Introduction

This is our report to you about The Ipswich Hospital NHS Trust. We are one of the busiest and largest NHS Trusts in the East of England providing health care to more than 320,000 people who live in east Suffolk.

The title of this report, Foundations for the Future, sums up what we have been doing in the last year, getting back on track financially and building a positive future for the hospital.

From the Chairman

When I came to the Trust in July 2006, I knew we all had a tough job on our hands to achieve financial stability and to re-build confidence and trust.

Two months later in September 2006, the Trust Board approved a financial recovery plan and we have been in the process of financial turnaround since then following a large and unexpected deficit at the end of the previous financial year.

I am delighted to report that we ended the 2006/07 financial year with an in-year surplus of about £1m.

Our financial achievements were mirrored with fine operational performance. We achieved all the national access targets, with particular improvements in sexual health. The Accident and Emergency four-hour target was also met and strong performance was also maintained in cancer services. A new digital x-ray system has been installed and a new hospital-wide patient information system has also very recently been introduced.

These are excellent results and we are very grateful to staff at all levels of the Trust who have helped to achieve them.

It has been a very tough year indeed and we recognise how painful it has been for very many staff and we are determined to ensure that the Trust builds on our new found disciplines and strengthens financial viability.

There have been many outstanding personal and professional achievements made by staff this year. Later on in this report, you will read more about these and the outstanding support we receive from our community.

I want to thank each and every one of our 400 volunteers who work at the hospital, giving up their time each day to make the hospital a warmer, more welcoming place for patients. I recently went ‘back to the floor’ for a day and had the chance to gain an insight into the work of volunteers. You do a great job, which is much appreciated.

I am very proud of this hospital – the staff, volunteers and all members of our extended community such as The Ipswich Hospital Band. Thank you all for your support and hard work, over the last, exceptionally difficult, year. While the job is not yet done, I am confident that with your support we can go on to achieve even greater things.

With my thanks,

Trust Chairman
From the Chief Executive

Looking ahead...

The outlook for the year ahead is a positive one. Although we still have significant debt to repay, around £17 million, our financial performance gives us a little breathing space to return to a number of challenges for the current financial year.

Chief among these is infection control, where we have much to do to promote patient safety and strengthen our reputation, as well as ensuring that we run an efficient service. We must also improve waiting times to ensure that the vast majority of our patients wait no longer than 18 weeks from referral to treatment.

The big development of this financial year will of course be the opening of the Garrett Anderson Centre next January. The Centre is critical to securing the long-term future of the hospital by providing us with state-of-the-art facilities for Accident and Emergency, critical care and day surgery. It will provide the hospital with a new image and a new profile, meaning that as well as being a hospital with high clinical standards we will also be a modern hospital.

We hope also to begin the process this year of applying for Foundation Trust status. This represents a huge opportunity for us to work more closely with the community we serve, as well as offering us more independence to develop services in line with the particular needs of the people of Ipswich and east Suffolk.

The year this report covers has been exceptionally tough for everyone at the hospital. I share the Chairman’s thanks to every member of staff and all our volunteers who have contributed to our much more positive future.

Thank you.

Andrew Reed
Trust Chief Executive
What our patients say

Gary Miller,
Chair of The Ipswich Hospital User Group (IHUG)

Phew! Where to begin? As you can imagine we have had our work cut out for us this year, keeping up with all of the changes that are being made Trust wide.

It has been a very difficult time for the Trust and in many cases they are dealing with problems retrospectively, having to make decisive decisions that can be very painful and unfortunately create a degree of uncertainty.

In spite of these challenging times IHUG are really going from strength to strength. Our recently appointed coordinator has made a big difference and is working very closely with us, giving us as much support as she is able.

The chain of command has shortened which can only improve things; Sarah Higson, the IHUG coordinator, reports directly to Gwen Collins, Trust Board Director, so the fear of anything being ‘lost in translation’ has almost vanished.

IHUG membership remains the same, with all of the user groups sending their representatives to meetings that take place every two months. These are split into two sessions, the mornings being exclusively for the User Reps to discuss problems and issues that may have arisen in their own meetings and to air their views and share an overview of achievements and objectives. This has been a great success and from these sessions we are able to prepare a log of the individual User Groups’ concerns. These are then taken to the Trust Board members in the afternoon reducing the ‘awareness’ times considerably.

This is a very robust policy and is working very well. We have new Terms of Reference in place and new guidelines to help with the recruitment of User Group members. These policies will make life a lot easier for the future.

We have achieved a great deal over the last twelve months which we hope will benefit patients and public alike.

I think the fact that we work so closely with the Trust has heightened awareness to problems on both sides of the fence, and with this in mind I am looking forward to the next twelve months. I know the challenges will be even greater but, rest assured, we will be doing the very best we can.

Gary Miller
Chairman IHUG

During the year IHUG and user group members have ensured the patient’s voice is heard through:

Being consulted on:
- Disability Equality Scheme
- Gender Equality Scheme
- Interpreter’s Policy
- Patient and Public Partnership Strategy
- Nutrition Strategy
- Standards for Better Health – Patient Focus Domain areas
- Taking Control

Involved in producing:
- Patient Feedback Strategy and Guidelines
- Trust’s Annual Report

Taken part in:
- Patient Environment Action Team (PEAT) Audit

Represented on:
- 18 Week-Wait Steering Board
- Research Governance Committee

For further information on individual groups activities see the website.
Ipswich Hospital Patient and Public Involvement in Health (PPI) Forums

PPI Forums are independent groups of people set up by the government to represent patients and the public within the NHS. The Ipswich Hospital PPI Forum is supported by the Shaw Trust Forum support office based in Felaw Maltings, Ipswich.

Forum members are volunteers from the local community who are enthusiastic about helping patients and members of the public influence the way local healthcare is organised and delivered. However, under the proposed Local Government and Public Involvement in Health Bill which is currently going through parliamentary process, the government has called for the abolition of PPI Forums and wish to have public involvement via the introduction of Local Involvement Networks (LINks). Although, the timelines for these developments is still unknown, Forum members have attended a number of meetings and workshops regarding the proposed abolition of PPI Forums and shaping LINks in Suffolk.

Ipswich Hospital Forum members have again undertaken a series of visits to wards. Issues of considerable concern were:

- Cleanliness and hand washing
- Privacy and dignity.

PPIH members carried out patient questionnaires to monitor cleanliness and hand washing. Conclusions from forum members included the need for better signage to educate the public about the need to ‘wash their hands’ and if possible the use of separate isolation wards for patients with a hospital-acquired infection.

Points have been raised to the Trust via meetings with Trust personnel and the Forum is now pleased to report that the issues have been addressed by the Trust.

Members carried out 31 surveys regarding privacy and dignity in three wards. Overall most patients surveyed felt they were treated with dignity and respect during their stay in hospital. The Forum will continue to undertake monitoring visits during 2007/2008.

Throughout the past year the Forum also raised concerns regarding:

- MRSA
- Hospital food
- PatientAdvice and Liaison Service (PALS)
- Ward closures
- Patient care pathways
- Re-admission rates

The Forum feels they have developed a good relationship with the Trust and are open with the Trust regarding concerns of ‘live’ issues. The Forum has participated in regular meetings regarding infection control and has been able to put forward some ideas which have been acted on. They hope to continue to support the hospital in any way possible but still maintain that some issues which appear to be of concern to the public need to be investigated at times. The Forum is working on its 2007/08 work plan and looks forward to developments over the coming year regarding these projects.

Although Forum members are obviously disappointed with the proposals to disband PPI Forums, members have agreed it is extremely important and in the interest of the community that, until disbanded, the Forum continues to operate effectively and undertake as much activity as possible. For the coming year, the Forum will further develop work projects stated in 2006/07.

Memorable Moment

June Klaschka
My Day in Foxhall Day Surgery Unit

I arrive at 8.00am on Foxhall Ward it is very bright and cheerful. Greeted by the receptionist I am shown to my bed. I am here to have a titanium joint in my right forefinger removed as it has come loose – it will be replaced by a piece of bone harvested from my hip. My assigned nurse visits me, she cheerfully explains the details of my operation. She measures my vital signs and says to relax until I am called for. She returns later to help me into my theatre gown. I walk from the ward across the corridor to Theatre. My anaesthetist explains exactly what he will be doing. A cannula is placed in my hand for the anaesthetic and any other fluids required. He explains that he will put an injection in the top of my arm to deaden it for when I wake from the anaesthetic. Now it is all up to Mr Shanahan, my hand surgeon.

I awake very thirsty, this log falls across my chest taking me by surprise. Of course it is my arm which is still deadened – a funny experience. My vital signs are monitored again and I am given a cup of tea and a sandwich. Mr Shanahan visits to see that all is well. My husband arrives at 5pm to take me home, unfortunately just as he arrives I am sick and the nurse decides to keep me in overnight. I am transferred to an overnight ward and next morning I am fit to go home. My arm came alive again some time during the night, but I can feel no significant discomfort.
Things we need to tell you

About our Trust

The Ipswich Hospital NHS Trust is a National Health Service Trust providing hospital-based health care to more than 350,000 people who live in and around Ipswich and east Suffolk. The Secretary of State for health approved Trust status for The Ipswich Hospital in April 1993.

It is one of the largest general hospitals in the East of England Strategic Health Authority.

We provide a range of secondary care for a number medical and surgical specialties, routine and specialist diagnostic services and other clinical support services.

The Trust also provides a number of tertiary and specialist services, such as spinal surgery and cancer surgery to a wider population, as well as outreach services in a number of clinical specialties.

The Trust’s Vision

The Trust’s vision is to improve the health of the population we serve by being the preferred provider of secondary and tertiary health care services.

In carrying out this commitment we have adopted the following principles:

- We put patients first – every contact counts
- We deliver – our performance should match the best
  - We communicate – we have open relationships with our patients, our staff and our community
  - We solve problems – rather than just talk about them
    - We are proud of what we do well – and we learn from when we get it wrong
    - We accept responsibility and accountability right through the organisation

Memorable Moment

Gertrude Leacock – Nominated for a Staff Award

This is the 37th year that Gertrude Leacock has worked at the Trust. She has championed patients’ and staff issues and been an advocate in changing for the better and improving standards throughout the hospital. It was a very memorable moment for Gertie when she was nominated for a staff award for improving working lives.

“It was a great feeling being at the awards evening,” she enthused.
**Our Achievements 2006/07**

**April**
- Celebration of formal go-ahead for The Garrett Anderson Centre.
- E-learning centre launched at the Trust.
- Faster waiting times and quicker treatment for local people recognised as the Trust achieved all key national performance standards.
- Take Your Children to Work Day was celebrated at the Trust with 30 young people joining their parents, relatives or friends at the Trust for the day.

**May**
- Landscape of the hospital changes daily as building work begins and continues on the £26 million Garrett Anderson Centre.
- Artist in residence, Deborah Alexander, unveils her work in Diagnostic Imaging. Deborah and the Trust took part in a Suffolk-wide ‘Making Artwork Happen’ project funded by the European Union.
- Circle of Life Communications Event – celebrates good practice and innovation within Women’s and Children’s Health

**June**
- The fight to control infection in hospital is taken into the community as matrons launch an awareness-raising programme with local high school pupils. This included a poster competition with winning entrants being printed and displayed within the hospital.
- A Dignity and Respect Charter, setting out what everyone who uses the hospital should expect from one another was launched by the Trust.

**July**
- New Chairman appointed to the Trust – Mike Brookes.
- The Trust’s Accident and Emergency department consistently meets the national target for treating 98% of all patients within four hours.

**August**
- 700 ideas generated by staff for our new financial recovery and business plan.

**September**
- Staff sickness absence significantly reduced from 5.52% in December 2005 to 3.88% on 30 September 2006.
- Liquid-based cytology service launched.
Our Achievements 2006/07

**October**
- Sonya Stephenson, nurse specialist in rheumatology, wins major prize for excellence of care (RCN/Pfizer)
- Years of dedicated service to the Trust and to the NHS were celebrated at the Trust's Long Service Awards.
- Shotley short stay ward for older people opened providing multidisciplinary care. There has been a dramatic reduction in the length of stay in hospital since the ward opened.

**November**
- The progress of the Trust's new financial recovery and business plan becomes clear as the Trust balances its books in-month for the first time in two years.
- A showcase day celebrating the achievements of the Trust in continually improving the quality of services (clinical governance) was held at the hospital.
- New central delivery suite launched in maternity services, including a new way of providing maternity care.
- Children's outdoor play area formally opened.
- Margaret Mukerji awarded the Eastern Region's Radiotherapist of the Year award by the Chartered Institute of Radiographers.
- LearnDirect services opened at the Trust's E-learning centre.

**December**
- Keren Brooks, play specialist at the Trust awarded 'National Play Specialist 2006' award by the charity Rays of Sunshine.
- Radiotherapy staff working in the Woolverstone Cancer Centre awarded an 'Open Door Award' for excellence of service by the Guide Dogs for the Blind association, following a nomination by former patient Mr Colin Larter.
- New walk-in clinics introduced in sexual health service prove to be an immense success bringing quicker access to services for local people.

**January**
- Great support for the Evening Star's appeal to buy a heart scanner for use in the Trust's A&E department.

**February**
- Our financial recovery continues and we balance our books for the fourth month in a row (since November 2006).

**March**
- The Evening Star's appeal to buy a heart scanner for the A&E department reaches its target – thanks to the generosity of the hospital's League of Friends and many other local people.
- The A&E 98% target at the year end was achieved.
- Cancer 2-week wait, 31- and 62-day targets achieved.
- Achievement of all key access targets at the end of March.
- The Trust expects its financial outturn for 2006/07 to show £1m surplus, a net £13m improvement on 2005/06.
Leaders of the organisation

The overall management of the Trust is the responsibility of the Trust Board which comprises a chairman, five non-executive directors and seven executive directors.

Chairman and Non-Executives:

Mike Brookes  Chairman*
Dave Norval  Vice Chairman**
Liz Harlaar  Non-Executive Director
Julia Holloway  Non-Executive Director
(appointed from 1 December 2006)
Andrew MacPherson  Non-Executive Director
(appointed from 1 November 2006)
Richard Eaton  Non-Executive Director
(appointed from February 2006)

* Mike Brookes was appointed Chairman from 1 July 2007. Christine Smart was Chairman until this time.
** Tony Schur was Vice Chairman and a non-executive director until 30 November 2006.

All non-executive directors are appointed by the NHS Appointments Commission. Each post is widely advertised in the media and applications are encouraged from anyone who feels they have skills and expertise which will benefit an NHS Trust. Open competition and a selection process designed to ensure fairness and equality is in place.

The chairman and all non-executive directors are members of the Trust Board, Remuneration Committee and Communications Forum. Dave Norval is chairman of the Audit Committee and all non-executive directors are members of the Audit Committee. This has been the case since midway through the year, until then Tony Schur was chairman and Liz Harlaar and Dave Norval were members.

The Trust Executive Directors:

* Andrew Reed  Chief Executive
* Gwen Collins  Director of Nursing and Quality
* Tracy Dowling  Director of Service Delivery and Service Improvement
* Jennifer Jones  Director of Human Resources
* Ian Scott  Trust Medical Director
Steve Harrup  Director of Estate & Facilities
Andy Morris  Interim Director of Finance & Performance**

* voting members of the board
** currently covering absence of the substantive post-holder Chris Dooley

The chief executive and executive directors were appointed using open competition and a selection process. They were appointed on a permanent basis and are subject to annual performance reviews, Trust policies and procedures.

The executive directors work closely with clinicians in developing strategic and operational plans.
Our Clinical leadership team

The Clinical Directors and Chairman of Medical Staff Committee and Research and Development are:

Mr Peter Donaldson  General Surgery
Dr David Hodgkinson  Emergency Medicine
Ms Winky Johal*  Obstetrics & Gynaecology
Dr Philip Jones  Pathology
Dr Kanti Karia  Diagnostic Imaging
Dr Jamie Morgan  Oncology & Haematology
Dr Peter Mills**  Theatres & Anaesthetics
Dr Kevin O’Neill  Child Health
Mr Mike Shanahan  Trauma & Orthopaedics
Mr Mahmoud Salam  Special Surgery
Dr Gerry Rayman  General Medicine
Dr Tim Lockington  Elderly Services
Dr John Wyke***  Chairman Medical Staff Committee
Dr Richard Watts  Director, Research and Development

Deputy Trust Medical Director:

Dr Tony Nicholl

Notes:
* The Clinical Director is now Mr Andrew Leathers (interim)
** The Clinical Director is now Dr Martin Mansfield (interim)
*** Mr Alan Cameron became Chairman of the Medical Staff Committee on 1 April 2007

Research and Development Strategy

The Trust’s Research and Development Strategy (which also contains a policy and operational procedure for the management of intellectual property) is well established throughout the Trust. Staff working in the Research and Development office provide support and guidance to all Trust colleagues.

The Research Office has over 300 research projects registered across all the clinical specialties. The hospital is now the Research Management and Governance lead for the primary care trusts in Suffolk. As part of this initiative, the hospital is taking a leading role in the establishment of the East and West Suffolk Research Consortium.

Memorable Moment

Hazel Farman
Opening of CopyShop

At the beginning of March, the Trust opened its centralised photocopying facility, CopyShop, and I was manning the front desk.

Some staff could immediately see the advantages of the new system, others took a bit longer to see the benefits so I had a lot of explaining to do for the first few days.

But now CopyShop is being appreciated by lots of staff who previously had to stand for ages at one of the many photocopiers around the site. Some of those copiers are now in CopyShop and I do the photocopying, freeing staff to do other things.

A few months on and CopyShop is a great success. It is saving the Trust money simply by housing the photocopiers in one room and having me and my Medical Illustration colleagues operating them.
Our Senior Management Team (June 2007)

Rhian Anstey  Lead for Garrett Anderson Centre
Clare Banyard  Directorate Manager, Oncology and Haematology
Andrew Barber  Assistant Director, Service Planning and Performance
Susie Barker  Matron, Care of Older People
Sheila Battley  Service Manager for Physiotherapy
Paul Bayliss  Service Manager for Medical Illustration
Paul Bloomfield  Redesign Manager (Elective)
Jeff Calver  Estates Operational Manager (acting)
Jennifer Canham  Deputy Director of Human Resources
Kathryn Clemence  Assistant Director of Nursing, Corporate Risk Manager
Christine Colbourne  Head of Midwifery
Linda Collins  Matron, Emergency Medicine (job share)
Liz Croxon  Business Manager, Occupational Health
Trish Curtis  Service Level Agreement Manager
Victoria Decroo  Matron, General and Special Surgery
Caroline Driver  Matron, Emergency Medicine (job share)
Gill Fewkes  Trust Board Secretary
Alison Gilbert  Associate Director,
Steve Griffe  Electronic Staff Record Project Manager
Yvonne Hannan  Assistant Director, Education and Training
Mary Head  Midwifery Manager
Gill Heard  Matron, Oncology and Haematology (job share)
Gillian Jackson  Service Manager Occupational Therapy
Les Jeffery  Operational Manager, Estates and Facilities
Mark Jessup  Head of Information
Bob Keeble  Principal Biomedical Scientist/Pathology Directorate Manager
Jason Kirk  Deputy Director of Finance
Eamonn Lee-Barrett  Technical Development Manager, Estates and Facilities
Karen Lough  Directorate Manager,
Liz McEwan  Project Lead Patient Progression and Discharge
Mike Meers  Assistant Director Information Technology
Jane Micheal  Service Manager, Diagnostic Imaging
Sandra Moore  Legal Services and Clinical Governance Manager
Dave Mustoe  Head of Procurement
Paul Nettleton  Head of Facilities
Mary Parfitt  Matron, Critical Care
Lisa Parrish  Matron, Oncology and Haematology (job share)
Sue Pettitt  Matron,
Sharon Potter  FRP Projects Coordinator, Medicines Management
Alison Power  Assistant Director of Nursing – Workforce and Education
Robert Power  Directorate Manager, Medicine
Stephanie Preston  Directorate Manager, Women's and Children's Services (interim)
Bindy Price  Matron, Child Health
Rowan Procter  Head of Turnaround
Kevin Purser  Chief Pharmacist
John Raby  Facilities Support Manager, Estate and Facilities
Jan Rowsell  Head of Communications
Helen Simpson  Senior Dietitian, Nutrition and Dietetic Services
Phillip Smith  Assistant Director, Research and Development
Mary Unsworth  Project Lead Cardiology
Tracey Wakeling  Matron, General Medicine
Wendy Webb  Directorate Manager, Theatres and Anaesthetics
Dee Williams  Financial Controller
Karen Wolfe  Redesign Manager (Emergency)
Phil Windsor  Matron, Theatres and Anaesthetics
Karen Wolfe  Matron, Gynaecology and Reproductive Health
Jan Wright  Matron, Musculoskeletal Services
Judy Wright  Associate Director,
null
Involving staff

Making sure staff have every opportunity to be fully involved and informed about what is planned and happening at the Trust is at the heart of the Trust’s approach to staff involvement and engagement.

Colleagues working throughout the Trust are encouraged and supported to be part of working groups tackling particular issues or projects on behalf of the Trust.

We were one of the first Trusts in the Eastern Region this year to be awarded the prestigious NHS award, called Practice Plus in Improving Working Lives which recognises excellence in people management.

Regular forums are also held for staff to debate issues of importance and interest with senior executives and the Joint Consultative/Negotiating Group (JCNG) which meets monthly.

In addition to our Race Equality Scheme, our Disability Equality Scheme has been published and consultation has commenced on our Gender Equality Scheme. These schemes include a strategy and action plan detailing how the Trust promotes equality of opportunity and eliminates discrimination. These, together with supporting action plans, are designed to make sure that we recognise and value the contribution of each person and richness of a diverse community.

Providing strategic direction is the Trust’s Diversity Board. For employees we have an Equality and Diversity Group which supports the work of our local Diversity Champions. In addition to this, there is a BME (black and minority ethnic) Network for staff working throughout the NHS in east Suffolk. We also have a patient partnership group called Respecting Diversity, which looks at how we respect different cultures and traditions and is proactively involved with the service provision. The Trust is an equal opportunities employer and has a range of employment policies, practices and training in place to make sure that our commitment to equality of opportunity is embedded throughout the workplace.

We are also committed to making sure that no job applicant or employee receives less favourable treatment because of their race, colour, disability, ethnic or national origin, nationality or on the grounds of their sex, marital status or sexual orientation or is disadvantaged by conditions or requirements which are not justified by the job to be done.

The Trust has been recognised by the Employment Service (Department for Work and Pensions) for having sound employment policies and practices which make sure that all applicants and employees are treated fairly, including people who already have a disability or become disabled during the course of their employment. This recognition takes the form of the ‘two ticks’ disability symbol and is supported in practice by our Disability Issues Adviser Network.

Governance

Clinical Governance is about continual improvement in the quality of care provided by NHS organisations, and ensuring that improvements, where needed, are made in a climate which is supportive, open and learning. The Trust has a Risk and Governance Group. Each directorate also has a governance group and together they have a vital role in bringing change, and considering clinical developments, service improvements, risk management and internal control issues throughout the Trust. The Trust complies with the new clinical governance reporting framework issued in November 2002.

Major incident planning

The Trust has in place a major incident plan which is fully compliant with ‘Handling Major Incidents: An Operational Doctrine’ and accompanying NHS guidance on major incident preparedness and planning.

A learning organisation

We strongly encourage people who use the Trust – patients, their relatives and friends – to tell us what they think about their treatment and care. This helps us to continually improve services and to address problems quickly. Information leaflets and posters in wards, clinics and reception areas set out how people can make their views known.
Involving staff

The number of written complaints received during 2006/07 was 320 of which 284 (89%) were resolved within timeframe. During this year, there were 21 requests for complaints to be considered by an independent review panel.

The nationally set performance targets for the time limit for local resolution of complaints changed during the year. Between 1 April and 31 August the Trust met the then target (20 working days) in 84% of all cases. Between 1 September and 31 March the Trust met the new target (25 working days) in 92% of all cases. The complexity of some complaints accounts for the remaining cases – 16% and 8% – where we were not able to meet the deadline.

Our average response rate for the whole year was 89%.

Improvements made to services after complaints have been investigated include:

- Changing appointment times in Ophthalmology to prevent patients waiting unnecessarily
- Weekly hand hygiene audits take place throughout the Trust
- Menu choice system revised for children with allergies
- More alcohol gel stations introduced and existing stations made more visible
- Protected meal times introduced
- Letters to patients about waiting lists revised.

Disabled Employees

It is the policy of the Trust to provide equal opportunity in all employment matters regardless of gender reassignment, sexuality, marital or family status, disability, age, race, colour, gender, nationality, ethnic origin, creed or religion, faith or belief. Furthermore, the Trust will take all reasonable steps to ensure that there is no unlawful discrimination against any existing or prospective employee.

The Trust recognises the importance of ensuring that the equal opportunities statement is enacted in the workplace through its employment policies and practices. All of the Trust’s employment policies and practices reflect the Trust’s commitment to ensuring equality of opportunity in employment.

An annual report detailing recruitment equal opportunities statistics is considered by the Equality and Diversity Group. This includes gender and disability comparisons, ethnic origins of applicants, those shortlisted and appointed, religious belief, age and sexual orientation.

Employee Involvement

The Trust has a number ways of ensuring employee involvement, with the most formal being the monthly Joint Consultative/Negotiating Group and the Local Negotiating Council. Whilst the Trust has been undergoing a period of substantial change, there has been a JCNG Taking Control sub-group which has been meeting on a weekly basis with staff representatives to ensure that there is communication, discussion and consultation on the number of financial plans being proposed.

In addition to these, the chief executive and directors have been holding a number of staff briefing sessions and team briefs have recently been formalised. For specific areas, such as the consultation on the Gender Equality Scheme, a number of focus groups were arranged to enable staff to be involved.

Memorable Moment

Jeff Calver
Play Area Triumph

It was a great moment for staff and children in hospital when we unveiled the new outdoor children’s play area.

The Appeal was launched by the Evening Star and was supported by local businesses. The entire team in Estate and Facilities pulled out all the stops to make the play area come together and it is now really enjoyed by children in hospital.
Our Staff Awards Presentations

This year’s Staff Awards was a fantastic occasion, with more than 290 guests attending, including 155 people who had been nominated either in teams or as individuals by their peers or by patients. The evening was possible thanks to sponsorship from external organisations.

The food, venue and service in the Courtyard Restaurant was first class – a real tribute to the team at OCS.

There were 11 award categories:

- Team of the Year
- Support Team / Support Star of the Year
- Innovation Award
- Leadership Award
- Improving Working Lives Award
- Technology Award
- Chairman’s Award
- Patients’ Award
- Volunteer of the Year
- Champion for Learning and Professional Development
- Unsung Hero
Highly Commended

Support Team/Star of the Year
The Gynaecology, Maternity & Reproductive Health Outpatients Staff
Improving Working Lives  Dr Ann Tate
Chairman’s Award  Jo Wood
Leadership Award  Dr Nicola Trepte
Innovation Award  The East Suffolk Child Development Centre
Patients’ Award  Siya Sharma
Volunteer of the Year  Stella Cobbold
Unsung Hero 2006/07  Margaret Mukerji
Champion for Learning & Professional Development  The Spinal Team
Team of the Year  The Ward Sisters
Technology Award  The Clinical & Information Technology Team

With sincerest gratitude to all the sponsors of our Staff Awards
At a glance... Our Activity

- **32,506** emergency admissions
- **3,568** births
- **280,123** attendances in our outpatient departments
- **263,989** patient meals were served
- **58,519** A&E attendances
- **22,745** patients did not attend their appointments. This lost the Trust over £2,142,000 in income
- **174,008** patients had their prescriptions dispensed from our pharmacy
- **167,000** examinations were undertaken in our Diagnostic Imaging department
- **38,010** planned operations and procedures
- **Over 107,000** outpatient referrals were received by the Trust
- **Over 53,200** community visits were made by our midwives
- **Over 58,519** A&E attendances
- **38,010** planned operations and procedures
- **Nearly 10 times** more formal compliments than formal complaints
- **We received more than 10 times more formal compliments than formal complaints**
At a glance...
In 2006/07 we spent

- £116m on pay
- £60.7m on non-pay
- £7.3m on medical and surgical equipment
- £1.1m on patient appliances
- £1.6m on energy
- £7.6m invested in capital schemes
- £11.6m on drugs
- £1.1m on patient appliances

At a glance...
In 2006/07 we employed

- 736 administration and estate staff
- 471 scientific, therapeutic and technical staff
- 371 doctors and dentists
- 1,075 nurses, midwives and health visitors
- 650 HCAs and other support staff
- Total 3,303

These figures represent whole time equivalent staff. The Trust actually employs about 4,000 local people.
### Our Performance

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<th>Key targets</th>
<th>Achieved</th>
<th>Failed</th>
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<td><strong>MRSA</strong></td>
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<td>MRSA bacteraemia (cumulative against planned trajectory)</td>
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<td>60% reduction over three years April 2005 to March 2008</td>
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<th>Sexual health</th>
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<td>Improving access to sexual health services</td>
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<tr>
<td>By March 2008, 95% of patients to be seen within 48 hours of making contact with the service</td>
<td>54.0%</td>
<td>35.3% 20.0% 23.0% 32.0% 71.7% 79.4% 80.1% 80.2% 86.5%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Accident and Emergency</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage of patients waiting four hours or less in A&amp;E from arrival to admission, transfer or discharge</td>
<td>Maintain at least 98% during 2006/07</td>
<td>98.4% 99.2% 98.8% 98.1% 98.7% 98.9% 98.6% 98.4% 97.9% 98.1% 98.7%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Outpatients</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>No patients waiting more than 11 weeks by March 2007</td>
<td>553 967 655 636 532 288 396 412 538 616 558 5</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>18-week wait milestones for Referral to Treatment</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Diagnostics</td>
<td>No patients waiting more than 13 weeks by March 2007</td>
<td>51 255 301 300 323 324 321 336 424 361 297 0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Elective care</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>No patients waiting more than 20 weeks by March 2007</td>
<td>675 630 524 259 144 93 1,529 1,585 1,618 1,617 1,208 0</td>
<td></td>
</tr>
</tbody>
</table>

*Continued on next page*
### Key targets

#### Cancer

<table>
<thead>
<tr>
<th>Target</th>
<th>Achieved</th>
<th>Target</th>
<th>Apr</th>
<th>May</th>
<th>Jun</th>
<th>Jul</th>
<th>Aug</th>
<th>Sept</th>
<th>Oct</th>
<th>Nov</th>
<th>Dec</th>
<th>Jan</th>
<th>Feb</th>
<th>Mar</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage of patients seen within two weeks of urgent GP referral for suspected cancer</td>
<td>Maintain 100% during 2006/07</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Maximum 31-day wait from diagnosis to treatment</td>
<td>Maintain at least 98% during 2006/07</td>
<td>100%</td>
<td>99%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>99%</td>
<td>99%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Maximum 62-day wait from urgent GP referral to treatment</td>
<td>Maintain at least 95% during 2006/07</td>
<td>95%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>97%</td>
<td>100%</td>
<td>100%</td>
<td>97%</td>
<td>98%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

#### Booking

<table>
<thead>
<tr>
<th>Target</th>
<th>Achieved</th>
<th>Target</th>
<th>Apr</th>
<th>May</th>
<th>Jun</th>
<th>Jul</th>
<th>Aug</th>
<th>Sept</th>
<th>Oct</th>
<th>Nov</th>
<th>Dec</th>
<th>Jan</th>
<th>Feb</th>
<th>Mar</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inpatient and Day Case Booked Admissions</td>
<td>Maintain 100% during 2006/07</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Outpatient Booked Admissions</td>
<td>Maintain 100% during 2006/07</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

### Efficiency and productivity

#### Patient flow

<table>
<thead>
<tr>
<th>Target</th>
<th>Achieved</th>
<th>Target</th>
<th>Apr</th>
<th>May</th>
<th>Jun</th>
<th>Jul</th>
<th>Aug</th>
<th>Sept</th>
<th>Oct</th>
<th>Nov</th>
<th>Dec</th>
<th>Jan</th>
<th>Feb</th>
<th>Mar</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage of medically fit patients whose transfer from the hospital was delayed</td>
<td>Achieve continued reductions</td>
<td>2.0%</td>
<td>2.0%</td>
<td>2.4%</td>
<td>4.1%</td>
<td>3.9%</td>
<td>3.0%</td>
<td>2.0%</td>
<td>2.0%</td>
<td>3.3%</td>
<td>1.6%</td>
<td>1.7%</td>
<td>2.1%</td>
<td></td>
</tr>
</tbody>
</table>

#### Cancelled operations

<table>
<thead>
<tr>
<th>Target</th>
<th>Achieved</th>
<th>Target</th>
<th>Apr</th>
<th>May</th>
<th>Jun</th>
<th>Jul</th>
<th>Aug</th>
<th>Sept</th>
<th>Oct</th>
<th>Nov</th>
<th>Dec</th>
<th>Jan</th>
<th>Feb</th>
<th>Mar</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of patients’ operations cancelled at the last minute for non-clinical reasons</td>
<td>Achieve continued reductions</td>
<td>37</td>
<td>20</td>
<td>26</td>
<td>15</td>
<td>17</td>
<td>35</td>
<td>30</td>
<td>35</td>
<td>31</td>
<td>54</td>
<td>25</td>
<td>29</td>
<td></td>
</tr>
</tbody>
</table>
Analysis and Summary Financial Statements

How did we do?

2006/07 was a year of remarkable financial turnaround for The Ipswich Hospital NHS Trust.

The end of year surplus of just over one million pounds is a tremendous achievement given the scale of the challenge the Trust faced, having recorded a deficit of nearly seventeen million pounds the year before (or twelve million if you exclude the Department of Health’s ‘RAB’ charge which has now been scrapped).

How did we do it?

Following the appointment of KPMG in June to assist the Trust in developing a recovery plan, and the formal adoption of this plan by the Trust Board in September, the Trust undertook, and delivered, one of the most ambitious turnaround plans in the NHS. The first evidence of this was the achievement of an in-month surplus in November 2006, the first for over two years, which continued for the remainder of the year. March saw an in-month surplus of £966,000.

However, delivering this turnaround has been hard. Although only five people have been made redundant (all voluntarily), the impact cannot be ignored as virtually every job in the hospital has been reviewed. The Trust has worked closely with our union colleagues to ensure these reviews have been undertaken in the fairest and quickest possible way, and we extend our thanks to them in working so positively and openly with us.

What next?

The Trust must now focus on the challenge of repaying the historic debt – currently some seventeen million pounds. Like any individual who has spent more in the past than they had coming in, the Trust has had to borrow money to make up that shortfall. That loan now needs to be repaid, as well as making interest repayments on the amount borrowed, which will cost over four million pounds next year. The Trust is therefore targeting a surplus of £10m in the expectation it can repay the historic debt in two years. This will be absolutely necessary if the Trust is to make a successful Foundation Trust application during this financial year.

The Trust is also focusing on moving from ‘turnaround’ to ‘transformation’, and has relaunched its recovery plan as ‘Securing Control’. While ‘Taking Control’, the previous recovery plan, was very centrally driven, ‘Securing Control’ is about embedding the principles of turnaround into everyone’s working practices. It is important to give responsibility and freedom back to managers and staff to ensure the service is responsive to patients’ needs, but that must not be at the expense of making all the same financial mistakes again. This part of the plan has been called ‘Sharing Control’.

What else is happening?

We must also work on some weaknesses that the Audit Commission has identified, called our ‘ALE’ score. In most areas where we didn’t score as well as we might, it was because of our problems at the beginning of the year. Most of those are now resolved and should be reflected in next year’s score, but we still have a couple of areas to address. However we expect to have a much improved score by the time the next annual report comes out.

There are also other challenges and opportunities ahead in 2007/08. Most importantly we will be opening the Garrett Anderson Centre in early 2008. This is a £26m Private Finance Initiative development for Ipswich Hospital, providing state-of-the-art facilities to better serve the people of east Suffolk.

1 RAB stands for Resource Accounting and Budgeting. It refers to an accounting treatment whereby any overspend in a previous year would be deducted from the Trust’s income the following year. So for 2005/06 the Trust overspent by £12m, and had £4.7m deducted due to the overspend in 2004/05. In March this year the Department of Health announced it would be stopping this accounting treatment with effect from the 2006/07 financial year.
However this all requires careful planning to ensure our new ways of working best suit this brand new environment, and we are providing the best care possible to match the new facilities. We must also ensure we manage the move to the new building as smoothly as possible and with minimal disruption, as well as making sure all the new roads, bus stops, equipment and even furniture are all in place from the moment we open the doors.

**Foundations for the future**

We also recognise that we were not as successful as we would have hoped in every area last year. Clearly we must do more to ensure we drive further reductions in our infection rates. For this reason we are investing around a million pounds in new infection control measures, ranging from new microfibre technology, increasing the frequency of our cleaning, and more checking of antibiotics.

We also face the challenge of being a national lead in the implementation of our new Patient Administration System (PAS) which went live in April, building on the recent implementation of the Picture Archive System which provides digital x-rays across the Trust.

All in all, having resolved the main deficit, implemented a cutting-edge PAS system and with a new state-of-the-art facility coming on line, Ipswich Hospital has laid down its foundations for the future.

### Key Financial Results

<table>
<thead>
<tr>
<th>Key Target</th>
<th>Statutory Requirement</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income &amp; expenditure surplus</td>
<td>Break-even</td>
<td>£1m surplus</td>
</tr>
<tr>
<td>Capital cost absorption rate</td>
<td>3.5% (3.0% to 4.0%)</td>
<td>3.6%</td>
</tr>
<tr>
<td>External financing limit</td>
<td>up to £41.7m</td>
<td>£41.7m</td>
</tr>
<tr>
<td>Capital resource limit</td>
<td>up to £8.9m</td>
<td>£8.1m</td>
</tr>
</tbody>
</table>

### Our Accounts

The statements overleaf summarise the information contained in the Trust’s full financial statements for the year ended 31 March 2007, the auditors’ report on which was unqualified, and a copy of which can be obtained from:

**Andy Morris**
Interim Director of Finance & Performance
The Ipswich Hospital NHS Trust, Heath Road, Ipswich IP4 5PD
Tel: 01473 702120

This summary financial statement does not contain sufficient information to allow as full an understanding of the results of the Trust and state of affairs of the Trust and of its policies and arrangements concerning directors’ remuneration as would be provided by the full annual accounts and reports. Where more detailed information is required a copy of the Trust’s last full accounts and reports are obtainable free of charge.

**External Auditors**
PricewaterhouseCoopers LLP are appointed by the Audit Commission as the Trust’s external auditors. Fees payable for work performed by the auditors were £144,000 (2005/06 £185,000). These were in respect of statutory audit services specified by the Audit Commission.

The Audit Committee keeps under review the relationship with the external auditors, including their independence and effectiveness. The Committee is informed of any non-audit work to be performed by the external auditors but this is rare. The external auditors have confirmed their audit independence in writing to the Committee. The Audit Commission retains responsibility for the appointment and removal of the external auditors.

**Pension Liabilities**
The Trust made contributions totalling £11,500,000 to the NHS Pensions Agency in the year. Note 1.11 to the Trust’s accounts provides further details as to the nature of the pension scheme and accounting practice in relation to its associated liabilities.

As far as each director is aware, there is no relevant audit information of which the Trust’s auditors are unaware; and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Trust’s auditors are aware of that information.
### Income and expenditure account for the year ended 31 March 2007

<table>
<thead>
<tr>
<th>Description</th>
<th>2006/07 £000</th>
<th>2005/06 £000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Income from activities</strong></td>
<td>168,156</td>
<td>152,440</td>
</tr>
<tr>
<td><strong>Other operating income</strong></td>
<td>13,873</td>
<td>11,092</td>
</tr>
<tr>
<td><strong>Operating expenses</strong></td>
<td>(176,632)</td>
<td>(176,110)</td>
</tr>
<tr>
<td><strong>OPERATING SURPLUS/(DEFICIT)</strong></td>
<td>5,397</td>
<td>(12,578)</td>
</tr>
<tr>
<td>Profit/(Loss) on disposal of fixed assets</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td><strong>SURPLUS/(DEFICIT) BEFORE INTEREST</strong></td>
<td>5,399</td>
<td>(12,577)</td>
</tr>
<tr>
<td>Interest receivable</td>
<td>122</td>
<td>247</td>
</tr>
<tr>
<td>Interest payable</td>
<td>(149)</td>
<td>(97)</td>
</tr>
<tr>
<td>Other financial costs – unwinding of discount</td>
<td>(68)</td>
<td>(40)</td>
</tr>
<tr>
<td>Other financial costs – change in discount rate on provisions</td>
<td>0</td>
<td>(182)</td>
</tr>
<tr>
<td><strong>SURPLUS/(DEFICIT) FOR THE FINANCIAL YEAR</strong></td>
<td>5,304</td>
<td>(12,649)</td>
</tr>
<tr>
<td>Public Dividend Capital dividends payable</td>
<td>(4,279)</td>
<td>(4,086)</td>
</tr>
<tr>
<td><strong>RETAINED SURPLUS/(DEFICIT) FOR THE YEAR</strong></td>
<td>1,025</td>
<td>(16,735)</td>
</tr>
</tbody>
</table>

### Note to the income and expenditure account for the year ended 31 March 2007

<table>
<thead>
<tr>
<th>Description</th>
<th>2006/07 £000</th>
<th>2005/06 £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retained surplus/(deficit) for the year</td>
<td>1,025</td>
<td>(16,735)</td>
</tr>
<tr>
<td>Financial support included in retained surplus/(deficit) for the year – NHS Bank</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Financial support included in retained surplus/(deficit) for the year – Internally Generated</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Retained surplus/(deficit) for the year excluding financial support</td>
<td>1,025</td>
<td>(16,735)</td>
</tr>
</tbody>
</table>

Financial support is income provided wholly to assist in managing the NHS Trust’s financial position. Internally generated financial support is financial support received from within the local health economy, consisting of the area of responsibility of Norfolk, Suffolk & Cambridgeshire Strategic Health Authority.

In 2006/07 the provision of financial support has been replaced by a regime of loans and deposits with the Department of Health. Details of loans received with the Department of Health can be found in note 13 to the full accounts.

---

**Income from activities** covers all the money we receive for treating all the patients we see.

**Other operating income** covers everything else we do including research and development, education and training, providing support services to other organisations and staff and visitor car parking.

**Operating expenses** covers all the money we have had to spend to deliver these services, excluding financing costs.

**Interest receivable and payable** is the interest on money in our bank account we have received, as well as paid out.

**Other financial costs** is a technical charge related to provisions on our balance sheet (see page 23).

**Public Dividend Capital dividends payable** is the equivalent of us paying shareholder dividends, but to the Department of Health for their investment in the Trust (shown as Public Dividend Capital on the balance sheet).
Balance sheet as at 31 March 2007

<table>
<thead>
<tr>
<th></th>
<th>31 March 2007</th>
<th>31 March 2006</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FIXED ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intangible assets</td>
<td>1,265</td>
<td>1,103</td>
</tr>
<tr>
<td>Tangible assets</td>
<td>129,789</td>
<td>124,146</td>
</tr>
<tr>
<td><strong>TANGIBLE ASSETS</strong></td>
<td>131,054</td>
<td>125,249</td>
</tr>
<tr>
<td><strong>CURRENT ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stocks and work in progress</td>
<td>2,384</td>
<td>2,372</td>
</tr>
<tr>
<td>Debtors</td>
<td>30,630</td>
<td>6,007</td>
</tr>
<tr>
<td>Cash at bank and in hand</td>
<td>346</td>
<td>346</td>
</tr>
<tr>
<td><strong>CURRENT ASSETS</strong></td>
<td>33,360</td>
<td>8,725</td>
</tr>
<tr>
<td><strong>CREDITORS</strong>: Amounts falling due within one year</td>
<td>(12,235)</td>
<td>(24,225)</td>
</tr>
<tr>
<td><strong>NET CURRENT ASSETS/(LIABILITIES)</strong></td>
<td>21,125</td>
<td>(15,500)</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS LESS CURRENT LIABILITIES</strong></td>
<td>152,179</td>
<td>109,749</td>
</tr>
<tr>
<td><strong>CREDITORS</strong>: Amounts falling due after more than one year</td>
<td>(20,058)</td>
<td>0</td>
</tr>
<tr>
<td><strong>PROVISIONS FOR LIABILITIES AND CHARGES</strong></td>
<td>(1,633)</td>
<td>(1,674)</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS EMPLOYED</strong></td>
<td>130,488</td>
<td>108,075</td>
</tr>
</tbody>
</table>

FINANCED BY:

**TAXPAYERS’ EQUITY**
- Public dividend capital | 90,984 | 72,662 |
- Revaluation reserve | 61,164 | 58,440 |
- Donated asset reserve | 1,083 | 1,077 |
- Income and expenditure reserve | (22,743) | (24,104) |
- **TOTAL TAXPAYERS’ EQUITY** | 130,488 | 108,075 |

Statement of total recognised gains and losses for the year ended 31 March 2007

<table>
<thead>
<tr>
<th></th>
<th>2006/07</th>
<th>2005/06 as re-stated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surplus/(deficit) for the financial year before dividend payments</td>
<td>5,304</td>
<td>(12,649)</td>
</tr>
<tr>
<td>Unrealised surplus on fixed asset revaluations/indexation</td>
<td>3,113</td>
<td>3,053</td>
</tr>
<tr>
<td>Increase in the donated asset and government grant reserve due to receipt of donated and government grant financed assets</td>
<td>50</td>
<td>0</td>
</tr>
<tr>
<td>Transfer to income and expenditure account from donated asset reserve</td>
<td>(97)</td>
<td>(97)</td>
</tr>
<tr>
<td><strong>Total recognised gains and (losses) for the financial year</strong></td>
<td>8,370</td>
<td>(9,693)</td>
</tr>
<tr>
<td>Prior period adjustment</td>
<td>0</td>
<td>477</td>
</tr>
<tr>
<td><strong>Total gains and (losses) recognised in the financial year</strong></td>
<td>8,370</td>
<td>(9,216)</td>
</tr>
</tbody>
</table>

The prior period adjustment relates to a change in the accounting treatment of certain items of stock resulting in a re-statement of 2005/06 figures, increasing stock and reducing expenditure by £477,000.

The Statement of Total Recognised Gains and Losses shows all the changes in taxpayer’s equity excluding dividend payments and changes in Public Dividend Capital held.

Fixed Assets are the things we use to deliver our services such as buildings and equipment.

Debtors is the amount of money people owe the Trust – most of this this year is because of the late change to RAB (see page 20).

Creditors is the money we owe other people, with the amounts falling due after more than one year relating solely to the loan we must repay.

Provisions for Liabilities and Charges is money we put aside for things that may need to be paid in the future as a result of past events.

Taxpayers’ equity shows the financing of the Trust in a similar way to a normal company, but the Department of Health is the only ‘shareholder’. 
### Cash flow statement for the year ended 31 March 2007

<table>
<thead>
<tr>
<th></th>
<th>2006/07 £000</th>
<th>2005/06 £000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>OPERATING ACTIVITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net cash inflow/ (outflow) from operating activities</td>
<td>(29,396)</td>
<td>3,375</td>
</tr>
<tr>
<td><strong>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest received</td>
<td>106</td>
<td>256</td>
</tr>
<tr>
<td>Interest paid</td>
<td>(166)</td>
<td>(49)</td>
</tr>
<tr>
<td>Net cash inflow/ (outflow) from returns on investments and servicing of finance</td>
<td>(60)</td>
<td>207</td>
</tr>
<tr>
<td><strong>CAPITAL EXPENDITURE</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payments to acquire tangible fixed assets</td>
<td>(7,590)</td>
<td>(9,490)</td>
</tr>
<tr>
<td>Receipts from sale of tangible fixed assets</td>
<td>83</td>
<td>4,245</td>
</tr>
<tr>
<td>Payments to acquire intangible assets</td>
<td>(480)</td>
<td>(84)</td>
</tr>
<tr>
<td>Net cash outflow from capital expenditure</td>
<td>(7,987)</td>
<td>5,329</td>
</tr>
<tr>
<td><strong>DIVIDENDS PAID</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net cash outflow before financing</td>
<td>(41,722)</td>
<td>(5,833)</td>
</tr>
<tr>
<td><strong>FINANCING</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public dividend capital received</td>
<td>34,322</td>
<td>12,444</td>
</tr>
<tr>
<td>Public dividend capital repaid (not previously accrued)</td>
<td>(16,000)</td>
<td>(6,611)</td>
</tr>
<tr>
<td>Loans received from DH</td>
<td>23,400</td>
<td>0</td>
</tr>
<tr>
<td>Net cash inflow from financing</td>
<td>41,722</td>
<td>5,833</td>
</tr>
<tr>
<td>Increase/(decrease) in cash</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

Cashflow statement shows the different sources of cash coming in to and out of the Trust. Our loan is shown at the bottom (£23.4m).

### Management costs 2006/07

<table>
<thead>
<tr>
<th></th>
<th>2006/07 £000</th>
<th>2005/06 £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management costs</td>
<td>8,154</td>
<td>7,325</td>
</tr>
<tr>
<td>Income</td>
<td>182,029</td>
<td>163,532</td>
</tr>
</tbody>
</table>

Management costs are defined as those on the management costs website at www.dh.gov.uk/PolicyAndGuidance/OrganisationPolicy/FinanceAndPlanning/NHSManagementCosts/fs/en. Management costs increased by £829,000. However, expressed as a proportion of income this remained unchanged at 4.48%.

‘One-off’ costs were incurred in 2006/07 as part of the Financial Recovery Plan ‘Taking Control’. After excluding these costs the year-on-year increase was £264,000 or 3.6%. This was below the 4.5% increase for pay awards and ‘Agenda for Change’. Therefore management costs reduced in real terms.

### Better Payment Practice Code: Measure of compliance 2006/07

<table>
<thead>
<tr>
<th></th>
<th>2006/07 Number</th>
<th>2006/07 £000</th>
<th>2005/06* Number</th>
<th>2005/06* £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total non-NHS trade invoices paid in the year</td>
<td>65,820</td>
<td>63,968</td>
<td>51,658</td>
<td>48,616</td>
</tr>
<tr>
<td>Total non-NHS trade invoices paid within target</td>
<td>47,487</td>
<td>49,346</td>
<td>38,039</td>
<td>37,383</td>
</tr>
<tr>
<td>Percentage of non-NHS trade invoices paid within target</td>
<td>72%</td>
<td>77%</td>
<td>74%</td>
<td>77%</td>
</tr>
<tr>
<td>Total NHS trade invoices paid in the year</td>
<td>1,795</td>
<td>12,310</td>
<td>1,434</td>
<td>12,014</td>
</tr>
<tr>
<td>Total NHS trade invoices paid within target</td>
<td>1,227</td>
<td>10,490</td>
<td>967</td>
<td>9,371</td>
</tr>
<tr>
<td>Percentage of NHS trade invoices paid within target</td>
<td>68%</td>
<td>85%</td>
<td>67%</td>
<td>78%</td>
</tr>
</tbody>
</table>

The Better Payment Practice Code requires the Trust to aim to pay all undisputed invoices by the due date or within 30 days of receipt of goods or a valid invoice, whichever is later. Due to cashflow difficulties during 2005/06, a significant number of invoices were paid in April 2006 which did not meet the target payment date. This had the effect of reducing the percentage for this year below what would otherwise have been achieved.
Related party transactions

The Ipswich Hospital NHS Trust is a body corporate established by order of the Secretary of State for Health.

During the year none of the Board Members or members of the key management staff or parties related to them has undertaken any material transactions with The Ipswich Hospital NHS Trust

Mr Anthony Schur who was a Non-Executive Director, is a Trustee and Chairman for the Immigration Advisory Service. He is a member of the Liberal Democrat Party. He left the Trust on 30th November 2006.

The Department of Health is regarded as a related party. During the year The Ipswich Hospital NHS Trust has had a significant number of material transactions with the Department and with other entities for which the Department is regarded as the parent Department. These entities are listed below:

- East of England Strategic Health Authority, formerly Norfolk, Suffolk & Cambridgeshire Strategic Health Authority
- Suffolk PCT, formerly Ipswich, Central Suffolk and Suffolk Coastal PCTs
- Norfolk PCT, formerly including Southern Norfolk PCT
- North East Essex PCT
- South East Essex PCT
- Mid Essex PCT
- West Essex PCT
- East of England Ambulance NHS Trust, formerly including East Anglian Ambulance NHS Trust
- NHS Logistics
- NHS Professionals
- NHS Partners
- NHS Litigation Authority
- NHS Purchasing and Supply Agency
- Other Strategic Health Authorities and NHS Trusts

In addition, the Trust has had a number of material transactions with other Government Departments and other central and local Government bodies. Most of these transactions have been with Ipswich Borough Council, Suffolk County Council and the National Blood and Transfusion Service.

Various departments within the Trust also received revenue and capital gains from a number of charitable funds, certain of the Trustees for which are also members of the NHS Trust Board. These payments amounted to £421,000 (2005/06 £1,575,000). The Trust provides administrative and management services to the Charitable Funds for which a charge of £23,000 (2005/06 £23,000) (reflecting actual costs) has been made for the 2006/07 financial year. At 31 March 2007 the Charitable Funds owed £93,250 (2005/06 £66,669) to the Trust.

Contributions to revenue expenditure received from charitable funds totalled £421,000 (2005/06 £886,000).

A separate Trustees Report and Accounts is prepared in respect of the Charitable funds.
The Ipswich Hospital NHS Trust Remuneration Report

The aim of the Remuneration Committee is:
To make appropriate recommendations to the Board on the Trust's remuneration policy and the specific remuneration and terms of service of:
- The Chief Executive;
- The Executive Directors;
- Other staff as determined by the Board

The objectives of the Committee are to:
- Make recommendations to the Board on the remuneration and terms of service of the Chief Executive, the Executive Directors and other staff as determined by the Board.
- Determine targets for any performance-related pay scheme contained within the policy.
- Review performance and objectives, and agree a policy for the remuneration of Chief Executive, Executive Directors and other staff as determined by the Board.
- Ensure that contractual terms of termination are fair and adhered to.
- Make recommendations to the Board on staff pay awards.
- Make recommendations to the Board on the level of any additional payments contained within the policy.
- Ensure that remuneration packages enable high quality staff to be recruited, trained and motivated and are within levels of affordability and are publicly defensible and amenable to audit.
- Ensure Terms of Reference of the Remuneration Committee are available which should set out the committee's delegated responsibilities and be reviewed, updated annually.
- Report the frequency and members of Remuneration Committee in the Annual Report.

The Remuneration Committee is comprised of the Chairman of the Trust, who acts as Chair and the Non-Executive Directors of the Board. At the discretion of the Chairman, the Chief Executive and Director of Human Resources may be present to advise, but not for any discussions concerning their personal remuneration.

A Quorum will consist of the Chairman (or his nominated representative) and at least two Non-Executive Directors (or their nominated representative). All nominated representatives for the quorum must be Non-Executive Directors.

The committee acts with delegated authority from the Trust Board.

The Committee will meet as a minimum half yearly. Minutes are taken and a report submitted to the Board showing the basis for the recommendations.

Executive Directors pay is annually reviewed by the Remuneration Committee. They are presented with benchmarking information to demonstrate where each Executive Director's salary sits alongside similar posts in the NHS. Decisions to uplift salaries are based on this information, internal equity, affordability, whether there has been a significant change in a Director’s portfolio and thus responsibility. In addition, each Director receives the normal cost of living pay rise which is based on the National NHS pay award. In recent years the Department of Health has advised the Chairman on the expected level.

Notice periods apply based on the early termination of their contract. The notice periods are as follows:
- Chief Executive – six months
- Executive Directors – three months

The Trust did not have a bonus scheme in operation during 2006/07.

New terms of reference for the Remuneration Committee were presented and agreed by the Trust Board in January 2007.
### Salary and allowances of senior managers 2006/07 (Subject to audit)

<table>
<thead>
<tr>
<th>Name and title</th>
<th>Salary (bands of £5,000) £000</th>
<th>Other remuneration (bands of £5,000) £000</th>
<th>Benefits in kind (rounded to nearest £100) £00</th>
</tr>
</thead>
<tbody>
<tr>
<td>Andrew Reed Chief Executive</td>
<td>130-135</td>
<td></td>
<td>1 ***</td>
</tr>
<tr>
<td>Christopher Dooley* Director of Finance &amp; Performance**</td>
<td>65-70</td>
<td>58</td>
<td></td>
</tr>
<tr>
<td>Andrew Morris Interim Director of Finance &amp; Performance from July 2006**</td>
<td>65-70</td>
<td>1 ***</td>
<td></td>
</tr>
<tr>
<td>Jason Kirk Acting Director of Finance &amp; Performance to July 2006**</td>
<td>20-25</td>
<td>13</td>
<td></td>
</tr>
<tr>
<td>Gwen Collins Director of Nursing</td>
<td>75-80</td>
<td>95-100</td>
<td>46</td>
</tr>
<tr>
<td>Ian Scott Trust Medical Director</td>
<td>75-80</td>
<td>95-100</td>
<td>72</td>
</tr>
<tr>
<td>Jennifer Jones Director of Human Resources</td>
<td>80-85</td>
<td></td>
<td>93</td>
</tr>
<tr>
<td>Tracey Dowling Director of Service Delivery &amp; Improvement</td>
<td>90-95</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Christine Smart Chairman to July 2006</td>
<td>5-10</td>
<td></td>
<td>11</td>
</tr>
<tr>
<td>Michael Brookes Chairman from July 2006</td>
<td>10-15</td>
<td>6 ***</td>
<td></td>
</tr>
<tr>
<td>Anthony Schur Non-Executive Director to December 2006</td>
<td>0-5</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Elizabeth Harlaar Non-Executive Director</td>
<td>5-10</td>
<td>7 ***</td>
<td></td>
</tr>
<tr>
<td>David Norval Non-Executive Director</td>
<td>5-10</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Richard Eaton Non-Executive Director</td>
<td>5-10</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Andrew MacPherson Non-Executive Director from November 2006</td>
<td>0-5</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Julia Holloway Non-Executive Director from December 2006</td>
<td>0-5</td>
<td>0</td>
<td></td>
</tr>
</tbody>
</table>

* On sick leave throughout the year.
** Three individuals held the post of Director of Finance and Performance during the year.
*** Benefits relate to mileage allowances paid in excess of the Permitted Inland Revenue limits. Other benefits are in respect of lease cars.

The former Chairman, Christine Smart, reimburses the Trust for expenditure incurred in respect of the provision of a lease car to her. At 31 March 2007 £1,192.10 was owed by her; this has now been paid.

Chief Executive
Date: 21 June 2007
## Salary and pension entitlements of senior managers 2005/06 (Subject to audit)

<table>
<thead>
<tr>
<th>Name and title</th>
<th>Salary (bands of £5,000) £000</th>
<th>Other remuneration (bands of £5,000) £000</th>
<th>Benefits in kind rounded to nearest £100</th>
</tr>
</thead>
<tbody>
<tr>
<td>Andrew Reed Chief Executive from July 2005*</td>
<td>95-100</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Christopher Dooley</td>
<td>100-105</td>
<td>4,900</td>
<td></td>
</tr>
<tr>
<td>Craig Black Acting Director of Finance &amp; Performance to July 2005**</td>
<td>25-30</td>
<td>2,200</td>
<td></td>
</tr>
<tr>
<td>Clare Barlow Director of Operations until February 2006***</td>
<td>Consent to disclose withheld</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gwen Collins Director of Nursing</td>
<td>75-80</td>
<td>4,300</td>
<td></td>
</tr>
<tr>
<td>Ian Scott Trust Medical Director</td>
<td>75-80</td>
<td>90-95</td>
<td>7,500</td>
</tr>
<tr>
<td>Jennifer Jones Director of Human Resources</td>
<td>80-85</td>
<td></td>
<td>9,700</td>
</tr>
<tr>
<td>Christine Smart Chairman</td>
<td>20-25</td>
<td></td>
<td>3,700</td>
</tr>
<tr>
<td>Anthony Schur Non-Executive Director</td>
<td>5-10</td>
<td></td>
<td>100</td>
</tr>
<tr>
<td>Elizabeth Harlaar Non-Executive Director</td>
<td>5-10</td>
<td></td>
<td>1,000</td>
</tr>
<tr>
<td>John Mowles Non-Executive Director to October 2005</td>
<td>0-5</td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>Celia Drakard Non-Executive Director to October 2005</td>
<td>0-5</td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>John Carnall Non-Executive Director to March 2006</td>
<td>5-10</td>
<td></td>
<td>100</td>
</tr>
<tr>
<td>David Norval Non-Executive Director from November 2005</td>
<td>0-5</td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>Richard Eaton Non-Executive Director from February 2006</td>
<td>0-5</td>
<td></td>
<td>0</td>
</tr>
</tbody>
</table>

* Two individuals held the post of Chief Executive during the year. Andrew Reed commenced on 04/07/05.

** Two individuals held the post of Director of Finance and Performance during the year.

*** Clare Barlow left the Trust in February 2006. An Interim Director was appointed until year end, with the post being made substantive in May 2006.

Benefits for the Non-Executive Directors related to mileage allowances in excess of the Permitted Inland Revenue limits.

Under the Data Protection Act 1998 all the Executive Directors have withheld consent to disclose information relating to accrued pension at normal retirement age as at the balance sheet date and the increase in accrued pension in real terms during the financial year. This does not apply to the Non-Executive Directors for whom no pension is payable.

The Chairman, Christine Smart, reimburses the Trust for expenditure incurred in respect of the provision of a lease car to her. At 31 March 2006 £672.81 was owed by the Chairman in respect of this due to the timing differences between the allocation of the lease payments and the mileage on Trust business. This amount has been repaid.
### Pension benefits of senior managers 2006/07 (Subject to audit)

<table>
<thead>
<tr>
<th>Name and title</th>
<th>Real increase in pension at age 60 (bands of £2,500)</th>
<th>Real increase in pension lump sum at age 60 (bands of £2,500)</th>
<th>Total accrued pension at age 60 at 31 March 2007 (bands of £5,000)</th>
<th>Lump sum at age 60 related to accrued pension at age 60 at 31 March 2007 (bands of £5,000)</th>
<th>Cash equivalent transfer value at 31 March 2007</th>
<th>Cash equivalent transfer value at 31 March 2006</th>
<th>Real increase in cash equivalent transfer value</th>
<th>Employer's contribution to stakeholder pension</th>
</tr>
</thead>
<tbody>
<tr>
<td>Andrew Reed, Chief Executive</td>
<td>10-12.5</td>
<td>30-32.5</td>
<td>35-40</td>
<td>115-120</td>
<td>596</td>
<td>416</td>
<td>118</td>
<td>0</td>
</tr>
<tr>
<td>Christopher Dooley*, Director of Finance &amp; Performance**</td>
<td>(0-2.5)</td>
<td>(5-7.5)</td>
<td>30-35</td>
<td>95-100</td>
<td>469</td>
<td>477</td>
<td>(14)</td>
<td>0</td>
</tr>
<tr>
<td>Andrew Morris, Interim Director of Finance &amp; Performance from July 2006**</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Jason Kirk, Acting Director of Finance &amp; Performance to July 2006**</td>
<td>0-2.5</td>
<td>0-2.5</td>
<td>10-15</td>
<td>30-35</td>
<td>119</td>
<td>109</td>
<td>4</td>
<td>0</td>
</tr>
<tr>
<td>Gwen Collins, Director of Nursing</td>
<td>0-2.5</td>
<td>2.5-5</td>
<td>5-10</td>
<td>20-25</td>
<td>100</td>
<td>72</td>
<td>18</td>
<td>0</td>
</tr>
<tr>
<td>Ian Scott, Trust Medical Director</td>
<td>0-2.5</td>
<td>5-7.5</td>
<td>60-65</td>
<td>185-190</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Jennifer Jones, Director of Human Resources</td>
<td>0-2.5</td>
<td>0-2.5</td>
<td>15-20</td>
<td>50-55</td>
<td>305</td>
<td>298</td>
<td>(0.5)</td>
<td>0</td>
</tr>
<tr>
<td>Tracey Dowling, Director of Service Delivery &amp; Improvement</td>
<td>5-7.5</td>
<td>17.5-20</td>
<td>15-20</td>
<td>55-60</td>
<td>239</td>
<td>159</td>
<td>53</td>
<td>0</td>
</tr>
</tbody>
</table>
# Declaration of Interests

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Interests</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Mike Brookes</strong></td>
<td>Chairman (from 01 July 2006)</td>
<td>• No declarations</td>
</tr>
<tr>
<td><strong>Richard Eaton</strong></td>
<td>Non-Executive Director</td>
<td>• Member (Partner), Birketts LLP (Solicitors)</td>
</tr>
<tr>
<td><strong>Liz Harlaar</strong></td>
<td>Non-Executive Director</td>
<td>• Tutor and Consultant to the Open University Business School</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Company Secretary – Cuttlefish Information Systems Ltd (dormant)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Officer/member of Bacton Village Hall Committee and Royal Air Force Charitable Trust Enterprises</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• In relation to David and Jenny Le Peuple (sister and brother-in-law):</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Employee of Computer Services Corporation (David Le Peuple)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Employee of London Metropolitan University (Jenny Le Peule)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Directors of Cuttlefish Information Systems (both)</td>
</tr>
<tr>
<td><strong>Julia Holloway</strong></td>
<td>Non-Executive Director (from 01 Dec 2006)</td>
<td>• Self-employed Consultant – Institute of Employment Studies</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Employee of Husbands Financial Advice Business</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Treasurer – Otley Parochial Church Council</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Treasurer – Otley Youth Club</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Substantial financial interest in Julia Holloway Associates Ltd</td>
</tr>
<tr>
<td><strong>Andrew MacPherson</strong></td>
<td>Non-Executive Director (from 01 Nov 2006)</td>
<td>• Director, Society of Consumer Affairs Professionals in Europe</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Companion Member of the Institute of Customer Services</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Substantial financial interest in Customer Innovation Ltd and Andrew MacPherson Associates Ltd</td>
</tr>
<tr>
<td><strong>Dave Norval</strong></td>
<td>Non-Executive Director</td>
<td>• Paid employee/Director – URSA Limited Co No 4197496</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Director – Afrique Atlantic Services Ghana Ltd</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Substantial financial interest in Ursa Ltd, Afrique Atlantic Services Ghana Ltd</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Technical Marine Services Ghana Ltd</td>
</tr>
<tr>
<td><strong>Tony Schur</strong></td>
<td>Deputy Chairman (to 30 Nov 2006)</td>
<td>• Trustee and Chairman – Immigration Advisory Service</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Substantial financial interest in Fairloom Ltd (dormant)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Member of the Liberal Democrat Party</td>
</tr>
<tr>
<td><strong>Andrew Reed</strong></td>
<td>Chief Executive</td>
<td>• Married to Dr Penny Newman, GP retainer employed by Dr Egan and Partners (based in Debenham, Otley and Grundisburgh)</td>
</tr>
<tr>
<td><strong>Gwen Collins</strong></td>
<td>Director of Nursing and Quality</td>
<td>• No declarations</td>
</tr>
<tr>
<td><strong>Tracy Dowling</strong></td>
<td>Director of Service Delivery and Improvement</td>
<td>• No declarations</td>
</tr>
<tr>
<td><strong>Steve Harrup</strong></td>
<td>Director of Estates and Facilities</td>
<td>• Chair, Suffolk Centre of Chartered Institute of Building</td>
</tr>
<tr>
<td><strong>Jennifer Jones</strong></td>
<td>Director of Human Resources</td>
<td>• No declarations</td>
</tr>
<tr>
<td><strong>Andy Morris</strong></td>
<td>Interim Director of Finance and Performance</td>
<td>• No declarations</td>
</tr>
<tr>
<td></td>
<td>(from 24 July 2006)</td>
<td></td>
</tr>
<tr>
<td><strong>Ian Scott</strong></td>
<td>Trust Medical Director</td>
<td>• Board member and Trustee – British Association of Medical Managers</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Chair, Norfolk and Suffolk Branch of Ileostomy Association</td>
</tr>
</tbody>
</table>
Statement on internal control 2006/07

1 Scope of responsibility

The Board is accountable for internal control. As Accountable Officer, and Chief Executive of this Board, I have responsibility for maintaining a sound system of internal control that supports the achievement of the organisation’s policies, aims and objectives. I also have responsibility for safeguarding the public funds and the organisation’s assets for which I am personally responsible as set out in the Accountable Officer Memorandum.

The Trust has the following key relationships:

- with commissioning bodies, such as the Suffolk Primary Care Trust, through service agreements to deliver health services to agreed specifications;
- with local partners and wider communities, through working in partnership to promote the improvement in the health of our population, holding meetings in public and the publishing of our Business Plan, Annual Report and Accounts;
- with patients, through the management of standards of patient care and the involvement of the public, patients and carers in the design of our services; and
- accountability to the Secretary of State and to Parliament for the performance of our functions and meeting statutory financial duties.

The Trust has an Annual Accountability Agreement with the East of England Strategic Health Authority who monitor the performance of the Trust against agreed objectives and targets.

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 organisation’s policies, aims and objectives,
- 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 The Ipswich Hospital NHS Trust for the year ended 31 March 2007 and up to the date of approval of the annual report and accounts.

3 Capacity to handle risk

As Chief Executive, I have overall responsibility and accountability for Risk Management and this is shared with Executive Directors, who along with the whole of the Trust Board, are informed on risk management and governance issues through the Risk and Governance Committee, Audit Committee and Finance Committee. The Risk Management Committee reviews and manages all aspects of risk reporting and assurance, and reports to the Risk and Governance Committee. The Corporate Risk Manager has delegated responsibility for the co-ordination, implementation and evaluation of risk management systems Trust wide.

The Trust’s revised Risk Management Strategy states that risk management is the responsibility of all managers and staff, whatever their position within the Trust, and that staff will be provided with adequate education, training and support to enable them to meet this responsibility. Managers are expected to incorporate risk management into all aspects of their work, from business planning to local induction and training of staff, and to identify the risk management training needs of all their staff, especially as new staff join and are inducted. The Trust’s strategy on risk management has been made available to all staff and risk management information is included in Trust induction training and subsequent updates. Staff also undertake mandatory training such as induction, manual handling and fire safety and, depending on their role, additional competency training in risk management.

4 The risk and control framework

The way in which risk is identified, evaluated and controlled within the Trust is based on the following cycle:

- Identification/Review of Risk – Identification of the risks facing the Trust, working in a way that spreads the workload and ensures that the initial identification of risk is not too onerous;
- Calculation of the Importance of each Identified Risk – Achieved by undertaking
an assessment of the ‘likelihood’ of the risk occurring and determining the ‘consequences’ should the event occur, using a standard risk matrix;

- Confirmation or Introduction of Controls – This stage of the cycle aims to confirm or introduce specific controls to measure and to manage known and identified risks. These controls (eg policy, procedure, reporting mechanisms) will differ and be prioritised according to the severity of the risk involved;

- Assessment of the level of residual Risk – This is the assessment of the effectiveness of the controls that are already in place and revised ones that are being implemented following the identification of a perceived risk; and

- Modifying Control Measures – The Trust monitors and reviews all risk areas, using the same methodology as outlined above to ensure that controls remain effective and robust.

A register of identified risks facing the Trust is in place. This details risk issues, severity of risk, controls in place and agreed action plans. It has been developed by the identification and assessment of risks at a local level within the Trust. All principal risks are subject to a continuous process of review and validation by the Trust’s Risk Management Committee. A Trust Risk Register policy has been produced to support this mechanism. The Risk and Governance Committee is informed of all principal (extreme) risks on a bi-monthly basis or earlier if deemed necessary.

The Trust Board Assurance Framework (2007) has recently been revised following the approval of the strategic corporate objectives for the Trust. The framework has identified gaps in control and those that are significant are detailed in Section 5. Action plans have been initiated for all gaps, as set out in the reports to the Board on 29 March 2007, and are monitored closely as part of the Trust Board Business Cycle.

The opportunity for public stakeholders to be involved in managing risks which impact on them is provided via the Ipswich Hospital Users’ Group (IHUG) and the Patient and Public Involvement Group (PPI). These fora are used to inform and receive feedback on services.

**Compliance with NHS Pension Scheme Regulations**

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 in to the Scheme are in accordance with the Scheme rules and that member Pension Scheme records are accurately updated in accordance with the time scales detailed in the Regulations.

### 5 Review of effectiveness

As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review is informed in a number of ways. The head of internal audit provides me with an opinion on the overall arrangements for gaining assurance through the Assurance Framework and on the controls reviewed as part of the internal audit work. Executive managers within the organisation who have responsibility for the development and maintenance of the system of internal control provide me with assurance. The Assurance Framework itself provides me with evidence that the effectiveness of controls that manage the risks to the organisation achieving its principal objectives have been reviewed. My review is also informed by comments in reports and other feedback from Internal Audit, External Audit, the Risk Pooling Scheme for Trusts, the Clinical Negligence Scheme for Trusts and internal Trust updates on progress against the action plans from various internal and external reviews of internal control and the core standards self assessment declaration. I also take into consideration reviews by other external bodies including PPI, the Overview and Scrutiny Committee, Strategic Health Authority and Department of Health.

I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board, Trust Management Team, Audit Committee, Risk and Governance Committee and Risk Management Committee as part of an integrated governance strategy. A plan to address weaknesses and ensure continuous improvement of the system is in place. This will be monitored and reported to the Board on a quarterly basis through the Board Assurance Framework.

The process applied to maintain and review the effectiveness of the System of Internal Control has been monitored at Board level. This has included reviewing the accountability framework for all sub committees of the Board, including...
This will require further sustainable cost reductions which will be supplemented, in 2007/08, by increased income under the Service Level Agreement with the local PCT.

Weaknesses identified in last year’s Statement of Internal Control, particularly in respect of the ‘use of resources’ have been addressed in-year including the Board’s periodic review of action plans including those relating to the FT Diagnostic and Public Interest Report. The following paragraph sets out the current position in respect of the use of resources assessment.

The external auditors have issued a qualified audit opinion in relation to four of the twelve criteria specified by the Audit Commission for assessing use of resources. The matters leading to the auditors’ qualifications in these areas, together with the Trust’s plans for strengthening its arrangements, are summarised below:

Setting, reviewing and implementing strategic and operational objectives

In 2006/07 the Trust did not formally link its business plan to the specific service and Directorate plans and individuals’ objectives. It also did not formally and clearly identify capacity gaps, for example in areas such as Estates and IT, in order to meet its strategic objectives.

The Trust Board is currently reviewing the strategic direction of the Trust and a revised service strategy is currently being developed. This will be considered in the context of the East of England Strategic Health Authority’s Acute Services Review. The risks arising from these revisions will be monitored through the BAF.

Establish a medium-term financial strategy, budgets and a capital programme that are soundly based and designed to deliver its strategic priorities

Although the Trust had a medium term (three year) financial strategy in place for half of the year, it did not have a cash management strategy which was reported to the Board on a regular basis throughout the year. However, the cash position was monitored by the Board on a regular monthly basis. In addition, the 2006/07 revenue budget was not formally approved by Board members. The savings programme within the financial strategy for 2007/08 has recently been updated and was reported to the Board at its May 2007 meeting. In addition, the business plan was approved by the Board at its March meeting and the 2007/08 budgets approved at its May meeting. Further work to build on the initial cash management strategy produced in the final quarter of 2006/07 will be undertaken in 2007/08.

Management of its asset base

The Trust’s estates strategy needs to be updated and work needs to be done to document the level of risk-adjusted backlog maintenance and to develop a costed equipment replacement programme. A initial site development plan has been developed and this was shared with the Board in December 2006. The Estate Strategy will be updated as part of the review of the Trust’s ‘Future Size and Shape’ and work will be undertaken in-year to document the risk adjusted backlog maintenance position and to produce a costed equipment replacement programme. The latter will be informed by work being undertaken to identify the equipment requirements for the new Garrett Anderson Centre.
Ensuring spending matches available resources

Although the Trust achieved a surplus in 2006/07, a cumulative deficit remains and the Trust is not expected to achieve its statutory cumulative breakeven duty by the end of the five year period ending 31 March 2008. Therefore, it is not possible to demonstrate conclusively that spending is matched by available resources. Further comments on the Trust's financial position and the actions being taken to address the cumulative deficit are noted above.

Weaknesses in the payroll system were identified last year. Although this is not a strategic risk it is highlighted again given the operational weaknesses in control. The main weakness identified related to salary overpayments. However, improvements have been made in the year to reduce risk and further work is in hand with the payroll services provider to achieve further progress. The improvements include reminding staff about the need to complete documentation accurately, the introduction of an electronic form used to amend standing payroll data and to strengthen the recovery of outstanding debts.

The actions being taken/planned to deal with non-compliance of standards C4a and C21 in relation to Standards for Better Health are set out below:

C4a – Healthcare Acquired Infections

An action plan has been developed following the visit from the Department of Health HCAI/MRSA improvement team. This specifically focused on reducing the number of MRSA bacteraemias and ensuring that the Trust returns to the trajectory required to achieve as close as possible to the 60% reduction target by the end of March 2008.

The Trust has implemented an ‘invest to save’ programme in order to develop and implement the highest standards of hygiene and cleanliness.

C21 – Cleanliness

Measures that are presently being undertaken to achieve compliance with the National Cleaning Standards include the following:

- Introduction of a colour-coded microfibre cleaning system throughout the hospital and compatible disinfecting products;
- Introduction of the national colour-coding standard throughout the Trust as required by the National Patient Safety Agency;
- Introduction of a Trust cleaning policy; and
- A phased introduction to the improvement of cleaning standards.

Improvements in compliance with the DDA are being introduced in a phased manner. It is proposed to achieve this through a three year investment programme linked to the reconfiguration of the site.

To the best of my knowledge and belief, no significant internal control issues (ie issues where the risk could not be effectively controlled) other than those referred to above, have been identified in respect of 2006/07.

Chief Executive
Date: 21 June 2007
Independent auditors’ statement to the Directors of the Board of The Ipswich Hospital NHS Trust

We have examined the summary financial statements for the year ended 31 March 2007 which comprise the Income and Expenditure Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Cashflow Statement and the related notes. We have also audited the information in the Trust’s Remuneration Report that is described as having been audited.

This report, including the opinion, has been prepared for and only for the Board of The Ipswich Hospital NHS Trust in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 36 of the Statement of Responsibilities of Auditors and of Audited Bodies prepared by the Audit Commission. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this statement is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report, including the Remuneration Report. Our responsibility is to audit the part of the Remuneration Report to be audited and to report to you our opinion on the consistency of the summary financial statements within the Annual Report with the statutory financial statements. We also read the other information contained in the Annual Report and consider the implications for our statement if we become aware of any apparent misstatements or material inconsistencies with the summary financial statements.

Basis of opinion

We conducted our work in accordance with Bulletin 1999/6 ‘The auditors’ statement on the summary financial statement’ issued by the Auditing Practices Board. Our report on the statutory financial statements describes the basis of our audit opinion on those financial statements and on the information in the Remuneration Report to be audited.

Opinion

In our opinion:

- the summary financial statements are consistent with the statutory financial statements of the Trust for the year ended 31 March 2007; and

- the part of the Remuneration Report to be audited has been properly prepared in accordance with the accounting policies directed by the Secretary of State as being relevant to the National Health Service in England.

We have not considered the effects of any events between the date on which we signed our report on the statutory financial statements and the date of this statement.

PricewaterhouseCoopers LLP
Norwich
Date: 25 June 2007
This Annual Report has been developed by staff members and patient representatives including: Andrew Barber, Paul Bayliss, Helen Farrow, Sarah Higson, Jason Kirk, June Klaschka, Deborah Osborn and Jan Rowsell.