Strategy and Policy in April 2004 and subsequently Director of Strategy and Workforce. Tim was previously the Trust's Assistant Chief Executive, Head of Personnel at St Thomas' Hospital and held a personnel post with the West Lambeth Health Authority.

From Sir Jonathan Michael's departure at the end of April until the arrival of Ron Kerr as Chief Executive in October 2007, Tim served as Acting Chief Executive.

From March 31 2008 Tim will be seconded to University Hospital Lewisham to serve as Chief Executive.

Who's who



Patricia Moberly
Chairman

Patricia Moberly chairs both the Board of Directors and the Members' Council. Patricia has significant experience of local health services. Before joining the Guy's and St Thomas' Board in December 1997, initially as a Non-Executive Director, she had been Chairman of Lambeth Community Health Council and a member of West Lambeth Community Health Council. She was also a member of West Lambeth District Health Authority and a lay member of the Research Endowments Committee and the St Thomas' Ethics Committee. Patricia is a lay member of the General Medical Council and a magistrate. She was Head of Sixth Form at Pimlico School until 1998.

Patricia was reappointed as Chairman in June 2002 and again in February 2006.



Professor Robert Lechler
Vice Chairman

Professor Lechler, having been the Dean of Guy's, King's and St Thomas' School of Medicine since September 2004, became Vice Principal for Health at King's College London in October 2005. He has a distinguished career in academic medicine which began in 1979 as a Medical Research Council Training Fellow in the Department of Immunology at the Royal Postgraduate Medical School, London.

He has held many senior posts, including Lead Clinician for Renal Transplantation and Chief of Immunology Services at Hammersmith Hospital NHS Trust; Professor of Molecular Immunology at the Royal Postgraduate Medical School; and Professor and Director of Immunology and Head of the Division of Medicine at Imperial College London.

Robert joined the Board of Directors in November 2004.



David Dean
Non-Executive Director
from June 2007

David Dean recently retired from a 17 year career in investment banking, having worked for Nomura International in both London and Hong Kong and for New Japan Securities Europe, with extensive experience in corporate finance and the capital markets. He lives in Dulwich where he is actively involved in organising the Dulwich Festival. He is a part-time concert pianist and Licentiate of the Royal Schools of Music. David also enjoys long distance running.

David joined the Board in June 2007.

Keith Palmer

Non-Executive Director
until June 2007

Keith Palmer brought his extensive experience of banking, teaching, economics, international development and charitable work to the Board.

Keith joined the Board in January 2001 and was reappointed in 2005. Keith left in June 2007 to take up a new appointment as Chairman of Barts and The London NHS Trust.



Mike Franklin

**Non-Executive Director
from November 2007**

Mike Franklin is currently a Commissioner and board member of the National Independent Police Complaints Commission (IPCC), having formerly been HM Assistant Inspector of Constabulary (HMIC). He was previously a member of the TUC race relations committee and a member of the Metropolitan Police Service Independent Advisory Group set up following the Stephen Lawrence Inquiry.

He has extensive legal experience, gained both in the voluntary sector and as a union official. He has a long association with Lambeth, where he lives, and has played an active part in race relations, race equality issues and community policing.

Mike joined the Board in November 2007.



Rory Maw

Non-Executive Director

Rory Maw is Chief Financial Officer of Bridges Community Ventures, a private equity firm which makes investments which achieve a clear social purpose as well as delivering financial returns for investors. He read economics at Trinity College, Cambridge before qualifying as a Chartered Accountant. He joined Schroders' Investment Banking division in 1989, specialising in mergers and acquisitions and providing strategic advice to a number of major international clients, particularly in the consumer products sector. In 2000 he moved to Morgan Stanley, a leading US-based investment bank, becoming Head of its European Consumer Products Group.

Rory joined the Board in March 2005.



Jan Oliver

Non-Executive Director

Jan Oliver has considerable experience in the area of diversity, ensuring that organisations have a culture where diversity is embedded in their day to day business. She was previously Diversity Manager for Factual and Learning at the BBC, responsible for raising the profile of diversity issues, developing training and other initiatives. From 1999 to 2001, she was Chair of the BBC Black and Asian Forum, a campaigning and support group for minority ethnic staff.

She was previously a Trustee of the Stephen Lawrence Charitable Trust, where she led on event management. She also presents a weekly radio programme on digital station Colourful Radio, works as a coach and mentor at Imperial College, London and is studying for a BSc in psychology at London South Bank University.

Jan joined the Board in January 2004 and was reappointed in 2007.



Anna Tapsell

**Non-Executive Director
until June 2008**

Anna Tapsell has a long history of involvement in local health services. She was Chairperson of West Lambeth Community Health Council and was a local councillor for ten years.

She is a member of Lambeth's Domestic Violence Forum and chairs Lambeth Women's Aid, which provides refuge and outreach services for women and children affected by domestic violence.

Anna is Chairperson of Lambeth's Community Police Consultative Group and a member of the Safer Lambeth Partnership. She is also a Mental Health Act Manager for South London and Maudsley NHS Foundation Trust.

Anna joined the Board in July 1999 and was reappointed in 2006.

Dawn Hill

**Non-Executive Director
until October 2007**

Dawn Hill contributed her invaluable experience in human resources management, social policy administration, health care, family support and community relations.

Dawn joined the Board in November 1999, was reappointed in November 2003 and left the Board in October 2007.



Pictured at home in Plumstead is Ruth Bennett with her son, haemophilia patient Mark Selley, one of those benefiting from the new computer system.

Trust staff received recognition across London when they won two of five NHS Innovation awards, including one for a new computerised system, which makes it easier to monitor haemophilia patients at home and ensure the most efficient use of expensive, life-saving blood products.

Remuneration report

The remuneration and expenses for the Trust Chairman and Non-Executive Directors are determined by the Members' Council, taking account of the guidance issued by organisations such as the NHS Confederation and the NHS Appointments Commission. Remuneration for the Trust's most senior managers (Executive Directors who are members of the Board of Directors) is determined by the Board of Directors' Remuneration sub-committee, which consists of the Chairman and the Non-Executive Directors.

Details of remuneration, including the salaries and pension entitlements of the Board of Directors, are published in the annual accounts on page 85. Senior managers' salaries (as defined above) may include a non-recurrent bonus related to performance.

The only non-cash element of senior managers' remuneration packages are pension related benefits accrued under the NHS Pensions Scheme. Contributions are made by both the employer and employee in accordance with the rules of the national scheme which applies to all NHS staff in the scheme.

Pay levels are informed by executive salary surveys conducted by independent management consultants and by the salary levels in the wider market place. Affordability, determined by corporate performance and individual performance, are also taken into account. Where appropriate, terms and conditions are consistent with the new NHS pay arrangements such as *Agenda for Change*.

The Trust's strategy and business planning process set key business objectives which in turn inform individual objectives for senior managers. Performance is closely monitored and discussed through both an annual and ongoing appraisal process. All senior managers' remuneration is subject to performance.

Senior managers are employed on contracts of service and are substantive employees of the Trust. Their contracts are open ended employment contracts which can be terminated by either party with six months notice, or 12 months in the case of the Chief Executive. The Trust's normal disciplinary policies apply to senior managers, including the sanction of instant dismissal for gross misconduct. The Trust's redundancy policy is consistent with NHS redundancy terms for all staff.



Ron Kerr, Chief Executive, June 11 2008



Annual accounts

Foreword to the accounts

These accounts, for the twelve month period ending 31 March 2008, have been prepared by the Guy's and St Thomas' NHS Foundation Trust in accordance with the NHS Act 2006.



Ron Kerr, Chief Executive and Accounting Officer, June 11 2008

Statement of the Chief Executive's responsibilities as the accounting officer of Guy's and St Thomas' NHS Foundation Trust.

The NHS Act 2006 states that the Chief Executive is the Accounting Officer of the NHS Foundation Trust. The relevant responsibilities of the Accounting Officer, including their responsibility for the propriety and regularity of public finances for which they are answerable, and for the keeping of proper accounts, are set out in the accounting officers' Memorandum issued by the Independent Regulator of NHS Foundation Trusts ("Monitor").

Under the NHS Act 2006, Monitor has directed the Guy's and St Thomas' NHS Foundation Trust to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of Guy's and St Thomas' NHS Foundation Trust and of its income and expenditure, total recognised gains and losses and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the NHS Foundation Trust Financial Reporting Manual and in particular to:

- observe the Accounts Direction issued by Monitor, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the NHS Foundation Trust Financial Reporting Manual have been followed, and disclose and explain any material departures in the financial statements; and
- prepare the financial statements on a going concern basis.

The Accounting Officer is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the NHS Foundation Trust and to enable him to ensure that the accounts comply with requirements outlined in the above mentioned Act. The Accounting Officer is also responsible for safeguarding the assets of the NHS Foundation Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

To the best of my knowledge and belief, I have properly discharged the responsibilities set out in Monitor's NHS Foundation Trust Accounting Officer Memorandum.



Ron Kerr, Chief Executive and Accounting Officer, June 11 2008

Statement on internal control 2007/08

Scope of responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the NHS Foundation Trust's policies, aims and objectives, whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me. I am also responsible for ensuring that the NHS Foundation Trust is administered prudently and economically and that resources are applied efficiently and effectively. I also acknowledge my responsibilities as set out in the NHS Foundation Trust Accounting Officer Memorandum

The Trust is subject to the independent regulator for Foundation Trusts, Monitor's, Compliance Framework which requires an Annual Report, an Annual Plan and quarterly monitoring reports.

The Trust has a range of mechanisms in place to facilitate effective working with key partners. The Trust is a member of the Lambeth Health and Social Care Partnership Board and the Healthy Southwark Partnership Board. The Trust meets regularly with our key health partners on a bilateral and multilateral basis: Lambeth and Southwark Primary Care Trusts (PCTs), King's College Hospital NHS Foundation Trust and South London and Maudsley NHS Foundation Trust. Regular Board level liaison meetings are held with King's College London, our principal academic partner.

Over the past year, the Trust has been working closely with King's College London and King's College Hospital and South London and Maudsley NHS Foundation Trusts to explore the possibility of establishing an Academic Health Sciences Centre (AHSC), and the partners have recently declared a shared intent to do so. The Trust, with its AHSC partners, has also been working to develop relationships with other health partners in outer south east London (University Hospital Lewisham, Queen Mary's Sidcup, the Queen Elizabeth Hospital Greenwich, and Bromley Hospitals NHS Trusts) who have been involved in the *A Picture of Health* work. The Trust is the main beneficiary and enjoys a strong relationship with Guy's and St Thomas' Charity. Membership of our Members' Council includes representatives of key partner organisations, as well as elected representatives consisting of patients, the public and staff. The Trust is also a member of various external partnership groups including the South Bank Forum and South Bank Employers Group.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable, and not absolute, assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives of Guy's and St Thomas' NHS Foundation Trust: to evaluate the likelihood of these risks being realised, and the impact should this happen, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Guy's and St Thomas' NHS Foundation Trust for the year ended March 31st 2008 and up to the date of approval of the Annual Report and Accounts.

As an employer with staff entitled to membership of the NHS Pensions Scheme, control measures are in place to ensure all employer obligations contained within the Scheme regulations are complied with. This includes ensuring that deductions from salary, employer's contributions and payments into the Scheme are in accordance with the Scheme rules, and that Pension Scheme records are accurately updated in accordance with the timescales detailed in the Regulations.

Capacity to handle risk

The Trust has in place a Risk Management Strategy which makes it clear that while I have overall responsibility for risk management, responsibility for specific risk management areas has been delegated to the Trust Management Executive. Risk management is a core component of the job descriptions of senior managers within the Trust.

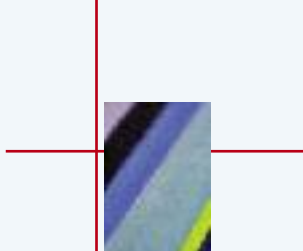
A range of risk management training is provided to staff and there are policies in place to describe their roles and responsibilities in relation to the identification and management of risk. All relevant policies are available on the Trust intranet.

The Trust learns from good practice through a range of mechanisms including clinical supervision and reflective practice, individual and peer reviews, performance management, continuing professional development programmes, clinical audit and application of evidence based practice.

The risk and control framework

The Risk Management Strategy sets out the key responsibilities for managing risk within the organisation, including the ways in which the risk is identified, evaluated and controlled.

A traditional risk assessment matrix is used to ensure a consistent approach is taken to assessing



and responding to risks and incidents. This determines the Trust's appetite for risk with clear processes for the management and monitoring of proactive risk assessments defined within the Risk Management Strategy. All Serious Untoward Incidents and serious risks are reported to the Board of Directors via the established governance committee structures. All staff are responsible for responding to incidents, hazards, complaints and near misses in accordance with the appropriate policies. Local management teams, via clinical governance groups, are responsible for developing and maintaining local risk registers and overseeing the management of adverse incidents. Management teams are responsible for reviewing risk action plans and ensuring they are implemented through business planning and other established routes. Risk processes are monitored and reviewed by the Assurance and Risk Committee and the Audit Committee.

The Trust has a Board Assurance Framework which sets out the principal risks to delivery of key priorities and objectives such as the Strategic Corporate Objectives. The Executive Director with delegated responsibility for managing and monitoring each risk is clearly identified. The Board Assurance Framework identifies the assurances available to the Board of Directors in relation to the achievement of the Trust's key priorities and objectives. The principal risks to the delivery of these objectives are mapped to key controls. There were limited gaps in control in relation to identified risks – these included further development of processes and reporting. The Board Assurance Framework is underpinned by the robust Standards for Better Health process embedded within the Trust.

The Trust annually assesses compliance with the requirements of the Connecting for Health Information Governance Toolkit for the management and control of risks to information. Through the Information Governance Assurance Programme we have reviewed in detail our understanding of the risks to information and are continuing to strengthen controls and assurance. I have submitted the Statement of Compliance for Connecting for Health services.

Working with our partners we explore potential risks which may impact upon other organisations and public stakeholders.

Review of economy, efficiency and effectiveness of the use of resources

Building upon the solid foundations laid down in previous years, the Trust has continued to focus on performance improvement opportunities in clinical services, procurement, strategy, and organisation. The primary aim of this programme of work has been the delivery of more efficient services, eliminating unnecessary waits for tests or treatment and improving the quality of care and the experience of patients, staff and visitors. The Trust has continued to set savings targets, but with a save to invest approach in some services. Re-investing the savings afforded by this approach, and further developing the quality of the Trust's business planning processes, has meant that there is stronger strategic planning taking place within clinical services. This underpins the Trust's stated aim of exceeding the minimum performance standards required of it, and to become a world-class provider of health care.

During 2007/08, the Trust benefited from the Healthcare Commission's Maternity Services review, the aim of which was to inform the Trust about its performance compared to other comparable providers and to make recommendations where there is scope for quality or value for money improvements to be made. The Trust has also positively benefited from a review by the Department of Health's MRSA intensive support team and has been identified as an exemplar site in relation to the prevention and control of infection as a result of this visit.

We anticipate that a follow-up review of progress in terms of how we are implementing the action plans developed as a result of the Acute Hospitals Portfolio review of Medicines Management will be undertaken by the Healthcare Commission as part of its programme of work in 2008/09.

The emphasis of our internal audit work is on risk management, governance and internal control processes. Individual assignments have also raised issues relating to economy, efficiency and effectiveness. Where scope for improvement, in terms of value for money was identified during an internal audit review, appropriate recommendations were made and action plans were agreed with management for implementation.

Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the Executive Directors and managers within the NHS Foundation Trust who have responsibility for the development and maintenance of the internal control framework, and by comments made by the external auditors in their management letter and other reports. My review this year is also informed by the organisation's self-assessment against the Standards for Better Health. I have been advised on the implications of the result of my review of the effectiveness of the

system of internal control by the Board of Directors, the Audit Committee, and the Assurance and Risk Committee and a plan to ensure continuous improvement of the system is in place.

The Board of Directors reviewed the 2007/08 Board Assurance Framework following approval of the Trust Strategic Priorities. The Assurance Framework was updated to reflect the risks associated with failing to achieve these objectives. The Trust's Executive Directors and managers and the Assurance and Risk Committee have provided the Board of Directors with reports on risk management, performance management and clinical governance.

The Audit Committee has provided the Board of Directors with an independent and objective review of financial and corporate governance, and internal financial control within the Trust. The sub-committee has received reports from external and internal audit. Internal audit has reviewed and reported upon control, governance and risk management processes, based on an audit plan approved by the sub-committee. The work included identifying and evaluating controls and testing their effectiveness, in accordance with NHS Internal Audit Standards. Where scope for improvement was found, recommendations were made and appropriate action plans agreed with management.

Significant control issues

During the year the Trust experienced an incident relating to personal data which was rated according to recent Monitor guidance and which in accordance with that assessment, and Monitor's requirements, is included in this statement. The incident related to the loss, from outside NHS premises, of paper documents containing patient details. Investigations were carried out and action identified and taken. Further details are included in the Trust's annual report.

A handwritten signature in blue ink, appearing to read 'Ron Kerr', with a stylized flourish extending to the right.

Ron Kerr, Chief Executive and Accounting Officer, June 11 2008



Independent auditors' report to the Members' Council and Board of Directors of Guy's and St Thomas' NHS Foundation Trust

We have audited the financial statements of Guy's and St Thomas' NHS Foundation Trust for the year ended 31 March 2008 under the National Health Service Act 2006 ("the Act") which comprise the Income and Expenditure Account, Balance Sheet, Statement of Total Recognised Gains and Losses, Cash Flow Statement and the related notes 1 to 27. These financial statements have been prepared in accordance with the accounting policies set out therein.

This report is made solely to the Members' Council and Board of Directors of Guy's and St Thomas' NHS Foundation Trust, as a body, in accordance with paragraph 4 of Schedule 10 of the National Health Service Act 2006. Our audit work has been undertaken so that we might state to these bodies those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not, in giving our opinion, accept or assume responsibility to anyone other than the Trust, the Board of Directors and Members' Council, as a body, for this report, or for the opinions we have formed.

Respective responsibilities of the Accounting Officer and Auditors

As described in the Statement of Accounting Officer's responsibilities, the Accounting Officer is responsible for the preparation of the financial statements in accordance with directions issued by Monitor – the Independent Regulator of NHS Foundation Trusts. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements (including statute and the Audit Code of NHS Foundation Trusts) and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view in accordance with the accounting policies directed by Monitor – Independent Regulator of NHS Foundation Trusts. We also report if, in our opinion, the Accounts have not been prepared in accordance with directions made under paragraph 25 of Schedule 7 of the Act, the Accounts do not comply with the requirements of all other provisions contained in, or having effect under, any enactment applicable to the accounts, or proper practices have not been observed in the compilation of the accounts.

We review whether the statement on internal control reflects compliance with the requirements of Monitor contained in the NHS Foundation Trust Financial Reporting Manual. We report if it does not meet the requirements specified by Monitor or if the statement is misleading or inconsistent with other information we are aware of from our audit of the financial statements. We are not required to consider, nor have we considered, whether the statement on internal control covers all risks and controls. We are also not required to form an opinion on the effectiveness of the Trust's corporate governance procedures or its risk and control procedures.

We read the other information contained in the Annual Report as listed on the contents page and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with the Audit Code for NHS Foundation Trusts issued by Monitor, which requires compliance with International Standards on Auditing (UK & Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Trust's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of Guy's and St Thomas' NHS Foundation Trust as at 31 March 2008 and of its income and expenditure for the year then ended in accordance with the accounting policies directed by Monitor – the Independent Regulator of NHS Foundation Trusts.

Certificate

We certify that we have completed the audit of the accounts in accordance with the requirements of Chapter 5 of Part 2 of the National Health Service Act 2006 and the Audit Code for NHS Foundation Trusts.

June 11 2008

(Senior Statutory Auditor)
For and on behalf of Deloitte & Touche LLP
Chartered Accountants
St Albans

Income and expenditure account for the year ended March 31 2008

	NOTE	2007/08 £000	2006/07 £000
Income from activities	3	590,630	530,159
Other operating income	4	184,721	171,736
Operating expenses	5-7	(710,172)	(663,738)
OPERATING SURPLUS		65,179	38,157
Profit/(loss) on disposal of fixed assets	8	2,046	(246)
SURPLUS BEFORE INTEREST AND TAX		67,225	37,911
Interest receivable		6,600	2,249
Other finance costs – unwinding of discount		(193)	(196)
SURPLUS BEFORE TAX		73,632	39,964
Taxation on ordinary activities	9	168	(120)
SURPLUS FOR THE FINANCIAL YEAR AFTER TAXATION		73,800	39,844
Public Dividend Capital dividends payable		(17,810)	(17,423)
RETAINED SURPLUS FOR THE YEAR		55,990	22,421

The notes on pages 76 to 95 form part of these accounts.
All income and expenditure is derived from continuing operations.



Balance sheet as at March 31 2008

	NOTE	£000	31 March 2008 £000	31 March 2007 £000
FIXED ASSETS				
Intangible assets	10	124		4,788
Tangible assets	11	<u>832,391</u>		<u>727,421</u>
			832,515	732,209
CURRENT ASSETS				
Stocks and work in progress	12	7,905		7,846
Debtors: Amounts falling due:				
within one year	13	47,869		47,138
after one year	13	1,097		1,087
Investments		–		40,000
Cash at bank and in hand	18.3	<u>146,435</u>		<u>26,340</u>
			203,306	122,411
CREDITORS: Amounts falling due within one year	14.1		<u>(92,937)</u>	<u>(82,758)</u>
NET CURRENT ASSETS			110,369	39,653
TOTAL ASSETS LESS CURRENT LIABILITIES			942,884	771,862
CREDITORS: Amounts falling due after more than one year	14.2		(2,124)	(3,055)
PROVISIONS FOR LIABILITIES AND CHARGES	15		<u>(11,747)</u>	<u>(12,816)</u>
TOTAL ASSETS EMPLOYED			<u>929,013</u>	<u>755,991</u>
FINANCED BY:				
TAXPAYERS' EQUITY				
Public Dividend Capital	22		329,763	311,855
Revaluation reserve	17		250,507	200,743
Donated asset reserve	17		258,661	221,153
Other reserves	17		743	743
Income and expenditure reserve	17		<u>89,339</u>	<u>21,497</u>
TOTAL TAXPAYERS' EQUITY			<u>929,013</u>	<u>755,991</u>

Ron Kerr
Chief Executive and Accounting Officer
June 11 2008

Statement of total recognised gains and losses for the year ended March 31 2008

	2007/08 £000	2006/07 £000
Surplus for the financial year before dividend payments	73,800	39,844
Fixed asset impairment losses	(15,119)	(1,083)
Unrealised surplus on fixed asset revaluations/indexation	118,916	5,112
Increases in the donated asset reserve due to the receipt of donated assets	3,508	5,353
Reductions in the donated asset reserve due to the depreciation, impairment and disposal of donated assets	(8,181)	(8,116)
Reductions in the donated asset reserve due to reclassification of government granted assets	—	(2,197)
Total gains and losses recognised in the financial year	172,924	38,913



Cash flow statement for the year ended March 31 2008

	NOTE	£000	2007/08 £000	2006/07 £000
OPERATING ACTIVITIES				
Net cash inflow from operating activities	18.1		111,826	64,712
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE				
Interest received		6,507		2,266
Net cash inflow from returns on investments and servicing of finance			6,507	2,266
CAPITAL EXPENDITURE				
(Payments) to acquire tangible fixed assets		(50,567)		(38,951)
Receipts from sale of tangible fixed assets		20,374		–
(Payments) to acquire intangible assets		(1,226)		(705)
Net cash (outflow) from capital expenditure			(31,419)	(39,656)
DIVIDEND PAID			(17,810)	(17,423)
Net cash inflow/(outflow) before management of liquid resources and financing			69,104	9,899
MANAGEMENT OF LIQUID RESOURCES				
(Purchase) of current asset investment		(60,000)		(40,000)
Sale of current asset investment		100,000		–
Net cash inflow/(outflow) from management of liquid resources			40,000	(40,000)
NET CASH INFLOW/(OUTFLOW) BEFORE FINANCING			109,104	(30,101)
FINANCING				
Public Dividend Capital received		6,476		22,823
Other capital receipts		4,515		5,072
Net cash inflow from financing			10,991	28,895
Increase/(decrease) in cash			120,095	(1,206)

Notes to the accounts

1 Accounting policies

Monitor has directed that the financial statements of NHS Foundation Trusts shall meet the accounting requirements of the NHS Foundation Trusts Financial Reporting Manual which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the 2007/08 NHS Foundation Trust Financial Reporting Manual issued by Monitor. The accounting policies contained in that manual follow UK generally accepted accounting practice for companies (UK GAAP) and HM Treasury's Resource Accounting Manual to the extent that they are meaningful and appropriate to NHS Foundation Trusts. The accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.

1.1 Going concern

After making enquiries, the directors have a reasonable expectation that the NHS Foundation Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in the preparation of the accounts.

1.2 Accounting convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of tangible fixed assets at their value to the business by reference to their current costs. NHS Foundation Trusts, in compliance with HM Treasury's Financial Reporting Manual, are not required to comply with the FRS 3 requirements to report "earnings per share" or historical profits and losses.

1.3 Acquisitions and discontinued operations

Activities are considered to be 'discontinued' where they meet all of the following conditions:

- a) The sale (this may be at nil consideration for activities transferred to another public sector body) or termination is completed either in the period or before the earlier of three months after the commencement of the subsequent period and the date on which the financial statements are approved;
- b) If a termination, the former activities have ceased permanently;
- c) The sale or termination has a material effect on the nature and focus of the reporting NHS Foundation Trust's operations and represents a material reduction in its operating facilities resulting either from its withdrawal from a particular activity or from a material reduction in income in the NHS Foundation Trust's continuing operations;
- c) The assets, liabilities, results of operations and activities are clearly distinguishable, physically, operationally and for financial reporting purposes.

Operations not satisfying all these conditions are classified as continuing.

Activities are considered to be 'acquired' whether or not they are acquired from outside the public sector.

1.4 Income recognition

Income is accounted for applying the accruals convention. The main source of income for the Trust is under contracts from commissioners in respect of health care services. Income is recognised in the period in which services are provided including where treatment is underway but not completed. Where income is received for a specific activity which is to be delivered in the following financial year, that income is deferred.

Income related to Partially Completed Spells is accrued based on the number of occupied bed days per care category, and an average cost per bed day per care category.

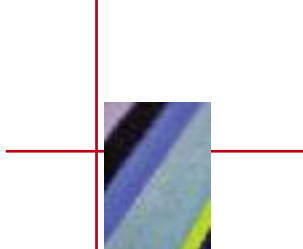
2007/08 was the second year of the Trust's three year contracts. The contracts take into account most, but not all, of the Department of Health model contract.

1.5 Expenditure

Expenditure is accounted for by applying the accruals convention.

1.6 Pooled budgets

The Trust has entered into a pooled budget with the London Borough of Lambeth. Under the arrangement funds are pooled under S31 of the Health Act 1999. The NHS Foundation Trust accounts for its own share of the pooled budget's income and expenditure and assets and liabilities as the pooled budget is not an entity in its own right.



1.7 Intangible fixed assets

Intangible assets are capitalised when: they are capable of being used in a Trust's activities for more than one year; they can be valued; and they have a cost of at least £5,000.

Intangible fixed assets held for operational use are valued at historical cost and are amortised over the estimated life of the asset on a straight line basis. The carrying value of intangible assets is reviewed for impairment at the end of the first full year following acquisition and in other periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Purchased computer software licences are capitalised as intangible fixed assets where expenditure of at least £5,000 is incurred and amortised over the shorter of the term of the licence and their useful economic lives.

1.8 Tangible fixed assets

i. Capitalisation

Tangible assets are capitalised if they are capable of being used for a period which exceeds one year and they:

- individually have a cost of at least £5,000; or
- collectively have a cost of at least £5,000 and individually have a cost of more than £250, where the assets are functionally interdependent, they had broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control; or
- form part of the initial equipping and setting-up cost of a new building, ward or unit irrespective of their individual or collective cost.

ii. Valuation

Tangible fixed assets are stated at the lower of replacement cost and recoverable amount. On initial recognition they are measured at cost (for leased assets, fair value) including any costs, such as installation, directly attributable to bringing them into working condition. The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable. The costs arising from financing the construction of the fixed assets are not capitalised but are charged to the income and expenditure account in the year to which they relate.

All land and buildings are restated to current value using professional valuations in accordance with FRS15 every five years. A three year interim revaluation is also carried out.

Valuations are carried out by professionally qualified valuers in accordance with the Royal Institute of Chartered Surveyors (RICS) Appraisal and Valuation Manual. The last full asset valuations were undertaken in 2004 as at the prospective valuation date of 1 April 2005. The revaluation undertaken at that date was accounted for on 31 March 2005. An interim revaluation was due in 2007/08 and therefore an interim valuation was performed at the prospective valuation date of 1 April 2008. Since the change in valuation was material, the revaluation has been reflected on 31 March 2008.

The valuations are carried out primarily on the basis of depreciated replacement cost for specialised operational property and existing use value for non-specialised operational property. The value of land for existing use purposes is assessed at existing use value. For non-operational properties including surplus land, the valuations are carried out at open market value.

Assets in the course of construction are valued at cost and are valued by professional valuers as part of the five or three yearly valuation, or when brought into use.

Operational equipment with the exception of IT equipment, which is considered to have nil inflation, is valued at net current replacement cost.

Equipment surplus to requirements is valued at net recoverable amount.

iii. Depreciation, amortisation and impairments

Tangible fixed assets are depreciated at rates calculated to write them down to estimated residual value on a straight-line basis over their estimated useful lives. No depreciation is provided on freehold land and assets surplus to requirements.

Assets in the course of construction and residual interests in off-balance sheet PFI contract assets are not depreciated until the asset is brought into use or reverts to the Trust, respectively.

Buildings, installations and fittings are depreciated on their current value over the estimated remaining life of the asset as assessed by the NHS Foundation Trust's professional valuers. Leaseholds are depreciated over the primary lease term.

Equipment is depreciated on current cost evenly over the estimated life of the asset.

The Trust depreciates assets over the following ranges:

- equipment, 3 – 15 years
- buildings, 2 – 67 years
- software licences, 3 – 7 years

Fixed asset impairments resulting from losses of economic benefits are charged to the income and expenditure account. All other impairments are taken to the revaluation reserve and reported in the statement of total recognised gains and losses to the extent that there is a balance on the revaluation reserve in respect of the particular asset.

1.9 Investments

Deposits and other investments that are readily convertible into known amounts of cash, at or close to, their carrying amounts are treated as liquid resources in the cash flow statement.

1.10 Donated fixed assets

Donated fixed assets are capitalised at their current value on receipt and this value is credited to the donated asset reserve. Donated fixed assets are valued and depreciated as described above for purchased assets. Gains and losses on revaluations are also taken to the donated asset reserve and, each year, an amount equal to the depreciation charge on the asset is released from the donated asset reserve to the income and expenditure account. Similarly, any impairment on donated assets charged to the income and expenditure account is matched by a transfer from the donated asset reserve. On sale of donated assets, the net book value of the donated asset is transferred from the donated asset reserve to the income and expenditure reserve.

1.11 Government grants

Government grants are grants from Government bodies other than income from Primary Care Trusts or NHS Trusts for the provision of services. Grants from the Department of Health, including those for achieving three star status, are accounted for as Government grants, as are grants from the Big Lottery Fund. Funding received as Public Dividend Capital is accounted for as NHS capital. Where the Government grant is used to fund revenue expenditure it is taken to the income and expenditure account to match that expenditure. Where the grant is used to fund capital expenditure the grant is held as deferred income and released to the income and expenditure account over the life of the asset on a basis consistent with the depreciation charge for that asset. Material balances on these grants are shown separately as Government Grants (Deferred Income).

1.12 Stocks and work-in-progress

Stocks and work-in-progress are valued at the lower of cost and net realisable value.

1.13 Cash, bank and overdrafts

Cash, bank and overdraft balances are recorded at the current values of these balances in the NHS Foundation Trust's cash book. These balances exclude monies held in the NHS Foundation Trust's bank account belonging to patients (see "third party assets" below). Account balances are only offset where a formal agreement has been made with the bank to do so. In all other cases overdrafts are disclosed within creditors. Interest earned on bank accounts and interest charged on overdrafts is recorded as, respectively, "interest receivable" and "interest payable" in the periods to which they relate. Bank charges are recorded as operating expenditure in the periods to which they relate.

1.14 Research and development

Expenditure on research is not capitalised. Expenditure on development is capitalised if it meets the following criteria:

- there is a clearly defined project;
- the related expenditure is separately identifiable;
- the outcome of the project has been assessed with reasonable certainty as to:
 - its technical feasibility;
 - its resulting in a product or service which will eventually be brought into use;
- adequate resources exist, or are reasonably expected to be available, to enable the project to be completed and to provide any consequential increases in working capital.

Expenditure so deferred is limited to the value of future benefits expected and is amortised through the income and expenditure account on a systematic basis over the period expected to benefit from the project. It is revalued on the basis of current cost. Expenditure which does not meet the criteria for capitalisation is treated as an operating cost in the year in which it is incurred. Where possible, the NHS Foundation Trust discloses the total amount of research and development expenditure charges in the income and expenditure account separately. However, where research and development activity cannot be separated from patient care activity it cannot be identified, and is therefore not separately disclosed.

Fixed assets acquired for use in research and development are amortised over the life of the associated project.

1.15 Provisions

The NHS Foundation Trust provides for legal or constructive obligations that are of uncertain timing or amount at the balance sheet date on the basis of the best estimate of the expenditure required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using HM Treasury's discount rate of 2.2% in real terms.



i. Clinical negligence costs

The NHS Litigation Authority (NHS LA) operates a risk pooling scheme under which the NHS Foundation Trust pays an annual contribution to the NHS LA which in return settles all clinical negligence claims. Although the NHS LA is administratively responsible for all clinical negligence cases, the legal liability remains with the NHS Foundation Trust. The total value of clinical negligence provisions carried by the NHS LA on behalf of the NHS Foundation Trust is disclosed at Note 15.

Since financial responsibility for clinical negligence cases transferred to the NHS LA at 1 April 2002, the only charge to operating expenditure in relation to clinical negligence in 2007/08 relates to the Trust's contribution to the Clinical Negligence Scheme for Trusts.

ii. Non-clinical risk pooling

The NHS Foundation Trust participates in the Property Expenses Scheme and the Liabilities to Third Parties Scheme. Both are risk pooling schemes under which the Trust pays an annual contribution to the NHS Litigation Authority and, in return, receives assistance with the costs of claims arising. The annual membership contributions, and any 'excesses' payable in respect of particular claims are charged to operating expenses as and when the liability arises.

1.16 Contingencies

Contingent assets (that is, assets arising from past events whose existence will only be confirmed by one or more future events not wholly within the entity's control) are not recognised as assets, but are disclosed in Note 21 where an inflow of economic benefits is probable.

Contingent liabilities are provided for where a transfer of economic benefits is probable. Otherwise, they are not recognised, but are disclosed in Note 21 unless the probability of a transfer of economic benefits is remote. Contingent liabilities are defined as:

- Possible obligations arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the entity's control; or
- Present obligations arising from past events but for which it is not probable that a transfer of economic benefits will arise or for which the amount of the obligation cannot be measured with sufficient reliability.

1.17 Pension costs

Past and present employees are covered by the provisions of the *NHS Pensions Scheme*. Details of the benefits payable under these provisions can be found on the NHS Pensions website at www.pensions.nhsbsa.nhs.uk. The Scheme is an unfunded, defined benefit scheme that covers NHS employers, General Practices and other bodies, allowed under the direction of the Secretary of State, in England and Wales. The scheme is not designed to be run in a way that would enable NHS bodies to identify their share of the underlying Scheme assets and liabilities. Therefore, the Scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS Body of participating in the Scheme is taken as equal to the contributions payable to the Scheme for the accounting period.

The Scheme is subject to a full actuarial valuation every four years (until 2004, based on a five year valuation cycle), and a FRS17 accounting valuation every year. An outline of these follows:

i. Full actuarial (funding valuation)

The purpose of this valuation is to assess the level of liability in respect of the benefits due under the scheme (taking into account its recent demographic experience), and to recommend the contribution rates to be paid by employers and scheme members. The last such valuation, which determined current contribution rates was undertaken as at 31 March 2004 and covered the period from 1 April 1999 to that date.

The conclusion from the 2004 valuation was that the Scheme had accumulated a notional deficit of £3.3 billion against the notional assets as at 31 March 2004. However, after taking into account the changes in the benefit and contribution structure effective from 1 April 2008, the Scheme actuary reported that employer contributions could continue at the existing rate of 14% of pensionable pay. On advice from the Scheme actuary, scheme contributions may be varied from time to time to reflect changes in the scheme's liabilities. Up to 31 March 2008, the vast majority of employees paid contributions at the rate of 6% of pensionable pay. From 1 April 2008, employees contributions are on a tiered scale from 5% up to 8.5% of their pensionable pay depending on total earnings.

ii. FRS17 Accounting valuation

In accordance with FRS17, a valuation of the Scheme liability is carried out annually by the Scheme Actuary as at the balance sheet date by updating the results of the full actuarial valuation.

Between the full actuarial valuations at a two-year midpoint, a full and detailed member data-set is provided to the Scheme Actuary. At this point the assumptions regarding the composition of the Scheme membership are updated to allow the Scheme liability to be valued.

The valuation of the Scheme liability as at 31 March 2008, is based on detailed membership data as at 31 March 2006 (the latest midpoint) updated to 31 March 2008 with summary global member and accounting data.

The latest assessment of the liabilities of the Scheme is contained in the Scheme actuary report, which forms part of the

annual NHS Pension Scheme (England and Wales) Resource Account, published annually. These accounts can be viewed on the NHS Pensions website. Copies can also be obtained from The Stationery Office.

Scheme provisions as at 31 March 2008

The Scheme is a "final salary" scheme. Annual pensions are normally based on 1/80th of the best of the last 3 years pensionable pay for each year of service. A lump sum normally equivalent to 3 years pension is payable on retirement. Annual increases are applied to pension payments at rates defined by the Pensions (Increase) Act 1971, and are based on changes in retail prices in the twelve months ending 30 September in the previous calendar year. On death, a pension of 50% of the member's pension is normally payable to the surviving spouse.

Early payment of a pension, with enhancement, is available to members of the Scheme who are permanently incapable of fulfilling their duties effectively through illness or infirmity. A death gratuity is payable of twice final year's pensionable pay for death in service, and five times their annual pension for death after retirement, less pension already paid. The maximum gratuity payment amount is equal to twice the member's final year's pensionable pay less their retirement lump sum for those who die after retirement.

For early retirements other than those due to ill health the additional pension liabilities are not funded by the scheme. The full amount of the liability for the additional costs is charged to the income and expenditure account at the time the Trust commits itself to the retirement, regardless of the method of payment.

The Scheme provides the opportunity to members to increase their benefits through money purchase Additional Voluntary Contributions (AVCs) provided by an approved panel of life companies. Under the arrangement the employee/member can make contributions to enhance an employee's pension benefits. The benefits payable relate directly to the value of the investments made.

Scheme provisions as at 1 April 2008

From 1 April 2008 changes have been made to the NHS Pension Scheme contribution rates and benefits. Further details of these changes can be found on the NHS Pensions website www.pensions.nhsbsa.nhs.uk.

1.18 Value Added Tax

Most of the activities of the NHS Foundation Trust are outside the scope of VAT and, in general, output tax does not apply and input tax on purchases is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets. Where output tax is charged or input tax is recoverable, the amounts are stated net of VAT.

1.19 Taxation

NHS Foundation Trusts can be subject to corporation tax in respect of certain commercial non-core health care activities they undertake in relation to the Finance Act 2004 amended S519A Income and Corporation Taxes Act 1988.

Recent guidance issued by HMRC states that the earliest date that corporation taxation will be applicable to Foundation Trusts is now 1 April 2008. Therefore the provision for corporation tax payable in 2005/06 and 2006/07 has been released.

1.20 Foreign exchange

Transactions that are denominated in a foreign currency are translated into sterling at the exchange rate ruling on the dates of the transactions. Monetary assets and liabilities are translated at the rates ruling at the balance sheet date. Resulting exchange gains and losses are taken to the Income and Expenditure account.

1.21 Third party assets

Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the accounts since the Trust has no beneficial interest in them. Details of third party assets are given in Note 26 to the accounts.

1.22 Leases

Where substantially all risks and rewards of ownership of a leased asset are borne by the NHS Foundation Trust, the asset is recorded as a tangible fixed asset and a debt is recorded to the lessor of the minimum lease payments discounted by the interest rate implicit in the lease. The interest element of the finance lease payment is charged to the income and expenditure account over the period of the lease at a constant rate in relation to the balance outstanding. Other leases are regarded as operating leases and the rentals are charged to the income and expenditure account on a straight-line basis over the term of the lease.

1.23 Dividend

Public Dividend Capital represents the outstanding public debt of a NHS Foundation Trust. At any time the Secretary of State can issue new PDC to, and require repayments of PDC from, the Trust.



A charge, reflecting the forecast cost of capital utilised by the NHS Foundation Trust, is paid over as Public Dividend Capital dividend. The charge is calculated at the real rate set by HM Treasury (currently 3.5%) on the average relevant net assets of the NHS Foundation Trust. Relevant net assets are calculated as the value of all assets less the value of all liabilities, except for donated assets and cash held with the Office of the Paymaster General. Average relevant net assets are calculated as a simple mean of opening and closing relevant net assets.

1.24 Other reserves

The Other Reserves balance of £743,000 was created by a technical accounting adjustment when the original NHS Trust was created in 1993.

1.25 Financial assets and financial liabilities

Recognition

Financial assets and financial liabilities which arise from contracts for the purchase or sale of non-financial items (such as goods or services), which are entered into in accordance with the Trust's normal purchase, sale or usage requirements, are recognised when, and to the extent which, performance occurs i.e. when receipt or delivery of the goods or services is made.

All other financial assets and financial liabilities are recognised when the Trust becomes a party to the contractual provisions of the instrument.

De-recognition

Financial assets are no longer recognised (de-recognised) when the rights to receive cashflows from the assets have expired or the Trust has transferred substantially all of the risks and rewards of ownership. Financial liabilities are de-recognised when the obligation is discharged, cancelled or expires.

Financial assets and financial liabilities at 'fair value through income and expenditure'

Classification and measurement

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments which are not quoted in an active market. They are included in current assets. The Trust's loans and receivables comprise NHS debtors, accrued income, other debtors, current asset investments and cash at bank and in hand.

Loans and receivables are recognised initially at fair value, net of transaction costs, and are measured subsequently at amortised cost, using the effective interest method. The effective interest rate is the rate that discounts exactly estimated future cash receipts through the expected life of the financial asset or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

Interest on loans and receivables is calculated using the effective interest method and credited to the income and expenditure account.

(ii) Financial liabilities

All financial liabilities are recognised initially at fair value, net of transaction costs incurred, and measured subsequently at amortised cost using the effective interest method. The effective interest rate is the rate that discounts, exactly estimated future cash payments through the expected life of the financial liability or, when appropriate, a shorter period, to the net carrying amount of the financial liability.

They are included in current liabilities except for amounts payable more than 12 months after the balance sheet date, which are classified as long-term liabilities. The Trust's financial liabilities comprise NHS creditors, other creditors and accruals.

Interest on financial liabilities carried at amortised cost is calculated using the effective interest method and charged to the income and expenditure account.

(iii) Determination of fair value

Fair value is determined from market prices, independent appraisals and discounted cashflow analysis as appropriate to the financial asset or liability. Where required, cashflows are discounted at the Treasury's discount rate of 2.2%.

(iv) Impairment of financial assets

At the balance sheet date, the Trust assesses whether any financial asset is impaired. Financial assets are impaired and impairment losses are recognised if, and only if, there is objective evidence of impairment as a result of one or more events which occurred after the initial recognition of the asset and which has an impact on the estimated future cashflows of the asset.

Consistent with the measurement of financial assets at amortised cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. The loss is recognised in the income and expenditure account and in the case of trade debtors, the carrying amount of the asset is reduced through the use of an allowance for irrecoverable amounts, and for other financial assets the carrying amount is reduced directly.

Bad debt provisions are calculated based on the Trust's bad debt provision policy which prescribes rates of provision based on the type of debtor, ageing of the outstanding debt and knowledge of specific queried balances.

2 Segmental analysis

The Trust has not reported the results of the different segments of its activities separately. It is the opinion of the Directors that this would be seriously prejudicial to the interests of both the Trust and its related parties.

3 Income from activities

3.1 Income from activities by source

	2007/08 £000	2006/07 £000
Strategic Health Authorities	2,115	–
Primary Care Trusts	503,592	444,602
Local Authorities	35	167
Department of Health	68,612	68,098
NHS other	1,460	1,579
Non NHS:		
– Private patients	12,348	13,241
– Overseas patients (non-reciprocal)	1,555	1,433
– Road Traffic Act	614	685
– Other	299	354
	590,630	530,159

3.2 Income from activities by type

	2007/08 £000	2006/07 £000
Elective income	132,472	122,622
Non-elective income	107,685	103,959
Outpatient income	112,451	98,055
Other type of activity income	210,388	178,978
A&E income	15,286	14,491
Payments by Results (PBR) tariff clawback	–	(1,187)
Private patient income	12,348	13,241
	590,630	530,159

3.3 Private patient income

	2007/08 £000	2006/07 £000
Private patient income	12,348	13,241
Total patient related income	590,630	530,159
Proportion as a percentage	2.09%	2.50%

Section 15 of the 2003 Act requires that the proportion of private patient income to the total patient related income of NHS Foundation Trusts should not exceed 2.87 per cent, its proportion when the organisation was an NHS Trust in 2002/03.



4 Other operating income

	2007/08 £000	2006/07 £000
Education, training and research	95,707	89,567
Charitable and other contributions to expenditure	9,046	6,430
Transfers from donated asset reserve	8,181	8,116
Non-patient care services to other bodies	16,399	15,908
Other income	55,388	51,715
	184,721	171,736

Other income includes income from commercial activities, facilities income, foreign currency gains of £1,196,432 (losses of £364,129 in 2006/07 included in other operating expenses) and other direct credits.

5 Operating expenses

5.1 Operating expenses comprise:

	2007/08 £000	2006/07 £000
Services from other NHS Trusts	1,886	2,171
Services from other NHS bodies	4,056	4,747
Services from NHS Foundation Trusts	1,194	832
Purchase of health care from non-NHS bodies	3,189	3,016
Executive Directors' costs	1,092	1,336
Non-Executive Directors' costs	161	160
Staff costs	411,368	397,501
Drugs	76,303	71,293
Supplies and services – clinical	70,235	61,106
Supplies and services – general	7,842	7,180
Establishment	5,645	5,513
Transport	5,310	5,327
Premises	39,707	32,503
Bad debts	1,774	869
Depreciation and amortisation	34,495	31,479
Fixed asset impairments	2,861	566
Audit fees	121	118
Other auditor's remuneration	14	–
Clinical negligence	4,690	4,713
Other	38,229	33,308
	710,172	663,738

Other operating expenses includes expenditure on commercial activities, training and legal fees.

5.2 Operating leases

5.2.1 Operating expenses include:

	2007/08 £000	2006/07 £000
Hire of plant and machinery	1,575	1,777
Other operating lease rentals	2,757	1,766
	<u>4,332</u>	<u>4,543</u>

5.2.2 Annual commitments under non-cancellable operating leases are:

	Land and buildings £000	2007/08 Other leases £000	Land and buildings £000	2006/07 Other leases £000
Operating leases which expire:				
Within 1 year	236	206	269	163
Between 1 and 5 years	89	1,142	154	1,356
After 5 years	1,914	7	472	121
	<u>2,239</u>	<u>1,355</u>	<u>895</u>	<u>1,640</u>



5.3 2007/08 Salary and pension entitlements of senior managers

A) Remuneration

Name	Title	Basic salary £000	Non-recurrent bonus* £000	Other remuneration £000
Executive Directors				
E. Baker	Joint Director of Clinical Leadership and Medical Director	138	–	78
T. Higginson	Director of Strategy and Workforce to March 30 2008; (Acting Chief Executive from May 1 to September 30 2007 **)	148	12	–
R. Kerr	Chief Executive – joined October 1 2007	120	–	–
S. McGuire	Director of Capital, Estates and Facilities Management	125	12	–
J. Michael	Chief Executive – left April 30 2007	20	10	–
M. Shaw	Director of Finance	131	12	–
E. Sills	Joint Director of Clinical Leadership and Chief Nurse/ Director of Clinical Services	142	17	–
Non-Executive Directors				
D. Dean	Non-Executive Director – joined June 16 2007	11	–	–
D. Hill	Non-Executive Director – left October 31 2007	8	–	–
M. Franklin	Non-Executive Director – joined November 1 2007	6	–	–
R. Lechler	Vice-Chairman	14	–	–
R. Maw	Non Executive Director	14	–	–
P. Moberly	Chairman	60	–	–
J. Oliver	Non-Executive Director	14	–	–
K. Palmer	Chairman Audit Committee – left June 15 2007	4	–	–
A. Tapsell	Non-Executive Director and Chairman Audit Committee from June 16 2007	16	–	–

* The bonus paid was non-recurrent and relates to the year 2006/07.

** On secondment to University Hospital Lewisham NHS Trust from March 30 2008.

B) Pension benefits

Name	Title	Real increase in pension and related lump sum at age 60 £000	Total accrued pension and related lump sum at age 60 at March 31 2008 £000	Cash equivalent transfer value at March 31 2008 £000	Real increase in cash equivalent transfer value £000
E. Baker	Joint Director of Clinical Leadership and Medical Director	*	*	*	*
T. Higginson	Director of Strategy and Workforce to March 30 2008 (Acting Chief Executive from May 1 to September 30 2007)	40	119	616	108
R. Kerr	Chief Executive from October 1 2007	96	288	1,750	496
S. McGuire	Director of Capital, Estates and Facilities Management	22	65	300	20
J. Michael	Chief Executive – left April 30 2007	**	**	**	**
M. Shaw	Director of Finance	45	135	716	47
E. Sills	Joint Director of Clinical Leadership and Chief Nurse/ Director of Clinical Services	41	124	560	48

As Non-Executive Directors do not receive pensionable remuneration, there will be no entries in respect of pensions for Non-Executive Directors.

* The Joint Director of Clinical Leadership and Medical Director is recharged to the Trust from King's College London.

** No information provided as the retirement age has been met.

*** On secondment to University Hospital Lewisham from March 30 2008.

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capital value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme, or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which the disclosure applies. The CETV figures, include the value of any pension benefits in another scheme or arrangement which the individual has transferred to the NHS pension scheme. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

6 Staff costs and numbers

6.1 Staff costs

	Permanently employed £000	Other £000	2007/08 Total £000	2006/07 Total £000
Salaries and wages	326,231	–	326,231	319,206
Social security costs	27,365	–	27,365	27,207
Employer contributions to NHSPA	35,396	–	35,396	33,954
Agency and contract staff	–	23,439	23,439	18,452
Seconded staff	29	–	29	18
	389,021	23,439	412,460	398,837

6.2 Average number of persons employed

	Permanently employed number	Other number	2007/08 Total number	2006/07 Total £000
Medical and dental	1,210	14	1,224	1,169
Administrative and estates	1,864	267	2,131	2,094
Healthcare assistants and other support staff	610	177	787	759
Nursing, midwifery and health visiting staff	2,697	92	2,789	2,720
Nursing, midwifery and health visiting learners	511	16	527	505
Scientific, therapeutic and technical staff	1,454	78	1,532	1,508
	8,346	644	8,990	8,755

6.3 Management costs

	2007/08 £000	2006/07 £000
Management costs	27,258	24,693
Income	775,351	701,895
Management costs as a percentage	3.52%	3.52%

Management costs are defined as those on the management costs website at www.dh.gov.uk/PolicyAndGuidance/OrganisationPolicy/FinanceAndPlanning/NHSManagementCosts/fs/en

6.4 Retirements due to ill-health

During 2007/08 there were 11 early retirements from the Trust agreed on the grounds of ill-health (13 in the year ended 31 March 2007). The estimated additional pension liabilities of these ill-health retirements is £539,112 (£680,851 in 2006/07). These retirements represented 1.22 per 1,000 active scheme members. The cost of these ill-health retirements will be borne by the NHS Pensions Agency.

7 Better Payment Practice Code

7.1 Better Payment Practice Code – measure of compliance

	Number	2007/08 £000	Number	2006/07 £000
Total bills paid in the year	164,557	418,964	179,464	302,904
Total bills paid within target	126,672	334,472	123,486	206,880
Percentage of bills paid within target	77%	80%	69%	68%

The Better Payment Practice Code requires the Trust to aim to pay all valid invoices by the due date or within 30 days of receipt of goods or a valid invoice, whichever is later.

7.2 The Late Payment of Commercial Debts (Interest) Act 1998

The Trust did not incur any expenditure relating to the late payment of commercial debts.



8 Profit/(loss) on disposal of fixed assets

Loss on the disposal of fixed assets is made up as follows:	2007/08	2006/07
	£000	£000
Profit/(loss) on disposal of land and buildings	2,410	(47)
(Loss) on disposal of plant and equipment	(364)	(199)
	2,046	(246)

During the year the Trust sold its share of the Lambeth Hospital site and the General Lying-In Hospital site. Both assets were not protected under the Foundation Trust Licence. The sale of the General Lying-In Hospital resulted in a profit on disposal of £2,410,212.

A review of equipment assets took place during 2007/08 and this has resulted in £31,940,301 of old equipment assets being disposed of and £7,500,000 of intangible assets being reclassified as tangible assets. The old assets were largely fully depreciated and had a total net book value of £363,560.

9 Taxation

	2007/08	2006/07
	£000	£000
UK corporation tax		
Current tax on income at 30 per cent	168	(120)

NHS Foundation Trusts can be subject to corporation tax in respect of certain commercial non-core health care activities they undertake in relation to the Finance Act 2004 amended S519A Income and Corporation Taxes Act 1988.

Recent guidance issued by HMRC states that the earliest date that corporation taxation will be applicable to Foundation Trusts is now April 1 2008. Therefore the provision for corporation tax payable in 2005/06 and 2006/07 has been released.

10 Intangible fixed assets

	Software licences £000	Allowances £000	Total £000
Cost April 1 2007	6,442	53	6,495
Reclassifications	(7,500)	–	(7,500)
Additions purchased	1,227	–	1,227
Disposals	(40)	(52)	(92)
Gross cost at March 31 2008	129	1	130
Amortisation April 1 2007	1,707	–	1,707
Reclassifications	(2,090)	–	(2,090)
Provided during the year	429	–	429
Disposals	(40)	–	(40)
Amortisation at March 31 2008	6	–	6
Net book value			
Purchased assets April 1 2007	4,511	53	4,564
Donated assets April 1 2007	224	–	224
Total at April 1 2007	4,735	53	4,788
Purchased at March 31 2008	123	1	124
Donated at March 31 2008	–	–	–
Total at March 31 2008	123	1	124

11 Tangible fixed assets

11.1 Tangible fixed assets at the balance sheet date comprise the following elements:

Cost	Land £000	Buildings excluding dwellings £000	Assets under construction and payments on account £000	Plant and machinery £000	Transport equipment £000	Information technology £000	Furniture and fittings £000	Total £000
At April 1 2007*	100,912	564,570	16,255	124,990	127	23,773	2,254	832,851
Additions purchased	–	20,654	5,813	11,703	–	8,489	–	46,659
Additions donated	–	1,645	471	2,229	–	12	–	4,357
Impairments	–	(17,980)	–	–	–	–	–	(17,980)
Reclassifications	–	10,262	(15,959)	3,158	–	10,039	–	7,500
Other in year revaluation	91,216	26,720	–	3,459	3	–	18	121,416
Disposals	(7,628)	(10,381)	–	(31,242)	–	(625)	(73)	(49,949)
At March 31 2008	184,500	595,490	6,550	114,297	130	41,688	2,199	944,854
Depreciation								
At April 1 2007	–	–	–	91,664	119	12,297	1,350	105,340
Provided during the year	–	20,322	–	8,491	6	5,273	64	34,066
Reclassifications	–	–	–	–	–	2,090	–	2,090
Other revaluations	–	–	–	2,493	3	–	4	2,500
Disposals	–	(46)	–	(30,879)	–	(625)	(73)	(31,623)
Depreciation at March 31 2008	–	20,186	–	71,769	128	19,035	1,345	112,463
Net book value								
– Purchased assets	59,960	397,507	12,874	21,467	7	10,712	260	502,787
– Donated assets	40,952	167,063	3,351	11,859	1	764	644	224,634
Total at April 1 2007	100,912	564,570	16,225	33,326	8	11,476	904	727,421
– Purchased assets	109,250	402,840	5,820	30,838	2	21,968	260	570,978
– Donated assets	75,250	172,464	730	11,690	–	685	594	261,413
Total at March 31 2008	184,500	575,304	6,550	42,528	2	22,653	854	832,391

* Buildings are shown at net book value.

11.2 Fixed assets at open market value:

Of the totals at March 31 2008, none of the assets were valued at open market, but were valued in line with valuation methods set out in Note 1.8 ii.

11.3 The net book value of land, buildings and dwellings at March 31 2008 comprises:

	Total £000	Protected £000
Freehold	759,804	759,804

12 Stock and work in progress

	2007/08 £000	2006/07 £000
Raw materials and consumables	7,905	7,846



13 Debtors

13.1 Amounts falling due within one year:

	2007/08 £000	2007/07 £000
NHS debtors	23,373	27,420
Other prepayments and accrued income	9,517	8,089
Other debtors	25,819	23,074
Provision for irrecoverable debts	(10,840)	(11,445)
	<u>47,869</u>	<u>47,138</u>

13.2 Amounts falling due after more than one year:

	2007/08 £000	2007/07 £000
NHS debtors	506	490
Other debtors	591	597
	<u>1,097</u>	<u>1,087</u>

13.3 Ageing of debtors:

	2007/08 £000	2007/07 £000
Not past due date	35,004	17,454
Up to three months	5,457	13,389
In three to six months	1,218	4,947
Over six months	7,287	12,435
	<u>48,966</u>	<u>48,225</u>

14 Creditors

14.1 Creditors at the balance sheet date are made up of:

	2007/08 £000	2006/07 £000
Amounts falling due within one year:		
Payments received on account	564	695
NHS creditors	8,403	19,351
Non-NHS other creditors	13,748	13,291
Tax and social security costs	12,988	12,478
Accruals and deferred income	57,234	36,943
	<u>92,937</u>	<u>82,758</u>

NHS creditors include £4,139,053 outstanding pensions contributions at March 31 2008 (£4,104,019 at March 31 2007).

14.2 Long term creditors at the balance sheet date are made up of:

	2007/08 £000	2006/07 £000
Government Grants Deferred Income	<u>2,124</u>	<u>3,055</u>

15 Provisions for liabilities and charges

	Pensions relating to other staff £000	Legal claims £000	Other £000	Total £000
As at April 1 2007	8,256	2,174	2,386	12,816
Arising during the year	1,142	440	35	1,617
Utilised during the year	(805)	(216)	(29)	(1,050)
Reversed unused	(111)	(1,692)	(26)	(1,829)
Unwinding of discount	182	–	11	193
At March 31 2008	8,664	706	2,377	11,747
Expected timing of cashflows:				
Within one year	751	706	1,871	3,328
Between one and five years	2,846	–	106	2,952
After five years	5,067	–	400	5,467
	8,664	706	2,377	11,747

The provision relating to former staff category consists of provisions for pre-1995 early retirements and has been calculated using information provided by the NHS Pensions Agency. £43,185,318 is included in the provisions of the NHS Litigation Authority at March 31 2008 in respect of clinical negligence liabilities of the Foundation Trust (£32,570,957 at March 31 2007).

16 Movements in taxpayers' equity

	2007/08 £000	2006/07 £000
Opening taxpayers' equity	755,991	722,014
Surplus for the financial year	73,800	39,844
Public Dividend Capital dividends paid	(17,810)	(17,423)
Gains from revaluation of purchased fixed assets	69,622	3,487
New Public Dividend Capital receivable	17,908	10,289
Fixed assets impairments	(12,782)	(149)
Transfers from Donated Asset Reserve	42,289	(2,071)
Net addition to taxpayers' equity	173,022	33,977
Closing taxpayers' equity	929,013	755,991



17 Movements on reserves

Movements on reserves in the year comprised the following:

	Revaluation reserve £000	Donated asset reserve £000	Other reserves £000	Income and Expenditure reserve £000	Total £000
April 1 2007	200,473	221,153	743	21,497	444,136
Transfer from the Income and Expenditure account	–	–	–	55,990	55,990
Fixed asset impairments	(11,357)	(3,762)	–	–	(15,119)
Surplus on other revaluations	68,192	50,724	–	–	118,916
Transfers of realised profits to the Income and Expenditure reserve	–	(4,781)	–	4,781	–
Receipt of donated assets	–	3,508	–	–	3,508
Transfers to the Income and Expenditure account for depreciation, impairment, and disposal of donated assets	–	(8,181)	–	–	(8,181)
Other transfers between reserves	(7,071)	–	–	7,071	–
At March 31 2008	250,507	258,661	743	89,339	599,250

18 Notes to the cash flow statement

18.1 Reconciliation of operating surplus to net cash flow from operating activities:

	2007/08 £000	2006/07 £000
Total operating surplus	65,179	38,157
Depreciation and amortisation charge	34,495	31,479
Fixed asset impairments and reversals	2,861	566
Transfer from donated asset reserve	(8,181)	(8,116)
Transfer from the Government grant reserve	(1,885)	(425)
(Increase)/Decrease in stocks	(59)	2,366
(Increase) in debtors	(807)	(8,221)
Increase in creditors	21,459	6,474
(Decrease)/Increase in provisions	(1,236)	2,432
Net cash inflow from operating activities	111,826	64,712

18.2 Reconciliation of net cash flow to movement in net debt

	2007/08 £000	2006/07 £000
Increase in cash in the period	120,095	(1,206)
Change in net debt resulting from cashflows	120,095	(1,206)
Net debt April 1 2007	26,340	27,546
Net debt at March 31 2008	146,435	26,340

18.3 Analysis of changes in net debt

	At March 31 2007 £000	Cash changes in year £000	At March 31 2008 £000
Cash at bank and in hand – Office of the Paymaster General (OPG)	5,551	136,798	142,349
Cash at bank and in hand – Commercial Bank Accounts	20,789	(16,703)	4,086
	26,340	120,095	146,435

19 Capital commitments

Commitments under capital expenditure contracts at the balance sheet date were £7,834,859 (£3,941,458 at March 31 2007).

20 Post balance sheet events

The Trust has two wholly owned subsidiary companies, GTI Forces Healthcare Limited and Guy's and St Thomas' Enterprises Limited, that were dormant in 2007/08. As at April 1 2008, GTI Forces Healthcare Limited became operational. For 2008/09 the Trust will have to prepare group accounts and develop appropriate accounting policies.

On April 10 2008 the Trust, with our partner organisations, King's College London, King's College Hospital and South London and Maudsley NHS Foundation Trusts, declared our intention to become one of the UK's first Academic Health Sciences Centres (AHSCs).

21 Contingencies

	2007/08 £000	2006/07 £000
Contingent liability for other claims against the Trust	561	96
Net contingent liability	561	96

22 Public Dividend Capital dividend

The Foundation Trust is required to demonstrate that the PDC dividend paid is in line with the forecast rate of 3.5% of average relevant net assets. The Dividend paid for the 2007/08 period of account was £17,810,000 and, based on the average relevant net assets of £528,645,000, the Foundation Trust's performance was 3.4% (3.5% for 2006/07).

23 Financial performance targets

The following information relates to the Prudential Borrowing Limit (PBL) with which Guy's and St Thomas' NHS Foundation Trust is required to comply.

- A) The Foundation Trust had no long term borrowing at 31 March 2008.
- B) The Dividend Cover ratio is 5.596 compared to a minimum cover required of 1 (3.996 in the year ended March 31 2007).

24 Related party transactions

Guy's and St Thomas' NHS Foundation Trust is a body corporate established by order of the Secretary of State for Health.

The Department of Health is regarded as a related party. During the year Guy's and St Thomas' NHS Foundation Trust has had a significant number of material transactions with the Department, and with other entities for which the Department is regarded as the parent Department. The main local commissioners are Lambeth PCT, Southwark PCT and Lewisham PCT from whom the Trust received £203,781,322 (£174,964,270 at March 31 2007) for health care contracts. Additionally the Trust has transacted with a large number of other PCTs and NHS Trusts including Croydon PCT, West Kent PCT, Bromley PCT, Greenwich PCT and Bexley PCT, as well as the NHS Litigation Authority and NHS Logistics.

The debtors balance for NHS bodies as at 31 March 2008 stood at £23,879,000 (£27,910,000 at 31 March 2007).



In addition, the Trust has had a number of material transactions with other Government Departments and other central and local Government bodies. £32,756,631 (£29,873,572 at March 31 2007) has been received from the Ministry of Defence for health services supplied. There were also many transactions with King's College London totalling £6,894,141 (£8,940,360 at March 31 2007).

The Trust has also received revenue and capital payments from a number of charitable funds, principally Guy's and St Thomas' Charity to the amount of £10,238,320 (£12,793,719 at March 31 2007). The balance for Guy's and St Thomas' Charity debtors was £2,047,901 (£7,107,724 for 2006/2007) and for creditors £578,509 (£39,517 for 2006/2007).

Ron Kerr, Chief Executive, Eileen Walsh, Director of Assurance and Liz Dunn, Matron of Haematology/Oncology rent accommodation from the Trust.

Professor Robert Lechler (Vice Chairman) is Vice-Principal (Health) at Kings College London. Keith Palmer (Non-Executive Director) acted as a Trustee for Guy's and St Thomas' Charity until 15 June 2007. Rory Maw (Non-Executive Director) was appointed as a Trustee for Guy's and St Thomas' Charity on 31 August 2007.

The Members' Council includes representatives from organisations that work closely with the Trust including Lambeth Council, Southwark Council, Lambeth PCT, Southwark PCT, Lewisham PCT, London South Bank University, South Bank Employers Group, NHS London, Kings College London and South London and Maudsley NHS Foundation Trust.

Aside from these transactions none of the other Board Members, the Members' Council Members, members of the key management staff or parties related to them have undertaken any material transactions with Guy's and St Thomas' NHS Foundation Trust.

25 Financial instruments

The NHS Foundation Trust has limited powers to borrow or invest surplus funds, and financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the NHS Foundation Trust in undertaking its activities. Financial risks are listed below.

Liquidity risk

The NHS Trust's net operating costs are incurred under annual service agreements with local Primary Care Trusts, which are financed from resources voted annually by Parliament. The Trust also largely finances its capital expenditure from funds made available from Government under an agreed borrowing limit. Guy's and St Thomas' NHS Foundation Trust is not, therefore, exposed to significant liquidity risks.

Interest rate risk

0.3% of the Trust's financial assets carry a fixed rate of interest. The Trust seeks to optimise its returns by investing on the Money Market at fixed rates, as its cash flow forecasts allow. The balance is held in deposit accounts with its bankers. 100% of the financial liabilities carry nil or fixed interest rate. Guy's and St Thomas' NHS Foundation Trust is not, therefore, exposed to significant interest-rate risk.

Foreign currency risk

The Trust takes measures to minimise all foreign currency risk. The Trust has no significant foreign currency risk.

Credit risk

The Trust operates primarily within the NHS market and receives the majority of its income from other NHS organisations, as disclosed in Note 24.

Bad debt provisions are calculated based on the Trust's bad debt provision policy which prescribes rates of provision based on the type of debtor, ageing of the outstanding debt and knowledge of specific queried balances.

25.1 Financial assets

	Floating rate £000
At March 31 2008	
Denominated in £ sterling	198,565
In other currencies, restated in £ sterling	3,644
Gross financial assets at March 31 2008	202,209
At March 31 2007	
Denominated in £ sterling	116,077
In other currencies, restated in £ sterling	5,248
Gross financial assets at March 31 2007	121,325

25.2 Analysis of financial liabilities

	Floating rate £000
At March 31 2008	
Denominated in £ sterling	(92,937)
In other currencies, restated in £ sterling	—
Gross financial liabilities at March 31 2008	(92,937)
At March 31 2007	
Denominated in £ sterling	(82,758)
In other currencies, restated in £ sterling	—
Gross financial assets at March 31 2007	(82,758)

25.3a Financial assets by category

	Floating rate £000	Loans and receivables £000	Assets at fair value through the I&E £000
At March 31 2008			
Assets as per balance sheet			
NHS debtors	20,414	20,414	—
Accrued income	9,517	9,517	—
Other debtors	17,938	17,938	—
Current asset investments	7,905	—	7,905
Cash at bank and in hand	146,435	146,435	—
Total at March 31 2008	202,209	194,340	7,905
At March 31 2007			
NHS debtors	21,520	21,520	—
Accrued income	8,089	8,089	—
Other debtors	17,529	17,529	—
Current asset investments	7,846	—	7,846
Cash at bank and in hand	66,340	66,340	—
Total at March 31 2007	121,324	113,478	7,846

25.3b Financial assets by category

	Other financial liabilities £000
At March 31 2008	
NHS creditors	(8,403)
Other creditors	(27,300)
Accruals	(57,234)
Total at March 31 2008	(92,937)
At March 31 2007	
NHS creditors	(19,351)
Other creditors	(26,464)
Accruals	(36,943)
Total at March 31 2007	(82,758)



25.4 Fair values of financial assets at March 31 2008

	Book value £000	Fair value £000
Debtors over one year:		
– Agreements with commissioners to cover creditors and provisions	1,097	1,097
– Other	146,435	146,435
	<u>147,532</u>	<u>147,532</u>

As allowed by FRS 25, short term trade debtors and creditors measured at amortised cost may be excluded from the above disclosure as their book values reasonably approximate their fair values.

25.5 Maturity of financial liabilities

	2007/08 £000	2006/07 £000
Less than one year	(92,937)	(82,758)
	<u>92,937</u>	<u>82,758</u>

25.6 Analysis of impaired debtors

	2007/08 £000	2006/07 £000
Ageing of impaired debtors:		
Up to three months	4,270	5,236
In three to six months	784	1,233
Over six months	5,414	4,976
Total	<u>10,468</u>	<u>11,445</u>

25.7 Financial assets interest risk

	Total £000	Floating rate £000	Fixed rate £000	Non- interest bearing £000	Weighted average interest rate %
Currency					
As at 31 March 2008					
Sterling	143,331	142,763	534	29	5.0
Other	3,646	3,565	–	78	3.1
Gross financial assets	<u>146,977</u>	<u>146,328</u>	<u>534</u>	<u>107</u>	
As at 31 March 2007					
Sterling	61,613	21,065	40,517	28	3.2
Other	5,250	5,066	–	181	3.1
Gross financial assets	<u>66,863</u>	<u>26,131</u>	<u>40,157</u>	<u>209</u>	

26 Third party assets

The Trust held £15,211 cash at bank and in hand at 31 March 2008 (£13,466 at 31 March 2007) which relates to monies held by the NHS Foundation Trust on behalf of patients. This has been excluded from cash at bank and in hand figure reported in the accounts.

27 Losses and special payments

There were 2,713 cases of losses and special payments totalling £2,457,238 (£1,114,597 in 2006/07) approved during the year to 31 March 2008. This includes cash payments during the year. These are not calculated on an accruals basis.

Contact information

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St Thomas' Hospital

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www.guysandstthomas.nhs.uk

www.londonsahsc.org

Chief Executive

If you have a comment for the Chief Executive, please contact:

Ron Kerr

Chief Executive, Guy's Hospital

Tel: 020 7188 0001

Email: chief.executive@gstt.nhs.uk

Patient Advice and Liaison Service (PALS)

If you require information, support or advice about our services, please contact:

PALS

Tel: 020 7188 8801 (St Thomas')

or 020 7188 8803 (Guy's)

Email: pals@gstt.nhs.uk

Membership

If you are interested in becoming a member of Guy's and St Thomas' NHS Foundation Trust, please contact:

Tel: 0845 143 4017

Email: members@gstt.nhs.uk

Recruitment

If you are interested in applying for a job at Guy's and St Thomas', please contact:

The Recruitment Centre

Tel: 020 7188 0044

<http://jobs.gstt.nhs.uk>

Communications

If you have a media enquiry, require further information about our hospitals, or would like more copies of this report, please contact:

Anita Knowles

Director of Communications

St Thomas' Hospital

Tel: 020 7188 5577

Email: anita.knowles@gstt.nhs.uk



For copies of these recently produced DVDs, contact the communications department on the number below.

A hugely successful Modernisation Initiative funded by Guy's and St Thomas' Charity has transformed services for kidney and stroke patients, and for people using local sexual health services. Hundreds of patients and local people have been involved in service redesign and health promotion activities.

Pictured is Choice FM DJ Daddy Ernie, who fronted a local campaign to encourage men to get their blood pressure checked.



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