Homerton University Hospital NHS
NHS Foundation Trust

Annual plan 2005/06

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1.0 Past year performance

1.1 Chief Executive's summary of the year

2004/5 was a significant year for Homerton University Hospital. As with other years, the hospital made good ground with both its strategic and service development plans, and managed its performance effectively. Unlike other years, it did this against the backdrop of two significant turning points in the history of the hospital, namely, the move to foundation status and the introduction of a complex highly integrated IT structure (EPR) for patient and information management.

Whilst holding firmly to our mission as "the hospital for Hackney", the strategic decision to increase our place as a provider of a defined range of specialist and elective services for the wider north east London communities has been the correct one and is increasingly coming to fruition. An additional operating theatre opened this year, allowing us to increase surgical throughput, a breast cancer diagnostics service was launched and funding secured to support the development of the perinatal centre. Significant investment has gone into the development of a new lecture theatre, supporting the Homerton's place as an academic institution.

Local patients attending the A&E department requiring primary care intervention now have a dedicated service, this being the culmination of an important joint hospital/PCT initiative.

The Homerton's strategy to be at the vanguard of innovation and modernisation in the NHS relates primarily to the anticipated gains for patient and resource management. It is also for us an end in its own right, in that we seek to be identified as specialists in NHS innovation. The implementation of EPR this year, which was undoubtedly a momentous event in the life of the hospital, puts us ahead of the national IT agenda.

Equally significant has been our establishment as a foundation trust. The rigour this has brought to our business and risk management arrangements and the closeness to our community has, as with EPR, been more than worth the initial pain.

1.2 Summary of financial performance 2004/5

The financial appendices show the Trust's reported performance for the previous year in detail. The table below shows the key financial metrics as reported to Monitor using the draft Compliance regime. As can be seen, the Trust's risk rating was 2 at the year end, with the reported risk reducing towards the end of the year as additional income was earned from increased productivity.

Overall, the unaudited Trust figures showed a small surplus of £10k. The Trust drew down £400,000 of a £9 million loan facility from the Department of Health Financing Facility.

Financial metrics as at March 31st 2005 based on draft compliance regime

Metric	**Plan**	**Actual**	**Rating**
Normalised EBITDA margin	8.2%	6.8%	3
Normalised EBITDA, % achieved	N/A	87.4%	2
Return on assets	3.6%	3.1%	3
I&E surplus margin	0.5%	0.0%	3
Days cash in hand	22.6	33.4	2
Trade debtor days	8.61	15.98	2
Trade creditor days	27.95	19.08	1
Weighted Average			2.4

1.3 Other major issues

The last year has seen both a change in the trust's auditors and the replacement of a non-executive director. In each case, the appointment process employed was that set out by the foundation trust constitution and it was rewarding to see this work well in operation. Considerable effort has also had to be made in the last year to ensure a functioning Council of Governors capable of fulfilling its key roles, including those referred to above, in the governance of the trust. Our membership plan supports the continued growth, development and contribution of a representative membership.

However, of greater operational significance, were the issues which emanated from EPR implementation. The power and potential of sophisticated EPR systems cannot be questioned; however the implementation costs are high. Operational performance dipped in a number of areas at the time of implementation and,

although this was a relatively short lived phenomenon, the resource requirement to correct it was not insignificant.

The delay in embedding the information management component of the EPR system continues to be a major concern for the Trust. As a consequence we have been unable to produce robust activity data in certain areas with a resultant negative impact on income recovery. Whilst we have a clear timetable and robust action plan for correcting this situation, it has been unsatisfactory.

As the designated hospital for London's bid to host the 2012 Olympic and Para-Olympic Games, Homerton was represented on the panel presenting to the International Olympic Committee assessment committee during its visit to London in February. Should the bid be successful, the opportunities for this hospital and the community we serve will be far reaching, providing an unprecedented level of regeneration into the area.

2.0 Changes to Business Plan and Governance

The purpose of this section is to understand significant changes of direction to the organisation's future service strategy, and the assumptions behind them.

2.1 Strategic overview

Since submitting the Service Development Strategy in 2003/4, there has been development in several areas of national policy. The impact of these is outlined below:

2.1.1 Payment by Results (PBR)

Key changes to the Trust's financial forecasts have been brought about by changes in the national price tariff and to revisions in the three year capacity plan agreed with our host PCT. In particular, the Trust was adversely affected by the change in tariff currencies and by the A&E tariff. We have revised our forecasts accordingly. However, it should be noted that the Trust is still a net gainer under the national tariff and that its plans for development are still affordable. The key area of development specifically related to PBR will be around gaining a greater understanding of our cost base through the utilisation of our new information and financial systems.

2.1.2 Independent Sector Provision

The shift towards increasing independent sector provision within healthcare is a policy which the Trust will be planning for over the next two years. The Trust will explore opportunities to work with independent sector providers, but is also very clear that there are some significant risks in terms of potential loss of activity from the Trust.

2.1.3 Choose and Book

The organisation is working closely with City and Hackney PCT to implement the Choose and Book initiative by December 2005 and to ensure that the implications are fully understood. Again this policy provides an opportunity in the form of attracting new activity from surrounding areas. However, the Trust also needs to be concerned about the potential of activity flowing to alternative providers and eroding the existing activity baseline. We will take action in year to mitigate this risk through closer working with other PCTs and their GPs.

2.1.4 Practice Based Commissioning

Practice based commissioning will be introduced over the forthcoming year. It will be necessary to ensure that timely and accurate information can be distributed to the commissioning GPs. It will also require an enhanced level of liaison between hospital clinicians and managers and the individual GP practices, to ensure that the provision of services within the Trust is geared to the requirements of the GPs and their patients.

To ensure that these changes are planned for appropriately within the Trust, a Business and Service Planning Manager has been appointed to manage those

relationships. In addition, the Trust is well advanced in its plans to utilise the technology provided by the National Programme for IT "Secondary User Service" so that the efficient exchange of information happens as early as possible.

In addition to national developments there have also been local changes that the Trust has had to accommodate:

2.1.5 IT modernisation - EPR

In 2004/5 the trust implemented a new Electronic Patient Record system. Whilst this has brought about significant clinical and organisational benefits, the ability to report data has been hampered, and significant additional resources have been allocated to the project to ensure that data quality returns to the previously high level. This is a priority for the trust in the first months of 2005/6. The consequences of not addressing these issues are that we will not be able to recover sufficient income under the Payment by Results regime.

The next phase of the roll-out of EPR will include new pharmacy and surgical modules, both of which will be designed to bring significant clinical and productivity benefits to the Trust. The financial projections assume a £600,000 cost reduction in 2005/6, rising to £1.2 million in 2007/8 and detailed project are being developed to ensure that this reduction is delivered.

2.1.6 IT modernisation – business processes

The Trust is engaged in a long term project to use IT to enhance business processes. A new financial and procurement system is due to Go Live in early 2005/6, and this will allow the hospital to overhaul many of its paper-based processes. It will also allow the organisation to take advantage of leading-edge procurement processes which will allow further reductions to our cost base.

2.1.7 Capacity plan

The Trust has developed a capacity plan for the next three years in conjunction with its host PCT. The three year plan incorporates the developments planned by the PCT which will have a direct impact on the activity flows to the Trust. It is clear that the Trust needs to ensure that the capacity available within the organisation matches the demand on services in the future and that we are poised to meet all relevant core standards and targets, and in particular the18 week wait target in 2008. In addition the Trust will need to respond to the population growth in the Thames Gateway, as previously identified in the Service Development Strategy.

2.1.8 Interface services

A significant amount of joint planning work is being undertaken to develop services which will provide an alternative to both hospital admission and to a secondary care referral. It is clear that, as services are developed in primary and community settings, any necessary capacity changes are implemented within the Trust. The optimal level of capacity needs to be maintained.

2.1.9 Strategic objectives

The Trust has developed an internal business plan for 2005/6 which outlines the detailed plans needed for meeting our core activity and financial targets, and also five overarching developmental corporate objectives:

- To undertake a systematic review of the processes and structures in place for supporting patients and the public in their use of the hospital
- To increase confidence and competence across the organisation in the use of informatics systems
- To strengthen the trust's business acumen and performance
- To increase the availability and use of clinical information in the hospital
- To promote in a planned way a pre-determined range of services or activities with a view to expanding our revenue base and enhancing our reputation

The Assurance Framework provides an assessment of the risks associated with the Trust achieving its corporate objectives (See section 3).

2.2 Service Development Plans

The Trust will make significant progress with the following service developments in 2005/6.

2.2.1 Perinatal Centre

The Trust has been designated as a Perinatal Centre for north east London. An additional neonatal intensive care cot will be available in 2005/6 with an additional seven becoming available towards the end of 2006/7. This development will be supported by a planned increased in maternity facility and service provision. A business case is being developed to support the necessary capital investment in infrastructure. This development will be funded from a loan agreed by the Department of Health Financing Facility.

2.2.2 Endoscopy

The increasing demand for diagnostic and interventional endoscopy services suggests that the current facilities are not going to be adequate to meet the relevant access targets. This potential capacity gap will be exacerbated by the introduction of colon cancer screening. A detailed business case is being developed to determine a clear view on future demand and the physical and workforce capacity required to support that demand.

2.2.3 Fertility

Following the publication of the NICE Guidance on NHS funded fertility treatment, the Trust's Fertility Unit has secured contracts with a number of PCTs within the sector for the provision of one fertility cycle per patient referral. This will provide an increase in income which carries less risk, as previously very few PCTs contracted on a routine basis for this treatment. However, to gain the greatest benefits the unit will need to operate with greater efficiency and maintain shorter waiting times, despite the anticipated increase in referrals. A business case is being prepared to ensure that the unit can respond effectively to this increase in demand.

2.2.4 Orthopaedic Services

Many of the opportunities available to the trust associated with orthopaedic services can be derived through becoming a receiving Trust for the Patient Choice initiative. This is an initiative that the Trust is pursuing for 2005/6. The constraint

on extending the surgical activity is not in the physical capacity but in the availability of surgeons. This is being addressed through a joint project with Barts and The London NHS Trust. The activity projections below show a significant increase of 1644 procedures for 2005/6 which is the initial impact of patient choice. The trust anticipates that this will reduce to a recurrent level of 320 additional procedures.

2.2.5 Centre for Laproscopic Surgery

The Trust intends to develop a Laparoscopic Surgical Centre supported by the most modern equipment enabling trained clinicians to operate using the latest laparoscopic surgical techniques. This will minimise the discomfort and post operative complications for patients and increase the efficient use of beds within the trust. The centre will be launched and marketed during 2005/6. However we do not expect increased activity until 2006/7 when the impact of patient choice will begin to be realised. Detailed planning figures have not been included in current financial plans.

2.2.6 Service Modernisation

The Trust is continuing with its modernisation work, as outlined in the Service Development Strategy. This includes the redesign work around the EPR system, as embodied by the HEART project (Homerton EPR and Redesign Theme) but will also include specific projects around enhancing services and achieving ongoing productivity gains across the organisation.

Summary of Additional Service Developments

	Additional Activity			**Additional Revenue (£'m)**		
	2005/6	2006/7	2007/8	2005/6	2006/7	2007/8
Perinatal Centre						
Neonatal bed days	292	292	292	0.4	0.4	3.6
Obstetrics bed days	115	177	286	0.1	0.2	0.4
Fertility						
IVF Cycles	100	250	400	0.1	0.4	**0.7**
Patient Choice						
DC/EL	1644	320	320	**1.6**	0.3	0.3
Total				**2.3**	**1.4**	**5.0**

Comparison between original plan and current plan

Total clinical income

Comparisons between original plan and current plans are made difficult due to the extensive changes in both currency and price base of the national tariff.

	Authorisation / SDS (£m)				Current plan (£m)		
	2004/5	2005/6	2006/7	2007/8	2005/6	2006/7	2007/8
Inpatients	71.1	76.8	81.5	86.4	74.1	77.3	85.2
Outpatients	17,7	19.1	20.3	21,5	30.8	33.3	36.1
Daycases	4.9	5.3	5.6	5.9	6.2	6.0	6.4
A&E	8.5	9.2	9.8	10.4	6.5	6.9	7.3

Total clinical activity

	Authorisation / SDS				Current plan		
	2004/5	2005/6	2006/7	2007/8	2005/6	2006/7	2007/8
Inpatients (discharges)	35,704	38,500	40,512	42,500	29,287	29,028	29,516
Outpatients (visits)	165,322	173,820	190,107	201,920	180.243	183,869	187,624
Daycases (cases)	9,138	9,706	10,310	10,651	10,655	10,140	10,259
A&E (visits)	88,218	95,972	103,765	110,191	78,000	78,800	79,600

2.3 Operating resources required to deliver service development

Total operating expenses

	Authorisation/ SDS (£m)					Current plan (£'m)			
	2004/5	2005/6	2006/7	2007/8		2004/5	2005/6	2006/7	2007/8
Pay costs	78.5	82.2	87.0	91.9		80.3	86.6	91.3	94.2
Drug Costs	4.9	5.2	5.3	5.5		5.4	6.1	6.9	7.4

Other operating costs	19.7	20.6	20.3	20.8		24.7	28.7	29.9	30.1

In 2004/5 the Trust invested £400,000 in A& E services to ensure that the four hour access target was achieved. In the last quarter 98.3% of patients were seen within four hours, and the Trust plans to continue this level of investment. The reduction in A&E attendances shown from 2005/6 is as a result of planned changes in primary care: City & Hackney PCT's enlarged Primary and Urgent Care Centre with a registered GP practice is designed to reduce attendances in this service.

As noted above, the Trust has had to invest additional resource into its EPR project to ensure its continued development and success. This investment will be sustained into 2005/6 to ensure that the next phase of the project will be successfully delivered, and that the significant long term benefits to patient care can be achieved.

In 2005/6, the Trust plans to invest in a new Picture Archive and Communication System (PACS). A business case was approved by the Board of Directors in April 2005, and the estimated cost of the project over its lifetime is approximately £2 million. These costs have been incorporated into projections and negotiations with potential suppliers are in progress.

The Trust is installing a new Oracle-based procurement and financial system which will allow significant business process improvements over the next two years. The start-up costs have been included in financial projections. Cost reductions will be achieved in a number of areas through improved procurement processes, and the Trust plans to participate in reverse auctions and more collective procurement projects on a pilot basis during 2005/6.

2.4 Investment and disposal strategy

Key themes from the three year capital programme

The theme of removing administrative and management support services from the clinical areas continues, with the proposed construction in 2005/6 of 70 new office spaces to facilitate refurbishment and expansion of clinical services. The Trust headquarters is included in the movement of offices out of clinical space and, as such, will move to the offices above the new lecture theatre at the end of the calendar year.

The Trust is also investing this year in upgrading infrastructure and utility services. A new electrical mains and sub-station will be brought into the site to ensure enough capacity in the electrical system to build for the future. A new standby generator will also be procured to ensure continuation of essential services in the event of mains failure.

Action to improve security and reduce the fear of crime for our staff will continue. The security monitoring systems will be upgraded, access controls will be reviewed and, in collaboration with Hackney Borough Council and the Metropolitan Police, a Community Police Office will be built on the site from which up to 24 officers will commence their beats.

Access and safety in the front of the site will be reviewed and a programme for refurbishment of the front vehicular and pedestrian access routes is planned to commence in 2005.

In terms of large development, business cases are being developed for the new perinatal development and pathology

The proposed capital programme is partly financed by a £9.1 million loan from the Department of Health Financing Facility, called down over a two year period.

Planned Capital Investment (£ million)

	2005/6	2006/7	2007/8
Investments in assets – maintenance	0.2	0.35	0.4
Investments in non maintenance	6.0	6.9	4.3
Other investment – IT	3.4	1.2	2.1
TOTAL planned capital investment	**9.6**	**8.4**	**6.8**

Existing capital investment plans include the development of a new academic centre. The Trust is working with its tax advisors and with Customs and Excise to investigate the possibility of establishing a trading subsidiary for this service and a decision is expected in the third quarter of the year.

2.5 Financing and working capital strategy

In 2004/5, the Trust's Terms of Authorisation were amended to increase our Prudential Borrowing Limit to £10 million, and the Trust was granted a £9.1m loan form the NHS Financing Facility, in addition to the existing £900k loan from the Trust's charity which is assisting with the financing of the academic centre.

In 2005/6, and following the publication of the Compliance regime and revised Prudential Borrowing Code, the Trust wishes to increase its working capital authorised limit from £3m to £10.5m to provide additional cash headroom up to the suggested 30 days operating expenditure. The Board does not forecast a material change in the working capital requirement for the next two years, but merely considers this extension to be a prudent reflection of our balance sheet position. Our commercial bankers have indicated a willingness to lend, subject to revised Terms of Authorisation being received from Monitor.

3.0 Risk Analysis

3.1 - 3.2 Governance risk / Mandatory Services risk

The Trust's Assurance Framework provides an assessment of the risks associated with the trust achieving its statutory duties and corporate objectives, including compliance with its Authorisation and Healthcare Commission standards. It is an essential component of the trust's governance arrangements and demonstrates that the trust is appropriately identifying and managing significant risks. The Framework is a working document that is regularly reviewed and updated.

The document is compiled by the executive team and is validated by the Board of Directors and Internal Audit and is used as the basis on which the board agrees controls and actions to reduce corporate risk. It is formally reviewed by the Board at least quarterly, and more frequently by the executive team. The Assurance Framework is detailed in Appendix 1.

3.1.1 Assurance Framework - Supporting information

The five corporate objectives reflect the Trust's primary objectives over the coming year. The Assurance Framework reflects the risks to successful achievement of these. However, there are also a number of 'must do's' for the trust that are not necessarily explicit in the corporate objectives. These are complying with the Monitor terms of authorisation, meeting the Healthcare Commission core standards and achieving the existing commitments (targets). These 'must do's' have been incorporated into the Assurance Framework under the most relevant corporate objective, but have been explicitly identified where necessary. This is shown in the *source of risk* column using the following key:

- where a number is shown, this refers to a specific corporate objective in the business plan
- MC/F = Monitor compliance/finance
- MC/G = Monitor compliance/governance
- MC/MS = Monitor compliance/mandatory services
- CS = Core standard
- EC = Existing commitment (i.e. targets)

There are a number of core standards and existing commitments, but the Assurance Framework only shows those which may prove problematic for the Trust to achieve over the coming year. The Board has approved the draft Assurance Framework for 2005/6.

The key strategic risks are those with scores in excess of 20. At the time of writing this document the two key risks identified through this process both relate to EPR:

- Data quality fails to improve resulting in inaccurate information related to service delivery

  There is a comprehensive set of data quality reports which are actioned daily and reviewed weekly by the data quality group. A working group has been established to review how errors can be minimised through the use of training, making changes to the system, restricting access and changes to workflows. Data quality continues to improve, although it will be a significant issue for the organisation for at least the first six months of the year.

- Cash releasing benefits of EPR not realised

  A benefits realisation group has been established. This group has validated the benefits plan drawn up by the external consultants as part of the EPR business case. This group will oversee the realisation of new plans required from each department.

In light of the Assurance Framework the Trust believes that it should be assigned a governance rating of green and a mandatory services risk of green.

3.3 Financial Risk

	Actual 04/05	2005/6	2006/7	2007/8
FINANCIAL METRICS PROJECTED UNDER FINAL COMPLIANCE REGIME				
EBITDA margin	7.5%	3	4	4
EBITDA, % achieved	87.5%	4	4	4
ROA	3.6%	3	3	4
I&E surplus margin	0.1%	3	3	3
Liquid ratio	10.6	2	3	3
Weighted average		**3.0**	**3.5**	**3.6**

The Board considers the financial risks to be largely unchanged in 2005/6 from those identified in the previous year. However, the revised financial metrics used in the final Compliance regime and, in particular the liquidity ratio, have caused a change in the organisation's risk rating. As previously stated, the directors do not forecast a material change in working capital required, but have deemed it prudent to establish an additional overdraft facility in line with most recent guidance.

The key financial risks for the organisation remain:

RISK	ACTION TAKEN TO MITIGATE RISK	POTENTIAL MAX LOSS (as % of turnover)
Payment by Results and ability to accurately report income from EPR	Data quality project as outlined above. Minimum income contract with host PCT	1%
Pay modernisation - Ability to realise the benefits	Agenda for Change Project Board addressing	0% - 2005/6 0.5% - 2006/7

of new contracts		
Pay modernisation - costs of Agenda for Change not fully calculated, and therefore not fully incorporated into plan	Costing of annual leave, unsocial hours and other hidden costs being carried out	0.4% - 2005/6 0.2% - 2006/7
IT modernisation - ability to realise benefits of EPR	Benefits realisation projects underway	0.2% 2005/6 0.5% 2006/7

The results of applying these risks to the three year financial model are as follows. We have also tested for upside financial risk, as we believe that our base case income assumptions are reasonably prudent, and assume that PCTs will be able to repatriate significant activity into primary and community services, which has not yet been evidenced.

	Impact on 2005/6	
SCENARIO	**Revised I&E position**	**Revised risk rating**
Loss of income	-£1.2m	2
Increased costs (EPR & AFC)	-£0.6m	2
Both loss of income & increased costs	-£1.9m	2
Additional income generated	+£1.4m	3

4.0 Declarations and Self-Certification

4.1 Board statements

The Board of Directors can confirm that the following statements are true:

4.1.1 Risk and performance management

Material issues raised by external assessment organisations have been addressed and resolved. Where there are outstanding issues there are action plans in place and the appropriate committee is monitoring these. All recommendations to the Board from the Audit Committee are implemented in a timely and robust manner

A robust business plan has been established which identifies all material risks to compliance with the Terms of Authorisation and to meeting core standards and national targets. Routine performance statements to the Board of Directors will include the organisational position against key elements of the foundation licence.

A draft Statement of Internal Control for 2004/5 was received at the May 2005 Board meeting and this showed that the Trust is compliant with risk management guidance issued by HM Treasury. In addition, the Board received the 2005/6 Assurance Framework which highlights key areas of risk around achievement of Trust objectives as identified in the business plan, core healthcare standards and compliance with Terms of Authorisation. Furthermore, the Head of Internal Audit Opinion for 2004/5 was received by the Risk Committee in May 2005, and this provided additional confirmation of robust systems of internal control.

4.1.2 Board Roles, structures and capacity

The Board maintains its register of interests, and can specifically confirm that there are no material conflicts of interest in the Board. A review of corporate governance arrangements in 2005/6 will further strengthen existing arrangements concerning directors' legal and fiduciary duties.

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

The selection process and training programs established in 2004/5 ensure that the non-executive directors have the appropriate skills and experience. An existing vacancy, as at May 2005, will be recruited to using new competency-based procedures.

The management team has the capability and experience to deliver the forward business plan. The current management structure is adequate to deliver this plan, although a review of management arrangements for health informatics will take place in 2005/6.

4.1.3 Compliance with Authorisation

The Board will ensure that Homerton remains compliant with its Authorisation at all times, and within relevant legislation.

The treatment of risk through the business plan and Assurance Framework has given the Board assurance that all likely risks to compliance have been considered, and appropriate action taken to mitigate these risks has been taken.

4.2 Membership Report

Membership of Homerton University Hospital NHS Foundation Trust is drawn from three constituencies representative of the public (Hackney, City of London, Outer) served by the Trust, and a staff constituency.

Public Constituency	**2004/5**	**2005/6 (estimated)**
At year start (April 1st)	2965	3877
New members	917	395
Members leaving	5	8
At year end (March 31st)	3877	4264

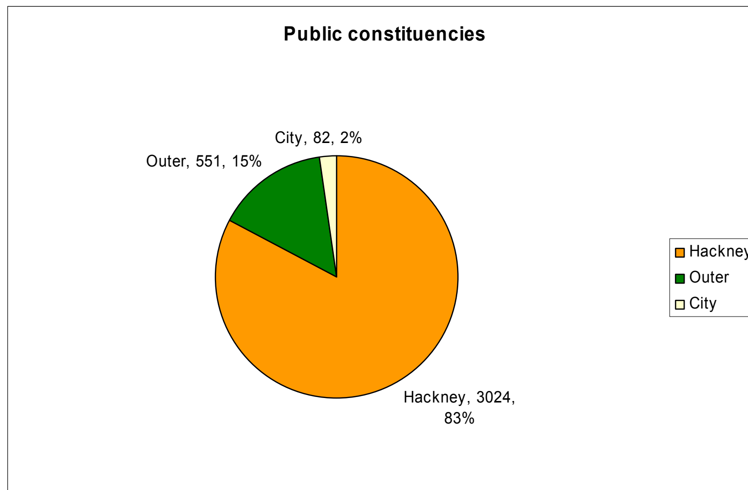
Staff Constituency		
At year start (April 1st)	559	665
New members	216	267
Members leaving	108	132
At year end (March 31st)	667	800

4.2.1 Public constituencies

The public constituencies are defined in terms of people, including patients, over the age of 16 who live in the London Borough of Hackney, the City of London and the Outer area. The Outer constituency includes all North East London Strategic Health Authority residents plus residents from Camden, Haringey and Enfield where the hospital has established patient income streams. Current and former Homerton patients are eligible to become members in the public constituencies. Although there is no differentiation between public and patient members, it is possible to identify self-declared patients on the membership database.

The Trust embraces the concept of a wide membership base with no limit on the number of people who can register as members, as long as they are eligible. Active membership is highest within Hackney.

Hackney is characterised by a young, ethnically diverse, growing population experiencing high levels of deprivation, unemployment and consequent poor health. By comparison although the population is relatively small, the City houses some of the richest concentrations of economic business in the world.



Public constituencies: breakdown of Hackney, City and Outer constituencies

4.2.2 Staff constituency

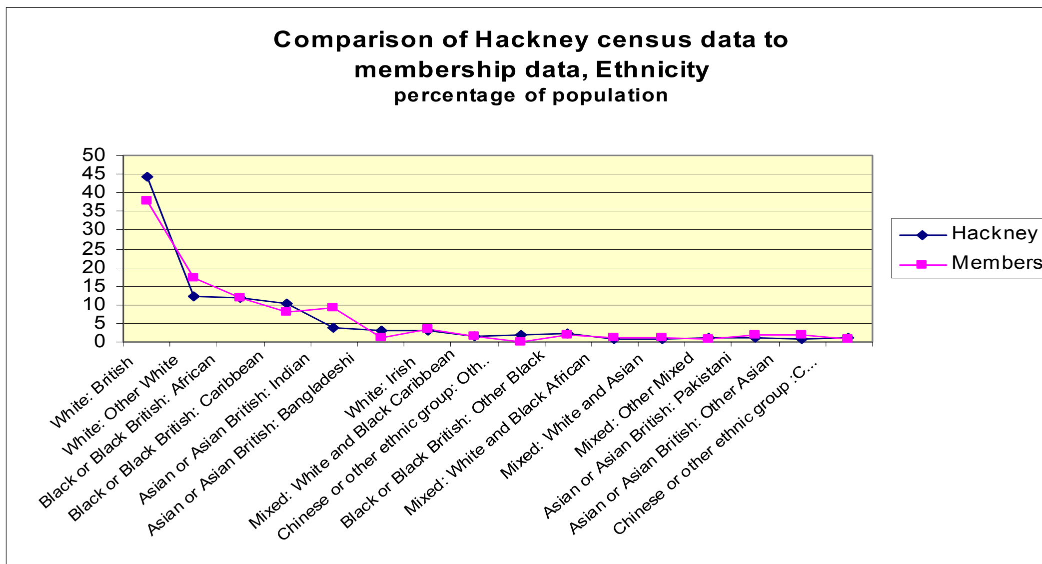
The staff constituency is made up of people on permanent employment contracts or those who have worked at the Trust for at least 12 months. Contracted staff or staff holding honorary contracts who have worked at the Trust for at least 12 months are also eligible to become members of the staff constituency.

The staff constituency is divided into two classes - clinical and other.

4.2.3 Diversity

Establishing a diverse and representative membership is very important. The membership demonstrates that a good start has been made in this respect. Current membership is largely reflective of the local population in terms of ethnicity, age and gender. This year the Trust will focus on increasing members in the Outer and City constituencies and, in particular, will try to maximise the benefit to the hospital of having the City as one of our constituencies. In Hackney the Trust will actively seek to recruit more members from Dalston, Kingsland, London Fields and Stoke Newington where membership numbers are low.

Membership has increased steadily and the 10% target increase for staff and public members has been achieved. An opt-in approach for public members has been maintained and, from February 2005, an opt-out option for staff has been adopted.



4.2.4 Future membership

The membership plan for the future arises out of the Membership Development Strategy targets. Ongoing analysis and review of membership enables the organisation to undertake detailed demographic analysis of the membership and identify where gaps exist in recruitment. Many of the targets set in the first year as a foundation trust have already been achieved. The key objectives for 2005/6 are:

- to widen membership to all members of the qualifying communities within the Trust with particular emphasis on under represented groups
- to increase the number of active informed members who are representative of patients and local communities
- to establish a programme for identifying and meeting members of the community and promote participation within and outside the hospital
- to further develop initiatives where members can be used more effectively as a source of feedback on service development and patient quality issues
- to maintain an accurate and informative database of members to meet regulatory requirements and to be a resource for developing membership
- to seek to inform patients, staff, the public, local communities and opinion formers about the Trust's vision, values and principles in order to promote understanding, partnerships and attract new members

4.2.5 Election of Governors

All elections are held in accordance with the election rules as stated in the Constitution. The Trust will continue to retain the services of Electoral Reform Services Ltd. An election for three Hackney public governors and one clinical staff governor will be held in May 2005 to replace those governors whose terms of office end at the conclusion of the Annual Members Meeting in September 2005.

5.0 Financial projections

Financial projections are provided in detail in Appendix 2 and are summarized in the table below:

Summary of financial projections

	2005/6	2006/7	2007/8
	£m	£m	£m
Total Income	131.3	139.7	153.6
Total Costs	(121.5)	(128.1)	(141.0)
EBITDA	9.8	11.7	12.8
Net Surplus / (Deficit)	0.1	0.5	0.8
Total Assets employed	108.6	114	114
Total Loans accessed	4.5	5.1	0
Capital expenditure	(9.6)	(8.4)	(6.8)
Return on Assets	3.6%	4%	4%
Projected overall risk rating	3	4	4