Annual Report
and
Summary
Financial Statements
2005/2006

Presented to Parliament pursuant to Schedule 1, paragraph 25(4) of the Health and Social Care (Community Health and Standards) Act 2003
CHAIRMAN’S AND CHIEF EXECUTIVE’S STATEMENT

The past year has been one of great highs and some lows for UCLH. Years of planning and preparation came to fruition when we moved into the new, state-of-the-art University College Hospital between June and December 2005. Patient safety was a priority and not only did we manage to transfer over 3,000 staff and 450,000 patient appointments without any serious incident, staff then managed to cope superbly with treating victims of the London bombings less than a month after the moves began. We were honoured in October when Her Majesty The Queen, accompanied by The Duke of Edinburgh, visited the hospital to perform the official opening.

Other new schemes were completed, with the re-opening of the refurbished Royal London Homoeopathic Hospital by HRH Prince Charles, and of the relocated Hatter Cardiovascular Institute by the Prime Minister.

In July 2005 we were awarded three stars (in respect of 2004/05) for the fourth year running. Since then we have sustained this level of performance except in respect of financial performance which we comment on further below. We have also been able to declare to the Healthcare Commission that we have met the core standards of service (with one short lapse) throughout the year. We are particularly pleased that our accident and emergency department has continued to be the best performing major department in London, always meeting and often beating the 98% target for patients treated, admitted or discharged within four hours.

The Trust has continued to lead the way in the field of infection control, becoming the first in the country to introduce a new high speed routine MRSA test for patients undergoing surgery. This has already shown positive results and should enable us to improve our already good record on MRSA in the future.

We introduced phase one of the electronic patient record (EPR) and the film-less patient images archiving system (PACS) as well as replacing old desktop computers with new technology and introducing one of the largest wireless networks in Europe in the new hospital. While PACS has been a huge success, allowing clinicians to access scan, x-ray and other images anywhere in the Trust as soon as they are taken, EPR has not yet delivered all we had hoped. Regrettably this is a challenge across the NHS, but we are clearly further ahead than elsewhere.

As always our research has been at the cutting edge, and our patients are the first to benefit. A recent independent survey showed that UCLH, in partnership with University College London, was the top rated NHS Trust for the most citations in the world’s top medical journals – leading the field by 50%. We plan to build on this success by bidding to become one of the 5 new Biomedical Research Centres.

We held our first elections for the Members’ Council in July 2005 and since then the Council has developed its role substantially including setting up three working groups and getting engaged in the development of our 2006/7 annual plan. Council members have also been heavily involved in recruiting new members and the Trust has developed an events programme to inform members about the work of our hospitals. Many members also attended our first open evening, in February 2006, where they were able to tour the new University College Hospital and talk to front line staff about the services we provide.

Despite all these achievements, the Trust has had a challenging year financially. We have not been immune to the financial pressures felt by the whole NHS and on top of these we have had our own particular pressures, caused by the highly complex move to the new hospital and the fallout of dealing with two terrorist incidents. The disruption caused by these events meant we treated substantially fewer routine patients than expected, particularly during the move process,
and this has affected our income badly. In addition we have had to resource much higher than expected double running costs during the move – having to provide support services both to the new hospital and the redundant hospital sites it replaces. So we ended the year with a financial deficit of £35.9 million pounds. While the majority of this shortfall is one-off and will not recur next year, there are new financial pressures related to the under funding of Payment by Results and Government efficiency targets which mean we have to continue to focus on becoming an even more efficient organisation.

In the short term we have been able to cover our cash shortfall by the planned sale of some of the redundant hospital sites. The National Temperance Hospital was sold to the Medical Research Council for £28 million to become the home of the National Institute for Medical Research. The Middlesex Hospital is now on the market and is expected to sell for well over £100 million which will give us a one-off cash injection. However, to ensure our long term financial recovery we need to ensure that our ongoing costs are matched by income.

We have developed a detailed financial recovery plan aimed at getting back into financial balance within two years. The recovery plan has been accepted by Monitor, the regulator for Foundation Trusts, subject to us strengthening our management capacity which we have now done.

The plan is based on reducing costs and improving clinical efficiency, for instance by increasing the number of patients we treat as day cases and by reducing waiting times. This will involve considerable change in the way we work, and should ensure that we are able to make the best use of our excellent staff, facilities and equipment for the benefit of patients. The plan does not rely on us increasing the number of patients we treat, although we hope that our services will continue to be popular with patients. Our Board of Directors will be carefully monitoring delivery of the plan.

We are also being inventive about finding new ways to bring income to the Trust, such as the innovative deal we have just negotiated with private healthcare provider, Health Care International Ltd, who are establishing a world class blood and bone cancer centre in the new UCH.

The year ahead is likely to be as challenging as the one we have just been through: as well as specific financial pressures, the direction of Government policy offers challenges and opportunities. In January 2006, the Government outlined its plans to move more services out of hospitals and into the local community, and we are talking to colleagues in primary care to work through the implications so that patients will benefit. Patient Choice is becoming an increasing reality and we aim to capitalise on our reputation and excellent facilities by becoming a provider of choice for patients and their GPs.

The quality of our clinical services is recognised as being excellent, though we must strive for continual improvement. We also need to ensure that patients have a positive experience in our hospitals, getting treated as quickly, conveniently and pleasantly as possible, and that they find it easy to access our services. We must listen to patients and their representatives and ensure that our services are always focused on their needs rather than our convenience. This will enable us to deliver the high quality services patients rightly expect in the 21st century.

Peter Dixon
Chairman

Robert Naylor
Chief Executive
ABOUT UCLH

University College London Hospitals NHS Trust was one of the first to be granted Foundation Trust status in July 2004. It is one of the largest and most complex Trusts in the NHS, with a £500 million turnover, serving one of the most diverse areas of the country. It employs 6,000 staff, has contracts with 300 Primary Care Trusts and deals with 600,000 patients a year. The Trust now comprises seven separate hospital sites which include the flagship new University College Hospital which was opened in June 2005 and incorporates the Middlesex Tower.

- University College Hospital
- Eastman Dental Hospital
- Elizabeth Garrett Anderson & Obstetric Hospital
- Hospital for Tropical Diseases
- National Hospital for Neurology and Neurosurgery
- The Heart Hospital
- The Royal London Homoeopathic Hospital

The Middlesex Hospital was closed at the end of 2005.

The Trust has a reputation for innovation, delivery of NHS targets and translating leading teaching and research into high quality care for patients.

Our Vision:

“UCLH is committed to delivering top quality patient care, excellent education and world class research.”

This is underpinned by a set of values that states we will:

- Take pride in caring for our patients as individuals;
- Provide equal access to all our patients;
- Be open and approachable to all;
- Deliver high quality outcomes in partnership with others;
- Value the contribution and develop the potential of all our staff;
- Be responsible and accountable for all we do.

The Trust is committed to developing strong relationships with stakeholders and partners locally and nationally. Our commitment to deliver top quality patient care, especially services to local residents, must remain a prime focus for our activities.

2004/5 Objectives

1) Develop the Foundation Trust model including the role of the Members Council and engagement with primary care
2) Prepare for the opening of and move to the new hospital and progress plans for phase 2
3) Implement the Electronic Patient Record, re-launch intranet and website
4) Maintain high performing status
5) Achieve on-going financial stability
6) Develop systems to implement Payment by Results and Choice
7) Developing the workforce including achieving “practice plus” status and developing our leadership capability
8) Progress other developments of the estate
9) Develop the strategy for property disposal
10) Other priorities including improving arrangements to minimise cross infection and developing day surgery
Our Performance – highlights

Overall, UCLH delivered performance in excess of the targets in 16 areas including:

- **Slashing waiting times** – the Trust has once again delivered a step improvement in waiting times. By December 2005 no patient waited more than 13 weeks for an outpatient appointment or more than 6 months for an operation.

- **Fast care in an emergency** – the Trust has continued to be one of the top performing Trusts in London, ensuring that over 99% of patients are seen and treated within four hours of arriving in A&E.

- **Fighting infection rates** – UCLH now has one of the lowest infection rates of any specialist trust in the country according to Department of Health figures. The introduction in February of rapid screening of patients before surgery has seen a further decline in MRSA rates.

- **Reduced mortality rates** – UCLH has one of the lowest rates in the country, according to the independent Dr Foster “Good Hospital” guide. We ranked fifth in the league table – a crucial measure for judging quality of care provided by hospitals.

- **Cancer services** - UCLH also scored highly for cancer services in the Dr Foster “Good Hospital” guide, excelling in four areas under review: specialist training for bowel cancer, specialist stomach cancer teams, provision of palliative care and written information provided to patients. The Trust was also recognised for providing some of the best children’s care, performing well for emergency care and providing CT scans for stroke patients within 24 hours.

Areas of concern:

- Due to circumstances outside our control, UCLH did not quite meet the 95% target for taking no more than 62 days from urgent GP referral to treatment for patients with cancer. We fell short with 83% of cases meeting the 62 day requirement – representing 5 patients out of a total of 13,000 cancer patients treated by the Trust. The majority of the breaches were because of late referrals from other hospital trusts making it impossible for us to meet the target.

- An increase in emergency admissions means we were not on track to meet the 3 year target for a five percent reduction in the number of emergency bed days by 2008. We are addressing this by speeding up the availability of scans and improving our admissions and discharge systems so emergency patients do not need to spend so long in hospital.

- Although we have significantly increased our ethnic coding, from 71% to 84%, it is still likely to be below the target of 95%. We have contacted all our patients to explain the benefits of us having a better understanding of our patient profile and asking for their ethnic details. We will be focusing on improving this further in the coming year.

Meeting healthcare standards

Following an extensive self assessment process, we have signed a declaration to the Healthcare Commission that we have met all the core standards expected of healthcare providers, covering everything from safety to the quality of hospital food. We drew the Commission’s attention to one in year lapse in the availability of medical records in outpatients. This problem occurred following the move of outpatients to the new hospital and has now been put right – falling from 30% of records not being available at its worst to less than 5% at the end of March 2006. We are now committed to keep our performance at this level or better. Meeting
the core standards was a considerable achievement for our staff in a year where most of them were involved in one of the most complex hospital moves in the history of the NHS.

The Trust also took part in a Healthcare Commission improvement review of paediatric services. Unfortunately this review took place during a period when our services were in transition because of the move to the new hospital. We are appealing against the rating of “fair” awarded to us because we believe it does not reflect the excellence of our services in this area. In the one category which had already completed its move – inpatients - the rating was excellent.

HOSPITAL HIGHLIGHTS

University College Hospital
235 Euston Road, NW1 2BU / 0845 155 5000

A hospital fit for one of the world’s great cities … and an exciting and challenging year as the new flagship University College Hospital was officially opened by Her Majesty The Queen and the Duke of Edinburgh in October.

It marked the completion of the biggest and most ambitious hospital building project in the history of the NHS – the first new NHS hospital in England in the 21st century and the first new teaching hospital in the capital for a generation.

- A monumental move for staff and patients as more than 3,000 employees and hundreds of thousands of appointments transferred from the former UCH, The Middlesex Hospital and the inpatient facility of the Hospital for Tropical Diseases. The first patients arrived at the new £422 million hospital in June 2005 and moves continued over six months.

- The dedication and expertise of our staff were put to the test during last summer’s terrorist tube bombings. Within an hour of the major incident plan being activated, hundreds of staff arrived at the new atrium. Sixty eight casualties were brought into our A+E department, of whom 22 were admitted. Sadly, Elizabeth Daplyn, a PA at the National Hospital for Neurology and Neurosciences died in the bombings. Professor Philip Patsalos, also from the NHNN and UCL’s Institute of Neurology, was seriously injured in the bombings on July 7th. That evening Health Secretary Patricia Hewitt visited the hospital to thank staff for their hard work, as did HRH Princess Anne and Prime Minister Tony Blair soon after.

- We’ve developed a new model of ambulatory care. Some cancer patients can now stay in a hotel just a few hundred yards from the Day Care Unit. It’s proving popular with those people who need to undergo daily investigations and treatments but do not need overnight clinical care and who value their independence.

- A world-class Head and Neck Cancer Centre- the largest in Europe - is being developed at UCH, lead by consultant surgeon Paul O’Flynn and his team who have transferred from the Royal National Throat Nose & Ear Hospital.

- The19-bed Teenage Cancer Trust Unit was officially opened by the Duchess of York. It offers home-from-home comforts for young patients and is the latest addition to our Young People’s floor – the largest multi-disciplinary adolescent unit in Europe.

- Improved emergency care for children and teenagers –a new treatment area staffed by paediatric specialists, away from the stressful dramas of adult A+E was opened at the time of the move in June. A new, dedicated state-of-the-art children’s emergency centre is due to open in 2008 under phase 2 of the new hospital development.
• Opening of the new multi-faith centre of worship for prayer or quiet reflection with Chaplains from the Catholic Church, Church of England, Free Church and Jewish faith available to give pastoral care. The centre includes a Christian chapel and Muslim ablution rooms.

• Expansion of critical care unit – the largest facility of its kind in the NHS.

• Even Star Wars’ Darth Vader and his troopers have dropped in to see the new building. They met young patients who were given the chance to dress up and have their photo taken with the Sci fi heroes.

Eastman Dental Hospital (EDH)
256 Gray’s Inn Road, London WC1N 8BG / 0207 915 1000

One of Europe’s leading teaching and research hospitals providing specialist dental advice and treatment in all aspects of dental and oral disease.

• Half a million pounds worth of new dental instruments have been purchased, which will further prevent cross infection.

• A new cranial facial unit has been developed in an updated clinic.

• Extra comfort and privacy for patients following the refurbishment of two departments; the orthodontic department and the School of Hygiene and Therapy. Twenty new high tech dental chairs and cabinets have also been introduced; the units have screens around each chair to help maintain patient privacy.

• More upgrades are planned – including 11 new chairs in the department for restorative dentistry, funded by the Department of Health as part of a national project to upgrade teaching and training facilities.

• New service managers recruited for three divisions to improve liaison with patients, monitor appointment times and waiting lists and generally to make it a smoother process for new patients.

• A more child-friendly atmosphere is being created in the paediatric unit. The Eastman is the only dental hospital in the UK to have a play specialist. She’s helping to design themed rooms with colour and artwork to make going to the dentist a more enjoyable experience for our young patients!

The Hospital for Tropical Diseases (HTD)
Second Floor, the Mortimer Market Centre, Capper Street, London WC1E 6AU /0845 155 5000

A National centre for diagnosis and treatment of tropical and travel-related diseases.

• A specially designed infectious diseases floor opened at the new University College Hospital to handle our inpatient cases. The T8 ward has 43 beds of which 22 are in isolation rooms. 19 of the isolation rooms have negative pressure capacity (doubling the previous provision), which ensures that airflow prevents infections such as TB escaping into other areas where they could affect other patients and personnel. Two of the isolation units have even higher specification to look after the highest risk patients (rooms with infrared taps and staff showers outside the rooms).

• Pan London Mobile TB X-ray unit based at UCLH has screened more than 9,000 people.
• The outpatient department has been refurbished and redeveloped to increase capacity and improve its isolation facilities.

• We have been awarded a contract to provide treatment for International SOS clients - staff and families of the Foreign Commonwealth Office, British Council plus Home Office secondees working abroad who need to return to the UK for medical treatment. This is expected to generate an extra 1,000 outpatient appointments, 500 inpatient bed days a year, and 1,000 patients at the Travel Clinic as well as, of course, incremental income for the Trust.

• Patient information leaflets developed for outpatient procedures at the Hospital for Tropical Diseases

• The Hospital for Tropical Diseases continues to work in close partnership with the National Travel Health Network (NaTHNaC) and has helped establish a training programme for registered yellow fever practitioners. A national phone advice line set up by NaTHNaC now handles more than 10,000 calls a year.

• The Travel clinic continues to be immensely popular with tourists, business travellers and celebrity jetsetters. Broadcaster and writer Michael Palin is a regular visitor who uses the clinic for his vaccinations and travel needs!

Elizabeth Garrett Anderson & Obstetric Hospital (EGA&OH)
Huntley Street, London WC1 6AU / 0845 155 5000

The Elizabeth Garrett Anderson & Obstetric Hospital, along with some services in the University College Hospital, provides the Trust’s women’s health provision. Gynaecology, maternity, neonatal and fetal medicine services are provided by expert teams in all subspecialties of gynaecology. UCLH is the designated perinatal centre for North Central London taking care of high-risk women and the smallest, sickest babies and attracts additional specialist referrals from further afield.

• The midwifery team has won two prestigious national awards from the British Journal of Midwifery. Midwife of the Year was won by midwifery sister Chris Mutukisna and the midwifery team from the Bloomsbury Birthing centre were voted the runners-up.

• A new gynaecology assessment unit has been established offering emergency advice and treatment to women with early pregnancy and acute gynaecological problems, who may have been referred from a variety of sources. The team – staffed by senior doctors, senior nurses and ultrasonographers - aims to provide fast and efficient assessment, scanning and treatment.

• Our midwives have brought an increasing number of babies into the world – 3,200 were delivered. More pregnant women are opting to give birth at our Bloomsbury Birthing Centre, where women can give birth in relaxed “home from home” surroundings safe in the knowledge that the medical facilities of a top class hospital are at hand if they need them.

• The introduction of pioneering ante-natal services integrating complementary and conventional medicine, in partnership with midwives from the EGA and clinicians from the Royal London Homoeopathic Hospital. Conventional ante-natal advice is combined with homoeopathy, acupuncture and aromatherapy.
• We achieved Level 2 status under the Clinical Negligence Scheme for NHS Trusts, which provides insurance against claims. The rigorous benchmark, achieved by 70 out of 167 maternity hospitals (only 10 achieved the optimum Level 3) means a lowering of our premiums. More importantly it reflects a recognition of our work in working towards the safest possible service for mothers and babies.

• Doctors, midwives and nurses from the unit have led several initiatives in Uganda to improve the health of women and babies there.

National Hospital for Neurology and Neurosurgery (NHNN)
Queen Square, London WC1N 3BG/0845 155 5000.

Leading centre for diagnosis, treatment and care of patients with a wide range of conditions including multiple sclerosis, epilepsy, Alzheimer’s, strokes and head injuries. Together with the Institute of Neurology, based on the same site, NHNN is the UK’s premier Neuroscience Centre.

• A busy, productive year, during which we performed a substantial proportion of the Trust’s activity. Patients were well up on last year with more than 54,000 outpatient attendances (up by 7,000); 1177 emergency admissions (up over 100) and day cases increased 5 fold to 1,982. There were 19,000 attendances at diagnostic departments and 4,539 elective inpatient admissions, matching the previous year.

• Expansion of facilities for critical neurological patients. Services for the Intensive Treatment Unit are set to expand this year to address the needs of exciting new developments in neurosurgery, including ground-breaking spinal repair. A new consultant spinal neurosurgeon and new orthopaedic surgeon have been appointed to ensure research can be translated into clinical trials without any delay.

• Professor John Collinge was elected Fellow of the Royal Society - Britain’s leading scientific body - for his contribution to science. The honorary consultant neurologist at the National Prion Clinic, based at NHNN and head of the department of neurodegenerative diseases has acted as one of the Government’s key advisors on vCJD.

• Four major developments for patients with Multiple Sclerosis.
  1) GPs can now refer suspected multiple sclerosis patients to a new, specialised diagnostic clinic which offers same day MRI scans and tests and follow up practical and emotional support.

  2) Introduction of a Rapid Response Relapse Clinic, an innovative service which allows multiple sclerosis patients to get advice and immediate treatment, without being referred by their GP.

  3) An education programme to help people manage living with MS has been highlighted as an example of best practice in the recent National Service Framework.

  4) The NHNN team are working with palliative care colleagues to pilot a monthly clinic where an MS neurologist, an MS nurse and a palliative care nurse or doctor can see people with severe and complex symptoms.

• Increased day care facilities mean we can offer a more flexible service for people with chronic neurological disease. Patients can be admitted more quickly for tests and treatment, without the need for an unnecessary overnight stay. For those that do need to
stay overnight but do not need clinical care, hotel accommodation is now provided and has proven to be very popular. These developments have led to a fivefold increase in patients treated as day cases at the hospital.

- The muscle and peripheral nerve service has been expanded and a new consultant and clinical nurse specialist appointed.

- Planned installation of two new MRI scanners to reduce waiting times for patients and increase research opportunities. These will be available at the end of 2006.

- New interventional MRI unit which scans patients during surgery aims to improve the treatment of brain tumours, vascular abnormalities and functional surgery. The unit – the first of its kind in the UK - is due to be completed by the end of 2006.

Royal London Homoeopathic Hospital (RLHH)
Great Ormond Street, WC1 3HR. Telephone 0207 391 8891/0845 155 5000

The RLHH is the largest public sector provider of complementary and alternative medicine (CAM) in Europe. Despite its title, the RLHH offers a wide range of CAM therapies, not just homoeopathy. It offers a holistic approach for many ailments including chronic fatigue, cancer care, podiatry, rheumatology, skin problems, stress and mood disorder.

The building has been comprehensively redeveloped, reopening in June 2005 to provide a state-of-the-art facility. It provides 26,000 new and follow up outpatient appointments each year including 2,500 GP referrals, and a rapidly growing number of referrals from within the Trust. A series of integrated services, offering the best of conventional and complementary care are being developed with colleagues from around the Trust. Apart from providing excellent clinical facilities, the redeveloped building includes education, information, research and retail facilities.

- The Prince of Wales officially re-opened the Hospital in October 2005 following a 3-year, £20million refurbishment to transform it into a world-class centre of excellence for complementary and alternative medicine.

- Integrated pain clinic: A new clinic offering the best of conventional and complementary approaches for chronic pain. The service includes an innovative high-volume acupuncture clinic for knee osteoarthritis.

- Integrated ante-natal clinic: Mums-to-be can now have the best of both worlds with the opening of a new integrated ante-natal clinic run jointly by midwives from the Elizabeth Garrett Anderson & Obstetric Hospital and RLHH clinicians specialising in complementary medicine. Problems including morning sickness, back pain during pregnancy and labour pain are treated with homoeopathy, aromatherapy and acupuncture.

- The development of the National Library for Health Complementary and Alternative Medicine Specialist Library (NeLCAM). One of 24 specialist NHS libraries, NeLCAM is an on-line service providing quality assured evidence on CAM. It is based at the Royal London Homoeopathic Hospital and was launched in May 2006. (www.library.nhs.uk/cam)

- Education: The RLHH hosted the world’s leading research conference on homoeopathy, attracting 200 experts from 23 countries around the globe. The RLHH offers the UK’s only course in Integrated Medicine for GPs, launched in April 2005, as well as a wide range of other education activities.
• Prof Rosalind Raine, recently appointed Professor of Health Services Research at University College London will work in partnership with the RLHH on research in CAM.

• A range of herbal medicines have been approved by the Trust’s Use of Medicines Committee to be dispensed by the RLHH’s pharmacy. This is the first time herbal medicines have been officially recognised by an NHS Trust.

The Heart Hospital
16-18 Westmoreland Street, London WC1 8PH / 0207 573 8888

Former private hospital brought back into the NHS to join UCLH in 2001 providing cardiac services from a state-of-the-art facility.

• The hospital has worked with other organisations in the North Central London Cardiac Network to implement “treat and return” for patients requiring urgent angioplasty (a procedure to open up blocked or narrow arteries to improve blood flow). This has helped significantly to reduce transfer times and ensure that the majority of patients stay in the Heart Hospital for only 12 hours.

• The Hospital is one of the leading Grown Up Congenital Heart (GUCH) Centres in the country. In recognition of its specialist excellence Health Minister Rosie Winterton visited the hospital in May to launch the Department of Health’s new GUCH guidelines, which single out The Heart Hospital as one of very few places in the country equipped to treat GUCH patients with the latest procedures. Around 2,500 patients have been treated here in the past 6 years using revolutionary diagnostic, catheter-based and surgical techniques.

• The hospital has pioneered the world’s first successful, non surgical heart valve replacement programme and more than 100 of these procedures have now been performed.

• The Cardiac Surgery programme has continued to expand with 1056 cardiac surgery operations performed in 2005/6. This is the highest number of cardiac surgery operations ever performed in one year at UCLH and means that the Heart Hospital is now the largest Cardiac Surgery provider in North Central London.

• The Electrophysiology Service continued to expand with around 260 patients receiving Implantable Cardiac Defibrillators, which now means that the Heart Hospital is one of the largest centres in the country for this procedure.

• A number of improvements to the environment have been undertaken including the refurbishment of the Outpatient Department and Reception area, creation of a Discharge Lounge and re-flooring of all clinical areas—this work has been funded by special trustees donations.

• The hospital balanced its books in 2005/6 and overturned a £6 million deficit in 2003/4. This has been achieved by reducing costs across all areas of the hospital and significantly increasing activity levels.
The Middlesex Hospital finally closed to patients at the end of 2005 but its proud history will live on; Nostalgia blended with satisfaction as former Middlesex staff gathered to witness the naming of The Middlesex Tower - UCH’s new central building. The date, 15 May, echoed the laying of the foundation of The Middlesex Hospital’s Mortimer Street building on 15 May 1755, and the event fulfilled a promise that The Middlesex name and history would live on in the merged UCH.

The old Middlesex Hospital building was put up for sale in April 2006 and is expected to fetch more than £100 million – with these one-off proceeds contributing towards the cost of financing the new UCH hospital.

Sterile services and medical physics are due to move from the Middlesex in autumn 2006.

PUTTING OUR PATIENTS FIRST

Caring for patients is our raison d’etre – improving our services and the treatment they receive is why we are here.

Fighting infection

- We were the first Trust in the country to introduce a new rapid screening test pioneered at UCLH, which will identify MRSA in patients who come to hospital within just four hours of their arrival.

- We recruited a nurse consultant in infection control – one of only a handful in the NHS – to develop the first UCLH Infection Control Strategy.

- UCLH has just completed a major research project for NHS Estates on how steam cleaning, micro fibre materials and other cleaning techniques can further reduce the risk of MRSA.

- A new nurse consultant in epidemiology has been appointed to monitor and analyse statistics and trends in infection rates.

Accessible to all

UCLH is committed to ensuring our services are fully accessible to the diverse population which we serve. To help us achieve this, we have developed our race equality scheme during 2005/6. We have been developing specific initiatives to improve access for minority groups for example:

- UCLH and Camden Primary Care Trust have joined forces to address the health needs of local Bengali women and their babies by setting up a fortnightly clinic in the community. The joint initiative aims to provide support and information to those Bengali women who frequently do not access the pre and post-natal health checks on offer due to language and cultural barriers. The clinic provides midwives and other health professionals together with experienced Bengali advocates.

- Following identification of a high number of Bengali women suffering depressive symptoms in the antenatal and postnatal period, a Bengali speaking counsellor will be working alongside the perinatal psychiatrist.
We’re Pals!

The Patient Advice and Liaison Service (PALS) offers information and advice to patients, relatives and carers, listens to their concerns and acts as an entry point for patient involvement – and a catalyst for change. It’s dealt with more than 8,000 patients in the past couple of years – and its workload is increasing every month.

A permanent office has been set up in the new hospital and PALS is now available 3 days a week at the National Hospital for Neurology and Neurosurgery.

During the past year, PALS has helped instigate many improvements on behalf of patients. As a result, patients can now phone overseas on our public telephones in the new hospital atrium, read the PALS leaflets in 29 languages and get advice on the important questions they should be asking health professionals at hospital appointments.

The quality of service offered by PALS has been recognised; it was the first PALS in England to be awarded level 11 accreditation from the Independent Community Legal Service and the first non clinical service to be granted Patient Friendly Accreditation.

Communication

Communicating with patients – throughout their treatment - is a key factor and one that has undergone a transformation at UCLH over the past year.

The Trust has appointed its first Patient Information Co-ordinator to ensure our patient leaflets are more accessible and give high quality information about some of the more common procedures and operations. The material is continually updated and can be accessed by staff on our in-house Intranet – or by patients via the website. Feedback from both staff and patients has been positive.

Cancer patients are given additional advice from an Information and Support Radiographer provided by Macmillan Cancer Support along with a range of Clinical Nurse Specialists. A new Macmillan-supported cancer information centre is to be developed in the coming year.

From questions about complex medical procedures to questions about the nearest bus stop – we aim to simplify life for patients. The Trust has worked closely with Transport for London to improve public transport to our sites. These include information leaflets, changes to bus stops, new tube announcements and special parking arrangements for disabled patients who are Blue Badge holders.

Complaints

The Trust welcomes all comments from patients and sees complaints as an important source of information about how we can do things better. We place great emphasis on ensuring patients’ concerns are resolved quickly through investigation, an initial written response, meetings between the complainant and staff and, if necessary, re-investigation by clinical directors.

In 2005/6 we received 747 formal complaints, of which 87% were answered within the 20 working day target.

During the year, 21 complaints were referred to the Healthcare Commission for independent review. In 3 of these cases no further action was recommended by the Commission; 9 cases were referred back to the Trust for further action/clarification; and 1 case was withdrawn by the
complainant. As of 31st March 2006, 8 cases were still with the Healthcare Commission awaiting a decision.

1 complaint was referred to the Health Service Commissioner (Ombudsman). The Ombudsman decided that no further action was warranted.

LISTENING TO PATIENTS

Feedback from our patients is vital and we encourage them to fill in surveys and comment cards to let us know their views.

Have your say!

It is UCLH policy that all our wards and departments have a comments card system to gather views from patients and visitors about the services they receive.

Around 60-70% of patients who fill in comment cards are wholly satisfied – all comments, favourable or not, are fed back to staff and departments concerned and where necessary, improvements are made. For instance, at the Hospital for Tropical Diseases systems were updated to ensure all patient appointments were sent to the correct addresses; staff were directed to keep patients updated with relevant information if there were delays for blood results or appointments with consultants.

2005 Inpatient survey

In the Healthcare Commission’s 2005 Adult Inpatient Survey, UCLH was among the best performing 20% of Trusts nationally in the following areas:

- Choice of admission date
- Information before and after an operation
- Clear information about medication including side effects
- Copying letters to patients
- Asking patients their views on quality of their care

However, the survey also highlighted several areas needing improvement – which have now been included in the Trust Action Plan.

- Patients having their admission date changed by the Trust: Operating lists are now allocated to teams not individual surgeons. The management of inpatient beds has been improved, thus reducing cancellations due to lack of beds.

- Delays in discharge while waiting for an ambulance or medication: New transport contract now states maximum wait for all discharges will be one hour. Use of new discharge lounge will also help reduce waiting times. All ward rounds now start before 9.30 and information from these are passed to the ward manager and Sister concerned.

- Insufficient information given to patients on discharge: New discharge information sheet templates are being developed and extra advice and support is available from the Trust’s new Patient Information Co-ordinator.

- Patients wanting more help at meal times: Volunteers are now available in the new hospital to help patients at meal times.
• Patients wanting more help in pain control: The Trustwide nursing observation chart has been amended to incorporate patient reports of pain. This ensures patients are regularly asked about their level of pain.

• Nurses talking over patients as if they weren’t there: All nurses have been made aware of this and are being asked to consider how their actions can impact on patients.

A separate report for the 2005 Adult Inpatient Survey was commissioned by UCLH to examine the differences in black and ethnic minority patients’ experiences. This highlighted several important issues, particularly around communication. A focus group has been held with the Camden Health and Race Group (CHRG) to explore the findings. An additional action plan is being drawn up drawn up in co-operation with the CHRG to address the findings.

**Patient Satisfaction**

In addition to the National Inpatient Survey and comment cards, many departments conduct their own patient satisfaction surveys. There have been 17 patient surveys added to the Patient and Public Involvement Register since March 05.

**Some Improvements made following patient surveys:**

- A patients’ steering group has been working with the Heart Hospital to develop two new posts working with patients who are at risk of sudden cardiac arrest.
- Guidelines are being developed on the sensitive issue of brain donation from dementia patients, following discussions with carers. One of the improvements identified was the need to directly approach dementia patients early with this request.
- A parent support group, held in Paediatric and Adolescent Cancer Services, identified that there was no visitors area on the unit. Subsequently a treatment room has been turned into a parent sitting room with a TV/DVD, a sofa bed, a microwave and a kettle.
- Play specialists in children’s services used a semi-structured interview technique with young patients who suggested improvements: they wanted to be treated with respect and for nurses to explain things in a way they could understand. Paediatric clinicians are now honing their communication skills with young patients at new training sessions.
- A patient survey of the waiting area in Radiotherapy Outpatients has resulted in the following service improvements: extra toilet cleaning sessions; introduction of a white notice board to give patients updates about appointment times; more flowers (funded by a cancer charity) and more magazines.
LEADING THE WAY IN INFORMATION TECHNOLOGY

UCLH has installed revolutionary IT systems which have gone live in the past year and the aim is to significantly improve patient care including:

- Phase 1 of our Electronic Patient Record (EPR) project which aims, in time, to replace traditional paper case notes, test results, clinical images, letters and appointments and secure them in one electronic record – retrieved at the touch of a button. We have piloted smart card access to EPR to make it more secure and easier to use. Phase 1 includes patient administration, A&E and maternity systems.

- Picture Archive and Communications System (PACS) which manages and distributes diagnostic images. Radiology films, for example, are now a thing of the past and all images are taken digitally. Clinicians can now view a patient's diagnostic images on-line in clinics and on wards as soon as they are taken and can discuss them with patients and consult colleagues anywhere in the Trust.

- Fourteen operating theatres are now equipped with wall mounted, touch screen terminals displaying EPR and PACS images. This assists staff in pre- and intra-operative planning.

With such major changes, the transition period is rarely entirely smooth. Unsurprisingly there were some teething problems with the installation of Phase 1 of EPR, given the large transfer of data, installation of 2,000 new computers, new software packages and the large-scale changes that were introduced. A technical team were on standby to iron out the most pressing problems and staff training was stepped up. Other improvements are on-going and are being dealt with in a structured programme.

VALUING OUR STAFF

Working in a hospital environment is busy, exciting, and often stressful and when it comes to the success or failure of the Trust, our staff are paramount. So we recognise the importance of nurturing their dedication, talent and loyalty.

Improving working lives

- Many staff are now working in much improved environments following the moves last year. Refurbishment of the doctors’ mess has been completed.
- As part of our ongoing Zero Tolerance campaign, we set up an email hotline to make it easier for staff to report verbal abuse, and to help us deal with it promptly.
- Our staff support service – Oasis – offers counselling and practical advice in a number of areas including mediation, employment issues, housing problems and careers support. Oasis offered counselling to groups and individual members of staff affected by the terrorist bombing last summer.
- We encourage our staff to tell us what they think about our Improving Working Lives programme – and what we can do to make their work day even better.
- We’ve publicised flexible working options and other IWL initiatives with articles in our in-house monthly magazine Inside Story, road shows, new intranet pages and a leaflet sent to all staff.
- We now offer emergency childcare, and vouchers to help staff with childcare costs.
- We arranged special staff discounts and offers with a range of local businesses.
- We were awarded Practice Plus status in October 2005, evidence of our good employment practices.
Top training:

We believe a motivated workforce is a productive one. We try to encourage staff to fulfil their potential by offering a variety of training opportunities to consolidate existing skills and to learn new ones.

For instance, the Trust has been piloting a new foundation degree with London South Bank University to help develop the careers of healthcare assistants. They’re given the opportunity to take day release and study for the newly- created assistant practitioner role. They’ll also be given the opportunity to continue their studies and gain an Honours Degree in nursing, if they wish.

Around 100 members of front-line staff have also studied for a range of NVQs (national vocational qualifications) to develop their skills and open up new career opportunities within the Trust.

Our clinical and non-clinical managers are also encouraged to develop their skills. Our trust-wide leadership development programme was launched in January 2006 to bring clinical and non-clinical leaders and managers together to focus on how effective leadership can improve services.

Equality for all

The Trust is an equal opportunities employer and is committed to recruitment, training, employment and management practices which treat all staff equally and fairly. The Trust has an equality and diversity policy, which covers disability – including, wherever possible, supporting those employees who become disabled after joining UCLH.

Managers are trained to ensure fairness and objectivity when selecting applicants for posts, based on a candidate’s ability to meet the specifications of the job. More than 800 new employees attended our updated induction session which now includes a revised session on equality and diversity.

Our race equality scheme supporting our work in this area is published on the Trust intranet, Insight.

Let’s talk!

The Trust has a strong commitment to work with staff and unions to deliver pay modernisation, improve working lives, manage change and promote health and safety. The Trust is aiming to encourage more employees to become staff representatives. We encouraged staff at all levels to be involved with the move to our new hospital by setting up multidisciplinary teams. Nursing staff, personnel and union representatives met weekly to make the transition and changes as smooth as possible.

Agenda for Change has provided an excellent opportunity for us to all work together and requires unprecedented levels of staff involvement. Staff are being allocated to eight new national pay bands through the NHS job evaluation scheme that measures the skills, knowledge and responsibilities needed for each post. The changes aim to improve staff morale, recruitment and retention and improve care with the development of new patient-focused roles.
Other partnership forums include the Joint Staff side Committee, the Local Negotiating Committee (LNC) for medical staff which jointly agreed the implementation of the consultant contract and the Local Implementation Group (LIG) for junior doctors which focuses on key issues which affect junior doctors in relation to their working hours, environment, training and rest facilities.

Staff Survey

The 2005 staff survey showed areas in which we did better than last year:

- More staff are using flexible options
- More staff received training in previous 12 months
- More staff have had health and safety training in the previous 12 months
- More staff felt they were involved in decision making
- More staff aware of childcare options
- There was a reduction in the number of staff working extra hours and less work pressure was felt by staff relating to their workload
- Less staff experienced physical violence, harassment, bullying or abuse from patients/relatives

The survey also highlighted areas where we did not do so well:

- We need to ensure that more staff receive a proper annual appraisal
- We need to tackle work-related stress and injury, and do more to act on violence, harassment, bullying or abuse experienced by staff
- We need to continue our efforts to make the Trust an attractive, safe and positive place to work as more staff felt less satisfied with their jobs and were thinking of working elsewhere
- Staff felt that we need to improve the effectiveness of our communication

These will form the basis of our action plan for improving the working lives of staff this year.

Staying safe

An action plan, drawn up following a Health and Safety Executive visit in November 2004, has provided the framework for improvements to health and safety practices at UCLH. The Trust’s health and safety committee visit the hospital sites and meet quarterly with the occupational health department to discuss any improvements that need to be made. Regular training for staff and managers is available on a variety of health and safety issues.

- Stress at work. Staff are offered sessions on managing their stress and fortnightly acupressure massage is currently being provided at sites around the Trust.
- Health questionnaires, information leaflets and training for current and new employees to ensure they know how to protect their health at work.
- New policy to help staff who are allergic to rubber gloves made of natural latex.
- The number of staff who had the flu jab rose from 200 in 2004 to 1,000 this winter.
- Introduction of a new software package to identify areas which need safety improvements For example, where health surveillance or extra training might be required to reduce accidents such as injuries from sharp instruments.
- More than 3,000 staff attended health and safety training sessions before moving into the new hospital.
Fighting Fraud

The Trust takes a strong stance against fraud and works hard to create an anti-fraud culture within the organisation. Our Finance and Human Resources departments are working very closely with local counter-fraud specialists, the ParkHill Audit Agency, to investigate and deal with any fraudulent practices such as forgery, submitting false timesheets or anything which diverts financial resources away from patient care. Staff are encouraged to report – in the strictest confidence - any reasonable suspicion of fraud or corruption. The Trust imposes effective sanctions, including appropriate legal action, against people found committing fraud.

Park Hill regularly conducts information and training sessions on combating fraud within the Trust and conducts pro-active exercises to identify and address any weaknesses within the organisation.

WORKING TOGETHER TO PROVIDE BETTER HEALTH CARE

The Trust is committed to working with other NHS organisations, GPs, charities, academic colleagues and patients to provide the best service possible. We have formal links with the University College London and Royal Free medical schools and with the London South Bank University.

Strengthening links with GPs.

A new Director of Service Development and Marketing was appointed in February 2006 to engage with local GPs to find out what they think about our hospitals and the services we provide, and understand what is important to them as our customers.

GPs are given the forum to air and share their views at a GP Liaison committee which meets every two months. This is an opportunity to discuss clinical and operational issues between UCLH and primary care. We’ve also initiated a survey of local GPs to identify the areas that they feel should be prioritised for improvement. We are also working with Camden PCT to establish a forum for clinician to clinician dialogue to review patient pathways in the light of the Government White Paper “Our Health, Our Care, Our Say”.

Working with Primary Care

UCLH has contracts with over 300 Primary Care Trusts nationally and there are many examples of close partnerships including:

UCLH has been working closely with colleagues from Camden and Islington Primary Care Trusts, the Strategic Health Authority and other local trusts to develop and implement our stop smoking policy. We were one of the first acute trusts in the sector to introduce a smoke-free environment on all our sites. UCLH runs a programme to help staff and patients to stop smoking. Services for maternity patients have also been developed in close liaison with our local primary care trusts – ensuring the widest possible range of support is available, including group sessions, individual counselling and even home visits.

UCLH has been collaborating with the Strategic Health Authority, Primary Care Trusts and the Perinatal Network in North Central London to review and improve obstetric, neonatal and paediatric services in the area, with the aim that skilled staff are available where the needs are greatest. The perinatal network has advised that women whose babies will require specialist neonatal care should be referred to UCLH and an increasing number of women with complex pregnancies are delivering at UCLH, where we have the appropriate specialist staff and equipment to deal with them.
Developing services with other hospitals

UCLH works closely with other many other acute trusts including the Whittington, the Royal Free Hospital and Great Ormond Street Hospital for Children (GOSH). For example, we have worked with GOSH to develop the largest international cancer service for 0-19 year old patients.

Building on our links with the community

More than 200 people from the local community took a tour of the new hospital building and were invited to meet front-line staff and members of the executive team when the Trust held its first open evening in February 2006. We received positive feedback – and some constructive criticism – and similar events are planned for the future.

The Members Council, the Trust governing body, is working to ensure the Trust develops the type of services people in the local community want. Members are becoming more involved in forward planning, strategy and governance. There are two representatives from the Members Council on both the Clinical Governance Committee and the Patient Issues Committee.

The Trust is forging ahead with its aim to recruit more employees from the local community and has developed strong links with Camden NHS Job Shop, Job Centre Plus, Camden Health Sector Employers’ Group (HELP) and Camden Health Employment Link. We have also developed our partnership with the North Central London Strategic Health Authority to recruit Health Care Assistants through HELP. Funding has recently been secured to set up a pilot project to recruit unemployed people in Camden & Islington, Hackney and Tower Hamlets.

Patient power

Patient representatives play an increasingly important role in shaping the services we offer. The UCLH Patient and Public Involvement Register records 287 joint projects being undertaken across the Trust – an increase of 40 in the past year. For example:

- In radiotherapy, a patient was involved in mapping the patient pathway from GP referral to admission and discharge;
- A carer has been appointed to the Patient Issues Committee of the National Hospital for Neurology and Neurosurgery;
- At the Heart Hospital patients who have had a cardiac device implanted are encouraged to talk to others who are preparing for the same procedure;
- A patient representative has been appointed to the Clinical Guidelines Review Group at the Elizabeth Garrett Anderson & Obstetric Hospital
- 2 patient representatives from UCLH have been appointed to the Camden and Islington steering group on maternity services.

The Patient and Public Involvement Forum (PPIF) has undertaken a patient survey examining various aspects of the patient experience in the UCLH outpatients department. A report was presented by the Chief Nurse to the Patient issues Committee.

Following a series of unannounced inspections by the PPIF to four units at the new hospital, the Trust’s cleaning contractors have revised cleaning protocols and introduced the “zoning” of cleaners – allocating cleaners to specific areas. The PPIF also monitored cleanliness on three units by taking swabs for evidence of microscopic particles of soil. A report is currently being compiled and will be acted on accordingly by the Trust.
Working with the private sector

UCLH is working with the private sector to improve services for patients. Two years ago one of our pathology labs joined forces with a private company, The Doctor's Lab (TDL) to provide a faster and cheaper service – £1 million has been saved, routine tests are now done within a day and emergencies within an hour. The lab was inspected in Spring 2006 by Clinical Pathology Accreditation UK Ltd which praised it for “providing a model service”.

The Trust has drawn up plans with HCA International Ltd to develop and manage an international private cancer centre at University College Hospital for the treatment of blood and bone cancers. An annual income will help support our NHS services and NHS patients will benefit from new equipment being bought by HCA.

Working with charities

We co-operate with a wide range of charities to benefit our patients. The self contained floor for teenagers in the new UCH, which opened during the year, is supported by the Teenage Cancer Trust providing an environment designed by and for teenagers with cancer.

Plans are underway to develop links with Gambian medical centres, with regular exchanges of staff and knowledge. One member of staff will be travelling to Gambia this year, sponsored by the Geoffrey Mitchell fund.

RESEARCH AND DEVELOPMENT

UCLH, along with University College London, forms one of the largest centres for biomedical research in Europe with huge expertise and a well developed infrastructure. Together we are committed to translating research into tangible treatments for the benefit of patients.

We have:

- 1200 established and ongoing research projects
- Projected external grant income of £47m in 2005/6
- A portfolio of 220 Clinical Trials of which 110 are commercially sponsored

From bench to bedside

Our strengths in translational R&D – translating scientific research into the development of new treatments - are built on a platform of international excellence in neurosciences, cancer, cardiovascular disease and women’s health, and an emerging focus on major gastrointestinal diseases.

Highlights of our current research output include:

- Spinal cord repair – step change using patients own olfactory stem cells – if successful this will open an entirely new way of treating many common neurological problems: therapeutic trials start in 2006/07
- Understanding the basis of and developing potential new approaches to treating acute myeloid leukaemia;
- Defining a new standard for treatment of Hodgkins lymphoma
• Making a significant impact on international guidelines for the treatment of hypertension through the re-assessment of specific classes of drug treatment
• Ovarian cancer screening – the programme led from the new UCL/UCLH Institute for Women’s Health has just completed recruitment of 200,000 participants in a national study to document the effect of biochemical and ultrasound screening on mortality.
• Identifying the fundamental cause of Crohn’s disease – a major Gastro-Intestinal disease – and new lines of potential treatment
• Identifying genetic markers and how they work in common conditions, and so using genetic factors to predict the likely response of individual patients to drugs

The way ahead

A new Clinical Research Facility will be established in the new hospital building, a new Cancer Sciences Institute will open in 2007 and the Medical Research Council has decided to relocate the National Institute for Medical Research to the old National Temperance Hospital site. These are major developments even for a Biomedical Campus as extensive as that already established at UCLH/UCL and will help to maintain international competitiveness as well as attracting new academic teams to the UCL-UCLH campus.

The Government’s initiative ‘Best Research for Best Health’ (BRBH), which reorganises the structure of biomedical research and funding, provides exciting opportunities for Research and Development (R&D) which UCLH is well placed to build on. Professor Ian Jacobs, the new UCLH R&D Director from 1 June 2006 will lead this initiative, assisted by Professor Alan Thompson as Deputy Director. In parallel the R&D Directorate of UCLH will be combined with the biomedical R&D function at UCL to establish a single coordinated R&D office best able to deliver success in the new system.

Applications are currently being developed for the BRBH initiative. A joint UCL/UCLH bid for the Technology Platform for ‘Leading Edge Imaging Research’ was submitted on 18 May 2006 which we expect to be at the forefront nationally, and several ‘Programme Grant’ applications, of approximately £2m each, are in preparation. A key target is to become one of the first National Institute of Health Research Biomedical Research Centres which is expected to be worth around £10m a year. A pre-qualifying questionnaire has been submitted and the outcome of short listing is awaited. Success in this bid will be a further step towards the shared vision of UCLH and UCL to establish the pre-eminent Biomedical Centre in Europe.

RENEWING THE ESTATE

2005/06 has been a watershed in the development of the UCLH estate. Set out below are the key events;

• The new UCH – the Trust took ownership of the new University College Hospital on 19 April 2005. Clinical services including all accident and emergency services were transferred from Cecil Flemming House and the Rosenheim Building into the new hospital by the end of June 2005, with most services from the Middlesex Hospital, the Cleveland Street annexe and Arthur Stanley House transferring by the end of the calendar year. This also incorporated £26 million spent on new equipment. In July Cecil Flemming House was handed over to the builders for demolition and construction work started on the second phase of the new hospital.

• Royal London Homoeopathic Hospital – a major rebuilding and refurbishment of the hospital was completed and all services transferred back to the hospital in October 2005 from their temporary location at Greenwell Street. Part of the building is occupied by Great Ormond Street Hospital for Paediatric Outpatient Services.
• Rosenheim Wing refurbishment – following the transfer of services to the new hospital, day case theatres, cancer day care facilities, mental health, cancer and paediatric outpatient services were refurbished at the Rosenheim Wing on Grafton Way. Patient services were transferred back into the building in October 2005 and further work continues to provide pharmacy manufacturing and production and medical physics facilities.

• Chenies Mews redevelopment – the new development in Chenies Mews was completed and commissioned in October 2005. The building provides new accommodation for the Hatter Institute for Cardiovascular Research and new premises for the Haemostasis laboratories and cellular therapy unit. A major part of the development was funded by charitable donations.

• Corporate Headquarters – to coincide with the move to the new hospital and the decommissioning of surplus buildings, the Trust refurbished a major part of the new corporate headquarters at 250 Euston Road. All corporate departments and a significant proportion of clinical and administrative support were brought together for the first time.

• Two of our other hospitals – the Heart Hospital and the Eastman Dental Hospital - have undergone significant refurbishments.

• Sale of Surplus Land and Buildings – the Trust completed the sale of the former Elizabeth Garret Anderson Hospital (£18.5 million) and the former National Temperance Hospital (£28 million) during the year as part of the planned disposal program.

OUR BOARD OF DIRECTORS

Our board oversees the running and direction of the Trust, led by our chairman Peter Dixon who ensures it fulfils all its responsibilities. Since becoming a Foundation Trust, it is now the job of the Members’ Council to appoint the chairman and non-executive directors. The termination of their appointment requires approval by three quarters of the Members’ Council at a general meeting.

Chief Executive, Robert Naylor, was appointed following national advertisement in summer 2000. His post is a permanent appointment, with terms and conditions determined by the remuneration committee. The committee sets remuneration with due regard to the appropriate market rates for comparative senior posts within the sector. These arrangements apply to all executive board member posts.

The names of our Trust board members are detailed below, together with a declaration of their relevant interests. The register of interests is available on our website www.uclh.nhs.uk, a copy can be obtained from the Trust or viewed by appointment.

Key:
AC  Member of the audit committee
RC  Member of the remuneration committee
FCC Member of the finance and contracting committee
IC  Member of investment committee
CGC Member of clinical governance committee
C   Chair of particular committee e.g.: CAC means chair of audit committee
Non-Executive Directors

Peter Dixon Chairman CRC FCC

Peter Dixon was first appointed to the chair of UCLH in 2001 and was re-appointed by the Members’ Council for a further three years in June 2005. His business career includes running a variety of commercial and industrial companies as well as working in finance and managing corporate turnarounds. He has lived locally and been active in community affairs and social housing for over 30 years. Peter is a Trustee of the NHS Confederation and chairs their Audit Committee. He was appointed as Chairman of the Housing Corporation in October 2003.

- Chairman, The Housing Corporation
- Trustee, NHS Confederation
- Wife, Judith, is GP commissioning lead for South Islington and a member of the Islington Professional Executive Committee

Philip Brading CFCC, RC

First appointed December 1999; reappointed on July 1st 2005 for a further 3 years. Philip Brading chairs the UCLH Finance and Contracting committee. He spent over 20 years in the City, where he was involved in most forms of corporate and public sector finance. He spent ten years as a director of Hill Samuel Bank. He now runs a specialist panel products manufacturing business. He was a member of Haringey Health Authority for a decade.

- Chair, Neat Concepts Ltd
- Member, Department of Health Foundation Trust Financing Facility

Richard Frackowiak CCGC, AC, RC

Appointed 1st January 2003; appointment terminates December 2006. Professor Richard Frackowiak was appointed as a non-executive director of UCLH on 1st January 2003. He holds the chair of cognitive neurology at University College London and is Vice provost for Special Projects at UCL. This includes being head of department at the Ecole Normale Superieure in Paris. He is research active with two programme grants. His scientific interest is in structural and functional brain mapping in health and disease. Richard chairs the UCLH Clinical Governance Committee and is a member of the Audit Committee.

- Director, Cruciform UCL plc
- Director, UCL Biomedica plc
- Director BNA plc
- Editor in Chief, Current Opinions in Neurology (Lippincott Press)

Sir Nicholas Monck CAC, FCC, IC, RC

Appointed 4th February 2005 for 3 years. Sir Nicholas Monck joined the Board in February 2005 following a distinguished career as a senior civil servant. He was a Second Permanent Secretary at the Treasury and Permanent Secretary of the Employment Department Group. Sir Nicholas chairs the UCLH Audit Committee.

- Chairman of Trustees, Oxford Policy Institute
- Member, Advisory Council, Transparency International (UK)
- Member of the Audit Committee of the National Trust
Linda Chung  CHR&CC (from Feb 2006), AC, RC

First appointed July 2002; appointment terminates November 2006. Linda chairs the Human Resources and Communications Committee. She has a career spanning business and industry and was director of a private company specialising in training and personnel consultancy for over 20 years. Her previous public appointments included work with the health authorities and London councils. She has served on the board of several charities and plays an active role in voluntary community projects.

- Member, NHS Appointments Commission
- Member, Employment Tribunals
- Vice Chair, Camden Chinese Community Centre

Nigel Carrington  CIC, RC

First appointed in November 2005 for 3 years. Nigel Carrington practised as a corporate and commercial lawyer with Baker & McKenzie for more than 20 years. He was the Managing Partner of the London Office of the Firm (1994-1998) and Chairman of the Firm's European Regional Council (1998-2000). In 2000, Nigel was appointed as the Managing Director of McLaren Group. He became Deputy Chairman of McLaren Group in October 2005 and joined the Board of UCLH in November 2005. Nigel chairs the UCLH Investment Committee.

- Deputy Chairman, McLaren Group Limited
- Trustee and Treasurer, Crisis UK

Maggie Cosin  (until Oct 2005)  CHR&CC CGC, AC, RC

First appointed January 1998 and was replaced by Nigel Carrington in November 2005. Maggie Cosin was a councillor and was deputy leader of Camden Council. She chaired a partnership in the Highgate Ward of Camden Council. She is a political researcher for a minister and a magistrate on the South Westminster Bench. She is also a member of the Labour Party’s national policy forum.

- Councillor, Camden Council, until May 2006

Executive directors

Robert Naylor

Robert Naylor has been chief executive at UCLH since November 2000, having previously spent 15 years as chief executive at Birmingham Heartlands and Solihull NHS Trust. Robert has led the development of the largest single building project in the NHS to create the new world class University College Hospital which was handed over to the Trust in April 2005. Robert has been a chairman of a number of national and regional committees and is a senior associate fellow at the University of Warwick, Institute of Governance and Public Management.

- Member, Public Interest General Council of the Office for Public Management
- Senior Associate Fellow, University of Warwick Institute of Public Management
Andrew Webb

Dr Andrew Webb has been medical director for clinical services (including critical care, imaging, infection, medical physics, medical specialties and therapies, nuclear medicine, outpatient services, pathology, pharmacology and medicines management) since 2001. He has been a Consultant at UCLH intensive care unit since 1990 and was clinical director from 1992-2001. He has built up an internationally respected intensive care department which admits critically ill patients from all over the south of England.

- Chair, Critical Care Development Group, Welsh Assembly Government
- Chair, Chair, transport sub-group, DoH Critical Care Contingency Planning Group
- Editorial Board, Journal of Critical Care

Tony Mundy

Professor Tony Mundy is medical director for medicine and surgery. He is a professor of Urology at the University of London and has been Director of the Institute of Urology and Nephrology since 1996. He was previously clinical director for Urology and Nephrology and took up post as medical director in 2001. He is a Fellow of the Royal College of Surgeons.

- Vice President of the British Association of Urological Surgeons
- Council member of the Royal College of Surgeons of England
- Member of Editorial Boards of BJU International, Current Opinion in Urology and Urologica Internationalis

David Fish

Professor David Fish has been medical director for specialist hospitals since 2001. He was clinical director for clinical neurosciences and is professor of clinical neurophysiology and epilepsy. He is Lead clinician NICE National Sentinel Audit on Epilepsy Related Deaths in UK. He recently completed the first accreditation programme of British Association Medical Managers. David also acted as Director of Research and Development for UCLH until May 2006. His academic work has focused on improving education, brain imaging and treatments for patients with epilepsy.

- Director of QS Enterprises Ltd (unpaid)
- Member, International League Against Epilepsy
- Member, The National Hospital Development Foundation/UCLH Charitable Foundation
- National Society for Epilepsy, Chalfont Centre
- Member, Islington Professional Executive Committee and Camden Professional Executive Committee

Peter Burroughs

Peter Burroughs was the director of capital investment with responsibility for all major capital developments, and in particular the new hospital. He has worked in the NHS for over 40 years, 17 of these as a finance director in three major London teaching hospitals. He came to University College / Middlesex Hospitals in 1992 as director of finance, and has overseen the new hospital development from its inception in 1993. He is financial advisor to UCL Hospitals Charities, which provides substantial benefits to patients and staff. Peter formally retired in March 2006, although his work with the Charities continues.

- Secretary/Treasurer, University College London Hospitals Charities
Louise Boden OBE

Louise Boden is the Trust's chief nurse. She joined the NHS in 1969, training as a nurse at the United Sheffield Hospitals. A trained midwife, Louise followed this with specialist oncology training and work as a surgical ward sister before moving into nursing management. She joined UCLH as director of nursing in 1993 and was appointed as the Trust’s chief nurse and director of quality in 1994. Louise is the Trust Lead for Major Incident planning and management, for business continuity and the Trust Violence Tsar.

- Governor, Chalfont Centre for Epilepsy
- Honorary visiting professor, Department of Applied Social Sciences, City University
- Honorary visiting professor, Nursing leadership and Cancer Care, London South Bank University

Mike Foster

Mike Foster joined UCLH as finance director in April 2003, following a number of substantial NHS finance director roles in and outside London. Prior to joining the Trust Mike was director of finance and investment for the North London Strategic Health Authority. He has held the position of Chief Information Officer for North Central London.

David Amos

David Amos is the Trust's director of workforce, having joined UCLH in February 2004. David joined the NHS in 1987 as a general management trainee based at Mid Staffordshire Health Authority. In 1994, he joined St Mary's NHS Trust and was appointed its director of human resources and organisation development in 1996. Immediately prior to joining UCLH, David was deputy director of human resources (delivery) at the Department of Health.

- Member, National Employers Advisory Board
- Editorial Board, Employing Nurses and Midwives Journal
- Columnist, Health Service Journal
THE MEMBERS’ COUNCIL

UCLH was one of the first major teaching hospitals to become a Foundation Trust on 1st July 2004. One of the key changes this brought about was the recruitment of patients, local residents and staff to become members of the Trust. Members then elected a Members’ Council – the Governing Body of UCLH – which works with the Board of Directors to help set the overall direction of the Trust and represent the views of members.

Our Members’ Council comprises three public, 14 patient and five staff Council Members who are elected from three membership constituencies, together with 11 appointed representatives from partner organisations. The Council is responsible for the appointment, remuneration, and allowances of the Trust chairman and Non Executive Directors.

The Council has established three working groups:

- Communications and membership group – working towards improving relationships with local communities and implementing a recruitment strategy.
- High quality patient care working group – working closely with trust staff to analyse and improve the end to end patient experience for example by conducting patient surveys and participating in improvement initiatives e.g. privacy and dignity benchmarking and customer care training for the contact centre.
- Chairman / NED recruitment & remuneration working group – a core group of trained Council Members who will recruit the non executive directors

Our first elections under full Foundation status were held in July 2005 at a cost of £7380.43. Two Council Members were re-elected by the members in the public and local patient constituencies Three new Council Members were elected unopposed in the regional, national patient and staff constituencies (one in each). Full details of the Council are provided below including the remaining years in office.

<table>
<thead>
<tr>
<th>Constituency</th>
<th>Council Member</th>
<th>Length of Term</th>
<th>Term end date</th>
<th>Declaration of Interests</th>
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| Public           | Wendy de Silva | 3              | re-elected on 1st September 2005 for 3 year period | Director, Dransfield Owens De Silva Ltd.  
Part-owner, Dransfield Owens De Silva Ltd, (Balfour Beatty is a client of Dransfield Owens De Silva Ltd).  
Director, The Pyramid Building Ltd.  
Member, Royal Institute of British Architects.  
Member, Architects for Health. |
|                  | Amanda Gibbon  | 1              | 31/08/06      | Director, Garthgwynion Estate Ltd.  
Director, The Children’s House School Ltd.                                               |
|                  | June Grun      | 2              | 31/08/07      | Director, Community Centre, Queens Crescent.                                                |
| Patient          | Virginia Beardshaw | 2            | 31/08/07      | Chief Executive ‘I CAN’.  
Trustee, ‘Start Here’.                                                                     |
<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Start Date</th>
<th>End Date</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Georgina Kaufmann</td>
<td>Secretary</td>
<td>31/08/06</td>
<td></td>
<td>Secretary, Rochester Terrace Gardens Residents’ Association.</td>
</tr>
<tr>
<td>Christine Mackenzie</td>
<td>None</td>
<td>re-elected</td>
<td>31/08/08</td>
<td>None</td>
</tr>
<tr>
<td>Patricia Pank</td>
<td>None</td>
<td>31/08/07</td>
<td></td>
<td>Council Member, Royal Society of Medicine. Lay Member, Ethics Committee, British Association of Psychotherapists.</td>
</tr>
<tr>
<td>Clive Saville</td>
<td>None</td>
<td>31/08/06</td>
<td></td>
<td>None</td>
</tr>
<tr>
<td>Veronica Beechey</td>
<td>None</td>
<td>31/08/06</td>
<td></td>
<td>None</td>
</tr>
<tr>
<td>Alison Forbes</td>
<td>None</td>
<td>31/08/07</td>
<td></td>
<td>None</td>
</tr>
<tr>
<td>Pal Luthra</td>
<td>None</td>
<td>31/08/07</td>
<td></td>
<td>Director, Shadwell Estates. Director, Birchwood Properties. Director, Fortismere Housing.</td>
</tr>
<tr>
<td>Vivian Biriotti</td>
<td>None</td>
<td>31/08/06</td>
<td></td>
<td>Chair, Corporation of London Access Group.</td>
</tr>
<tr>
<td>Jakki Mellor-Ellis</td>
<td>None</td>
<td>31/08/07</td>
<td></td>
<td>Majority</td>
</tr>
<tr>
<td>Mary Shelley</td>
<td>None</td>
<td>31/08/07</td>
<td></td>
<td>Majority</td>
</tr>
<tr>
<td>Peter Davison</td>
<td>None</td>
<td>31/08/06</td>
<td></td>
<td>Director, Dunfermline Heritage Trust. Secretary/Chief Executive Officer, Scientific Documentation Centre (SDC) Ltd.</td>
</tr>
<tr>
<td>Gwen Tinghe</td>
<td>None</td>
<td>31/08/06</td>
<td></td>
<td>Majority</td>
</tr>
<tr>
<td>Carol Hart</td>
<td>None</td>
<td>31/08/06</td>
<td></td>
<td>Majority</td>
</tr>
<tr>
<td>Kevin Ryan</td>
<td>None</td>
<td>31/08/06</td>
<td></td>
<td>Majority</td>
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<tr>
<td>Nurse &amp; Midwives</td>
<td>None</td>
<td>31/08/07</td>
<td></td>
<td>None</td>
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</tbody>
</table>

**Regional Patient**

**National Patient**

**Staff**

**Nurse & Midwives**
<table>
<thead>
<tr>
<th>Position / Group</th>
<th>Name</th>
<th>Term</th>
<th>End Date</th>
<th>Additional Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Doctors, Consultants &amp; Dentists</td>
<td>John Lee</td>
<td>2</td>
<td>31/08/07</td>
<td>Complaints reviewer, Healthcare Commission.</td>
</tr>
<tr>
<td>HCA, support therapists / scientist / technicians</td>
<td>Charlotte Cole</td>
<td>3</td>
<td>Resigned June 2005</td>
<td>Member and seat on the professional development group of the British Dietetic Association (National Association and trade union).</td>
</tr>
<tr>
<td></td>
<td>Paul Ostro</td>
<td>3</td>
<td>Elected unopposed for a 3 year period to 31/08/08</td>
<td>None</td>
</tr>
<tr>
<td>A&amp;C / estates / ancillary &amp; others</td>
<td>Janet Clarke</td>
<td>2</td>
<td>31/08/07</td>
<td>None</td>
</tr>
<tr>
<td><strong>Partner Organisations</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Camden PCT</td>
<td>John Carrier</td>
<td>2</td>
<td>31/08/07</td>
<td>Trustee, Margaret Pyke Memorial Trust.</td>
</tr>
<tr>
<td>Westminster PCT</td>
<td>Andrew Whitley</td>
<td>3</td>
<td>31/03/08</td>
<td>Shareholder, Threshold Housing Ltd. Member, External Advisory Panel, Royal College of Physicians. Trustee, Royal Free Charitable Trust. Treasurer, Regent's Park and Kensington North Labour Party.</td>
</tr>
<tr>
<td>Islington PCT</td>
<td>Greg Battle</td>
<td>2</td>
<td>Resigned 31/03/06</td>
<td>Member, Board of City Fringe Partnership. Member, Council of City University. Governor, Saddlers Wells. Governor, Hugh Myddelton School. Governor, Elizabeth Garrett Anderson School. Trustee, Clerkenwell Charities. Chair, Islington Liberal Democrat Council Group.</td>
</tr>
<tr>
<td>Camden Council</td>
<td>Lucy Anderson</td>
<td>2</td>
<td>31/08/07</td>
<td>Senior Officer, TUC</td>
</tr>
<tr>
<td>Constituency</td>
<td>Member</td>
<td>Membership</td>
<td>Position</td>
<td>Resignation Date</td>
</tr>
<tr>
<td>--------------</td>
<td>--------</td>
<td>------------</td>
<td>---------</td>
<td>-----------------</td>
</tr>
<tr>
<td>UCL</td>
<td>Peter Ell</td>
<td>3</td>
<td>Resigned July 2005</td>
<td>Secretary, Islington Liberal Democrats.</td>
</tr>
<tr>
<td></td>
<td>Stephen Spiro</td>
<td>3</td>
<td>31/12/09</td>
<td>Trustee, British Lung Foundation</td>
</tr>
<tr>
<td>London Southbank University</td>
<td>Deian Hopkins</td>
<td>3</td>
<td>Resigned May 2005</td>
<td>Trustee, British Lung Foundation</td>
</tr>
<tr>
<td></td>
<td>Susan Payne</td>
<td>3</td>
<td>31/08/08</td>
<td>Shareholder, DAVAL (pharmaceutical research company). Member, Royal College of Nursing.</td>
</tr>
<tr>
<td>UCLH League of Friends</td>
<td>Eileen West</td>
<td>2</td>
<td>31/08/07</td>
<td>Director, Freehold Company for the Residents’ Association (unpaid) Vice-Chairman, Friends of UCLH</td>
</tr>
<tr>
<td>North Central London SHA</td>
<td>Liz Lowe</td>
<td>2</td>
<td>31/08/07</td>
<td>None</td>
</tr>
<tr>
<td>National Society for Epilepsy</td>
<td>Graham Faulkner</td>
<td>2</td>
<td>31/08/07</td>
<td>Chief Executive, National Society for Epilepsy Member of Finance &amp; Management Committee, The Social Care Association</td>
</tr>
<tr>
<td>London Specialist Commissioner</td>
<td>Sue McLellen</td>
<td>2</td>
<td>31/08/07</td>
<td>Head of Specialised Commissioning, London Specialised Commissioning Group London Specialised Commissioning Group</td>
</tr>
</tbody>
</table>

**Council Members’ Expenses**

The total expenses reimbursed to Council Members for costs incurred while carrying out their duties in 2005/2006 was £6,566

**MEMBERSHIP**

**Membership Constituencies**

The three constituencies comprising the membership of the Trust are:

**Public Constituency**

To be a public member you **must** be a resident in the following areas; Camden, Islington, Westminster; the wards of Marylebone High Street, West End or St James and the City of London; the wards of Farringdon Without, Farringdon Within, Aldersgate, Cripplegate, Bassishaw, Cheap, Cordwainer, Walbrook, Vintry, Queenhithe, Castle Baynard, Bread Street, Coleman Street, Dowgate.
Patient Constituency

This constituency is divided into four classes:

- Local patient – patients living in the local area as defined above.
- Regional patient – patients living outside the local area, but within Greater London.
- National patient – patients living outside Greater London; and,
- Patient carer – an unpaid carer of a UCLH patient.

Patient members must have been a patient of UCLH in the last 3 years

Staff Constituency

The staff constituency includes staff who are employees of UCLH and staff who provide a service for the Trust through a contract of employment. This right is explained on appointment and on the staff Intranet. Staff members also have the right to opt out of membership, only 12 chose to do so in 05/06. The staff constituency is divided into four classes:

- Consultants, doctors & dentists;
- Nursing and midwives;
- Health care assistant (HCA) support, scientific, therapeutic and technical; and
- Administration and clerical (including senior managers), estates and auxiliary.

All members are eligible to vote in elections and to be elected to the Members’ Council.

Membership Targets and Recruitment

As a Trust we face real challenges developing our membership as not only are our patients referred from across the UK, but our local area which is dominated by significant office buildings, shops and major transport routes, inhibits meaningful engagement. Therefore, at the end of 04/05 we set ourselves a challenging yet realistic target – to double our public and patient membership body, which we achieved with the help and support of the Council.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Start of year</td>
<td>287</td>
<td>543</td>
</tr>
<tr>
<td>New Members</td>
<td>288</td>
<td>-</td>
</tr>
<tr>
<td>Members leaving</td>
<td>32</td>
<td>-</td>
</tr>
<tr>
<td>Year End</td>
<td>543 (against a target of 500)</td>
<td>800(target)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Staff Constituency</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Start of year</td>
<td>6,855</td>
<td>c 6,600</td>
</tr>
<tr>
<td>New Members</td>
<td>No material change</td>
<td>No material change</td>
</tr>
<tr>
<td>Members leaving</td>
<td>32</td>
<td>1</td>
</tr>
<tr>
<td>Year End</td>
<td>c 6,600</td>
<td>c 6,600</td>
</tr>
</tbody>
</table>
**Patient Constituency**

<table>
<thead>
<tr>
<th></th>
<th>Start of year</th>
<th>3,051</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Members</td>
<td>1,715</td>
<td></td>
</tr>
<tr>
<td>Members leaving</td>
<td>104</td>
<td></td>
</tr>
<tr>
<td>Year End</td>
<td>3,051 (against a target of 3,000)</td>
<td>4,800 (target)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>10,194</td>
<td>12,200</td>
</tr>
</tbody>
</table>

**Growing a Representative Membership**

We realised that recruiting members required us to focus on a wide range of activities using the most cost effective recruitment methods, and not repeating less effective methods such as mail drops used in 04/05.

Recruitment methods include:
- Council Members visiting clinics, talking to patients about membership and encouraging them to join;
- using the atrium space in the new University College Hospital to set up a recruitment stand;
- Application forms dispatched with outpatient appointment letters. Whilst not as effective as recruiting in person, it has ensured a steady rise in membership numbers;
- Adverts in local press; and,
- A Membership stand at the Trust’s public open evening manned by Council Members.

Going forward, our primary focus is to continue to grow and evolve the membership body so it can fully represent our patients and local public. At the same time we want to increase the representation in specific areas in terms of age, gender and ethnicity. After analysis of our membership it is acknowledged that we need to increase our numbers of younger members, particularly those aged 14 – 25.

To address this, the Communications & Membership Group have begun a programme of engaging with local secondary schools. Council Members, including a staff member, have offered to go to talk to students as part of their citizenship studies informing them of the work the Council, the events we organise for our members, and offer them the chance to become involved through membership.

We are also setting up a number of meetings with local ethnic community groups where we have slight under representation.

**Engaging our Members**

The Trust recognises the importance and mutual benefits associated with developing an open dialogue with our members. Central to this is the role played by the high quality patient care working group, which has devised a patient questionnaire in order to gain real and honest views from patients about their experiences at our hospitals. The results will be analysed and used to help improve the service we offer.

We have also developed an event programme based on feedback from members to enable our patient and public members to learn more about the Trust and the latest developments in medical research taking place. Events have included “MRSA & Infection – The Facts” led by a world leading microbiologist and member of the infection team, and “Tours of UCH” where members were given the opportunity to visit departments and see how some of the new leading edge technology will help improve patient care. Feedback from our events has been overwhelmingly positive, and we will continue to encourage our members to suggest topics for future events.
The 2005-06 financial year saw the opening of the new hospital on Euston Road; the largest NHS Private Finance Initiative (PFI) scheme to date. The transfer of patient services to the new hospital represented possibly the most complex series of hospital moves in the history of the NHS. Financially this major development required a fundamental reorganisation of budgets to accommodate both the new payment mechanisms for the new hospital PFI and a new infrastructure for staffing and non pay costs.

Although this significant and complex transition was completed without any serious incident affecting the care of patients, it did lead to a considerable in-year financial deficit. This deficit arose largely from a shortfall in the numbers of patients treated compared to our plan, causing reduced income, and greater transition and double running costs than had been planned for.

A reduction in the number of patients treated was also experienced due to the terrorist attacks in the immediate vicinity on 7 July 2005. This resulted in disruption to transport links to all of the Trust’s hospitals reducing the ability of patients to travel to UCLH from many of the 300 Primary Care Trusts that commission services from us.

The uniquely challenging year also included a number of other extremely complex projects. The Trust became the first in London to roll-out phase 1 of the Electronic Patient Record (EPR) system, which coincided with the opening of the new hospital. The Trust Board of Directors receives regular reports about progress on the outstanding phases (2-5) and the operation and development of phase 1. Contract penalties are in place to ensure the Trust is compensated for the delays in implementation which have occurred during the roll out programme to date.

We also continued to take forward a major programme of estate development and rationalisation in line with our strategic estate development plans. During this year two properties were disposed of as planned (the National Temperance Hospital and the Elisabeth Garrett Anderson Hospital) for a combined sum of £46 million before costs. These transactions, part of the planned reconfiguration of our estate, provided a material financial benefit to the Trust and eased cash flow during this time of operational and financial turbulence.

The estate development also continued apace with a total of £23.3 million investment in our estate, plant and equipment during the year. Notable investments at aiming improving clinical, research and patient facilities came to fruition including: the re-opening of the Royal London Homeopathic hospital following refurbishment, of which £1.5m fell in 2005/06; the opening of the Hatter Cardiovascular Institute, at a cost of £3.3m; and the refurbishment of the building costing £2.2m. The Trust also invested nearly £23.3 million in equipment specifically for the new hospital, £19.3 million of which was leased. This major investment programme provides the Trust with first class facilities and equipment to further enhance its services, reputation and future prospects.

Foundation Trust status allows the Trust to operate more independently and develop more commercial services for patients. However Foundation Trusts are still bound by NHS agreements and procedures. We work in line with contracts agreed with Primary Care Trusts and are bound by centrally negotiated pay agreements. The introduction of the new Consultants Contract and the continued Agenda for Change roll out has resulted in material financial pressures for the Trust during the year. Furthermore, income for the Trust is largely driven by the national system of Payment by Results (PbR). Whilst PbR does bring many benefits, the Trust has concerns about the extent that specialist procedures are adequately reimbursed under the existing tariff and we continue to work to improve the sensitivity of the national tariff in this area important to the Trust. We are also concerned that the reimbursement levels within the PbR tariff rates do not adequately reflect the ongoing costs of PFI, a concern shared by other Trusts with PFI developments.

So while externally imposed NHS pressures were not the primary cause of the Trust’s financial deficit, they did contribute additional financial challenges on top of the issues associated with the transition to the new hospital. This transition, although planned for carefully and at considerable length, presented greater operational and financial challenges to the Trust than expected. The complex business case for the new hospital was developed in the late 1990s but was being implemented in a very different operational and financial environment than that envisaged at that time.

Implementation brought to light a number of assumptions in the business case around savings and efficiencies that were either no longer valid or much more challenging to meet than originally predicted.

As a consequence, activity related income was £18.2 million lower than planned predominantly because we treated fewer patients than planned. The increased estates cost of running two hospitals for a prolonged period of time was £10.5 million more than had been forecast. These largely non recurrent issues, together with the other challenges detailed above, took place within the context of probably the most severe financial crisis in the recent history of the NHS. This meant that the Trust was not able to achieve its financial plan for the year and contributed to an Income and Expenditure deficit of £35.9 million against an original planned deficit of £6 million.

As a result of this deficit, the Trust has been working closely with Monitor, the regulator for NHS Foundation Trusts since November 2005, and has developed a detailed Financial Recovery Plan to return the trust to income and expenditure balance over the next two financial years. The recovery plan consists of over 30 initial projects designed to improve the efficiency, effectiveness and economy of the Trust and deliver best practice across both clinical and administrative functions for the benefit of patients.

The deficit, of course, created pressures on our cash flow. This made it difficult at times to pay all our suppliers as promptly as we would like. Our cash position is now healthier and the speed with which we are paying suppliers is now improving.

The coming year is expected to be as challenging as 2005-06 as the Trust rolls out its recovery plan and begins preparations for the opening of phase 2 of the new hospital project in 2008.

However, the Trust now looks forward confidently to maximising the benefits of its investment in world class facilities with the help of our excellent clinical and support staff. We believe we are in a strong position to gain from the increased funding developing the Patients’ Choice and Payment by Results initiatives. Although these initiatives can have both negative and positive implications, the Trust has strengthened its ability to respond to the needs and preferences of patients, and to promote our services, in order to ensure we are the place where patients choose to come for treatment. This strengthened ability, together with an increasing commercial focus, means the Trust is confident that it can continue to prosper within the confines of NHS funding while developing new sources of revenue. We therefore believe we are in a strong position to move to surplus once the current financial challenges have been resolved.

Michael Foster
Finance Director
19 June 2006
Summary Financial Statements

Only the summary financial statements are presented here, which summarise the main issues in the full accounts which were presented to Parliament pursuant to Schedule 1, paragraphs 24 and 25 of the Health and Social Care (Community Health and Standards) Act 2003. The full accounts are available on application to: The Chief Accountant, University College London Hospitals NHS Foundation Trust, 2nd Floor, 140 Hampstead Road, London, NW1 2BX.

Income and Expenditure Account
for the year ended 31 March 2006

<table>
<thead>
<tr>
<th></th>
<th>12 months £000s</th>
<th>(Restated) 9 Months £000s</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income from activities</td>
<td>332,528</td>
<td>244,900</td>
</tr>
<tr>
<td>Other operating income</td>
<td>129,650</td>
<td>97,929</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>(495,858)</td>
<td>(347,471)</td>
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<tr>
<td>OPERATING DEFICIT</td>
<td>(33,680)</td>
<td>(4,642)</td>
</tr>
<tr>
<td>Profit on disposal of fixed assets</td>
<td>7,462</td>
<td>362</td>
</tr>
<tr>
<td>DEFICIT BEFORE NET FINANCING COSTS</td>
<td>(26,218)</td>
<td>(4,280)</td>
</tr>
<tr>
<td>Net Financing Costs</td>
<td>3,515</td>
<td>1,107</td>
</tr>
<tr>
<td>DEFICIT FOR THE YEAR</td>
<td>(22,703)</td>
<td>(3,173)</td>
</tr>
<tr>
<td>Public Dividend Capital dividends payable</td>
<td>(13,237)</td>
<td>(10,691)</td>
</tr>
<tr>
<td>RETAINED DEFICIT FOR THE YEAR</td>
<td>(35,940)</td>
<td>(13,864)</td>
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</table>

Mike Foster
Finance Director
19 June 2006
## BALANCE SHEET
### as at 31 March 2006

<table>
<thead>
<tr>
<th></th>
<th>31 March 2006 £000s</th>
<th>31 March 2005 £000s</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FIXED ASSETS</strong></td>
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</tr>
<tr>
<td>Intangible fixed assets</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Tangible fixed assets</td>
<td>360,430</td>
<td>388,960</td>
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<tr>
<td><strong>CURRENT ASSETS</strong></td>
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</tr>
<tr>
<td>Stocks and work in progress</td>
<td>9,226</td>
<td>11,595</td>
</tr>
<tr>
<td>Debtors</td>
<td>57,528</td>
<td>64,857</td>
</tr>
<tr>
<td>Investments</td>
<td>22,844</td>
<td>22,071</td>
</tr>
<tr>
<td>Cash at bank and in hand</td>
<td>39,792</td>
<td>4,498</td>
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<tr>
<td><strong>CREDITORS:</strong> Amounts falling due within one year</td>
<td>(123,472)</td>
<td>(79,932)</td>
</tr>
<tr>
<td><strong>NET CURRENT ASSETS</strong></td>
<td>5,918</td>
<td>23,089</td>
</tr>
<tr>
<td><strong>DEBTORS:</strong> Amounts falling due after more than one year</td>
<td>44,329</td>
<td>4,164</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS LESS CURRENT LIABILITIES</strong></td>
<td>410,677</td>
<td>416,213</td>
</tr>
<tr>
<td><strong>CREDITORS:</strong> Amounts falling due after more than one year</td>
<td>(2,183)</td>
<td>(6,742)</td>
</tr>
<tr>
<td><strong>PROVISIONS FOR LIABILITIES AND CHARGES</strong></td>
<td>(10,411)</td>
<td>(8,098)</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS EMPLOYED</strong></td>
<td>398,083</td>
<td>401,373</td>
</tr>
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</table>

### FINANCED BY: TAXPAYERS’ EQUITY

<table>
<thead>
<tr>
<th></th>
<th>31 March 2006 £000s</th>
<th>31 March 2005 £000s</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public dividend capital</td>
<td>219,570</td>
<td>198,795</td>
</tr>
<tr>
<td>Revaluation reserve</td>
<td>149,062</td>
<td>168,690</td>
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<tr>
<td>Donated asset reserve</td>
<td>33,083</td>
<td>24,777</td>
</tr>
<tr>
<td>Government grant reserve</td>
<td>0</td>
<td>1,300</td>
</tr>
<tr>
<td>Other reserves</td>
<td>4,073</td>
<td>4,073</td>
</tr>
<tr>
<td>Income and expenditure reserve</td>
<td>(7,705)</td>
<td>3,738</td>
</tr>
<tr>
<td><strong>TOTAL TAXPAYERS EQUITY</strong></td>
<td>398,083</td>
<td>401,373</td>
</tr>
</tbody>
</table>

The Trust had a prudential borrowing limit of £77 million for the 12 months to 31 March 2006 but did not need to use this facility.

Income generated from private patients cannot exceed the Private Patient Income cap as set out by the terms of authorisation. Private patient income for the 12 months to 31 March 2006 was £9,854,000 out of total patient related income of £332,528,000. This is 2.96%, well below the cap of 5.9%.

The Trust’s policy is to pay all suppliers within 30 days of receiving the invoice. The Trust made no payments under the Late Payment of Commercial Debts (Interest) Act 1998 in the 12 months to 31 March 2006.
Cash Flow Statement  
for the year ended 31 March 2006

<table>
<thead>
<tr>
<th></th>
<th>12 months £000s</th>
<th>9 months £000s</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>OPERATING ACTIVITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net cash (outflow) / inflow from operating activities</td>
<td>(9,698)</td>
<td>26,960</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>4,198</td>
<td>1,425</td>
</tr>
<tr>
<td>Interest paid</td>
<td>(604)</td>
<td>(9)</td>
</tr>
<tr>
<td>Interest element of finance leases</td>
<td>0</td>
<td>(294)</td>
</tr>
<tr>
<td>Net cash inflow from returns on investments and servicing of finance</td>
<td>3,594</td>
<td>1,122</td>
</tr>
<tr>
<td><strong>TAXATION</strong></td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>CAPITAL EXPENDITURE</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payments to acquire tangible fixed assets</td>
<td>(25,206)</td>
<td>(22,964)</td>
</tr>
<tr>
<td>Receipts from sale of tangible fixed assets</td>
<td>46,512</td>
<td>12,521</td>
</tr>
<tr>
<td>(Payments to acquire)/receipts from sale of intangible assets</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>(Payments to acquire)/receipts from sale of fixed asset investments</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Net cash inflow / (outflow) from capital expenditure</td>
<td>21,306</td>
<td>(10,443)</td>
</tr>
<tr>
<td><strong>DIVIDENDS PAID</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(13,237)</td>
<td>(10,691)</td>
</tr>
<tr>
<td>Net cash inflow before management of liquid resources and financing</td>
<td>1,965</td>
<td>6,948</td>
</tr>
<tr>
<td><strong>MANAGEMENT OF LIQUID RESOURCES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase of investments</td>
<td>(773)</td>
<td>(562)</td>
</tr>
<tr>
<td>Sale of investments</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Net cash outflow from management of liquid resources</td>
<td>(773)</td>
<td>(562)</td>
</tr>
<tr>
<td>Net cash inflow before financing</td>
<td>1,192</td>
<td>6,386</td>
</tr>
<tr>
<td><strong>FINANCING</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public dividend capital received</td>
<td>36,825</td>
<td>42,599</td>
</tr>
<tr>
<td>Public dividend capital repaid (not previously accrued)</td>
<td>(16,050)</td>
<td>(53,900)</td>
</tr>
<tr>
<td>Public dividend capital repaid (accrued in prior period)</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>FTFF loans received</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Other loans received</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>FTFF loans repaid</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Other loans repaid</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Other capital receipts</td>
<td>13,327</td>
<td>7,936</td>
</tr>
<tr>
<td>Capital element of finance leases</td>
<td>0</td>
<td>(455)</td>
</tr>
<tr>
<td>Net cash inflow / (outflow) from financing</td>
<td>34,102</td>
<td>(3,820)</td>
</tr>
<tr>
<td>Increase in cash</td>
<td>35,294</td>
<td>2,566</td>
</tr>
</tbody>
</table>
Statement of Total Recognised Gains and Losses for the year ended 31 March 2006

<table>
<thead>
<tr>
<th>12 months</th>
<th>9 months</th>
</tr>
</thead>
<tbody>
<tr>
<td>£000s</td>
<td>£000s</td>
</tr>
<tr>
<td>Deficit for the financial year before dividend payments</td>
<td>(22,703)</td>
</tr>
<tr>
<td>Fixed asset impairment losses</td>
<td>(5,967)</td>
</tr>
<tr>
<td>Unrealised surplus / (deficit) on fixed asset revaluations/indexation</td>
<td>9,745</td>
</tr>
<tr>
<td>Increases in the donated asset reserve due to receipt of donated financed assets</td>
<td>13,327</td>
</tr>
<tr>
<td>Reductions in the donated asset reserve due to the depreciation, impairment and disposal of donated assets</td>
<td>(1,934)</td>
</tr>
<tr>
<td>Additions/(reductions) in &quot;other reserves&quot;</td>
<td>(1,300)</td>
</tr>
<tr>
<td>Other recognised gains and losses</td>
<td>(1,996)</td>
</tr>
<tr>
<td><strong>Total recognised gains and losses for the financial year</strong></td>
<td>(10,828)</td>
</tr>
</tbody>
</table>

Prior period adjustment* | 8,001 | 0 |

**Total gains and losses recognised in the financial year** | (18,829) | (39,548) |

* Changes in NHS accounting policy in 2005/06 require that NHS Trusts should not revalue deferred assets. As this represents a change in accounting policy, the Trust has restated the deferred asset brought forward from £12.165m to £4.164m by undertaking a prior year adjustment of £8.001m through the income and expenditure reserve.

Salary and Pension entitlements of senior managers

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Directors’ Salary</th>
<th>Other Salaries</th>
<th>Pension at age 60 @ 31/3/06</th>
<th>Total accrued lump sum at age 60 @ 31/3/06</th>
<th>Real increase in pension at age 60</th>
<th>CETV* of pensions as @ 31.3.05</th>
<th>CETV* of pensions as @ 31.3.06</th>
<th>Real increase in CETV*</th>
</tr>
</thead>
<tbody>
<tr>
<td>P Dixon</td>
<td>Chairman</td>
<td>£35,000 to £40,000</td>
<td>£0 to £5,000</td>
<td>£0 to £5,000</td>
<td>£0 to £25,000</td>
<td>£0 to £25,000</td>
<td>£0 to £25,000</td>
<td>£0 to £25,000</td>
<td>£0 to £25,000</td>
</tr>
<tr>
<td>R Naylor</td>
<td>Chief Executive</td>
<td>£170,000 to £175,000</td>
<td>£0 to £5,000</td>
<td>£215 to £217.5</td>
<td>£2.5 to 5</td>
<td>£7.5 to 10</td>
<td>£671 to £672</td>
<td>£756 to £757</td>
<td>£59 to £60</td>
</tr>
<tr>
<td>Professor D Fish</td>
<td>Clinical Director</td>
<td>£25,000 to £30,000</td>
<td>£0 to £5,000</td>
<td>£50 to £52.5</td>
<td>£2.5 to 5</td>
<td>£7.5 to 10</td>
<td>£671 to £672</td>
<td>£756 to £757</td>
<td>£59 to £60</td>
</tr>
<tr>
<td>Dr A Webb</td>
<td>Clinical Director</td>
<td>£25,000 to £30,000</td>
<td>£0 to £5,000</td>
<td>£150 to £152.5</td>
<td>£2.5 to 5</td>
<td>£7.5 to 10</td>
<td>£671 to £672</td>
<td>£756 to £757</td>
<td>£59 to £60</td>
</tr>
<tr>
<td>Professor T Mundy</td>
<td>Medical Director</td>
<td>£35,000 to £40,000</td>
<td>£0 to £5,000</td>
<td>£47.5 to £50</td>
<td>£2.5 to 5</td>
<td>£7.5 to 10</td>
<td>£671 to £672</td>
<td>£756 to £757</td>
<td>£59 to £60</td>
</tr>
<tr>
<td>ML Boden</td>
<td>Director of Quality</td>
<td>£100,000 to £105,000</td>
<td>£0 to £5,000</td>
<td>£142.5 to £145</td>
<td>£2.5 to 5</td>
<td>£7.5 to 10</td>
<td>£671 to £672</td>
<td>£756 to £757</td>
<td>£59 to £60</td>
</tr>
<tr>
<td>PH Burroughs</td>
<td>Development Director</td>
<td>£145,000 to £150,000</td>
<td>£0 to £5,000</td>
<td>£242.5 to £245</td>
<td>£2.5 to 5</td>
<td>£7.5 to 10</td>
<td>£671 to £672</td>
<td>£756 to £757</td>
<td>£59 to £60</td>
</tr>
<tr>
<td>MP Foster</td>
<td>Finance Director</td>
<td>£135,000 to £140,000</td>
<td>£0 to £5,000</td>
<td>£167.5 to £170</td>
<td>£2.5 to 5</td>
<td>£7.5 to 10</td>
<td>£671 to £672</td>
<td>£756 to £757</td>
<td>£59 to £60</td>
</tr>
<tr>
<td>D Amos</td>
<td>Director of Workforce</td>
<td>£115,000 to £120,000</td>
<td>£0 to £5,000</td>
<td>£65 to £67.5</td>
<td>£2.5 to 5</td>
<td>£7.5 to 10</td>
<td>£671 to £672</td>
<td>£756 to £757</td>
<td>£59 to £60</td>
</tr>
<tr>
<td>P Brading</td>
<td>Non-Executive Director</td>
<td>£10,000 to £15,000</td>
<td>£0 to £5,000</td>
<td>£0 to £5,000</td>
<td>£0 to £5,000</td>
<td>£0 to £5,000</td>
<td>£0 to £5,000</td>
<td>£0 to £5,000</td>
<td>£0 to £5,000</td>
</tr>
<tr>
<td>Sr N Monck</td>
<td>Non-Executive Director</td>
<td>£10,000 to £15,000</td>
<td>£0 to £5,000</td>
<td>£0 to £5,000</td>
<td>£0 to £5,000</td>
<td>£0 to £5,000</td>
<td>£0 to £5,000</td>
<td>£0 to £5,000</td>
<td>£0 to £5,000</td>
</tr>
<tr>
<td>N Carrington (*1)</td>
<td>Non-Executive Director</td>
<td>£5,000 to £10,000</td>
<td>£0 to £5,000</td>
<td>£0 to £5,000</td>
<td>£0 to £5,000</td>
<td>£0 to £5,000</td>
<td>£0 to £5,000</td>
<td>£0 to £5,000</td>
<td>£0 to £5,000</td>
</tr>
<tr>
<td>M Cosin (*2)</td>
<td>Non-Executive Director</td>
<td>£5,000 to £10,000</td>
<td>£0 to £5,000</td>
<td>£0 to £5,000</td>
<td>£0 to £5,000</td>
<td>£0 to £5,000</td>
<td>£0 to £5,000</td>
<td>£0 to £5,000</td>
<td>£0 to £5,000</td>
</tr>
<tr>
<td>L Chung</td>
<td>Non-Executive Director</td>
<td>£10,000 to £15,000</td>
<td>£0 to £5,000</td>
<td>£0 to £5,000</td>
<td>£0 to £5,000</td>
<td>£0 to £5,000</td>
<td>£0 to £5,000</td>
<td>£0 to £5,000</td>
<td>£0 to £5,000</td>
</tr>
<tr>
<td>R Frackowiak</td>
<td>Non-Executive Director</td>
<td>£10,000 to £15,000</td>
<td>£0 to £5,000</td>
<td>£0 to £5,000</td>
<td>£0 to £5,000</td>
<td>£0 to £5,000</td>
<td>£0 to £5,000</td>
<td>£0 to £5,000</td>
<td>£0 to £5,000</td>
</tr>
</tbody>
</table>

The NHS pension entitlement of all directors is determined by the rules of the NHS pension scheme, as outlined on pages 56 and 57. No entitlement is due to any senior employee under the terms of the pension arrangements available to staff who transferred with the Heart Hospital. The Trust has not exercised its option under AVCs to enhance any pension benefits. An individual's NHS entitlement is determined solely by length of service, current salary, 1/80th of the best of the last three year's salary and 3.5 times of annual pension as a lump sum.

All senior employees have the right to refuse to disclose the above information (except remuneration to the Chairman and Non-Executive Directors as appointees under the Commissioner for Public Appointment's Code of Practice) on the basis of the Data Protection Act 1998.

* CETV stand for "cash equivalent transfer value", and the requirement to disclose CETVs and the value of automatic lump sums comes from the Resource Accounting Manual (RAM).

*1 - Appointed as Non-Executive Director on 1 November 2005
*2 - Ceased to be a Non-Executive Director on 30 November 2005

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Private Finance Transactions

PFI schemes deemed to be off-balance sheet - New Hospital

A contract for the development of the new hospital was signed on 12 July 2000 with Health Management (UCLH) Plc (HMU), a consortium consisting of: AMEC Investments Ltd, Balfour Beatty Infrastructure Investments Ltd and Interserve PFI Holdings Ltd. The St Martin site was purchased in 2000/01 to provide the site for the new hospital. A 40-year-lease has been granted to HMU. The new hospital contract is to build and run the new hospital, the first phase of which opened in June 2005. This contract is due to end on 1 June 2040, at which time the building will revert to the ownership of the Trust.

The Trust is committed to pay quarterly PFI unitary charge payments which commenced with the opening of phase 1 of the development in 2005. These are initially at a reduced rate until phase 2 opens in 2008. On the opening of phase 2, the Trust will be committed to annual unitary charge building availability payments of £29.0m a year to the end of the contract in 2040 (subject to RPI).

Statement of Accounting Officer’s Responsibilities

University College London Hospitals NHS Foundation Trust – 12 months accounts to 31st March 2006

The Health and Social Care (Community Health and Standards) Act 2003 states that the Chief Executive is the accounting officer of the NHS Foundation Trust. The relevant responsibilities of the accounting officer, including their responsibility for the propriety and regularity of public finances for which they are answerable, and for the keeping of proper accounts, are set out in the accounting officers' Memorandum issued by the Independent Regulator of NHS Foundation Trusts (“MONITOR”).

Under the Health and Social Care (Community Health and Standards) Act 2003, Monitor has directed University College London Hospitals NHS Foundation Trust to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of University College London Hospitals NHS Foundation Trust and of its income and expenditure, total recognised gains and losses and cash flows for the financial year.

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

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

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

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

Robert Naylor
Chief Executive
19 June 2006
UCLH Statement of Internal Control
Foundation Trust accounts 1st April 2005 – 31st March 2006

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

2. THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL
The system of internal control within the Trust 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 partly on:

- an ongoing process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives of University College London Hospitals NHS Foundation Trust, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically and
- a framework of internal control including organisational management policies, internal and external financial audit, clinical audit, and management reporting.

The system of internal control has been in place across the Trust for the year ended 31 March 2006 and up to the date of approval of the annual report and accounts.

2005/06 – Background
The 2005/06 financial year saw the opening of the new hospital in Euston Road, the largest NHS PFI development in the history of the NHS, the roll-out of phase 1 of the Electronic Patient Record (EPR) system and continued implementation of a major programme of estate development and rationalisation.

These changes, particularly the move to the new hospital, although planned for carefully and at considerable length presented material operational and financial challenges to the Trust. These issues meant that the Trust was not able to manage its finances within its income for the year. The transfer to the new hospital was more disruptive, took more time and was more operationally challenging than had been expected.

Throughout the period however, positive liquidity was maintained and all 2005/06 revised targets agreed with Monitor, the regulator for NHS Foundation Trusts, in November 2005 were achieved.

As a consequence of the major programme of change and improvement of patient services the operational disruption experienced meant that the number of patients treated were less than had been planned meaning that the income the Trust received was lower than forecast. In addition it has taken longer to vacate the Middlesex Hospital site than had originally been planned; indeed the site will not be completely vacant until autumn 2006, again meaning a higher exposure to double running costs than had been planned for.

During this period close contact was maintained with Monitor and the necessary analytical and management action was agreed with them. This included an initial assessment and outlook on these issues and subsequently the preparation of an operational and financial turnaround plan to be implemented over the two years 2006/07 – 2007/08.

3. CAPACITY TO HANDLE RISK
The trust’s risk management strategy was implemented in October 2003. The strategy sets out the framework within which the process for the identification and management of risk operates together with the responsibility of directors, which is to ensure that the risk management framework is developed and communicated across the organisation. Their role is also to ensure that the risk management framework is implemented and adhered to on a consistent and systematic basis in respect of their own management areas.

The risk management strategy is comprehensive and covers all areas of the Trust’s business including financial, organisational, clinical and environmental risk. All employees are responsible for maintaining general risk awareness, reporting incidents, complying with trust rules, regulations and guidance, maintaining confidentiality of patient and trust information and are appropriately trained and provided with access to Trust policy and relevant operational procedures for their area of work. Refresher training on the risk strategy was provided to relevant staff during 2005 and has been provided to all new staff during the year as part of the induction process.

4. THE RISK AND CONTROL FRAMEWORK
Management and Committee Structure

Corporate Directorates are responsible for forecasting, analysing, planning and managing risks relevant to their directorate’s area of work. In addition they have a trust wide responsibility, to ensure that they are attuned to risks beyond the scope of individual directorates.

In addition, there are three Clinical Boards each led by a Medical Director with senior level Finance and HR support. Each Board consists of a number of clinical directorates. Each directorate has a Clinical Director and General Manager responsible for all management functions within their area.

In order to enhance co-ordination and advice to the Trust Board of Directors on risk matters a Risk Co-ordination Board has operated throughout 2005-06, chaired by the Chief Executive, to ensure that systems are further developed and to identify and coordinate the management of significant strategic and operational risks across the organisation.

Risk Assessment and Management Processes
The continuing development of a comprehensive UCLH NHS Foundation Trust’s Risk Register has been a core component of the risk strategy during 2005-06. There is a single central register and local registers, one for each Clinical and Corporate Directorate. The local registers have been developed and are monitored by the directorates. Material risks and those that cannot be managed by a single directorate are fed into the central risk register. The central risk register includes the following:-

- Risks to the trust’s objectives;
- Risks to the trust’s key investment and change projects;
- Top five risks from each Clinical Board of Directors;
- Key risks arising from the need to meet Standards for Better Health; and
- Key risks from topic specific assessments, such as those relating to blood transfusion or medical devices.
Assurance Framework – gaps in control or assurance

The assurance framework process has operated throughout the period 2005-06. Assessments across all directorates identify internal control issues and their potential to impact on the achievement of trust objectives. These were recorded in the trust risk register and reported to and discussed by the Board of Directors as part of the assurance framework process. The assurance framework identified risks and gaps in assurance which enabled remedial action to be taken where necessary.

The assurance framework has continued to develop and improve during 2005-06. The Board of Directors will continue to receive appropriate assurances on the achievement of the trust’s objectives which for 2006-07 include managing forward successfully the objectives of the trust operational and financial recovery plan.

The assurance framework also provides the Board of Directors with advance warning of any potential breaches of the required performance standards issued for example by Monitor, the Healthcare Commission and other regulatory bodies. During 2005-06 the major risks encountered by the Trust included the physical move to the new hospital, the implementation of the EPR and the effects of these on patient activity levels, operational and financial performance.

Risks encountered by the Trust have been classed in three broad categories for the purposes of this statement: Operational & Financial, Clinical & Workforce and Information Systems.

Operational and Financial

NHS performance targets for financial year 2005-06 have largely been achieved despite the move to the new hospital during that period. The annual plan set out the intention to move to the new hospital during 2005-06 and for services to be transferred in line with the business case which included additional patient activity to be undertaken. It should be noted that the business case did not provide for a comprehensive replacement of all facilities to replace the estate which was to be closed. In particular, key services for the running of the hospital such as pathology, medical physics, medical secretary accommodation etc needed to be reprovided during the construction period of the new hospital. This added to the already major complexity of the redevelopment programme.

In retrospect the operational planning undertaken for this major transfer of services did not recognise sufficiently the scale of the change, the extent of disruption or the necessary change in working practices necessary to drive the efficiency gains required. The consequences were a slower move than had been planned together with a greater exposure to double running costs than forecast and a subsequent shortfall against the income target required to meet the financial plan. It should be noted that as a result of the lower than planned activity levels, delays and a slower move than had been planned together with a greater exposure to double running costs than forecast and a subsequent shortfall against the income target required to meet the financial plan.

Monitoring processes were set up to ensure that these issues were contained and addressed where possible. Towards the end of the year there was both clear evidence of an improvement in the financial trends and that activity levels had recovered to plan levels. This reflected itself in material improvements in income levels in the second half-year compared to the first half-year.

Clinical and Workforce

Clinical services were maintained during the period of transition to the new hospital with the transfer taking place without a single reported serious clinical incident. Following a self-assessment process, the Trust Board submitted a declaration to the Healthcare Commission stating that, apart from one in-year-lapse which has been rectified, the Trust complied with the core standards expected of all healthcare providers during 2005/6.

Information systems

Implementation of phase 1 of the Electronic Patient Record (EPR) system and security of access to electronic records, have been key achievements during the year although the timetable slipped when compared against the plan. This development placed great pressures on all staff, both clinical and technical, to ensure that the system delivered the required functionality. In addition to the EPR development Picture Archiving and Communications System (digital imaging in radiology) was also implemented and a wireless network installed in the new hospital.

The EPR implementation process was managed by the director of information management and the EPR Project Board. Phase 1 of the system is live and its operation continues to be monitored. Improvements planned for Phases 2 to 5 remain to be implemented to the agreed timetable and discussions are currently taking place with the vendors as to the most appropriate development pathway. The Trust Board of Directors receives regular reports on the progress of the systems implementation, operation and development. Contract penalties are in place to ensure the Trust is compensated for the delays in implementation.

Although the Trust has not succeeded in taking forward its ambitious plans for EPR to full conclusion, there have been other important improvements such as PACS (Picture Archiving and Communications System – digital imaging in radiology) and a wireless network installation in the new hospital.

Public stakeholder involvement

At UCLH patient feedback is very important and during 2005 a comprehensive patient comment card system to capture patients’ views as they leave our service has been in use. This information is used for a variety of purposes including informing the risk management process at every level.

UCLH has in place a major incident policy which is regularly revised. It includes procedures for responses to a major incident such as large scale transport accidents or terrorist incidents including a chemical weapons attack; a major malfunction within the trust, such as a fire. The process was successfully tested on 7 July 2005 as a result of the terrorist incident.

Overall responsibility for major incident planning rests with the Chief Nurse, who leads on a process of regular engagement with external organisations to ensure that emergency plans are fully co-ordinated.

The trust’s Members Council has been very active during the year. It has provided a link with organisations outside the trust and has commented upon the risk management process.

5. REVIEW OF ECONOMY, EFFICIENCY AND EFFECTIVENESS OF THE USE OF RESOURCES

2005-06 was a uniquely challenging year for the Trust. The move of the Middlesex Hospital sites element of the Trust’s patient services to the new hospital was completed in December 2005. The new hospital is the largest PFI completed in the NHS to date and involved the relocation of more than 3,000 staff and changed the treatment plans and appointments of hundreds of thousands of patients over a period of six months. This complex transition was completed without detriment to the care and treatment of patients. However this significant achievement has been made at a cost to the financial economy, efficiency and effectiveness of the organisation.
The existing control and assurance processes ensured the Trust kept in close contact with Monitor throughout this period. From November 2005 Monitor required the Trust to report its position on a monthly basis. As part of this process Monitor declared that the “Trust was failing to exercise its functions in an effective, efficient and economic way and that the failing was “significant”.

In order to address the position the Trust appointed KPMG to support the process of developing an operational and financial recovery plan (FRP). The objective was to ensure that the Trust recovers from its deficit within a two year timetable. A Recovery Plan was prepared and approved by the Board which was subsequently accepted by Monitor in May 2006.

A professional opinion on the Recovery Plan was commissioned by the Trust which stated:

- The Trust has developed a reasonable and achievable plan
- No revenue growth has been assumed but with strong marketing may be achieved
- The Trust’s approach to the FRP provides a balanced view of risk
- Management capacity is a key risk

Changes were already underway to address the management structure of the Trust. This will enable the Chief Executive to operate with a reduced span of control and concentrate on the management and implementation of the plan. The two most significant developments are the establishment of a Deputy Chief Executive position and the appointment of a temporary Turnaround Director to lead the turnaround process, reporting to the Chief Executive. A new Director of Service Development and Marketing started at the Trust in February 2006.

6. REVIEW OF EFFECTIVENESS

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

The system of internal control incorporates an ongoing risk management process designed to identify the principal risks that could impact on the achievement of the organisation’s objectives. The nature and extent of those risks is evaluated and strategies to manage them efficiently, effectively and economically are put in place. The system of internal control is underpinned by compliance with the Healthcare Commission’s Standards for Better Health. Key aspects of the system include:

- Objectives for 2006-07 are agreed by the Board of Directors.
- The Audit Committee together with the Governance department have reviewed the assurance framework and will be recommending further developments and improvements in the approach to the Board of Directors.
- The risk strategy, implemented in October 2003, is to be reviewed during 2006-07. The Risk Co-ordination Board oversees the risk assessment process and reports, via the Hospital Management Board, to the Board of Directors on significant issues.
- The trust has completed a self-assessment exercise against the Standards for Better Health and action plans have been developed and implemented to improve control as appropriate and this process will be developed further during 2006.
- The trust has in place arrangements to monitor, as part of its risk identification and management processes, compliance with other key standards such as those for Health and Safety, Clinical Negligence Scheme for Trusts and the NHS Litigation Authority.
- Risk awareness training has been provided for staff throughout the trust.
- The in-house internal audit team works closely with trust directors, senior staff and external audit to ensure that the fundamental financial systems and trust wide high risk areas are reviewed and significant issues reported to the Board of Directors.

7. CONCLUSION

The 2005-06 financial year saw the opening of the new hospital on Euston Road, the largest and most ambitious NHS Private Finance Initiative (PFI) scheme to date, together with a major programme of IM&T developments and very substantial agenda of service reprovision and estate rationalisation.

This uniquely challenging year placed great pressure on the internal controls and management processes within the Trust. The incidence of these pressures has not previously been experienced by the Trust. With hindsight more could have been done to plan for and manage such turbulence.

The Trust recognises the need to continuously improve its Internal Controls and planning. As a result the Trust has identified the areas where controls need to be strengthened and has worked closely with Monitor to develop a detailed Recovery Plan.

The recovery plan consists of over 30 initial projects designed to improve the efficiency, effectiveness and economy of the Trust and deliver best practice across both clinical and administrative functions for the benefit of patients. Within this the Trust is driving forward a Financial Control work stream which is designed to improve financial management across the Trust and strengthen financial systems, accountability for performance and financial processes.

Now that the major programme of service transfers is largely concluded and patient activity has returned to plan levels we are confident that the worst of the financial turbulence is behind us. We are now focusing on improving our management control processes, taking forward the Financial Control Review and executing the Recovery Plan.

Robert Naylor
Chief Executive
19 June 2006
Independent auditor's statement to the Members' Council of University College London Hospitals NHS Foundation Trust

I have examined the summary financial statements of University College London Hospitals NHS Foundation Trust.

This statement is made solely to the Members’ Council of University College London Hospitals NHS Foundation Trust as a body in accordance with the Health and Social Care (Community Health and Standards) Act 2003. My work was undertaken so that I might state to the Members Council those matters I am required to state to it in an Auditor’s report and for no other purpose. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the Foundation Trust, for my audit work, for this report or for the opinion I form.

Respective responsibilities of Directors and auditor

The Directors are responsible for preparing the Annual Report. My responsibility is to report to you my opinion on the consistency of the summary financial statements with the statutory financial statements. I also read the other information contained in the Annual Report and consider the implications for my report if I become aware of any misstatements or material inconsistencies with the summary financial statements. I have not considered the effects of any events that have occurred between the date of my audit report on the annual accounts and today's date.

Basis of opinion

I conducted my work in accordance with Bulletin 1999/6 'The auditor's statement on the summary financial statements' issued by the Auditing Practices Board for use in the United Kingdom.

Opinion

In my opinion the summary financial statements are consistent with the statutory financial statements of the Trust for the year ended 31 March 2006 on which I have issued an unqualified opinion.

Other matter

The Health and Social Care (Community Health and Standards) Act 2003 and the Audit Code for NHS Foundation Trusts issued by the Independent Regulator of NHS Foundation Trusts require me to satisfy myself that the Trust has put in place adequate arrangements for securing economy, efficiency and effectiveness in the use of resources.

In my audit report I stated:

"For the financial year ended 31 March 2006 University College London Hospitals NHS Foundation Trust has reported a deficit of £36 million. On 29 November 2005 the Board of Monitor, the Independent Regulator of NHS Foundation Trusts, concluded through its monitoring programme that “the Trust was failing to exercise its functions in an effective, efficient and economic way and that the failing was ‘significant’”. I have therefore been unable to satisfy myself that the Trust has put in place adequate arrangements for securing economy, efficiency and effectiveness in its use of resources."

Susan M Exton
(Officer of the Audit Commission)
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