The Tavistock and Portman NHS
NHS Foundation Trust

Annual Report *2007*

The Tavistock and Portman NHS
NHS Foundation Trust

Annual Report and Accounts 2006/7

Presented to Parliament pursuant to Schedule 1 of the Health and Social Care (Community Health and Standrads) Act 2003, Schedule 1, paragraph 25 (4).

Chair's statement

The Trust continued to make good progress in 2006/7 in pursuit of its objectives of expanding and upgrading the services the Trust provides to the communities it serves. A key achievement of last year was the authorisation by Monitor, the economic regulator, of this Trust to become an NHS Foundation Trust on 1 November 2006. The Trust believes that the additional freedoms as a NHS foundation trust mean that the Trust is now better placed to take advantage of new opportunities to improve its services and to face the growing challenges in a rapidly changing NHS. The process of applying to become an NHS Foundation Trust also proved to be an excellent discipline and has resulted, inter alia, in a much improved planning process.

On becoming an NHS Foundation Trust, the Trust also became a membership organisation. The Trust recruited a diverse membership of 3,279 people, who, in turn, elected fourteen Governors. A further seven Governors were appointed by key stakeholders including the London Borough of Camden and Camden PCT. The Board of Governors met on three occasions and has begun its work in a thoughtful and constructive manner and is already proving to be a valuable source of advice and support to the Trust as well as helping to improve partnership work locally.

2006/7 also had its challenges, not least of which was the notification in August 2006, almost half way through the financial year and in the middle of the process of due diligence by Monitor, of a cut in the Trust's national training contract of £600k or approximately 3% of the Trust's income. This required an intense period of work to develop rapidly a cogent, credible and effective cost improvement programme. It is a great credit to the Chief Executive, his management team and the staff that this rapid change was achieved. Inevitably, the financial results in 2006/7 were adversely affected by this change but the Trust did manage to maintain its unbroken record of at least breaking even.

The Trust operated as an NHS foundation trust for 5 months of last year and, I am glad to report, made good progress. A number of changes have been implemented including a reorganisation of the Trust's consultancy services where the Trust sees potential for strong growth. The Trust was successful in its bid to take on an additional £0.9m of child and adolescent mental health services (CAMHS) from Camden PCT; further evidence, the trust believes, of the good working relationship with the PCT and a relationship the Trust would like to develop still further.

In August 2006, the Trust appointed a new non-executive director, Mr Richard Strang. Richard is an accountant by training and has a background in finance and investment in the private sector. He has already proved to be a valuable addition to the Board of Directors, contributing not only his financial expertise but also in supporting the development of the Trust's marketing capability.

In February 2007, the Trust appointed its first Nurse Director, Dr Neil Brimblecombe. He took up his post in May 2007. Neil is the Director of Mental Health Nursing at the Department of Health, and visiting professor of mental

health nursing at Nottingham University. We are looking forward to his contribution in developing the Trust's training work with mental health nurses.

The Board of Directors thanks the management and staff for their dedication, hard work and loyalty. I would like to emphasise that the Board's thanks to the management and staff for their work last year has to be particularly fulsome. The process of applying to become a Foundation Trust, the need to respond rapidly to a significant cut in the Trust's income half way through the year and the many changes required in order to respond to the rapidly changing NHS made 2006/7 a particularly tough year for all staff; the Board of Directors gives them very considerable thanks.

Mr Nicholas Selbie
Chair

Chief Executive's Statement

2006/7 was a year in which the Trust made major steps forward. The first seven months were taken up with the preparation of the business plan and the application to become an NHS foundation trust, leading to authorisation on 1 November 2006. This was a major task for a small trust but it greatly improved the Trust's business and strategic planning capacity. In August 2006, in the middle of the application process, NHS London announced a £600k cut in the Trust's education and training contract of £7.2 million. This cut, at month 5 of the financial year, imposed a severe challenge on the Trust and required the rapid development of a cost improvement programme to cover the shortfall in income. Through strong and effective teamwork, especially by the Trust Director and the clinical directors, it was possible to achieve the savings rapidly across all the Trust's activities. This cut in income imposed difficulties for the remainder of the year and, with other factors, led to the achievement of only a small surplus of £22k at the year end for the combined seven months for the predecessor Trust and five month for the NHS foundation trust.

This year there was a much more difficult environment in the negotiation of contracts with PCT commissioners, but the Trust achieved settlements above the 2005/6 baseline. The Trust was invited to bid for the Tier II CAMH services previously provided by Camden PCT and the bid was accepted. The Trust demonstrated that it could run this service effectively with a high quality of clinical work. This means merging with an existing staff team to deliver a contract which increases the Trust's work for Camden by £0.9 million. It presents a good opportunity for the Trust to run a comprehensive CAMH service at all levels.

The Trust has had a successful partnership with NCH, a large charity providing social care for children. The partnership runs the Monroe Young Family Centre, an assessment and treatment centre for families with child protection issues. Negotiations with NCH have resulted in the Trust taking over full financial

responsibility for the service and amalgamating it with further assessment services run by NCH to create a large, more effective entity with a growth in income from £600k to £1.0 million. This centre will provide a greatly improved and highly expert service to patients and local authorities.

As a way of improving the quality of clinical and teaching accommodation (the Trust has expanded by 60% in real terms over the last five years), the Trust has taken on the rental of a floor of office accommodation in a local building about 600 yards from the main building. The refurbishment and rental of this office space has been economical and successful with staff. The Trust is negotiating to take on another floor in the same building.

The Trust appointed its first Nurse Director in February. This was a requirement of Foundation Trust authorisation but has already had a very significant motivating effect on the small nurse team who are taking steps to expand their education and training activities.

Despite the difficult financial climate, in the present academic year, 2006/7, the Trust is on target to enrol approximately 2000 students.

Changes in the funding of NHS research proved a challenge to the funding of the Trust's research programmes due to the reduction in the research contract and its replacement by a process of bidding to the National Institute of Health Research for individual programmes. The Trust has received reassurance that there will be separate funding for research infrastructure.

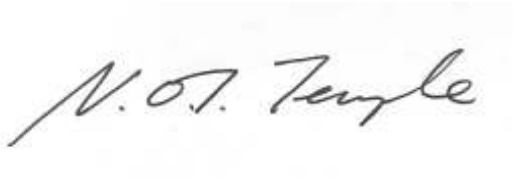
The integrated business plan identified the need to reorganise the Trust's consultancy into one overall directorate with an ambitious plan of development and the appointment of a director of consultancy. Good progress has been made in the reorganization into a single directorate. This is a challenging area but provides the Trust with an opportunity to build on its strong reputation and renowned name in this field.

During the year the Trust has made very significant progress in its governance with the further strengthening of the assurance framework and the risk register and a monthly performance report for the Board of Directors. In the Healthcare Commission assessment for 2006 the Trust achieved Excellent for quality of service and Fair for use of resources.

The Board of Governors was constituted prior to authorisation on 1 November and the first meeting took place in November. The governors have proved themselves a talented and energetic group with great potential to support the Trust in its mission, as well as effectively pursuing their governance role. They were consulted on the Annual Plan at a meeting with the Board of Directors and were supportive of the Trust's aims. They were also consulted on the Trust's quality of performance at a special meeting prior to the submission of the declaration to the Healthcare Commission and provided a positive statement of support.

The Foundation Trust and its Directors have taken all reasonable steps to ensure that the auditors have been made aware of all information relevant to their audit, to ensure that there is no relevant information of which the auditors are unaware, and to establish that this is so.

The Board has made strides in its work as a team, both in its challenge and its support for the executive team.



Dr Nick Temple
Chief Executive

Operational Report

The Tavistock and Portman NHS Trust was established in 1994, bringing together the Tavistock Clinic, founded in 1920, and the Portman Clinic, founded in 1933.

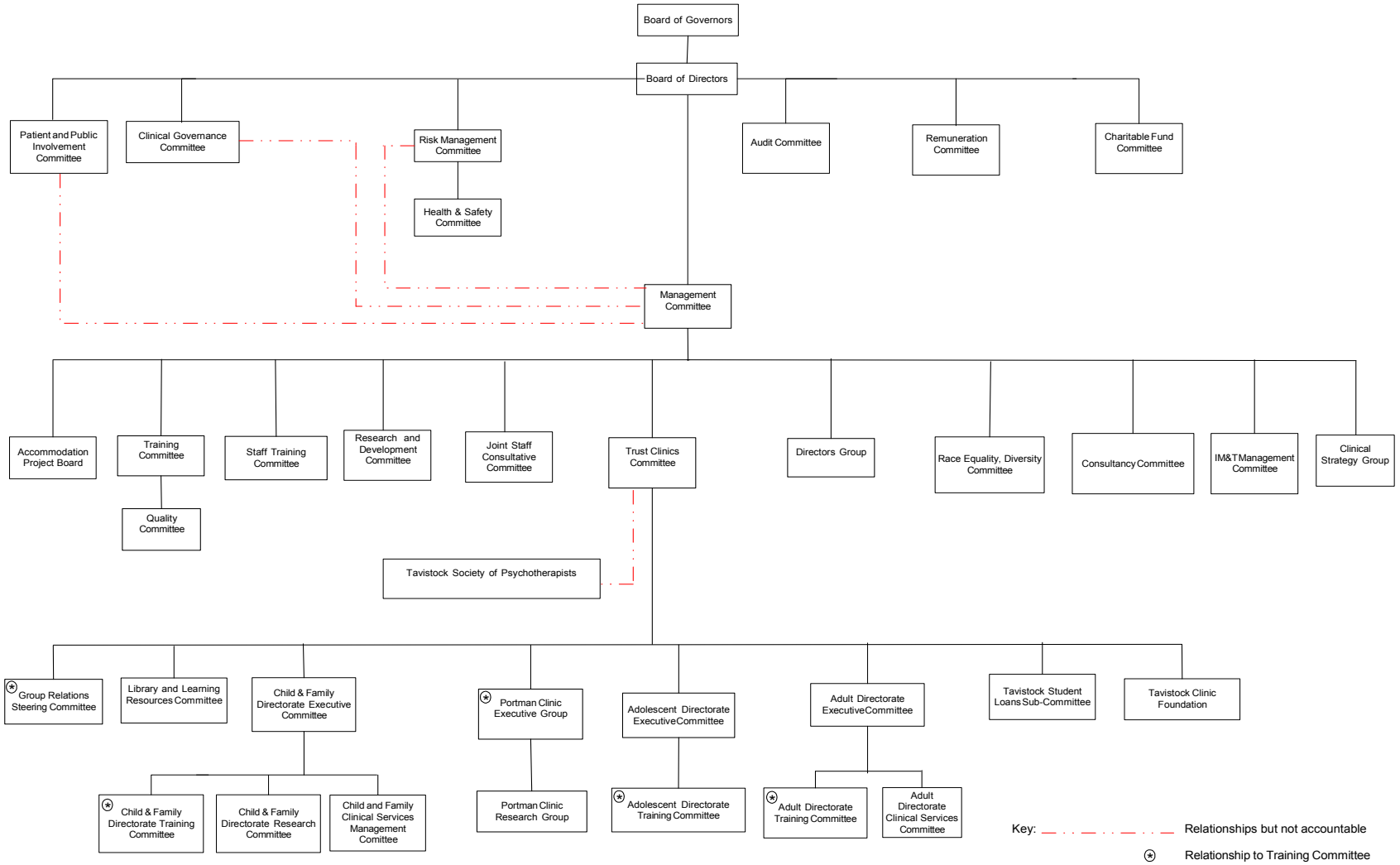
- The Trust offers a range of outpatient mental health services to children and families, adolescents and adults. Treatment methods are based on psychological approaches employing psychotherapy, family therapy and group therapy, with a minimal use of medication.
- The Trust provides a wide range of mental health education and training, offering more than 60 courses nationally and internationally, enrolling nearly 2000 students each year. Education and training is based on clinical experience and observation, and the Trust has developed many innovative educational methods.
- There is an extensive programme of organisational and management consultancy which the Trust provides to the NHS, the public, the commercial, and industrial sectors. The Trust is well known for its original and influential work in this field.
- The Trust is active in research into the origins of mental health problems, models of social care, and research aimed at establishing the evidence base for its treatment methods.
- The Trust seeks to influence and develop new ideas by research, publication, and participation in policy making.

The Trust was authorised in November 2006 as a public benefit corporation under the Health Service Act (2006) to provide health services as listed in the *Terms of Authorisation* issued by the Independent Regulator of NHS Foundation Trusts. This is as set out in the constitution established under the Act.

The Trust's structure is as follows:

The Tavistock and Portman NHS
NHS Foundation Trust

Tavistock And Portman NHS Foundation Trust
Organisational Chart of Trust Committees



March 2007

The Tavistock and Portman NHS
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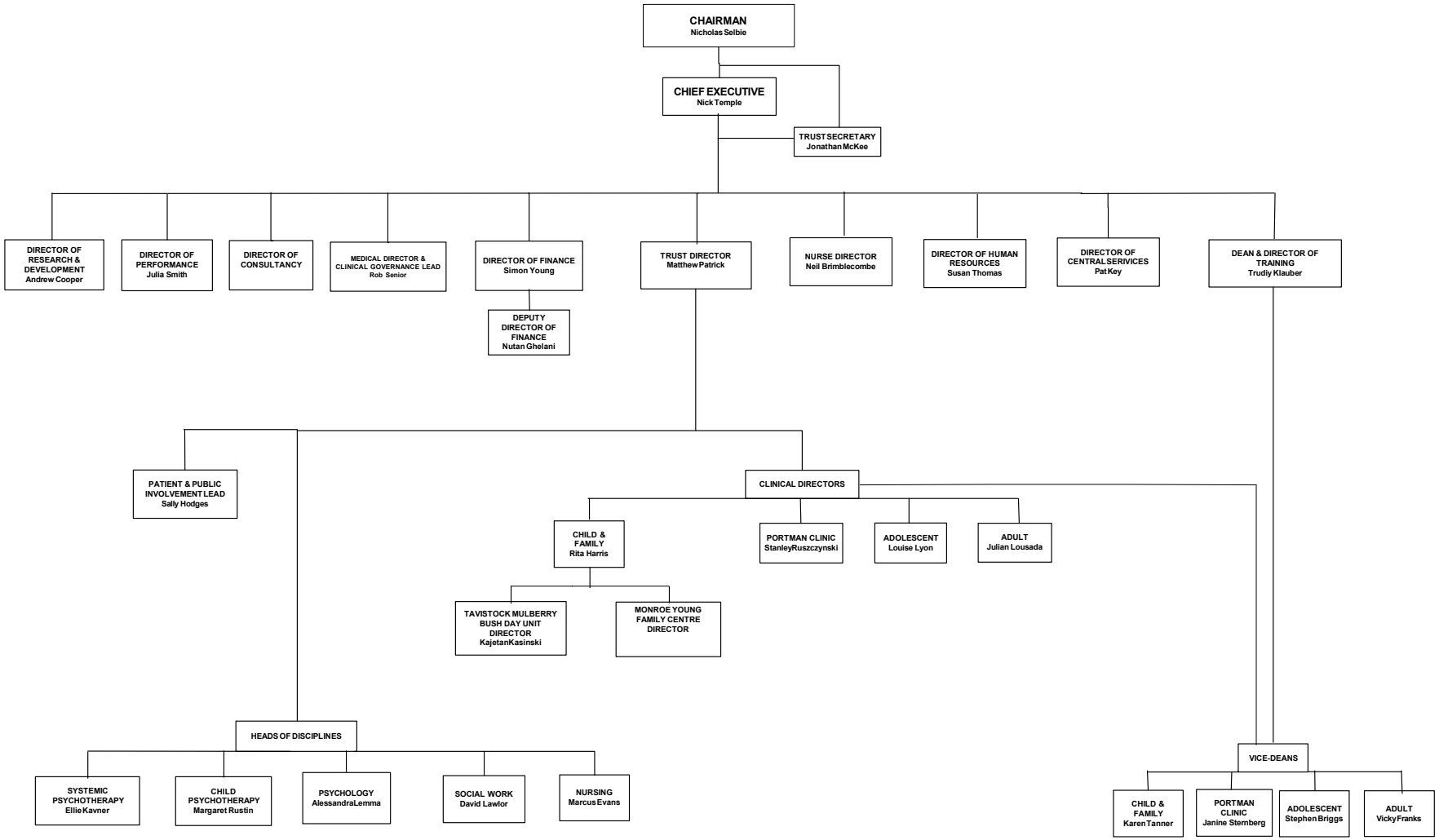
Tavistock and Portman NHS Foundation Trust
Organisational Chart of Trust Structures & Individual Responsibilities



The Trust's aims are as follows:-

1. To remain a national and international centre of excellence, dedicated to the highest standards in the provision of mental health treatment, education and training, organisational consultancy, and research.

2. To provide value for money in all areas of activity whilst investing in new developments and innovative services.

3. To improve knowledge and practice in mental health, via research, training, consultancy and clinical innovation.

4. To ensure that the Trust actively makes its services accessible to the socially disadvantaged and those that experience discrimination.

5. To expand provision of, and access to, all four areas of the Trust's activity.

6. To take a leading role in contributing to mental health policy both locally and nationally, focussing on child and adolescent services, and adult and forensic psychotherapies.

Future trends

The main trends which are likely to affect the Trust's future development and performance are outlined below and the risks to the Trust's activities are described.

- Constraints on PCT funding are likely to lead to pressure on the volume of the Trust's clinical activity, both in the overall amount of service level agreements (SLAs) with PCTs, but also due to restrictions on referrals imposed by commissioners. The Trust has already noted some decline in referrals due to these pressures. An active programme of marketing and partnership work is being developed with each clinical directorate.
- Where the Trust is bidding for new patient services which it intends to do to increase the volume of its work, it is expected that there will be increased competition, including from private sector providers. The Trust's dialogue with the private sector indicates their interest in bidding for psychological treatment services and CAMH services.
- The Trust anticipates some slowing in growth of its education and training due to pressures on training budgets in the NHS and the wider public sector. This has been counteracted by active marketing of new courses.
- The reorganization of the Trust's Consultancy service is designed to lead to improved performance, but this will require the Consultancy team meeting challenging targets. The Trust has put in place close monitoring arrangements for the Consultancy business plan.

- The new structure for NHS Research, with the reduction of the Trust's research contract and the requirement to bid competitively for each research project, puts the funding of the Trust's research programmes at risk in the next three years. The Director of Research has put in place an action plan to submit further research bids and to seek alternative sources of research funding.
- Some of the key constraints on the Trust's activities have been identified above, which particularly relate to financial pressures. The Trust also has some capacity constraints in developing and expanding its services. This is particularly due to its shortage of resources at the middle management and assistant director level. The capable and talented team of Directors will need a better infrastructure to support the development work of expansion and taking on new services.

Key actions taken to manage the challenges

The Trust has put in place

- a significant cost improvement programme in each of the next three financial years, to meet the financial pressures and to provide a reasonable surplus in each of the next three financial years.
- a full risk register which enables Directors to monitor the risk to key objectives and to report these regularly to the Board, as well as ensuring that appropriate actions are taken to minimize the risks.
- The Trust has sought to develop good relationships and partnership work with commissioners in the PCTs in the north central sector of London – Camden, Islington, Barnet, Enfield and Haringey. This is key to maintaining the Trust's service level agreements and developing opportunities to take on new services. The Trust has been invited to bid for the Haringey Looked-After Children's Service, jointly commissioned by the local authority and the PCT, and has successfully bid for £0.9m Camden Tier 2 CAMHS. The Trust is also bidding for a psychological treatment service in Hertfordshire. The relationship with Camden PCT as the host purchaser and London Borough of Camden has been strengthened by their representation on the Trust's Board of Governors; the Chairman of Camden PCT is a governor, as is a Camden councillor. The Trust's key university partners - University of East London and Essex University - are represented on the Board of Governors, which has strengthened the university partnerships.

Performance indicators

The Trust received a rating of Excellent from the Healthcare Commission for its quality of service. Few national targets and performance indicators have been set for the outpatient mental health services that the Trust provides. The two targets that do apply are waiting time and booking targets. The Trust met both targets throughout 2006/7. In addition, the Trust has compared the number of missed appointments (DNAs) with other trusts. The Trust performs well and

achieved a low DNA rate of 10% compared to an average of 17% in other London mental health trusts.

Performance management processes are robust. External audit results in 2007 provided substantial assurance of processes. There are clear directorate leads for each objective; progress is regularly monitored at a trust wide level. Monthly performance and financial reports are considered by the Board of Directors; each contains key performance indicators covering the primary objectives and monitors progress towards plan in year and progress in achieving objectives.

The Trust is working with commissioners to improve the quality of information regarding its SLAs. The Trust's good quality information systems are being modified to provide commissioners with the information that they require to support their commissioning role. The Trust has met 100% targets for Choose and Book and is well within the 13 week waiting standard for outpatient appointments.

Environmental management

The Trust acknowledges the potential impact that its activities have on the environment and is committed to ensuring environmental management is an integral part of its service provision.

The Trust endeavours to reduce, recycle and reuse its resources and minimise the production of waste. The Trust disposes of all waste that is not practicable to recycle, through safe and reasonable methods. The trust continues to inform and educate staff to enable them to work with increased environmental awareness and promote the effective use of energy and water resources. A planned programme to identify and monitor energy consumption is underway. The Trust encourages green transport and in 2006 introduced a Bike Policy to encourage staff to use bicycles on their journeys to and from the Trust.

In October 2005, the Trust adopted a Smoke Free Policy within both its buildings and grounds. This has been successful in improving the environment for all and is regularly monitored.

Risk Management

In 2006/7, the Trust's risk management structure has been strengthened. A trust wide risk register has been developed and the risk management strategy has been reviewed. All key risks to the achievement of strategic objectives have been identified and significant risks are discussed by the Board of Directors on a bi-monthly basis. External audit results in 2007 provided adequate assurance for risk management and governance processes, and substantial assurance for the Trust's assurance framework. Risks are outlined in the Trust's annual plan and significant risks relate to the stringent financial climate within the NHS and to changes in the way research is funded within the NHS.

The Trust's services continue to be of high quality. The Trust declared compliance with all healthcare standards and performed well against all the Healthcare Commission's performance indicators. Patient satisfaction

continues to be high, as evidenced in the Trust's patient survey and low number of complaints.

Patient Care

New or significantly revised services

The Trust has reorganised the child protection and assessment service in the Monroe Young Family Centre, run jointly with NCH, a children's charitable organization, to expand and diversify the service to improve access and the flexibility of response. The Trust is bidding to set up a new psychological treatment service in Hertfordshire, commissioned by the PCT.

Service improvements following staff or patient surveys

The Trust's patient surveys have led to improved information about the referral and appointment systems and new protocols to speed up the time from referral to appointment. The patient survey showed a high level of satisfaction with the Trust's patient services. The staff survey showed a very low turnover rate of staff and a low sickness rate. The trust was amongst the highest rated of mental health trusts.

Improvement of patient / carer information

The Trust has redesigned its entire patient and other information to achieve an overall quality of design and improved accessibility of information to patients, carers, and families, as well as to all other users of the Trust's services, such as students and trainees.

Complaints handling

The Trust has a low number of complaints (twenty five in 2006/7) and these are handled with detailed attention and sensitivity by the complaints manager under the supervision of the Chief Executive. The Trust has a process of reviewing complaints to ensure that administrative and clinical processes are adjusted to take into account the concerns of patients. One challenge is the matching of patients' needs to the treatment available to avoid creating disappointment about what can be offered.

Stakeholder Relations

The Trust has developed key partnerships with commissioners as described above. It has developed a consortium partnership with Camden and Islington Mental Health and Social Care Trust to provide psychological treatments. It has key partnerships with London Borough of Camden and London Borough of Haringey to run assessment and treatment services on a joint basis. The Trust intends to develop joint working further with PCT commissioners and is interested in taking part in plans for polyclinics run by PCTs, which are being developed by NHS London. The Trust has a long term aim to base its

outpatient services as much as possible in the community and is seeking locality bases in the PCT areas. Polyclinics might offer the opportunity to locate services with a wide range of other health services, including primary care.

The Trust's partnership with NCH has been central to developing its child protection service and its partnership with the Mulberry Bush School enables the Trust to run a clinical and educational day service for children who are emotionally and behaviourally disturbed.

The Trust has excellent relations with its university partners, two of whom, the University of East London and the University of Essex, have nominated senior staff to serve on the Board of Governors. The appointment of the first Director of Nursing will also be an opportunity to develop links with new and existing partners.

Finance

The accounts for the five months ending 31 March 2007, the first period as a Foundation Trust, form part of this report. The Trust again achieved all its statutory financial duties. The operating surplus in the first seven months prior to becoming an NHS foundation trust was £166,000; and after allowing for interest and dividends, we had a retained surplus of £13,000 for this period.

The cash balance at 31 March was £271k, and cash forecasts indicate that the balance will remain positive. The Foundation Trust has a revolving loan facility of £1.8m in place, but no borrowing was necessary in the period.

The Foundation Trust expects its Financial Risk Rating issued by Monitor to remain at level 3, based on the 2006/07 accounts and the 2007 Annual Plan.

Based on the Trust's Annual Plan, and the risk assessments contained therein, the Directors have a reasonable expectation that the Trust has adequate resources to continue in operation for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

As noted earlier in this report, this was a challenging year. To meet the unexpected reduction of £600k in Training funding, substantial cost reductions had to be agreed and implemented mid-year, in addition to the savings which had already been budgeted. Income in two other areas was £350k less than budgeted, but this was offset by non-recurrent income of £373k. Taken together, these factors enabled the Trust to achieve the small surplus. In the plan for 2007/8, further income growth and cost savings enable the Trust to project a surplus of some £100k, which will be available for reinvestment.

There was no income from private patients, in accordance with the Foundation Trust's authorisation.

Capital expenditure totalled £214k in the five months, including £155k for equipment relating to the new offices. The Directors are developing an estates strategy for the future, but no major capital projects are planned at present.

83% of creditor invoices were paid within 30 days, similar to the 84% achieved in the first seven months. This is lower than the target of 95% set by the Better

Payment Practice Code. By value (rather than number of invoices), however, 94% was paid within 30 days.

Management costs were £733k in the five month period, equivalent to 7.5% of income.

Details of all remuneration to each senior manager of the Trust are given in the Remuneration Report, later in this document.

The Boards of Governors and Directors

The Board of Directors is responsible for the governance, the planning, and managing most of the Trust's activities. It meets monthly and authorizes all the key decisions regarding the Trust's business. It operates according to the values and standards of conduct of the NHS. These include the Nolan principles of selflessness, integrity, objectivity, accountability, openness, honesty and leadership. The Board of Directors delegates the day-to-day running of the organization to the Chief Executive and the Management Committee which consists of the team of executive directors. The Board of Directors aims to work as an effective team between the executive and non-executive directors. The Board of Directors works closely with the Board of Governors.

Board of Governors

The Board of Governors is responsible for appointing the Chairman and the non-executive directors and setting their remuneration. It also approves the appointment of the Chief Executive. The Board of Governors is responsible for representing the interests of the Foundation Trust's members and partner organizations in the local health economy in the governance of the Trust.

The governors are required to act in the best interests of the Trust and are required to adhere to its values and code of conduct. The Board of Governors is responsible for holding the Board of Directors to account for the performance of the Trust. In order to facilitate this, the Chief Executive and Finance Director report regularly to the Board of Governors on the key issues regarding the Trust's business plan. The developmental nature of the Board of Governors' role is important. The Trust has given attention to this by setting up a project group of executive directors and Trust Secretary to ensure that the governors have the appropriate advice, support and information to carry out their role.

In the first five months of operating as an NHS foundation trust, the Board of Governors has proved itself an active and resourceful group which has provided valuable comments and advice to the Board of Directors. The Trust expects this role to develop strongly and to be a valuable resource to enhance the Trust's functioning.

Public Constituencies

Camden

Residents of the London Borough of Camden

Jennie Bird, Governor
Elected November 2006. Term ends October 2009

Ms Caroline Garland, Governor
Elected November 2006. Term ends October 2009

Lou James, Governor
Elected November 2006. Term ends October 2009

Mr Michael Whiteley, Governor
Elected November 2006. Term ends October 2009

Rest of London

Residents of London boroughs other than Camden

Dr Robin Anderson, Governor
Elected November 2006. Term ends October 2009

Ms Stephanie Cooper, Governor
Elected December 2006. Term ends October 2009

Angela Kenny, Governor
Elected November 2006. Term ends October 2009

Dr Caroline Lindsey, Governor
Elected November 2006. Term ends October 2009

Dr Claudine Strickland, Governor
Elected December 2006. Term ends October 2009

Mr John Wilkes, Governor
Elected November 2006. Term ends October 2009

Rest of England & Wales

Residents of England and Wales outside London

Chrissie Kimmons, Governor
Elected November 2006. Term ends October 2009

Staff Constituencies

Administrative & Technical
Staff on pay bands 1-7

Mrs Amanda Hawke, Governor
Elected November 2006. Term ends October 2009

Clinical, Academic, Senior
Staff on pay bands 8 and above or equivalent

Dr David Bell, Governor
Elected December 2006. Term ends October 2009

Trades' Unionists
Members of trades' unions who choose not to be in the above.

Mr Robin Bonner, Governor
Elected November 2006. Term ends October 2009

Appointed Governors

Non-Statutory Sector
As appointed by Voluntary Action Camden; includes voluntary sector

Ms Simone Hensby, Governor
Appointed November 2006. Term ends October 2009

University of Essex
A key education partner

Dr Aulay Mackenzie, Governor
Appointed November 2006. Term ends October 2009

University of East London
A key education partner

Professor Susan Price, Governor
Appointed November 2006. Term ends October 2009

Primary Care Trusts
As appointed by Camden PCT

Mr John Carrier, Governor
Appointed November 2006. Term ends October 2009

Local Authorities
As appointed by the London Borough of Camden

Councillor Roger Freeman, Governor
Appointed April 2007. Term ends June 2007 (may be renewed)

Specialist Commissioning
As appointed by London Strategic Health Authority as an interim arrangement prior to new arrangements being in place

Ms Alison Armstrong, Governor
Appointed November 2006. Term ends October 2009

Education Commissioning
As appointed by London Strategic Health Authority (representing the Department of Health)

Vacant

Elections were held in summer/autumn 2006 for the elected posts; the elections were contested. The Electoral Reform Society conducted the elections on the Trust's behalf and appointed the Returning Officer.

Attendance at Board of Governors' Meetings

Name	29 / 11 / 06	09 / 01 / 07	06 / 03 / 07
Dr Robin Anderson	Y	Y	A
Ms Alison Armstrong	A	A	W
Dr David Bell		A	Y
Ms Jennifer Bird	Y	Y	P
Mr Robin Bonner	Y	Y	Y
Mr John Carrier	Y	Y	P
Ms Stephanie Cooper		Y	Y
Ms Caroline Garland	Y	A	Y
Mrs Amanda Hawke	P	Y	Y
Ms Simone Hensby	Y	A	Y
Lou James	P	Y	P
Angela Kenny	P	Y	Y
Ms Chrissie Kimmons	P	Y	Y
Dr Caroline Lindsey	P	A	P
Dr Aulay Mackenzie	Y	Y	Y
Professor Susan Price	Y	A	Y
Ms Claudine Strickland		Y	Y
Mr Michael Whiteley	Y	Y	Y
Mr John Wilkes	Y	Y	Y

Key	
Y	Attended
A	Not in attendance, apologies given
P	Attended Part
W	Absent without apologies

The Trust Chair attended all meetings; Matthew Lewin attended for part of the November meeting. All members of the Board of Directors attended for two hours of the March meeting.

Members of the public can see the Trust's website for the current report of governors' disclosure of interests.

All members of the Board of Directors attended for two hours of the March meeting of the Board of Governors to explore issues in relation to the Trust's development. One non-executive director has joined a committee of the Board of Governors. A senior non-executive director was appointed who will lead on contact with the Board of Directors; this non-executive director hosted the welcome to governors at their inaugural induction meeting. One non-executive director attended meetings of the Board of Governors.

Board of Directors

Non-Executive Directors

Mr Nicholas Selbie, Chairman
Appointed 1st November 2005. Term ends 31st October 2009.

Experience

- Non-Executive Directorships with Aureos, (private equity investment in SMEs in emerging markets) (Chair); and the CDC Pension Fund (Chair)
- Non-Executive roles at Voluntary Service Overseas (VSO), Student Partnerships Worldwide (SPW) (Chair), Practical Action and the Royal African Society (Treasurer)
- 1989-2005 – Former Managing Partner, Executive Director and Supervisory Board Member of CDC, and then Actis, a leading private equity fund management company in emerging markets
- 1973-1989 – Corporate Finance Director in London and New York with BZW and then Kleinwort Benson
- 1967-1968 – Taught with VSO in Malawi
- Wide experience of investing and working with a variety of businesses in Latin America, Africa and East Asia

Qualifications

- AIB
- MSc, London Business School
- MA, Chemistry, Christ Church, Oxford

Mr Selbie holds no other ministerial appointments and has no involvement in political activity.

Professor Sir Andrew Likierman, Deputy Chair and Senior Independent Director
Appointed 1st November 2003. Term ends 31st October 2007.

Experience

- 2004-present – Professor of Management Practice, London Business School
- 2004-present – Director of Bank of England (Ministerial Appointment)
- 1993-2004 – Director, then a Managing Director of the Treasury
- 1987-1993 – Professor of Accounting, London Business School
- 1976-1979 – Member of Central Policy Review Staff, Cabinet Office
- Member of Oxfam Finance Committee, Council of Consumers Association and Trustee of Child Psychotherapy Trust
- Has written extensively on public sector financial management

Qualifications

- BA, Philosophy, Politics and Economics, Oxford

- Fellow, Chartered Institute of Management Accountants
- Fellow, Association of Certified and Corporate Accountants

Professor Sir Andrew Likierman has no involvement in political activity.

Dr Caroline Elton, Non-Executive Director
Appointed 1st June 2003. Term ends 31st October 2007

Experience
- Independent Educational and Career Consultant with special interest in medical education
- 2001-2006 – Associate Education Adviser with the Kent, Surrey and Sussex Department of Postgraduate Medical Education
- Has developed careers and educational courses for doctors and other healthcare professionals, which have been delivered across the country

Qualifications
- BA, Human Sciences, Oxford
- M.Ed, University of Pennsylvania
- PhD, Department of Academic Psychiatry, University College & Middlesex School of Medicine.

Dr Elton holds no other ministerial appointments and has no involvement in political activity.

Mr Matthew Lewin, Non-Executive Director
Appointed 1st November 2000. Re-appointed 1st November 2004. Term ends 31st October 2008.

Experience
- Journalist and novelist
- Chairman of the Trustees of the Burgh House Community Arts Centre in Hampstead
- 1994-2000 – Editor of Hampstead and Highgate Express
- 1973-1994 – reporter, news editor and deputy editor of Hampstead and Highgate Express

Qualifications
- BA, Psychology and Social Anthropology, University of the Witwatersrand, Johannesburg (1976)

Mr Lewin holds no other ministerial appointments and has no involvement in political activity.

Ms Emma Satyamurti, Non-Executive Director
Appointed 1st August 2003. Term ends 31st October 2007

Experience

- 2002-present – Lawyer specialising in employment litigation from an employee perspective

Qualifications

- BA (Double First Class), Classics, Oxford University
- Educated at the Camden School for Girls

Ms Satyamurti holds no other ministerial appointments and has no involvement in political activity.

Mr Richard Strang, Non-Executive Director
Appointed 1st August 2006. Term ends 31st July 2010

Experience

- 2004-present – Corporate Finance Consultant
- 1998-2004 – Senior Managing Director at Bear Stearns (Head of European M&A)
- 1978-1997 – Corporate Finance at Morgan Grenfell (Deutsche Bank) (Director 1986-1997)
- 1971-1978 – Accountant with Peat Marwick Mitchell (KPMG)

Qualifications

- MA, Politics, Philosophy and Economics, Oxford
- Fellow of the Institute of Chartered Accountants of England and Wales

Mr Strang holds no other ministerial appointments and has no involvement in political activity.

Executive Directors

Dr Nick Temple, Chief Executive
In position since February 2002

Experience

- Chairman of the Tavistock Clinic (1993-2002)
- Medical Director of the Tavistock and Portman NHS Trust (1994-2002)
- Chairman of the Tavistock Clinic Foundation (1994-2002)
- Responsible for BBC2 TV Series 'Talking Cure' in 1999 portraying the work done at Tavistock
- Set up the Tavistock Book Series
- Chairman of the Psychotherapy Faculty of the Royal College of Psychiatrists, 1990-1994
- Member, DH working party to review psychological treatments which produced national guidance in 2004

Qualifications

- BSc (Hons), MB ChB (Bristol University)
- DPM, FRCPsych, FInstPsychoanal

Mr Simon Young, Director of Finance
In position since April 1996

Experience

- FT Project Director October 2005 - 2007
- 1991-1996 – Director of Finance at the London Ambulance Service
- Trained as a management accountant in manufacturing industry
- 1987-1991 – Worked for Glaxo
- 1981-1987 – Worked for National Can Corporation

Qualifications

- BA, MSc, Fellow of the Chartered Institute of Management Accountants

Ms Trudy Klauber, The Dean of Postgraduate Studies
In position since September 2004

Experience

- Consultant Child and Adolescent Psychotherapist
- 2002-2004 – Head, Child Psychotherapy, Child and Family Department, Tavistock Clinic
- 1994-1996 – Director, Donald Winnicott Centre, Hackney
- Former Organising Tutor of the Psychoanalytic Observational Studies Course (largest course in the Trust)
- Recent publications include *The Many Faces of Asperger's Syndrome,* co-edited with Professor Maria Rhode
- Teaches and supervises regularly in Florence, and occasionally in France and in the USA

Qualifications

- BA (Hons), University of London
- Member of the Association of Child Psychotherapists (MACP)

Dr Matthew Patrick, Trust Director
In position since April 2005

Experience

- 1996-present – Consultant Psychiatrist in Psychotherapy, Adult Department, Tavistock & Portman NHS Trust
- 1993-1999 – Wellcome Trust Advanced Training Fellow, Tavistock & Portman Trust
- 1991-1999 – Lecturer in Developmental Psychopathology, Academic Department of Psychiatry, University College London

- 1993-1996 – Honorary Consultant Psychiatrist in Psychotherapy, Adult Department, Tavistock & Portman NHS Trust
- 1994-1995 – Senior Audit Clinician, Tavistock & Portman NHS Trust

Qualifications

- 1990-1993 – MRC Training Fellow, Tavistock Clinic
- BSc(Hons)
- M.B.B.S(Lond)
- MRCPsych, FInstPsychonanal
- Member of British Psycho-Analytical Society
- Fellowship of the Institute of Psycho-Analysis (FIPA) (London Hospital Medical College/London University, Bethlem and Maudsley Hospital, Tavistock Clinic)

Dr Rob Senior, Medical Director
In position since December 2006

Experience

- Senior Research Fellow, University College London
- Honorary Consultant Child and Adolescent Psychiatrist, Tavistock Clinic and Royal Free Hospital
- Trust Named Doctor for Child Protection
- Systemic psychotherapist

Qualifications

- 1977, MB BS (London)
- 1996, MRCPsych
- 1991, MSc in Family Therapy (Distinction, Birkbeck College / IFT)
- 1974, BA (Cantab), History and Philosophy of Science, 2:1
- MHS Section 12 Approved

Dr Neil Brimblecombe, Nurse Director
Appointed February 2007

Experience

- 2006-current – Visiting professor of Mental Health Nursing, Nottingham University
- 2004-current – Director of Mental Health Nursing at the Department of Health
- 2003-2004 – Deputy Director of Mental Health Nursing at the Department of Health
- 2001-2003 – Lead nurse in mental health at the Hertfordshire Partnership Trust

Qualifications

- 2002, PhD, Brunel University
- 1993, MSc Medical Anthropology, Brunel University

- 1992, BSc Nursing Studies, University of Herts
- 1988, Dip Supervisory Management Studies
- 1986 – Registered Mental Nurse

Apart from expiry of the term of office, non-executive directors' appointments may be terminated by the Board of Governors.

Attendance at Board of Directors' Meetings 2006/7

Name	Apr	May	Jun	Jul	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Mr Nicholas Selbie	Y	Y	Y	Y	Y	Y	Y	Y	Y	A	Y
Professor Sir Andrew Likierman	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Dr Caroline Elton	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Mr Matthew Lewin	A	Y	Y	Y	Y	Y	Y	Y	Y	Y	A
Ms Emma Satyamurti	Y	Y	Y	Y	Y	Y	Y	A	Y	Y	Y
Mr Richard Strang					Y	Y	Y	Y	Y	Y	Y
Dr Nick Temple	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Dr Matthew Patrick	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Dr David Taylor	Y	Y	Y	Y	Y	Y	Y				
Dr Rob Senior								Y	Y	Y	Y
Mr Simon Young	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Ms Trudy Klauber	Y	Y	Y	Y	Y	Y	Y	Y	A	Y	Y
Dr Neil Brimblecombe*											

Dr Brimblecombe was appointed in February but had not taken up his post during 2006/7.

Key to attendance tables	
Y	Attended
A	Not in attendance, apologies given
P	Attended Part
W	Absent without apologies

Attendance at Audit Committee Meetings 2006/7

Name	Apr	Jun	Sep	Jan
Professor Sir Andrew Likierman	Y	Y	Y	Y
Mr Richard Strang				Y*
Dr Caroline Elton	Y	Y	Y	Y
Ms Emma Satyamurti	Y	Y	Y	Y

*Richard Strang attended the January meeting as Chair designate

Attendance at Remuneration Committee Meetings 2006/7

Name	May	Jul	Feb
Mr Nicholas Selbie	Y	Y	Y
Professor Sir Andrew Likierman	A	Y	A
Dr Caroline Elton	Y	Y	Y
Mr Matthew Lewin	Y	Y	Y
Ms Emma Satyamurti	Y	Y	Y
Mr Richard Strang			Y
Dr Nick Temple	Y	Y	Y

Attendance for Charitable Fund Committee Meeting 2006/7

Name	Jan
Mr Nicholas Selbie	Y
Dr Nick Temple	Y
Mr Simon Young	Y

Board of Directors: complete and appropriateness statement

Performance evaluation for the Board of Directors took place in 2006 using both the Managers' Charter Initiative Framework and the Bevington on-line Board Development Model. Analysis was undertaken of the results of this exercise and from that a Development Programme was initiated which has included

Key to attendance tables	
Y	Attended
A	Not in attendance, apologies given
P	Attended Part
W	Absent without apologies

training on financial acumen, risk and key performance indicators in addition to sessions facilitating improved and increased working relationships and understanding of the role of executive and non-executive directors. Further development is taking place this year following a series of reflective interviews that have been conducted by an independent consultant. A report is being provided for the Board to consider any areas for further development. This report also gives guidance on the skills required in replacing any non-executive posts during 2007.

Members of the public can view the Trust's website for the current report of Directors' disclosure of interests.

The Chair has no significant commitments affecting the work of the Trust or his time commitment.

Audit Committee

For membership and attendance see above.

Report by the Chairman of the Audit Committee

The Committee, which is a sub-committee of the Board of Directors, comprises three non-executive directors and met four times in 2006/7. The work covered the work of the internal and external auditors, counter-fraud, relevant financial management issues and, more recently, certain corporate governance matters.

Much of the Committee's time has been spent on reports from internal audit and on the annual external reporting of the Trust. These are essential to provide assurance to the Trust and to outside stakeholders that financial management was robust and that sound governance procedures were in place.

A particular focus in 2006/7 was on the implications of the transition to Foundation Trust status. In the light of the change, the Committee reviewed its terms of reference and in particular its roles in the management of risk and in clinical governance within the Trust and new terms of reference are being agreed with the Board.

The Committee is satisfied that there is an effective internal audit function established by management that meets mandatory NHS Internal Audit Standards and provides appropriate independent assurance to the Audit Committee, the Chief Executive and the Board.

The Committee has reviewed the work and findings of the External Auditors and is satisfied with the implications and management's responses to their work.

The Committee has reviewed the findings of other significant assurance functions and is satisfied with their implications for the governance of the Trust. The Committee has received positive assurances from directors and managers on the overall arrangements for governance, risk management and internal control and is satisfied that there is an effective system of integrated governance, risk management and internal control across all the Trust's activities. The Committee is satisfied with the Statement on Internal Control.

Non-Executive Director Appointment Panel

Members:-

Chair

Mr Nicholas Selbie
Appointed January 2007. Term ends October 2009

Other Members

Ms Chrissie Kimmons
Appointed January 2007. Term ends October 2009

Ms Lou James
Appointed January 2007. Term ends October 2009

Mr John Wilkes
Appointed March 2007. Term ends October 2009

Mr Matthew Lewin
In position since April 2007. Term ends March 2008

Mr Richard Strang
In position since April 2007. Term ends March 2008

This panel was not needed and did not meet.

Membership

The Board of Directors confirms that all elections to the Board of Governors were held in accordance with the election rules, as stated in the constitution.

Nicholas Selbie
Trust Chair

Constituencies

The Trust aimed to be patient-focussed in all membership considerations even though not all services provided are patient services. The Trust considered membership in detail. Prejudice against mental illness was acknowledged and it was decided that patients and carers should not be forced to disclose any connection with the trust, so one public constituency was formed. As the Trust

takes referrals from throughout the UK most of the population of England and Wales is eligible to become a member.

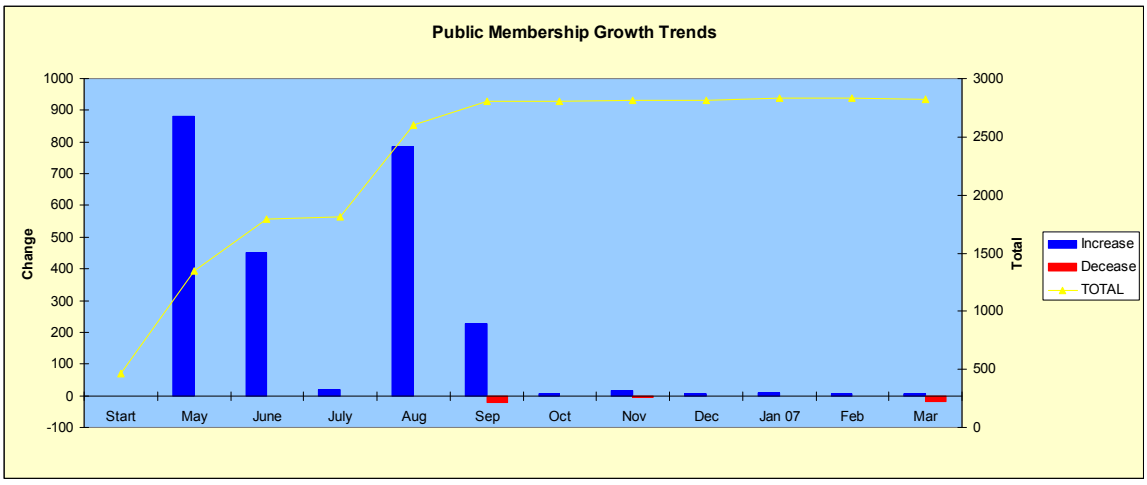
Three classes of the public constituency were set according to the volume of clinical activity: Camden (in which the Trust has its geographical base and is the borough to which the Trust provides more services than to any other single borough); the Rest of London (to which the trust delivers the majority of services); and the rest of England and Wales (to which the Trust delivers a higher proportion of specialist services).

During the public consultation on whether the Trust should become a NHS foundation trust some people had already said they would like to join if the Trust pursued the application; therefore, some people were registered as members immediately once the two campaigns were launched. The first was after Easter 2006 and invited all patients (or carers where appropriate) who had attended for treatment in the last five years and all students and alumni over a similar period. These groups were subdivided and a personalised invitation was sent to each person. There was also an exhibition for visitors, a fun day, and an open evening.

The second campaign was instigated to increase membership overall and specifically addressed perceived gaps in representation; this approach was a first for an applicant trust. Those on the Trust's conference mailing list, local politicians, VIPs, were invited. The Trust also wrote by email to several thousand local people inviting them to join but though the trust was the first to try this approach it did not generate many members. The Trust launched a mental health awareness campaign targeting local GP surgeries, community groups, and others including a recruitment event at Brent Cross Shopping Centre.

The Trust set a target of 95% of staff to be members; this was exceeded and the Trust has 100% of staff members. There were 459 staff members on 31st March 2007.

The Trust exceeded its target of 2300 by November 2006, reaching 3200 by this date. On 31st March 2007 the Trust had 3279 members, see the table below. The Trust has more members than some much larger trusts and far exceeds most trusts in proportion to revenue and activity.



Analysis of current public membership

Analysis of staffing statistics is rigorously undertaken by the Trust and is published through Board of Directors' papers; the format here is that which Monitor requires and is a summary. The Trust's public membership broadly reflects the population of north central London (to whom most services are provided).

Membership size and movements

Public Constituency	Last year	Next year (estimated)
At year start (April 1)	0	2820
New members	2872	360
Members leaving	52	80
At year end (March 31)	2820	3100

Staff Constituency	Last year	Next year (estimated)
At year start (April 1)	0	459
New members	459	26
Members leaving[3]	0	0
At year end (March 31)	459	485

Please note for electoral roll purposes, staff are measured in terms of headcount, not whole time equivalents.

Analysis of age, ethnicity, and socio-economic status

Public constituency	Number of members[4]	Eligible membership
Age (years):		
0 – 16	20	53,243,249[5]
17 – 21	55	
22 +	2745	
Ethnicity:		
White	1097	53,243,249
Mixed	14	
Asian or Asian British	75	
Black or Black British	122	
Other	43	

[3] Whilst some staff will leave, it is not envisaged that new appointees will opt out of membership
[4] Not all members choose to state this information
[5] The population of England and Wales

The ethnic split of members reflects that found at the last national census, except that 'white British' people are under-represented to a small extent; however, this effect is mitigated by the fact that patient populations tend to have a higher-proportion of non-white British people. Therefore, overall, the Trust has achieved a good mix.

The Trust has achieved excellence in recruiting members of all ages, and according to the Trust's membership support service, has a younger age profile than most trusts; this reflects the hard work in the second membership recruitment campaign. Therefore, overall, the Trust has achieved a good mix.

There are fewer men than women members; this is apparently consistent with membership of other trusts. Therefore, overall, the Trust has achieved a satisfactory balance.

Socio-economic status		%	0 100 200	
1	Wealthy Achievers	14.1		
2	Urban Prosperity	53.3		200+
3	Comfortably Off	15.2		
4	Moderate Means	5.1		
5	Hard Pressed	12.3		

No reliable method of socio-economic self-assessment has been devised but an estimate is required and this is provided above based on ACORN[6] profiles. This profile reflects the user population, which contains a high proportion of postgraduate students; overall, this is a good result for the Trust.

Membership Strategy

The Board of Directors has monitored progress against target throughout the application, and the Board of Governors has considered membership with the Board of Directors in March 2007 when the 2007/8 draft strategy was considered. The Board of Directors agreed the 2007/8 strategy in March 2007. The Trust had decided to recruit 4000 members by the end of March 2010 and is on target to recruit this number. Broadly, the Trust has no significant issues to address; nevertheless in order to refine representation priorities for growth will be:

- People over 80 years old
- Men
- People under 21 years old
- People in Camden
- People of 'moderate means' (see above)

[6] http://www.caci.co.uk/acorn/

The Patient and Public Involvement (PPI) Lead will oversee the development of detailed plans to recruit these members with the support of the PPI and Clinics Committees. In addition, the Trust is committed to developing other areas of work to support membership activity; in summary, plans include:

- Run a mental health awareness campaign
- Work with the non-statutory sector to develop links with groups and organisations where collaboration would yield benefits to both organisations
- Develop specific fora for consulting the public about the work and plans the Trust has
- Establish a members' room
- Communicate via the internet and via newsletters
- Develop communication and marketing plans
- Continue to provide public lectures and speakers at AGMs
- Develop corporate governance arrangements

Elections

The Board of Directors hereby confirms that elections to the Board of Governors were held in accordance with the election rules as set out in the constitution. Results have been forwarded to Monitor.

Contact with governors and directors

Members can contact governors and directors via the Trust Secretary in the first instance.

Public Interest Disclosures

The Trust has in place a full range of HR policies to support staff and advise managers. These include all equalities legislation introduced recently including age legislation and disability. The Trust's senior management engages in formal and informal consultation with staff side colleagues to ensure partnership working is in place. The Trust also holds full staff meetings which have increased from one per year to three per year. This ensures staff are not only informed of Trust policy and planning but that they are actively encouraged to participate in the debate and planning on a wide range of Trust issues.

The Trust welcomes disabled staff and is committed to the development of anti-discriminatory practice and the provision of equal opportunities. The Trust provides ongoing disability awareness training and has policies on disability which are regularly reviewed by the board.

The Trust has an active plan for the deterrence, prevention, detection and investigation of fraud. The Local Counter Fraud Specialist leads on promoting an anti-fraud culture, and reports regularly to the Audit Committee.

Risk

As of March 2007 the Trust has a risk register with all the main strategic and operational risks identified.

During 2006 the Trust reviewed its approach to the assessment and monitoring of all risks across the organisation with the objective of introducing a consistent approach to risk assessment and rating of risks.

To assist this work the Trust secured the help of a risk consultant who worked with a number of senior staff across the organisation to develop and agree a risk matrix with clear, locally applicable definitions, for the assessment of the potential impact of risks of all kinds. The risk consultant worked with directorate leads and senior management staff to assist them to identify the key risks to their areas of responsibility.

Work was undertaken to refine the Trust's assurance framework so that it could be brought in line with the agreed structure for the risk register. The approach has now been used to introduce an effective approach to risk assessment and monitoring procedures for both strategic and operational risks and has enabled the Trust to develop a risk register, which records risks, controls and action plans that are in place to reduce the impact of risks.

Incident Reporting

The Trust has a low level of incidents and there were 190 Incidents reported for 2006 (compared to 66 from 2005). This increase is due to the training of staff in the importance of reporting all incidents or near misses and should not be taken as an indication that there is a corresponding increase in the number of incidents.

The Trust has an 'Incident Reporting Policy and Procedures', and a 'Serious Incidents Policy'. The policies were updated in 2006, and now include a chart to show the link between incident and serious incident reporting.

The Risk Management Committee reviews incidents and trends are considered. Lessons learnt are considered by the relevant departments. Clinical incident reports are considered by the Medical Director and the Clinical Governance Committee with the Director of Central Services attending.

Health and safety incidents are reported to the Health and Safety Committee, which is chaired by the Director of Central Services. Recommendations from both the Health and Safety Committee and the Clinical Governance committee are discussed in the Risk Management Committee and the minutes are then forwarded to the Board of Directors. The Board lead for Patient Safety is the Medical Director.

Emergency Planning

The Health and Safety Manager and the Medical Director have strengthened relationships and communications with the Royal Free Hospital NHS Trust regarding Emergency Planning procedures. As part of the Strategic Health Authority advice to local trusts working together, the Trust's assistance to the Royal Free Hospital is that the Trust's estate could be as used as an overspill facility, and a central communications centre, if needed, as well as the clinical interventions by the Trauma Unit.

Mandatory and Health and Safety Training

All staff were invited to attend the Trust's INSET day in September 2006 (or another in April 2007). Over half the staff attended the first of the INSET days, proving that mandatory training can be delivered successfully in a large organised event and will continue to run twice a year to ensure attendance by all staff. Specific Clinical and Health and Safety mandatory training programmes run annually and are monitored by the Medical Director and Health and Safety Manager and was overseen by the Training and Development Manager.

Occupational Health

The Royal Free Hospital continues to supply the trust's Occupational Health support for all staff.

Consultations

The public, staff, and stakeholders were consulted on the Trust's application to become an NHS foundation trust. The Trust received over one hundred formal comments and a great deal of informal unwritten feedback and public meetings and events.

The Trust has worked closely with Camden Health Scrutiny Committee during the year. Presentations have been made by the Chief Executive and the Trust's Patient and Public Involvement Lead. The Health Scrutiny Committee submitted a third party comment as part of the healthcare standards declaration, as follows:

> "In Camden a health scrutiny protocol exists. The protocol was drawn up in discussion with the Trust's health partners, which sets out the principles, commitments and responsibilities of the committee and NHS bodies for the conduct of effective health scrutiny in Camden. The Trust is a party to this protocol and has adhered to the protocol in their contacts with us.
>
> The Chair of the newly formed Health Scrutiny Committee met with the Chief Executive and the Chair in September 2006.
>
> The Borough has a good working relationship with the Trust at a number of levels, from the Chair and Chief Executive down.

All of the core standards are of interest to the Health Scrutiny Committee, although C14, C16 and C17 are of particular interest as they relate to patient and public involvement. The Health Scrutiny Committee on the 27th February 2007 held a special session where representatives of the local Public and Patient Involvement Forums and the Trust presented reports on patient and public involvement. Committee members were able to ask questions.

It remains a disappointment that there is no Patient and Public Involvement Forum at the Trust. The Trust understood that this was due to difficulties in recruiting members. The Trust accepted that this is not the responsibility of the Trust and that this has not prevented much useful activity around public and service user involvement.

The Chief Executive, Chair and Trust Director attended a recent mental health-themed Health Scrutiny Committee meeting and gave a rounded and thorough presentation on the Trust's work and its challenges for the years ahead. The presentation enabled Committee members to understand how the Trust meets the needs of local people, particularly young people with mental health problems. The Committee was also able to understand the techniques and treatments for which the Trust is renowned.

The Trust has provided thorough documentation to us in support of their declaration on each standard including supporting evidence that included the findings of the Patient Survey 2005 and leaflets for patients explaining 'talking therapies'. The committee would be keen to see the results of any more recent patient surveys. The Trust has identified that they wish to improve induction rates for non-clinical staff. This is welcomed.

The committee were particularly impressed by the very wide range of mechanisms (nine in total) made available for patients, carers and public to provide feedback to the Trust. In the Trust's view this is a model that all healthcare organisations should seek to emulate.

The trust have considered the Trust's declaration on the assessment of the core standards and are satisfied with its assessment."

This year has been a busy one for patient and public involvement in the Trust. As well as developing ways to engage patients and public for the foundation trust application, the PPI team has strived to be creative in developing new methods of engaging with the Trust's users and in getting the feedback the Trust has received from many sources; then seeing that appropriate action was taken as a result.

In November, the Trust held a well attended working conference for professionals and patients in conjunction with the Adult Department that focused on developing meaningful involvement in psychotherapy services. Encouragingly about half the delegates defined themselves as patients, leading to a more real and honest debate about the difficulties and pitfalls, strengths and gains of patient involvement in psychotherapy services. The Trust had constructive and positive feedback about the event, and a number of patients

and local people volunteered for further involvement in the Trust because of this event.

As well as working on eliciting feedback and engagement through the traditional methods such as the annual patients' survey, the suggestions box, the Patient Advice and Liaison service and the complaints system, the Trust had developed several projects to gain feedback in new ways.

Therefore, for the first time, the patients' survey could be completed on online, and the Trust is looking at developing more interactive methods of engagement through the website for this coming year. The Child and Family Department completed an interview survey of children and parents in the waiting room about their experience of attending the clinic. Based on feedback from this survey and the adolescent 'think tanks' undertaken last year, both the Child and Family and the Adolescent Departments have developed new leaflets written for child and adolescent patients and their carers, explaining what to expect when attending the clinic. Early feedback on these new leaflets has been positive, and the Trust aims to extend the rewrite and development of user-friendly leaflets across the trust over the next year. The Adolescent Department has continued to develop its art project with local schools, resulting in a moving display of photographic art depicting local adolescents' perspective on Camden.

The Trust's patient and public involvement representatives on the Trust committees, such as the Patient and Public Involvement Committee and the Clinical Governance Committee have continued to work hard in supporting and guiding the team.

The PPI team has grown. The Trust has demonstrated its value of patient and public involvement work by investing more resources in the team, and the Trust is pleased to have been joined by representatives from research and academic services.

Over the coming year, the Trust plans to work on developing web-based resources, an information resource room for patients and on engaging more difficult to reach patients, such as those who attend the Portman Clinic.

Remuneration Report

Remuneration and Terms of Service Committee

The members of this Committee are the Chairman, all the Non-Executive Directors and (except when his own remuneration is discussed) the Chief Executive.

Contracts and remuneration of senior managers

Senior managers are normally employed on permanent contracts. Those who are medical consultants are remunerated under the 2003 Consultants Contract. Non-medical senior managers are remunerated under Agenda for Change or under an equivalent scale recently approved by the Remuneration and Terms of

Service Committee. Notice periods are in accordance with these national agreements, and there are no special provisions for termination periods.

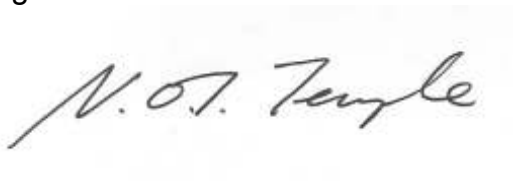
The tables below show the remuneration and the pension entitlements of the senior managers employed by the Foundation Trust during 2006/7:

Remuneration of Senior Managers (audited)	
Name and Title	**2006-07 (5 months)**
	Salary
	(bands of £5000) £000
Nick Temple - Chief Executive	60-65
Robert Senior - Medical Director	20-25
Matthew Patrick - Trust Director	35-40
Trudy Klauber - Dean	30-35
Simon Young - Director of Finance	35-40
Julian Lousada - Director, Adult	25-30
Deirdre Moylan - Director, Adolescent (part year)	10-15
Louise Lyon - Director, Adolescent (part year)	15-20
Rita Harris - Director, Child and Family	30-35
Stanley Ruszczynski - Director, Portman Clinic	30-35
Susan Thomas - Director of Human Resources	25-30
Pat Key - Director of Central Services	25-30
Julia Smith - Director of Performance	25-30
N Selbie - Chair	5-10
C S Elton - Non-Executive Director	0-5
M Lewin - Non-Executive Director	0-5
A Likierman - Non-Executive Director	0-5
E Satyamurti - Non-Executive Director	0-5
R Strang - Non-Executive Director	0-5

Pension Entitlements of Senior Managers (audited)

Name and Title	Pension at age 60		Lump Sum at age 60		Cash Equivalent Transfer Value		
	total accrued pension at 31 March 2007	real increase since 31 October 2006	total accrued pension at 31 March 2007	real increase since 31 October 2006	at 31 March 2007	at 31 October 2006	real increase (employer's contribution)
	(bands of £5,000)	(bands of £2,500)	(bands of £5,000)	(bands of £2,500)	£000	£000	£000
Nick Temple - Chief Executive	65 - 70	0 - 2.5	205 - 210	2.5 - 5	n/a	n/a	n/a
Robert Senior - Medical Director	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Matthew Patrick - Trust Director	25 - 30	2.5 - 5	80 - 85	7.5 - 10	368	330	27
Trudy Klauber - Dean	15 - 20	0 - 2.5	55 - 60	5 - 7.5	364	323	29
Simon Young - Director of Finance	15 - 20	0 - 2.5	45 - 50	2.5 - 5	287	259	19
Stanley Ruszczynski - Director, Portman Clinic	5 - 10	0 - 2.5	20 - 25	0 - 2.5	144	134	7
Julian Lousada - Director, Adult	10 - 15	0 - 2.5	35 - 40	0 - 2.5	n/a	n/a	n/a
Deirdre Moylan - Director, Adolescent (part year)	25 - 30	-2.5 - 0	85 - 90	-2.5 - 0	498	510	(8)
Rita Harris - Director, Child and Family	25 - 30	0 - 2.5	80 - 85	0 - 2.5	463	454	6
Louise Lyon - Director, Adolescent (part year)	25 - 30	n/a	75 - 80	n/a	409	n/a	n/a
Susan Thomas - Director of Human Resources	15 - 20	0 - 2.5	50 - 55	0 - 2.5	245	231	10
Pat Key - Director of Central Services	10 - 15	0 - 2.5	40 - 45	0 - 2.5	238	231	5
Julia Smith - Director of Performance	10 - 15	0 - 2.5	40 - 45	0 - 2.5	182	172	7
Note 1. As Non-Executive Directors do not receive pensionable remuneration, they do not appear in this table.							
Note 2. The Trust made no contributions to individuals' stakeholder pensions.							

Signed



Dr Nick Temple
Chief Executive

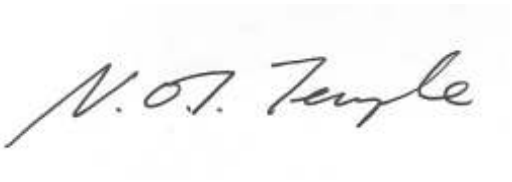
Date: 8th June 2007

Annual Accounts 2006/7 (November – March)

Foreword to the Accounts

These accounts for the period ended 31st March 2007 have been prepared by the Tavistock and Portman NHS Foundation Trust under Paragraph 24 and 25 of Schedule 1 to the 2003 Act.

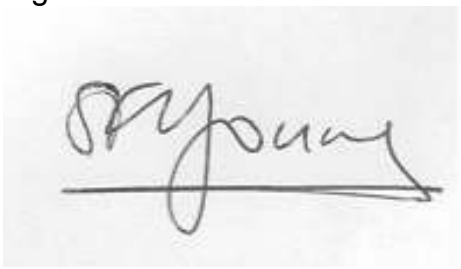
Signed



Dr Nick Temple
Chief Executive

Date: 8th June 2007

Signed



Mr Simon Young
Director of Finance

Date: 8th June 2007

Statement of the Chief Executive's responsibilities as the accounting officer of The Tavistock and Portman NHS Foundation Trust

The National Health Service Act 2006 ("2006 Act") states that the chief executive is the accounting officer of the trust. The relevant responsibilities of accounting officer, including their responsibility for the propriety and regularity of public finances for which they are answerable, and for the keeping of proper accounts, are set out in the accounting officers' Memorandum issued by the Independent Regulator of NHS Foundation Trusts ("Monitor").

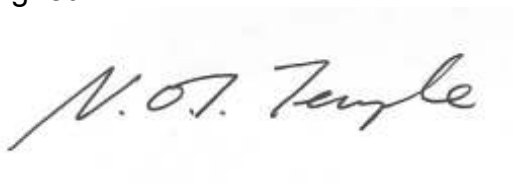
Under the 2003 Act, Monitor has directed the Tavistock and Portman NHS Foundation Trust to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of Tavistock and Portman 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; and*
- *prepare the financial statements on a going concern basis.*

The accounting officer is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the NHS foundation trust and to enable him/her to ensure that the accounts comply with requirements outlined in the above-mentioned Act. The accounting officer is also responsible for 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.*

Signed



Dr Nick Temple
Chief Executive

Date: 8th June 2007

Statement of Internal Control 2006/7

Scope of responsibility

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

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 Tavistock and Portman NHS Foundation Trust, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Tavistock and Portman NHS Foundation Trust for the year ended 31 March 2007 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

As Chief Executive, I hold overall responsibility for risk management, the risk register, and the assurance framework.

The Medical Director is responsible for the management of clinical risk, and has the overall responsibility for clinical governance.

The Director of Performance is responsible for identifying risks to strategic objectives in the risk register.

The Director of Central Services is responsible for non-clinical risk; and provides a central resource of information and advice on all risk management.

The Director of Central Services also leads and co-ordinates the assessment of progress on each of the standards set by the Clinical Negligence Scheme for Trusts

Strategic and operational risks are covered by a comprehensive risk register. The Management Committee agrees and implements the necessary actions, which are included in the reports to the Board (see below).

Through induction courses, the annual staff training day and other training events, staff are trained in managing the clinical and non-clinical risks relevant to their posts.

The Director of Finance is responsible for maintaining an effective system of internal financial control and for providing financial information to enable the Trust's management and Board to manage financial risk.

The Director of Performance leads the Trust's action plans towards achieving modernisation targets and compliance with healthcare standards; monitors progress; and reports to the Trust's management and Board.

The Dean of Postgraduate Education and Training is responsible for leading the Trust's management and delivery of training programmes and any risks arising from this area of Trust activity. She leads the Trust's annual contract negotiations with the Department of Health through the SHA.

The risk and control framework

Board reporting

Strategic and operational risks are identified and included in the risk register, which is presented in full to the Board annually. The risk register tabulates the risks, the actions being taken to manage them, who is taking these actions, and who is monitoring them. Every two months, the Board receives an update on the high level risks and the action being taken on them.

The Risk Management Committee of the Board receives the risk register which includes key operational and strategic risks, including health and safety issues, and the actions being taken.

The Board receives minutes and reports from the Risk Management Committee, the Clinical Governance Committee and the Audit Committee.

The Board receives the Annual Audit Letter from the external auditors.

Committee structure

The Risk Management Committee's role is to ensure that risk is managed effectively within the Trust. This includes developing the Trust's understanding of risk management and its benefits.

Health and safety issues are covered by the Health and Safety Committee which reports to the Risk Management Committee.

The Clinical Governance Committee's responsibilities include clinical risk management and ensuring effective management action in response to clinical incident reporting.

The Audit Committee reviews the establishment and maintenance of an effective system of internal control and risk management. This covers all areas of the Trust's activities - in conjunction with the committees mentioned above - as well as our core financial systems and procedures and our counter-fraud controls. The Audit Committee reviews all reports from the external auditors, the internal auditors, and the local counter-fraud specialist. The Annual Report

of the internal auditors provides the Audit Committee with assurance that the Trust's system of internal control is sound.

The Training Committee's responsibilities include managing financial risks arising from non-recruitment to training courses, and risks associated with the quality assurance of courses in collaboration with University partners and QAA. The Committee is also responsible for managing performance on new training initiatives.

Independent assurance

As noted elsewhere in this statement, independent assurance has been provided principally by our external and internal auditors, and by the NHS Litigation Authority. The Trust has developed and implemented action plans in response to the recommendations of each of these bodies.

Stakeholder involvement

The Trust's Raising Concerns at Work policy encourages staff to be aware of risks and to report them so that action can be taken.

Participation in risk management is part of the Trust's overall strategy for patient and public involvement. 2 user members serve on the Clinical Governance Committee.

Governors appoint the trust's external auditors and review with the Board of Directors the performance of the trust, including any risk of breach of the terms of authorisation

Pension 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. This includes ensuring that deductions from salary, employer's contributions and payments in to the Scheme are in accordance with the Scheme rules, and that member Pension Scheme records are accurately updated in accordance with the timescales detailed in the Regulations

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

The trust identifies cost savings to meet NHS efficiency targets as part of the annual budget process, and also during the year. Savings programmes cover pay and non-pay costs, and include the benefits of improved procurement. The costs of services are compared to their income and benchmarked against other organisations where appropriate. The Board approves the budget and reviews the financial position monthly. The Audit Committee receives reports from internal audit on the trust's financial reporting and budgetary control.

Review of effectiveness

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

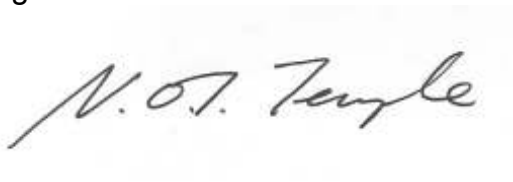
My review has also been informed by the Trust's action plans issued after the assessments of the NHS Litigation Authority and their agents, following their assessments for the Clinical Negligence Scheme for Trusts.

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 Trust complied fully with the core Standards for Better Health. The Board of Directors reviewed the detailed evidence of compliance with each standard, and confirmed this assessment before signing the declaration.

We have identified no significant control weaknesses which could prejudice the Trust's services or service users; its strategic objectives; its reputation; or its financial stability.

Signed



Dr Nick Temple
Chief Executive

Date: 8th June 2007

Independent Auditors' report to the Board of Governors of Tavistock and Portman NHS Foundation Trust

Opinion on the financial statements

We have audited the financial statements of Tavistock and Portman NHS Foundation Trust for the five month period ended 31 March 2007 under the Health and Social Care (Community Health and Standards) Act 2003, which comprise the Income and Expenditure Account, the Balance Sheet, the Cashflow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Board of Governors of Tavistock and Portman NHS Foundation Trust, as a body, in accordance with paragraph 24(5) of schedule 1 of the Health and Social Care (Community Health and Standards) Act 2003. Our work was undertaken so that we might state to the Board of Governors 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 accept or assume responsibility to anyone other than the Foundation Trust as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Accounting Officer and auditors

The Accounting Officer's responsibilities for preparing the annual report and financial statements in accordance with directions made by the Independent Regulator are set out in the Statement of Accounting Officer's Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements, the Audit Code for 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 and whether the part of the Remuneration Report to be audited has been properly prepared in accordance with the accounting policies directed by the Independent Regulator as being relevant to NHS Foundation Trusts.

We review whether the Accounting Officer's statement on internal control reflects compliance with the requirements of the Independent Regulator contained in the NHS Foundation Trust Financial Reporting Manual 2006/07. We report if it does not meet the requirements specified by the Independent Regulator 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 Accounting Officer's 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 other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Chair's Statement, Chief Executive's Statement, Operational Report, The Boards of Governors and Directors, Public Interest Disclosures, the unaudited part of the Remuneration Report and the Foreword to the 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 Health and Social Care (Community Health and Standards) Act 2003, the Audit Code for NHS Foundation Trusts and International Standards on Auditing (UK and 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 and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments 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 and the part of the Remuneration Report to be audited 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 and the part of the Remuneration Report to be audited.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with the accounting policies directed by the Independent Regulator, of the state of the Trust's affairs as at 31 March 2007 and of its income and expenditure for the period then ended; and
- the part of the Remuneration Report to be audited has been properly prepared in accordance with the accounting policies directed by the Independent Regulator.

Certificate

We certify that we have completed the audit of the accounts in accordance with the requirements of Part 1 of the Health and Social Care (Community Health and Standards) Act 2003 and the Audit Code for NHS Foundation Trusts issued by the Independent Regulator.

Signature: PKF (UK) LLP Date: 8th June 2007

Name: PKF (UK) LLP

Farringdon Place, 20 Farringdon Road, London, EC1M 3AP

INCOME AND EXPENDITURE ACCOUNT FOR THE 5 MONTHS ENDED 31 March 2007

	NOTE	Five months ended 31 March 2007 £000
Income from activities	3	**3,609**
Other operating income	4	**6,193**
Total Income		**9,802**
Operating expenses	5	**(9,636)**
OPERATING SURPLUS		**166**
Profit/(loss) on disposal of fixed assets	8	**0**
SURPLUS BEFORE INTEREST		**166**
Interest receivable		**25**
Interest payable	9	**0**
Other finance costs - unwinding of discount	16	**0**
SURPLUS FOR THE FINANCIAL YEAR		**191**
Public Dividend Capital dividends payable		**(178)**
RETAINED SURPLUS FOR THE YEAR		**13**

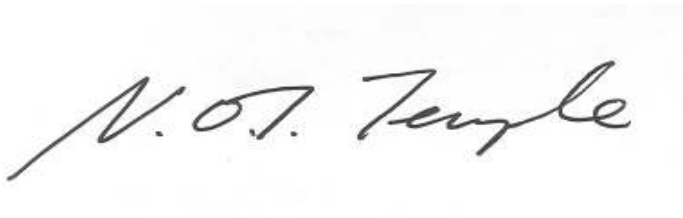
All income and expenditure is derived from continuing operations.

There are no other recognised gains and losses for the five months ended 31 March 2007.

BALANCE SHEET AS AT 31 March 2007

	NOTE	31 March 2007 £000	31 October 2006 £000
FIXED ASSETS			
Intangible assets	10	**44**	49
Tangible assets	11	**12,751**	12,683
		12,795	12,732
CURRENT ASSETS			
Stocks and work in progress	13	**19**	21
Debtors	14	**2,821**	2,699
Cash at bank and in hand	19.2	**271**	262
		3,111	2,982
CREDITORS: Amounts falling due within one year	16	**(3,510)**	(3,105)
NET CURRENT LIABILITIES		**(399)**	(123)
TOTAL ASSETS LESS CURRENT LIABILITIES		**12,396**	12,609
PROVISIONS FOR LIABILITIES AND CHARGES	17	**(58)**	(98)
TOTAL ASSETS EMPLOYED		**12,338**	12,511
FINANCED BY:			
TAXPAYERS' EQUITY			
Public dividend capital	18.2	**3,403**	3,589
Revaluation reserve	18.3	**7,850**	7,906
Income and expenditure reserve	18.3	**1,085**	1,016
TOTAL TAXPAYERS' EQUITY		**12,338**	12,511

The financial statements on pages 1 to 26 were approved by the Board on 8 June 2007 and signed on its behalf by:



Signed: ……(Chief Executive) Date: 8 June 2007

CASH FLOW STATEMENT FOR THE 5 MONTHS ENDED 31 March 2007

	NOTE	Five months ended 31 March 2007 £000
OPERATING ACTIVITIES		
Net cash inflow from operating activities	19.1	**556**
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE:		
Interest received		**21**
Interest paid		**0**
Interest element of finance leases		**0**
Net cash inflow from returns on investments and servicing of finance		**21**
TAXATION PAID		**0**
CAPITAL EXPENDITURE		
(Payments) to acquire tangible fixed assets		**(168)**
(Payments) to acquire intangible assets		**0**
Net cash outflow from capital expenditure		**(168)**
DIVIDENDS PAID		**(214)**
Net cash inflow before management of liquid resources and financing		**195**
MANAGEMENT OF LIQUID RESOURCES		
Purchase of current asset investments		**0**
Sale of current asset investments		**0**
Net cash inflow/(outflow) from management of liquid resources		**0**
Net cash inflow before financing		**195**
FINANCING		
Public dividend capital received		**187**
Public dividend capital repaid		**(373)**
Net cash outflow from financing		**(186)**
Increase in cash		**9**

NOTES TO THE ACCOUNTS

1. Accounting Policies

1.1 Accounting policies and other information

Monitor has directed that the financial statements of NHS foundation trusts shall meet the accounting requirements of the *NHS Foundation Trust Financial Reporting Manual* which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the *2006/07 NHS Foundation Trust Financial Reporting Manual* issued by Monitor. The accounting policies contained in that manual follow UK generally accepted accounting practice for companies (UK GAAP) and HM Treasury's *Financial Reporting Manual* to the extent that they are meaningful and appropriate to NHS foundation trusts. The accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.

1.2 Accounting convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of tangible fixed assets at their value to the business by reference to their current costs. NHS foundation trusts, in compliance with HM Treasury's *Financial Reporting Manual*, are not required to comply with the FRS 3 requirements to report "earnings per share" or historical profits and losses.

1.3 Income recognition

Income is accounted for applying the accruals convention. The main sources of income for the Trust are from commissioners (mainly Primary Care Trusts) in respect of healthcare services; and from NHS London in respect of training services. See also notes 3, 4 and 23.

Income is recognised in the period in which services are provided. There are two main sources of income where amounts are receivable in advance of the services being provided, and that income is deferred:

- Tuition fees in respect of training courses are normally payable for an academic year from September to August. Income is recognised based on the number of weeks of tuition and training that have been delivered up to the date of the accounts. Income receivable in respect of tuition and training services to be delivered after the date of the accounts is deferred.

- Income is recognised from contributions receivable towards the funding of projects and new developments as expenditure on those projects and new developments is incurred. Amounts receivable in excess of expenditure incurred is deferred unless no further expenditure is required.

1.4 Expenditure

Expenditure is accounted for applying the accruals convention.

1.5 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; or
- form a group of assets which individually have a cost of more than £250, 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; or
- 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.

1.5 Tangible fixed assets (continued)

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. The costs arising from financing the construction of the fixed asset are not capitalised but are charged to the income and expenditure account in the year to which they relate.

All land and buildings are revalued using professional valuations in accordance with FRS 15 every five years. A three yearly interim valuation will also be carried out. Up to April 2006, land and buildings have also been subject to annual indexation; this will not be done in future.

Valuations are carried out by professionally qualified valuers in accordance with the Royal Institute of Chartered Surveyors (RICS) *Appraisal and Valuation Manual*. The last asset valuations were undertaken in 2004 as at the prospective valuation date of 1 April 2005. The revaluation undertaken at that date was accounted for on 31 March 2005. The interim valuation will therefore be carried out for 1 April 2008.

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.

Additional alternative open market value figures have only been supplied for operational assets scheduled for imminent closure and subsequent disposal.

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 or reverts to the trust, respectively.

Buildings, installations and fittings are depreciated on their current value over the estimated remaining life of the asset as assessed by the NHS foundation trust's professional valuers. Leaseholds are depreciated over the primary lease term.

Equipment is depreciated on current cost evenly over the estimated life: currently in a range from 5 to 8 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 the particular asset.

1.6 Intangible fixed assets

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

Intangible fixed assets held for operational use are valued at historical cost and are amortised over the estimated 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 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 and amortised over the shorter of the term of the

1.7 Stocks and work-in-progress

Stocks and work-in-progress are valued at the lower of cost and net replacement value. Obsolete or excess stock is valued at the lower of cost and net realisable value.

1.8 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. These balances exclude monies held in the NHS foundation trust's bank account belonging to patients (see "third party assets" below). Account balances are only set off where a formal agreement has been made with the bank to do so. In all other cases 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.

1.9 Research and development

Expenditure on research is not capitalised. Expenditure on 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 and its resulting in a product or services that will eventually be brought into use; and
- 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 so deferred is limited to the value of future benefits expected and is amortised through the income and expenditure account on a systematic basis over the period expected to benefit from the project. It is revalued on the basis of current cost. Expenditure which does not meet the criteria for capitalisation is treated as an operating cost in the year in which it is incurred. Where possible, NHS foundation trusts disclose the total amount of research and development expenditure charged in the Income and Expenditure account separately. However, where research and development activity cannot be separated from patient care activity it cannot be identified and is therefore not separately disclosed.

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

1.9 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. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using HM Treasury's discount rate of 2.2% in real terms.

1.10 Contingencies

Contingent assets (that is, assets arising from past events whose existence will only be confirmed by one or more future events not wholly within the entity's control) are not recognised as assets, but are disclosed in note 22 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 22 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; or

- Present obligations arising from past events but for which it is not probable that a transfer of economic benefits will arise or for which the amount of the obligation cannot be measured with sufficient reliability.

1.11 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 17.

1.12 Non-clinical risk pooling

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

1.13 Pension costs

Past and present employees are covered by the provisions of the NHS Pensions Scheme. The scheme is an unfunded, defined benefit scheme that covers NHS employers, general practices and other bodies, allowed under the direction of Secretary of State, in England and Wales. As a consequence it is not possible for the NHS foundation trust to identify its share of the underlying scheme liabilities. Therefore, the scheme is accounted for as a defined contribution scheme under FRS 17.

The Scheme is subject to a full valuation for FRS 17 purposes every four years. The scheme is also subject to a full valuation by the Government Actuary to assess the scheme's assets and liabilities to allow a review of the employers contribution rates, this valuation took place as at 31 March 2004 and has yet to be finalised. The last published valuation on which contributions are based covered the period 1 April 1994 to 31 March 1999. Between valuations, the Government Actuary provides an update of the scheme liabilities. The latest assessment of the liabilities of the Scheme is contained in the Scheme Actuary report, which forms part of the NHS Pension Scheme (England and Wales) Resource Account, published annually. These accounts can be viewed on the Business Service Authority - Pensions

Division website at www.nhspa.gov.uk. Copies can also be obtained from The Stationery Office.

The conclusion of the 1999 valuation was that the scheme continues to operate on a sound financial basis and the notional surplus of the scheme is £1.1 billion. It was recommended that employers' contributions are set at 14% of pensionable pay from 1 April 2003. On advice from the actuary the contribution may be varied from time to time to reflect changes in the scheme's liabilities. Employees pay contributions of 6% (manual staff 5%) of their pensionable pay.

Employers pension cost contributions are charged to operating expenses as and when they become due.

Additional pension liabilities arising from early retirements are not funded by the scheme except where the retirement is due to ill-health. 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.

1.14 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.

1.15 Corporation Tax

HM Revenue and Customs have issued guidance stating that NHS foundation trusts may be liable to corporation tax on any activity which:

- is not related to the provision of core healthcare; and
- is actually or potentially in competition with the private sector; and
- generates a profit in excess of £50,000 in a year.

The guidance allows for the allocation of indirect as well as direct costs, in calculating the profits of an activity. The Foundation Trust believes that none of its activities give rise to a corporation tax liability at present.

1.16 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.

1.17 Third party assets

Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the accounts since the NHS foundation trust has no beneficial interest in them. However, they are disclosed in note 27 to the accounts in accordance with the requirements of the HM Treasury *Financial Reporting Manual*.

1.18 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.

1.19 Public dividend capital

Public dividend capital (PDC) is a type of public sector equity finance.

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.

2. Segmental analysis

Segmental analysis has not been provided. Activity and income (including training and research) is almost all related to healthcare. Within this, however, service-line reporting has been used to analyse the 2007/08 budget, and will be available in future.

3. Income from Activities

	Five months ended 31 March 2007
	£000
NHS Foundation Trusts	**6**
NHS Trusts	**126**
Primary Care Trusts	**2,073**
Local Authorities	**1,001**
NHS Other	**22**
Non NHS:	
- Private patients	**0**
- Other	**381**
	3,609

4. Other Operating Income

	Five months ended 31 March 2007
	£000
Research and development	**270**
Education and training	**5,013**
Consultancy	**366**
Other income	**544**
	6,193

5. Operating Expenses

	Five months ended 31 March 2007 £000
Executive directors' costs	**115**
Non-executive directors' costs	**21**
Staff costs	**7,820**
External lecturers and seminar leaders	**459**
Staff training and development	**54**
Supplies and services - clinical (exlcuding drugs)	**21**
Supplies and services - general	**35**
Establishment	**267**
Transport	**1**
Premises	**380**
Bad debts	**12**
Depreciation and Amortisation	**151**
Audit fees	**30**
Other auditor's remuneration	**0**
Clinical negligence	**35**
Other	**235**
	9,636

Operating expenses include:	**Five months ended 31 March 2007 £000**
Hire of plant and machinery	**0**
Other operating lease rentals	**23**
	23

Annual commitments under non - cancellable operating leases are:

	Land and buildings	**Other leases**
	31 March 2007 £000	**31 March 2007 £000**
Operating leases which expire:		
Within 1 year	**0**	**0**
Between 1 and 5 years	**105**	**0**
After 5 years	**0**	**0**
	105	**0**

6. Staff costs and numbers

6.1 Staff costs

	Five months ended 31 March 2007
	£000
Salaries and wages	**6,259**
Social Security Costs	**574**
Employer contributions to NHS Pension Scheme	**797**
Other pension costs	**0**
Agency/Contract staff	**302**
	7,932

6.2 Average number of persons employed

	Five months ended 31 March 2007		
	Total	Permanently Employed	Other
	Number	Number	Number
Medical and dental	**44**	43	1
Administration and estates	**144**	136	8
Scientific, therapeutic and technical staff	**156**	152	4
Other	**3**	3	0
Total	**347**	**334**	**13**

All these figures are whole-time equivalents.

6.3 Employee benefits

No non-pay benefits were provided to staff in the five months ended 31 March 2007.

6.4 Retirements due to ill-health

During the five months ended 31 March 2007 there were no early retierments from the NHS Trust on the grounds of ill-health.

7. The Late Payment of Commercial Debts (Interest) Act 1998

No interest or compensation was paid under this legislation.

8. Profit/(Loss) on Disposal of Fixed Assets

There was no profit or loss on the disposal of fixed assets.

9. Interest Payable

No interest was payable.

10. Intangible Fixed Assets

	Software licences	Total
	£000	£000
Gross cost at 1 November 2006 *	63	63
Impairments	0	0
Reclassifications	0	0
Other revaluation	0	0
Additions purchased	0	0
Additions donated	0	0
Disposals	0	0
Gross cost at 31 March 2007	**63**	**63**
Amortisation at 1 November 2006 *	14	14
Provided during the year	5	5
Impairments	0	0
Reversal of impairments	0	0
Reclassifications	0	0
Other revaluation	0	0
Disposals	0	0
Amortisation at 31 March 2007	**19**	**19**
Net book value		
- Purchased at 1 November 2006	49	49
- Donated at 1 November 2006	0	0
- Total at 1 November 2006	**49**	**49**
- Purchased at 31 March 2007	44	44
- Donated at 31 March 2007	0	0
- Total at 31 March 2007	**44**	**44**

* The date from which the NHS Foundation Trust was authorised and took on the assets of the NHS Trust

11. Tangible Fixed Assets

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

	Land	Buildings excluding dwellings	Dwellings	Assets under construction and payments on account	Plant and machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 November 2006 *	4,161	8,092	0	88	60	0	577	73	13,051
Additions purchased	0	0	0	0	141	0	73	0	214
Additions donated	0	0	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0	0	0
Other in year revaluation	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	(22)	(21)	(43)
Cost or Valuation at 31 March 2007	**4,161**	**8,092**	**0**	**88**	**201**	**0**	**628**	**52**	**13,222**
Depreciation at 1 November 2006 *	0	134	0	0	23	0	138	73	368
Provided during the year	0	95	0	0	11	0	40	0	146
Impairments	0	0	0	0	0	0	0	0	0
Reversal of Impairments	0	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0	0	0
Other revaluations	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	(22)	(21)	(43)
Depreciation at 31 March 2007	**0**	**229**	**0**	**0**	**34**	**0**	**156**	**52**	**471**
Net book value									
- Purchased at 1 November 2006	4,161	7,958	0	88	37	0	439	0	12,683
- Donated at 1 November 2006	0	0	0	0	0	0	0	0	0
- Total at 1 November 2006	**4,161**	**7,958**	**0**	**88**	**37**	**0**	**439**	**0**	**12,683**
- Purchased at 31 March 2007	4,161	7,863	0	88	167	0	472	0	12,751
- Donated at 31 March 2007	0	0	0	0	0	0	0	0	0
- Total at 31 March 2007	**4,161**	**7,863**	**0**	**88**	**167**	**0**	**472**	**0**	**12,751**

* The date from which the NHS Foundation Trust was authorised and took on the assets of the NHS Trust

11.2 Protected assets (as defined in the Foundation Trust's authorisation)

Net book value									
- Protected assets at 31 March 2007	3,868	7,307	0	0	0	0	0	0	11,175
- Unprotected assets at 31 March 2007	293	556	0	88	167	0	472	0	1,576
Total at 31 March 2007, as in note 11.1	**4,161**	**7,863**	**0**	**88**	**167**	**0**	**472**	**0**	**12,751**

11.3 Tangible Fixed Assets

Of the totals at 31 March 2007, none related to land or buildings valued at open market value.

No assets were held under finance leases and hire purchase contracts at the balance sheet date.

No depreciation was charged to the income and expenditure in respect of assets held under finance leases and hire purchase contracts in the year.

11.4 The net book value of land, buildings and dwellings at 31 March 2007 comprises:

	Protected	Unprotected	Total
	£000	£000	£000
Freehold	11,175	849	12,024
Long leasehold	0	0	0
Short leasehold	0	0	0
TOTAL	11,175	849	12,024

12. Fixed Asset Investments

The Foundation Trust held no fixed asset investments during the year.

13. Stocks and Work in Progress

	31 March 2007	31 October 2006
	£000	£000
Raw materials and consumables	**19**	21
TOTAL	**19**	21

14. Debtors

	31 March 2007	31 October 2006
	£000	£000
Amounts falling due within one year:		
NHS debtors	**1,295**	1,733
Other debtors	**1,383**	1,079
Provision for irrecoverable debts	**(383)**	(196)
Prepayments and accrued income	**526**	83
Sub Total	**2,821**	2,699
Amounts falling due after more than one year	**0**	0
TOTAL	**2,821**	2,699

Other Debtors include no prepaid pension contributions at 31 March 2007 or at 31 October 2006

15. Current Asset Investments

The Foundation Trust held no current asset investments during the year.

16. Creditors

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

	31 March 2007 £000	31 October 2006 £000
Amounts falling due within one year:		
Bank overdrafts	**0**	0
NHS creditors	**303**	71
Other tax and social security costs	**441**	435
Other creditors	**655**	1,083
Accrued dividend	**0**	36
Accruals and deferred income	**2,111**	1,480
Sub Total	**3,510**	3,105
Amounts falling due after more than one year	**0**	0
TOTAL	**3,510**	3,105

Other creditors at 31 March 2007 include £240,000 for outstanding pensions contributions for March, which were paid in April as required. (31 October 2006, £245,000)

16.2 Loans and other long-term financial liabilities

There were no loans or other long term financial liabilities outstanding at 31 March 2007 or at 31 October 2006.

16.3 Finance lease obligations

There were no finance lease obligations in 2006/07.

16.4 Finance Lease Commitments

The Trust has not entered into any contract to lease an asset under a finance lease.

17. Provisions for liabilities and charges

	Pensions relating to former directors	Pensions relating to other staff	Provision for Agenda for Change backpay at assimilation	**Total**
	£000	£000	£000	**£000**
At 1 November 2006 *	0	60	38	**98**
Change in discount rate	0	0	0	**0**
Arising during the year	0	0	0	**0**
Utilised during the year	0	(2)	(38)	**(40)**
Reversed unused	0	0	0	**0**
Unwinding of discount	0	0	0	**0**
At 31 March 2007	**0**	**58**	**0**	**58**

* The date from which the NHS Foundation Trust was authorised and took on the assets of the NHS Trust

Expected timing of cashflows:

Within one year	0	5	0	**5**
Between one and five years	0	19	0	**19**
After five years	0	34	0	**34**
	0	**58**	**0**	**58**

£ nil is included in the provisions of the NHS Litigation Authority at 31 March 2007 in respect of clinical negligence liabilities of the NHS Foundation Trust

18.1 Movement in taxpayers' equity:

Taxpayers' equity at 1 November 2006 *	12,511
Surplus for the financial year	191
Public dividend capital dividends	(178)
New public dividend capital received	187
Public dividend capital repaid in year	(373)
Taxpayers' equity at 31 March 2007	**12,338**

18.2. Movement in Public Dividend Capital

Public dividend capital at 1 November 2006 *	3,589
New public dividend capital received	187
Public dividend capital repaid in year	(373)
Public Dividend Capital as at 31 March 2007	**3,403**

18.3 Movements on Reserves

	Revaluation Reserve	Income and Expenditure Reserve	**Total**
	£000	£000	**£000**
At 1 November 2006 *	7,906	1,016	**8,922**
Transfer from the income and expenditure account	0	13	**13**
Transfer of depreciation on revalued amount in fixed assets ‡	(56)	56	**0**
At 31 March 2007	**7,850**	**1,085**	**8,935**

* The date from which the NHS Foundation Trust was authorised and took on the assets of the NHS Trust

‡ Depreciation charged to the Income and Expenditure account each year is based on the current holding value of the assets. It is higher than the depreciation on the historic cost, because it includes an element which relates to the revaluation of these assets. This element is transferred from the Revaluation Reserve to the Income and Expenditure reserve each year, to avoid overstating the Revaluation Reserve.

19. Notes to the cash flow Statement

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

	Five months ended 31 March 2007 £000
Total operating surplus	**166**
Depreciation and amortisation charge	**151**
Decrease in stocks	**2**
Increase in debtors	**(118)**
Increase in creditors	**395**
Decrease in provisions	**(40)**
Net cash inflow from operating activities	**556**

19.2 Reconciliation of net cash flow to movement in net funds

	Five months ended 31 March 2007 £000
Increase in cash in the period	**9**
Change in net funds resulting from cash flows	**9**
Net cash at 1 November 2007	**262**
Net cash at 31 March 2007	**271**

19.3 Analysis of changes in net funds/debt

	At 1 November 2006 £000	Cash changes in year £000	**At 31 March 2007 £000**
Commercial cash at bank and in hand	61	4	**65**
OPG cash at bank	201	5	**206**
Bank overdrafts	0	0	**0**
TOTAL	**262**	**9**	**271**

20. Capital Commitments

Commitments under capital expenditure contracts at 31 March 2007 were nil.

21. Post Balance Sheet Events

The Directors are not aware of any events that have arisen since the end of the year which have affected or may significantly affect the operations of the Trust.

22. Contingencies

There were no clinical litigation claims against the Trust outstanding at 31 March 2007.

It is possible that clinical litigation claims could arise in the future due to incidents that have already occurred. There is no reliable statistical analysis available to estimate the potential liability for individual trusts in relation to incidents which have occurred but have not yet been reported. A national estimate for such potential liabilities in all NHS bodies calculated on an actuarial basis, is included in the accounts of the NHS Litigation Authority.

23. Related Party Transactions

The Tavistock and Portman NHS Foundation Trust is a body corporate authorised by Monitor, the regulator of NHS Foundation Trusts.

During the period none of the Board Members or members of the key management staff or parties related to them has undertaken any material transactions with the Tavistock and Portman NHS Foundation Trust.

The Department of Health is regarded as a related party. During the year the Tavistock and Portman 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:

London Strategic Health Authority
Barnet Primary Care Trust
Camden Primary Care Trust
Haringey Teaching Primary Care Trust
Hillingdon Primary Care Trust
Islington Primary Care Trust
Westminster Primary Care Trust
NHS Litigation Authority

In addition, the Trust has had a number of material transactions with other Government Departments and other central and local Government bodies.

The Trust is reimbursed by the Tavistock and Portman Charitable Fund and by the Tavistock Clinic Foundation for staff and other expenses borne on their account:

	Total charge for the five months ended 31 March 2007	**Debtor/ (creditor) as at 31 March 2007**
	£000	**£000**
Tavistock and Portman Charitable Fund	**18**	**10**
Tavistock Clinic Foundation	**2**	**(4)**

26. Financial Instruments

FRS 13, Derivatives and Other Financial Instruments, requires 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. Because of the continuing service provider relationship that the NHS Trust has with local Primary Care Trusts and the way those Primary Care Trusts are financed, the NHS Trust is not exposed to the degree of financial risk faced by business entities. Also financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which FRS 13 mainly applies. The NHS Trust has limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the NHS Trust in undertaking its activities.

As allowed by FRS 13, debtors and creditors that are due to mature or become payable within 12 months from the balance sheet date have been omitted from all disclosures other than the currency profile. Provisions should be shown gross. Any amount expected in reimbursement against a provision (and included in debtors) should be separately disclosed.

Liquidity risk

The Trust's net operating costs are incurred under annual service agreements with local Primary Care Trusts, which are financed from resources voted annually by Parliament. The Trust also largely finances its capital expenditure from funds made available from Government under an agreed borrowing limit. The Trust is not, therefore, exposed to significant liquidity risks.

Interest-Rate Risk

The Trust's only financial liabilities at present (within the definition of FRS 13 as above) are the small provision for pre-1995 early retirements and the public dividend capital. The public dividend capital does not bear interest. The Trust is not, therefore, exposed to significant interest-rate risk.

26.1 Financial Assets

Currency	Total	Floating rate	Fixed rate	Non-interest bearing	Fixed rate: Weighted average interest rate	Fixed rate: Weighted average period for which fixed	Non-interest bearing: Weighted average term
	£000	£000	£000	£000	%	Years	Years
At 31 March 2007							
Sterling	271	271	0	0	0.00%	0	0
Other	0	0	0	0	0.00%	0	0
Gross financial assets	**271**	**271**	**0**	**0**			
At 31 October 2006							
Sterling	262	262	0	0	0.00%	0	0
Other	0	0	0	0	0.00%	0	0
Gross financial assets	**262**	**262**	**0**	**0**			

26.2 Financial Liabilities

Currency	Total	Floating rate	Fixed rate	Non-interest bearing	Fixed rate: Weighted average interest rate	Fixed rate: Weighted average period for which fixed	Non-interest bearing: Weighted average term
	£000	£000	£000	£000	%	Years	Years
At 31 March 2007							
Sterling	(3,456)	0	(53)	(3,403)	2.20%	0	unlimited
Other	0	0	0	0	0.00%	0	0
Gross financial liabilities	**(3,456)**	**0**	**(53)**	**(3,403)**			
At 31 October 2006							
Sterling	(3,644)	0	(55)	(3,589)	2.20%	0	unlimited
Other	0	0	0	0	0.00%	0	0
Gross financial liabilities	**(3,644)**	**0**	**(55)**	**(3,589)**			

Note: The public dividend capital is of unlimited term.

26.3 Foreign Currency Risk

The Trust has negligible foreign currency income or expenditure.

26.4 Fair Values

Set out below is a comparison, by category, of book values and fair values of the NHS Trust's financial assets and liabilities as at 31 March 2007.

	Book Value	Fair Value	Basis of fair valuation
	£000	£000	
Financial assets			
Cash	271	271	
Debtors over 1 year:			
- Agreements with commissioners to cover creditors a	0	0	
Investments	0	0	
Total	271	271	
Financial liabilities			
Overdraft	0	0	
Creditors over 1 year:			
- Early retirements	0	0	
- Finance leases	0	0	
Provisions under contract	(53)	(53)	Note a
Loans	0	0	
Public dividend capital	(3,403)	(3,403)	
Total	(3,456)	(3,456)	

Notes

a Fair value is not significantly different from book value since, in the calculation of book value, the expected cash flows have been discounted by the Treasury discount rate of 3.5% in real terms.

27. Third Party Assets

The Trust holds no money on behalf of patients.

28. Intra-Government and Other Balances

	Debtors: amounts falling due within one year	Creditors: amounts falling due within one year
	£000	£000
Balances with other Central Government Bodies	22	681
Balances with Local Authorities	318	21
Balances with NHS Trusts and Foundation Trusts	1,295	303
Balances with Public Corporations and Trading Funds	0	0
Balances with bodies external to government	1,186	2,505
At 31 March 2007	2,821	3,510
Balances with other Central Government Bodies	27	680
Balances with Local Authorities	845	63
Balances with NHS Trusts and Foundation Trusts	1,683	71
Balances with Public Corporations and Trading Funds	0	0
Balances with bodies external to government	144	2,291
At 31 October 2006	2,699	3,105

29. Losses and Special Payments

There were 45 cases of losses and special payments totalling £22,735 paid during 1 November 2006 and 31 March 2007.

There were no clinical negligence cases where the net payment exceeded £250,000 in either 2006/07.

There were no fraud cases where the net payment exceeded £250,000 in either 2006/07.

There were no personal injury cases where the net payment exceeded £250,000 in either 2006/07.

There were no compensation under legal obligation cases where the net payment exceeded £250,000 in either 2006/07.

There were no fruitless payment cases where the net payment exceeded £250,000 in either 2006/07.

Note: The total costs included in this note are on a cash basis and will not reconcile to the amounts in the notes to the accounts which are prepared on an accruals basis.