

Building a brighter future



The Royal Marsden
NHS Foundation Trust **NHS**

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By rebuilding lives

“We are **committed** to improving the outcomes of people with cancer everywhere, through innovation and leading edge practice. Our vision is to provide care that is **truly personalised** - we want to give more, better, and faster to patients. This Report describes how we are working to achieve this **vision.**”

Cally Palmer
Chief Executive

By embracing change and overcoming challenges

Chairman's Statement

The effective diagnosis and management of patients with cancer remains one of the major challenges in healthcare today, with the rising incidence of cancer globally and the speed of technological advance.

The Royal Marsden is ideally placed to lead the development of cancer services in the UK, from laboratory research through to the delivery of treatment and care at the bedside.

Our fourth year as an NHS Foundation Trust has had the unexpected challenge of fire at our Chelsea Hospital, but thanks to the outstanding support of all the Trust's staff, our Membership Council, Board and Trustees, we have come through a difficult time with a renewed sense of purpose.

We met all our quality, performance and financial targets and were the only Trust in the country to achieve the highest rating in

the Healthcare Commission's Annual Health Check for the second consecutive year.

The freedom of being a Foundation Trust has allowed us the speed and flexibility to achieve some important developments across both our hospital sites. The close relationship with our Membership Council has meant patient, carer and community feedback has played a significant role in tailoring improvements in facilities and services.

In Sutton, our new £30 million state-of-the-art Radiotherapy Unit was completed on schedule and opened for patients.

A new Children and Teenage Treatment Centre has been approved by the Board and Trustees, and will be completed within the next two years. It will provide extended facilities for children, a dedicated Teenage Unit and will be focused on improving and providing the latest treatment for younger patients.

Another major capital development planned is a new Translational Research Centre, jointly funded by The National Institute for Health Research, The Royal Marsden and The Institute of Cancer Research. This follows the designation of The Royal Marsden and The Institute as the UK's only Biomedical Research Centre for cancer.

We continue to work with key stakeholders in providing specialist care to a wider patient group and are extremely proud of our partnership with Kingston Hospital to provide local chemotherapy services in the Sir William Rous Unit.

As we move into a new financial year, we welcome three new Non-Executive Directors, new Councillors, and we say farewell to others who have made a significant contribution in ensuring The Royal Marsden remains a success under the Foundation Trust governance model.

I would also like to thank everyone who has supported The Royal Marsden Cancer Campaign in 2007/08. The generosity of all our supporters makes a very significant difference to our ability to provide world-class facilities and services and to remain at the forefront of cancer research and treatment internationally.

It is a privilege to be part of an organisation dedicated to shaping the nature of cancer care for future generations.



Tessa Green
Chairman



Chief Executive's Statement

The vision for healthcare, set out in the Government's Next Stage Review and Cancer Reform Strategy, aligns with The Royal Marsden's Five Year Business Strategy and its priorities since becoming an NHS Foundation Trust in 2004. The Royal Marsden strongly endorses the model of fewer, larger specialised centres, and the focus on improving efficiency and reducing delays in treatment.

The Royal Marsden's performance has been extremely strong this year. It is the top-performing hospital in London in the Annual Inpatient Survey, published in May 2008, and is within the top five hospitals in the country. The Trust has also maintained swift access to treatment, meets all national targets, and is performing well on measures for controlling healthcare acquired infections.

The Trust has exceeded its income forecast and continues to use the flexibility of Foundation Trust status to invest in state-of-the-art facilities for service and research. The Royal Marsden's five-year investment programme is aligned with its Business Strategy - which includes growth in specialist surgery, a wider role in diagnosis and early stage treatment to improve patients' outcomes, and creating networked operations for local access to the highest quality of cancer care.

During the year, the Trust became the first in the UK to invest in the new generation of da Vinci 'S' surgical robots, enabling patients to receive minimally-invasive surgery for prostate cancer. We will trial this method for other types of surgery in 2008.

Work continued on the development of the new Chemotherapy Suite at Kingston Hospital, with the new facilities opening in June 2008. To date, this has been immensely successful for patients and both



hospitals and is key to The Royal Marsden's vision for localising its services whenever possible. A second Chemotherapy Suite at Mayday University Hospital will open later in 2008.

To enable The Royal Marsden to take a greater role in diagnostics and early stage treatment, a new Rapid Diagnostic and Assessment Centre in Chelsea will open in Autumn 2008 and a feasibility study for an Ambulatory Care Centre at Sutton is underway.

This year has been defined not only by achievements, but also by the fire that affected the Chelsea Hospital in January. Staff responded with exceptional professionalism and bravery, evacuating the whole hospital without injury. Services recommenced within three working days and the continuity of care that staff were able to offer was described by patients as extraordinary.

The rebuild and commissioning of services in Chelsea will be completed next year and it is expected that this will be funded by the Trust's commercial insurance. The fire has also given The Royal Marsden an opportunity to accelerate plans for significant improvements, including an improved ward environment and extended critical care capacity.

The support of the Membership Council and Board has been essential throughout this year of change and challenge. It is, however, the performance of all staff, from all professional disciplines, who enable the Trust to achieve its goal to provide world-class cancer care for patients.

Cally Palmer



Cally Palmer, CBE
Chief Executive

By staying ahead

Innovation and Technology

We are focused on harnessing new technologies to help us learn more about cancer and treat it more effectively. This year we have introduced a range of innovative practices and invested in the latest equipment to stay at the leading-edge of cancer care, with proven results.

Being a Foundation Trust and a specialist environment enables us to have a very close relationship with patients. Our aim is to learn from them and improve the quality of their experience through innovation and investment.

Radiotherapy Unit

Our new £30 million Radiotherapy Unit at Sutton was completed on schedule and designed not only to house the very latest equipment but also to provide our patients with a light and airy environment in which to undergo their treatment. It now offers one of the best environments and facilities to be found anywhere in the world.

The Unit is now providing 40,000 fractions of radiotherapy treatment to patients every year and this is expected to increase to 60,000 fractions by 2010. We employ state-of-the-art imaging equipment and linear accelerators to ensure radiotherapy is delivered to the very highest standards.

Da Vinci 'S' – a first

The Royal Marsden was the first NHS hospital in the country to introduce the new generation da Vinci 'S' robot in 2007 and it has already revolutionised prostate surgery.

Around four radical prostatectomies are performed every week using the minimally-invasive surgical system which allows our surgeons to remove tumours through small 'keyholes'. It also offers 3D imaging and magnification to help identify vital details like delicate nerves and blood vessels around the surgical site.

This pioneering equipment has many benefits for our patients, including reduced trauma to the body, faster recovery and less scarring. Our specialists have seen excellent patient results in terms of functionality and speed of recovery.

We are also making the most of our investment in the da Vinci 'S' by training surgeons of the future in this exciting new field.



Putting plans into action

More key developments are planned for 2008 and beyond. A dedicated Endoscopy Unit opened in May and a Rapid Diagnostic and Assessment Unit is scheduled to open in the Autumn.

We plan to refurbish and integrate existing facilities to create a new Medical Day Centre in Chelsea.

In Sutton we envisage a fully-integrated Health Science Campus that will offer world-class treatment, education and pioneering research facilities. This will include developing a Translational Research Centre for which the Trust and the Institute of Cancer Research received a National Institute of Health Research (NIHR) grant.

Children's and Teenage Cancer Centre

We are also planning to make Sutton home to Europe's leading Children's and Teenage Cancer Centre, with extended and

improved facilities for children, a dedicated Teenage Unit, and a Drug Development Unit. This will strengthen the ongoing work of The Royal Marsden and St George's Healthcare NHS Trust to provide specialist care for young people from South London to the South Coast.

Haemato-oncology Unit

We aim to extend and develop our Haemato-oncology Unit. This will enable us to see more patients in more comfortable surroundings, and to cater to their changing needs as new treatments come online.

Radiopharmaceutical Production Unit

Next door to our brand new Radiotherapy Unit, work has already begun on a new Radiopharmaceutical Production Unit (RPU). The RPU, which incorporates a Cyclotron and other radiochemistry facilities, will manufacture radioactive tracers to help us better target cancers.

Our commitment to innovation benefits everyone: from our patients whose lives are dramatically improved by new treatments, to our staff who adopt new techniques and colleagues from other hospitals who learn from our experiences.



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By making breakthroughs

Research

Research is fundamental to The Royal Marsden's role as a specialist cancer centre.

In association with The Institute of Cancer Research, the Trust has discovered or developed more anti-cancer drugs than any other academic research institution in the world.

In 2007, nearly 4,000 Royal Marsden patients were involved in clinical trials and more than 500 studies were ongoing throughout the year.

Here are just a few of the significant advances that were made over the past year.

Prostate cancer research

In the future prostate cancer could be viewed as a chronic condition to be controlled, rather than a disease to be surgically removed.

A joint Royal Marsden and Institute of Cancer Research study, the largest of its kind, demonstrated how active surveillance

of men with early prostate cancer could lead to better individualised treatment.

The preliminary results have established the feasibility of active surveillance for men with prostate cancer and provided opportunities to test low-toxicity interventions which could change the nature of prostate cancer treatment.

Radiotherapy

A study has found that a lower total dose radiotherapy treatment given to breast cancer patients in fewer, larger treatments, is as effective as the current international standard of five treatments per week for five weeks.

The trials, involving nearly 4,500 women with early stage breast cancer were led by Professor John Yarnold of The Royal Marsden and The Institute of Cancer Research and Professor Judith Bliss of The Institute.

It is the first systematic and reliable evaluation to compare the longer international treatment and the shorter revised UK treatment.

The long-term research goal is to test a treatment lasting just one week to assess whether it could be much more convenient and effective for patients.

Breast cancer research

Professor Mitch Dowsett has helped set the agenda for world-wide research into breast cancer.

Professor Dowsett and colleagues from the USA, Switzerland and Italy, identified the most important issues that need to be tackled by translational research.

They found that identifying molecular signatures to select patients who could be spared chemotherapy was most important, followed by identifying features to help clinicians choose the optimal chemotherapy regimen for individual patients.

This work will help focus translational research resources appropriately, ensuring that opportunities for important clinical advances aren't missed.

By always seeking better ways

Pioneering new services

Through better practices and pioneering partnerships we aim to raise the bar, delivering our specialist services more effectively and reaching the people who need us most.

Our aim is to provide local access to Royal Marsden services wherever possible, with a swift pathway to the centre when this is required, working in partnership with local hospitals.

Networked operations

In line with the Government's strategy on making high-quality care accessible, we have been developing new service models to provide chemotherapy units closer to patients' homes.

The first partnership between The Royal Marsden, Kingston Hospital and Macmillan Cancer Support began in October 2007 and transferred to new purpose-built facilities at Kingston in June 2008.

We plan to launch a similar partnership at Mayday Hospital in the near future.

Specialist pancreatic services

Our Pancreatic Service has some of the best patient outcomes in Europe. We have built upon our excellent reputation and results by making further significant investment in specialist staff and facilities. This includes the appointment of a further hepatobiliary surgeon, new interventional radiology services, as well as a brand new state-of-the-art Endoscopy Suite at the Chelsea site.

Comprehensive urological cancer services

The Royal Marsden has the unique distinction of being able to offer the full range of options for the treatment of urological cancer - one of the most common cancers affecting men in Europe today.

Alongside the investment in the da Vinci 'S' robot for minimally-invasive surgery, our Urology Team now provides a well-established prostate brachytherapy service, High Intensity Focused Ultrasound (HIFU) for the treatment of recurrent tumours plus a continuing range of expert surgery and medical/clinical oncology to treat some of the most complex urological conditions.

This wide range of urological treatment options presents our patients with greater choice and control over their condition which can positively effect recovery, quality of life and self-esteem.



Shared-care for children and teenagers with cancer

We are proud of our pioneering work with shared-care for children.

The Royal Marsden is now the hub of a network of paediatric oncology shared-care units south of the Thames. We have developed a special model that enables a smooth and timely progression of care - and ensures information about individual patients is effectively communicated. Two shared-care coordinators successfully provide the key link between The Royal Marsden Hospital and St George's Hospital as an integrated Centre, and the shared-care units.

This model has received strong support and commendation from some of our most respected collaborative partners, including the Teenage Cancer Trust (TCT).

Hospital to Home

The Hospital to Home scheme piloted by The Royal Marsden was rolled out in 2007. This is an important initiative to support patients' choice to be cared for at home, rather than a hospital, in the final stages of their illness. A case conference is held in the patient's home so the hospital can formally hand over care to the GP, District Nurse and the Community Palliative Care team.

The scheme is launching with three pilot sites that will enable the teams to refine the model of care before they roll it out as a service to all patients.



By raising the bar

Performance

The Royal Marsden strives to maintain the highest possible standards and we are constantly working to exceed the expectations of both our patients and the public.

Importantly for us, our patients rated us highly in two key surveys. We were rated top in the country for treating patients with dignity and respect and nearly all the patients who completed the Healthcare Commission's Annual Inpatient Survey felt they received excellent or very good treatment at The Royal Marsden.

Healthcare Commission Health Check

For the second year running The Royal Marsden was awarded an 'excellent' for both its quality of services and use of resources in the Healthcare Commission's Annual Health Check.

The Royal Marsden is the only Trust in the country to have managed the top score twice in a row and it puts us in the top 14% of Trusts across the country for use of resources and in the top 16% for quality of services.

The Healthcare Commission said: "The Royal Marsden NHS Foundation Trust performed well beyond the minimum requirements and the reasonable expectations for this assessment".

Performance targets

The Trust has a range of indicators it uses to monitor its performance against national and local targets. It reports regularly to the Department of Health and other healthcare assessment bodies.

Here is a summary of our performance over the past two years, illustrating our consistently high performance levels.

	2007/8	2006/7
Patients waiting less than 13 weeks at month end for first outpatient appointment	100.00%	99.98%
Patients waiting less than 26 weeks at month end for inpatient admission	99.98%	100.00%
Operations cancelled by the Trust at the last minute	0.42%	0.46%
Number of last minute cancelled operations not subsequently performed within one month	2	1

Two Week Access Times	2007/8	2006/7
All urgent GP referrals received within 24 hours, seen within 14 days	100.00%	99.98%

Treatment started within 31 days of Decision to Treat	2007/8	2006/7
All cancers	99.4%	99.8%

Treatment started within 62 days of GP Decision to Refer	2007/8	2006/7
All cancers	95.8%	95.5%

Activity								
Activity Type	NHS	% variance from 2006/2007	% activity of this year	Private	% variance from 2006/2007	% activity of this year	Total	% variance from 2006/2007
Outpatients	121,016	1.3%	85.4%	20,771	-1.0%	14.6%	141,787	0.9%
Inpatients	9,387	1.5%	82.2%	2,038	-2.7%	17.8%	11,425	0.7%
Day Patients	29,215	8.8%	77.6%	8,457	13.8%	22.4%	37,672	9.9%



Patient Survey

Patients again rated us very highly in the Healthcare Commission 2006 Inpatient Survey with 96% of patients saying they received either excellent or very good care while receiving treatment at The Royal Marsden. The Trust was also rated top in England for treating patients with dignity and respect.

	The Royal Marsden %	National Average %
Patients who felt they received 'excellent' or 'very good' care	96	76
Patients who felt they were always treated with dignity & respect during their stay	93	78
Patients who felt they were always given enough privacy	95	88
Patients who felt their room or ward was very clean	73	53
Patients who felt they were definitely involved in decisions about their care and treatment	74	52
Patients who felt they were always given a choice in food	94	79



The Royal Marsden received 492 letters of praise from patients and carers throughout the year. In total, 69 formal complaints were received.

Improvements that have been implemented in response to complaints:

- the use of an electronic prescribing system will be trialled to streamline the process and reduce waiting times for day chemotherapy. A new scheduling service is also being trialled to provide specific timeframes for treatment
- we have introduced additional measures for evaluating compliance with nurse attendance on the infection control mandatory training programme
- an additional Consultant Plastic Surgeon is due to be appointed to ensure fast access to reconstructive surgery for all our patients.

We do our utmost to respond to all comments, good and bad, by improving on what we already do well and taking action where shortcomings have been identified.

While we are proud of what we have achieved, we are continually working to be better in everything we do.

By working with the **best**

People

Like any organisation, we are only as good as our people. Our work and reputation mean that we are able to attract individuals of the highest calibre across the board. Working with the best enriches us and enables us to aim even higher.

New appointments

Shelley Dolan, Chief Nurse

Shelley Dolan was appointed to the role of Chief Nurse at The Royal Marsden in June 2007.

She was promoted to Chief Nurse from her position as the first Nurse Consultant in Critical Care in the UK, a role she took up at The Royal Marsden in 2000.

Shelley is Chair of the Royal College of Nursing Cancer Nursing Forum and the Local Research Ethics Committee; Vice Chair of the Department of Health's

Medicines and Healthcare products Regulatory Agency. She also sits on the Board of the International Society of Nurses in Cancer Care and on the Advisory Board of the European Oncology Nursing Society.

David Probert, Chief Operating Officer

David Probert joined The Royal Marsden in October 2007 as its first Chief Operating Officer. He joined the NHS Management Training Programme in 1998, working in a mixture of community and acute settings including a period with the world renowned Institute of Healthcare Improvement in Boston, USA.

David joined The Royal Marsden having held the position of Divisional General Manager/Deputy Divisional Director at Guy's and St Thomas' NHS Foundation Trust.

Professors and specialists

Professor Dame Janet Husband

Janet Husband, Professor of Radiology at The Royal Marsden and The Institute of Cancer Research was made a Dame

Commander of the Most Excellent Order of the British Empire in the Queen's Birthday Honours List of 2007.

As a leading international figure in radiology she has undertaken pioneering clinical research in cancer imaging during the last 30 years and as the first female President of The Royal College of Radiologists, Dame Janet has led the two specialties of Clinical Radiology and Clinical Oncology since September 2004.

Professor Ian Smith, Head of the Breast Unit at The Royal Marsden, was appointed Chairman of the main national academic society for breast cancer specialists – the British Breast Group.

The Group has in the past made important advisory statements, including playing a role in persuading the Government to set up the national breast screening programme.

Professor Meirion Thomas was awarded a Personal Chair in Surgical Oncology by Imperial College.





“The Royal Marsden is a hospital with an impressive national and international reputation and most of that is down to the extremely high calibre of staff here. I am delighted to be working at such an excellent hospital.”

David Probert – New Chief Operating Officer, October 2007



Professor John Yarnold's work in radiotherapy research was recognised with the Breur Award Lecture and gold medal from the European Society for Radiotherapy and Oncology (ESTRO) - Europe's highest accolade for radiotherapy and clinical radiobiology research.

Professor Mitch Dowsett received one of the highest tributes in international breast cancer research, when he was given the honour of delivering the William L McGuire Memorial Lecture to around 6,000 specialists from across the world at the 2007 San Antonio Breast Cancer Symposium in December.

ASCO Award winners

Three Royal Marsden specialists received prestigious Merit Awards from The American Society of Clinical Oncology (ASCO) Cancer Foundation for their contribution to research.

Tobias Arkenau, Sheela Rao and Naureen Starling were among 25 Oncology Fellows from around the world to receive the illustrious award.

Professor Lord Ara Darzi of Denham, Honorary Consultant Surgeon at The Royal Marsden NHS Foundation Trust and the Paul Hamlyn Chair of Surgery (funded by the Helen Hamlyn Trust) was appointed Parliamentary Under Secretary in the Department of Health by the new Prime Minister Gordon Brown.

Professor Darzi is internationally respected for his innovative work in the advancement of minimally-invasive surgery and in the development and use of allied technologies including surgical robots and image-guided surgery.

New President

In May 2007, we were honoured when HRH Prince William of Wales accepted our invitation to become President of The Royal Marsden, a role last held by his mother, Diana, Princess of Wales.

His appointment as President follows a long connection with the hospital. In 2005 he spent two days at The Royal Marsden gaining experience of how a leading cancer hospital cares for its patients.

Prince William's first official visit as President came just two days after the fire in the Chelsea hospital and he praised the "coolness and professionalism" of staff under the most difficult circumstances.

Ministerial Visits

In September, Alan Johnson, Secretary of State for Health, visited the hospital to launch new infection control measures introduced by the Government.

In December, he accompanied Prime Minister Gordon Brown to launch the Government's Cancer Reform Strategy which aims to make a real difference to the lives of the thousands of patients living with cancer.

Following the fire, Prime Minister Gordon Brown, his wife Sarah and Mr Johnson, visited patients who were evacuated to the nearby Royal Brompton Hospital.



By taking pride

Workforce

The Royal Marsden has around 2,300 staff working in Chelsea and Sutton.

Whoever the individual may be and whatever their role, each and every member of staff at The Royal Marsden is united in their goal to improve the outcomes for people with cancer.

We work with our patients to ensure that they receive the best clinical treatment - and that their care is personal and sensitive to their individual needs.

Team work is essential in maintaining our high standards of performance and nowhere was this more evident than in the outstanding professionalism staff showed in response to the fire on our Chelsea site in January.

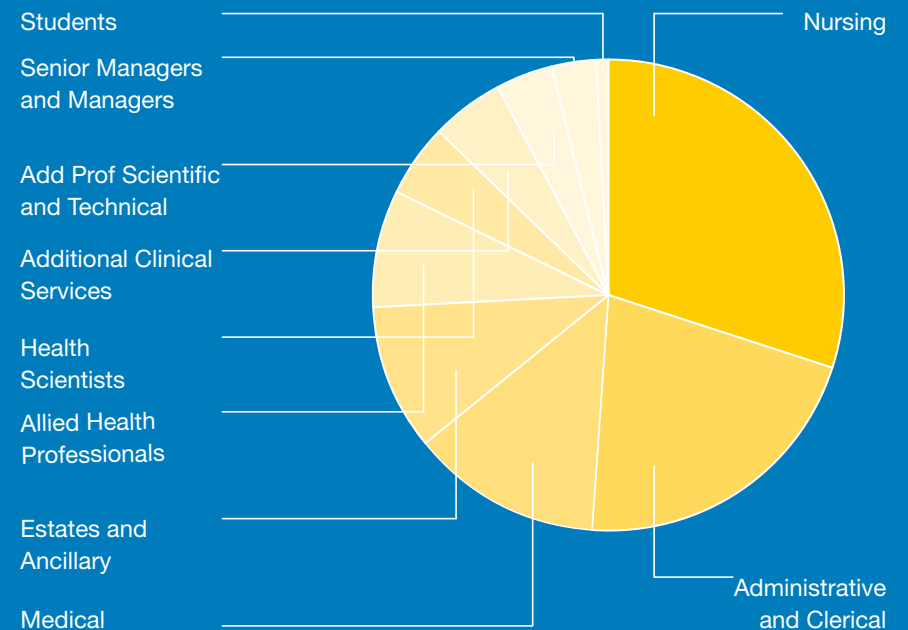
Staff equality

In 2007, the Equality and Diversity Committee conducted its annual review of the work of the Race, Disability and Gender Equality Schemes and agreed a Race Equality Scheme for 2008–2010.

The Trust successfully ran a number of involvement projects and relationships with organisations such as Cancer Black Care were also strengthened.

Health & Safety and Occupational Health

The Royal Marsden met all its Health & Safety targets for 2007/08 and received positive feedback following an inspection by the Health & Safety Executive.





Valuing Staff

Staff reaction to the fire

Staff training in emergency procedures was key to ensuring the safety of all the patients in our Chelsea hospital during the fire.

From theatre teams in the middle of surgery and medical teams using a variety of evacuation techniques to get critically-ill patients out of the building, to our portering and administration staff, everyone was clear on what they needed to do to get our patients to safety.

Within three working days, most of the services provided at the Chelsea hospital were back up and running and surgical patients were either transferred to leased accommodation at a neighbouring hospital where Royal Marsden teams treated patients, or to our Sutton hospital where a mobile theatre and recovery room were set up to take the extra workload.

The Trust very quickly swung from emergency mode to recovery mode and now the focus is entirely on ensuring continuity of care and services to our patients and rebuilding.

Staff Attitude Survey

The annual Staff Attitude Survey completed in 2007 shows Royal Marsden staff are generally happy with the various aspects of their job; they feel recognised for the good work they do, have supportive managers and sufficient responsibility.

When compared with other specialist Trusts, The Royal Marsden is in the highest 20% for work-life balance, relevant job training, learning or development, positive feeling within the organisation and job satisfaction.

Some of the key areas where the Trust will be focussing its attention in the coming year include:

- planning specific learning and development activity to meet priority training needs identified through the training needs analysis
- re-launching the Work-Life Balance Policy, with specific management sessions on the value/benefits of flexible working and how it can be incorporated into their area
- all new starters to be automatically booked onto the Equality and Diversity course
- working with managers to ensure that all their staff attend timely Equality and Diversity training.



“I came away thinking that it is no accident that The Royal Marsden and its staff are unequalled, both professionally around the world and now, so clearly, in their ability to deal with such a crisis as this. I have been immensely impressed by the quite magnificent way that the staff and patients of The Royal Marsden Hospital, working in close conjunction with the Emergency Services, responded. Your coolness and professionalism in dangerous and frightening circumstances made me very proud indeed to be your President.”

Prince William – President, 3 January 2008

Staff Achievement Awards

Our staff are integral to the world-class service we provide at The Royal Marsden. Every year we recognise those who have gone that extra mile and have made a real difference within the hospital.

Improving the Quality of Care or Services to Patients

Gary Burkill – *Head of Facilities*

Jen Watson – *Senior Sister Critical Care Unit*

Glynis Knowles – *Sister Outpatients Department.*

Improved the Quality of Working Lives of RMH Staff

Peter Kirkham, *Deputy Group Portering and Security Manager.*

Contribution to Research and Education

Jane Lawrence – *Clinical Research Manager*

Dr John Butler – *Clinical Research Fellow, Gynaecology*

Linda Hastings – *Superintendent Sonographer.*

Enhanced the Trust's Reputation

MDT Coordinators – *Team Award.*

Improved the Efficiency of the Trust's Services

Sue Broom – *Intensive Care Unit Project Sister*

Cynthia Cardozo – *Assistant Director of Finance.*

Communication

The Royal Marsden prides itself on keeping in touch with and listening to its staff, members and key supporters, through a variety of methods including publications, email updates and the Trust's intranet.

Following the January fire, staff were encouraged to feed back on their

experiences during the emergency and its aftermath and to identify any key learnings. Full staff briefings enabled members of the Management Executive to discuss plans for the Trust. They also provided an opportunity for senior managers to thank staff for their significant efforts following on from the fire and also to share some of the lessons learned as a result.

A summary of Trust Board meetings is now circulated to all members of staff and the Trust's Membership Council as a further measure to improve communication.

Meanwhile, the Trust's Employment Partnership Groups meet four times a year and feedback has led to improvements in catering services for staff and patients, locker facilities and car parking.



By **teaching** the world

Education

We see it as our duty to pass on our expertise to other practitioners in the UK and abroad, to ensure patients around the world are benefiting from our unique and specialist experience of cancer treatment and research.

We do this through our School of Cancer Nursing and Rehabilitation, our best-selling Clinical Nursing Practice textbook and through hosting a variety of conferences.

The Royal Marsden also has around 130 training posts for doctors, covering a variety of specialties, including surgery, paediatrics, haematology and diagnostic radiology.

Online learning

It's now possible to access our expertise from anywhere in the world. The Royal

Marsden School of Cancer Nursing and Rehabilitation launched our first online course in cancer-related lymphoedema management in 2007.

The course aims to support healthcare practitioners in the care of patients with this condition and it will run alongside the highly successful 'Caring for the Patient with Lymphoedema' course run on-site.

School of Cancer Nursing & Rehabilitation Awards

Professor Christine Beasley CBE, Chief Nursing Officer for England presented the very first post-graduate Diploma in Cancer Care for Allied Health Practitioners at the 2007 School Awards Ceremony.

Three students were awarded the post-graduate Diplomas; Jill Cooper, an occupational therapist, Nicola Lee a physiotherapist and Lucy Eldridge, a dietician, who received the Diploma with Merit.

Spreading the word

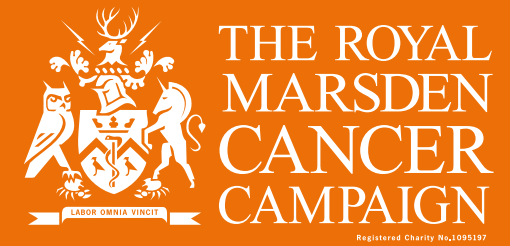
Throughout 2007 we held a number of GP Seminars to present our services to our colleagues in primary care and to discuss the latest treatments.

The seminars have covered a range of topics; including colorectal cancer care, led by Professor Lord Darzi, and prostate cancer led by The Royal Marsden Urology Unit.

We also held our inaugural William Marsden Lecture at the Education and Conference Centre in Chelsea. This annual event aims to highlight progress in cancer research and treatment.



By making a noise



The Royal Marsden Cancer Campaign

An incredible £6 million was raised this year by The Royal Marsden Cancer Campaign.

From star-studded rock concerts to cake bakes; from egg and spoon races to marathons; The Royal Marsden Cancer Campaign has inspired people from all walks of life to raise money that will help fund vital projects.

A huge thank you goes out to all our supporters, from major benefactors, trusts and companies to patients, hospital staff and the general public.

Not a week goes past without us hearing of some fundraising activity that is being organised in our name. Whether it's a high profile or low-key occasion, what is most important is that there is a community of people ready to do all they can to help.

Here is just a selection of highlights from last year.

Rock by the River

Some of the world's greatest entertainers took to the stage and made a big noise for the Cancer Campaign last June.

Bryan Adams shared the mic with Beverley Knight and rocked the night away. Comedian Harry Enfield provided his unique brand of entertainment. It was a night of celeb spotting too with Erin O'Connor and Heather Graham adding extra sparkle. Television presenter Jane Moore hosted the extravaganza.

The concert and charity auction raised an amazing £2 million.

Raz Gold Foundation

During the concert, The Raz Gold Foundation contributed a further £1 million towards the new Rapid Diagnostic and Assessment Centre planned for the Chelsea hospital.

In a moving speech, Paul Kemsley, Foundation Chairman, said: "This hospital, this facility is simply essential. Of all the great things this country can be proud of; surely The Royal Marsden has to be one of our greatest achievements."

Concert for Diana

One of the biggest entertainment events of last year, the Concert for Diana hosted at Wembley Stadium by our new President, Prince William and Prince Harry, raised funds for The Royal Marsden and other charities. A packed stadium, plus millions of people the world over, watched as entertainment's biggest stars, including Elton John, performed.

More than £150,000 was raised for The Royal Marsden from the concert.



Charity of the Year

We were delighted to be selected as Charity of the Year by the Daily Mail Ideal Home Show.

We launched our rebuilding campaign at the exhibition. Posters next to the escalators in South Kensington tube station, bore the message: *“Rebuilding a roof is easy, rebuilding lives is our challenge”*.

As well as raising awareness, the event raised an amazing £126,000.

The Patricia McGregor Travel Fellowships Fund

This family-run fund allows the Trust to provide travel fellowships for staff to attend vital oncology-related medical conferences anywhere in the world and so further enhance the quality of treatment, care and knowledge.

To date, it has raised more than £70,000 for The Royal Marsden Cancer Campaign.

Superheroic fundraising

Over the past year, 300 fundraisers have donned their running shoes for The Royal Marsden Cancer Campaign; two runners alone raised more than £25,000 each through taking part in the 2007 Flora London Marathon.

Meanwhile 24 fundraisers trekked, cycled and climbed all around the world raising nearly £110,000 for the charity. Our Summer Fair and Summer Draw in June were also a huge success, raising more than £70,000.

Celebrating Life, raising money

Hundreds of staff, patients and their friends and families turned out to see Christmas trees lit up with stars bearing the names of thousands of Royal Marsden patients past and present. It was an ever-poignant reminder of the importance of our work.

This year more than 3,000 named stars were hung on the trees, raising more than £50,000.

Great things we hope to achieve in the year ahead

There are so many projects that need funding. All are important in their own way – and all will ultimately benefit our patients.

Our plans this year are as ambitious as ever. We need to raise £15 million to turn our Children’s Unit into Europe’s leading cancer centre for children and teenagers.

We need more than £2 million for a new Unit specifically for the treatment of patients with blood cancers, including leukaemia, Hodgkin’s lymphoma and myeloma.

Our work will never be done – which is why the tireless support of volunteers and benefactors is so vital.

All of our amazing events are made possible thanks to the hard work and dedication of hundreds of volunteers. Although there are too many to name individually, they are indispensable!

BECOME a HERO LIKE CAPTAIN CHEMO

Captain Chemo to the rescue

In 2007, hundreds of school children were encouraged to fundraise with cartoon superhero Captain Chemo.

Captain Chemo was created by Benjamin de Garis, one of our young patients, to educate school children about cancer and the important work of The Royal Marsden.

Our fundraising team took Captain Chemo into 40 schools in 2007, raising nearly £115,000.

“We did a sponsored Super Hero party and even my teacher Mr Kidman dressed up”

Milly, aged 7



Supporters

The Royal Marsden Cancer Campaign is extremely grateful to all its supporters. Particular thanks go to those whose extreme generosity has enabled us to make significant progress with our plans.

Philanthropists

John & Catherine Armitage
Joy & Stanley Cohen OBE
Friends of The Royal Marsden
The Raz Gold Foundation
The Oak Foundation
The Weston Family
The Charles Wolfson Charitable Trust

Benefactors

The David Adams Leukaemia Fund
The Arbib Foundation
Bank of Scotland Corporate
The Helen Hamlyn Trust
The Paul Hamlyn Foundation
International Development Foundation
The Luck-Hille Foundation
Martin Myers
The P F Charitable Trust
Richard & Victoria Sharp
The Wolfson Foundation

Partners

Peter Beckwith
Bookham Amateur Golf Society
The Bud Flanagan Leukaemia Fund
The Cadogan Charity
Concert for Diana

Mark Getty
Michael & Tessa Green
ICAP plc
The Jordan Charitable Foundation
Paul & Ellen Josefowitz
Lawrence Graham LLP
Anastasios & Myriam Leventis
Brian & Clare Linden
The Mackintosh Foundation
Elizabeth & Daniel Peltz
Phoenix Martial Arts
Emmanuel & Barrie Roman
The Stanley Sanger Foundation
Hugh & Kate Sloane
Soroptimist International, Epsom & District
J Tanner
TM Retail
Charlie Woodward-Fisher & Phil Harris

Associates

Prince Khaled bin Sultan bin Abdel Aziz al Saud
Bryan Adams
Nasser & Fawzia Al Kharafi
Paul Balcombe
The David & Frederick Barclay Foundation
The Ralph Bates Pancreatic Cancer Research Fund

The Heather Beckwith Charitable Trust
William & Judith Bollinger
Victoria Brahm Schild
BT Finance Industry Solutions
Saroj Chakravarty
Sir Trevor & Lady Chinn
R & S Cohen Foundation
Colefax & Fowler
Coloma Convent Girls' School
Comar Architectural Aluminium Systems
Chris & Jamie Cooper-Hohn
The Cridlan Ross Smith Charitable Trust
Daily Mail & General Trust
Lloyd Dorfman
Fiona Douglass
Eaton House School
The Eranda Foundation
Euro Brokers
Kirsten & David Fear
Four Seasons Hotel London
Derrick & Beryl Frost
Grand Lodge of Mark Master Masons, Fund of Benevolence
Edward Griffiths
The Head & Neck Cancer Research Trust
Robert Hogan
Peter Hoskin
Richard Hutchings

Morgan Jones
The Caron Keating Foundation
The Trustees of Mrs Margaret King's Will Trust
Charles & Caroline Lavington
Lazard & Co.
Charles, Patricia, Angus & Annabelle McGregor
Merrill Lynch
Morgan Stanley
Mountgrange Capital
Tom Newman
Nexus Structured Finance Ltd
Crispin Odey
Parkside School
The Pears Family Charitable Foundation
Sara & Paul Phillips
The Rayne Foundation
The Reuben Family
Bruce Ritchie
Cleo Rocos
Rotary Club of Braintree & Bocking
The Rothermere Foundation
The Schroder Family
Michael & Lorraine Spencer
The Stock Exchange Amateur Boxing Club
The Bernard Sunley Charitable Foundation
David Thomas

**“This hospital, this facility is simply essential.
Of all the great things this country can be proud
of, surely The Royal Marsden has to be one of our
greatest achievements.”**

Paul Kemsley – Chairman of the Raz Gold Foundation, May 2007

Barry & Laura Townsley
The Duke & Duchess of Westminster
Alex and Fiona Wilmot-Sitwell
Wimbledon Village Stables
The Wyseliot Charitable Trust
Stephen & Laura Zimmerman

Platinums

Adint Charitable Trust
Aircraft Golfing Society
Robert Bata
David Berg
The Bluebell Woods Charitable Trust
Gerald Butler
David Buxton
The John Coates Charitable Trust
Sir John Craven
Aud & Paulo Cuniberti
The J Davy Foundation
Deutsche Bank
Mr & Mrs Ellis
Claire Enders
Stephen Fitzgerald
David Hopkins
David Juda
Killik & Co
William & Katherine Longman
Charitable Trust
Keith & Isabelle McDermott

Chris Moody
Kate Percival & Chris O'Donoghue
Peter Pih
Queen's College Preparatory School
Ralph Lauren
Catherine Robinson
Paul & Jill Ruddock
Jim Rymer
Gabrielle Service
ShareGift
Mary Smith
Helen Stanford
Swiss Re
Tudor Foundation Inc
Christine Wellesley-Smith
Daphne Trevor Williams

Golds

Mahesh Amin
Kim Anderson
BBA Aviation Plc
Eilene Davidson
Nigel Davies
The James Dyson Foundation
Amanda Edmondson for Pamela May
Edmondson
Alan Fuller for Joe Fuller
Tony & Rita Gallagher
Andrea Gallyer

William Gething
The Mabel Harper Charitable Trust
Martin Hattrell
Gerald Hawkins
John Heseltine
Penelope Hilton
The Dorothy Holmes Charitable Trust
Michael Kerr-Dineen
Paul Levitt
The Lucky Rover Public House
Marwyn Investments Group Ltd
Gabriel McLaughlin
Craig McLoughlin
Margaret Pickthall
Premier Showfreight Ltd
RFCC - Rugby Fighting Children's Cancer
Siri Stolt-Nielsen
S Sudra
The Swire Charitable Trust
Td Securities
Nigel Weller
Woldingham Day Committee
Claire Woods
Young & Co's Brewery plc



By operating under careful governance

Disclosure of Corporate Governance arrangements

After four years as a Foundation Trust, The Royal Marsden continues to go from strength to strength. A large part of that is down to the strong governance it has received from its Membership Council and Trust Board.

Membership Council

The role of the Membership Council (The Royal Marsden's title for its Board of Governors) is set out in its Terms of Reference. The main duties of the Council are:

- to appoint or remove the Chairman and other Non-Executive Directors
- to approve the appointment of the Chief Executive
- to decide the remuneration and allowances, and other terms and conditions of office, of the Non-Executive Directors
- to appoint or remove the auditor
- to be consulted on the developments of forward business plans of the Trust and any significant changes to the healthcare provided by the Trust.

The make-up of the Membership Council

The Royal Marsden NHS Foundation Trust membership is drawn from three constituencies:

Patient

The Patient constituency is broken down into six categories; the geographical areas of South West London, Greater London, East Elmbridge and Mid Surrey, and the Rest of England. There is also a special group for patients aged 16-25 years, which represents paediatric/adolescent patients that attend the hospital for appointments and/or treatment.

The Carer category comprises individuals who have attended the NHS Foundation Trust as the carer of a patient within the last five years, and although separate, forms part of the Patient constituency.

Staff

The Staff constituency comprises people who are employed by the NHS Foundation Trust, hold an honorary contract with the NHS Foundation Trust, or a joint contract with the NHS Foundation Trust and The Institute of Cancer Research. It is broken down into the categories of Doctor, Nurse, Other Clinical and Other Non-Clinical.

Public

The Public constituency comprises residents living in the Royal Borough of Kensington and Chelsea, London Boroughs of Merton and Sutton, and the Rest of England.

Membership overview

Patient Constituency	1,321
Public Constituency	1,348
Staff Constituency	2,355

Total as at 31/03/2008 5,024

The Trust has made a significant (29%) increase in the number of members of its Public constituency in the last year. The membership of the Patient constituency has remained steady with a very slight reduction in patient members. The membership of the Staff constituency has remained steady, with all staff being members unless they choose to opt out. Overall the membership figures were broadly in line with the target figure for the year.

The Membership Council agreed a Membership Strategy in November 2007, the aims of which focus on:

- increasing the size of the membership and ensuring that it is increasingly representative and ensuring that we have credible elections
- ensuring that our Councillors are equipped and enabled to play an active role in the strategic development and governance of the Trust through the Membership Council
- developing and improving the range of mechanisms which enable communications with, and the involvement of, members.

This year, activities to recruit members and to encourage a more representative membership included:

- promoting membership to all residents in the Royal Borough of Kensington & Chelsea
- establishing links with the South London Asian Cancer Support Group
- re-designing the membership form and putting posters up around the hospital
- raising awareness of membership with young people/adolescent patients.

The Composition of the Membership Council during the reporting period is listed in the table on page 32. Public, Patient, Carer and Staff Councillors are elected as set out in the Model Rules for Elections as varied from time to time by the Department of Health. The current version of the Model Rules is set out in Appendix C of the Trust's Constitution. The PCT and Local Authority Councillors are appointed pursuant to a process agreed by the appropriate PCT or Local Authority. All Councillors have a three-year term of office and are eligible for re-election or reappointment a maximum of three times (subject to any provisions set out in the Election Scheme).

Meetings of the Membership Council

Three meetings of the Membership Council, in addition to the Annual General Meeting, were held during the reporting period. Individual attendance by Councillors is shown in the table on page 32.

The Register of Councillors' interests is held at the Foundation Trust Office and members of the public can gain access to this by calling 0207 808 2844, freephone 0800 587 7773 or emailing foundation.trust@rmh.nhs.uk.

Communication

There have been a number of other initiatives to improve communication between the Board and Trust Members, including the promotion of open Board meetings and the distribution of Board minutes to staff.

Two Members' Events were held during the year to engage members and provide them with an opportunity to meet their Councillors, in line with the Membership Strategy.

The Reverend Dame Sarah Mullally has continued in her role as designated Link Non-Executive Director with the Membership Council. Through this position,

which was created in 2006, Dame Sarah attends Council meetings and acts as a conduit between the Council and its Board of Directors. This improves mutual understanding between the Board and Membership Council and provides a mechanism for ensuring the Board is aware of issues raised by Councillors.

Performance evaluation of the Membership Council

The Membership Council annually reviews its collective performance in accordance with the requirements of Section D2.2 of the NHS Foundation Trust Code of Governance. The review takes the form of an independently facilitated workshop with a written report of the outcomes.

Elections

An election was called in June 2007 to fill a vacancy in the Carer constituency. Mr Charles McGregor was the only person who stood for nomination and was therefore elected unopposed.

As Shelley Dolan, the Nurse Staff Councillor, was appointed to the Chief Nurse position in July 2007, she was no longer eligible to be a Councillor. As Lorraine Hyde was a runner-up in the election for that constituency in March 2007 she took on the role from July 2007.

Terms of Office & Summary Attendance by individual Councillors at meetings of the Membership Council 2007/08

Constituency	Name	Meetings attended	Term of Office	Current Term of Office end
Elected Councillors				
Patient Councillors				
Paediatric and Adolescent	Mr James Miller	0	First	June 2008
South West London	Mrs Anita Gray	3	First	June 2008
	Mr Richard Penn	1	First	June 2008
	Miss Margaret Jackman	0	First	June 2009
	Mr John Rhys Hughes	3	First	June 2009
East Elmbridge & Mid Surrey	Dr James Laxton	3	Second	April 2010
	Mr Chris Pelley	3	First	June 2009
Greater London	Mrs Hilary Bateson	3	First	April 2010
	Dr Geoff Harding	3	First	April 2010
Elsewhere in England	Mrs Sally Mason	3	Second	April 2010
	Mr Barry Ellis	3	First	April 2010
Carer Councillors				
	Mr Steven Graham	2	First	April 2010
	Mrs Lorraine Fenton	2	First	April 2010
	Mr Charles McGregor	2	First	July 2010
Public Councillors				
Kensington and Chelsea	Mrs Sheila Ann Newsum	1	First	June 2008
Sutton and Merton	Mr Anthony Hazeldine	3	Second	April 2010
Elsewhere in England	Mr Robert Shearer	3	Second	April 2010

Constituency	Name	Meetings attended	Term of Office	Current Term of Office end
Staff Councillors				
Doctor	Professor Ian Smith	2	Second	April 2010
Nurse	Miss Shelley Dolan	1	First	July 2007
Nurse (from July 2007)	Mrs Lorraine Hyde	2	First	April 2010
Other Clinical	Mr Richard Keane	2	Second	April 2010
Other Non-Clinical	Mr Peter Kirkham	2	Second	April 2010
Nominated Councillors				
The Institute of Cancer Research	Professor Keith Willison	2	Second	April 2010
South West London Cancer Network	Ms Charlotte Joll	3	Second	April 2010
West London Cancer Network	Ms Fiona Bonas	2	Second	April 2010
Royal Borough of Kensington & Chelsea	Councillor Ian Hanham	3	Second	April 2010
Sutton & Merton PCT	Dr Martyn Wake	0	Second	April 2010
Croydon PCT	Mr Dominic Conlin	1	Second	April 2010
Kensington & Chelsea PCT	Mr Andrew Kenworthy	0	First	
Kensington & Chelsea PCT	Vacant			
Surrey PCT	Mr Alan Kennedy	0	First	October 2007
Surrey PCT	Mr Michael Munt	2	First	October 2010
Thames Valley University	Vacant			
Cancer Research UK (Charity)	Dr Angela Galpine	1	Second	January 2008
Cancer Research UK (Charity)	Vacant			
Partnership Councillor				
Primary Care Referrer	Dr Chris Elliott	2	First	October 2010
University Partner				
	Vacant			

Board of Directors

1 Mrs Tessa Green

Chairman

R ICR (alternate) CRG I

Tessa Green became Chairman of The Royal Marsden NHS Trust in November 1998. She was appointed Chairman of The Royal Marsden NHS Foundation Trust in April 2004, and reappointed in December 2005 for a further three years with effect from 1 November 2006. Previously she was a Non-Executive Director of the Royal Berkshire and Battle Hospitals NHS Trust in Reading and Chairman of the Research Ethics Committee at The Royal Marsden. Tessa worked in the media, until 1990 as Head of Corporate Communications for Carlton Communications PLC. In 1991 she embarked on a law degree and was called to the Bar in 1994.

Executive Directors

2 Miss Cally Palmer CBE

Chief Executive

ICR CRG I

Cally Palmer became Chief Executive of The Royal Marsden in 1998. Previously Cally was Deputy Chief Executive and Director of Services at the Royal Free Hampstead NHS Trust. Cally is an MSc graduate in management from the London Business School, which she gained with

distinction in 1995, and a member of the Institute of Health Services Management. Cally was awarded a CBE in 2006 for her contribution to the NHS.

Professor Dickon Weir-Hughes Chief Nurse/Deputy Chief Executive (until May 2007)

ICR A CRG

Professor Dickon Weir-Hughes was appointed to the Board of The Royal Marsden in 1998. He was founder of The Royal Marsden School of Cancer Nursing & Rehabilitation and Programme Director of the National Cancer Leadership Programme. He was a member of the NHS Workforce Development Board from 2000 to 2003 and formerly the (volunteer) Deputy Chief Nursing Officer for St John Ambulance, England.

3 Ms Shelley Dolan

Chief Nurse (from July 2007)

A CRG

Shelley Dolan was promoted to Chief Nurse from her position as the first Nurse Consultant in Critical Care in the UK, a role she took up at The Royal Marsden in 2000. Read more about Shelley on page 14.

4 Mr Alan Goldman

Director of Finance

I A

Alan Goldman was appointed in 2002 from Guy's and St Thomas' NHS Trust where he was Deputy Director of Finance. Prior to this, Alan's career includes four years in senior finance roles with the Health Service in New Zealand, and a further four years spent in the construction industry and in commercial banking. Alan is a qualified accountant and has an MSc in Health Management from City University, London.

5 Professor Martin Gore

Medical Director

CRG

Professor Martin Gore became Medical Director of The Royal Marsden in 2006. Professor Gore qualified in medicine at St Bartholomew's Hospital, London in 1974. He trained in General Internal Medicine for five years and then was appointed as a Clinical Scientist at the Ludwig Institute of Cancer Research (1981-1984). In 1984, he joined the training programme at The Royal Marsden and was appointed Consultant

Cancer Physician to The Royal Marsden Hospital and Senior Lecturer at The Institute of Cancer Research in 1988. He is on the editorial board of several journals and has published over 300 articles and edited seven textbooks.

He is currently Chairman of the Department of Health's Gene Therapy Advisory Committee and Vice-Chairman of the Health and Safety Executive's Scientific Advisory Committee on Genetically Modified Organisms.

6 Mr David Probert

Chief Operating Officer (from October 2007)

CRG

David Probert joined The Royal Marsden last year as its first Chief Operating Officer. Read more about David on page 14.

Non-Executive Directors

7 Reverend Dame Sarah Mullally

R A E CRG

Rev Dame Sarah Mullally was Chief Nursing Officer for England/Director of Patient Experience until September 2004 and Assistant Curate at Battersea Fields Benefice, London until September 2006. She is now Rector for the Church of England Team Ministry in Sutton.

Mr Jeffrey Burke, QC

R CRG

Jeffrey Burke is a Queen’s Counsel and in 2002 was appointed a Circuit Judge. He is also a judge of the Employment Appeal Tribunal and Chairman of Mental Health Review Tribunals. Since 1998 he has served as a member of The Royal Marsden Local Research Ethics Committee.

Mr Manoj Khosla

R A I

Manoj Khosla is Deputy CFO of UBS Global Asset Management. Previously, he held various positions as Head of Operations, CAO and CFO for Merrill Lynch Investment Managers EMEA Pacific in London from 2000 to 2005 and CFO within Merrill Lynch Japan Securities - Private Client and in MLJ - Corporate & Institutional Client and Asset Management Groups, in Tokyo from 1996 to 1999. He has also held the position of CFO for Merrill Lynch International Bank in London from 1992 to 1996 and as Vice President in Merrill Lynch & Co in New York from 1987 to 1992.

8 Professor Peter Rigby

CRG A ICR

Professor Peter Rigby is Chief Executive of The Institute of Cancer Research where he is responsible for a major programme of cancer research which extends from basic

laboratory science through translational research to clinical implementation. He is a Fellow of the Academy of Medical Sciences.

9 Mr Colin Clark

R A CRG

Colin Clark has had over 25 years experience in the investment management industry with Mercury Asset Management and Merrill Lynch Investment Managers. He is a Director of Aida Capital Ltd. and a Non-Executive Director of Standard Life Investments and Alpha Strategic Plc. He is a Governor of Francis Holland School and a founder shareholder in Notting Hill Preparatory School.

Fond farewells and new faces

The Royal Marsden said a fond farewell to Mr Jeffrey Burke and Mr Manoj Khosla who completed their second terms of office in 2008, and welcomed Mr Gregory Andrews (10), Sir John Craven (11) and Mr Richard Turnor, who were all appointed in 2007. Mr Andrews and Sir John took up their posts on 1 April 2008 and Richard Turnor will join the Trust later in 2008.

For a key to all acronyms, please see the Management Executive section on page 42.



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11

The work of the Board of Directors

The Foundation Trust's Standing Financial Instructions Policy sets out the powers reserved for the Board of Directors and the Scheme of Delegation sets out its other responsibilities. Decisions taken by the Board include the following:

- regulations and control
- appointment and dismissal of committees
- strategy, business plans and budgets
- policy determination
- appointment of internal auditors
- receipt and approval of the Trust's Annual Report and Accounts
- monitoring and continuous appraisal of the affairs of the Trust.

Decisions delegated to management

include policy implementation and operational management. The Trust's Management Executive (ME) meets monthly, as does the Performance Review Group, which looks at key performance issues. In addition, the Financial Strategy Group, which comprises all members of ME, meets bi-monthly and focuses on long-term service development plans, business cases, asset management, financial restructuring, benchmarking, new business opportunities and other strategic issues, before they are presented to the Board.

Board of Directors' balance, completeness and appropriateness

The Nominations Committee has considered the key business backgrounds felt to be important on the Board against its current profile. The Board considers its current composition to be balanced, complete and appropriate to the requirements of the NHS Foundation Trust. When vacancies arise, the Board and Nominations Committee consider the balance and ensure role descriptions are developed which accurately reflect the Board's requirements.

Performance evaluation of the Board of Directors, its Committees and its Directors

A process of evaluating Board Committees was considered and agreed by the Trust Board in November 2006. All Board-level Committees undertook a self-evaluation by the end of March 2008. This evaluation involved a formal review of existing terms of reference, with allocated time in the agenda for an open discussion on how the Committee has performed against its terms of reference and appropriate changes made as necessary.

The Trust Board completed a structured self-evaluation before the end of March 2008. Summary recommendations were drawn from a collation of responses to three questionnaires focusing on:

- operation of the Board
- the Strategy of the Board
- attitudes of the Board.

The information and analysis was intended to inform discussion at Board level to highlight areas for future action. Where possible, comparisons with a self-evaluation survey carried out in 2005 were made.

The Chairman is appraised annually through a process led by the Senior Independent Director. This takes into account the views of the Board, the Membership Council and the Trustees of The Royal Marsden Cancer Campaign. The Senior Independent Director formally reports the outcome of these discussions to the Trust Board.

The Chairman conducts an annual appraisal of Non-Executive Directors. This information is an important part of the consideration when an individual is seeking re-appointment.

Members of the public can gain access to the Register of Directors' Interests through the Foundation Trust Office by calling 020 7808 2844, freephone 0800 587 7773 or emailing foundation.trust@rmh.nhs.uk.

The Audit Committee is formally constituted as a subcommittee of the Trust Board and its main purpose is to independently contribute to the Board's overall process for ensuring that an effective internal control system is

maintained. In particular the Committee has the following key objectives:

- providing confidence in the objectivity and fairness of financial reporting
- providing assurance about the adequacy of internal control
- safeguarding of assets
- reducing the risk of illegal or improper acts
- reinforcing the importance, independence and effectiveness of internal and external audit.

The Nominations Committee was established in 2004 to manage the appointment or reappointment of Non-Executive Directors to the Trust. The Committee has responsibility for handling all aspects of the recruitment and remuneration process and makes their recommendation for approval to the Membership Council.

During the reporting period two Non-Executive Directors reached the end of their terms of office. The process and timetable for making appointments was agreed by the Nominations Committee, including role descriptions and open advertising.

Due to the appointment of the new Chief Operating Officer (an Executive Director) three new Non-Executive Directors were appointed. The new Directors were appointed within the reporting period but they did not commence their directorships until the following financial year.

The Committee also made recommendations to the Membership Council regarding the reappointment of Mr Colin Clark, Dame Sarah Mullally and Professor Peter Rigby.

Membership of the Nomination Committee is sought from the Trust Board and the Membership Council and comprises:

- the Chairman (or Vice Chairman for recruitment to a Chairman vacancy)
- two Non-Executive Directors
- two elected Membership Council Representatives (as nominated by the Membership Council)
- two Executive Directors.

Within the above membership, those attending particular meetings will vary according to the business of the meeting, i.e. a Non-Executive Director would not attend when his/her reappointment is under discussion. Where remuneration is discussed, only Council Members attend and a further representative of the Membership Council is co-opted on to the Committee.

Number of meetings of the Board of Directors, Nominations and Audit Committees and individual attendance by Directors.

Board of Directors	Total meetings = 10
Tessa Green (Chairman)	10
Jeffrey Burke	8
Colin Clark	10
Manoj Khosla	9
Rev Dame Sarah Mullally	10
Professor Peter Rigby	10

Audit Committee	Total meetings = 3
Manoj Khosla (Chairman)	2
Colin Clark	3
Rev Dame Sarah Mullally	2
Professor Peter Rigby	3

Nominations Committee	Total meetings = 2
Tessa Green (Chairman)	2
Colin Clark	2
Rev Dame Sarah Mullally	1
Professor Peter Rigby	2

Other members	
Cally Palmer	2
Alan Goldsman	2
Barry Ellis	1
Tony Hazeldine	2
Angela Galpine	1

The Equality & Diversity Committee sets the strategic direction for equality and diversity in service provision and development and in employment opportunity, in line with the Trust's values and strategy. It considers the implications of local and national initiatives from a patient, staff and public perspective and leads action to promote good practice.

The Clinical/Research Governance & Risk Management Monitoring Committee aims to support the Trust Board in developing an integrated approach to governance by ensuring robust systems, which enable achievement of its objectives. A key focus of the Committee is patient safety, including infection control.

Directors' Report

The Directors present their report and audited financial statements for the year to 31 March 2008.

Principal activities

The Trust's principal activity is the provision of healthcare services to patients.

Business review

The NHS Foundation Trust's activities are reviewed in:

- the Chairman's statement on page 2
 - the Chief Executive's statement on page 3
 - the Financial Review on pages 45 to 46
- In addition to this, other information relevant to the NHS Foundation Trust's activities is set out in the other sections of this document.

Post balance sheet events

There have been no significant events since the balance sheet date that have had a material impact on the NHS Foundation Trust.

Political and charitable donations

The NHS Foundation Trust has not made any political or charitable donations this year or in previous years.

Public Sector Payment Policy

The Trust aims to pay its non-NHS trade creditors in accordance with the CBI prompt payment code and government accounting rules. The target is to pay non-NHS trade creditors within 30 days of receipt of goods or a valid invoice (whichever is the later) unless other payment terms have been agreed with the supplier.

Disclosure of information to auditors

As far as each of the Directors is aware, there is no relevant audit information of which the auditors are unaware. Each Director has taken all the steps a Director ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of such information.

Auditors

The Trust's appointed external auditors are Deloitte & Touche LLP. The auditors provide audit services comprising carrying out the statutory audit of the Trust's annual accounts and the use of resources work as mandated by the Healthcare Commission. The cost of this audit service in 2007/08 was £63,000 (2006/07 - £55,000).



Date: 12 June 2008
Miss C. A. Palmer CBE
Chief Executive

Cally Palmer

Remuneration Report 2007/08

The Royal Marsden NHS Foundation Trust presents its Remuneration Report as required by Monitor, the Independent Regulator of NHS Foundation Trusts.

Remuneration of Executive Directors

The basic salaries of Executive Directors are determined by the Remuneration & Terms of Service Committee in relation to market rates and directions from the NHS Executive. Performance related bonuses are determined by the Remuneration & Terms of Service Committee based on an appraisal of performance against pre-defined objectives and are set in relation to salary levels and best practice within the private and public sectors. Details of the membership of the Remuneration & Terms of Service Committee are outlined in The Trust Board section of the Annual Report on page 34.

The dates of appointment for Executive Directors are outlined in The Trust Board section of the Annual Report on page 34.

The notice periods for Executive Directors are:

Chief Executive	6 months
Chief Nurse	3 months
Chief Operating Officer	3 months
Director of Finance	3 months
Medical Director	3 months

No compensation for early termination is provided.

Remuneration of Non-Executive Directors

It is for the Membership Council at its General Meeting to appoint or remove the Chairman and other Non-Executive Directors. All appointments are made for three years.

Details of the date of appointment and end of current term of office for Non-Executive Directors are outlined in the Conditions of Service of Non-Executive Directors on page 43.

No compensation for early termination is provided.

“I felt, and still do feel, passionate about the hospital and what it does for patients and decided I wanted to be part of The Royal Marsden family.”

*Dr James Laxton – Patient Councillor,
East Elmbridge & Mid Surrey, February 2008*

Salary and pension entitlements of directors for the year ended 31 March 2008

Name	Title	Salary	Other Remuneration	Real increase in pension at age 60	Total accrued pension at age 60 at 31 March 2008	Cash Equivalent Transfer Value at 31 March 2008	Real increase in Cash Equivalent Transfer Value
		(bands of £5,000)	(bands of £5,000)	(bands of £2,500)	(bands of £5,000)		
		£000	£000	£000	£000	£000	£000
Mrs T. Green	Chairman	35 – 40	–	–	–	–	–
Mr J. Burke QC	Non Executive Director	10 – 15	–	–	–	–	–
Mr C. Clark	Non Executive Director	10 – 15	–	–	–	–	–
Mr M. Khosla	Non Executive Director	10 – 15	–	–	–	–	–
Rev Dame S. Mullally	Non Executive Director	10 – 15	–	–	–	–	–
Prof. P. Rigby	Non Executive Director	10 – 15	–	–	–	–	–
Miss C. Palmer CBE	Chief Executive	195 – 200	–	7.5 – 10	55 – 60	892	114
Miss S. Dolan <i>(from July 2007)</i>	Chief Nurse	60 – 65	–	2.5 – 5	20 – 25	364	41
Mr A. Goldsman	Director of Finance	125 – 130	–	2.5 – 5	15 – 20	228	39
Prof. M. Gore	Medical Director	10 – 15	145 – 150	2.5 – 5	55 – 60	1,068	52
Mr D. Probert <i>(from Oct 2007)</i>	Chief Operating Officer	40 – 45	–	0 – 2.5	10 – 15	103	4
Prof. D. Weir-Hughes <i>(until May 2007)</i>	Deputy Chief Executive & Chief Nurse	25 – 30	–	2.5 – 5	15 – 20	233	40

Salary and pension entitlements of directors for the year ended 31 March 2007

Name	Title	Salary	Other Remuneration	Real increase in pension at age 60	Total accrued pension at age 60 at 31 March 2007	Cash Equivalent Transfer Value at 31 March 2007	Real increase in Cash Equivalent Transfer Value
		(bands of £5,000)	(bands of £5,000)	(bands of £5,000)	(bands of £5,000)		
		£000	£000	£000	£000	£000	£000
Mrs T. Green	Chairman	35 – 40	–	–	–	–	–
Mr J. Burke QC	Non Executive Director	10 – 15	–	–	–	–	–
Mr C. Clark	Non Executive Director	10 – 15	–	–	–	–	–
Mr M. Khosla	Non Executive Director	10 – 15	–	–	–	–	–
Rev Dame S. Mullally	Non Executive Director	10 – 15	–	–	–	–	–
Prof. P. Rigby	Non Executive Director	10 – 15	–	–	–	–	–
Miss C. Palmer CBE	Chief Executive	165 – 170	–	2.5 – 5.0	45 – 50	712	60
Mr A. Goldsman	Director of Finance	105 – 110	–	0 – 2.5	10 – 15	169	30
Prof. M. Gore	Medical Director	10 – 15	140 – 145	0 – 2.5	55 – 60	970	33
Prof. D. Weir-Hughes	Deputy Chief Executive & Chief Nurse	100 – 105	–	0 – 2.5	10 – 15	172	19

Date: 12 June 2008

Miss C. A. Palmer CBE

Chief Executive

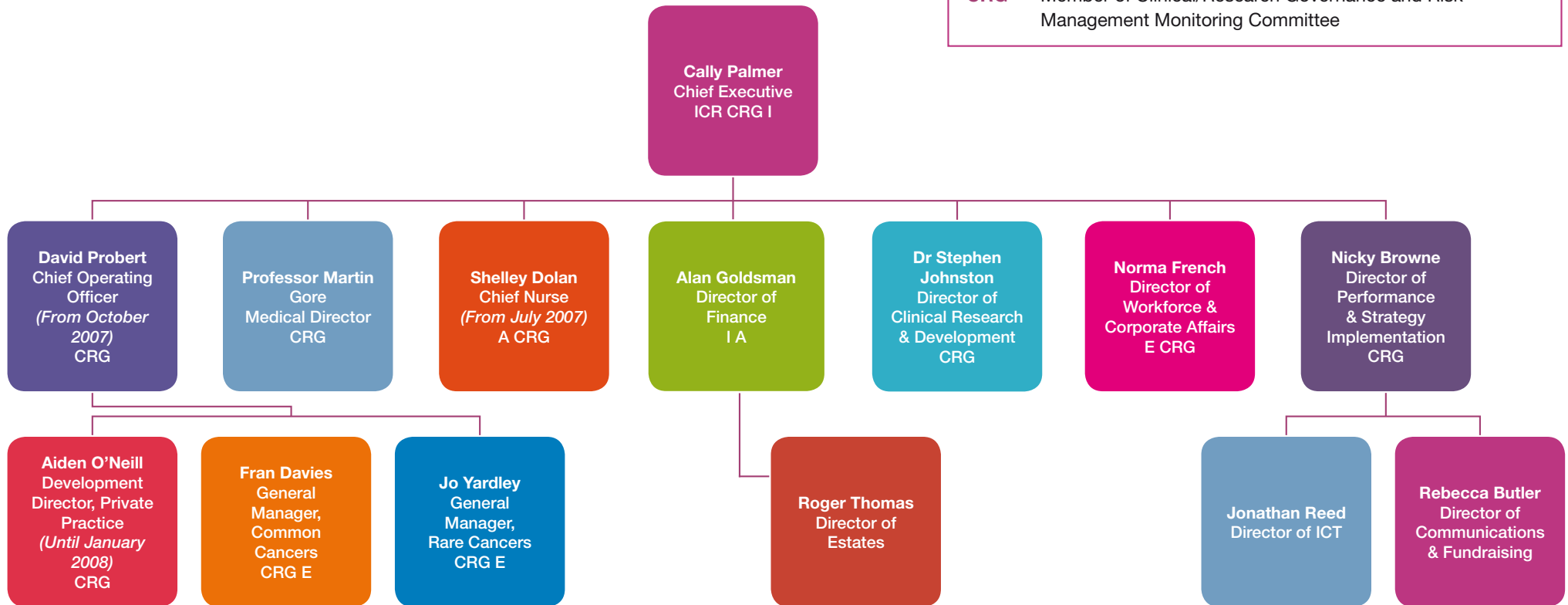
Cally Palmer

The Management Executive

The Management Executive takes strategic direction from the Board and implements it, running the day-to-day operational business of the Trust.

Key

- R** Member of Remuneration and Terms of Service Committee
- A** Member of Audit Committee
- I** Member of Investment Committee
- E** Member of Equality and Diversity Committee
- ICR** Member of the Board of Trustees of The Institute of Cancer Research
- CRG** Member of Clinical/Research Governance and Risk Management Monitoring Committee



Conditions of Service for Non-Executive Directors

Mrs Tessa Green

(Chairman)

Appointed 1 April 2004 for unexpired term on authorisation (Chairman) as a Foundation Trust (to 31 October 2006); reappointed for a further three years from 1 November 2006.

Mr Manoj Khosla*

(Senior Independent Director)

Appointed Non-Executive Director 1 April 2004 for unexpired term on authorisation as a Foundation Trust (to 31 March 2005); reappointed for a further three years from 1 April 2005. Appointed Senior Independent Director November 2006 following approval by the Board of Directors and Membership Council.

Professor Peter Rigby

Chief Executive of The Royal Marsden's academic partner, The Institute of Cancer Research.

Mr Jeffrey Burke, QC*

Appointed 1 April 2004 for unexpired term on authorisation as a Foundation Trust (to 31 March 2005); reappointed for a further three years from 1 April 2005.

Mr Colin Clark*

Appointed 1 May 2005 for a three year term.

Reverend Dame Sarah Mullally*

(Link Non-Executive Director with the Membership Council)

Appointed 1 November 2005 for a three-year term.

*** The Non-Executive Directors which the Board considers to be independent.**

Non-Executive Directors' appointments may be terminated as set out in their terms of engagement.

The Chairman had no other significant commitments during the reporting period.

Councillors and/or Non-Executive Directors should contact the Foundation Trust Office by calling 020 7808 2844, freephone 0800 587 7773 or emailing foundation.trust@rmh.nhs.uk

Foreword to the accounts

The Royal Marsden NHS Foundation Trust

These accounts for the year ended 31 March 2008 have been prepared by The Royal Marsden NHS Foundation Trust in accordance with paragraphs 24 and 25 of Schedule 7 to National Health Service Act 2006.

Date: 12 June 2008

Miss C. A. Palmer CBE
Chief Executive

Cally Palmer



Financial review for the year ended 31 March 2008

In its fourth year as a Foundation Trust, The Royal Marsden has maintained its excellent track record of financial performance. The Trust has met and in most cases exceeded its financial and performance plans for 2007/08.

The Trust has generated a surplus for development of £14.9m. It is important to note that this sum includes an estimate of the insurance proceeds that will be received from our commercial insurers as a result of the major fire on the Trust's Chelsea site in January 2008. This estimate is calculated using a formula agreed with our auditors and is shown in our accounts, without prejudice to our ongoing insurance claim negotiations. The surplus, excluding an accounting gain on the destruction of fixed assets (of £9.8m), is £5.1m.

The accounting gain arises because the Trust's insurance cover provides for assets to be replaced at today's prices, rather than the depreciated values that will be recorded on the Trust's balance sheet. When these insurance proceeds are received they will be required to fund the rebuilding works.

The 'underlying' surplus for development is therefore £5.1m, against a full year plan of £3m. This excellent result is due to a combination of factors, including the delivery of the Trust's efficiency targets, strong private patient income performance, and good financial discipline and cost control.

During the year approximately half of the underlying surplus was committed to the Trust's capital development programme. The Board and Membership Council have now agreed that the full surplus should be applied to capital development; in particular to schemes that will enhance services to patients on both the Chelsea and Sutton hospital sites.

The Trust has continued to maintain a strong cash position and balance sheet. At 31 March 2008 the Trust held cash deposits of £47.4m, an improvement of £18.5m over the previous year. The Trust has updated its cash flow plans in line with a new capital programme and this cash is now mostly committed to expenditure in the five-year programme.

A professional valuation firm completed a valuation of the Chelsea and Sutton sites before Christmas 2007. This was repeated following the fire in order to establish the updated position. Excluding the impairment caused by the fire, asset values were reduced by £32m and booked to the revaluation reserve.

Efficiency

The Royal Marsden is committed to delivering its plans for a £20m efficiency programme by 2012. Some £9.4m has already been delivered in the first four years of operation as an NHS Foundation Trust and it is anticipated that a further £10.6m of recurrent savings will be delivered over the coming four years.

The rationale for this programme is to reduce unit costs and overheads in order to create margins on activity so that this can be reinvested in Business Strategy developments. This will also enable The Royal Marsden to maintain its position as a comprehensive cancer care provider in an evolving market and to manage risk by creating financial contingency.

The efficiency programme is broken down equally into initiatives which will increase income with less, or no, increase in cost; and those which reduce costs with less, or no, reduction in income. Most notably in clinical service redesign, drugs and other non-pay procurement, and workforce modernisation. This efficiency programme does not involve any reduction in services provided or disposal of assets.

The Trust has implemented a form of service line reporting (or trading accounts) for its patient activity portfolio. This involves an adjustment for the marginal cost of delivering activity over (or under) the activity level funded in the annual financial plan.

Financing and investment

The Trust has an authorised Prudential Borrowing Limit of £54.3m for 2007/08. Because the Foundation Trust has maintained healthy cash flow it has not needed to use any of the borrowing facility. The forward plans also show that use of this facility will not be required.

The Foundation Trust Board has approved a five-year capital programme, totalling £111m. This investment programme will, for the most part, provide new assets that are considered 'protected' for the NHS under the Foundation Trust Terms of Authorisation.

Income and expenditure plans

The Foundation Trust receives the majority of its patient care income from Primary Care Trusts. Patient referrals are centred on the Trust's two sites in London and Surrey but extend from this local base to cover all of England and beyond, particularly for referrals for rarer cancers. This patient referral pattern is reflected in representation on The Royal Marsden Membership Council.

Patient care income is supplemented by income to provide infrastructure support for research and development activity and from private patient income. The margin delivered on private income remains a vital source of support for NHS services to patients. Private income is expected to continue to grow, although at a rate which is less than the growth in NHS income. This means that private income is expected to remain well within the private patient income 'cap' set out in the Trust's Terms of Authorisation.

Relationships with key stakeholders

The Trust continues to maintain strong and productive relationships with Primary Care Trusts; which are governed by the legally binding contract introduced as part of the Foundation Trust reforms. Over the year the Foundation Trust has delivered increased activity for NHS patients and has begun to introduce new drugs in partnership with PCTs, who fund the treatments.

During the year work continued on the development of the new Chemotherapy Unit at Kingston Hospital. Patients previously referred to and treated at Charing Cross Hospital transferred to The Royal Marsden in October 2007 in advance of the new facilities that will open at Kingston Hospital in June 2008. A second Chemotherapy Unit will operate along similar lines at the Mayday University Hospital in Croydon later in 2008.

Managing risks

Finance

Over the full year the Trust has consistently maintained a financial risk rating of 4 (where 5 is the best and 1 the worst). This means that the Trust is considered, by Monitor – the Independent Regulator of NHS Foundation Trusts, to be low risk in financial terms.

Governance

The Trust is rated on its Governance arrangements; which covers compliance with the Terms of Authorisation. This rating is based on self certification where the Foundation Trust Board is required to confirm that all core national healthcare targets and standards have been met and that plans are in place to ensure that they will be met going forwards.

There are two possible declarations; the first is unqualified and the second qualified with supporting narrative. At the end of the year the Foundation Trust Board has approved an unqualified declaration.

Mandatory Services

The Trust is rated on its provision of Mandatory Services in conjunction with the Healthcare Commission. The Trust has continued to maintain its 'green' rating from Monitor.

Counter-fraud

The Trust has a counter-fraud officer in place who proactively reviews the Trust's counter-fraud arrangements and follows up on any incidents reported. There is also a whistle-blowing procedure in place available to all staff; all matters raised are dealt with in confidence.

Statement of the Chief Executive's responsibilities as the Accountable Officer of The Royal Marsden NHS Foundation Trust

The National Health Service Act 2006 states that the Chief Executive is the Accounting Officer of the NHS Foundation Trust. The relevant responsibilities of Accounting Officer, including their responsibility for the propriety and regularity of the public finances for which they are answerable, and for the keeping of proper records, are set out in the Accounting Officer's Memorandum issued by Monitor.

Under the National Health Service Act 2006, Monitor has directed The Royal Marsden 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 The Royal Marsden NHS Foundation Trust and of its income and expenditure, total recognised gains and losses, and cash flows for the financial year.

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

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

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

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

Date: 12 June 2008

**Miss C. A. Palmer CBE
Chief Executive**



Statement on internal control 2007/08

Scope of responsibilities

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 also acknowledge my responsibilities as set out in the NHS Foundation Trust Accounting Officer Memorandum.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to:

- identify and prioritise the risks to the achievement of the policies, aims and objectives of The Royal Marsden NHS Foundation Trust
- evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The system of internal control has been in place in The Royal Marsden NHS Foundation Trust for the whole year ended 31 March 2008 and up to the date of approval of the Annual Report and Accounts.

An Assurance Framework has been established which is designed to meet the requirements of the 2007/08 Statement on Internal Control and provide reasonable assurance that there is an effective system of internal control to manage the principal risks as identified by the NHS Foundation Trust.

The controls and assurances noted within the Framework have been in existence for some time and continue to be in place.

Capacity to handle risk

The NHS Foundation Trust's Board of Directors provides leadership and a high level of commitment for establishing good risk management systems across the organisation. The Chairman of the Clinical Research Governance and Risk Management Monitoring Committee is also the Chair of the Board, and membership includes Executive Directors and three Non-Executive Directors. As a sub-group of the Board, the Committee is responsible for approving the strategic management of risk and monitoring the implementation of risk management arrangements within the NHS Foundation Trust. The Chief Nurse/Deputy Chief Executive is identified as the Executive Director with responsibility for risk management.

Allocation of responsibility for the implementation of risk management is delegated to a range of staff across the organisation. Their roles and responsibilities for risk management are clearly defined.

Risk management training is provided for every member of staff at induction and the Head of Risk Management is responsible for providing advice and expertise to all staff. Ongoing training is determined via the appraisal and personal development planning process at an individual level and by training needs analysis against key risk areas at a strategic level.

Guidance for staff is provided through training programmes and information is available in the Risk Management Policy. This is supported by the Accident/Incident Reporting & Investigation Policy including Serious Untoward Incidents, which supports a learning culture within the organisation. All policies relating to risk management are easily accessible and available to staff on the hospital intranet.

The risk and control framework

The Risk Management Policy has been approved by the Board and is reviewed on an annual basis. It defines the process for the systematic identification and control of risks. It clearly defines accountability structures, roles and responsibilities. The policy details the process for risk identification and evaluation using a standardised risk assessment matrix and sets out the levels of authority for the management of identified risk.

Risk management is firmly embedded into the activity of the organisation and operational responsibility for risk identification and control is delegated to individual Directors and Senior Managers who have functional responsibility within their areas of management.

The policy has been disseminated throughout the NHS Foundation Trust and has been communicated to key stakeholders.

The Assurance Framework was originally adopted by the Board for 2003/04 in line with Department of Health guidelines and this has now been revised and developed for 2007/08 to incorporate, for example, the Healthcare Commission Standards for Better Health Domains. The Assurance Framework maps out the NHS Foundation Trust's objectives, key risks to achieving the objectives, and the controls and assurance mechanisms in place to mitigate the risks. The NHS Foundation Trust will, during 2008/09, build upon the revised Assurance Framework, continue to monitor the assurances it receives against those expected within the Framework and review progress on the action plans drawn up to close the gaps in both controls and assurance.

The NHS Foundation Trust is committed to having an effective structure for patient and public stakeholder involvement at all levels within the organisation and as a NHS Foundation Trust is provided with strategic direction by the Membership Council.

During 2007/08 the NHS Foundation Trust has been implementing its Patient and Public Involvement Strategy. A public representative has been an active member of the Clinical Research Governance and Risk Management Executive Committee for several years. A key development is the increased involvement of the Patient and Carer Advisory Group which acts as the focus for all local patient involvement initiatives.

The Board reviewed the systems and procedures for securing personal data, including patient data in transit and were satisfied that these have been and remain compliant with relevant information governance guidance and the Data Protection Act 1998. A new programme highlighting the risks surrounding sensitive information has been initiated to reinforce awareness amongst staff.

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

The NHS Foundation Trust has established arrangements for managing its financial and other resources which demonstrate that value for money is being managed and achieved.

The NHS Foundation Trust:

- achieved its financial plan and efficiency targets in 2007/08 and has an ongoing plan to improve organisational efficiency. This is managed by the NHS Foundation Trust's Board of Directors
- used information from the national tariff to examine relative efficiency indicators including length of stay. This has led to the opening of a Transitional Care Unit to plan admission, treatment and discharge of patients more effectively and to improve the patient's experience

- has not considered formally the potential for 'financial' shared services, but has considered closer working with the Institute of Cancer Research and other NHS Trusts across a range of clinical and non-clinical functions
- is keen to develop its benchmarking capability and to gather the evidence to be able to demonstrate differences between services and organisation
- identified potential productivity gains to be obtained from the new workforce contract arrangements and has produced plans to realise the benefits to the organisation
- appointed a full time Head of Procurement and will be incorporating investment in new systems as part of a three-year programme.

Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review is informed by the work of internal auditors and the executive managers within the NHS Foundation Trust who have responsibility for the development and maintenance of the system of the internal control framework, and comments made by external auditors in their management letter and other reports.

I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board and the Audit Committee, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The Assurance Framework itself provides me with evidence that the effectiveness of controls that manage the risks to the organisation achieving its principal objectives have been reviewed.

My review is also informed by:

- assessment of financial reports submitted to Monitor
- opinions and reports made by external auditors
- opinions and reports made by internal auditors
- achievement of Charter Mark standard for Customer Service Excellence
- ISO 9001 compliance for Radiotherapy and Chemotherapy
- Clinical Pathology Accreditation (CPA) held for designated pathology services
- Clinical Governance Annual Report
- quarterly Integrated Governance Monitoring Reports
- Infection Control Annual Report
- Clinical Audit Reports and Action Plans

- Investigation Reports and Action Plans following Serious Untoward and Red Rated Incidents
- Departmental and Clinical Risk Assessments and Action Plans
- results of the National Patient Survey
- results of the National Staff Survey.

The process that has been applied in maintaining and reviewing the effectiveness of the system of internal control has been reviewed by:

- the Board, through consideration of key objectives and the management of principal risks to those objectives within the Assurance Framework
- the Clinical/Research Governance and Risk Management Committee, by reviewing all policies relating to governance and risk management and monitoring the implementation of arrangements within the Trust
- the Audit Committee, by reviewing and monitoring the opinions and reports provided by both internal and external audit
- the Clinical/Research Governance and Risk Management Executive Committee, by implementing and reviewing clinical governance and risk management arrangements and receiving reports from all operational risk committees
- external assessments of services.

NHS Pension Scheme Contributions

As an employer with staff entitled to membership of the NHS Pension Scheme, control measures are in place to ensure all employer obligations contained within the Scheme regulations are complied with.

Conclusion

As Accounting Officer and based on the review process detailed above, I am assured that there are no significant internal control issues.



Date: 12 June 2008

**Miss C. A. Palmer CBE
Chief Executive**

Independent Auditors' Report to the Membership Council and Board of Directors of The Royal Marsden NHS Foundation Trust

We have audited the financial statements of The Royal Marsden NHS Foundation Trust for the year ended 31 March 2008 under the National Health Service Act 2006 ("the Act") which comprises the Income and Expenditure Account, Balance Sheet, Statement of Total Recognised Gains and Losses, Cash Flow Statement and the related notes 1 to 25. These financial statements have been prepared in accordance with the accounting policies set out therein.

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

Respective Responsibilities of the Accounting Officer and Auditors

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

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

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

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

Basis of audit opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of The Royal Marsden NHS Foundation Trust as at 31 March 2008 and of its income and expenditure for the year then ended in accordance with the accounting policies directed by Monitor.


Certificate

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

Date 16 June 2008

Heather Bygrave (Senior Statutory Auditor)

For and on behalf of Deloitte & Touche LLP
Chartered Accountants
St Albans


16 June 2008

Income and Expenditure Account for the year ended 31 March 2008

	Note	2007/08 £000	2006/07 £000
Income from activities	3,6	133,560	118,198
Other operating income	4	46,112	49,470
Operating expenses	5,6	(172,844)	(164,369)
OPERATING SURPLUS		6,828	3,299
Gain on destruction of fixed assets	6	9,836	-
Loss on disposal of fixed assets	8	-	(30)
SURPLUS BEFORE NET FINANCING INCOME		16,664	3,269
Net financing income	9	1,913	946
SURPLUS FOR THE YEAR		18,577	4,215
Public Dividend Capital dividends payable	20	(3,630)	(3,433)
RETAINED SURPLUS FOR THE YEAR	16	14,947	782

Balance Sheet as at 31 March 2008

	Note	31 March 2008 £000	31 March 2007 £000
FIXED ASSETS			
Intangible assets	10	91	111
Tangible assets	11	148,101	165,172
		148,192	165,283
CURRENT ASSETS			
Stocks and work in progress	12	2,773	2,383
Debtors	13	27,347	13,500
Cash at bank and in hand	17.2	47,411	28,868
		77,531	44,751
CREDITORS: Amounts falling due within one year	14.1	(45,442)	(25,400)
NET CURRENT ASSETS		32,089	19,351
TOTAL ASSETS LESS CURRENT LIABILITIES		180,281	184,634
CREDITORS: Amounts falling due after more than one year	14.2	0	(500)
PROVISIONS FOR LIABILITIES AND CHARGES	15	(2,008)	(4,890)
TOTAL ASSETS EMPLOYED		178,273	179,244

Balance Sheet continued

FINANCED BY:		31 March 2008	31 March 2007
	Note	£000	£000
TAXPAYERS' EQUITY			
Public dividend capital		85,353	78,245
Revaluation reserve	16	24,395	42,658
Other reserves	16	-	1,910
Income and expenditure reserve	16	29,993	13,136
Donated asset reserve	16	38,532	43,295
TOTAL EQUITY		178,273	179,244

Date: 12 June 2008

Miss C. A. Palmer CBE
Chief Executive



Mr A. G. Goldsman
Director of Finance



Statement of Total Recognised Gains and Losses for the year ended 31 March 2008

	2007/08	2006/07
	£000	£000
Surplus for the financial year before dividend payments	18,577	4,215
Movement in revaluation reserve on reclassification/revaluation of fixed assets	(18,264)	-
Increase in the donated asset reserve due to receipt of donated assets	6,766	7,362
Reduction in the donated asset due to the depreciation, impairment and disposal of donated assets	(11,529)	(2,364)
Total gains and losses recognised in current financial year	(4,450)	9,213

Cash flow Statement for the year ended 31 March 2008

		2007/08	2006/07
	Note	£000	£000
OPERATING ACTIVITIES			
Net cash inflow from operating activities	17.1	26,571	12,579
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		1,913	946
Net cash inflow from returns on investments and servicing of finance		1,913	946
CAPITAL EXPENDITURE			
Payments to acquire tangible fixed assets		(20,185)	(27,813)
Payments to acquire intangible assets		-	(37)
Receipts from sale of tangible fixed assets		-	26
Net cash outflow from capital expenditure		(20,185)	(27,824)
DIVIDENDS PAID			
Net cash outflow before financing		4,669	(17,732)
FINANCING			
Public dividend capital received		7,108	23,413
Other capital receipts		6,766	7,362
Net cash inflow from financing		13,874	30,775
Increase in cash	17.3	18,543	13,043

1. Accounting policies

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

1.1 Accounting convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of tangible fixed assets. NHS Foundation Trusts are not required to comply with the FRS 3 requirements to report 'earnings per share' or historical profits and losses.

1.2 Acquisitions and discontinued operations

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

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

Operations not satisfying all these conditions are classified as continuing.

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

1.3 Income recognition

Income is accounted for by applying the accruals convention. The main source of income for the NHS Foundation Trust is under contracts from Commissioners in respect of healthcare services. Income is recognised in the period in which services are provided. Where income is received for a specific activity which is to be delivered in the following financial year, that income is deferred.

The NHS Foundation Trust changed the form of its contracts with NHS Commissioners to follow the Department of Health's Payment by Results financial flows regimen from 2004/05. From 2004/05 the NHS Foundation Trust has been reimbursed for part of its activities at a national set tariff rather than at locally negotiated prices. To manage the financial impact of this change on the NHS Foundation Trust and its commissioners, the Department of Health has calculated a transition path which:

- adjusts the financial allocations of NHS Commissioners to ensure that the impact on their purchasing power is phased in over a three-year period
- phases in the windfall income gain/(loss) to the NHS Foundation Trust over a four-year period, such that the full impact of the national tariff is not felt until Year 4. This is in the form of a claw-back payment to the Department of Health, or a transitional relief payment, according to whether the NHS Foundation Trust has gained or lost income.

		Proportion of income gain/(loss) adjusted as claw-back/ (transitional relief)	Resulting impact on NHS Foundation Trust as % of income gain/(loss)
2004/05	Year 1	75%	25%
2006/07	Year 2	50%	50%
2007/08	Year 3	25%	75%
2008/09	Year 4	0%	100%

Monitor's guidance states that there should be no netting-off of income and expenditure. There are a number of employees of the NHS Foundation Trust that perform work for other organisations, who in turn reimburse the NHS Foundation Trust for this work. The accounts show the income and expense from these arrangements under the headings 'Other income' and 'Staff costs' respectively.

An estimate of the value of partially completed patient episodes is included in Accrued Income. This estimate has been derived by assessing the patient episodes that span both sides of the year end, and estimating the unbilled value of these episodes by prorating the number of days spent as an inpatient pre and post year end.

1.4 Expenditure

Expenditure is accounted for applying the accruals convention.

Monitor's guidance states that there should be no netting-off of income and expenditure. There are a number of employees of the NHS Foundation Trust that

perform work for other organisations, who in turn reimburse the NHS Foundation Trust for this work. The accounts show the income and expense from these arrangements under the headings 'Other income' and 'Staff costs' respectively.

1.5 Intangible fixed assets

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

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

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

1.6 Tangible fixed assets

Capitalisation

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

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

Valuation

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

Up until 31 March 2005 the value of all individual assets was indexed to reflect current costs; this movement was taken to the revaluation reserve. As of 1 April 2005, the Trust has decided not to continue to index its assets.

In accordance with FRS15, all land and buildings are revalued every five years with an interim valuation in the third year. A land and buildings valuation was undertaken as at 31 March 2008, and the results of this valuation form the basis for the land and buildings values on the balance sheet as at 31 March 2008.

Valuations are carried out by professionally qualified valuers in accordance with the Royal Institute of Chartered Surveyors (RICS) Appraisal and Valuation Manual.

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

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

Operational equipment is valued at net current replacement cost. Equipment surplus to requirements is valued at net recoverable amount.

Depreciation, amortisation and impairments

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

Assets in the course of construction are not depreciated until the asset is brought into use.

Buildings and dwellings are depreciated on their current value over the estimated remaining life of the asset as advised by the NHS Foundation Trust's professional valuer. Leaseholds are depreciated over the primary lease term.

Equipment is depreciated on cost, including historic indexation, evenly over the estimated remaining life of the asset. These are estimated as follows:

Plant and machinery	5-15 years
Transport equipment	7 years
Information technology	5-8 years
Furniture and fittings	10 years

Fixed asset impairments resulting from losses of economic benefits are charged to the Income and Expenditure Account. All other impairments are taken to the Revaluation Reserve and reported in the Statement of Total Recognised Gains and Losses to the extent that there is a balance on the Revaluation Reserve in respect of that particular asset.

1.7 Donated fixed assets

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

1.8 Government grants

Government grants are grants from government bodies other than income from Primary Care Trusts, NHS Foundation Trusts, or NHS Trusts for the provision of services. Grants from the Department of Health are accounted for as government grants. Where the government grant is used to fund revenue expenditure it is taken to the income and expenditure account to match that expenditure. Where the grant is used to fund capital expenditure the grant is held as Deferred Income and released to the Income and Expenditure Account over the life of the asset on a basis consistent with the depreciation charge for that asset.

1.9 Stocks and work-in-progress

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

1.10 Cash, bank and overdrafts

Cash, bank and overdraft balances are recorded at the current values of these balances in the NHS Foundation Trust's cash book. Overdrafts are disclosed within creditors. Interest earned on bank accounts and interest charged on overdrafts is recorded as, respectively, 'interest receivable' and 'interest payable' in the periods to which they relate. Bank charges are recorded as operating expenditure in the periods to which they relate.

1.11 Research and development

Income is recognised when the corresponding expenditure is incurred, in accordance with the matching principle, as required by the condition of the contract with the contracting party.

Expenditure on research and development is capitalised if it meets the following criteria:

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

Expenditure which does not meet the criteria for capitalisation is treated as an operating cost in the year in which it is incurred.

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

1.12 Provisions

The NHS Foundation Trust provides for legal or constructive obligations that are of uncertain timing or amount at the balance sheet date, on the basis of the best estimate of the expenditure required to settle the obligation.

1.13 Contingencies

Contingent assets are assets arising from past events whose existence will only be confirmed by one or more future events not wholly within the entity's control. These are not recognised as assets, but are disclosed in note 19 where an inflow of economic benefits is probable.

Contingent liabilities are provided for where a transfer of economic benefits is probable. Otherwise, they are not recognised, but are disclosed in note 19 unless the probability of a transfer of economic benefits is remote. Contingent liabilities are defined as:

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

1.14 Clinical negligence costs

The NHS Litigation Authority (NHSLA) operates a risk pooling scheme under which the NHS Foundation Trust pays an annual contribution to the NHSLA which in return settles all clinical negligence claims. Although the NHSLA is administratively responsible for all

clinical negligence cases the legal liability remains with the NHS Foundation Trust. The total value of clinical negligence provisions carried by the NHSLA on behalf of the NHS Foundation Trust is disclosed at note 15.

1.15 Non-clinical risk pooling

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

1.16 Pension costs

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

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

a) Full actuarial (funding) valuation

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

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

2008, employees' contributions are on a tiered scale from 5% up to 8.5% of their pensionable pay depending on total earnings.

b) FRS17 Accounting valuation

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

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

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

The latest assessment of the liabilities of the Scheme is contained in the Scheme Actuary report, which forms part of the annual NHS Pension Scheme (England and Wales) Resource Account, published annually. These accounts can be viewed on the NHS Pensions website. Copies can also be obtained from The Stationery Office.

Scheme provisions as at 31 March 2008

The Scheme is a 'final salary' scheme. Annual pensions are normally based on 1/80th of the best of the last three years pensionable pay for each year of service. A lump sum normally equivalent to three year's pension is payable on retirement. Annual increases are applied to pension payments at rates defined by the Pensions (Increase) Act 1971, and are based on changes in retail prices in the 12 months ending 30 September in the previous calendar year. On death, a pension of 50% of the member's pension is normally payable to the surviving spouse.

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

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

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

Scheme provisions from 1 April 2008

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

1.17 Value added tax

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

1.18 Foreign exchange

Transactions that are denominated in a foreign currency are translated into sterling at the exchange rate ruling on the dates of the transactions. Resulting exchange gains and losses are taken to the Income and Expenditure Account.

1.19 Leases

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

1.20 Public dividend capital

Public dividend capital (PDC) is a public sector equity finance based on the excess of assets over liabilities i.e. the net assets of a public benefit corporation.

A charge, reflecting the forecast cost of capital utilised by the NHS Foundation Trust, is paid over as public dividend capital dividend. The charge is calculated at the real rate set by HM Treasury (currently 3.5%) on the average relevant net assets of the NHS Foundation Trust. Relevant net assets are calculated as the value of all assets less the

value of all liabilities, except for donated assets and cash held with the Office of the Paymaster General. Average relevant net assets are calculated as a simple mean of opening and closing relevant net assets.

1.21 Corporation Tax

The NHS Foundation Trust has determined that there is no corporation tax liability due for 2007/08.

1.22 Financial Instruments

Financial instruments are defined as contracts that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The Trust will commonly have the following financial assets and liabilities: trade debtors (but not prepayments), current asset investments, cash at bank and in hand, trade creditors (but not deferred income), finance lease obligations, loans, provisions.

Recognition

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

Financial assets or financial liabilities in respect of assets acquired or disposed of through finance leases are recognised and measured in accordance with the accounting policy for leases described above.

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

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

De-recognition

All financial assets are de-recognised when the rights to receive cash flows from the assets have expired or the Trust has transferred substantially all of the risk and rewards of ownership.

Financial liabilities are de-recognised when the obligation is discharged, cancelled or expires.

Classification and Measurement

Financial assets are classified into the following specified categories:

- Financial assets 'at fair value through Income and Expenditure'
- 'loans and receivables'
- 'available-for-sale' financial assets
- 'held-to-maturity' investments.

Financial liabilities are classified as either:

- financial liabilities 'at fair value through Income and Expenditure'
- 'other financial liabilities'.

Financial assets and financial liabilities at 'Fair Value through Income and Expenditure'

Financial assets and financial liabilities at 'fair value through income and expenditure' are financial assets or financial liabilities held for trading. A financial asset or financial liability is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorised as held for trading unless they are designated as hedges. Derivatives which are embedded in other contracts but which are not 'closely-related' to those contracts are separated-out from those contracts and measured in this category. Assets and liabilities in this category are classified as current assets and current liabilities.

These financial assets and financial liabilities are recognised initially at fair value, with transaction costs expensed in the income and expenditure account. Subsequent movements in the fair value are recognised as gains or losses in the income and expenditure account.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments which are not quoted in an active market. They are included in current assets.

The Trust's loans and receivables comprise: cash at bank and in hand, NHS debtors, accrued income and 'other debtors'.

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

Interest on loans and receivables is calculated using the effective interest method and credited to the income and expenditure account, except for short-term receivables when the recognition of interest would be immaterial.

Other financial liabilities

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

They are included in current liabilities except for amounts payable more than 12 months after the balance sheet date, which are classified as long-term liabilities.

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

Impairment of financial assets

At the balance sheet date, the Trust assesses whether any financial assets, other than those held at 'fair value through income and expenditure' is impaired. Financial assets are impaired and impairment losses are recognised if, and only if, there is objective evidence of impairment as a result of one or more events which occurred after the initial recognition of the asset and which has an impact on the estimated future cash flows of the asset.

For financial assets carried at amortised cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. The loss is recognised in the income and expenditure account and the carrying amount of the asset is reduced through the use of an allowance account/bad debt provision.

2. Segmental Analysis

The following information segments the results of the NHS Foundation Trust by:

- host organisation for the South West London Cancer Research Network (SWLCRN) activities
- healthcare activities, being all the other activities of the NHS Foundation Trust.

	Healthcare		SWLCRN Activity		Total	
	2007/08	2006/07	2007/08	2006/07	2007/08	2006/07
	£000	£000	£000	£000	£000	£000
Income	179,133	167,157	539	511	179,672	167,668
Surplus before interest & dividend	16,664	3,268	-	1	16,664	3,269
NET ASSETS						
Segment net assets	178,273	179,244	-	-	178,273	179,244

3. Income from Activities

3.1 Analysis of income from activities by source:

	2007/08	2006/07
	£000	£000
Mandatory healthcare:		
Primary Care Trusts	81,954	76,911
Department of Health	9,660	8,859
Other NHS	3,799	572
	95,413	86,342
Non-mandatory healthcare:		
Private Patients	38,147	31,856
	133,560	118,198

The above analysis classifies income from activities arising into mandatory and non-mandatory services as set out in the NHS Foundation Trust's Terms of Authorisation.

Income received from the Department of Health was received directly in 2007/08.

3.2 Analysis of income from activities by type:

	2007/08 £000	2006/07 £000
Elective income	22,423	22,810
Non-Elective income	14,530	12,123
Outpatient income	17,948	14,576
Other types of activity income	40,391	36,715
Payment by results claw-back	–	–
Transitional relief	121	118
Private patient income	38,147	31,856
	133,560	118,198

3.3 Private patient income:

	Base Year		
	2002/03 £000	2007/08 £000	2006/07 £000
Private patient income	21,019	38,147	31,856
Total patient-related income	68,493	133,560	118,198
Proportion (as percentage)	30.7%	28.6%	27.0%

Section 44 of the 2006 Act requires that the proportion of private patient income to the total patient-related income of the NHS Foundation Trust should not exceed its proportion whilst the body was an NHS Trust in 2002/03 (base year).

4. Other operating income

	2007/08 £000	2006/07 £000
Research and development	19,288	23,022
Education and training	4,188	4,102
Charitable and other contributions to expenditure	6,655	5,290
Transfers from donated asset reserve	2,616	2,364
Non-patient care services to other bodies	1,994	2,060
Services provided to associated Hospital Charities	2,032	2,061
Other income includes:		
Salaries and wages recharged to other organisations	4,886	4,812
Clinical excellence awards	–	1,293
Rents	778	1,059
Other	3,675	3,407
	46,112	49,470

5. Operating expenses

5.1 Operating expenses comprise:

	2007/08	2006/07
	£000	£000
Staff costs	102,960	100,982
Executive Directors' costs	765	652
Non-Executive Directors' costs	103	103
Drug Costs	27,102	24,635
Supplies and services – clinical	17,681	14,654
Supplies and services – general	3,581	3,775
Establishment	1,947	1,899
Transport	1,668	1,534
Premises	6,352	6,456
Bad debts	275	965
Depreciation and amortisation	6,660	5,745
Audit services – statutory audit	63	55
Audit services – other	18	30
Clinical negligence	472	428
Other services from NHS Foundation Trusts	118	104
Other services from NHS Trusts	76	81
Other services from other NHS bodies	117	130
Other operating expenses	2,886	2,141
	172,844	164,369

5.2 Operating leases

5.2/1 Operating lease rentals include:

	2007/08	2006/07
	£000	£000
Plant and machinery	298	192
Buildings	453	309
	751	501

5.2/2 Operating lease commitments:

	2007/08	2006/07
	£000	£000
Annual commitments on leases expiring:		
Between one and five years: Buildings	72	72
Other	13	14
In more than five years: Buildings	384	378
Other	-	-
	469	464

5.3 Salary and pension entitlements of senior managers

Details of directors' remuneration and pension entitlements are disclosed in the Remuneration report and form part of the audited financial statements.

6. Accounting for the fire at the Chelsea site

This note summarises the accounting impact of the fire at the Chelsea site on 2 January 2008. This has been presented in the accounts in accordance with *FRS 3 – Reporting Financial Performance and FRS15 – Tangible Fixed Assets*.

6.1 Income and expenditure

Increased cost of working income has been included under the heading 'Income from activities' on the Income and Expenditure account. Increased cost of working expenditure has been included under the heading 'Operating Expenses' on the Income and Expenditure account.

An accounting gain on the destruction of fixed assets of £9,836,000 has been recorded in the Income and Expenditure account; this relates to the buildings and contents damaged by the fire.

	Increased cost of working £000	Buildings and contents £000	Total £000
Income			
– NHS organisations	1,098	960	2,058
– Non-NHS organisations	–	12,567	12,567
	1,098	13,527	14,625
Expenditure			
Increased costs of working	(1,098)	–	(1,098)
Site demolition work	–	(572)	(572)
Net book value of assets destroyed	–	(6,240)	(6240)
Transfer from donated assets reserve	–	3,121	3,121
	(1,098)	(3,691)	(4,789)
Net impact	–	9,836	9,836

Income relating to the increased cost of working is recognised when corresponding costs are incurred, in accordance with the matching principle.

Income relating to compensation for damage to buildings and contents is based on the cost of notional re-instatement and is recognised in accordance with *Amendment to FRS5 – Reporting the Substance of Transactions: Revenue Recognition*.

The buildings and contents impairment is the Net Book Value of the buildings and contents destroyed, in accordance with *FRS15 – Tangible Fixed Assets*.

6.2 Balance sheet

As at the balance sheet date, the Trust had received £6,970,000 from NHS organisations and £1,000,000 from non-NHS organisations in relation to the fire.

	Increased cost of working £000	Buildings and contents £000	Total £000
Cash received			
– NHS organisations	6,010	960	6,970
– Non-NHS organisations	–	1,000	1,000
Total cash received	6,010	1,960	7,970
Income deferred	4,912	–	4,912
Income accrued	–	11,567	11,567

7 Staff costs and Numbers

7.1 Staff costs:

	2007/08 £000	2006/07 £000
Salaries and wages	84,121	83,868
Social security costs	7,134	6,707
Employer contributions to NHS Pensions Agency	9,077	8,272
Agency staff	3,393	2,787
	103,725	101,634

Staff costs includes Executive Directors' costs but excludes Non-Executive Directors' costs.

7.2 Average number of persons employed:

	Permanently employed Number	Temporary & contract staff Number	2007/08 Total Number	2006/07 Total Number
Medical and dental	296	–	296	286
Administration & estates	590	–	590	571
Healthcare assistants & other support staff	96	–	96	127
Nursing, midwifery & health visiting staff	644	–	644	645
Scientific, therapeutic & technical staff	118	–	118	103
Bank & agency staff	–	191	191	188
Other	402	–	402	361
Total	2,147	191	2,338	2,281

The table above shows the average number of full time equivalent employees who worked for the NHS Foundation Trust during the year.

7.3 Retirements due to ill-health

During 2007/08 there were two (2006/07 three) early retirements from the NHS Foundation Trust agreed on the grounds of ill-health. The estimated additional pension liability of this ill-health retirement will be £88,000 (2006/07 £435,000). The cost of this ill-health retirement will be borne by the NHS Pensions Agency.

8. Loss on Disposal of Fixed Assets

Loss on the disposal of fixed assets is made up as follows:

	2007/08 £000	2006/07 £000
Loss on disposal of plant and equipment	–	(30)
	–	(30)

9. Net Financing Income

	2007/08 £000	2006/07 £000
Interest receivable	1,913	946
	1,913	946

10. Intangible Fixed Assets

	Software Licences £000
Cost at 1 April 2007	153
Additions	–
Gross cost at 31 March 2008	153
Accumulated depreciation at 1 April 2007	42
Provided during the year	20
Accumulated amortisation at 31 March 2008	62
Net book value:	
– Purchased at 1 April 2007	111
– Donated at 1 April 2007	–
Total at 1 April 2007	111
– Purchased at 31 March 2008	91
– Donated at 31 March 2008	–
Total at 31 March 2008	91

11. Tangible Fixed Assets

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

	Land	Buildings excluding dwellings	Assets under construction	Plant & Machinery	Transport Equipment	Information Technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2007	34,299	79,581	36,173	37,091	112	6,399	603	194,258
Additions – purchased	–	–	13,418	–	–	–	–	13,418
Additions – donated/government granted	–	–	6,766	–	–	–	–	6,766
Reclassifications	(1,550)	29,724	(43,016)	13,798	–	664	380	–
Revaluation	470	(32,238)	–	–	–	–	–	(31,768)
Disposals	–	(118)	–	(9,122)	–	–	–	(9,240)
Disposals on destruction of assets due to fire	–	(6,152)	–	(88)	–	–	–	(6,240)
At 31 March 2008	33,219	70,797	13,341	41,679	112	7,063	983	167,194
Accumulated depreciation at 1 April 2007	–	5,700	–	18,874	48	3,946	518	29,086
Provided during the year	–	2,744	–	3,094	10	774	18	6,640
Revaluation	–	(8,442)	–	–	–	–	–	(8,442)
Disposals	–	(22)	–	(8,407)	–	–	–	(8,429)
Disposals on destruction of assets due to fire/ Over-depreciation	–	–	–	276	–	(20)	(18)	238
Accumulated depreciation at 31 March 2008	–	(20)	–	13,837	58	4,700	518	19,093
Net book value								
– Purchased at 31 March 2007	34,299	48,203	28,970	7,975	–	2,354	76	121,877
– Donated at 31 March 2007	–	25,678	7,203	10,242	64	99	9	43,295
Total at 31 March 2007	34,299	73,881	36,173	18,217	64	2,453	85	165,172
– Purchased at 31 March 2008	33,219	52,078	4,707	16,798	–	2,344	423	109,569
– Donated at 31 March 2008	–	18,739	8,634	11,044	54	19	42	38,532
Total at 31 March 2008	33,219	70,817	13,341	27,842	54	2,363	465	148,101

11.2 Analysis of tangible fixed assets:

	Land	Buildings excluding dwellings	Assets under construction	Plant & Machinery	Transport Equipment	Information Technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Net book value								
– Protected assets at 31 March 2008	33,219	70,433	–	–	–	–	–	103,652
– Unprotected assets at 31 March 2008	–	384	13,341	27,842	54	2,363	465	44,449
Total at 31 March 2008	33,219	70,817	13,341	27,842	54	2,363	465	148,101

Protected land and buildings are assets required for the provision of mandatory healthcare services.

11.3 Net book value of assets held under finance leases and hire purchase contracts at the balance sheet date:

	2007/08	2006/07
	£000	£000
Land	–	1,550
	–	1,550

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

	2007/08	2006/07
	£000	£000
Freehold	104,036	106,630
Long leasehold	–	1,550
	104,036	108,180

12. Stocks and Work in Progress

	2007/08	2006/07
	£000	£000
Stock	2,773	2,383
	2,773	2,383

13. Debtors

Amounts falling due within one year:

	2007/08	2006/07
	£000	£000
NHS trade debtors	4,083	4,908
Other debtors	12,067	9,139
Prepayments and accrued income	15,536	3,414
Provision for irrecoverable debts	(4,339)	(3,961)
	27,347	13,500

14. Creditors

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

	2007/08	2006/07
	£000	£000
Amounts falling due within one year:		
NHS creditors	1,795	1,670
Tax and social security costs	2,308	2,186
Other creditors	7,877	8,836
Accruals and deferred income	33,462	12,708
	45,442	25,400

Amounts falling due after more than one year:

Obligations under finance leases and hire purchase contracts	-	500
	45,442	25,900

14.2 Finance lease obligations

	2007/08	2006/07
	£000	£000
Expiring:		
After five years	-	500
	-	500

15. Provisions for Liabilities and Charges

	Pensions relating to other staff	Agenda for Change	Other	Total
	£000	£000	£000	£000
At 1 April 2007	57	4,487	346	4,890
Charged to I&E during the year	16	955	-	971
Utilised during the year	(8)	(2,147)	(35)	(2,190)
Released to I&E during the year	-	(1,562)	(101)	(1,663)
At 31 March 2008	65	1,733	210	2,008
Expected timing of cash flows:				
Within one year	-	1,733	210	1,943
Between one and five years	-	-	-	-
Over 5 years	65	-	-	65
	65	1,733	210	2,008

£4,295,000 is included in the provisions of the NHS Litigation Authority at 31 March 2008 in respect of clinical negligence liabilities of the NHS Foundation Trust (31 March 2007 £824,000).

Pensions

Provision for the pre-1995 pension-related costs on early retirements have been accounted for by the NHS Foundation Trust.

Agenda for Change

The NHS Foundation Trust's provision for costs of implementing the Agenda for Change pay reforms was estimated in 2004/05 using a Department of Health model, based on the experiences of early implementers of Agenda for Change. In 2007/08 the remaining provision has been uplifted in line with the level of the actual costs incurred by the NHS Foundation Trust to date.

Other

This provision is in respect of estimated loss of income and associated expenditure relating to a single legal claim.

16. Movements on Reserves

Movements on reserves in the year comprised the following:

	Revaluation reserve	Donated asset reserve	Other reserves	Income and Expenditure reserve	Total
	£000	£000	£000	£000	£000
At 1 April 2007	42,658	43,295	1,910	13,136	100,999
Transfer from the Income and Expenditure account	-	-	-	14,947	14,947
Revaluations and disposal of fixed assets	(18,264)	(5,792)	-	-	(24,056)
Impairment of fixed assets	-	(3,121)	-	-	(3,121)
Receipt of donated assets	-	6,766	-	-	6,766
Transfers to the Income and Expenditure Account for depreciation	-	(2,616)	-	-	(2,616)
Movements on other reserves	-	-	(1,910)	1,910	-
At 31 March 2008	24,394	38,532	-	29,993	92,919

17. Notes to the cash flow Statement

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

	2007/08 £000	2006/07 £000
Total operating surplus	6,828	3,299
Depreciation and amortisation charge	6,660	5,745
Transfer from donated asset reserve	(2,616)	(2,364)
(Increase)/Decrease in stocks	(390)	193
Increase in debtors	(13,847)	(504)
Increase in creditors	20,042	5,476
Increase/(Decrease) in provisions	(2,882)	734
Net cash inflow from operating activities	13,795	12,579
Surplus from fire excluding destruction of fixed assets	12,775	–
Net cash inflow from activities	26,570	12,579

17.2 Reconciliation of net cash flow to movement in net funds:

	2007/08 £000	2006/07 £000
Increase in cash in the period	18,543	13,043
Increase in non-cash balances in the period	500	–
Net funds at 1 April	28,368	15,325
Net funds at 31 March	47,411	28,368

17.3 Analysis of changes in net funds/(debt):

	At 31 March 2008 £000	Non-Cash changes in year £000	Cash changes in year £000	At 1 April 2007 £000
OPG cash at bank	44,029	–	24,284	19,745
Commercial cash at bank and in hand	3,382	–	(5,741)	9,123
	47,411	–	18,543	28,868
Finance leases	–	500	–	(500)
	47,411	500	18,543	28,368

18. Capital Commitments

Commitments under capital expenditure contracts at the balance sheet date were £5,064,000 (2006/07 £2,558,000). A further £2,667,000 (2006/07 £3,970,000) capital expenditure is committed to be funded by The Royal Marsden Hospital Charity and The Royal Marsden Cancer Campaign.

19. Contingencies

There are no contingent liabilities at balance sheet date.

20. Movements in Taxpayers' Equity

	2007/08	2006/07
	£000	£000
Taxpayers' equity at 1 April 2007	179,244	150,051
Surplus for the financial year	18,577	4,215
Public dividend capital dividends	(3,630)	(3,433)
New public dividend capital received	7,108	23,413
Additions in donated asset reserve	(4,763)	4,998
Movement in revaluation reserve on reclassification of fixed assets	(18,263)	-
Net addition to equity	(971)	29,193
Taxpayers' Equity at 31 March 2008	178,273	179,244

21. Financial Performance Targets

21.1 Public capital dividend

The NHS Foundation Trust is required to pay an annual dividend of 3.5% of its forecast average relevant net assets. The actual dividend rate is the dividend paid figure in the cash flow statement, £3,630,000 (2006/07 £3,433,000), divided by the average of relevant opening and closing net assets, £95,711,000 (2006/07 £116,204,000), expressed as a percentage. This gives an actual dividend rate for 2007/08 of 3.4% (2006/07 3.1%).

21.2 Losses and special payments

There were 301 cases of losses and special payments (2006/07 315) totalling £51,303 (2006/07 £68,226) approved during 2007/08. These payments are the cash payments made in the year and are not calculated on an accruals basis.

There were no clinical negligence, fraud, personal injury, compensation under legal obligation and fruitless payment cases where the net payment exceeded £100,000 (2006/07 nil).

21.3 Prudential borrowing limit

The NHS Foundation Trust is required to comply and remain within the prudential borrowing limit set by Monitor. This is made up of two elements:

- the maximum cumulative amount of long term borrowing. This is set by reference to the five ratio tests set out in Monitor's Prudential Borrowing Code. The financial risk rating set under Monitor's Compliance Framework determines one of the ratios and therefore can impact on the long term borrowing limit
- the amount of any working capital facility approved by Monitor.

	2007/08 £000	2006/07 £000
Maximum cumulative long term borrowing	39,600	35,100
Working capital facility	14,700	10,000
Prudential borrowing limit set by Monitor	54,300	45,100
Actual borrowing in year	-	-

The NHS Foundation Trust's dividend cover ratio for the year was 5.1 compared to a minimum dividend cover ratio required of 1 (1.2 for the year ended 31 March 2007).

22. Related Party Transactions

The Royal Marsden NHS Foundation Trust is a body corporate established by order of the Secretary of State for Health.

During the year none of the Board Members or members of the senior management team or parties related to them has undertaken any material transactions with the NHS Foundation Trust.

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

- NHS Primary Care Trusts
- NHS Foundation Trusts
- NHS London
- NHS Trusts
- NHS Litigation Authority
- NHS Supply Chain
- NHS Pensions Agency
- National Blood Service.

In addition, the NHS Foundation Trust has had a number of material transactions with other Government Departments and other central and local Government bodies. These include transactions with the Royal Borough of Kensington & Chelsea and the London Borough of Sutton relating to business rates.

The NHS Foundation Trust has received revenue and capital payments from the Royal Marsden Hospital Charity, whose Trustees are also members of the NHS Foundation Trust Board.

The NHS Foundation Trust has also received grants from The Royal Marsden Cancer Campaign; certain of the Trustees for which are also members of the NHS Foundation Trust Board.

23. Financial Instruments

FRS 25 (Financial Instruments: Disclosure and Presentation) and FRS 29 (Financial Instruments: Disclosures), require disclosure of the role that financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities. The Trust does not have any complex financial instruments and does not hold or issue financial instruments for speculative trading purposes. Because of the continuing service provider relationship the Trust has with Primary Care Trusts and the way those Primary Care Trusts are financed, the Trust is not exposed to the degree of financial risk faced by business entities.

Also financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which FRS 25 mainly applies. The Trust has limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the Trust in undertaking its activities.

The Finance and Investment Committee manages the Trust's funding requirements and financial risks in line with the Board-approved treasury policies and procedures, and their delegated authorities.

The Trust's financial instruments comprise loans, finance lease obligations, provisions, cash at bank and in hand and various items, such as trade debtors and trade creditors, that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Trust's operations.

23.1 Categories of Financial Instruments

	31 March 2008	31 March 2007
Financial assets:	£000	£000
Loans and receivables (including cash)	74,162	41,358
Assets at fair value through the I&E	–	–
Held to maturity investments	–	–
	74,162	41,358
Financial liabilities:		
Other financial liabilities (amortised cost)	30,479	25,833
Liabilities at fair value through the I&E	–	–
	30,479	25,833

23.2 Fair values

	Book Value	Fair Value
Financial assets:	£000	£000
Held to maturity investments	47,411	47,411
Financial liabilities:		
Finance leases	–	–
Loans	–	–
	–	–

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

23.3 Liquidity and interest risk tables

	Weighted ave. interest rate	Less than 1 year	1-2 years	2-5 years	More than 5 years	Total
Financial assets:	%	£000	£000	£000	£000	£000
Non-interest bearing		26,751	–	–	–	26,751
Fixed interest rate instrument		–	–	–	–	–
Variable interest rate instrument	4.97	47,411	–	–	–	47,411
Gross financial assets at 31st March 2008		74,162	–	–	–	74,162
Non-interest bearing		12,490	–	–	–	12,490
Fixed interest rate instrument		–	–	–	–	–
Variable interest rate instrument	4.89	28,868	–	–	–	28,868
Gross financial assets at 31st March 2007		41,358	–	–	–	41,358
	Weighted ave. interest rate	Less than 1 year	1-2 years	2-5 years	More than 5 years	Total
Financial liabilities:	%	£000	£000	£000	£000	£000
Non-interest bearing		30,479	–	–	–	30,479
Finance lease liability		–	–	–	–	–
Fixed interest rate instrument		–	–	–	–	–
Variable interest rate instrument		–	–	–	–	–
Gross financial liabilities at 31st March 2008		30,479	–	–	–	30,479
Non-interest bearing		25,333	–	–	–	25,333
Finance lease liability	0.00%	500	–	–	–	500
Fixed interest rate instrument		–	–	–	–	–
Variable interest rate instrument		–	–	–	–	–
Gross financial liabilities at 31st March 2007		25,833	–	–	–	25,833

23.4 Interest-rate risk

0% of the Trust's financial assets and 100% of its financial liabilities carry nil or fixed rates of interest. The NHS Foundation Trust is not, therefore, exposed to significant interest-rate risk.

23.5 Liquidity risk

The Trust's net operating costs are mainly incurred under legally binding contracts with Primary Care Trusts, which are financed from resources voted annually by Parliament. This provides a reliable source of funding stream which significantly reduces the Trust's exposure to liquidity risk. The Trust also manages liquidity risk by maintaining banking facilities and loan facilities to meet its short and long term capital requirements through continuous monitoring of forecast and actual cash flows.

23.6 Credit risk

Credit risk exists where the Trust can suffer financial loss through default of contractual obligations by a customer or counterparty.

Trade debtors consist of high value transactions with Primary Care Trusts under contractual terms that require settlement of obligation within a time frame established generally by the Department of Health. Other trade debtors include private and overseas patients, spread across diverse geographical areas. Credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, sufficient prepayment is required to mitigate the risk of financial loss.

Credit risk exposures of monetary financial assets are managed through the Trust's treasury policy which limits the value that can be placed with each approved counterparty to minimise the risk of loss. The counterparties are limited to the approved financial institutions with high credit ratings. Limits are reviewed regularly by senior management.

24. Third Party Assets

The NHS Foundation Trust held nil cash at bank and negligible cash in hand at 31 March 2008 (nil – 2006/07) which relates to monies held by the NHS Foundation Trust on behalf of patients.

25. Post-Balance Sheet Events

There have been no material post balance sheet events.

By building on our great past

The Royal Marsden was founded in 1851 by William Marsden.

His vision was to create a pioneering hospital dedicated to excellence in the diagnosis, treatment and care of people with cancer.

We have built on William Marsden's legacy and are constantly raising standards and finding better ways to improve the lives of our patients.

Today we are an NHS Foundation Trust with hospitals in Chelsea and Sutton and a Chemotherapy Suite in Kingston.

Together with The Institute of Cancer Research, we form the largest comprehensive cancer centre in Europe and through this partnership

we undertake research into ground-breaking drug therapies and treatments, sharing our expertise and experience internationally.

Our commitment is to provide patients with the best cancer care available anywhere in the world.



The Royal Marsden
NHS Foundation Trust



The Royal Marsden NHS Foundation Trust

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Patron: Her Majesty The Queen

President: HRH Prince William of Wales