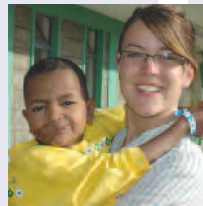




ANNUAL REPORT AND ACCOUNTS 2009|10



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.

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Guy's and St Thomas' NHS Foundation Trust is part of King's Health Partners Academic Health Sciences Centre (AHSC), a pioneering collaboration between King's College London, and Guy's and St Thomas', King's College Hospital and South London and Maudsley NHS Foundation Trusts.

King's Health Partners is one of only five AHSCs in the UK and brings together an unrivalled range and depth of clinical and research expertise, spanning both physical and mental health. Our combined strengths will drive improvements in care for patients, allowing them to benefit from breakthroughs in medical science and receive leading edge treatment at the earliest possible opportunity.

For more information, visit www.kingshealthpartners.org.



KING'S HEALTH PARTNERS

Pioneering better health for all



Guy's and St Thomas' NHS Foundation Trust comprises two of London's best known teaching hospitals with longstanding reputations for quality and innovation.

As well as being one of the most successful Foundation Trusts, we are one of the busiest, with around 900,000 patient contacts every year. We provide a full range of services for local residents as well as specialist services for patients from further afield, including cancer, cardiothoracic and renal services. The Evelina Children's Hospital at St Thomas' – designed with the help of its young patients – is home to many specialist children's services, while Guy's is the site of the largest dental school in Europe.

As part of King's Health Partners, we are now one of the UK's first, and largest Academic Health Sciences Centres and, together with King's College Hospital and South London and Maudsley NHS Foundation Trusts and our academic partner King's College London, we bring together world-class teaching, research and clinical services.

We have a long history of clinical and scientific excellence. Our National Institute for Health Research funded comprehensive Biomedical Research Centre, established with King's College London, is already ensuring that translational research drives better treatment for our patients.

Guy's and St Thomas' is one of the largest employers in Lambeth and Southwark, with almost 11,000 staff. We work hard to reflect the cultural and ethnic diversity of the communities we serve and we are strengthening our partnerships with patients and local people, as well as neighbouring NHS organisations, local authorities, GPs and voluntary organisations.

We strive to recruit and retain the best doctors, nurses, therapists and other staff and the dedication of our employees is key to our hospitals' success.

1 Chairman's statement

King's Health Partners, our Academic Health Sciences Centre, has made good progress during 2009/10. Achieving meaningful collaboration in Clinical Academic Groups while maintaining the autonomy and identity of four independent institutions. This has to be based on mutual respect and confidence and has been enhanced by the appointment of Lord Butler to chair the Partnership Board and Professor Robert Lechler as the Executive Director.



Both the Trust's main hospital sites have seen considerable environmental change and improvement during recent months. The advent of the Shard at London Bridge, new hotels at Waterloo and other external changes will have dramatic effects on the local economy. It is clear that both the London Bridge regeneration zone and the expansion of other facilities on the South Bank will create many additional demands. Maintaining relationships with our local stakeholders, mostly through the South Bank Partnership, therefore remains an important responsibility for the Trust Board. It is within this context that the first steps in implementation of our estates strategy have seen the move of the medical toxicology service to Mary

At a time of financial stringency, the Trust Board continues to take its responsibilities as stewards of our long term future very seriously and will ensure that the vision of continuing improvement it has developed is implemented. We are pleased to have the continuing help of generous donors and of Guy's and St Thomas' Charity under the leadership of Sir William Wells and Peter Hewitt as the newly appointed Chairman and Chief Executive respectively.

Ron Kerr, our Chief Executive, continues to inspire the Trust Board to make ambitious plans at the same time as requiring excellent performance. The directors are driving forward important standards and initiatives, and together form an outstanding and talented team of which the Trust should be proud. They have been joined this year by Hugh Risebrow who, as Commercial Director, will bring forward innovative ways in which we can develop our expertise and facilities to the benefit of the Trust and patients. We were also pleased to welcome Professor Frank Nestle, who replaced Professor Robert Lechler as the university's nominee to the Board.

In planning its response to imminent financial and regulatory pressures, the Board is looking to create new sources of revenue but, more importantly, we are eager to offer the clinical and other skills of specialist staff

We plan a future in which truly outstanding care remains accessible for our local population.

Sheridan House near Guy's, the opening of Biomedical Research Centre facilities in the Guy's Tower, and the temporary relocation of major non-clinical services from St Thomas' Hospital to York Road, thus enabling essential expansion of the accident and emergency department to begin.

All these plans are shared with Governors, local community groups, patients, and our elected representatives.

Showing we care

The Trust has embarked on an attitude-changing initiative this year. The *Showing we care* campaign is designed to encourage everyone to think about their behaviour and how it affects patients, visitors and their own colleagues and, in turn, our services.

A number of schemes are in place to help put these principles into practice, including *In your shoes*, which is an opportunity for senior managers to get an insight into the daily lives of colleagues. Non-Executive Director Jan Oliver, below, has worked as a cleaner and a catering assistant on the wards and in the kitchen, whilst Chief Nurse Eileen Sills has worked on the switchboard and as a recruitment assistant.

We are also improving the information we provide to patients, launching a campaign to tell them what they should expect, and continuing to roll out new ideas to promote dignity, and respect for patients.

to complement the work of other providers, so widening access for patients.

With the absolute priority that the NHS rightly gives to the safety and quality of patient care, Guy's and St Thomas' is in a prime position to take a lead in providing excellence beyond our immediate local boroughs. We plan a future in which truly outstanding care remains accessible for our local borough populations but which reaches out to many more patients who need highly specialised services. This clinical strategy is well aligned with broader NHS priorities. Much Board attention has been given to specialist services at St Thomas' which sit in the heart of London but are not comfortably located within a narrowly defined sector.

In this centenary year of her death, our *Showing we care* initiative reinforces the example and teaching of Florence Nightingale. Her simple maxims "do no harm" and "treat every patient as an honoured guest" should always be at the heart of our values. While we are never complacent about performance, we believe that the staff who look after patients and their families strive to achieve these aims. As a leading Foundation Trust we need to set exemplary standards and I am daily grateful to those who share this ambition.



Patricia Moberly.

Patricia Moberly
Chairman

2 Directors' report

Guy's and St Thomas' continues to deliver excellent patient care, whilst seeking to maintain a strong financial position that will allow us to drive forward quality and service improvements for our patients in the future. That said, striking a balance between quality and service delivery and a healthy financial position, with surpluses to reinvest, has proved increasingly difficult as the external financial environment has started to tighten.



There have been significant achievements during the year, despite the inevitable and growing focus on cost reduction and savings plans. Most notably, we have continued to work with King's College Hospital and South London and Maudsley NHS Foundation Trusts and our shared academic partner King's College London to develop King's Health Partners as one of the UK's first Academic Health Sciences Centres (AHSCs).

King's Health Partners

There have been many successes and important milestones as we strive to bring health research, teaching and

Executive was delighted to announce the first Clinical Academic Group leaders in March, with a rolling programme of appointments now underway. A formal partnership agreement is also expected to be signed shortly.

Work to develop an overarching clinical strategy is progressing well, involving closer working between ourselves and King's College Hospital in particular, as we develop a broad and shared understanding of the role of each of our main hospital sites and identify the areas where we expect to be world-class. Areas where we want to grow our collective research strength have also been identified and include obesity, cancer, liver and vascular disease, as well as public health and children's services.

At the same time, our collective education agenda is moving forward, building on our success in being designated as the lead organisation for the Health, Innovation and Education Cluster for south London. Other strengths include the use of simulation technology, as well as the development of apprenticeship schemes and work with local schools to increase access to medical and other health-related career opportunities.

In terms of external partnerships, there is also much to celebrate, including a revived exchange programme with Johns Hopkins in Baltimore; a new partnership with the

It will challenge us to ensure that services are provided in the most appropriate location and enable us to strengthen our working relationship with GPs and other health and social care professionals.

education and clinical care together in new and groundbreaking ways that will deliver a step change in the benefits we can realise for our patients, local people and the wider community.

Clinical Academic Groups form the essential building blocks of the AHSC, and the King's Health Partners'

GSTS celebrates its first year

The Trust's joint venture with Serco Group plc to deliver pathology services celebrated its first full year in business in February 2010. Pathology services are absolutely crucial to the delivery of patient care and GSTS Pathology has already delivered real improvements, for example, halving waiting times for cervical screening and reducing the average waiting time for blood to be taken to just nine minutes. The joint venture has also enabled us to develop innovative ways of working which benefit not just our own hospitals, but other organisations such as Bedford Hospital where GSTS is now providing a local pathology service.



University of California in San Francisco; and work in both Zambia and Somaliland that is being driven forward in collaboration with the Tropical Health Education Trust.

Community services integration

The Trust, on behalf of King's Health Partners, was delighted to be selected by NHS Lambeth and NHS Southwark as their preferred partner to manage community services in Lambeth and Southwark from April 2011. Whilst still subject to a period of due diligence, as well as the approval of our regulators, we believe this new relationship will bring many benefits and allow us to improve the healthcare and well-being services we

provide to local people.

It will challenge us to ensure that services are provided in the most appropriate location – which will be outside the hospital setting in many cases – and will also enable us to strengthen our working relationship with GPs and other health and social care professionals. In addition, it will help us to realise the King's Health Partners' vision to improve the health of the local population and to extend health services research, teaching and education out into the community.

Our wider role

As a Trust, we provide a full range of local hospital services to people living in Lambeth, Southwark and Lewisham, as well as a wide range of

specialist services for this local population and patients from further afield. We continue to collaborate through King's Health Partners and with organisations across south east London and the capital, as well as nationally and internationally, to support and enhance service delivery, research, teaching and training.

We play an active role in the south east London cancer and cardiac networks, and we continue to work with both specialist commissioning groups and NHS London to support wider change which is being driven by the need to maintain quality and excellence and to develop sustainable service models for the future.

This has created disappointment, such as the failure to designate St Thomas' as a hyper acute stroke unit, but also opportunities, and we are currently working collaboratively to ensure optimal patient care in specialties ranging from specialist children's surgery and cardiac services to adult vascular services and cancer care.

We have devoted significant effort this year, with input from NHS London, our local commissioners and others, to explore and better understand the role our hospitals play in the wider health system. We believe this will enable us to respond to change in ways that protect and enhance their unique position.

St Thomas' provides a huge range of very specialist services and sub-specialties, as well as one of the largest intensive care units in the UK. To protect these regional and national centres of excellence, it is essential to understand their complex inter-relationship with our major cardiac centre, vascular services and comprehensive range of women's and children's services, co-located on a single site.

£15,000,000

has been spent on improving the hospital environment over three years



Many services at Guy's also serve a wide population across south east England, either from central London or through a growing network of outreach clinics and satellite facilities. As well as renal services and complex surgery, cancer services at Guy's are a key strategic priority for the Trust and for the wider cancer network.

Cancer services at Guy's are a key strategic priority for the Trust and for the wider cancer network.

These services also have a fundamental inter-dependency with the health schools and biomedical sciences at King's College London, and underpin our shared and longstanding reputation for world-class clinical and biomedical research.

This continues to be enhanced by our National Institute for Health

Research funded comprehensive Biomedical Research Centre, which is described on page 38.

Working with commercial partners

The Trust has a long tradition of innovation, ranging from medical breakthroughs and translational research to a commitment to broader commercial opportunities that will generate additional income to support the delivery of NHS services.

This year, a number of initiatives reflect this, including:

- our pathology joint venture, GSTS Pathology, with Serco Group plc, which has celebrated its first successful year of operations;
- our partnership with Quintiles, the world's largest first-in-man clinical trials organisation which now occupies state-of-the-art accommodation in the Guy's Tower alongside our own research and trials facilities;
- the appointment of the Trust's first board-level Commercial Director.

We also continue with our existing portfolio of commercial activity, including our long standing contract with the Ministry of Defence to provide healthcare to British forces and their families in Northern Europe. In addition, we have recently been short-listed as the preferred bidder to host the South West London Shared Services Partnership delivering a range of facilities management services to five Primary Care Trusts in south west London.

Business review

Guy's and St Thomas' has again performed well financially in 2009/10, despite a toughening economic environment. The Trust has declared a

33%

reduction in the number
of cases of MRSA blood
infections last year

18,000

members of our Foundation Trust
help us to better understand the
needs of our local communities

surplus of £1.8 million for the financial year after accounting for an impairment of £5.1 million due to the revaluation of the Trust's fixed assets (equivalent to a £6.9 million surplus excluding the impairment). Although less than the surplus we originally planned for, we believe this is a good performance at a time when efficiency savings have proved increasingly difficult to achieve without impacting adversely on patient care.

Pressures such as high levels of infection in the community, adverse weather conditions and the need to plan for an anticipated flu pandemic have added to operational challenges during the year. Pressing operational needs have necessarily taken priority at times, and the launch of our Trust-wide transformation programme is in part a response to this – recognising that we require additional focus and structures in place to deliver the level of efficiencies that will be needed in future.

This year's surplus will add to those achieved in previous years, and we are currently undertaking a financial and strategic review to identify prudent levels of investment in service development and our estate in support of our strategic vision over the coming years.

We have identified the key drivers of change which we believe present both challenges and opportunities for our future operation. These are:

- a change of government, bringing with it new policies and a changing financial picture;
- the changes to commissioning intentions for clinical services including the new arrangements for the delivery of community services;
- the ongoing development of King's Health Partners, including the Clinical Academic Groups;

- savings and activity plans;
- our transformation programme;
- the NHS Constitution including new rights for patients;
- commercial opportunities.

The Trust continues to focus on managing the risks associated with the drivers of change which are potential challenges, and on ensuring that it is in a strong position to take advantage of any potential opportunities.

We have a well established financial and performance reporting model that includes detailed monthly score card reporting of national and Trust performance targets to both the Board of Directors and Trust Management Executive. In addition, Board sub-committees have developed a range of key performance indicators, and local performance indicators are well developed throughout the organisation.

As a result, when there was a significant dip in performance against the four hour access target in accident and emergency, the Trust carried out an immediate audit of operational practices and data assurance. Following discussions with Monitor and other stakeholders, an action plan was implemented which included external advice and support.

Closer to home

We continue to deliver major improvements to our estate as part of a comprehensive strategy to improve the fabric of our buildings and transform the way patients move through the hospital. Comprehensive ward refurbishments, improvements to circulation and waiting areas, lift refurbishments and the redevelopment of the main entrance at St Thomas' have all helped to improve access and the experience of patients, visitors and

staff. Investment of £15 million over three years in these environmental improvement schemes provides a solid platform from which to take forward our longer term estates strategy, which we are calling our *2020 vision*.

These longer term plans, which will be refined as business cases are developed and available resources become clearer, include:

- essential work to repair and refurbish the Guy's Tower;
- repairs and improvements both internally and externally to the East Wing at St Thomas';
- plans for a new cancer facility on the Guy's site, initially for a range of 'ambulatory care' from diagnosis to outpatient and day care treatment and support, with co-located space for research.

Our estates plans support and underpin our clinical services strategy and also the major transformation programme that we launched this year to drive efficiency and cost reduction, whilst improving quality and patient focus. The initial areas of transformation work are the emergency, outpatient and elective patient pathways and technology support for patient care. Strong clinical engagement will be critical to success and this work will be a major organisational priority over the coming year.

It is complemented by the *Showing we care* campaign which we launched in summer 2009 to focus on organisational culture and behaviours, and in particular how these can be a force for good in supporting our efforts to improve every aspect of the patient experience. Our staff are our most important asset and we recognise and celebrate their contribution, for example through an annual ceremony and a new monthly

Combined Heat and Power units

In September 2009, we became one of the first Trusts in London to produce our own electricity. The Combined Heat and Power units, one on each site, use a gas engine to produce enough electricity to meet half our requirements. The waste heat generated by this process, in the form of steam and hot water, is collected and used for heating and hot water around the hospitals.

The units will reduce our CO₂ emissions by almost 11,300 tonnes a year and will save us more than £1.5 million in energy costs.



recognition scheme – the CARE awards. However, we also acknowledge the need to set even more ambitious standards so that all our patients receive exceptional care all of the time.

We set ambitious targets so that all our patients receive exceptional care all of the time.

Performance and inspections

In October 2009, the Trust was very pleased to achieve the highest possible rating from the Care Quality Commission in its annual health check – rated as ‘excellent’ for the quality of services and ‘excellent’ for the quality of financial management on a scale of excellent, good, fair or weak.

Sustaining operational performance against a wide range of national and local targets, as well as ensuring the delivery of high quality and clinically safe care to around 900,000 patient contacts each year remains an enormous challenge. It requires considerable and sustained effort from frontline staff and managers, and we work hard to support them, for example through our successful clinical Fridays and also a new weekly managers’ forum.

We were delighted to receive very positive feedback following our unannounced hygiene inspection in summer 2009. We continue to have considerable success in reducing hospital infection rates and we were pleased to report back on our first quality accounts last year. Going forward, we are developing a range of measures that will form our quality accounts in future, aligned closely with the national, regional and local requirements of the Commissioning for Quality and Innovation scheme.

Corporate social responsibility

The Trust is delighted to have published its first social accounts as we take our responsibilities to the local community, regeneration and the environment very seriously. We are proud of our achievements, whilst also recognising the need to go further.

Our initial priorities focused on three areas: reducing our environmental impact, including CO₂ emissions; local recruitment; and local procurement initiatives. The Trust continues to be an NHS leader when it comes to environmental issues and highlights this year included opening Combined Heat and Power facilities on both sites, joining the Mayor of London’s Green500 of leading private and public sector companies and

£1,500,000

will be saved each year following the installation of Combined Heat and Power units at our hospitals

1,500

stroke patients have been read poetry and stories over the past decade at St Thomas'

7,000,000

medical instruments are delivered to doctors and nurses by the sterile services department every year

signing up to the national 10:10 campaign.

We are the largest employer in Lambeth and Southwark and are committed to recruiting locally, both to ensure our workforce reflects the needs of the ethnically and culturally diverse communities we serve, but also to maximise the employment, education and training opportunities we can provide to local people. In addition, we have made considerable effort to procure goods and services locally in support of local businesses and regeneration for mutual benefit and also in support of environmental sustainability.

Board of Directors

The Board of Directors bring a wide range of experience and expertise to their stewardship of the Trust and continue to demonstrate the vision, oversight and encouragement required to enable it to thrive. In 2009/10, its membership consisted of the following Executive Directors:

Chief Executive, Ron Kerr; Director of Finance, Martin Shaw; Medical Director, Edward Baker; Chief Nurse/Chief Operating Officer, Eileen Sills; Director of Capital, Estates and Facilities, Steve McGuire; Director of Workforce and Organisational Development, Ann Macintyre; and, from January 2010, Commercial Director, Hugh Risebrow.

And seven Non-Executive Directors: Chairman, Patricia Moberly, and Non-Executive Directors: David Dean, Mike Franklin, Rory Maw, Frank Nestle, Jan Oliver and Diane Summers. Robert Lechler stood down as Vice Chairman/Non-Executive Director in April 2009 and was replaced by Rory Maw as Vice Chairman and Frank Nestle as Non-Executive Director in May 2009.

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 where appropriate.

The Board considers the Trust to be compliant with the principles of the NHS Foundation Trust Code of Governance, as well as with the provisions of the 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.

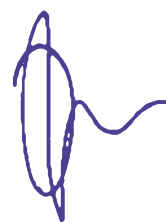
During the year, and to coincide with the fifth anniversary of our authorisation as an NHS Foundation Trust, we took the opportunity to review our Constitution, and are making a number of changes designed to make our Council of Governors even more effective and to broaden the constituencies from which our membership is drawn.

Looking ahead

Guy's and St Thomas', in common with the public sector as a whole, is clearly entering a far more demanding operational and financial environment and there is an urgent need to increase efficiency whilst maintaining high quality care. We will use our strong track record over recent years to adapt to this new environment – and we believe the greater freedoms we are afforded as an NHS

Foundation Trust will allow us to continue to thrive and to set our own strategic direction for the benefit of the patients and communities we serve, as well as our staff.

It remains to thank the people who have helped us to achieve so much in 2009/10 including our staff; our Council of Governors and our wider membership; Guy's and St Thomas' Charity for their ongoing support and generous investment; our King's Health Partners' collaborators; and 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

3 Operational and financial review

Guy's and St Thomas' is one of the largest and busiest Trusts in the country. During 2009/10, we saw 604,000 outpatients, 76,000 inpatients, 64,000 day case patients and 164,000 accident and emergency attendances. On average, we have 1,110 beds in use at any one time, with 845 at St Thomas' and 265 at Guy's, as well as up to 44 specialist baby cots.



Performance ratings

Our overall performance rating is measured through the Care Quality Commission's (CQC) Annual Health Check. This assessment measures the quality of our services and how well we use our resources. Our most recent rating, published in October 2009, was 'excellent' for both, on a scale of excellent, good, fair or weak. In addition, following an unannounced hygiene inspection by the CQC in August 2009, the Trust achieved 100 per cent compliance with no major recommendations for improvement. These exceptional results are evidence of the hard work and dedication of staff across the Trust, and demonstrate our continued commitment to high quality care.

These exceptional results are evidence of the hard work and dedication of staff across the Trust.

Furthermore, the Trust has been granted its licence to provide services with no conditions from the CQC. Under a new, tougher system for regulating standards in the NHS, all Trusts are required by law to be registered by the CQC by 1 April 2010. In order to do so, they must show they meet essential standards of quality and safety; Guy's and St Thomas' was granted its licence in March.

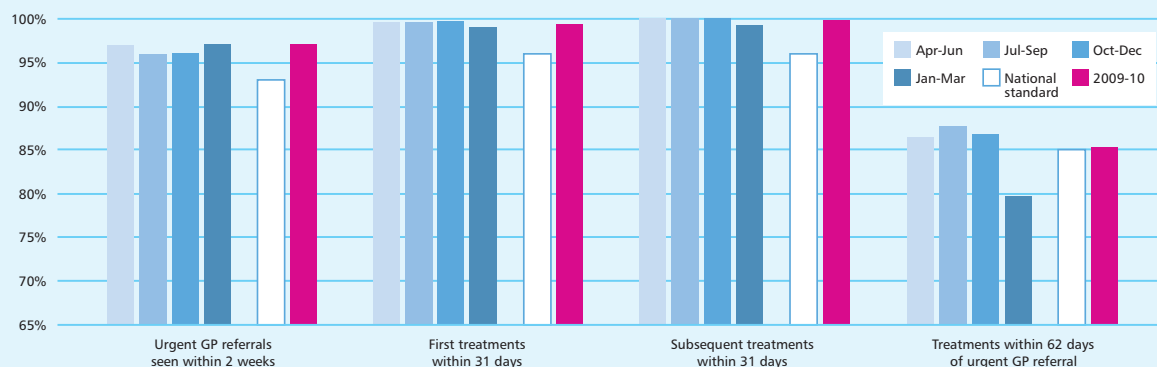
Meeting national targets

We have continued to reduce cases of MRSA and *C.difficile* and are well within the national targets set for the hospital. The Trust places great importance on reducing hospital acquired infections and through a continued drive on cleanliness and a zero tolerance approach to poor hand hygiene we have achieved a 33 per cent reduction in the number of cases of MRSA blood infections (down to 16 cases), and 13 per cent reduction in the number of cases of *C.difficile* (down to 73 cases) in 2009/10.

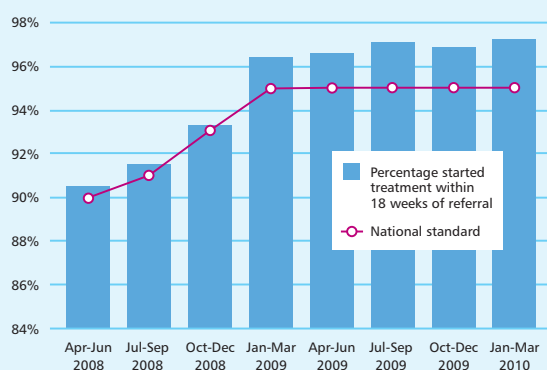
The Trust has continued to speed up access to cancer diagnosis and treatment, and we have achieved all national targets for waiting times following considerable effort in managing and updating data systems to support each patient pathway. Of those patients referred urgently by their GP, 97 per cent were seen within two weeks. We have also met the new requirement to extend the maximum waiting time for breast cancer patients to all referrals, not just urgent cases, with 93 per cent now seen within two weeks.

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.

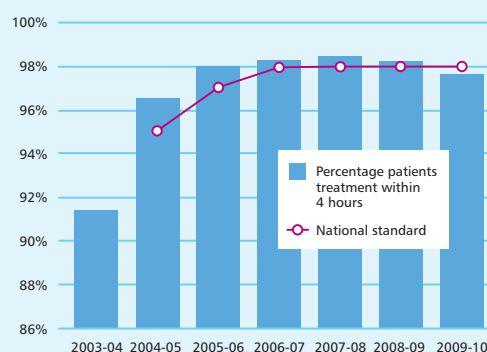
Performance against revised cancer access targets



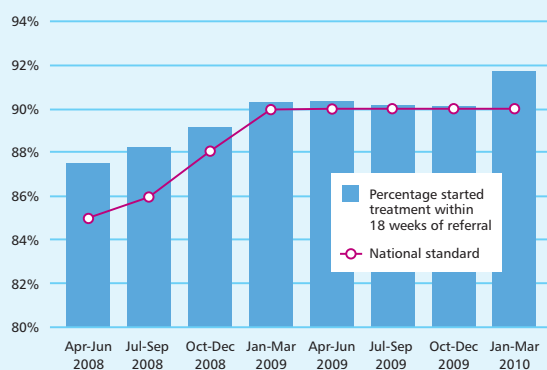
Percentage of patients starting non-admitted treatment within 18 weeks of referral



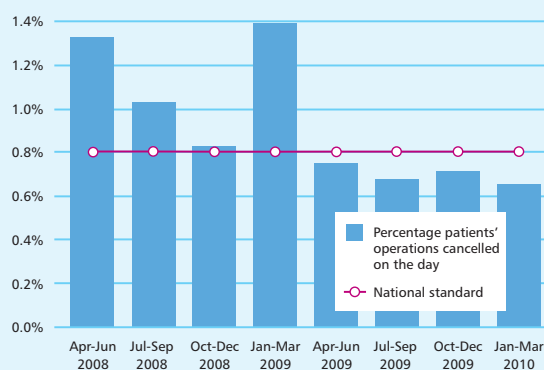
Percentage of patients treated within four hours in A&E



Percentage of patients starting admitted treatment within 18 weeks of referral



Percentage of patients' operations cancelled on the day



Performance against national targets

Existing commitments		National standard	2009/10	2008/09	2007/08
A&E access	% patients discharged within 4 hours in A&E and MIU	>98%	97.6% ●	98.2% ●	98.3%
Inpatient and outpatient access	Outpatients waiting more than 13 weeks (GP referrals only)	<3 / mth	0.0 ●	0.2 ●	0.1
	Inpatients waiting more than 26 weeks	<2 / mth	1.8 ●	2.3 ●	1.2
Cardiac access	Patients seen within 2 weeks for rapid access chest pain	>99%	100% ●	99.7% ●	100.0%
	Patients waiting more than 3 months for revascularisation	<1%	0% ●	0% ●	0%
Cancelled operations	% elective operations cancelled on day of operation	<0.8%	0.70% ●	1.17% ●	1.58%
	% cancellations not re-admitted within 28 days	<5%	0.9% ●	1.2% ●	0.0%
Transfers of care	Inpatients with delayed transfer of care (monthly average)	<5	2.8 ●	1.2 ●	1.8
Health and well-being	Patients seen within 48 hours of referral to GUM clinic	>99%	100% ●	99.8% ●	99.5%
	Ethnic coding levels of inpatients	>90%	91.9% ●	91.2% ●	88.5%
Clinical quality	Call to balloon time for primary angioplasty – % under 150 minutes	tba*	58.1%	n/a	n/a
National priorities					
Infection control	MRSA bacteraemia reduction (to 30 for 2009/10)	<30	16 ●	24 ●	46
	<i>C.difficile</i> acquisitions in over 2s reduction (to 101 for 2009/10)	<101	73 ●	84 ●	124
18 week referral to treatment times	% admissions within 18 weeks	>90%	90.6% ●	90.2% ●	86.8%
	% non-admissions within 18 weeks	>95%	96.2% ●	96.1% ●	91.4%
	% specialties achieving 18 week target (Jan-Mar)	tba*	94.1%	n/a	n/a
Cancer access	Urgent GP referrals seen within 2 weeks	>93%	97.0% ●	n/a	n/a
	Breast symptomatic referrals seen within 2 weeks (Jan-Mar)	>93%	93.2% ●	n/a	n/a
	Cancer treatments started within 1 month of decision to treat	>96%	99.4% ●	99.5% ●	100%
	Cancer treatments started within 2 months of urgent GP referral	>85%	85.2% ●	n/a	n/a
	Subsequent treatments within 1 month of decision to treat	>96%	99.6% ●	n/a	n/a
	Treatments started within 2 months of screening programme referrals	>90%	99% ●	n/a	n/a
	Treatments started within 2 months of consultant upgrade referrals	>90%	99% ●	n/a	n/a
Infant health	% women smoking during pregnancy	<5%	4.8% ●	5.0% ●	n/a
	Breastfeeding initiation	tba*	87.0%	90.8% ●	n/a
Clinical quality	Stroke care – patients with more than 90% of their stay in a stroke unit	tba*	82.1%	n/a	n/a
	Participation in heart disease audit		●	●	n/a
	Engagement in clinical audits		●	●	n/a
	Maternity statistics – data quality indicator	Comparators not available		●	n/a
Staff satisfaction	NHS staff satisfaction – results from National Staff Survey	Comparators not available		●	n/a
Patient experience	Results of patient survey – 5 domains	Comparators not available		●	n/a

* New targets in 2009/10 – national standards still to be advised

We have continued to work hard to meet the maximum 18 week waiting time target, and have achieved this in all specialties except orthopaedics. Despite treating more orthopaedic patients than ever, the number of referrals to the Trust, both for very specialist and routine procedures, is growing at an unprecedented rate. We are working with our Primary Care Trusts and NHS London to address this.

We have also seen unprecedented

demand for our accident and emergency service and have fallen just short of the national 98 per cent target. In 2009/10, 97.6 per cent of patients were diagnosed, treated, discharged or admitted within four hours. There are a number of factors behind this, both internally and as a result of limited alternative provision locally, particularly for patients with relatively minor problems. We are working hard to address these issues, with help from the Department of

99%

of cancer patients begin treatment within one month of decision to treat

£2,500,000

has been invested in energy saving equipment

100%

compliance with an unannounced hygiene inspection

Performance against local targets

Clinical quality		Target	2009/10	2008/09	2007/08
Infection control	% clinical staff compliant with hand hygiene (monthly audit)	>98%	97.5% ●	99.0% ●	n/a
	MRSA acquisitions from clinical specimens	<80	28 ●	67 ●	74
	GRE bacteraemias (per month)	<2 / mth	0.4 ●	0.8 ●	1.3
Clinical indicators	Readmission rate (emergency readmission within 28 days)	<4.5%	4.7% ●	4.6% ●	n/a
	Standardised mortality ratio	<85	82.6 ●	79.6 ●	n/a
Patient experience					
Patient survey findings	Staff not talking as if patient not there	>86%	87% ●	n/a	n/a
	Patients 'very satisfied' with involvement in decisions about care	>63%	63% ●	n/a	n/a
	Patients 'very satisfied' that they were listened to and supported	>66%	66% ●	n/a	n/a

- Target fully achieved
- Target partially achieved

Health's intensive support team, so that we can provide a sustainable improvement in performance.

NHS Litigation Authority

In December 2009 we were assessed by the NHS Litigation Authority against their Risk Management Standards for Acute Trusts, and again achieved a high pass at level 2. The assessment, which measures our effectiveness in managing risk, looks at 50 standards covering a wide range of activities from information for patients to mandatory training for staff. We were also accredited at level 2 for the revised maternity standards – a considerable achievement.

Sustainability and climate change

The Trust has developed a leading and ambitious environmental sustainability strategy after engaging widely with patients, staff, visitors and other stakeholders. As a result, we have made significant progress in reducing the environmental impact of our business and have been awarded the Mayor of London's Green500 Platinum Award in recognition of our efforts, which makes us a leader in the NHS.

Combined Heat and Power units have been installed on both sites and we continuously make energy savings by investing in new technologies and upgrading our infrastructure; since 2006 we have invested over £2.5 million in energy saving equipment.

Everyone in the organisation is encouraged to take responsibility for energy, water and waste saving, and there are more than 125 environment representatives in the Trust who serve as the eyes, ears and voices for saving energy and resources. We were one of the first signatories to the Mayor's RE-FIT Programme and, in August 2009, we were awarded the Carbon Trust Standard in recognition of our proactive and systematic approach to carbon reduction.

We actively monitor and report on carbon consumption and other key performance indicators to ensure that we are consistently reducing our environmental impact. In the last year, we have reduced electricity consumption, carbon emissions and water consumption, and costs, as well as increased our proportion of recycled waste. We are also committed to buying goods and services locally where possible.

Looking forward, our priorities for further improvement will include:

- waste reduction;
- sustainable procurement solutions;
- continued support of the Mayor's RE-FIT Programme;
- continued preparation for the Carbon Reduction Commitment Energy Efficiency Scheme;
- implementation of our sustainability strategy.

Our progress will continue to be monitored by the Board of Directors.

Corporate social responsibility

The Trust is committed to acting responsibly in terms of the environment, staff, the local community and the wider population. We have a number of employment initiatives that contribute to our corporate social responsibility agenda, and more information about these can be found on page 30.

The Trust is an active participant in the vibrant local communities we serve, and supports local regeneration and employment.

We are implementing a web-based brokerage service allowing us to select

£12,000

from Guy's and St Thomas' Charity
supports a project to develop global
health partnerships in Zambia

21%

increase in outpatient
attendance and 17% growth in
inpatient and day case activity

suppliers, including small and medium-sized enterprises, and make them more readily aware of tendering opportunities at the Trust. As part of this initiative, we will ensure that we offer a low cost, easy access method for them to bid for contracts. The aim is to open up opportunities beyond established suppliers and to increase the number of local companies serving the Trust.

In addition, we are participating in *Supply Cross River* – an initiative led by the Cross River Partnership (made up of City of London, City of Westminster, Lambeth and Southwark Councils), which provides the Trust with a consultant one day a week to analyse requests from local suppliers and give training and technical support to the procurement team.

We are proud to have established formal links with two African countries, Tanzania and Zambia. We signed a memorandum of understanding with Muhimbili University of Health Sciences in Tanzania in 2007 to establish a

identify initial areas for collaboration.

A number of Trust staff also give up their time voluntarily to support a wide range of international charitable projects. For example, at the end of 2009, two consultants and a staff nurse supported the charity Project Harar and travelled to Addis Ababa in Ethiopia to treat children suffering from noma, a gangrenous facial disease.

Our strategic vision

We have set four goals as part of our strategic vision, and these sit within our role as an Academic Health Sciences Centre. They are:

- to lead an outstanding local healthcare system;
- to build on our strength as a provider of specialist services;
- to make research and education integral to innovative patient care;
- to create a workforce and an environment that delivers high quality and efficient services.

Information risks

The Trust is required to assess and report information risks and data losses in a standard format provided by the regulator. The table opposite gives details of four incidents, which relate to the loss or theft of electronic equipment or documents.

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.

Sickness absence

The Trust is required to report on sickness absence and from 1 January – 31 December 2009, the sickness absence rate was 3.9 per cent. This consists of 134,905 days of sickness from a total of 3,423,885 working days available.

Everyone in the organisation is encouraged to take responsibility for energy saving.

programme of cooperation for staff development in ophthalmology and, in 2009, four visits took place between our organisations. Work included demonstrating paediatric surgery to resident doctors and advice on the management of diabetic retinopathy. Funding of around £10,000 a year from Guy's and St Thomas' Charity and a livery company support this project.

In addition, we have established formal links with two hospitals in Ndola, Zambia and a memorandum of understanding is being developed, which will be followed by discussions to

400

research projects involving patients and healthy volunteers are taking place this year



Environmental impact performance indicators 2009/10

Area		Non-Financial (applicable metric) 2009/10	Non-Financial (applicable metric) 2008/09		Financial Data (£000k) 2009/10	Financial Data (£000k) 2008/09
Waste minimisation and management	High temp disposal	678 tonnes	524 tonnes	Total waste cost	£1,318	£1,036
	Landfill disposal	2,524 tonnes	2,597 tonnes			
	Non-burn treatment	878 tonnes	1,017 tonnes			
	Waste recovery/recycling	15.6%	11.93%			
Finite resources	Water	364,000 m3	424,000 m3	Water	£331	£345
	Electricity	162,000 GJ	234,000 GJ	Energy	£7,496	£8,825
	Gas	534,000 GJ	345,000 GJ			
	Oil	1,048 GJ	9,151 GJ			

Summary of personal data related incidents 2009/10

Category	Nature of incident	Total
I	Loss/theft of inadequately protected electronic equipment, devices or paper documents from secured NHS premises.	3
II	Loss/theft of inadequately protected electronic equipment, devices or paper documents from outside secured NHS premises.	1
III	Insecure disposal of inadequately protected electronic equipment, devices or paper documents.	0
IV	Unauthorised disclosure	0
V	Other	0

Guy's and St Thomas' has again performed well financially in 2009/10, despite a toughening economic environment. The Trust has declared a surplus of £1.8 million for the financial year after accounting for an impairment of £5.1 million due to the revaluation of the Trust's buildings (equivalent to a £6.9 million surplus excluding the impairment).

Our financial performance

Although the surplus was less than we originally planned for, we believe this is a good performance at a time when efficiency savings have proved increasingly difficult to achieve without impacting adversely on patient care. The Trust had planned to achieve a £25.7 million efficiency improvement, which would have delivered a £20 million surplus in 2009.

Table 1	Plan 2009/10 £ millions	Actual 2009/10 £ millions	Variance £ millions
Total income	916.7	930.0	13.3
Expenses	(832.7)	(868.6)	(35.9)
Operating surplus	84.0	61.4	(22.6)
Depreciation	(43.9)	(39.9)	4.0
Public Dividend Capital	(21.6)	(20.2)	1.4
Interest receivable/other	1.5	0.5	(1.0)
Retained Surplus	20.0	1.8	(18.2)

The annual accounts reflect not only the performance of the Trust but also the consolidated results of its wholly owned subsidiaries, GST Enterprises, GTI Forces Healthcare Limited, Pathology Services Limited, an associate company SSAFA GSTT Care Limited Liability Partnership, and joint venture GSTS Pathology Limited Liability Partnership.

The year end surplus reflects the fact that the Trust delivered a significant programme of cost reduction and increased efficiency, whilst continuing to improve services and achieving the key NHS targets which are expected of us. The Trust's income position

exceeded our planned income for this period by £13.3 million, whilst expenditure was £35.9 million above plan – reflecting the additional costs of delivering these higher levels of activity, investment in the research and development network, and the £5.1 million impairment on our fixed assets.

The Trust's depreciation charge, dividend on Public Dividend Capital and interest receivable/other costs were £4 million, £1.4 million and £1 million below plan respectively.

Table 1 compares the 2009/10 outturn to the 2009/10 plan.

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 and expenditure associated with delivering this additional work.

In 2009/10 the Trust was the host for the London (South) Comprehensive Local Research Network. This increased the Trust's income and expenditure by £15.5 million. Payments made for research activities at other Trusts totalling £11 million are therefore reflected under establishment costs in the accounts.

The income and expenditure figures also include the impact of the Pathology Joint Venture with Serco Group plc, both in the surplus, as stated above, and in the growth in income and expenditure of £25 million.

Financial performance 2008/09 and 2009/10

For the financial year 2009/10, following government policy, the NHS has adopted International Financial Reporting Standards (IFRS) as the basis for preparing financial accounts.

IFRS requires a number of changes to the way that financial performance is calculated. The impact of these changes on the Trust is minor. The 2008/09 accounts have been restated to IFRS in order to allow for a valid comparison between years. The details of the changes to the 2008/9 accounts are set out in note 34 on page 80 of the annual accounts. The comparator figures for 2008/09 set out in the following sections are the restated IFRS accounts.

Table 2 shows the Trust's financial performance for 2008/9 and 2009/10.

Table 2	Actual 2009/10 £ millions	Actual 2008/09 £ millions
Income	930.0	844.5
Expenditure (including depreciation)	(908.5)	(813.7)
Operating surplus	21.5	30.8
Public Dividend Capital	(20.2)	(17.6)
Interest etc	0.5	5.8
Retained surplus	1.8	19.0

The Trust made a £19 million surplus (£25.5 million prior to restatement) in 2008/9 and achieved a surplus of £1.8 million in 2009/10 after accounting for the £5.1 million fixed asset impairment (equivalent to a £6.9 million surplus excluding the fixed asset impairment). These surpluses have been allocated 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;

Transformation

We recognise that real efficiency gains and service improvements can only be achieved by changing our business processes and the Trust has a dedicated Change Team which leads on transformation work, overseen by a new Transformation Board.

The adult spine service at St Thomas' is just one of our success stories. The multidisciplinary team was taken out of clinical practice for a week to analyse their referrals process with some expert help. After implementing a series of changes, including recruiting an appointment centre officer to manage bookings, doctors are now seeing a 42 per cent increase in patients each week, allowing the service to generate extra income to be reinvested in services.



- the successful delivery of a significant cost improvement programme;
- the implementation of supply stock cabinets; and
- the unexpected recovery of prior year income.

These 'gains' have been partially offset by:

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

The Trust developed efficiency proposals of £25.7 million to deliver in 2009/10, 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 to 5 on page 21 show activity and income and expenditure growth over a five year period from 2005/06 to 2009/10.

Activity trends

Charts 1 to 3 show the growth in inpatient and day case activity (measured as completed patient spells) – up by 17 per cent, and growth in outpatient attendances – up by 21 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. The

The Trust developed efficiency proposals of £25.7 million to deliver in 2009/10, and we will also continue to drive down costs in future years.

majority of the activity growth over the period relates to day case activity.

Total outpatient activity has grown by 21 per cent (new outpatient referrals increased by 22 per cent and follow-up referrals increased by 21 per cent) over the period.

Accident and emergency attendances have increased by nearly

six per cent in 2009/10, compared to 2008/09, although total attendances are up by less than two per cent over the five year period.

Chart 4 shows the growth in income over the five year period from April 2005 to March 2010. Income has grown at approximately 10 per cent a year over the period. The 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 research by £17 million in 2009/10, compared with the funding received in 2008/09.

Chart 5 shows the growth in expenditure over the five year period. Expenditure has also grown at an average rate of 10 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. In addition to the growth in permanent staff, use of temporary staff has increased. However, it is important to note that in 2009/10 the rate of growth in expenditure has increased significantly above trend due to a number of specific factors including increased costs of research and development, and also increased costs in clinical supplies and services, in part due to the arrangements for managing pathology services through the joint venture.

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 £111.9 million cash in the bank, against a plan of £125.5 million. This

16th

floor of Guy's Tower is home to the state-of-the-art research and development department

4,000

members of staff were vaccinated against seasonal flu

£1,000,000

of funding was awarded to lead a new south London Health Innovation and Education cluster

Chart 1: Completed patient spells

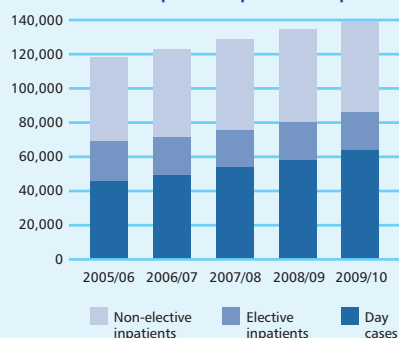


Chart 2: Outpatient attendances

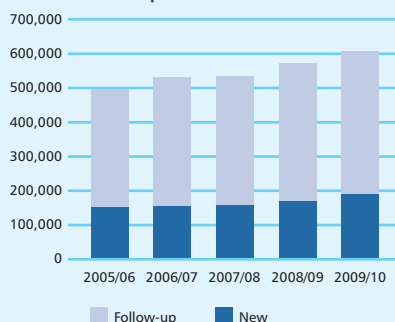


Chart 3: A&E attendances

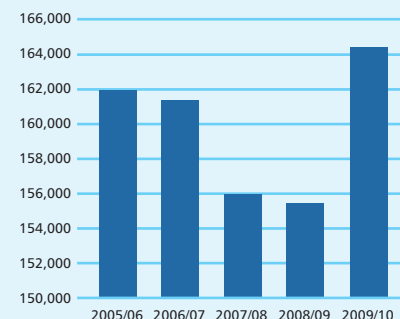


Chart 4: Income £000s

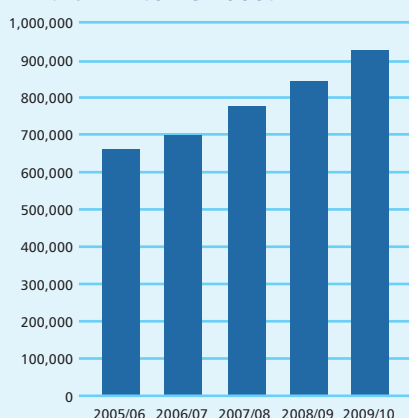
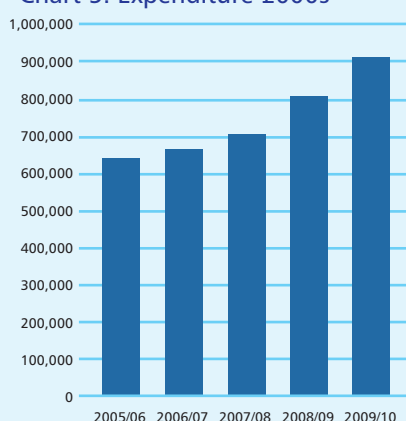


Chart 5: Expenditure £000s



was a decrease in cash of £13.6 million compared to plan, and of £43.1 million when compared with the £155 million position at the end of 2008/09. The reduction in cash against plan is largely due to the Trust's lower than planned surplus of £6.9 million, prior to the impairment charge.

The Trust had a projected capital spend of £78.8 million for the year. During the year, the Trust received £3.7 million of Public Dividend Capital, which was drawn down in full during the year. The actual capital expenditure during the year was £91 million, including £4.1 million from charitable funds.

The Trust's land and buildings were subject to a revaluation in 2009/10 to reflect fair value and this was completed as a depreciated

replacement cost valuation. Land values remains unchanged from the valuation as at 1 April 2009. Building values (including plant and machinery) have decreased in value by a total of £22.1 million. £5.1 million of this has been charged against the income and expenditure account and £17 million charged against the revaluation reserve account.

There has been no change to the Trust's schedule of protected and non-protected assets during the year. In 2009/10 the Trust relinquished its lease with Lewisham Primary Care Trust for the remaining parts of the New Cross Hospital site and Trust services occupying the site were relocated to other parts of the Trust's estate. In 2009/10 the Trust took out leases on Mary Sheridan House and

Table 3	NHS Funded £ millions	Donated £ millions
Buildings	35.5	0.4
Assets under construction	25.1	1.8
Plant and machinery	11.6	1.6
Information technology (IT)	3.6	0.0
Furniture and fittings	0.0	0.0
Software licences etc	11	0.3
Total	86.8	4.1



75 York Road in order to facilitate the Trust's estate strategy.

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 2009/10, the Trust spent £3.7 million from charitable grants on capital projects and also received £5.2 million in charitable contributions towards revenue expenditure.

Capital expenditure

Capital expenditure during 2009/10 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.

We have identified the key drivers of change which we believe present both challenges and opportunities to our future operation.

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 2009/10 (see note 3.3 on page 66 of the annual accounts). 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 did not renew its working capital facility beyond 31 July 2008 as planned given the healthy cash position of the Trust.

The Trust had no borrowing against the PBL during 2009/10, and this was in line with expectation. The Trust's performance against the PBL indicators is described in note 29 on page 77 of the annual accounts.

External audit services

The Members' Council agreed that Deloitte LLP should be the Trust's external auditor for 2009/10. The Trust incurred £158,664 in audit services fees in relation to the statutory audit of the Trust and its subsidiaries' accounts to 31 March 2010.

Monitoring Trust performance

The Trust has developed a 'balanced score card' to review and monitor performance at a Trust-wide, divisional and directorate level. Incorporated within the Trust level score card, 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 three, in a range of one to five where five is the best performance.

193

apprentices have been recruited into a variety of roles across the Trust

96

consultants have 1.5 protected days a week to carry out research

£295,000

was awarded by Guy's and St Thomas' Charity to fund buildings and environment projects

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 the key drivers of change which we believe present both challenges and opportunities to our future operation. These are:

- a change of government, bringing new policies and a changing financial picture;
- the ongoing development of King's Health Partners, including the Clinical Academic Groups;
- the changes to commissioning intentions for clinical services including the new arrangement for the delivery of community services;
- savings and activity plans;
- our transformation programme;
- the NHS Constitution including new rights for patients;
- commercial opportunities.

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

The development of the Academic Health Sciences Centre and extending our commercial income are primarily viewed as opportunities. The changed economic climate, volatility of the national tariff and Market Forces Factor under Payment by Results and our purchasers' commissioning intentions, as well as changes to the levy funding we receive for teaching, are major uncertainties and viewed as threats which make future planning difficult.



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 £31.9 million savings in 2010/11 and also aims to deliver a surplus of £5 million, which will be in addition to the surpluses achieved in prior years. 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.

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

Change in government, new policies and financial environment

The recent change in government may lead to significant changes in NHS targets, funding and quality standards over the next few years. It is difficult to assess the impact of the change on national health policy at this stage and therefore the commissioning and financial risks set out below are those we are currently aware of.

The economic environment

The global economic downturn has impacted significantly on future funding likely to be available to the NHS. The Department of Health is



forecasting savings required of at least £20 billion over the period 2010/11 to 2016/17. London is expecting to face a financial shortfall of £3.8 billion to £5.1 billion over this period. This will require increased efficiency savings for NHS Trusts of four per cent a year or more.

The Trust will ensure programmes are developed to respond to the financial challenges driving further improvements in productivity and efficiency whilst improving the quality of patient care and the patient experience. The establishment of our transformation programme will underpin these efforts.

We aim to provide a full range of world-class clinical services, complemented by excellence in teaching and research, for the benefit of the populations we serve.

The financial regime

Under Payment by Results, the introduction of the Healthcare Resource Group version 4 and changes in the Market Forces Factor have resulted in significant changes to the tariff structure and values which have impacted adversely on the Trust. In 2009/10, these losses of £16 million, together with the loss of £2.8 million income for High Cost Area Allowances, have been partially mitigated by transitional support from NHS London of £7.5 million on a non-recurrent basis.

The national review of Market Forces Factor has led to a reduction in income which was capped at two per cent in 2009/10 and the Trust expects to lose a further £3.2 million in 2010/11.

We face significant financial risks in 2010/11 with the further loss of

Market Forces Factor income and the removal of non-recurrent support. The Trust is working with the Department of Health and NHS London to secure additional funding for the excess cost of providing specialist services covered by the national tariff, and to minimise the impact of changes to research and development funding.

We have 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 are proving valuable.

Changes to funding for teaching

The Trust did not incur any loss of teaching income in 2009/10 and does not expect any change in 2010/11. We are aware, however, that the teaching levy is currently under review and it is expected that a new funding formula will apply from April 2011. Early indications are that the Trust will see a reduction in income of around £16 million which will be phased at £4 million a year starting in April 2011. We are working with NHS London and the Department of Health to ensure that the impact of any proposed changes are fully understood.

As King's Health Partners, we are leading the development of the Health, Innovation and Education Cluster for south London and believe we will be well-placed to respond to changes in the education agenda.

90

small grants were awarded
by Guy's and St Thomas'
Charity to enhance services
and our environment

£41,000

of funding was awarded from
the London Deanery to run
education courses for consultants

200

articles by staff have
appeared in peer-reviewed
journals

Development of King's Health Partners, including Clinical Academic Groups

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 formed an Academic Health Sciences Centre (AHSC), King's Health Partners. Based on the complementary skills of the partner organisations, we aim to provide a full range of world-class clinical services, combined with excellence in teaching and research, for the benefit of the populations we serve.

Opportunities to improve the effectiveness and quality of our services, and to reduce unnecessary duplication are being actively explored. We believe the AHSC presents opportunities for service development, income growth and diversification as well as greater efficiency.

Expectations are high, and the member organisations will need to develop capacity and capability to deliver the future vision whilst maintaining performance against existing targets. The development of Clinical Academic Groups, which are currently being introduced across King's Health Partners to bring clinical services, research and education activities together within a series of single managerial units, will underpin this work.



Changes in commissioning intentions and the new arrangements for community services

The Trust is working closely with local Primary Care Trusts as they develop their commissioning intentions and referral management and practice-based commissioning proposals for 2010/11 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.

As King's Health Partners, 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, as well as to the evolving South East London Health Services Strategy. 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. We are 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.

Primary Care Trusts are assuming that significant financial savings can be achieved through demand management and shifting care from acute hospitals to community settings. Guy's and St Thomas', on behalf of King's Health Partners, has been selected by NHS Lambeth and NHS Southwark as the preferred partner to manage community services in Lambeth and Southwark from April 2011. This new relationship



will also support our efforts to strengthen closer working with GPs and a range of other health and social care professionals.

The Trust believes that whilst the integration of acute and community services will be essential to delivering better health care in our local area and make a significant contribution to the financial savings required of the NHS in south London, the scale of change is of such magnitude that it will require the Trust to work collaboratively with commissioners and other acute providers to ensure a sustainable healthcare system is maintained.

We will continue to look for opportunities to deliver efficiency savings, remove waste and reduce costs.

Savings and activity plans

The Trust has set itself challenging financial targets over the next three years in order to deliver the financial savings required by the NHS and the surpluses needed to invest in our estate. The Trust is developing plans to reduce costs whilst continuing to provide high quality effective clinical services.

We are also working with local Primary Care Trusts on a number of key productivity improvements and demand management protocols to deliver overall system sustainability so that the activity delivered by the Trust is both affordable and can be delivered within the funding available.

The risk of not meeting these targets will be that the Trust and local PCTs will be in financial deficit, which may lead to additional reductions in activity and funding available in future years, and adversely impacting on our estates strategy.

We have a good history of working with local PCTs to deliver system change within the funding available to all parties. The Trust's transformation programme, potential cost savings from King's Health Partners and the integration with community services give us a firm basis from which to deliver significant service redesign and cost reduction.

Although we have set a plan for 2010/11 to deliver a surplus of £5 million, we will continue to look for opportunities to deliver efficiency savings, remove waste and reduce costs. Our aim is to over exceed this target to maximise the investment we can make in clinical services and the Trust's estate strategy.

Transformation programme

The Trust recognises that real efficiency gains and service improvements can only be achieved by changing our business processes, and the Trust has a dedicated change team which leads on transformation work, overseen by a new Transformation Board. The transformation programme has been set a target to save £50 million from April 2011.

NHS Constitution and new rights for patients

The NHS Constitution gives patients the right to be treated within 18 weeks or to move to another service provider for their treatment. We have seen a significant rise in referrals to a number of clinical services over the last 12 months and this has led to some patients waiting longer than the national maximum waiting times. If demand continues to increase, we may not be able to meet this level of activity in some specialties and some patients may opt to transfer to other providers. However, when patients have been offered this choice in the

past, most have opted to stay with the Trust and have chosen not to transfer.

The Trust does not believe this to be a significant financial risk, although is it clearly a performance issue if the targets remain.

Commercial opportunities

The Trust benefits from having one of the largest and most successful enterprise units in the NHS. The commercial directorate supports and develops a range of initiatives to diversify our income base and create additional financial surpluses, which are used to invest in NHS patient care and our facilities and equipment.

Commercial opportunities and activities are subject to scrutiny by the Board, and aim to create commercial gain from the physical and intellectual assets of the Trust, without incurring significant financial or reputational risk.

These include treating private and international patients at private patient facilities; commercial research and trials; commercialisation of intellectual property; consultancy services in the UK and internationally, both independently and in conjunction with leading consultancies; management of healthcare facilities for governments, military organisations and other healthcare organisations internationally; provision of support services to other NHS organisations; and partnering with commercial organisations who have innovative products and services.

The commercial directorate supports a range of initiatives which are used to invest in NHS patient care.

Research developments

Transplantation is an exciting area of medicine that unites King's Health Partners' clinical innovation, leading-edge research and organisational excellence.

King's Health Partners' brings together the major clinical transplant services offered by Guy's and St Thomas' and King's College Hospital NHS Foundation Trusts with King's College London, which is home to the Medical Research Council's only UK Centre for Transplantation.

Our doctors and scientists have studied rare individuals across Europe who appear to have developed a natural tolerance to a donated kidney after transplantation. Usually, this is only revealed when organ rejection does not occur after the patient stops taking their immunosuppressive drugs for clinical reasons.

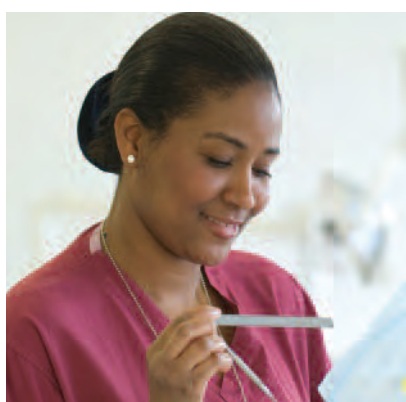
Through studying these patients, we have been able to show these individuals share a 'tolerance fingerprint' – a specific 'full set' of immunological markers in the blood.

Doctors now hope to be able to screen kidney transplant patients for these markers to identify patients who may be able to safely reduce their use of immunosuppressants.



4 Our staff, patients and partners

The Trust strives to improve the quality of care and the hospital environment through consultation with our patients, the commitment and hard work of our staff, and the support of our partners. This enables us to deliver treatment and care that meets the needs of the diverse local communities we serve.



Our staff

We have almost 11,000 staff, clinical and non-clinical, who are integral to the success of the organisation. They continue to provide high quality care and work hard to meet national and local targets, and to improve efficiency.

Communicating with our staff

The Trust is committed to involving staff in decision-making and keeping them informed of changes and developments across the organisation. The Trust's two-day corporate induction programme is a valuable source of information for new recruits and the Knowledge and Information Centre at

staff magazine, *People*. The Trust's intranet, GTi, is also a central source for policies, guidance and online tools.

We work with staff representatives to ensure employees' voices are heard. The Joint Staff Committee meets bimonthly, acting as a valuable consultative forum. Sub-groups have been established to look specifically at policy and pay issues and topics such as financial performance are regularly discussed.

Staff throughout the organisation are encouraged to voice opinions and get involved in developing local services to drive continuous improvement.

Staff survey

We participate in the annual NHS national staff survey and since 2008 have invited all eligible staff to respond rather than a smaller selected sample so that we get the best possible insight into the views of our staff. Based on the latest results from the 2009 survey, Guy's and St Thomas' is among the top 20 per cent of acute Trusts in England for 22 out of the 40 key scores; an increase from 13 in 2008.

3,826 members of staff responded to this year's survey and the areas of best and weakest performance can be seen on the table on page 35.

The Trust uses the results in a variety of ways to address any areas of concern. For instance we have developed the *In your shoes* initiative whereby senior managers have an

Staff throughout the organisation are encouraged to voice opinions and get involved in developing local services.

St Thomas' provides email and computer access for staff, as well as regular information and training sessions.

We work hard to ensure staff are aware of the key priorities and issues affecting the organisation, including the changing financial and regulatory environment. Our range of well-established communications channels includes a monthly team briefing and

opportunity to experience the roles of other staff for a day, and we held our first ever Trust-wide awards event in 2009 to recognise and honour the outstanding contributions of our staff.

We continue to work with staff side representatives to develop our action plans which address issues raised in the staff surveys.

Equality and diversity

The Trust takes an inclusive approach to the six strands of equality – age, disability, ethnicity and race, religion and belief, gender, and sexual orientation. Following a strategic review in 2009, we developed our Equality and Human Rights Scheme 2010-2013 to proactively promote diversity through key priorities such as:

- robustly addressing discrimination, bullying and harassment;
- ensuring that clinical services are fair and fully accessible;
- providing equality of opportunity for all our workforce;
- ensuring our staff reflect the communities we serve.

In 2009, the Trust appointed its first Director of Equality and Diversity who takes overall responsibility for monitoring our operations against these priorities and publishes details of our performance.

The Trust continues to use the 'two tick' disability symbol on recruitment materials, signifying our positive attitude towards the recruitment of disabled people, and we continue to support disabled staff, including anyone who becomes disabled during their employment. We also work closely with some specialist organisations including Remploy, Status Employment and the Royal London Institute for the Blind to provide work experience placements for people with disabilities.

Guy's and St Thomas' Charity

The Trust is fortunate to be the main beneficiary of Guy's and St Thomas' Charity and is grateful for the generous support this provides for a wide range of services, initiatives and research.

The *Modernisation Initiative End of Life Care Programme* is just one of these. It is an ambitious project designed to improve services in Lambeth and Southwark for people with advanced, progressive, and incurable conditions. It supports them to live and die as well as possible, and ensures their families and carers are looked after. It is also designed to support healthcare staff and recently launched a pocket-sized guide, *What to do after death*, for those first to arrive at the scene of a death. It contains useful contacts, guidance on what to do with medication, as well as patient considerations, such as how to ensure spiritual beliefs and preferences for after death care are met.

Better breathing for life, is another exciting and innovative scheme funded by the Charity which aims to improve care for patients with chronic obstructive pulmonary disease – severe breathing difficulties – in Lambeth and Southwark. Working with the two local Primary Care Trusts, King's College Hospital and staff in the community, the project is helping to identify patients who are at risk of hospital admission, ensuring they are treated at home wherever possible. In 2009, the team won a national award for service innovation.



Aspire, the Trust's equality and diversity network, brings together staff, Non-Executive Directors and members of the local community to actively support our diverse workforce at all levels.

Looking forward, the Trust is committed to taking further positive steps and has recruited a learning

disability coordinator to help us meet the recommendations of *Healthcare for all* – the independent inquiry led by Sir Jonathan Michael to consider how hospitals meet the healthcare needs of people with learning disabilities.

We will also relaunch and strengthen our Equality Impact Assessment process to ensure new

3,826

members of staff
responded to the 2009
national staff survey

79%

of nurses and midwives would
recommend Guy's and St
Thomas' as a place to work



service developments and building projects, as well as Trust policies and decisions, support our commitment to diversity.

Training and development

The Trust is committed to the training, career development and promotion of all staff – see chapter 5 – and offers a range of opportunities to support this, including short courses, management development programmes, mandatory training, mentoring schemes and access to university programmes.

Staff have helped to develop the Trust's values, which guide how we interact with patients, visitors and staff, and these have informed the standards we expect through our values-based behaviours model. This now underpins the Trust's appraisal scheme and ensures an emphasis on behaviour and attitudes, not just on practical skills. Through appraisals we actively encourage staff to contribute ideas to improve the performance of our services and increase efficiency.

The Trust runs an apprenticeship scheme to provide work-based training for staff seeking to gain the knowledge and skills required to undertake their role and tasks more

identified covering a diverse range of areas and include roles in nursing, maternity and administration, as well as in pharmacy and housekeeping.

In addition, the Trust has recently introduced a cadet scheme to raise awareness of apprenticeships and work experience opportunities in local schools and colleges, and with job seekers. Cadets will spend time in key services relating to their areas of interest and will be able to undertake accredited learning under the guidance of a coach.

Volunteers

Our staff benefit greatly from the support of a team of more than 300 volunteers who contribute an estimated 720 hours a week to the Trust. They provide a range of services from welcoming patients and visitors, directing or assisting them as necessary, to working with the spiritual care team and escorting patients to the MediCinema to watch the latest films, often in wheelchairs or even in their beds.

Safe working environment

We place a strong focus on health and safety to maintain an environment that is safe for staff, patients and visitors. Significant progress has been made throughout the year in terms of audits, training and incident reporting and our health and safety strategy sets out a three year vision for improving performance.

Our occupational health service remains one of the largest in the country, employing a team of doctors, nurses, counsellors and support staff, which not only serves almost 11,000 staff, but has contracts to provide services for a number of local businesses.

Pre-employment screening, work-related health checks and a

The Trust is committed to the training, career development and promotion of all staff and offers a range of opportunities to support this.

effectively. In response to a government commitment to increase apprenticeship opportunities in the public sector, we are providing opportunities for existing staff, school leavers and job seekers. As a result, nearly 200 apprenticeships have been

NHS Constitution

The NHS Constitution was published in January 2009 and brings together what patients and the public, as well as staff, can expect from the NHS, including hospitals such as Guy's and St Thomas'.

We are embedding the Constitution into our everyday practice in a number of ways. Through national programmes such as the dignity campaign, we are transforming services for patients being treated on the wards. Through local initiatives such as our own *Showing we care* initiative, we are ensuring that we listen to patients and staff and respond to their needs, and that we provide satisfying and rewarding jobs for our staff.

For staff, we offer a range of benefits and facilities including the ride-to-work cycle scheme, interest free loans for computers and season tickets and on-site nurseries, as well as opportunities for flexible working to help staff balance their home and working lives.



vaccination and immunisation programme are just some of the services offered. This year, following an extremely successful awareness campaign, an unprecedented number of staff – more than 4,000 – were vaccinated against seasonal flu, and nearly 3,000 against swine flu.

Patients

Around 900,000 patients walk through our doors each year, and it is their experience which is at the heart of everything we do. It is only through listening to our patients, their relatives, carers and visitors that we can provide the best possible services.

Listening to patients

We value patient feedback which helps us monitor and improve services. The independent research organisation Ipsos MORI conducts a telephone survey of around 4,000 patients on behalf of the Trust twice a year.

We continue to see high levels of satisfaction with the services we provide, with over 90 per cent of those surveyed reporting they were very or fairly satisfied with their visit to the Trust and the quality of care they received.

The Care Quality Commission's annual inpatient survey showed that 92 per cent of our inpatients rated

720

hours a week are
dedicated to the Trust
by a team of volunteers

their care as good or excellent, whilst 96 per cent reported their ward as very or fairly clean. The commission also conducted an outpatient survey this year, which saw 91 per cent of respondents rating their care as excellent, very good or good, and 82 per cent feeling they were treated with dignity and respect at all times.

This year, the Trust has relaunched its comment card scheme and suggestion boxes have been installed in wards, outpatient clinics and waiting areas.

These surveys and feedback facilities ensure that we continue to make changes that patients and visitors want. The results and observations are fed back to the relevant local teams for action and reported to the Board of Directors and Council of Governors' patient experience working group. Patients tell us that cleanliness and the appearance of the hospitals are very important to them, and over the last year the Trust's environmental improvement programme has included the refurbishment of the main hospital entrances, wards and corridors on both sites. Patients also wanted more information about their treatment and we have been working hard to ensure patients see the letters we send to their GP.

The Trust also takes complaints very seriously and we strive to learn lessons so we improve services and better meet the needs of patients. We have fully implemented the new national complaints framework which aims to deliver a more complainant-focused approach and encourages open communication between patients and service providers. We have worked to promote an atmosphere of openness and respect so that patients or visitors feel comfortable raising any concerns with staff directly.



Patient involvement

The Trust is committed to involving patients and the public in the development and improvement of services. This year, we have continued to implement our patient and public involvement strategy – a three year vision aimed at embedding a positive approach to involvement across the organisation.

We held a two-day training programme for staff to give them the skills they need to plan and organise involvement schemes, particularly when planning service developments or changes. An 'engagement guide' and new policy have also been developed to assist staff undertaking involvement initiatives.

Patient involvement has been a key feature of the design work for the new chemotherapy day unit and events have been held to gather opinions and share ideas. As a result, the

conditions and treatments to enable them to make informed decisions about their care. All information produced by the Trust is monitored and approved through a rigorous process to ensure that it is evidence-based, meets national standards and has been reviewed by patients.

During the year, the Trust produced over 100 new patient publications, and reviewed existing publications to ensure accuracy. In September, two of the Trust's patient information leaflets were highly commended at the British Medical Association Patient Information Awards. *Timmy's Operation*, a cartoon which explains to children what to expect when they have an anaesthetic, and the leaflet, *Chemotherapy services at St Thomas' Hospital*, were praised by judges.

The Knowledge and Information Centre at St Thomas' continues to provide a welcoming and accessible location for patients and their families to enquire about health services, use computers and search the internet, and to visit the PALS walk-in service. Last year nearly 80,000 people visited the centre and staff responded to nearly 15,000 queries.

The Trust provides a comprehensive language support service to meet the needs of our diverse population and can provide interpreters for patients and their carers. We provide telephone interpreting services in most common languages and facilities exist to translate information, including into formats such as audio or Braille.

Partners

The Trust benefits from excellent partnerships with a range of organisations and these allow us to deliver services which meet the needs of our local and wider patient

The Trust is committed to involving patients and the public in the development and improvement of services.

environment is now designed to maximise privacy and recognise the need for personal space when undergoing treatment.

The Maternity Service Liaison Committee is another key source of user views and engagement, and topics of interest over the last year have included promoting breastfeeding, smoking cessation and one-to-one care during labour.

Patient information

The Trust is committed to providing patients with clear, informative, clinically accurate information on

4,000

patients are surveyed
twice a year by IPSOS
MORI

communities, whilst also supporting local regeneration and creating employment opportunities for local people.

Partnerships to improve healthcare

King's Health Partners was formally accredited in March 2009 and much work has been undertaken since then to build the structures and strategies that will ensure we deliver our vision to create an Academic Health Sciences Centre which combines the best of basic and translational research, clinical excellence and world-class teaching to deliver ground-breaking advances in physical and mental health. More information about King's Health Partners can be found on page 6.

Consultations

In the *Shape of Things to Come* consultation, Healthcare for London acted on behalf of the Joint Committee of Primary Care Trusts to develop new models of care for stroke and trauma. The aim was to develop centres of excellence to raise clinical standards and improve patient outcomes. Results were published in June and included designating Guy's and St Thomas' as a trauma and a stroke unit. As part of King's Health Partners we are also supporting King's College Hospital in developing a major trauma centre.

Developing services with local agencies

The Trust enjoys long-standing and collaborative relationships with primary and community care partners in Lambeth and Southwark. These relationships will be strengthened in the coming months by NHS Lambeth and NHS Southwark's decision to select the Trust as their preferred partner to manage community services.

Working with our partners

Our comprehensive Biomedical Research Centre's stunning new facilities in the Guy's Tower brings together patients, clinicians and scientists in a dedicated space. It is here that they gather for formal meetings and events and also make those all-important informal contacts that often drive some of the best research ideas that lead to real benefits for patients.

Whilst admiring spectacular views of the city, Trust staff and their academic colleagues are already using the centre to engage with partner organisations and industry, and doctors and scientists are regularly found in the café discussing potential avenues for their research.

Looking forward, we will use the facilities to engage local people, patients and charities in the research taking place on their doorstep, offering them opportunities to discover and discuss the exciting projects taking place at our hospitals and other organisations within King's Health Partners.

We are confident this new centre is fast becoming a place where we can explain what we're doing and inspire local people to get involved.



We continue to work closely with Local Involvement Networks (LINKs) in Lambeth and Southwark. For example, Lambeth LINK recently reviewed local services for deaf and hearing-impaired adults, and both Lambeth and Southwark LINKs helped us to develop a policy to support the reimbursement of expenses for people who take part in patient involvement activities.

We also work closely with Lambeth and Southwark Overview and Scrutiny Committees. We regularly update them about proposed service changes

and planned developments at our hospitals and seek their input and advice when required.

The Trust works in partnership with the South Bank Employers Group as part of our commitment to widening access to employment opportunities for the local community, and we now advertise 25 per cent of jobs for bands one to four through the group.

Our staff,
patients and partners

92%

of patients rated their care as
'good' or 'excellent' in the Care
Quality Commission's annual survey

15,000

queries were answered
by staff in the Knowledge
and Information Centre
at St Thomas'



Guy's and St Thomas' Charity

The Trust is grateful for the continued and generous support of Guy's and St Thomas' Charity which uses its funds from donations to support innovations

We are committed to widening
access to employment opportunities
for the local community.

and develop new services, invest in research and improve the hospital environment. The Charity also carries out dedicated fundraising campaigns to support major Trust initiatives.

Guy's and St Thomas' NHS Foundation Trust is the main beneficiary of the Charity and, over the year, we received funding for 36 service improvement projects valued at nearly £7 million.

Two major initiatives include:

- £561,000 to develop a pharmacogenetics service which uses the latest research into the use of genetic markers to tailor drug treatments more accurately to individual patients. This means that the side effects can be minimised and the therapeutic impact of drugs can be maximised;
- £324,800 to fund a multi-disciplinary project that will develop safe and effective care pathways for patients who have self-harmed across primary and secondary care.

The Charity also made more than 90 smaller grants (each less than £20,000) to support projects which enhance existing services and the hospital environment. These included funding for feasibility studies, art projects, and faith-led celebrations and cultural events which benefit patients, staff and visitors.

The Charity, in collaboration with Medical Physics, also provides funding for Trust employees who have ideas for innovative technological approaches to improving patient outcomes through the Guy's and St Thomas' Innovation Fund for Technology Transfer. The programme provides aspiring inventors with the necessary support and expertise to develop their concept, including help with protecting intellectual property and developing a prototype, and up to £50,000 in financial support.

We are enormously grateful to the Charity and its supporters for funding these initiatives, as well as for their continuing support of an exciting visual and performing arts programme, which provides therapeutic benefit to patients and enhances the hospital environment for all. For more information, visit www.gsttcharity.org.uk.

£80,000

of Art and Heritage grants were awarded by Guy's and St Thomas' Charity

Jack's MRI Adventure

During the year, in response to feedback from children and parents, the MRI team at the Evelina Children's Hospital developed a book and DVD for children visiting the hospital for a scan, supported by a grant from Guy's and St Thomas' Charity.

Jack's MRI Adventure is aimed at children between five and 10 years old, and there are also photo stories for older children.

Most children find the confined space and noise of the scanner the scariest part of having an MRI, so the new information is backed up by preparation sessions with a play specialist using a play tunnel. This allows children to practice lying still while listening to a CD that helps familiarise them with the different noises they will hear in the real MRI tunnel.

The success of this initiative is clear from the reduced need for children to have a general anesthetic, and most importantly, because the children are less anxious and much happier about having a scan.



Staff Survey

	2009/2010		2008/2009		
	Trust	National average	Trust	National average	Trust improvement/deterioration
Response rate	41%	55%	48%	55%	Deterioration

Areas of best performance

Percentage of staff receiving job relevant training, learning or development in the last 12 months	87%	78%	81%	80%	Improvement
Fairness and effectiveness of incident reporting procedures	3.64	3.42	3.52	3.42	Improvement
Percentage of staff feeling pressure in the last three months to attend work when feeling unwell	18%	26%	n/a	n/a	New score in 2009
Work pressure felt by staff	2.87	3.11	2.96	3.14	Improvement

Areas of weakest performance

Percentage of staff reporting errors, near misses or incidents witnessed in the last month	80%	95%	97%	95%	Deterioration
Percentage of staff using flexible working options	58%	70%	55%	71%	Improvement
Percentage of staff saying hand washing materials are always available	57%	69%	4.66	4.69	Not available – the scoring methodology changed from a scale score in 2008 to a percentage in 2009
Percentage of staff experiencing discrimination at work in last 12 months	10%	7%	10%	7%	Unchanged

5 Teaching and research and development

As leading teaching hospitals and a major academic centre, Guy's and St Thomas' is committed to developing first-class healthcare professionals and delivering ground-breaking advances in medical treatment for the benefit of our patients. We work closely with partner organisations and our local community to ensure that education and research of exceptional quality adds value to the patient experience.



Teaching

The Trust plays an important role in the clinical education and 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.

Education and research are central to our responsibilities as leading teaching hospitals and a major academic centre, and underpin our vision for our Academic Health Sciences Centre, King's Health Partners.

During the year, King's Health Partners was awarded £1 million of government funding to lead a new Health, Innovation and Education

Our HIEC will focus on four areas initially: mental health; infection prevention and control; diabetes; and stroke.

Undergraduate education

More than 300 consultants and supporting administrative staff continue to make a significant contribution to the education and development each year of over 800 undergraduate medical students from our academic partner, King's College London.

The Trust continues to engage newly appointed consultants in the education programme, ensuring they have dedicated time for teaching, hosting students and providing lectures in the September introductory week and assessing competency in July's final clinical exams. They also support students throughout the academic year.

We have two unique systems in place at the Trust to monitor undergraduate teaching. The undergraduate education committee meets monthly with representation from each of the Trust's clinical directorates and from King's College London to ensure that the quality of teaching and the student experience is continuously scrutinised. In addition, an undergraduate education coordinator sits on a number of college committees, working closely with staff to facilitate effective two-way communication.

We have implemented a strategy to attract and retain the best nursing staff, placing a particular emphasis on recruiting nurses who may have left the profession.

Cluster (HIEC) for south London, which will improve healthcare delivery and education. The collaboration, made up of around 30 organisations, is one of the new government funded networks that aims to deliver high quality patient care through a better trained workforce and the more rapid dissemination of research findings.

We have made improvements to the support we provide to students following feedback from the General Medical Council after a visit in 2008. For example, we now offer an online system so students can book a range of scheduled clinics and get access to more e-learning opportunities.

Postgraduate education

The Postgraduate Medical Education Department has enjoyed another busy year. The online induction programme for junior doctors, introduced in 2008, was updated to ensure that it remains current and robust, and the department has hosted a number of smaller, specialist inductions throughout the year.

The department was also successful in securing £41,000 of funding from the London Deanery for faculty development so we can continue to run education courses for consultants free of charge. These include Teaching for Teachers, Clinical Supervision and Education Supervisor courses.

Our annual contract monitoring report for 2009/10 was submitted in July 2009, and resulted in the department being cited as an example of best practice by the quality assurance unit of the London Deanery.

During the year, work began on a new Simulation and Interactive Learning centre at St Thomas', following in the footsteps of the multi-disciplinary centre at Guy's which opened in May 2008. It will be used to train staff in real-life scenarios using life-sized, high-fidelity mannequins. The mannequins will be programmed to convey typical patient responses, and real clinical incidents will be played out and the root causes of situations analysed. The environment will allow students to practise dealing with uncertainty, breaking bad news

Specialist services

This year, we became the national centre to treat children with the rare inherited disease Xeroderma Pigmentosum, working closely with the diagnostic laboratory at the University of Sussex, the photobiology unit at Ninewells Hospital in Dundee, and a charitable trust, the XP Support Group. Funding was granted by the National Specialised Services Commissioning Group – a Department of Health committee which commissions these highly specialised services.

The Trust will also receive £1.3 million a year to provide diagnosis, treatment, education and support for people suffering from the neurogenetic disorder neurofibromatosis 1. We are working closely with Central Manchester University Hospitals NHS Foundation Trust and the Neurofibromatosis Association to provide the best possible care for patients and their families.



and end of life decision making in a realistic, but safe environment.

Nursing training

We have implemented a strategy to attract and retain the best nursing staff, placing a particular emphasis on recruiting nurses who may have left the profession and want to return, or who may be interested in nurse apprenticeship roles.

We have also introduced clinical assistant practitioners, who are trained at degree level to perform specific practical tasks under the supervision of a registered nurse or doctor. A Band 7 multi-professional

leadership course was also introduced, bringing together leaders from a variety of professions on a single course, which aims to enhance leadership and team building skills as well as confidence amongst this important group of front line staff.

Research and development

Our hospitals have a long tradition of making significant medical breakthroughs and developing new treatments. With our university partner, King's College London, we are a major centre for NHS-funded research.

We are one of only five National Institute for Health Research (NIHR)



funded comprehensive Biomedical Research funded Centres, and part of one of the UK's first Academic Health Sciences Centres, King's Health Partners. As such, we are committed to driving forward research and innovation which will benefit our local population and have a positive impact on healthcare nationally and internationally.

Our research and development portfolio is constantly increasing, with more than 400 projects involving patients and healthy volunteers taking

terms of recruitment in the London (South) Comprehensive Local Research Network, which we also host.

Studies taking place across the Trust are diverse, ranging from projects looking at the causes of diseases to the use of robotics in healthcare, the viability of new treatments and the analysis of patient samples to further understand how various diseases progress.

Increasing capacity to expand the opportunities for our patients to take part in research is hugely important.

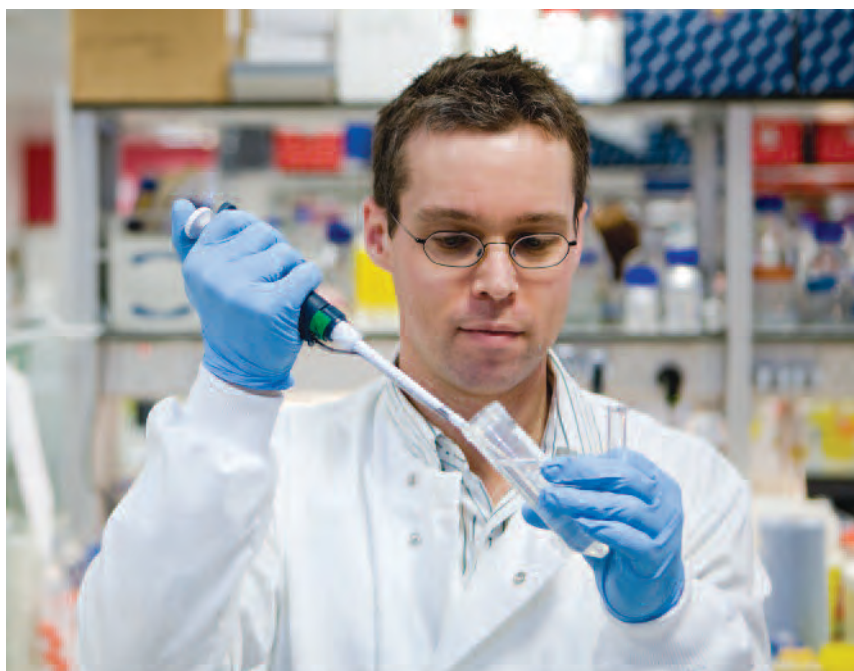
A scheme introduced in 2008 saw us award 96 consultant staff with one and a half days of protected time each week to carry out research. This has fostered a new generation of investigative talent and seen the launch of many new studies with staff publishing over 200 articles in peer-reviewed journals.

We are driving forward research and innovation which will benefit our local population and have a positive impact on healthcare nationally and internationally.

place across the Trust and King's College London this year. We recruited over 4,000 patients into clinical trials and other patient-focused studies, making us the most successful Trust in

Biomedical Research Centre

During 2009, the highly successful training schemes run by the NIHR funded comprehensive Biomedical Research Centre continued to flourish,



4,408

patients have been recruited into clinical trials and patient studies at the comprehensive Biomedical Research Centre

£1,200,000

is being spent on researching air pollution and vitamin D deficiency in childhood asthma

with additional opportunities for consultants, junior doctors, allied health professionals, nurses and midwives and PhD students to secure funding for their work.

Five junior consultants were awarded clinical research consultant posts which are enabling them to dedicate half their time to research and establish independent research programmes. Eight medical and dental clinical trainees were awarded one year clinical training fellowships, and six Guy's and St Thomas' nurses, physiotherapists, speech and language therapists, dietitians and pharmacists won research training fellowships.

In June 2009, the centre launched its Faculty of Translational Medicine, which brings together clinicians, scientists, nurses, midwives, allied health professionals and managers in the search for new treatments and diagnostic tests for a wide range of diseases and conditions. We are delighted to be the only centre with faculty space of this kind as this allows members to interact, collaborate and access leading edge technologies and facilities, as well as advice and consultancy services. Members of the faculty and colleagues from our partner organisations also come together every month for our flagship Biomedical Forum which allows them to find out about the latest advances in translational medicine.

A review of the centre's achievements was carried out in October 2009 by an External Advisory Board which concluded it is in a strong position to deliver excellence in translational research over the next two years. This year the centre moved into state-of-the-art accommodation on the 16th floor of the Guy's Tower and this is now home to the research and development department, the Joint Clinical Trials Office, and the



London (South) Comprehensive Local Research Network.

The facility is now a one-stop-shop for all research related matters, co-located with the Guy's clinical research facility and a new commercial clinical trials unit run by Quintiles, a leading provider of first-in-man trials.

Clinical research facility

2009 saw the first full year of operation for the clinical research facility at St Thomas' and a wide range of studies involving patients and healthy volunteers regularly take place so that we can find more effective ways to tackle major health problems such as obesity and heart disease.

Another complementary facility is due to open in 2010 at Guy's and will house a Good Manufacturing Practice cell therapy unit, enabling researchers to safely control and manage the manufacture and testing of novel cell and protein therapies.

Involving patients

The Trust is committed to undertaking research which involves our local population. We have worked hard to develop ways for patients, carers and family members, as well as members of the public and representatives from patient and charitable organisations to have their say about the research taking place within our hospitals.

We want to demystify the research process for patients and this year we have developed patient information to explain the benefits of taking part in medical research studies and support staff in their discussions with patients. We now plan to provide training sessions for patients and the public who are interested in getting involved and are running drop-in sessions for staff in need of advice or support.

6 Quality report

Guy's and St Thomas' is committed to ensuring that our staff are able to provide the highest quality care to our patients in clean, comfortable surroundings. This is enshrined in our strategic vision which ensures that we provide an outstanding local healthcare system and build on our strength as a provider of specialist services.



Chief Executive's statement

As leading teaching hospitals, and one of the UK's first Academic Health Sciences Centres, our commitment is to deliver excellence in everything we do and to ensure that first-class patient care lies at the heart of this.

This strong focus on quality reflects the priorities of the NHS as a whole and we welcome the practical steps to support this agenda. This includes legislation to introduce quality reporting for all NHS Trust's and the development of the scheme Commissioning for Quality and Innovation, which acts as a positive force to ensure a strong focus on quality from the 'ward to the Board'.

The Trust has worked hard over the past year to bring these initiatives, along with the requirements of the NHS Constitution, together into a coherent, overarching strategy which will drive improvements in the quality of clinical care and patient experience in our hospitals. Actions range from our Trust-wide initiative, *Showing we care*, to developments in the monitoring of key clinical indicators and improvements to the hospital environment.

Both the Board of Directors and the Council of Governors take a keen interest in this work. The indicators used for quality reporting are subject to the same controls and assurance as all other performance data.

We look forward to building on achievements to date and driving this forward with ambitious targets for the coming year.

Ron Kerr, Chief Executive

Reporting back on our performance in 2009/10

The Trust is subject to range of external assessments that monitor our performance against national and local standards and targets. We continue to attain good outcomes in these, through the hard work of our staff and the robust policies and structures we have in place.

Details of our performance against these standards and targets are summarised in a table on page 43.

During the year, the Trust was delighted to achieve the highest possible rating from the Care Quality Commission (CQC) in its Annual Health Check – rated as 'excellent' for both the

quality of services and the quality of financial management. In addition, we received very positive feedback following our unannounced hygiene inspection in August 2009, and we continue to make good progress in reducing rates of hospital acquired infections.

The Trust also works closely with local healthcare partners and commissioners to ensure that we continue to develop services which meet the needs of our local population through the Commissioning for Quality and Innovation scheme and other initiatives.

Last year, we declared full compliance with 24 core standards in the Annual Health Check, and no matters of concern were raised by our internal or external auditors.

We encouraged and received feedback about our submission to the Care Quality Commission from a range of local stakeholders including our Local Involvement Networks (LINKs), Overview and Scrutiny Committees, Lambeth and Southwark Alliance, local Safeguarding Children Boards and our Council of Governors' patient experience working group. These groups have provided valuable feedback on the Trust's progress throughout the year.

The LINKs asked for details about how we collaborate with King's College Hospital to ensure a joined-up approach to the provision of local hospital services. Both Trusts have a long history of collaboration which has developed further in recent years.

The LINKs also sought details about our plans to redevelop emergency services to ensure we are involving patients and the public in planning service changes and developments.

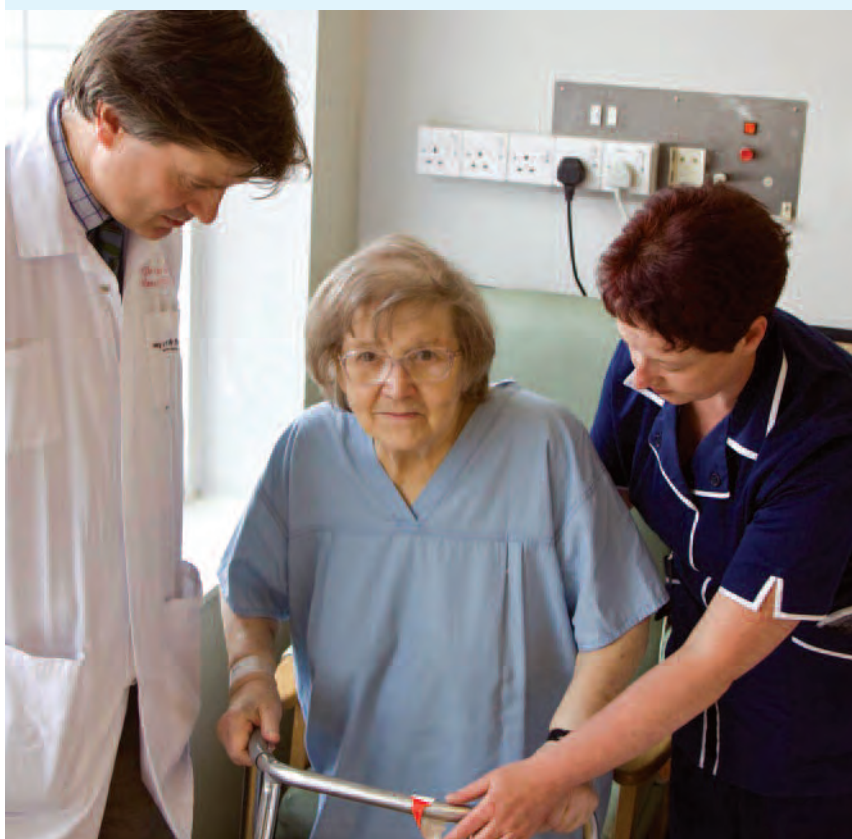
Having introduced a new policy, we have a robust approach to patient and public involvement which ensures

Providing safer care

The Trust has a strong patient safety culture and we constantly strive to improve the quality and safety of the care we provide. Our patient safety and quality improvement programme concentrates on issues such as effective monitoring of patients' progress, safe use of antibiotics and a robust infection control policy.

We are committed to improving standards, particularly in elderly care, and concentrate on patient-centred care as safely and efficiently as possible.

Together with his team, Associate Medical Director Dr Adrian Hopper, below, is leading an innovative quality improvement programme to transform the care of elderly patients. He was recently named *NHS Quality Champion of the Year* in recognition of his dedication and determination in this field. They have introduced a number of initiatives to drive up standards of care and patient safety, including setting up weekly multi-disciplinary meetings to conduct real-time audits and ensure timely responses to issues identified; purchasing cupboards to ensure round the clock availability of pressure relieving mattresses and reducing the incidents of pressure sores and falls amongst vulnerable patient groups.



that the views of local people are at the core of what we do.

The Trust's Governors commented upon the importance of the Quality Accounts and suggested we indicate current performance in the selected indicators to demonstrate our commitment to improving outpatient experience, particularly a reduction in waiting times in clinics. Improving outpatient services will be a key focus

of our transformation programme and we will work with staff, patients and the wider community to identify areas for improvement.

The governors also commented on the importance of continuing to provide patient education and information to empower them to be active participants in their care. This year, with help from patients, governors and community representatives, we

will develop a patient information strategy.

We monitor the quality of care closely at all times, both through outcome data and a range of other qualitative measures including patient feedback and complaints. Concerns about elderly care have been raised by a number of community groups and we are currently working closely together to understand and address these issues to ensure we provide the best possible care to all patients.

Our priorities for 2010/11

The Trust has identified the following priorities for the coming year, within the context of the national standards and assessments against which we are measured by external organisations such as the CQC.

The views of our patients, visitors, staff and governors have been key to the development of these measures, and in our wider quality strategy, which encompasses a range of departmental and Trust-wide initiatives. We have also consulted with LINKs and other community groups to ensure that the measures we choose address the needs of our local communities. Where appropriate, these measures align with the CQUIN targets that we have agreed with our Primary Care Trusts.

Patient safety

Screen adult inpatients for venous-thromboembolism

The Trust is committed to reducing the risk of death from preventable blood clots through effective assessment of newly admitted inpatients. We will comply with newly introduced NICE guidance to ensure that at least 90 per cent of inpatients will receive an assessment.

Review unexpected deaths using the Global Trigger Tool Assessment

On the rare occasions that a patient dies unexpectedly at the Trust, we conduct a thorough investigation led by a senior doctor and nurse. We aim to improve on this already rigorous system of investigation, by using an internationally validated tool.

We will use the World Health Organisation's *Global Trigger Tool Assessment* to review at least 75 per cent of unexpected deaths.

Reduce rates of MRSA blood infections and *C.difficile*

We understand that many patients remain concerned about hospital acquired infections. The Trust has one of the lowest rates of MRSA and *C.difficile* infections among hospitals of our size and complexity, with many high risk patients. We aim to maintain and improve on these very low rates.

In line with year-on-year reductions in rates of infections, we aim not to exceed nine cases of Trust-attributable MRSA blood infections and no more than 91 cases of *C.difficile* infection.

Reduce the number of patients who come to harm following a fall

The Chief Nurse for England placed reducing harm from falls as one of the top health priorities for nurses in England. In addition, we understand that the care of older people is of particular concern to our local people.

We aim to increase compliance with the Trust's falls policy from 85 to 95 per cent and reduce the number of falls that result in harm by 10 per cent.

Clinical effectiveness

Improve discharge care for older and vulnerable patients

To ensure that all older and vulnerable patients are treated with care, dignity and respect when leaving hospital, the Trust will conduct an independent

review of nursing care for these groups to identify areas for improvement. We will establish an Older Person's Discharge Group to drive improvements across the Trust, and progress will be monitored through patient feedback and the Patient Advice and Liaison Service.

Establish a Trust-wide Clinical Outcomes Group

The Trust was assessed as one of the top five hospitals for patient safety in England (Dr Foster, 2010) and to build on this achievement, we will establish a Clinical Outcomes Group to monitor outcome data and trends across the Trust to enhance the quality systems we already have in place.

The group will report to the Trust's Clinical Governance Committee and the Board via the Patient Quality and Safety Report and will highlight issues to the Medical Director and Chief Nurse.

Develop ward level quality and safety information

We aim to engage ward staff at all levels in delivering quality healthcare to all patients.

We will develop and implement a new toolkit for frontline staff to monitor and deliver safe, high quality healthcare on the ward and in outpatient departments.

Roll out *Releasing time to care*

The national *Releasing time to care* initiative (sometimes known as *The productive ward*) frees up nurses' time to spend on direct patient care. The Trust has already had considerable success in implementing this initiative in a number of wards across the Trust.

By March 2011, we aim to roll out the initiative to all eligible wards and establish a monitoring system to review progress.

Summary of Trust's performance against quality measures 2009/10

Measure	2009/10 target	Our performance
Patient safety		
Observation of acutely ill patients	Maintain minimum 95% compliance with Trust observation standards and medical management of acutely ill patients.	Target achieved – compliance remains greater than 95%.
Medicines safety reporting	Increase compliance with best practice by ensuring effective incident reporting, appointing a lead consultant for medicines safety and establishing a medicines safety forum.	Target achieved – reporting of medicines incidents has increased by 20%. The Medicines Safety Forum, chaired by a consultant is well established and is driving improvements in a number of areas.
Fluid balance reporting	Increase compliance with Trust policy to 95%.	Compliance is greater than 90%, although we have further work to achieve the target set.
Nasogastric tube management in adults	Achieve 100% compliance with new Trust policy and zero 'never events'.	Target achieved – compliance is 100% and no NPSA 'never events' were recorded.
Clinical effectiveness		
Access to maternity assessment in 13 weeks	Achieve 80% of mothers assessed within 13 weeks.	Target achieved – 87% of mothers have received a health assessment within 13 weeks.
Reduce overall caesarean rate	Reduce total caesarean rate below 27%.	We did not achieve this target, in part due to the high proportion of complex cases treated.
Reduce smoking during pregnancy	Reduce number of women smoking at delivery below 5%.	Target achieved – 4.7% of women smoking at delivery.
Monitor and reduce unplanned readmissions	Identify best practice.	Target achieved – all specialties now monitoring unplanned readmissions.
Patient experience		
Treat patients with dignity and respect	Increase percentage of patients who report staff 'do not talk in front of them as if they were not there' to at least 86.5%.	We did not achieve our planned improvement although we maintained our 2008/09 performance.
Improve staff attitude and communications	Increase percentage of patients who were 'very satisfied' that they were listened to and supported to at least 66%.	Target achieved – 69% of patients were 'very satisfied' that they were listened to and supported.
Involve patients in their care	Increase percentage of patients who were 'very satisfied' that they were involved in their care to at least 63%.	Target achieved – 64% of patients were 'very satisfied' that they were involved in their care.
Same sex accommodation	Achieve 98% compliance with latest guidance.	Compliance achieved, details available on Trust website.

For a copy of the Trust's full Quality Accounts, visit www.guysandstthomas.nhs.uk or NHS Choices at www.nhs.uk

Implement the agreed year one goals in the Healthcare for London dementia care pathway

NHS London recently launched a *Dementia Services Guide* to improve care for patients suffering with dementia. We will implement the year one goals which include identifying a dedicated consultant lead for each patient; implementing training and induction for staff in high-risk areas; and introducing a new patient assessment tool.

Patient experience

Improve our patient experience in five key areas

During the year, the CQC's annual inpatient survey showed that 92 per cent of our patients rated their care as

'good' or 'excellent'. We are delighted that overall satisfaction remains high and that many patients feel they are treated with dignity and respect. However, we know there is more we can do.

We will build on our *Showing we care* initiative to further improve the experience of patients. We are required to improve our performance against five key questions in the national inpatient survey by between one and five per cent, dependent on current scores, including:

- Were you as involved as you wanted to be in decisions about your care?
- Did you find someone to talk to about worries and fears?
- Were you given enough privacy when discussing your condition or treatment?
- Were you told about medication side effects to watch out for when you went home?
- Were you told who to contact if you were worried about your condition after you left hospital?

All of the quality measures identified for delivery in 2010/11 will be regularly monitored by the Board of Directors and Council of Governors to ensure we achieve these ambitious improvements for the benefit of patients and the local community.

7 Our organisational structure



Council of Governors

The Council of Governors (our equivalent of the Board of Governors described in Foundation Trust legislation) advises us on how best to meet the needs of our patients and wider communities.

It has a number of statutory duties, including appointing the Chairman and Non-Executive Directors, deciding on their remuneration and ratifying the appointment of the Chief Executive. The Council of Governors also receives the Trust's *Annual Report and Accounts*, and the Auditor's Report, and appoints our external auditor.

The patient, public and staff members of the Council are elected from and by the Foundation Trust membership to serve for three years. Elections have taken place this year. See opposite for a full list of who's who.

Constitution

During 2009/10, the Council made changes to our Foundation Trust Constitution, including extending the area that the membership is drawn from to cover the London boroughs of Lewisham, Wandsworth and Westminster, as well as Lambeth and Southwark. Anyone who has been a patient in the past five years, previously three years, is also now eligible for membership.

The public and patient constituencies now elect eight governors each, and the staff constituency elects seven. Eight further governors are nominated from our local stakeholders. During 2009/10, a Lead Governor was also elected by the Council of Governors.

The revised Constitution is on the website of our regulator, Monitor: www.monitor-nhsft.gov.uk.

Working groups

The Council of Governors' three working groups meet outside the formal meetings of the full Council to focus on specific issues. They cover:

Service strategy – contributing to the Trust's strategy including service developments. This year the group took a particular interest in the Healthcare for London stroke consultation, out of hospital care and the development of King's Health Partners.

Patient experience – reviewing the results of the annual postal survey of inpatients and the quarterly patient experience telephone surveys. The group was involved in the patient environment action team inspection to help assess and improve the hospital environment and advised on inpatients' menus.

Membership, development, involvement and communications – improving communications and increasing members' involvement, as well as improving recruitment from under-represented groups.

Nominations Committee

The Nominations Committee makes recommendations to the Council of Governors on the appointment and remuneration of the Chairman and Non-Executive Directors, and considers the independent appraisal of the Chairman.

Membership and attendance

Name	Actual/possible
Pauline Anderson	5/5
Shamin Khan	1/1
Madeliene Long	4/5
David Treacher	4/4
Jane Wardle	4/5

Council of Governors

Patient governors	Elected from	Actual/possible attendance
Mr Michael Craft	July 1 2009	4/4
Ms Susan Hardy	Feb 1 2008*	4/4
Ms Dawn Hill	July 1 2009	3/3
Mr Brian Lymbery	July 1 2009	3/3
Mr Jeremy Marsh	July 1 2009	3/4
Dr John Mathews	July 1 2007	4/4
Ms Niamh O'Sullivan	July 1 2007	4/4
Mr John Taylor	July 1 2007	4/4
Sir Richard Thompson	July 1 2007	3/4
Ms Jane Wardle	July 1 2009	4/4

* Ms Susan Hardy replaced a previous governor mid-term and will therefore serve until July 1 2010.

Staff governors	Constituency	Elected from	Actual/possible attendance
Ms Lesley Blackburn	Nursing and midwifery	1 Jan 2008	0/4
Ms Liz Dunn	Nursing and midwifery	July 1 2009	3/4
Mrs Margaret Evison	Other health professionals	July 1 2009	2/4
Mr Brian Johnson	Other	July 1 2009	3/4
Mr Shamim Khan	Medical and dental practitioners	July 1 2009	3/4
Ms Jacky Lewis	Other	July 1 2007	4/4
Dr David Treacher	Medical and dental practitioners	July 1 2009	3/3

Public governors	Elected from	Actual/possible attendance
Mrs Pauline Anderson	July 1 2009	4/4
Mrs Jean Bates	July 1 2009	2/3
Miss Susan Brooks	July 1 2007	2/4
Mrs Jenny Cobley	July 1 2007	4/4
Mrs Daphne McKenzie	July 1 2007	3/4
Mrs Wendy Mathews	July 1 2007	4/4
Mrs Victoria Silvester	July 1 2009	4/4
Cllr Peter Truesdale	July 1 2007	2/4
Mr Philip Turner	July 1 2009	2/3
Mr Simon Wallace	July 1 2009	4/4

Stakeholder governors	Organisation	Actual/possible attendance
Ms Julia Barfield	South Bank Employers Group	1/1
Dr Lynn Carlisle	King's College London	1/1
Professor Judith Ellis	London South Bank University	1/1
Ms Caroline Hewitt	Lambeth PCT	3/4
Professor Denise Lievesley	King's College London	1/3
Ms Madeliene Long	South London and the Maudsley	3/4
Mr Michael Parker	King's College Hospital	1/1
Dr Neeraj Patil	Lambeth Council	1/4
Prof David Sines	South Bank University	1/1
Cllr Nick Stanton	Southwark Council	0/4
Mr Stephen Webb	NHS London	1/4
Ms Susanna White	Southwark PCT	3/4
Mr Martin Wilkinson	Lewisham PCT	2/4

To view the register of interests of our Council of Governors, please contact:
Head of Corporate Affairs
Gassiot House
St Thomas' Hospital
Westminster Bridge Road
London SE1 7EH
Tel: 020 7188 0007



Our membership

The Trust membership is an essential and valuable asset. It helps guide our work, decision making and adherence to NHS values, and holds us accountable. It also provides one of the ways in which the Trust communicates with patients, the public and staff. There are three membership categories: Patients – anyone over 18 who has been a patient within the last five years. Carers who are not eligible for other categories are also offered patient membership.

Public – residents of Lambeth, Southwark, Lewisham, Wandsworth or Westminster over 18.

Staff – employees whose contract means they can work for the Trust for at least a year. Registered volunteers not eligible for other categories can also join as staff members.

We have 18,282 members, of whom 3,434 are patient members, 4,187 are public members and 10,661 are staff members. We aim for a membership that represents the diverse communities we serve, however, analysis of our membership shows we still have more to do in this respect.

Members receive regular mailings and are invited to events including our Open Day, Annual Public Meeting, Council of Governors' meetings and regular health seminars. The seminars are extremely popular, and recent topics include skin care and sexual health.

We are keen to hear members' views. Members wishing to get in touch with Governors or Directors, and anyone wanting to know 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

The Trust membership is an essential and valuable asset. It helps guide our work, decision making and adherence to NHS values.

Board of Directors

Our Board of Directors is made up of our Chairman, Patricia Moberly, six Non-Executive Directors and seven Executive Board Directors, including the Chief Executive. Its role is to:

- set our overall strategic direction within the context of NHS priorities;
- monitor our performance against objectives;
- provide effective financial stewardship;
- ensure the Trust provides high quality, effective and patient-focused services;
- ensure high standards of corporate governance and personal conduct;
- promote effective dialogue between the Trust and the local communities we serve.

Membership is balanced, complete and appropriate. The Trust is confident all the Non-Executive Directors are independent in character, and there are no relationships or circumstances which are likely to affect, or could appear to affect, their judgment. We therefore decided not to appoint a senior independent director but appointed Rory Maw, Chief Financial Officer of Bridges Community Ventures, as Vice Chairman in May 2009.

In September, around 200 people attended our Annual Public Meeting, where members, local people, patients, staff and other stakeholders heard about how we have performed during the year and had an opportunity to meet the Board of Directors and the Council of Governors.

There was also a chance to ask questions of the Chief Executive, Chairman and Executive Board Directors and to learn more about our services.

£500,000

is being spent on a study to find the next generation of antibody treatments for skin and other cancers

600

children are taking part in the world's largest study into peanut allergy at Guy's and St Thomas'

22

Iraqi doctors spent six weeks seeing how medics at the Trust work

Board meeting attendance

Name	Actual/possible
Dr Edward Baker	11/12
David Dean	11/12
Mike Franklin	9/12
Ron Kerr	11/12
Prof Robert Lechler (to April 2009)	0/1
Ann Macintyre	11/12
Rory Maw	12/12
Steve McGuire	12/12
Patricia Moberly	12/12
Prof Frank Nestle (from May 2009)	7/11
Jan Oliver	12/12
Hugh Risebrow (from January 2010)	3/3
Martin Shaw	12/12
Eileen Sills	11/12
Diane Summers	12/12

Committee	Membership
Assurance & Risk	Mike Franklin (Chair) Edward Baker David Dean, Ron Kerr Steve McGuire Frank Nestle (from May 09) Jan Oliver, Eileen Sills
Audit	David Dean (Chair) Rory Maw Diane Summers
Finance & Investment	Rory Maw (Chair) David Dean, Ron Kerr Robert Lechler (to April 09) Steve McGuire Martin Shaw Diane Summers
Personnel & Workforce	Jan Oliver (Chair) Mike Franklin, Ron Kerr Ann Macintyre Steve McGuire Eileen Sills Diane Summers
Remuneration	Patricia Moberly (Chair) All Non-Executive Directors

Audit Committee

The Audit Committee provides the Board of Directors with an independent review of financial and corporate governance and risk management. It provides an assurance of independent external and internal audit, ensures standards are set and monitors compliance in the non-financial, non-clinical areas of the Trust.

It is authorised by the Board of Directors to investigate any activity within its terms of reference and to seek any information it requires from staff. Last year, the Committee approved the internal and external audit work plans and received regular reports.

At its meeting in February, the Council of Governors accepted the Audit Committee's recommendation that Deloitte LLP be appointed as the Trust's external auditors for 2009/10. The external audit service will be re-tendered after April 2010.

At its meeting in May, the Committee reviewed the draft annual accounts and approved their submission to the auditors. During the year, the Committee also reviewed the Trust's whistleblowing policy and disclosure of interests arrangements, and received reports on a number of topics including data security, consultancy costs and the expenses of senior managers and Directors.

Audit Committee attendance

Name	Actual/possible
David Dean (Chair)	3/3
Rory Maw	3/3
Diane Summers	3/3

Remuneration Committee

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

Remuneration Committee attendance

Name	Actual/possible
Patricia Moberly (Chair)	2/2
David Dean	2/2
Mike Franklin	1/2
Rory Maw	1/2
Frank Nestle	1/1
Jan Oliver	2/2
Diane Summers	1/2

Working with the Council of Governors

The Board of Directors interacts with the Council of Governors to ensure it understands their views and those of our members.

Governors may attend Board Meetings and they present a formal report of the activities of the Council and its working groups, while Board members do the same at Council of Governors' meetings.

Meetings of the Council of Governors' working groups are also attended by a Non-Executive and Executive Director of the Board.

Board of Directors



Ron Kerr CBE

Chief Executive

Ron Kerr took up the position of Chief Executive in October 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. He is currently chair of the Association of UK University Hospitals.



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 London since 1987. Ted has held a number of Trust positions including Assistant Medical Director and Clinical Director of Children's Services.

Ted trained in both the UK and the USA and has pioneered the use of magnetic resonance imaging in the treatment of congenital heart disease. Recently he has led a project for the Department of Health reviewing the provision of specialist children's services nationally.



Ann Macintyre

Director of Workforce

Ann Macintyre came to the Trust from Barts and The London NHS Trust, where she was Director of Human Resources.

She has over 30 years of NHS experience working at national, regional and local level. Ann is the current joint Chair of the national JCC (seniors), which is the negotiating committee for consultant medical staff in England. She is also a member of the national and regional Social Partnership Forums working with Health Ministers and Trade Unions on workforce policy implementation.



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 Engineer.

Steve represents the Trust on the South Bank Employers Group.



Hugh Risebrow

Commercial Director

Hugh Risebrow joined the Trust in October 2009 from Interhealth Canada (UK) where he was Chief Executive. He has held leadership positions with United Health Europe, BUPA and Aid-Call plc. He also spent two years with the NHS Modernisation Agency.

Hugh's early career was in strategic consultancy with Bain & Co and he holds an engineering degree from Cambridge University. Until he joined the Trust, he chaired the CBI's health panel and was a member of the CBI's public services strategy board.

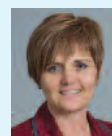


Martin Shaw

Director of Finance

Martin Shaw joined the NHS in 1981. He 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' 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 Chief Operating Officer

Eileen Sills was appointed Chief Nurse in 2005, adding the duties of Chief Operating Officer to her role in 2007.

Having qualified as a registered nurse in 1983, Eileen has held a number of general management and senior nursing leadership posts in London.

She holds two visiting professorships at King's College London and London South Bank Universities. She is a member of the NHS Employers policy board, a trustee of the Burdett Trust for Nursing, and recently advised Gordon Brown as a member of his Commission on the Future of Nursing and Midwifery. She was awarded a CBE in 2003 for services to nursing.

130

double kidney and pancreas transplants have taken place in the last five years

2,990

stairs were climbed in the Guy's Tower by HR staff to raise money for the Haiti appeal

250

tonne crane was used to hoist pre-built surgery units into the Evelina Children's Hospital

Non-Executive Directors



Patricia Moberly

Chairman

Patricia Moberly chairs the Board of Directors and the Council of Governors. She has significant experience of local health services – before joining the Trust's Board in December 1997 as a Non-Executive Director, she was Chairman of Lambeth Community Health Council and a member of West Lambeth Community Health Council.

Patricia is a Magistrate and, until recently, was a lay member of the General Medical Council.

Patricia was reappointed as Chairman in June 2002 and again in February 2006. The Council of Governors further extended her appointment in September 2008, and she will now serve until October 31 2010.



David Dean

Non-Executive Director

David Dean enjoyed a long and successful career in investment banking, working for Nomura International in London and Hong Kong, and New Japan Securities Europe, with extensive experience in corporate finance and capital markets. He is a part-time concert pianist and Licentiate of the Royal Schools of Music. He has lived in Dulwich for 17 years and is a Trustee and organiser of the Dulwich Festival.

David joined the Board in June 2007 and chairs the Audit Committee.



Mike Franklin

Non-Executive Director

Mike Franklin is a Commissioner and board member of the National Independent Police Complaints Commission. 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, playing an active role in race equality issues and community policing.

Mike joined the Board in November 2007 and chairs the Assurance and Risk Committee.



Rory Maw

Non-Executive Director and Vice Chairman from May 2009

Rory Maw is Chief Financial Officer of Bridges Ventures, a venture capital firm which delivers positive social and environmental impacts as well as financial return for investors.

He read economics at Trinity College, Cambridge before qualifying as a Chartered Accountant and joined Schroders' Investment Banking division in 1989. In 2000 he moved to Morgan Stanley, becoming Head of its European Consumer Products Group.

Rory joined the Board in March 2005 and was reappointed in March 2009. He was appointed Vice Chairman in May 2009 and also chairs the Finance and Investment Committee.



Professor Frank Nestle

Non-Executive Director from May 2009

Professor Frank Nestle holds the Mary Dunhill Chair of Cutaneous Medicine and Immunotherapy at St John's Institute of Dermatology, King's College London. He is Director of the Clinical Research Facilities, which form part of the National Institute for Health Research funded comprehensive Biomedical Research Centre at Guy's and St Thomas' and King's College London.

His main academic interests focus on improving understanding of common skin diseases, such as psoriasis and melanoma, and the development of novel therapies.

Frank joined the Board in May 2009.



Jan Oliver

Non-Executive Director

Jan Oliver has considerable experience in Equality and Human Rights. Her previous roles include Diversity Manager at the BBC and Chair of the Black and Asian Forum. She was also a Trustee of the Stephen Lawrence Charitable Trust and worked as a coach and mentor at Imperial College London.

Jan now works for Fanon Southside Partnership providing recovery focused services for people with complex mental health needs.

Jan joined the Board in January 2004 and was reappointed in 2007. She chairs the Personnel and Workforce Committee.



Diane Summers

Non-Executive Director

Diane is a former managing editor of the *Financial Times*, where she worked for 19 years as a writer, editor and executive. Her experience before that spanned the voluntary and private sectors and included senior positions at the consumers organisation *Which?* and the homeless charity Shelter.

Since 2006, Diane has been a freelance writer, editor and consultant. She is a trustee of The Guinness Partnership, a major social housing provider, and is an independent adviser to the BBC Trust.

Diane joined the Board in June 2008.

Robert Lechler

Vice Chairman until April 2009

Professor Robert Lechler has a distinguished career in academic medicine, including Dean of Guy's, King's and St Thomas' School of Medicine.

He stood down from the Trust Board in April 2009 to focus on the development of King's Health Partners Academic Health Sciences Centre, of which he is now Executive Director.

Our organisational structure

Trust Management Executive

The membership of the Trust's Management Executive brings together Executive Board Directors, Trust Directors, Divisional Directors and other senior clinical managers. Its role is to:

- monitor the management of risk and agree any action plans or resources;
- contribute to the development of our service strategy;
- review and agree detailed business plans and performance contracts;
- monitor the delivery of our 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 our services.

The Management Executive has the following sub-committees:

- Capital Investment;
- Clinical Governance and Risk Management;
- Clinical Programme Board;
- General Managers Group;
- Medical Workforce;
- Non-clinical Programme Board (formerly Enterprise Executive);
- Research and Development.

Innovative nursing

Since May 2009, the Trust has been rolling out the national *Releasing time to care* initiative, which will increase the amount of time that staff spend directly with patients, by cutting waste and making processes more efficient. Simple changes such as a colour coded system in the store room, or more organised bedside notes are saving valuable time and allowing our nurses to get back to the bedside.

Queen Ward at Guy's was one of the first to pilot the scheme and over the last year has increased the amount of time for direct patient care by 10 per cent. Improved leadership and communication mean that the ward is now better organised, clean, tidy and stocked with the right equipment, which is in good working order. Patients have a better experience whilst in hospital and their safe and timely discharge home is well planned.

The Trust has also run a pilot initiative on the renal and urology wards where staff carrying out their medication rounds now wear a distinctive red tabard whilst preparing and administering drugs. This tells colleagues, patients and visitors that they should not be disturbed. The trial was in direct response to feedback which noted that medication errors tended to occur when staff were interrupted during rounds and we are now looking into similar initiatives across the Trust.



8 Remuneration report

The remuneration and expenses for the Trust Chairman and Non-Executive Directors are determined by the Council of Governors, 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 Committee, which consists of the Chairman and the Non-Executive Directors.

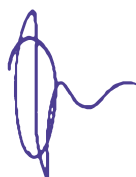
Details of remuneration, including the salaries and pension entitlements of the Board of Directors, are published on page 68 of the annual accounts.

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 sets 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 4 2010



Window on Life



9 Annual accounts

These accounts, for the year to 31 March 2010, 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 4 2010

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").

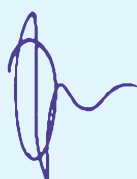
Under the NHS Act 2006, Monitor has directed Guy's and St Thomas' NHS Foundation Trust to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state 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;
- 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 4 2010

Statement on internal control 2009/10

1. Scope of responsibility

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

2. The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives of Guy's and St Thomas' NHS Foundation Trust; to evaluate the likelihood of those risks being realised and the impact should they be realised; and to manage them efficiently, effectively and economically.

The system of internal control has been in place in Guy's and St Thomas' NHS Foundation Trust for the year ended 31 March 2010 and up to the date of approval of the annual report and accounts.

3. Capacity to handle risk

The Trust has in place a Risk Management Policy which clearly sets out the accountability and reporting arrangements to the Board for risk management within the Trust. Operational responsibility for the implementation of risk management has been delegated to Executive and other named directors. 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 which describe the roles and responsibilities in relation to the identification, management and control of risk. All relevant risk policies are available to staff via the Trust intranet.

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

4. The risk and control framework

The Risk Management Policy and supporting procedures set out the key responsibilities for managing risk within the organisation, including ways in which the risk is identified, evaluated and controlled.

A risk management matrix is used to ensure a consistent approach is taken to assessing and responding to clinical and non-clinical 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 Policy and supporting procedures. All serious untoward incidents and serious risks are reported to the Board of Directors via the established governance committee structures.

As with all NHS hospital trusts there is a risk that this organisation may not meet some of its targets or monitoring obligations, in particular some 18 week, cancer, maternity or emergency treatment targets. This could be for a variety of external or internal reasons, including capacity, trust and primary care arrangements, changes to targets or rules or unforeseen issues such as weather, power or mechanical failure. The Trust has robust arrangements in place to reduce and control the risks, including daily escalation/review policies, weekly management meetings, speciality reviews to agree priorities and clinical practice, monthly monitoring and reporting to the Trust Management Executive and Board of Directors, clinical escalation processes and arrangements to work with partners in primary care and the South East London Cancer Network to monitor and resolve issues.

All new staff are given information governance training through corporate induction. They are informed of the law, NHS guidance and the Trust's policies with regards to the safe and appropriate processing of data. All existing staff

are provided with bespoke training as and when necessary, and with guidance by the information governance and risk management teams.

Each Executive Director has nominated a designated person, for every department/specialty who will be responsible for monitoring and managing information security risks. In the first quarter of 2010/2011 a baseline audit will be carried out to assess information security. This information will be logged on a database and any progress made to reduce the risk will be recorded. A quarterly report from each department/specialty will be generated and will be included in the quarterly information governance report which is submitted to the Trust Board of Directors.

All data security incidents will be reported via the Trust's database for reporting incidents – DATIX. The Information Governance Manager and the Programme Lead for Risk Management will be developing clear guidance for staff to enable the identification and reporting of data security incidents. Where appropriate these will be recorded on the Trust wide risk register.

Risk management is embedded in the organisation in a variety of ways. 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 Trust Management Executive, the Assurance and Risk Committee and the Audit Committee.

Equality Impact Assessments (EIAs) are carried out for existing, new and proposed policies; and for new proposed and changing functions and services. There is a Trust Board approved EIA toolkit on the Trust intranet for guidance for staff. In 2010-11 the EIA process will be re-launched to include human rights issues. Organisational structures to support the EIA process include the Trust's Equality and Human Rights Governance Committee and, through them, the Trust Management Executive and the Trust Board of Directors (with the Executive Director for Workforce and Organisational Development as the Board lead).

The Trust has a Board Assurance Framework which sets out the principal risks to delivery of key priorities and overarching Strategic Priorities (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 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.

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

The process for engaging with our key stakeholders includes exploring risks that may affect themselves, other organisations and public stakeholders which include:

- Patients and public
- Local involvement networks (LINKs)
- Overview and Scrutiny Committees (OSCs)
- Governors and Foundation Trust members

The process of engagement varies according to the nature of development or change. All departments (both clinical and non-clinical) are responsible for planning and undertaking patient and public involvement (PPI) initiatives and registering such activities on the corporate PPI Register for which the Chief Nurse / Chief Operating Officer is accountable.

The Trust has a policy, 'Putting Patients First: A Policy for Involvement and Consultation', which clearly outlines the circumstances and the process by which we might inform, involve and / or consult key stakeholders. The policy aims to ensure compliance with the following legislation:

- Section 242(1b) and 244 of NHS Act 2006 (amended);
- Section 221 – 227 Local Government and Public Involvement in Health Act 2007.

Local Involvement Network (LINKs)

The above-mentioned policy describes how the Trust engages with LINKs. In meeting its duties to cooperate with LINKs (as described by the Local Government and Public Involvement in Health Act 2007), during 2009/10 the Trust has:

- Responded to requests for information from LINKs including:
 - An enquiry about services for newly hearing impaired and deaf adults;
 - Attendance at a special LINKs public meeting to present on the topic of 'Dignity in Care' (24 March).
- Sought the views and / or invited LINKs to:-
 - Participate in the development of a Trust policy to support the reimbursement of reasonable expenses for individual service users who participate in specified patient involvement activities;
 - Participate in future Standard Audit Toolkit visits to outpatient areas;
 - Comment upon the draft Single Equality Scheme.

LINKs have powers to make reports and/or recommendations about the provision of local health and care services and to expect a response from the relevant service provider. We note that LINKs have not provided a report and/or recommendations for the consideration and/or response of the Trust during 2009/10.

Patient involvement

During 2009/10, the Trust has involved and actively sought the views of patients in a variety of ways, including:

- Quarterly Trust (Ipsos MORI) telephone survey;
- Nationally mandated surveys;
- Comment cards;
- And through other patient involvement activities, including for example:
 - The ongoing design of the Chemotherapy Day Unit;
 - Informing improvements in cancer services through experience based co-design;
 - The review and improvements to service users' involvement in patient transport services;
 - Development and work with the End of Life care Modernisation Initiative;
 - Patient/public governor involvement in the Patient Environment Action Team (PEAT) audit and inspection;
 - Patient/public involvement in Standard Audit Toolkit visits.

In 2009/10 the Trust redeveloped its business planning process and set up the Investment Planning Process. This standardises the approach of all divisions and departments when looking to request investment to change services. At both the initial proposal and the full business case stages, the proposer must show clear evidence of stakeholders who might be affected and the engagement plans that will be completed to ensure they are consulted and that their views are addressed before the investment is approved. Equality Impact Assessment tools are also built into the process. Cases that have been approved and had extensive stakeholder engagement include sexual health and paediatric surgery.

During the year the Trust has fully consulted and/or been an active participant in the following:

- PCTs – Health and Well-being committees;
- NHS London's service reviews (e.g. Stroke and Trauma);
- Local involvement networks (LINKs);
- Overview and Scrutiny Committees (OSCs);
- Governors and Foundation Trust members;
- Patients and the public.

The Foundation Trust is fully compliant with the core Standards for Better Health.

The Trust has reviewed and continues to monitor the systems in place to care for people with learning disabilities in light of the following documents and recommendations within them:

- *Healthcare for All – an independent inquiry into access to health care for people with learning disabilities* (Department of Health July 2008);
- *Valuing people now: a new three-year strategy for people with learning disabilities* (Department of Health, January 2009);

- *Valuing people now: the delivery plan* (Department of Health, January 2009);
- *Six lives: the provision of public services to people with learning disabilities* (Parliamentary and Health Service Ombudsman March 2009).

In line with the recommendations of 'Six Lives', the Board of Directors, through the Assurance and Risk Committee, received a report within twelve months on:

- the effectiveness of the systems that the Trust currently has in place to enable it to understand and plan to meet the full range of needs of people with learning disabilities; and
- the capacity and capability of the Trust's services to meet the additional and often complex needs of people with learning disabilities.

The Trust has developed an action plan to ensure it is compliant with the various recommendations, and to further improve the systems in place to effectively care for people with learning disabilities. The action plan will be updated and added to as necessary in light of any new requirements.

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

Control measures are in place to ensure that all the organisation's obligations under equality, diversity and human rights legislation are complied with. These obligations are set out within the Trust's Equality and Human Rights Scheme 2010-2013. The associated action plan is monitored by the Equality and Human Rights Governance Committee which reports through the Trust Management Executive to the Board of Directors and provides the Board with an annual report.

The Trust has undertaken risk assessments and Carbon Reduction Delivery Plans are in place in accordance with emergency preparedness and civil contingency requirements, as based on UKCIP 2009 weather projects, to ensure that this organisation's obligations under the Climate Change Act and the Adaptation Reporting requirements are complied with.

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

As part of their annual audit, our external auditors are required to satisfy themselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. They do this by examining documentary evidence and through discussions with senior managers. The audit working papers in relation to this work are made available to the Trust and presented to the Audit Committee. These confirm that they have drawn positive conclusions from their work.

The key processes to ensure that resources are used economically, efficiently and effectively across clinical services include directorate and divisional performance reviews, the new transformation programme, clinical workforce reviews and the regular monitoring of clinical indicators covering quality and safety.

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.

The Board of Directors plays a role in procurement as part of compliance with the Trust's policies and procedures to ensure that resources are used efficiently and effectively.

6. Annual Quality Report

The Directors are required under the Health Act 2009 and the National Health Service (Quality Accounts) Regulations 2010 to prepare Quality Accounts for each financial year. Monitor has issued guidance to NHS Foundation Trust boards on the form and content of annual Quality Reports, which incorporate the above legal requirements in the *NHS Foundation Trust Annual Reporting Manual*.

The Chief Nurse/Chief Operating Officer is the nominated Trust Executive for the Quality Account. She established two clinical leads, the Head of Performance and Associate Medical Director. An Executive Group

was established and charged with reviewing current quality work streams and establishing the priorities for our trial Quality Account in 2009/10.

Quality priorities for the coming year were chosen to reflect a number of internal and external drivers. Internally, the Trust focused heavily on patient feedback from the Care Quality Commission's (CQC's) National patient survey, choosing priorities that were both local and national priorities, and importantly areas that the organisation needed to improve on. Untoward incidents and complaints established the need to focus on reducing patient harm from medicines. Our staff told us that we needed to build on the work around the Acutely Ill Patient Pathway, and focus on improving our medical records and reducing harm from naso-gastric tube insertion.

The internal drivers were cross-referenced against external national drivers – Never Events, National Patient Safety Agency (NPSA) Alerts, The Department of Health's Dignity Campaign, CQC and NHS Litigation Authority accreditation, as well as the new Commissioning for Quality and Innovation (CQUIN) scheme. The report 'Maternity Matters' raised some important areas for quality improvement at the Trust, and these were also included in the 2009/10 accounts.

The Trust is very fortunate to have a dynamic Council of Governors who actively critique and contribute to our quality agenda. Our local LINKs are another important group for assurance and feedback, and again contribute to the quality agenda.

We appreciate that 2009/10 were Quality Accounts, and we have learnt from this, improving how we engage with local community groups to directly contribute to our Quality Account, in particular by involving our local LINKs, local residents associations, our Commissioners and Overview and Scrutiny Committees.

For the annual Quality Report, the Trust employs the same information assurance processes as used for other aspects of performance. These aim to identify and correct errors in data recording or data processing; and to give greater certainty that what is reported is an accurate reflection of what has actually happened. This provides a truer assessment of performance; allows better decision-making; and aids the understanding of changes in the pattern of service provision.

These processes have applied as key controls in place in the preparation and publication of the Trust's Quality Report. The assurance steps are applied in four stages: operational data quality, which looks at basic validation; reporting assurance, which aims to identify any anomalies; performance analysis, which identifies trends and performance shortfalls; performance review, which addresses divergent performance. The assessment of quality indicators is integrated into the Trust's performance management system, and hence they are subject to review by operational and managerial staff on a monthly basis in a structured framework of performance review meetings. In addition, a central data quality team led by the Director of Health Informatics applies assurance checks on all centrally-maintained data sources.

7. Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the NHS Foundation Trust who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board of Directors and the Audit Committee, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The Board of Directors and its committees meet regularly and as part of their consideration, keep arrangements for internal control under review through discussion and approval of policies and practice.

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 including reports relating to the Trust's counter fraud arrangements.

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.

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.

The indicators used for quality reporting are subject to the same controls as for all other performance indicators. A potential weakness in control in the operational data quality stage of a non-central system was identified. As a result, the Trust has undertaken a risk-based assessment of information flows supporting performance indicators to identify areas where additional assurance checks are needed. These apply particularly at the operational data quality stage and take the form of reviews of written policies and procedures; and independent checking of sample data.

The Board of Directors reviewed the 2009/2010 Board Assurance Framework following approval of the Trust Strategic Priorities. The Assurance Framework was regularly updated throughout the year to reflect the risks associated with failing to achieve these objectives. In assessing its compliance with the new Care Quality Commission (CQC) standards for registration in January 2010, the Trust reviewed information from its own existing intelligence sources and the Quality and Risk Profile (QRP) provided by the CQC for potential issues which may indicate non-compliance with the CQC standards.

The Trust reviewed each 'concerning item' within the QRP and its own existing intelligence sources. The Trust identified that action had been taken, or was previously underway to address the issues raised. As a result of this review, no areas of ongoing concern were identified.

The Trust was also required to demonstrate continued compliance with Standards for Better Health as this forms a large part of the assurance required for CQC registration. No significant areas of concerns were highlighted since October 2009.

In its self-assessment for Standards for Better Health October 2009 declaration, the Trust used its proven structured approach which included a review of evidence for each standard and a review by the Board of Directors of information from existing intelligence sources, including the reports of external agencies, for potential non-compliance issues. This approach builds on the concept of separating the evidence collation and evidence assurance, allowing the Board of Directors to have greater confidence in its declaration.

The Trust achieved compliance with the NHS Litigation Authority's Clinical Negligence Scheme for Trusts Maternity Risk Management Standards which offers considerable assurance of compliance within the areas passed.

8. Significant issues

In the last quarter of 2009/10 the Trust became aware of potential issues with its validation processes for the national emergency access target. A review of the Trust's processes by internal audit identified a number of weaknesses in control. The Trust invited the Department of Health Intensive Support Team (IST) to work with it to identify actions for improving the emergency pathway, including reviewing validation processes. An action plan was developed and immediate improvements were made to processes with other actions incorporated into an ongoing improvement plan. The Board is closely monitoring progress against this plan.

Conclusion

With the exception of the internal control issues that I have outlined in this statement, my review confirms that Guy's and St Thomas' NHS Foundation Trust has a generally sound system of internal controls that supports the achievement of its policies, aims and objectives and that those control issues have been or are being addressed.



Ron Kerr, Chief Executive and Accounting Officer, June 4 2010

Independent Auditor's Report to the Board of Governors 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 2010 under the National Health Service Act 2006 ("the Act") which comprise the Consolidated Income and Expenditure Account, Consolidated Balance Sheet, Consolidated Statement of Total Recognised Gains and Losses, Consolidated Cash Flow Statement and the related notes 1 to 34. These financial statements have been prepared in accordance with the accounting policies set out therein.

This report is made solely to the Board of Governors and Board of Directors ("the Boards") 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 the Boards 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 and the Boards, as a body, for this report, or for the opinions we have formed.

Respective responsibilities of the Accounting Officer and Auditors

The Accounting Officer's responsibilities for preparing the financial statements in accordance with directions issued by Monitor – Independent Regulator of NHS Foundation Trusts are set out in the Statement of Accounting Officer's Responsibilities.

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 to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition, we report to you if, in our opinion, the financial statements have not been prepared in accordance with the directions made under paragraph 25 of Schedule 7 of the Act, the financial statements do not comply with the requirements of all other provisions contained in, or having effect under, any enactment applicable to the financial statements, or proper practices have not been observed in the compilation of the financial statements.

We review whether the statement on internal control reflects compliance with the requirements of Monitor contained in the NHS Foundation Trust Annual 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 described in the contents section 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 further information outside the Annual Report.

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 2010 and of its income and expenditure for the year then ended in accordance with the accounting policies directed by Monitor – Independent Regulator of NHS Foundation Trusts; and
- the information given in the directors' report is consistent with the financial statements.

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.



Nigel Johnson (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Chartered Accountants
St Albans
June 4 2010

Consolidated statement of comprehensive income for the year ended March 31 2010

		March 31 2010	March 31 2009
	NOTE	£000	£000
Operating income	3	683,508	640,426
Other operating income	4	246,458	204,063
Operating expenses	5	(908,474)	(813,699)
OPERATING SURPLUS		21,492	30,790
FINANCE COSTS			
Finance income	10	782	6,085
Finance expenses – unwinding of discount/provision	11	(211)	(203)
PDC dividends payable		(20,215)	(17,560)
Net Finance Costs		(19,644)	(11,678)
Share of operating gain/(loss) in joint ventures	8	–	(127)
Corporation Tax	12	(1)	(4)
SURPLUS FOR THE YEAR		1,847	18,981
Other comprehensive income			
Revaluation gains/(losses) and impairment losses on intangible assets		78	662
Revaluation gains/(losses) and impairment losses on property, plant and equipment		(17,008)	(257)
Increase in the donated asset reserve due to receipt of donated assets		4,146	3,182
Reduction in the donated asset reserve in respect of depreciation, impairment, and/or disposal of donated assets		(9,304)	(43,385)
Movement between reserves		(292)	–
Transfers to income in respect of assets disposed of		(480)	–
TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE YEAR		(21,013)	(20,817)

The notes on pages 62 to 80 form part of these accounts.

Statement of financial position as at March 31 2010

		GROUP			TRUST		
		March 31 2010	March 31 2009	April 1 2008	March 31 2010	March 31 2009	April 1 2008
	NOTE	£000	£000	£000	£000	£000	£000
NON CURRENT ASSETS							
Property plant and equipment	14	838,794	819,504	832,292	838,794	819,504	832,292
Intangible assets	15	20,000	10,237	223	19,959	10,237	223
Trade and other receivables	20.2	2,093	3,835	1,097	3,245	4,946	1,097
TOTAL NON-CURRENT ASSETS		860,887	833,576	833,612	861,998	834,687	833,612
CURRENT ASSETS							
Inventories	19	14,252	7,529	7,905	14,252	7,529	7,905
Trade and other receivables	20.1	56,359	58,540	45,968	56,411	58,613	45,968
Tax receivable		2,328	2,248	1,901	2,328	2,248	1,901
Cash and other equivalents	24	111,911	155,047	146,435	111,825	154,903	146,435
TOTAL CURRENT ASSETS		184,850	223,364	202,209	184,816	223,293	202,209
CURRENT LIABILITIES							
Trade and other payables	21.1	(88,391)	(81,979)	(69,091)	(88,312)	(81,899)	(69,091)
Tax payable	12/21.2	(11,192)	(10,080)	(8,866)	(11,190)	(10,080)	(8,866)
Other liabilities	21.3	(17,444)	(20,347)	(16,890)	(17,444)	(20,347)	(16,890)
Provisions	22	(2,254)	(1,419)	(3,328)	(2,254)	(1,419)	(3,328)
TOTAL CURRENT LIABILITIES		(119,281)	(113,825)	(98,175)	(119,200)	(113,745)	(98,175)
NON-CURRENT LIABILITIES							
Trade and other payables		–	–	(2,124)	–	–	(2,124)
Other liabilities	21.3	(6,225)	(5,580)	–	(6,225)	(5,579)	–
Provisions	22.1	(8,955)	(8,945)	(8,419)	(8,955)	(8,945)	(8,419)
Total non-current liabilities		(15,180)	(14,525)	(10,543)	(15,180)	(14,524)	(10,543)
TOTAL ASSETS EMPLOYED		911,276	928,590	927,103	912,434	929,711	927,103
TAX PAYERS' EQUITY							
Public Dividend Capital		355,766	352,067	329,763	355,766	352,067	329,763
Revaluation reserve		220,326	246,527	250,507	220,326	246,527	250,507
Donated asset reserve		216,505	218,421	258,661	216,505	218,421	258,661
Other reserves		743	743	743	743	743	743
Income and expenditure reserve		117,936	110,832	87,429	119,094	111,953	87,429
TOTAL TAXPAYERS' EQUITY		911,276	928,590	927,103	912,434	929,711	927,103



Ron Kerr

Chief Executive and Accounting Officer, June 4 2010

Statement of changes in Taxpayers' equity at March 31 2010

GROUP	Public Dividend Capital £000	Revaluation reserve £000	Donated asset reserve £000	Other reserve £000	Income and expenditure reserve £000	Total £000
Taxpayers' equity at April 1 2008	329,763	250,507	258,661	743	87,429	927,103
Changes in taxpayers' equity for 2008/09						
Surplus for the year	–	405	(40,203)	–	18,981	(20,817)
Revaluation gains/(losses) and impairment losses on intangible assets	–	(79)	(37)	–	116	–
Revaluation gains/(losses) and impairment losses property, plant and equipment	–	(4,306)	–	–	4,306	–
Public Dividend Capital receivable	22,304	–	–	–	–	22,304
Taxpayers' equity as at March 31 2009	352,067	246,527	218,421	743	110,832	928,590
Changes in taxpayers' equity for 2009/10						
Surplus for the year	–	–	–	–	1,847	1,847
Revaluation gains on intangible assets	–	78	–	–	–	78
Revaluation (losses) and impairment losses on property, plant and equipment	–	(18,261)	1,253	–	–	(17,008)
Reduction in the donated asset reserve in respect of depreciation, impairment, and/or disposal of donated assets	–	–	(9,304)	–	–	(9,304)
Transfers to the statement of comprehensive income in respect of assets disposed of	–	(480)	–	–	–	(480)
Transfer of the excess of current cost depreciation over historical cost depreciation to income and expenditure reserve	–	(3,897)	–	–	3,897	–
Receipt of donated/government granted assets	–	–	4,146	–	–	4,146
Public Dividend Capital receivable	3,699	–	–	–	–	3,699
Movement between reserves*	–	(3,641)	1,989	–	1,360	(292)
Taxpayers' equity as at March 31 2010	355,766	220,326	216,505	743	117,936	911,276
TRUST	Public Dividend Capital £000	Revaluation reserve £000	Donated asset reserve £000	Other reserve £000	Income and expenditure reserve £000	Total £000
Taxpayers' equity at April 1 2008	329,763	250,507	258,661	743	87,429	927,103
Changes in taxpayers' equity for 2008/09						
Revaluation gains/(losses) and impairment losses on intangible assets	–	405	(40,203)	–	20,102	(19,696)
Transfers to the income and expenditure account in respect of assets disposed of	–	(79)	(37)	–	116	–
Transfer of the excess of current cost depreciation over historical cost depreciation to income and expenditure reserve	–	(4,306)	–	–	4,306	–
Public Dividend Capital receivable	22,304	–	–	–	–	22,304
Taxpayers' equity as at March 31 2009	352,067	246,527	218,421	743	111,953	929,711
Changes in taxpayers' equity for 2009/10						
Surplus for the year	–	–	–	–	1,884	1,884
Revaluation gains on intangible assets	–	78	–	–	–	78
Revaluation (losses) and impairment losses on property, plant and equipment	–	(18,261)	1,253	–	–	(17,008)
Reduction in the donated asset reserve in respect of depreciation, impairment, and/or disposal of donated assets	–	–	(9,304)	–	–	(9,304)
Transfers to the statement of comprehensive income in respect of assets disposed of	–	(480)	–	–	–	(480)
Transfer of the excess of current cost depreciation over historical cost depreciation to income and expenditure reserve	–	(3,897)	–	–	3,897	–
Receipt of donated/government granted assets	–	–	4,146	–	–	4,146
Public Dividend Capital receivable	3,699	–	–	–	–	3,699
Movement between reserves*	–	(3,641)	1,989	–	1,360	(292)
Taxpayers' equity as at March 31 2010	355,766	220,326	216,505	743	119,094	912,434

* Movement between reserves has been re-aligned on implementation of the new fixed asset register.

Consolidated cash flow statement for the year ended March 31 2010

	NOTE	March 31 2010 £000	March 31 2009 £000
Cash flows from operating activities			
Operating surplus from continuing operations		21,492	30,790
Non-cash income and expenses			
Depreciation and amortisation		39,856	35,187
Impairments and reversals		5,104	6,655
Transfer from donated asset reserve		(9,304)	(8,185)
Transfer from government grants reserve		(563)	–
Decrease/(increase) in trade and other receivables		2,562	(15,608)
(Increase)/decrease in inventories		(6,723)	376
Decrease in other liabilities		(2,645)	–
Increase in trade and other payables		3,837	24,441
Increase/(decrease) in provisions		634	(1,612)
Tax received		1,112	–
Other movements in operating cash flows		–	(2,173)
NET CASH GENERATED FROM OPERATING ACTIVITIES		55,362	69,871
Cash flows from investing activities			
Interest received		806	6,255
Purchase of financial assets		(60,000)	(120,500)
Sale of financial assets		60,000	120,500
Proceeds from sale of intangible assets		24	–
Purchase of property, plant and equipment		(88,127)	(77,429)
Proceeds from sale of property, plant and equipment		–	2,207
Net cash generated from used in investing activities		(87,297)	(68,967)
Cash flows from financing activities			
Public Dividend Capital received		3,699	22,304
Public Dividend Capital dividend paid		(20,445)	(17,560)
Donated capital receipts		5,545	2,964
NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES		(11,201)	7,708
Increase/(decrease) in cash and cash equivalents		(43,136)	8,612
Cash and cash equivalents at April 1		155,047	146,435
Cash and cash equivalents at March 31	24	111,911	155,047

Notes to the accounts

1 Accounting policies

1.1 Basis of preparation of the financial statements

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 2009/10 NHS Foundation Trust Financial Reporting Manual issued by Monitor. The accounting policies contained in that manual follow International Financial Reporting Standards (IFRS) and HM Treasury's Financial Reporting 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. The financial statements have been prepared under the historical cost convention, modified for the revaluation of certain financial assets and liabilities at fair value.

1.2 Basis of consolidation

The group financial statements consolidate the financial statements of the Trust and entities controlled by the Trust (its subsidiaries) and incorporate its share of the results of jointly controlled entities (joint ventures) and associates using the equity method of accounting. The financial statements of the subsidiaries are prepared for the same reporting year as the Trust.

Subsidiary entities are those over which the Trust has the power to exercise control or a dominant influence so as to gain economic or other benefits. The income, expenses, assets, liabilities, equity and reserves are consolidated in full into the appropriate financial statement lines.

Where subsidiaries' accounting policies are not aligned with those of the Trust (including where they report under UK GAAP) then amounts are adjusted during consolidation where differences are material.

All intragroup balances and transactions, including unrealised profits arising from intragroup transactions, have been eliminated in full. Subsidiaries are consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is no longer held by the Group. Where the Group ceases to hold control of a subsidiary, the consolidated financial statements include the results for the part of the reporting year during which the Group held control.

Joint ventures are contracted arrangements whereby two or more parties undertake an economic activity subject to joint control. Joint ventures are recognised in the Trust's financial statements using the equity method. The investment is initially recognised at cost. It is increased or decreased subsequently to reflect the Trust's share of the entity's profit or loss or other gains or losses (e.g. revaluation gains on the entity's property, plant and equipment) following acquisition. It is also reduced when any distribution e.g. share dividends, is received by the Trust from the associate.

In the Group's financial statements investments in associates and joint ventures are initially recognised at cost. Subsequent to acquisition, the carrying value of the Group's investment in associates and joint ventures includes the Group's share of post-acquisition reserves, less any impairment in the value of individual assets. The statement of comprehensive income reflects the Group's share of the results of operations of the associate or joint venture after tax.

A separate income statement for the parent organisation has not been presented in accordance with the guidelines in the NHS Foundation Trust Financial Reporting Manual.

1.3 Income

Income in respect of services provided is recognised when, and to the extent that, performance occurs and is measured at the fair value of the consideration receivable. The main source of income for the Trust is contracts with commissioners in respect of health care services.

Where income is received for a specific activity which is to be delivered in the following financial year, that income is deferred.

Income from the sale of non-current assets is recognised only when all material conditions of sale have been met, and is measured as the sums due under the sale contract.

1.4 Expenditure on employee benefits

Short-term employee benefits

Salaries, wages and employment-related payments are recognised in the period in which the service is received from employees. The cost of short-term employee benefits earned but not taken by employees at the end of the period is recognised in the financial statements to the extent that employees are permitted to carry-forward leave into the following period.

Pension costs

NHS Pension Scheme

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.nhsbsa.nhs.uk/pensions.

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, every five years) and an accounting valuation every year. An outline of these follows:

a) 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 March 31 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.

In order to defray the costs of benefits, employers pay contributions at 14% of pensionable pay and most employees had up to April 2008 paid 6%, with manual staff paying 5%.

Following the full actuarial review by the Government Actuary undertaken as at March 31 2004, and after consideration of changes to the NHS Pension Scheme taking effect from April 1 2008, his valuation report recommended that employer contributions could continue at the existing rate of 14% of pensionable pay, from April 1 2008, following the introduction of employee contributions on a tiered scale from 5% up to 8.5% of their pensionable pay depending on total earnings. On advice from the scheme actuary, scheme contributions may be varied from time to time to reflect changes in the scheme's liabilities.

b) Accounting valuation

A valuation of the scheme liability is carried out annually by the scheme actuary as at the end of the reporting period by updating the results of the full actuarial valuation.

The valuation of the scheme liability as at March 31 2010, is based on detailed membership data as at March 31 2008 (the latest midpoint) updated to March 31 2010 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.

c) Scheme provisions

In 2008-09 the NHS Pension Scheme provided defined benefits, which are summarised below. This list is an illustrative guide only, and is not intended to detail all the benefits provided by the Scheme or the specific conditions that must be met before these benefits can be obtained:

Annual Pensions

The Scheme is a "final salary" scheme. Annual pensions are normally based on 1/80th for the 1995 section and of the best of the last three years pensionable pay for each year of service, and 1/60th for the 2008 section of reckonable pay per year of membership. Members who are practitioners as defined by the Scheme Regulations have their annual pensions based upon total pensionable earnings over the relevant pensionable service.

With effect from April 1 2008 members can choose to give up some of their annual pension for an additional tax free lump sum, up to a maximum amount permitted under HMRC rules. This new provision is known as "pension commutation".

Pensions Indexation

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.

Lump Sum Allowance

A lump sum is payable on retirement which is normally three times the annual pension payment.

Ill-Health Retirement

Early payment of a pension, with enhancement in certain circumstances, is available to members of the Scheme who are permanently incapable of fulfilling their duties or regular employment effectively through illness or infirmity.

Death Benefits

A death gratuity of twice their final year's pensionable pay for death in service, and five times their annual pension for death after retirement is payable.

Additional Voluntary Contributions (AVCs)

Members can purchase additional service in the NHS Scheme and contribute to money purchase AVC's run by the Scheme's approved providers or by other Free Standing Additional Voluntary Contributions (FSAVC) providers.

Transfer between Funds

Scheme members have the option to transfer their pension between the NHS Pension Scheme and another scheme when they move into or out of NHS employment.

Preserved Benefits

Where a scheme member ceases NHS employment with more than two years service they can preserve their accrued NHS pension for payment when they reach retirement age.

Compensation for Early Retirement

Where a member of the Scheme is made redundant, they may be entitled to early receipt of their pension plus enhancement at the employer's cost.

1.5 Leases

Finance 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 property, plant and equipment and a corresponding liability is recorded. The value at which both are recognised is the lower of the fair value of the asset or the present value of the minimum lease payments, discounted using the interest rate implicit in the lease. The implicit interest rate is that which produces a constant periodic rate of interest on the outstanding liability. The asset and liability are recognised at the inception of the lease, and are de-recognised when the liability is discharged, cancelled or expires. The annual rental is split between the repayment of the liability and a finance cost. The annual finance cost is calculated by applying the implicit interest rate to the outstanding liability and is charged to the income statement.

Operating leases

Other leases are regarded as operating leases and the rentals are charged to operating expenses on a straight-line basis over the term of the lease. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

Leases of land and buildings

Where a lease is for land and buildings, the land component is separated from the building component and the classification for each is assessed separately. Leased land is treated as an operating lease.

1.6 Expenditure on other goods and services

Expenditure on goods and services is recognised when, and to the extent that, they have been received, and is measured at the fair value of those goods and services. Expenditure is recognised in operating expenses except where it results in the creation of a non-current asset such as property, plant and equipment. Stock on hand is managed and recognised as inventory under current assets.

1.7 Intangible fixed assets

Recognition

Intangible assets are non-monetary assets without physical substance which are capable of being sold separately from the rest of the Trust's business or which arise from contractual or other legal rights. 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.

They are recognised only where it is probable that the future economic benefits will flow to, or service potential be provided to, the Trust and where the cost of the asset can be measured reliably.

Internally generated intangible assets

Internally generated goodwill, brands, mastheads, publishing titles, customer lists and similar items are not capitalised as intangible assets.

Expenditure on research is not capitalised.

Expenditure on development is capitalised only where all of the following can be demonstrated:

- the project is technically feasible to the point of completion and will result in an intangible asset for sale or use;
- the Trust intends to complete the asset and sell or use it;
- the Trust has the ability to sell or use the asset;
- how the intangible asset will generate probable future economic or service delivery benefits e.g. the presence of a market for it or its output, or where it is to be used for internal use, the usefulness of the asset;
- adequate financial, technical and other resources are available to the Trust to complete the development and sell or use the asset; and
- the Trust can measure reliably the expenses attributable to the asset during development.

At the Statement of Financial Position date, no expenditure on development is capitalised.

Software

Software which is integral to the operation of hardware, e.g. an operating system, is capitalised as part of the relevant item of property, plant and equipment. Software which is not integral to the operation of hardware, e.g. application software, is capitalised as an intangible asset.

Measurement

Intangible assets are recognised initially at cost, comprising all directly attributable costs needed to create, produce and prepare the asset to the point that it is capable of operating in the manner intended by management.

Subsequently intangible assets are measured at fair value. Increases in asset values arising from revaluations are recognised in the revaluation reserve, except where, and to the extent that, they reverse an impairment previously recognised in operating expenses, in which case they are recognised in operating income. Decreases in asset values and impairments are charged to the revaluation reserve to the extent that there is an available balance for the asset concerned, and thereafter are charged to operating expenses. Gains and losses recognised in the revaluation reserve are reported in the statement of changes in taxpayers' equity.

Intangible assets held for sale are measured at the lower of their carrying amount or 'fair value less costs to sell'.

Amortisation

Intangible assets are amortised over their expected useful economic lives in a manner consistent with the consumption of economic or service delivery benefits. Assets under construction are not amortised until they are complete and available for use in the Trust's business.

1.8 Property, plant and equipment

Recognition

Property, plant and equipment is capitalised where:

- it is held for use in delivering services or for administrative purposes;
- it is probable that future economic benefits will flow to, or service potential be provided to, the Trust;
- it is expected to be used for more than one financial year; and
- the cost of the item can be measured reliably.

Land and Buildings will be valued by an independent registered chartered surveyor on a yearly basis as required under IAS16 to reflect fair value. For the valuation as at 1 April 2010 the District Valuation Office was used as the independent valuer.

Valuation

The valuation has been carried out in accordance with the terms of the Royal Institution of Chartered Surveyors' Valuation Standards, 6th Edition, insofar as these terms are consistent with the requirements of HM Treasury, the National Health Service and Monitor.

All property, plant and equipment are measured initially at cost, representing the cost directly attributable to acquiring or constructing the asset and bringing it to the location and condition necessary for it to be capable of operating in the manner intended by management. All assets are measured subsequently at fair value.

Land and buildings used for the Trust's services or for administrative purposes are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses. Revaluations are performed with sufficient regularity to ensure that carrying amounts are not materially different from those that would be determined at the end of the reporting period.

Fair values are determined as follows:

- Land and non-specialised buildings - market value for existing use
- Specialised buildings - depreciated replacement cost

Until March 31 2008, the depreciated replacement cost of specialised buildings has been estimated for an exact replacement of the asset in its present location. HM Treasury has adopted a standard approach to depreciated replacement cost valuations based on modern equivalent assets and, where it would meet the location requirements of the service being provided, an alternative site can be valued. The Trust will value independently all land and buildings every year on modern equivalent assets.

Properties in the course of construction for service or administration purposes are carried at cost, less any impairment loss. Cost includes professional fees but not borrowing costs, which are recognised as expenses immediately, as allowed by IAS 23 for assets held at fair value. Assets are revalued and depreciation commences when they are brought into use.

Until March 31 2008, fixtures and equipment were carried at replacement cost, as assessed by indexation and depreciation of historic cost. From April 1 2009 indexation has ceased. The carrying value of existing assets at that date will be written off over their remaining useful lives and new fixtures and equipment are carried at depreciated historic cost as this is not considered to be materially different from fair value. Equipment with an estimated useful life of over 15 years will be valued using an independent valuer every 5 years if considered material.

An increase arising on revaluation is taken to the revaluation reserve except when it reverses an impairment for the same asset previously recognised in expenditure, in which case it is credited to expenditure to the extent of the decrease previously charged there. A revaluation decrease is recognised as an impairment charged to the revaluation reserve to the extent that there is a balance on the reserve for the asset and, thereafter, to expenditure. Gains and losses recognised in the revaluation reserve are reported as other comprehensive income in the Statement of Comprehensive Income.

Subsequent expenditure

Where subsequent expenditure enhances an asset beyond its original specification, the directly attributable cost is capitalised. Where subsequent expenditure restores the asset to its original specification, the expenditure is capitalised and any existing carrying value of the item replaced is written-out and charged to operating expenses.

Capitalisation

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

- 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.

Depreciation

Items of property, plant and equipment are depreciated over their remaining useful economic lives in a manner consistent with the consumption of economic or service delivery benefits.

The Trust depreciates assets over the following ranges:

- equipment, 3 – 15 years
- buildings, 2 – 67 years
- IT hardware, 3 – 7 years

Freehold land is considered to have an infinite life and is not depreciated.

Property, plant and equipment which has been reclassified as 'held for sale' ceases to be depreciated upon the reclassification. Assets in the course of construction are not depreciated until the asset is brought into use or reverts to the Trust, respectively.

De-recognition

Assets intended for disposal are reclassified as 'held for sale' once all of the following criteria are met:

- the asset is available for immediate sale in its present condition subject only to terms which are usual and customary for such sales;
- the sale must be highly probable i.e.:
 - management are committed to a plan to sell the asset;
 - an active programme has begun to find a buyer and complete the sale;
 - the asset is being actively marketed at a reasonable price;
 - the sale is expected to be completed within 12 months of the date of classification as 'held for sale', and
 - the actions needed to complete the plan indicate it is unlikely that the plan will be dropped or significant changes made to it.

Following reclassification, the assets are measured at the lower of their existing carrying amount and their 'fair value less costs to sell'. Depreciation ceases to be charged and the assets are not revalued, except where the 'fair value less costs to sell' falls below the carrying amount. Assets are de-recognised when all material sale contract conditions have been met.

Property, plant and equipment which is to be scrapped or demolished does not qualify for recognition as 'Held for Sale' and instead is retained as an operational asset and the asset's economic life is adjusted. The asset is de-recognised when scrapping or demolition occurs.

No items were held for sale or de-recognised at statement of financial position date.

Non-Property assets

We have adopted historical cost as a proxy for fair value for non-volatile, short-life assets. We deem an asset life under 15 years to be short.

We individually review non-property assets with a useful life of over 15 years on an annual basis, to ensure that these are being carried at fair value.

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 reserve. 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.

1.9 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 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 recorded as revenue income. Where the grant is used to fund capital expenditure, the grant is held as deferred income and released to operating income over the life of the asset on a basis consistent with the depreciation charge for that asset.

1.10 Inventories

Inventories are valued at the lower of cost and net realisable value.

1.11 Provisions

The NHS Foundation Trust provides for legal or constructive obligations that are of uncertain timing or amount at the statement of financial position 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.

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 in Note 5.1.

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.

Commercial insurance

In addition to the NHS LA Property Expense and Liabilities to Third Parties Schemes the Trust also holds commercial insurance. The annual premium is charged to operating expenses.

EU Emissions Trading Scheme

EU Emission Trading Scheme allowances are accounted for as Government grant funded intangible assets if they are not expected to be realised within twelve months, and otherwise as other current assets. They are valued at open market value. As the NHS body makes emissions, a provision is recognised with an offsetting transfer from the Government grant reserve. The provision is settled on surrender of the allowances. The asset, provision and Government grant reserve are valued at fair value at the end of the reporting period.

1.12 Contingencies

Contingent assets (that is, assets arising from past events the existence of which 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 27 where an inflow of economic benefits is probable.

Contingent liabilities are not recognised, but are disclosed in Note 27, unless the probability of a transfer of economic benefits is remote. Contingent liabilities are defined as:

- possible obligations arising from past events the existence of which 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 obligation cannot be measured with sufficient reliability.

1.13 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.

1.14 Taxation

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the statement of financial position date.

Deferred taxation is not provided for on the basis that income tax is not significant and is immaterial.

1.15 Public Dividend Capital

Public Dividend Capital (PDC) is a type of public sector equity finance based on the excess of assets over liabilities at the time of establishment of the predecessor NHS Trust. HM Treasury has determined that PDC is not a financial instrument within the meaning of IAS 32.

A charge, reflecting the forecast cost of capital utilised by the NHS Foundation Trust, is paid over as public dividend capital. 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 within the Government Banking System. Average relevant net assets are calculated as a simple means of opening and closing relevant net assets.

1.16 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.

1.17 Foreign exchange

The functional and presentational currencies of the Trust are sterling.

A transaction which is denominated in a foreign currency is translated into the functional currency at the spot exchange rate on the date of the transaction.

Where the Trust has assets or liabilities denominated in a foreign currency at the statement of financial position date:

- monetary items (other than financial instruments measured at 'fair value through income and expenditure') are translated at the spot exchange rate on 31 March;
- non-monetary assets and liabilities measured at historical cost are translated using the spot exchange rate at the date of the transaction; and
- non-monetary assets and liabilities measured at fair value are translated using the spot exchange rate at the date the fair value was determined.

Exchange gains or losses on monetary items (arising on settlement of the transaction or on re-translation at the statement of financial position date) are recognised as income or expenditure in the period in which they arise.

Exchange gains or losses on non-monetary assets and liabilities are recognised in the same manner as other gains and losses on these items.

1.18 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.

Regular purchases or sales are recognised and de-recognised, as applicable, using the Trade date.

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 cash flows 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.

Classification and measurement

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

Financial assets and financial liabilities at 'fair value through income and expenditure' are financial assets or financial liabilities held for trading. A financial asset or financial liability is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorised as held for trading unless they are designated as hedges.

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: a loan to GSTS Pathology LLP, current investments, cash and cash equivalents, NHS debtors, accrued income and 'other debtors'.

Interest on loans and receivables is calculated using the effective interest method and credited to the statement of comprehensive income.

Available-for-sale financial assets

Non-derivative financial assets classified as available-for-sale are either specifically designated in this category or not classified in any of the other categories. Available-for-sale financial assets are initially recognised at fair value plus direct transaction costs and then remeasured at subsequent reporting dates to fair value, with unrealised gains and losses (except for changes in exchange rates for monetary items, interest, dividends and impairment losses, which are recognised in the income statement) recognised in equity until the financial asset is de-recognised, at which time the cumulative gain or loss previously recognised in equity is taken to the income

statement, in the line that most appropriately reflects the nature of the item or transaction.

No financial assets were held for sale at statement of financial position date.

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.

Financial liabilities are included in current liabilities except for amounts payable more than 12 months after the statement of financial position date, which are classified as long-term liabilities.

Interest on financial liabilities carried at amortised cost is calculated using the effective interest method and charged to finance costs. Interest on financial liabilities taken out to finance property, plant and equipment or intangible assets is not capitalised as part of the cost of those assets.

No financial liabilities were outstanding within the Group at the statement of financial position date.

Determination of fair value

For financial assets and financial liabilities carried at fair value, the carrying amounts are determined from independent valuations.

Impairment of financial assets

At the statement of financial position date, the Trust assesses whether any financial assets, other than those held at 'fair value through income and expenditure' are 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 have an impact on the estimated future cash flows of the asset.

For financial assets carried 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 statement of comprehensive income and the carrying amount of the asset is reduced directly.

1.19 Cash and cash equivalents

Cash is cash in hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in 3 months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and that form an integral part of the Trust's cash management.

1.20 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 32 to the accounts.

2 Segmental reporting

	Year ended March 31 2010 £000	Year ended March 31 2009 £000
INCOME		
Patient care income	683,508	640,425
Non patient care income	246,458	204,245
Total income	929,966	844,670
EXPENDITURE		
Clinical divisions	(621,195)	(577,343)
Corporate	(287,279)	(232,248)
Total expenditure	(908,474)	(809,591)
OFFSETTING ITEMS	(19,645)	(11,808)
OPERATING SURPLUS	1,847	23,271

Day-to-day financial control is devolved to:

- three clinical divisions accountable to the Board of Directors via the Chief Nurse/Chief Operating Officer
- corporate and other support services accountable to the Board of Directors via the other Executive Directors

The chief mechanism for financial management and control is a detailed budget report and forecast prepared at cost centre level each month. An aggregated summary budget and forecast report is presented by the Director of Finance to the Board of Directors at each meeting. This report is made available to the public at the meeting and via the public web site www.guysandstthomas.nhs.uk - see the Board of Directors page.

For the purposes of internal financial management, the majority of contractual and other income is accounted for centrally; income from activity above contractual levels is allocated to clinical divisions directly as is income generated locally from non-patient health care activities (e.g. rental income, recharges of staff); all assets and liabilities are accounted for centrally.

On an annual basis the Trust prepares detailed patient level costing information analysing income and expenditure to patient/consultant line level.

3 Operating income

3.1 Income from activities by source

	Year ended March 31 2010 £000	Year ended March 31 2009 £000
Strategic Health Authorities	3,334	522
Primary Care Trusts	656,660	542,234
Department of Health*	–	77,104
NHS other	2,037	2,207
Non NHS:		
– Private patients	16,985	14,295
– Overseas patients (non-reciprocal)	2,147	2,050
– NHS injury scheme (was Road Traffic Accident scheme)	1,056	905
– Other	1,289	1,109
	683,508	640,426

* Changes to the National Health payment process in 2009 have led to all payments from the Department of Health being channelled through the Primary Care Trusts.

3.2 Income from activities by type

	Year ended March 31 2010 £000	Year ended March 31 2009 £000
Elective income	148,156	154,777
Non-elective income	114,140	116,594
Outpatient income	129,819	122,059
Other type of activity income	255,917	217,127
Accident and Emergency income	16,344	15,574
Private patient income	19,132	14,295
	683,508	640,426

Included under other type of activity income are critical care, renal dialysis, chargeable drugs and devices, HIV services, radiotherapy, direct access pathology and other diagnostic services, genetics, PET scans, monetary adjustments and the NHS injury scheme.

3.3 Private patient income

	Year ended March 31 2010 £000	Year ended March 31 2009 £000
Private patient income	19,132	14,295
Total patient related income	683,508	640,426
Proportion as a percentage	2.80%	2.23%

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

From 2009/10 income from overseas visitors not covered by reciprocal agreements is to be reported as private patient income. The comparable proportion to March 2010 of private patient income, excluding income from overseas visitors not covered by reciprocal agreements, is £16,985k (2.48% as a proportion of total patient income).

An application has been made to Monitor to update the private patient cap to 3.04%, the proportion whilst the body was an NHS Trust in 2002/03 calculated on the revised basis.

4 Other operating income

	Year ended March 31 2010 £000	Year ended March 31 2009 £000
Research and development	41,196	24,073
Education, training and research	77,659	79,218
Charitable and other contributions to expenditure	5,184	4,906
Transfers from donated asset reserve	9,304	8,185
Non-patient care services to other bodies	2,972	20,822
Other income	110,138	65,916
Profits on disposal of fixed assets	–	943
Profits on disposal of tangible fixed assets	5	–
	246,458	204,063

Other income includes income from commercial activities, staff accommodation rentals, clinical excellence awards, catering, foreign currency gains of £1,623k (gains of £3,312k in 2008/09 included other operating expenses) and other direct credits.

Revenue is almost totally from supply of services. Revenue from supply of goods is immaterial.

5 Operating expenses

5.1 Operating expenses comprise:

	Year ended March 31 2010 £000	Year ended March 31 2009 £000
Services from other NHS Trusts	3,013	2,098
Services from other NHS bodies	5,435	4,850
Services from NHS Foundation Trusts	–	1,021
Purchase of healthcare from non-NHS bodies	3,367	3,175
Executive Directors' costs	1,390	1,306
Non-Executive Directors' costs	182	183
Staff costs	504,055	460,531
Drugs	84,343	80,053
Supplies and services – clinical	114,193	85,853
Supplies and services – general	8,029	7,712
Establishment	23,631	13,960
Research and Development	35	–
Transport	6,460	5,792
Premises	45,358	51,172
Bad debts	7,666	1,961
Depreciation and amortisation	39,856	35,187
Impairments of property, plant and equipment	5,104	6,198
Audit fees – statutory audit	168	157
Other auditor's remuneration	20	5
Clinical negligence	6,311	5,300
Other*	49,858	47,185
	908,474	813,699

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

5.2 Audit fees

	Year ended March 31 2010 £000	Year ended March 31 2009 £000
Audit services for statutory audit	159	146
Audit fee for subsidiary companies	9	11
Other audit related services	20	5
	188	162

5.3 Limitation on auditor's liability

There is no limitation on auditor's liability for the financial years 2009/10 or 2008/09.

5.4 Operating leases

As Lessee

5.4.1 Payments recognised as an expense:

	Year ended March 31 2010 £000	Year ended March 31 2009 £000
Minimum lease payments under operating leases recognised as an expense in the year	6,674	5,243
	6,674	5,243

At the statement of financial position date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	Year ended March 31 2010 £000	Year ended March 31 2009 £000
Within 1 year	5,221	3,937
Between 1 and 5 years inclusive	12,007	7,084
After 5 years	12,947	9,571
	30,175	20,592

As Lessor

5.4.2 Rental revenue:

	Year ended March 31 2010 £000	Year ended March 31 2009 £000
Other	2,872	377
	2,872	377

	Year ended March 31 2010 £000	Year ended March 31 2009 £000
Within 1 year	2,752	2,263
Between 1 and 5 years inclusive	10,655	9,002
After 5 years	9,873	9,460
	23,280	20,725

5.5 2009/10 Salary and pension entitlements of senior managers

A) Remuneration

		Executive remuneration		
Name	Title	Executive remuneration £000	Other remuneration £000	Year ended
				March 31 2010
		Total remuneration £000	Total remuneration £000	Year ended March 31 2009
Executive Directors				
E. Baker	Medical Director	132	85	217
R. Kerr	Chief Executive	274	–	274
A. Macintyre	Director of Workforce	155	–	155
S. McGuire	Director of Capital, Estates and Facilities Management	157	–	157
H. Risebrow	Commercial Director*	38	33	71
M. Shaw	Director of Finance	157	–	157
E. Sills	Chief Nurse/Chief Operating Officer	173	–	173
		1,086	118	1,204
Non-Executive Directors				
D. Dean	Non-Executive Director and Chairman Audit Committee	20	–	20
M. Franklin	Non-Executive Director	17	–	17
R. Lechler	Vice-Chairman (resigned April 2009)	–	–	–
F. Nestle	Non-Executive Director (appointed May 2009)	16	–	16
R. Maw	Non-Executive Director	17	–	17
P. Moberly	Chairman	61	–	61
J. Oliver	Non-Executive Director	17	–	17
D. Summers	Non-Executive Director	17	–	17
		1,251	118	1,369

* Joined the Trust October 12 2009 and was appointed Executive Director January 1 2010.

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 2010 £000	Cash equivalent transfer value at March 31 2010 £000	Cash equivalent transfer value at March 31 2009 £000
E. Baker*	Medical Director	–	–	–	–
R. Kerr	Chief Executive	129	388	**	3,062
A. Macintyre	Director of Workforce	45	136	856	674
S. McGuire	Director of Capital, Estates and Facilities Management	28	83	551	460
H. Risebrow	Commercial Director (appointed January 2010)	5	16	95	–
M. Shaw	Director of Finance	58	174	1,244	1,126
E. Sills	Chief Nurse/Chief Operating Officer	54	162	951	855

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

* The Medical Director is recharged to the Trust from King's College Medical School.

** The NHS Pensions Agency do not calculate cash equivalent transfer value for individuals over 60.

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 Employee costs and numbers

6.1 Employee costs

	Permanently employed £000	Other £000	Year ended March 31 2010 Total £000	Year ended March 31 2009 Total £000
Salaries and wages	394,845	–	394,845	351,959
Social security costs	32,260	–	32,260	28,946
Employer contributions to NHSPA	43,615	–	43,615	38,688
Termination benefits	113	–	113	–
Agency and contract staff	–	34,388	34,388	38,911
Seconded staff	337	–	337	3,390
	471,170	34,388	505,558	461,894

6.2 Average number of people employed

	Permanently employed number	Other number	Year ended March 31 2010 Total number	Year ended March 31 2009 Total number
Medical and dental	1,367	–	1,367	1,248
Administrative and estates	2,281	–	2,281	2,060
Healthcare assistants and other support staff	774	–	774	737
Nursing, midwifery and health visiting staff	3,486	–	3,486	2,833
Nursing, midwifery and health visiting learners	429	–	429	517
Scientific, therapeutic and technical staff	1,743	–	1,743	1,595
Bank and agency staff	–	730	730	948
	10,080	730	10,810	9,938

6.3 Management costs

	Year ended March 31 2010 £000	Year ended March 31 2009 £000
Management costs	34,901	29,667
Income	929,966	843,546
Management costs as a percentage	3.75%	3.52%

Management costs are defined as those on the management cost website at [www.dhl.gov.uk/Policy and Guidance/OrganisationPolicy/Finance and Planning/NHSPManagement Costs/fs/en](http://www.dhl.gov.uk/Policy%20and%20Guidance/OrganisationPolicy/Finance%20and%20Planning/NHSPManagement%20Costs/fs/en)

6.4 Retirements due to ill-health

During 2009/10 there were 7 early retirements from the Trust agreed on the grounds of ill-health (9 in the year ended March 31 2009). The estimated additional pension liabilities of these ill-health retirements is £571k (£619k in 2008/09). These retirements represented 0.67 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 Measure of compliance

	Number	Year ended March 31 2010 £000	Number	Year ended March 31 2009 £000
Total bills paid in the year	220,410	508,138	204,882	421,409
Total bills paid within target	159,638	350,728	157,780	297,013
Percentage of bills paid within target	72%	69%	77%	70%

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 Share of operating loss in joint ventures

	Year ended March 31 2010 £000	Year ended March 31 2009 £000
GSTS Pathology LLP	–	(127)
	<u>–</u>	<u>(127)</u>

9 Profit/(loss) on disposal of non-current assets

Profit/(loss) on the disposal of non-current assets is made up as follows:	Year ended March 31 2010 £000	Year ended March 31 2009 £000
Profit on disposal of intangible assets	5	–
(Loss)/profit on disposal of plant and equipment	(20)	943
	<u>(15)</u>	<u>943</u>

10 Finance income

	Year ended March 31 2010 £000	Year ended March 31 2009 £000
Interest receivable	782	6,085
	<u>782</u>	<u>6,085</u>

11 Finance expenses

	Year ended March 31 2010 £000	Year ended March 31 2009 £000
Unwinding of discounts on provision	211	203
	<u>211</u>	<u>203</u>

12 Taxation

	Year ended March 31 2010 £000	Year ended March 31 2009 £000
UK corporation tax		
Current tax payable on income at 28%	1	4
	<u>1</u>	<u>4</u>

Corporation tax is applicable to the profits of GTI Forces Healthcare Ltd and the profits of the joint ventures. Guidance issued by HMRC states that the earliest date corporation tax will be applicable to Foundation Trusts is now April 1 2011.

13 Surplus attributable to the Trust

The surplus for the year dealt with in the financial statements of the parent was £1,884k (2008/09 surplus of £20,102k). As permitted by Monitor's Annual Reporting Manual, no separate statement of comprehensive income is presented in respect of the parent.

14 Property, plant and equipment

14.1 Property, plant and equipment for 2008/2009 comprised of the following elements:

Group and Trust			Assets under construction and payments on account	Plant and machinery	Transport equipment	Information technology	Furniture and fittings	Total
Cost or valuation	Land £000	Buildings excluding dwellings £000	£000	£000	£000	£000	£000	£000
at April 1 2008	184,500	595,490	6,550	114,297	130	41,688	2,199	944,854
Prior period adjustments	–	–	–	–	–	(164)	–	(164)
Additions purchased	–	11,465	37,604	12,014	–	9,351	–	70,434
Additions donated	–	14	–	3,168	–	–	–	3,182
Impairments	(17,550)	(64,623)	–	–	–	–	–	(82,173)
Reclassifications	–	6,328	(6,328)	–	–	(20,458)	–	(20,458)
Disposals	–	–	–	(2,316)	–	–	–	(2,316)
At March 31 2009	166,950	548,674	37,826	127,163	130	30,417	2,199	913,359
Accumulated depreciation								
at April 1 2008	–	20,186	–	71,769	128	19,035	1,345	112,463
Prior period adjustment	–	–	–	–	–	(65)	–	(65)
Provided during the year	–	20,332	–	9,039	2	5,719	86	35,178
Impairments	–	(40,518)	–	–	–	–	–	(40,518)
Reclassifications	–	–	–	–	–	(11,166)	–	(11,166)
Disposals	–	–	–	(2,037)	–	–	–	(2,037)
At March 31 2009	–	–	–	78,771	130	13,523	1,431	93,855
Net book value								
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	–	586	594	261,314
Total at April 1 2008	184,500	575,304	6,550	42,528	2	22,554	854	832,292
Purchased assets	99,200	411,065	37,826	37,583	–	15,906	245	601,825
Donated assets	67,750	137,609	–	10,809	–	988	523	217,679
Total at March 31 2009	166,950	548,674	37,826	48,392	–	16,894	768	819,504

14.2 Property, plant and equipment at the statement of financial position date comprise the following elements:

Group and Trust			Assets under construction and payments on account	Plant and machinery	Transport equipment	Information technology	Furniture and fittings	Total
Cost or valuation	Land £000	Buildings excluding dwellings £000	£000	£000	£000	£000	£000	£000
At April 1 2009	166,950	548,674	37,826	127,163	130	30,417	2,199	913,359
Additions purchased	–	35,522	25,071	15,682	–	3,631	–	79,906
Additions donated	–	373	1,864	1,582	–	–	–	3,819
Impairments	–	(45,165)	–	–	–	–	–	(45,165)
Reclassifications	–	9,853	(20,014)	2,487	–	3,556	–	(4,118)
Disposals	–	–	–	(793)	–	–	–	(793)
At March 31 2010	166,950	549,257	44,747	146,121	130	37,604	2,199	947,008
Depreciation								
At April 1 2009	–	–	–	78,771	130	13,523	1,431	93,855
Provided during the year	–	23,687	–	7,472	–	6,917	110	38,186
Impairments	–	(23,053)	–	–	–	–	–	(23,053)
Disposals	–	–	–	(774)	–	–	–	(774)
At March 31 2010	–	634	–	85,469	130	20,440	1,541	108,214
Net book value								
Purchased assets	99,200	411,065	37,826	37,583	–	15,906	245	601,825
Donated assets	67,750	137,609	–	10,809	–	988	523	217,679
Total at April 1 2009	166,950	548,674	37,826	48,392	–	16,984	768	819,504
Purchased assets	99,200	412,110	42,883	51,685	–	16,575	211	622,664
Donated assets	67,750	136,513	1,864	8,967	–	589	447	216,130
Total at March 31 2010	166,950	548,623	44,747	60,652	–	17,164	658	838,794

14.3 The net book value of property, plant and equipment at March 31 2010 comprises:

	Land £000	Buildings £000	Other assets £000	Total property plant and machinery £000
Protected	166,950	548,623	–	715,573
Unprotected	–	–	123,221	123,221
Net book value	166,950	548,623	123,221	838,794

15 Intangible assets

15.1 As at March 31 2009

	Software licences £000	Information technology £000	Assets under construction £000	Other £000	Total £000
Group and Trust					
Cost April 1 2008	129	–	–	1	130
Prior period adjustments	164	–	–	–	164
Reclassification	–	20,458	–	–	20,458
Other revaluation	–	–	–	662	662
Additions purchased	69	–	–	–	69
Gross cost at March 31 2009	362	20,458	–	663	21,483
Reclassifications	–	11,166	–	–	11,166
Amortisation at March 31 2009	–	11,166	–	–	11,166
Net book value					
Purchased assets April 1 2008	222	–	–	–	222
Total at April 1 2008	222	–	–	–	222
Purchased assets at March 31 2009	282	9,213	–	–	9,495
Donated at March 31 2009	–	79	–	663	742
Total at March 31 2009	282	9,292	–	663	10,237

15.2 As at March 31 2010

	Software licences £000	Information technology £000	Assets under construction £000	Other £000	Total £000
Group and Trust					
Cost April 1 2009	362	20,458	–	663	21,483
Reclassification	–	4,118	–	–	4,118
Other revaluation	–	–	–	78	78
Additions purchased	38	4,502	2,188	201	6,929
Additions donated	–	–	327	–	327
Disposals	–	–	–	(20)	(20)
Gross cost at March 31 2010	400	29,078	2,515	922	32,915
Amortisation April 1 2009	80	11,166	–	–	11,246
Provided during the year	63	1,606	–	–	1,669
Amortisation at March 31 2010	143	12,772	–	–	12,915
Net book value					
Purchased assets April 1 2009	282	9,213	–	–	9,495
Donated assets April 1 2009	–	79	–	663	742
Total at April 1 2009	282	9,292	–	663	10,237
Purchased assets at March 31 2010	257	16,258	2,188	922	19,625
Donated at March 31 2010	–	48	327	–	375
Total at March 31 2010	257	16,306	2,515	922	20,000

A separate schedule for the Trust's intangible assets has not been produced as the subsidiaries only intangible asset is £41k in respect of assets under construction.

16 Impairments

Land and buildings were valued independently by the District Valuer as at April 1 2010. Both the buildings at Guy's and St Thomas' sites have reduced in value due to reduction in the modern equivalent asset valuation basis. The basis of valuation is described in detail in the accounting policy under the property, plant and equipment valuation note 1.8.

The valuation on land was unchanged from the previous valuation as at April 1 2009 while the buildings at these two sites have dropped in value by £22,112k. £5,104k has been charged against the income and expenditure account and £17,008k netted off against the revaluation reserve account.

17 Interest in associates and joint ventures

The NHS Foundation Trust's principal subsidiary undertakings, associates and joint ventures as included in the consolidation at March 31 2010 are set out below. The accounting date of the financial statements for the subsidiaries is March 31 2010 and for the joint ventures December 31 2010. For the joint venture undertakings that have different accounting year end dates, interim accounts to March 31 2010 have been consolidated.

	Country of incorporation	Beneficial interest	Principal activity
Subsidiary undertakings			
Guy's and St Thomas' Enterprises Ltd.	UK	100%	Holding company
GTI Forces Healthcare Ltd*	UK	100%	Healthcare services
Pathology Services Ltd*	UK	100%	Healthcare services
Joint ventures			
GSTS Pathology LLP*	UK	50%	Healthcare services
SSAFA GSTT Care LLP*	UK	50%	Healthcare services

* Not directly owned by NHS Foundation Trust

18 Aggregated amounts relating to joint ventures

	March 31 2010 £000	March 31 2009 £000
Non current assets	4,645	1,081
Current assets	9,155	6,516
Non current liabilities	(2,500)	(2,500)
Current liabilities	(11,636)	(4,844)
Group share net assets (liabilities)	(336)	253
Revenue	31,955	10,705
Expenditure	(32,546)	(11,562)
Group share net (loss)	(591)	(857)

As per accounting policy note 1.2 the Group accounts for the joint ventures above on an equity basis. The Group has not recognised its share of losses exceeding Group interest. The Group share of unrecognised losses is disclosed below.

	March 31 2010 £000	March 31 2009 £000
Group share of unrecognised losses	1,321	730

19 Inventories

	GROUP			TRUST		
	March 31 2010 £000	March 31 2009 £000	April 1 2008 £000	March 31 2010 £000	March 31 2009 £000	April 1 2008 £000
Raw materials and consumables	14,252	7,529	7,905	14,252	7,529	7,905
	<u>14,252</u>	<u>7,529</u>	<u>7,905</u>	<u>14,252</u>	<u>7,529</u>	<u>7,905</u>

20 Trade and other receivables

20.1 Current

	GROUP			TRUST		
	March 31 2010 £000	March 31 2009 £000	April 1 2008 £000	March 31 2010 £000	March 31 2009 £000	April 1 2008 £000
NHS receivables	26,354	30,258	23,373	26,354	30,258	23,373
Provision for impaired receivables	(16,907)	(11,703)	(10,840)	(16,907)	(11,703)	(10,840)
Prepayments	7,071	2,384	–	7,071	2,384	–
Accrued income	7,681	8,064	9,517	7,681	8,064	9,517
Other receivables	32,160	29,537	23,918	32,212	29,610	23,918
	<u>56,359</u>	<u>58,540</u>	<u>45,968</u>	<u>56,411</u>	<u>58,613</u>	<u>45,968</u>

Other receivables include an amount of £2,500k which relates to a loan to the joint venture – GSTS Pathology LLP with a maturity date of January 29 2011 and a variable rate of interest (Libor + 2%), and also includes an amount of £599k which is GSTS Pathology LLP and £180k which is SSAFA GSTT Care LLP sales ledger debts.

20.2 Non current

	GROUP			TRUST		
	March 31 2010 £000	March 31 2009 £000	April 1 2008 £000	March 31 2010 £000	March 31 2009 £000	April 1 2008 £000
NHS receivables	563	539	506	563	539	506
Other receivables with related parties	–	2,500	–	1,152	3,611	–
Other receivables	1,530	796	591	1,530	796	591
	<u>2,093</u>	<u>3,835</u>	<u>1,097</u>	<u>3,245</u>	<u>4,946</u>	<u>1,097</u>

20.3 Ageing of trade and other receivables

	GROUP			TRUST		
	March 31 2010 £000	March 31 2009 £000	April 1 2008 £000	March 31 2010 £000	March 31 2009 £000	April 1 2008 £000
Not past due date	54,013	52,947	33,103	54,065	53,020	33,103
Up to three months	831	4,048	5,457	831	4,048	5,457
In three to six months	2,216	1,668	1,218	2,216	1,668	1,218
Over six months	1,392	3,712	7,287	2,544	4,823	7,287
	<u>58,452</u>	<u>62,375</u>	<u>47,065</u>	<u>59,656</u>	<u>63,559</u>	<u>47,065</u>

21 Trade and other payables

21.1 Current

	GROUP			TRUST		
	March 31 2010 £000	March 31 2009 £000	April 1 2008 £000	March 31 2010 £000	March 31 2009 £000	April 1 2008 £000
Receipts in advance	537	956	564	537	955	564
NHS payables	14,237	14,687	12,525	14,237	14,686	12,525
Trade payables – capital	3,576	1,003	3,636	3,576	1,003	3,636
Other trade payables	37,490	17,034	10,112	37,490	17,036	10,112
Other payables	2,273	2,116	–	2,273	2,116	–
Accruals	30,278	46,183	42,254	30,199	46,103	42,254
	<u>88,391</u>	<u>81,979</u>	<u>69,091</u>	<u>88,312</u>	<u>81,899</u>	<u>69,091</u>

NHS payables include £5,891k outstanding pension contributions at March 31 2010 (£5,196k at March 31 2009).

21.2 Current taxes payable

	GROUP			TRUST		
	March 31 2010 £000	March 31 2009 £000	April 1 2008 £000	March 31 2010 £000	March 31 2009 £000	April 1 2008 £000
Taxes payable	11,912	10,080	8,866	11,190	10,080	8,866
	<u>11,912</u>	<u>10,080</u>	<u>8,866</u>	<u>11,190</u>	<u>10,080</u>	<u>8,866</u>

21.3 Other liabilities

	GROUP			TRUST		
	March 31 2010 £000	March 31 2009 £000	April 1 2008 £000	March 31 2010 £000	March 31 2009 £000	April 1 2008 £000
Current						
Deferred income	17,079	19,913	16,890	17,079	19,913	16,890
Deferred Government grant	365	434	–	365	434	–
	<u>17,444</u>	<u>20,347</u>	<u>16,890</u>	<u>17,444</u>	<u>20,347</u>	<u>16,890</u>
Non-current						
Deferred income	4,635	4,402	–	4,635	4,401	–
Deferred Government grant	1,590	1,178	–	1,590	1,178	–
	<u>6,225</u>	<u>5,580</u>	<u>–</u>	<u>6,225</u>	<u>5,579</u>	<u>–</u>

22 Provisions for liabilities and charges

22.1 Overall provisions

Group and Trust	Current			Non Current			Total Provisions		
	March 31 2010 £000	March 31 2009 £000	April 1 2008 £000	March 31 2010 £000	March 31 2009 £000	April 1 2008 £000	March 31 2010 £000	March 31 2009 £000	April 1 2008 £000
Pensions relating to former staff	784	757	751	7,729	7,736	7,913	8,513	8,493	8,664
Legal claims	777	398	706	–	–	–	777	398	706
Other	693	264	1,871	1,226	1,209	506	1,919	1,473	2,377
	<u>2,254</u>	<u>1,419</u>	<u>3,328</u>	<u>8,955</u>	<u>8,945</u>	<u>8,419</u>	<u>11,209</u>	<u>10,364</u>	<u>11,747</u>

22.2 Changes in provisions

	Pensions relating to former staff £000	Legal claims £000	Other £000	Total £000
As at April 1 2009	8,493	398	1,473	10,364
Arising during the year	643	642	453	1,738
Utilised during the year	(809)	(2)	(32)	(843)
Reversed unused	–	(261)	–	(261)
Unwinding of discount	187	–	24	211
As at March 31 2010	<u>8,514</u>	<u>777</u>	<u>1,918</u>	<u>11,209</u>

Expected timing of cashflows:

22.3 Timing of provisions

	Pensions relating to former staff £000	Legal claims £000	Other £000	Total £000
Within one year	785	777	692	2,254
Between one and five years	2,969	–	119	3,088
After five years	4,760	–	1,107	5,867
	<u>8,514</u>	<u>777</u>	<u>1,918</u>	<u>11,209</u>

The provision relating to pensions to former staff consists of provisions for pre 1995 early retirements and has been calculated using information provided by the NHS Pensions Agency. £68,920k is included in the provision of the NHS Litigation Authority under legal claims at March 31 2010 in respect of clinical negligence liabilities of the Foundation Trust. (£62,315k at March 31 2009). Other Provisions consists of provisions for EU Emissions and injury benefits.

The timing of the provisions cash flow represents our best estimate of future liabilities based on available input from NHS professionals in the respective areas.

23 Prudential borrowing limit

	March 31 2010 £000	March 31 2009 £000	April 1 2008 £000
Long term borrowing limit set by Monitor	182,700	175,600	160,600
Working capital facility agreed by Monitor	30,000	30,000	30,000
	<u>212,700</u>	<u>205,600</u>	<u>190,600</u>

24 Analysis in changes of net cash

GROUP	At April 1 2008 £000	Cash changes in year £000	At April 1 2009 £000	Cash changes in year £000	At March 31 2010 £000
Cash at bank and in hand – Office of the Paymaster General (OPG)	142,349	(2,440)	139,909	(28,546)	111,363
Cash at bank and in hand – commercial bank accounts	4,086	11,052	15,138	(14,590)	548
	<u>146,435</u>	<u>8,612</u>	<u>155,047</u>	<u>(43,136)</u>	<u>111,911</u>
TRUST					
Cash at bank and in hand – Office of the Paymaster General (OPG)	142,349	(2,440)	139,909	(28,546)	111,363
Cash at bank and in hand – commercial bank accounts	4,086	10,908	14,994	(14,532)	462
	<u>146,435</u>	<u>8,468</u>	<u>154,903</u>	<u>(43,078)</u>	<u>111,825</u>

25 Capital commitments

Commitments under capital expenditure contracts at the balance sheet date were £6,529k (£4,467k at March 31 2009) for the Group and the Trust.

26 After the balance sheet date

There are no items arising that require disclosure following the financial reporting year end.

27 Contingencies

	March 31 2010 £000	March 31 2009 £000
Contingent liability for other claims against the Group and the Trust	68	230
	<u>68</u>	<u>230</u>

All contingent liabilities recorded are in respect of Public and Employee liability cases as advised by the NHS Litigation Authority. This represents our best estimate of future liabilities based on available input from NHS professionals in the respective areas.

28 Public Dividend Capital dividend

The Trust is required to demonstrate that the PDC dividend paid is in line with the actual rate of 3.5% of average relevant net assets. The dividend payable to March 2010 period of account was £20,215k and, based on the average relevant net assets of £577,694k, the Trust's performance on an annualised basis was 3.5% (3.2% to March 2009).

29 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 March 31 2010.

B) The Dividend Cover ratio is 3.039 compared to a minimum cover required of 1 (4.459 in the year ended March 31 2009, restated to include interest received).

30 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 Trust has taken advantage of the exemption provided by IAS 24 'Related Party Disclosures', where the parent's own financial statements are presented together with the consolidated financial statements and any transactions or balances between group entities have been eliminated on consolidation. The debtors trading balances with the Group's associate and joint ventures are presented in note 20. There are no outstanding creditors balances with the Group's associate and joint ventures as at March 31 2010.

The Board members of SSAFA GSTT Care LLP include the following directors from the Trust: Mr Ron Kerr as Non-Executive Director and Chairman, Mr Martin Shaw as Non-Executive Director, Dr Robert O'Leary as Deputy Managing Director, Mr Alistair Scarborough as Commercial Director and Mr Michael Powell as Director of Secondary Health Care.

The Board members of GSTS Pathology LLP include the following directors from the Trust: Mr Ron Kerr, Mr Martin Shaw, Dr Robert O'Leary and Dr Jonathan Edgeworth.

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 entities for which the department is regarded as the parent. The main local commissioners are Lambeth PCT, Southwark PCT and Lewisham PCT from whom the Trust received £255,373k at March 31 2010 for health care contracts (£205,536k at March 31 2009). 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 March 31 2010 stood at £26,917k (£30,797k at March 31 2009).

In addition, the Trust has had a number of material transactions with other Government departments and other central and local Government bodies. £37,514k at March 31 2010 (£36,059k at March 2009) has been received from the Ministry of Defence for health services supplied. There were also many transactions with King's College London totalling £8,442k at March 31 2010 (£10,460k at March 31 2009).

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 £11,662k at March 31 2010 (£10,952k at March 31 2009). The balance for Guy's and St Thomas' Charity debtors was £1,632k for March 31 2010 (£2,988k at March 31 2009) and for creditors £280k for March 31 2010 (£788k for March 31 2009). Guy's and St Thomas' Charity is regarded as a related party.

The Trust works closely with its partners in the King's Health Partnership: King's College London, King's College Hospital NHS Foundation Trust and South London and Maudsley NHS Foundation Trust.

Ron Kerr, Chief Executive and Eileen Walsh, Director of Assurance rent accommodation from the Trust at a commercial rate.

Rory Maw (Non-Executive Director) is a trustee of Guy's and St Thomas' Charity.

Tony West (Chief Pharmacist) is chair of an Advisory Board for GlaxoSmithKline.

The Council of Governors 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, King's College London and South London and Maudsley NHS Foundation Trust.

Aside from these transactions none of the other Board members, the members of the Council of Governors, 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.

31 Financial assets and liabilities

31.1 Financial assets

Floating rate	GROUP		TRUST	
	March 31 2010 £000	March 31 2009 £000	March 31 2010 £000	March 31 2009 £000
Denominated in £ Sterling	161,540	206,188	160,328	207,227
In other currencies, restated in £ Sterling	1,523	11,098	1,523	11,098
Gross financial assets at March 31 2010	163,063	217,286	161,851	218,325

31.2 Analysis of financial liabilities

Floating rate	GROUP		TRUST	
	March 31 2010 £000	March 31 2009 £000	March 31 2010 £000	March 31 2009 £000
Denominated in £ Sterling	99,063	91,117	98,985	91,308
Gross financial liabilities at March 31 2010	99,063	91,117	98,985	91,308

31.3a Financial assets by category

GROUP	Total £000	Loans and receivables £000	TRUST	Total £000	Loans and receivables £000
At March 31 2010			At March 31 2010		
Assets as per balance sheet			Assets as per balance sheet		
NHS Debtors	26,917	26,917	NHS Debtors	26,917	26,917
Accrued income	7,681	7,681	Accrued income	7,681	7,681
Other debtors	33,690	33,690	Other debtors	32,336	32,336
Provision for doubtful debts	(16,907)	(16,907)	Provision for doubtful debts	(16,907)	(16,907)
Cash at bank and in hand	111,912	111,912	Cash at bank and in hand	111,825	111,825
At March 31 2010	163,293	163,293	At March 31 2010	161,852	161,852
At March 31 2009			At March 31 2009		
NHS Debtors	30,797	30,797	NHS Debtors	30,797	30,797
Accrued income	8,064	8,064	Accrued income	8,064	8,064
Other debtors	35,081	35,081	Other debtors	36,275	36,275
Provision for doubtful debts	(11,703)	(11,703)	Provision for doubtful debts	(11,703)	(11,703)
Cash at bank and in hand	155,047	155,047	Cash at bank and in hand	154,892	154,892
Total at March 31 2009	217,286	217,286	Total at March 31 2009	218,325	218,325

31.3b Financial liabilities by category

Other financial liabilities	GROUP £000	TRUST £000
At March 31 2010		
NHS creditors	14,237	14,237
Other creditors	43,339	43,339
Accruals	30,278	30,200
Provisions under contract	11,209	11,209
At March 31 2010	99,063	98,985
At March 31 2009		
NHS creditors	14,687	14,686
Other creditors	20,153	20,155
Accruals	46,183	46,103
Provisions under contract	10,094	10,094
Total at March 31 2009	91,117	91,038

31.4 Fair values of financial assets at March 31 2010

	GROUP		TRUST	
	Book value £000	Fair value £000	Book value £000	Fair value £000
Debtors over one year – Agreements with commissioners to cover creditors and provisions	2,093	2,093	3,245	3,245
Other	111,911	111,911	111,825	111,825
	114,004	114,004	115,070	115,070

As allowed by IFRS 7, 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.

31.5 Maturity of financial liabilities

	GROUP		TRUST	
	March 31 2010 £000	March 31 2009 £000	March 31 2010 £000	March 31 2009 £000
Less than one year	(99,063)	(91,117)	(98,985)	(91,308)
	(99,063)	(91,117)	(98,985)	(91,308)

31.6 Financial assets interest risk

GROUP					
Currency	Total £000	Floating rate £000	Fixed rate £000	Non- interest bearing £000	Weighted average interest rate %
At March 31 2010					
Sterling	110,957	110,058	569	330	0.2
Other	1,502	–	–	1,502	0.0
Gross financial assets	112,459	110,058	569	1,832	
At March 31 2009					
Sterling	144,563	143,931	607	25	0.3
Other	11,098	11,072	–	26	0.6
Gross financial assets	155,661	155,003	607	51	
TRUST					
Currency	Total £000	Floating rate £000	Fixed rate £000	Non- interest bearing £000	Weighted average interest rate %
At March 31 2010					
Sterling	110,870	110,058	569	243	0.2
Other	1,502	–	–	1,502	0.0
Gross financial assets	112,372	110,058	569	1,745	
At March 31 2009					
Sterling	143,524	142,892	607	25	0.3
Other	11,098	11,072	–	26	0.6
Gross financial assets	154,622	153,964	607	51	

31.7 Financial risk management

Financial reporting standard IFRS 7 requires disclosure of the role that financial instruments have had during the period in creating or changing the risks a body faces in undertaking its activities. Because of the continuing service provider relationship that the NHS Trust has with Primary Care Trusts and the way those Primary Care Trusts are financed, the NHS Trust is not exposed to the degree of financial risk faced by business entities. Also financial instruments play a much more limited role in creating or changing risk than would be typical of listed companies, to which the financial reporting standards mainly apply. The NHS 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 Trust in undertaking its activities.

The Trust's treasury management operations are carried out by the finance department, within parameters defined formally within the Trust's standing financial instructions and policies agreed by the Board of Directors. Trust treasury activity is subject to review by the Trust's internal auditors.

Currency risk

The Trust is principally a domestic organisation with the great majority of transactions, assets and liabilities being in the UK and sterling based. The Trust has an operation overseas with British Forces in Germany, but has low exposure to currency rate fluctuations.

Interest rate risk

The Trust borrows from Government for capital expenditure, subject to affordability as confirmed by the Strategic Health Authority. The borrowings are for 1 – 25 years, in line with the life of the associated assets, and interest is charged at the National Loans Fund rate, fixed for the life of the loan. The Trust therefore has low exposure to interest rate fluctuations.

Credit risk

Because the majority of the Trust's income comes from contracts with other public sector bodies, the Trust has low exposure to credit risk. The maximum exposures as at March 31 2010 are in receivables from customers, as disclosed in the Trade and other receivables note.

Liquidity risk

The Trust's operating costs are incurred under contracts with Primary Care Trusts, which are financed from resources voted annually by Parliament. The Trust funds its capital expenditure from funds obtained within its prudential borrowing limit. The Trust is not, therefore, exposed to significant liquidity risks.

32 Third party assets

The Trust held £20,694 cash at bank and in hand at March 31 2010 (£11,413 at March 31 2009) which relates to monies held by the Trust on behalf of patients. This has been excluded from cash at bank and in hand figure reported in the accounts.

33 Losses and special payments

There were 1,905 cases of losses and special payments totalling £2,112k (£1,323k at March 31 2009) approved during the year to March 31 2010. This includes cash payments during the year. These are not calculated on an accruals basis.

34 Translation to IFRS

As required under IFRS1, detailed below is a reconciliation of reported equity under previous GAAP to equity under IFRS at the date of transition, together with the effect on the 2008/09 surplus.

Group	Income and expenditure reserve £000	Revaluation reserve £000	Donated asset reserve £000	Public dividend capital £000	Other reserve £000
Taxpayers' equity at March 31 2009 under UK GAAP	119,214	221,683	244,111	352,067	743
Adjustments for IFRS changes:					
Leases	(236)	—	—	—	—
Holiday cost accrual	(2,679)	—	—	—	—
Impairment on modern equivalent valuation	(6,198)	—	—	—	—
Other investments in joint ventures	731	—	—	—	—
Adjustment for:					
Revaluation/impairment recognised on transition	—	24,844	(25,690)	—	—
Taxpayers' equity at April 1 2009 under IFRS	110,832	246,527	218,421	352,067	743

	£000
Surplus for 2008/09 under UK GAAP	25,453
Adjustments for:	
Leases	(156)
Employee benefits - holiday creditors	(849)
Impairment on modern equivalent valuation	(6,198)
Other investments	731
Surplus for 2008/09 under IFRS	18,981

Trust	Income and expenditure reserve £000	Revaluation reserve £000	Donated asset reserve £000	Public dividend capital £000	Other reserve £000
Taxpayers' equity at March 31 2009 under UK GAAP	119,214	221,683	244,111	352,067	743
Adjustments for IFRS changes:					
Leases	(236)	—	—	—	—
Holiday cost accrual	(2,679)	—	—	—	—
Impairment on modern equivalent valuation	(6,198)	—	—	—	—
Adjustment for:					
Revaluation/impairment recognised on transition	—	24,844	(25,690)	—	—
Taxpayers' equity at April 1 2009 under IFRS	110,101	246,527	218,421	352,067	743

	£000
Surplus for 2008/09 under UK GAAP	25,453
Adjustments for:	
Leases	(156)
Employee benefits – holiday creditors	(849)
Impairment on modern equivalent valuation	(6,198)
Surplus for 2008/09 under IFRS	18,250



Contact information

Chief Executive

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

Ron Kerr, Chief Executive

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, 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 our NHS Foundation Trust, contact:

Tel: 020 7188 0012

Email: members@gstt.nhs.uk

Recruitment

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

The Recruitment Centre

Tel: 020 7188 0044

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

Further information

If you have a media enquiry or require further information, contact:

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