



eye to eye

ANNUAL REPORT 2004/05



Moorfields Eye Hospital NHS Foundation Trust Annual Report 2004/05

Mission statement

Our mission is to continue as a centre of international excellence for the treatment of eye disease and to be a leader in research and teaching.



To achieve this mission, we will:

- work to be a provider of choice for patients with eye disease;
- be at the leading edge of innovation in ophthalmic practice in providing new models of patient care;
- provide an accessible and cost-effective range of high-quality ophthalmic services for patients;
- develop and participate appropriately in a world-class research strategy with the Institute of Ophthalmology (UCL) and academic partners;
- embrace employment policies which support recruitment and retention of high quality staff, recognising their continuing goodwill as a vital resource;
- expand the available sources of income to support our strategy while containing costs to maximise overall efficiency; and
- raise national and international awareness of the significance of eye care to the quality of people's lives and the advances made and continuing to be made in the means to meet ophthalmic needs.

Moorfields Eye Hospital NHS Foundation Trust Annual Report and Accounts

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

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Chairman's introduction



This report covers our first year as an NHS Foundation Trust. We have tried to describe in it what has happened during a very busy year, as well as setting out the information that

we are required to publish on our financial accounts. The large number of members that came to our last AGM, and the questions that they asked us, showed the great interest that many feel in our work. We have tried to respond to this, although inevitably we have not been able to do justice to the vast range of activities that we undertake. I hope that you will find in this report the answers to any points that interest you; but we would welcome suggestions for improving the report in future years.

From my perspective this has generally been a good year. We have had some disappointments; most notably, we still have a lot of work to do on improving the experience for the very large number of patients who come to us. While we are confident, as they are, that they receive first-class treatment, we still have more to do to make the process more streamlined and less stressful. The arrangements for the commissioning of our services are also taking longer than we would like to get on to a firm footing; this is all part of the teething problems of the new Foundation Trust regime. However, in both areas we confidently expect to make progress this year.

Furthermore, there has been much good news. We have treated more patients more quickly - our limiting factor in many cases is not what we can do

but what our commissioners (the Primary Care Trusts) can afford. We have delivered our planned budget surplus. Moorfields Pharmaceuticals has moved to its new modern site and is rapidly working up to full capacity. Work is well underway on the International Children's Eye Centre, and we are on schedule for it to open in 2006. Our teaching and research activities continue to grow; we have opened a new Clinical Trials Unit and in March 2005 held an international scientific conference attended by more than 600 delegates from 40 different countries. The Membership Council has been playing an increasing role in helping us develop, and we are learning how to make best use of the extra skills it brings to us.

Although 200 years old, Moorfields remains vigorous and innovative, proud of its reputation but not resting on it. As always, this is due to all those who work for Moorfields, paid or unpaid, at City Road or at our community sites. I remain deeply grateful to all of them for their skill, energy and loyalty; it is this, above all, that gives Moorfields its special character.

Sir Thomas Boyd-Carpenter

Chairman

Chief Executive's introduction



Once again, the last 12 months have been a period of major change for Moorfields. The introduction of Foundation status resulted from the huge amount of work

undertaken to apply and successfully achieve this position. Looking back over the first 12 months one can now draw some preliminary conclusions as to whether Foundation status has benefited the hospital and its patients.

There are three key areas where I believe benefit has been derived. First, there is no doubt that the hospital, through its new borrowing capabilities, has embarked on a capital programme that is very significantly bigger than that which could have been expected under the old regime. This capital programme has not only underwritten the remaining funds required to build the International Children's Eye Centre but has also allowed us to invest in a number of areas throughout the Trust. Perhaps one of the most significant areas of investment has been the pump priming of the Shared Clinical Vision project. This clearly is a major commitment to the future where services and systems are being redesigned in a way that puts the patient at their centre.

The second benefit that we have derived from Foundation status has been the development of the Membership Council. Although the first 12 months clearly were a period of "bedding down", there are early signs that the work of the

Membership Council will be both constructive and innovative. The future challenge for the hospital will be to make best use of the great resource contained within its membership.

The third main benefit I believe was the process of application itself which introduced a level of rigour to our forecasts and plans which will hold us in good stead for the future.

The last 12 months has seen major developments with regard to the International Children's Eye Centre. Due to the enthusiasm and expertise of our Fundraising Cabinet we have now raised £11.9 million towards our target of £13.5 million. The fundraising was given a boost when building work started on site. We look forward to the opening of the world's leading children's ophthalmic hospital in the Autumn of 2006.

The future development of Moorfields is dependent upon the quality and enthusiasm of its staff. It is Moorfields' staff that has allowed the hospital to flourish over the last 200 years and I am confident that the next chapter in Moorfields' history will be characterised by the same commitment and enthusiasm.

Ian Balmer

Chief Executive

one year on

OUR FIRST YEAR AS AN NHS FOUNDATION TRUST



Our first year as an NHS Foundation Trust

2005 is Moorfields' 200th anniversary, making us the oldest dedicated eye hospital in the world. We are still the largest centre for ophthalmic treatment, teaching and, with the Institute of Ophthalmology (UCL), research in Europe and America.

The financial year 2004/05 has seen as much change as any since we opened as the London Dispensary for Curing Diseases of the Eye and Ear in March 1805. We are developing working practices and changing many of the ways we provide services to our patients, using the Shared Clinical Vision as the framework. We have used the financial and managerial freedoms that are a result of becoming an NHS Foundation Trust to develop and improve the physical environment and infrastructure. All of these changes and plans are being made in consultation with patients, staff and the elected and appointed governors of the Membership Council.

Becoming an NHS Foundation Trust

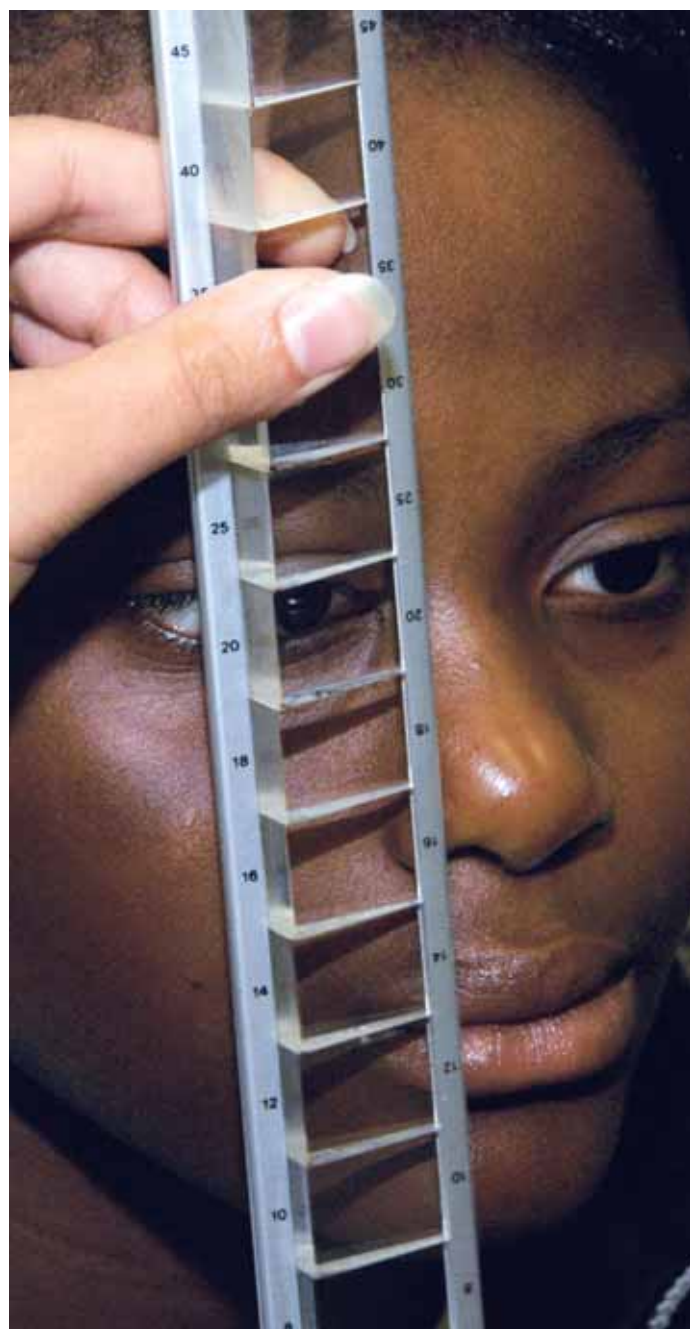
Moorfields Eye Hospital became one of the UK's first ten NHS Foundation Trusts on 1st April 2004. The main advantages of our new status as an NHS Foundation Trust have been increased freedoms to invest in services and plan developments, and a greater control of our financial planning and management. As a result, we have been able to make changes that otherwise might have taken years to bring about. We are also better able to plan for the future and create new and innovative models of hospital care. The main way we are doing this is through the creation of a Shared Clinical Vision, a framework for change.

A Shared Clinical Vision

The Shared Clinical Vision project forms a key part of our Service Development Strategy and is our route to improving service for all patients. The Vision aims to create patient-centred care models in all clinical services and activities through a consultative process involving staff and patients in shaping service redesign. Since its inception in 2003 the project has received Board level support and has this year moved forward positively with the appointment of two new project support posts.

The core process being followed is one of reviewing the current situation: working with staff and patients to gather ideas on how to improve; trialling changes; and measuring their impact. Consultation is a key part of the process – consultation with staff, through working groups, presentations, intranet discussions and consultation sessions; and consultation with patients, through surveys, focus groups and Foundation Trust membership activities.





Progress in activity areas

Vitreo-Retinal service

- We have developed new clinic models by 'streaming' patients so that they are seen by the most appropriate doctor on each visit - for example post-operative patients are seen by the surgeon who operated on them - and bookings are spread out so that patients arrive at appropriate intervals. These changes have been piloted in a number of clinics and feedback has shown that they have made a really positive impact on both patients and staff.
- A new nursing role has been created to provide enhanced continuity of care to patients undergoing surgery. A training programme is underway, with an additional nurse to be recruited in the near future.
- New patient information posters and a pre-surgery pack have been developed and are in use.

Medical Retina service

- The proposed Lower Ground Floor redevelopment is entering planning stages, aiming to improve the clinical environment and make it easier for patients to find their way around the clinics.
- We are developing new roles for: Healthcare Assistants; a multi-functional retinal imaging service; uveitis and diabetic screening nursing; and optometrists.
- Better patient information is being provided.

Cataract service

- Protocols for a 'One Stop' clinic model for routine patients have been developed, with nurse or optometrist led care and a single visit for diagnosis, listing and pre-operative assessment. This model is being piloted at Moorfields' clinics at Northwick Park and St George's.
- A review of IT and administrative functions is also ongoing, and City Road Day Care admission times have been revised to reduce patient waits.



Glaucoma service

- Ideas around problems and solutions have been drafted through process workshops with groups of key staff.
- Patient review is underway before the proposals can be finalised and implemented.

Accident & Emergency service

- A wide-ranging survey of patients about their experience in A&E and reactions to potential new models has been completed and the report circulated to and discussed with key staff.
- Wider staff consultation has been undertaken to identify improvements, which include improved information on triage and the A&E process; more information on common conditions; better facilities; and better management of waiting.

Support services

A number of proposals have been created and are being consulted on to improve effectiveness of support services. These include:

- evolving service-based administrative teams;
- reviewing and improving outpatient and inpatient administrative processes;



- actions to reduce the rates of patients who do not attend (DNA) appointments;
- providing more easily accessible telephone contact points for patients; and
- supporting booking initiatives.

Plans for 2005/06

The project has been boosted by the availability of development funding, which will raise the profile of the Shared Clinical Vision and service development process. It will provide a new impetus for participation in the project. Staff are being recruited as identified through the Shared Vision and we are planning to implement and evaluate proposals that have already been formulated, as well as carrying out the Vision process with remaining clinical services.

The recent publication of a Healthcare Commission Outpatient survey showed a high level of patient dissatisfaction with a variety of aspects of their experience in outpatient clinics. This has been fed directly into service planning and an action plan is being implemented.



The International Children's Eye Centre

Our largest on-going development, the building of an international children's eye centre adjacent to the main City Road site, has been boosted by the new financial freedoms we enjoy as an NHS Foundation Trust. Although an amazing £11.9million has so far been raised towards building and equipping the centre, we are still some £1.6million short of our fundraising target. Using our new ability to borrow, we have been able to underwrite this funding gap and begin work on the site. The previous building has been painstakingly demolished brick-by-brick, and foundations for the new building are being laid.

The centre, which will include outpatient clinics, paediatric accident and emergency, a day care ward, overnight hostel accommodation and a dedicated research floor, will open in the autumn of 2006. It will be physically linked to the main hospital so that staff can easily access the building and patients can be taken into our existing theatre facilities, but will have a separate entrance for visitors.

We are continuing to fundraise to meet our target.

Improving facilities

A number of other developments and improvements to the physical environment of our hospital and clinics have been undertaken or are in development.



These include:

- A dedicated paediatric service and separate children's outpatient clinic on the ground floor of the City Road site have been developed as a precursor to the opening of the International Children's Eye Centre. The outpatient clinic includes a play area and enables paediatric patients to be seen separately from adult patients in a more appropriate environment.
- Plans for the redevelopment of the front entrance of the main hospital on City Road, EC1, are underway and building work is due to begin during the next financial year. The current main entrance, which is part of the listed façade of the building, has unsatisfactorily steep and dangerous steps. This will be closed off and a new ramped entrance will be built which will be much more easily accessible to all visitors.

- A programme of investment of over £1million to replace equipment and furniture at all our sites has seen new beds on the wards; new chairs in waiting areas; and new equipment in our clinics.
- We are working with Hertsmere PCT to develop the Potters Bar clinic, which will provide a larger and better-equipped facility for patients who come to Moorfields at Potters Bar.
- We are exploring options and making plans for the replacement of the clinic and services we provide patients at Northwick Park Hospital. The current clinic facilities are no longer adequate and we aim to have replaced them with a better, more convenient clinic by 2007.
- We are planning to fully redevelop the Eye Bank, which stores and processes donated tissue for corneal transplants.
- The Central Sterile Stores department, another essential part of the hospital infrastructure, has seen major refurbishment.
- This year we also refurbished the Post-Graduate Medical Education centre and improved our security systems at City Road.



our membership

AND HOW WE PERFORMED AGAINST OUR TARGETS



Membership

One of the very significant differences between an NHS Foundation Trust and an NHS Trust is the existence of members. These are patients, interested members of the local public and staff who, through the membership scheme, are more directly involved in the running of the Trust. This is in part through the creation of a new body in the governance structure of the Trust, the Membership Council. Seventeen (53%) members of the Council are elected from and by public and patient members, and staff members elect an additional three Governors. See pages 32-33 for more information on the Membership Council.

Our first year as an NHS Foundation Trust has seen us recruit a membership of 11,400. A small membership team looks after the database and individual members. Member benefits include:

- quarterly newsletters with information and updates on developments at Moorfields and eye health information;
- invitations to membership events including the AGM and an open day planned for October 2005; and
- eligibility to stand for and to elect representatives of the Membership Council.

A membership strategy has been developed which aims to build the relationship between the Trust and our members, through regular communication and more opportunities for members to express their views and get involved. We will undertake regular analysis of our membership to assess how representative it is of patients, and we are working with Governors to publicise membership locally and with local groups and communities.

As part of this we have organised membership events. The first two of which were held in South

East London in May and July 2005. We also held the AGM off-site for the first time to enable substantial numbers of patients and members of the public to attend. In fact, we had over 200 attendees in comparison to a handful of external attendees in previous years.

Membership criteria

- Anyone over the age of 14 who is or has been a patient at any of Moorfields' clinics is eligible to become a member.
- Anyone over the age of 18 who lives in London, Bedfordshire, Hertfordshire or Essex can become a member of Moorfields' public constituencies.
- Anyone who is a member of Moorfields staff and holds a substantive contract or a contract of over 12 months is automatically registered as a member unless they opt out.

Constituency	Number of members as at March 2005
Patient	
• includes any patient not living within the public constituency boundaries or any patient who has chosen to be in the patient constituency	1,347
Public	
• North East London	1,699
• North Central London	1,977
• North West London	2,397
• South East London	732
• South West London	999
• Bedfordshire and Hertfordshire	691
• Essex	558
Staff	1,000



Access to services

Although Moorfields is based at City Road, in central London, we have been working strategically for over ten years to support patient access to our services by creating a number of Moorfields ophthalmology services in hospitals and clinics in areas in and around London. About 70% of our new patients are now seen at one of our community sites, and we continue to work to improve facilities and to make accessing our services simpler and easier for all our patients.

Meeting targets

This year we successfully reduced waiting times in our Accident and Emergency department, so that 98% of patients (as at March 2005) were discharged or referred onward from the department within four hours, meeting this important Government target.

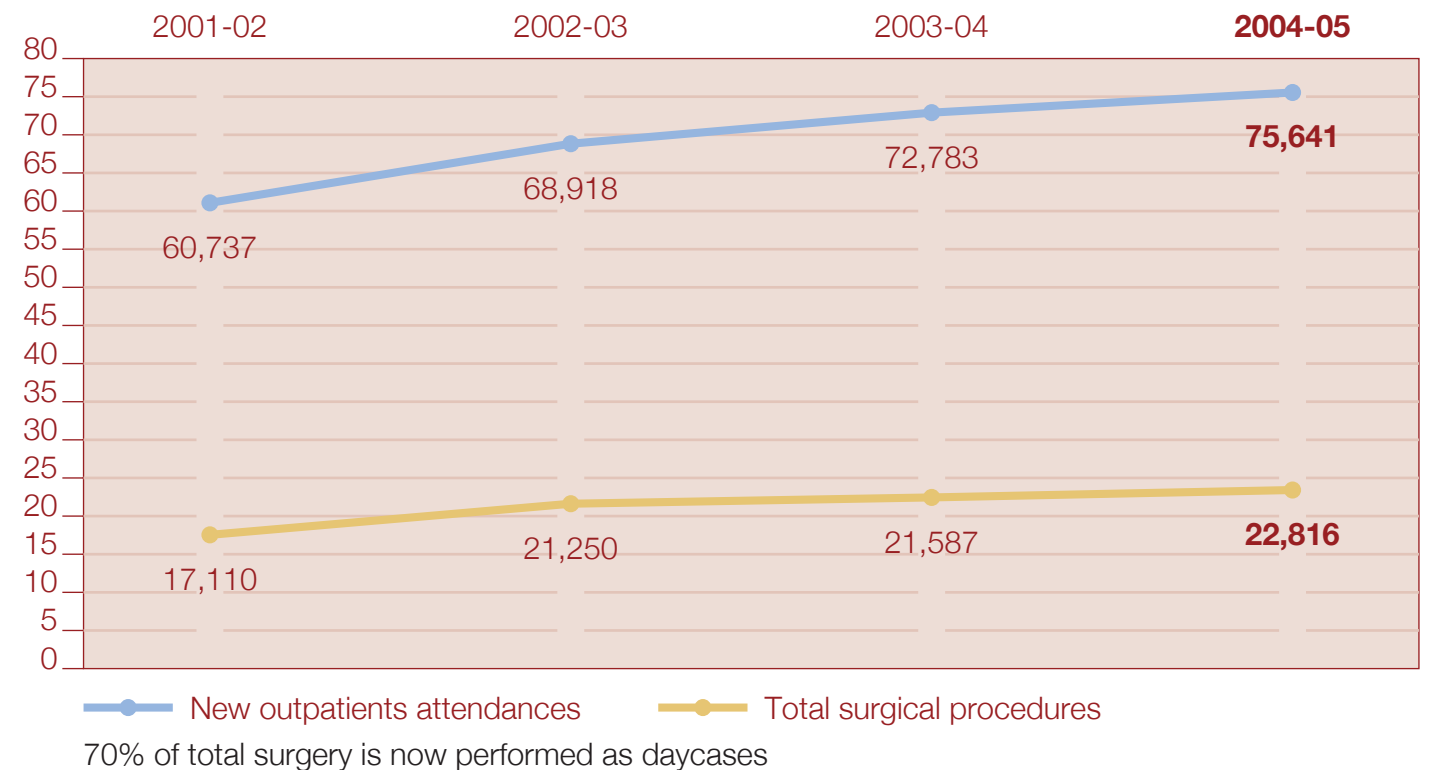
All our patients are seen within 17 weeks of referral by their GP and booked for surgery within nine months of their outpatient appointment. We are well on the way to meeting the Government targets of a 13-week wait for first outpatients appointments and six month wait for surgery by December 2005. In fact, the average wait for surgery was 3.1 months and 12 weeks for first outpatient appointments.

PCTs continue to contract with us. Fifty-seven contracts, covering some 250 PCTs and totalling nearly £50 million in value, have been signed.



Star ratings

We suffered a setback in June 2004 when the star ratings were announced and Moorfields lost a star. This was a real disappointment, especially as it did not reflect our high standards of treatment and care - on which we continued to score very highly. In fact, the loss of the star was due to our failure to return data on the ethnicity of patients and on junior doctor hours. Both of these issues were addressed and we are hopeful that this year's star ratings will see us once again awarded three stars.



	2004-05
Average wait for surgery (in months)	3.1
Average wait for first outpatient appointment following GP referral (in weeks)	12
Number on waiting list	2,852

patients and staff

SUPPORT AND INVOLVEMENT



Patient Advice and Liaison Service (PALS)

PALS exists to help patients with short-term queries and concerns. This year we dealt with 800 queries, almost double the number in the previous year. Those requiring the service included patients, family members, friends, the general public and staff. The majority of queries were around communication, focussing principally on the patient's condition and treatment. The bulk of queries related to City Road, although queries about our community sites increased over the year.

Through PALS, service users have been encouraged to share their ideas of how Moorfields could improve in meeting patients' needs and have helped identify areas in need of improvement. PALS has also been working with patients, managers and clinicians to improve services for patients on specific issues. For example, we have been monitoring services at our Ealing clinic and conducting small patient surveys. PALS has been working with specific staff teams towards improving access and communication for people using Moorfields services. One area which has been improved is access for people whose first language is not English.



Complaints

We take patient complaints very seriously and view them as an important source of information and feedback to help improve services and make changes to benefit patients. For instance, as a result of a complaint made about patient letters during the year, we are reviewing all letters sent to patients to ensure they are appropriate, clearly written, and provide all the information patients require for their appointment.

This year, 290 complaints were received, a small (4%) increase on last year. The Chief Executive investigated and responded to all complaints, and 67.24% were investigated and responded to within 20 days.

Patient and public involvement

As well as involving patients and the public in our service redesign, the Shared Clinical Vision, through surveys, studies and focus groups (pages 5-6), we are involving patients in all our change programmes. These include involvement of patients in panels looking at the front entrance project (page 9); the future use of the chapel; and a project looking at the psychological support of patients facing an unwelcome diagnosis. We have also trained a number of patient volunteers to sit on appointment panels, who have sat on panels for several Consultant ophthalmologist positions and two senior management posts. Patient representatives will continue to sit on all senior appointment panels.

Many of those who are involved in these groups are members of the Foundation Trust. We are also interviewing patients in clinics, especially through the Shared Clinical Vision project, and offering all our patients the opportunity to get involved.

Supporting staff

Our staff are essential to what we do, and this year we were proud to be included in the Guardian's top 100 employers. This annual publication ranks organisations according to a number of factors, some of which, such as remuneration and foreign travel opportunities, are difficult for an NHS organisation to compete on. Nevertheless, we were ranked 34th out of the organisations included in the publication, above household names such as Adidas, Deloitte and HMV. We were the only public sector organisation to be included in the publication.

Improving Working Lives (IWL)

Working in partnership with staff side representatives, a huge amount of work has been undertaken across all the dimensions of the IWL project. As part of this work, staff were invited to focus group sessions to talk about their experiences at Moorfields. Results of the focus groups were fed back to relevant managers and have produced a number of tangible changes, including the extension of flexible working opportunities, the introduction of childcare vouchers, improvements in security measures and the development of a strategy and training programme for diversity. Results from the national staff survey have also fed into this process. We are being externally validated in May 2005, almost a full year ahead of the Department of Health target date of April 2006.

The work will continue, taking forward ideas and suggestions from the numerous focus groups and more focus groups are planned to allow staff to continue to feedback and suggest changes.

Pay

There have been two implementation phases of the new contract and pay arrangements this year.

78% of existing consultants have transferred to the new consultant contract and all new appointments are made to the new contract.

The enormous task of moving all the other staff onto the new pay system, Agenda for Change, has been ongoing since 2003. Changing timetables from the Department of Health and delayed publication of guidance and national profiles further complicated the task. However, the project manager and his team, which included the secretary of the staff side and many staff and managers, have worked tirelessly to achieve the target. At the end of March 2005, 50% of all staff had been assessed and assimilated onto the new pay scales, and the target date of September 2005 looks achievable.

A Knowledge and Skills Framework appraisal system is being introduced across the NHS as part of the Agenda for Change, and we have been working towards the implementation of this, with the same target date of September 2005.

Partnership Working

Partnership working and staff involvement has already been mentioned in the context of Improving Working Lives, Agenda for Change and the Shared Clinical Vision (pages 5-6). The Joint Staff Consultative Committee remains the formal forum for the management/staff interface but with many of the same people working on the initiatives this has assumed less importance during the year. Nevertheless we expect it to continue and are examining ways of reinvigorating the forum in the coming year.

Moorfields as a local employer

As we provide services on a number of sites in and around London, we have a very wide 'local' definition. Depending on the size of the services run on each of the sites, some (such as the main City Road site) offer more opportunity for employment than others. Where appropriate we have advertised in local and ethnic press to encourage applicants from the local area. We are members of, and continue to support, the Hackney Training and Employment Network in its work in the London Borough of Hackney.

Training and development

A wide range of exciting new staff development initiatives has expanded the range of opportunities available to staff. For example, our new NVQ programme has been a great success in developing staff such as clerks and administrators and has generated even more interest for next year. In support of the Equality and Diversity strategy, an intensive half-day course is being delivered to ensure that staff and patients are supported in a fair and equal way. We are also planning to recruit staff to the "Breaking Through" programme that seeks to support the progression of black and minority ethnic staff towards senior positions within the NHS.

Equal Opportunities

Moorfields now runs mandatory diversity training for all staff, which supports the equal opportunities and race equality policies. We also continue to be acknowledged as an equal opportunities employer.



celebrating 200 years

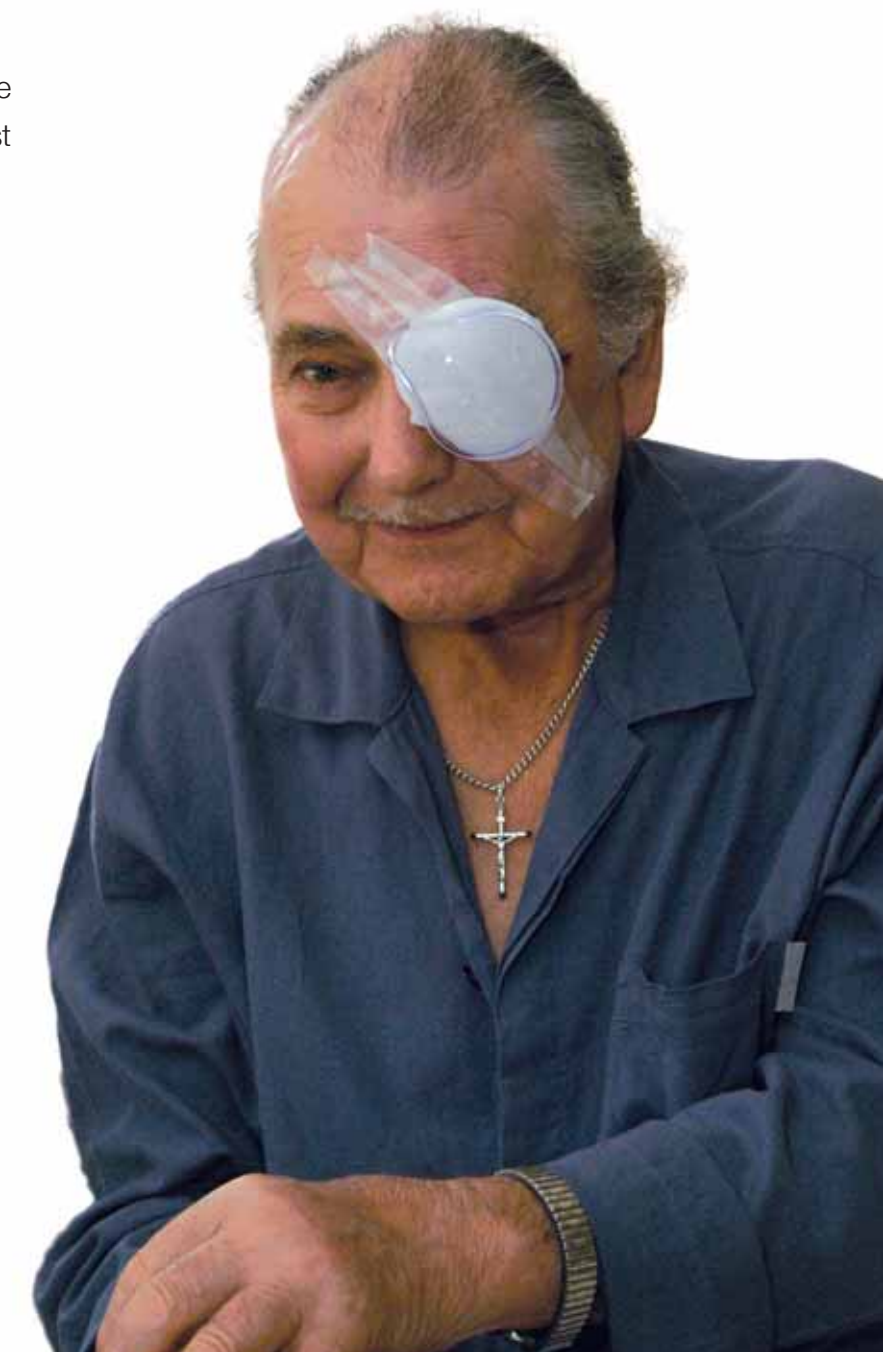
AND LOOKING FORWARD TO OUR THIRD CENTURY



Moorfields bicentary

Moorfields was opened on 25th March 1805 by Sir John Cunningham Saunders and friends as the London Dispensary for the Eye and Ear. The impetus for the opening of the hospital was the return of soldiers from the Napoleonic wars in Egypt who had brought back with them trachoma, a sight-threatening disease, which is still prevalent in many developing countries. Within three years, the hospital became dedicated to ophthalmology alone. Its history since that time has included a variety of name changes and addresses before settling in 1899 in City Road. Here it was renamed the Royal London Ophthalmic Hospital, although it was already known informally as 'the Moorfields'. In 1945 the hospital became part of the NHS and in the mid 60s was officially renamed Moorfields Eye Hospital. In 1994 the hospital became an NHS Trust and in 2004 it became one of the pioneers of the NHS Foundation Trust movement.

To celebrate this long history of dedication to the treatment of eye disease and disorder, we organised an international scientific conference to share research and experiences from and with colleagues and alumni from across the globe. The conference was held at the Royal Lancaster Hotel over four days from 16th – 19th March 2005, and covered all areas of ophthalmic treatment and research. The scientific programme was brought together by Professor Roger Hitchings, Director of Research and Development, and reflected our research priorities. Over 70 speakers came to talk at one or more of the 43 sessions, and over 600 ophthalmologists, ophthalmic nurses, optometrists and orthoptists attended this celebration of our history.





Research and Development in our third century

Eye disease is common and the effects can be devastating. Blindness dramatically increases the risk of long-term unemployment in the young and social dependency in the elderly. Although prevention of visual impairment is a high priority, there is a paucity of valid and reliable epidemiological information about incidence and causes from which priorities, treatment and management policies can be agreed.

A recent study undertaken at Moorfields established that in the UK for the year 1999 - 2000, 13,788 people were certified as blind and 19,107 were certified as partially sighted. The majority of certifications were in the older age groups. The most commonly recorded main causes of certifications together with common but largely reversible eye diseases are the focus for the development and prioritisation of our research portfolio. These include glaucoma, age related macular degeneration, diabetic retinopathy and cataract.

Close collaboration and partnership between the Institute of Ophthalmology (part of UCL) and Moorfields reflects a wide range of research from

'basic science to better sight'. Where relevant the programmes of research are described along a continuum that reflects a generic pathway of disease:

- genetics, genotyping and risk factors;
- pathogenesis of eye disease;
- prevention and surveillance;
- symptoms, presentation and referral;
- diagnosis, investigations and pathology;
- interventions – surgery, medical, radiological;
- follow-up and continuing care;
- nursing, community care, rehabilitation; and
- psycho-social aspects.

Such is the strength of the partnership with the Institute that their programmes of basic laboratory science are not only informed by the clinical needs of patients but develop into translational approaches at the earliest opportunity. The Trust's portfolio of clinical research is strengthened by the applied and translational research programmes at its partner institution and is focused on achieving the maximum impact on improving the clinical care and outcomes achieved for patients.

Research findings are disseminated by publication and presentation at scientific meetings such as Moorfields' bicentenary, and thus find their way into the evidence base on which our clinical treatment is based. Care is also taken to ensure adequate protection of intellectual property rights and potential exploitation.

The strategic development of the following programmes of research focus on the major blinding diseases and emphasise the potential short to medium-term impact on the clinical care of patients. This means that the output will inform and potentially influence clinical practice:

- in the short term (within one to three years), with Health Services Research or community based projects;
- in the short to medium term (within four to seven years) - ie clinical trials; or
- in the medium to longer term (next eight to ten years), with translational research such as gene therapy and stem cells.

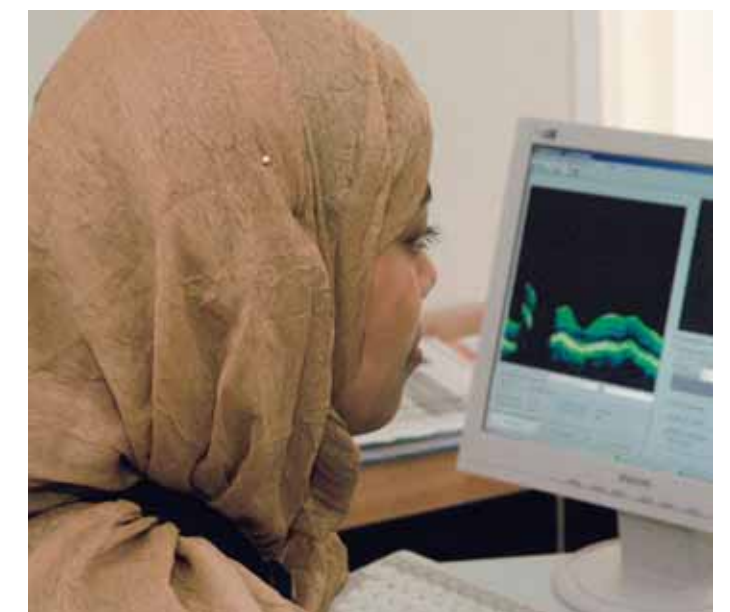
Research programmes within the joint research strategy are:

- age-related macular degeneration;
- glaucoma;
- diabetic retinopathy and retinal angiogenesis;
- lens and cataract;
- ocular surface disease (including microbiology);
- ocular immunology (including inflammatory disease);
- ocular adnexal (including oncology);
- paediatric ophthalmology and ocular motility;
- community eye health;
- ocular repair and regeneration biology;
- stem cell research;
- visual rehabilitation;
- vitreoretinal surgery; and
- electrophysiology.

Clinical Trials Unit

Clinical trials are an important step in acquiring evidence about treatment efficacy, comparative and new therapies and diagnostic measures. Moorfields aspires to provide the very highest standards of care to its patients, based on evidence of best practice demonstrated through high quality research. The acquisition of such evidence requires rigorous research governance and Moorfields has recently opened a dedicated Clinical Trials Unit (CTU) to support these processes and procedures.

The CTU has been developed from Bowman Ward, which was being used as hostel accommodation for day-care patients. The refurbished Clinical Trials Unit provides a patient lounge area, administrative offices, data monitoring facilities for visiting clinical research associates and a storage facility. The 12 patient 'bed bays' have been re-designed to accommodate the investigational, treatment and imaging facilities as well as a pharmaceutical dispensing unit. The refurbishments were made possible by a generous and substantial donation from Pfizer and donations from Eli Lilly, Moorfields Special Trustees and capital investment from the Trust itself.



valued contributions

FROM THE PRIVATE SECTOR AND OUR CHARITABLE SUPPORTERS



Commercial Services

Income from our commercial services continues to provide significant support to our NHS patients.

Moorfields Private

Alison Shutt was appointed as Managing Director of Moorfields Private in 2004. Following her appointment, a Business Development Manager and Finance Manager were appointed early in 2005, with several other senior posts strengthened to improve line management.

The new management team are planning a number of changes to the service to help it expand and to meet the needs of the market, in particular for laser eye surgery. Plans are underway to move the refractive outpatient service from the John Saunders Suite (current outpatient clinic for all private patients) to a neighbouring site, although we have as yet not been able to lease a suitable building. Another administrative change is the separation of the reception and enquiry handling service. This will provide a better service for prospective patients and enable a more transparent, auditable record of referrals to each consultant and facilitate monitoring and follow up on referral / transfer rates.

This year, Moorfields Private contributed £6.6 million to the income of the Trust. There was a significant reduction in the number of cataract cases being treated privately at Moorfields, partly as a result of the reduced waiting list times across the NHS, as well as increased competition from competitors and price sensitivity. We are examining the creation of different packages for private cataract patients to increase our market share.

Moorfields Pharmaceuticals

Moorfields Pharmaceuticals now operates from its new manufacturing site on Nile Street. The old facility within the main hospital in City Road was vacated at the end of October 2004 and all production and order processing now takes place in the new facility.

The unit received a further favourable inspection from the Medicines Healthcare products Regulatory Agency (MHRA) in November 2004. MHRA Inspectors visit us as each major piece of equipment/facility is commissioned and comes on stream. The automated filling line is now manufacturing the first large volume batches. This method of production will improve our ability to consistently supply high quality products to customers, and increase our internal efficiencies.

The Moorfields Pharmaceuticals team have been undergoing extensive training to manage and control the new facility and its specialised equipment. Their dedication to ensure the unit runs effectively, and to meet customer needs during the transfer, has been enormous. A senior team has been appointed from the pharmaceutical industry to grow the business and thereby deliver a return on the Trust's investment.

A new computerised business system has been selected to support Moorfields Pharmaceuticals. It is designed for a manufacturing and supply operation and is standard within the pharmaceutical industry. This will provide key business information to enable us to control and grow our services.

Charities working together

Friends of Moorfields

The Friends continue to support Moorfields, with a particular focus on serving the needs of patients and visitors, as well as raising funds for the work of the hospital generally. The Friends are currently concentrating fundraising efforts on the International Children's Eye Centre, particularly the hostel facility where children and their families can stay overnight while treatment is received. The Friends are working in partnership with the Ronald Macdonald Children's Charity who have provided funds for such facilities elsewhere.

The Friends' work is supported by more than 75 volunteers who attend on a weekly basis, providing services including:

- the outpatient shop;
- a trolley service offering shop goods to the wards and waiting areas;
- the information desk in the outpatient reception area;
- Radio Moorfields; and
- talking books and tapes for inpatients.

The Friends also fund:

- the cafeteria;
- touch-screen information points and explanatory leaflets for patients;
- a children's play worker;
- Moorfields Direct telephone helpline;
- research fellowships;
- technical apparatus;
- other items for the well being of patients; and
- magazines, aquariums and payphones in waiting areas.



Recruitment of volunteer workers features highly on the Friends' priority list and enquiries are always welcome. Duties at the hospital range from helping in the shop and other daytime commitments to the evening Radio Moorfields service. An increasing number of Friends' supporters promote and organise fundraising events and activities in and around the country.

Funds are raised from:

- donations, bequests and membership subscriptions;
- fundraising events like the Eye Ball, a children's concert, garden parties;
- sponsored events;
- collecting days;
- collecting boxes in homes, shops and businesses;
- spring and Christmas fairs;
- monthly book stalls; and
- sales of donated goods.

To find out more about the Friends or to make a donation, please contact:

The Friends of Moorfields
Moorfields Eye Hospital
City Road
London EC1V 2PD
Tel/fax: 020 7251 1240
Email: friends@moorfields.nhs.uk

Special Trustees

The Special Trustees receive and administer funds on trust for the benefit of Moorfields Eye Hospital. It is an independent charity accountable to the Charity Commissioners, but works very closely with Moorfields with a wide remit to support the main objectives of the hospital, especially:

- improving patient care;
- facilitating world-class research; and
- enhancing staff knowledge and skills.

The Special Trustees give grants on a large range of research projects and capital schemes within both the hospital and its principal research partner, the Institute of Ophthalmology.

Grants of nearly £1.5 million were made during the year. These provided funding for strategic research including research into molecular genetics; stem cells for sight transplantation; and rehabilitation for those with visual impairment, as well as short-term projects including clinical trials of new surgical techniques for age-related macular degeneration, glaucoma and other eye diseases. These projects often involve the purchase of specialist equipment.

Other grants include funds to supply flowers to brighten all the wards and to provide a Christmas lunch for all the staff.

Donations and legacies are crucial to this ongoing work. To find out more about the Special Trustees and how you can contribute, please contact:

The Clerk to the Special Trustees
Moorfields Eye Hospital
City Road
London EC1V 2PD
Tel: 020 7566 2643
Email: graham.oxenham@moorfields.nhs.uk

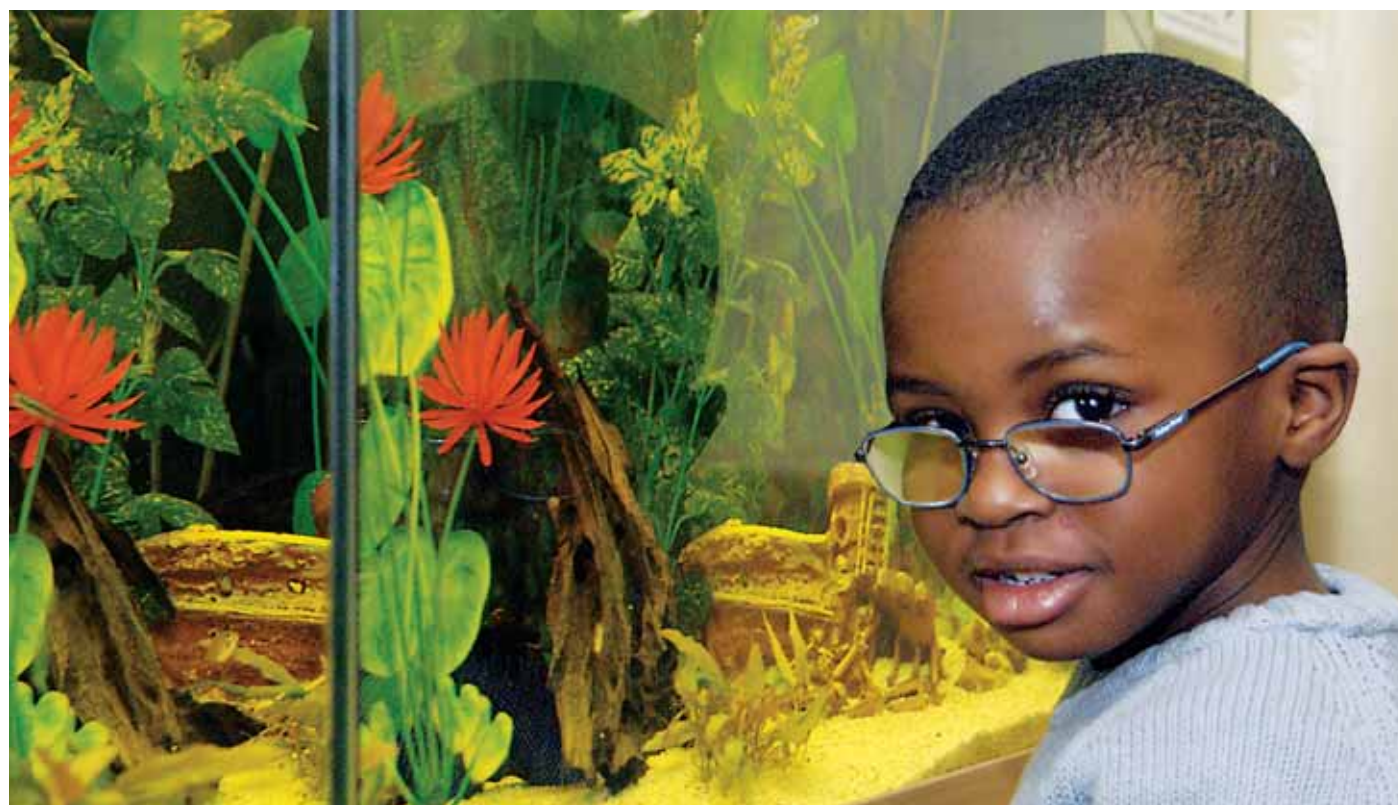
ICEC - Development Fund

The Development Fund is an independent charity, principally involved with building projects associated with Moorfields and currently focussed on raising money for the building of the International Children's Eye Centre (page 8).

Fundraising is continuing to raise the last £1.6 million needed. Corporate and individual donors should contact the fundraising team at:

Development Fund office
Moorfields Eye Hospital
City Road
London EC1V 2PD
Tel: 020 7566 2416
Email: fundraising@moorfields.nhs.uk





Clinical and Corporate Governance

Clinical

This year we have:

- reviewed and improved resuscitation provision, as part of a Service Level Agreement;
- put in place life support training in place for clinical and non-clinical staff, supported by the identification of cascade trainers within the organisation;
- established a Cardiac arrest team;
- agreed a new Resuscitation Policy (not yet published);
- agreed a new Adult Medical Emergencies Policy (not yet published);
- undertaken work to comply with the national requirement from the National Patient Safety Agency (NPSA) to standardise the emergency telephone number to '2222' (number change implemented from 4th April 2005);
- revised the system for the distribution and management of safety alerts sent out via the Safety Alert Broadcast System (SABS);

- sent a number of staff to three-day NPSA Root Cause Analysis incident investigation training;
- introduced a new consent form for images;
- restructured the clinical governance function;
- provided alcohol hand rub at the 'point of patient contact' in all clinical areas throughout the whole organisation;
- enrolled on the NPSA 'Clean Your Hands' campaign; and
- appointed a second Infection Control Nurse.

General

- We have piloted a new incident form. The feedback from the pilot study will be used during the design of the replacement Trust incident report form.
- A successful business plan for an integrated risk management database was drawn up. The database will be used to record incidents, complaints, claims, PALS and Information Governance issues.

Corporate Governance

Corporate governance encompasses risk and safety management, equality and diversity, communications, corporate affairs and litigation, information governance, foundation trust governance arrangements, and external liaison with bodies such as the Healthcare Commission and Monitor. 2004/05 has been a productive year within corporate governance as follows:

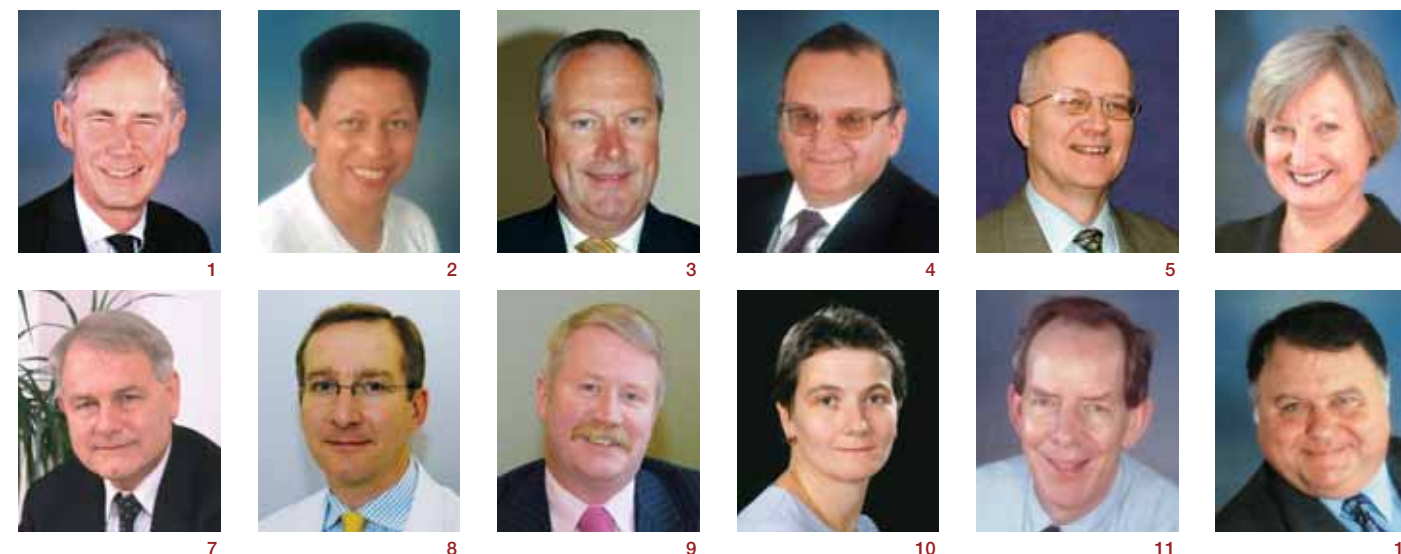
- a new Risk and Safety Manager, Julie Baxter, was appointed in January 2005 and acts as the bridge between corporate and clinical risk objectives;
- we are moving away from the system of controls assurance to Standards for Better Health - a gap analysis was completed in March 2005;
- reviewed the 2004/05 Assurance Framework and action plan;
- senior managers and the Trust Board have carried out a review of strategic risk;
- the Trust Board review of major risks lead towards the 'Top Six Risks' and a new Assurance Framework for the coming year;
- appointed a Project Manager for Information Governance;
- complied with the Freedom of Information Act from 1st January 2005;
- developed strategic policy and operational plans for information governance and records management, which led to significant improvements to information governance processes;
- begun a major project to scan 150,000 health records and upgrade the electronic storage software;
- established the Equality and Diversity Steering Group, including appointing a consultant to support the equality and diversity action plan;
- made significant improvement to ethnicity data coding for patients and staff;
- developed plans and appointed architects to improve disabled access to the City Road site;

- reviewed of the Communications Strategy and developed a membership communications strategy;
- reviewed the Trust's website and intranet;
- developed corporate style and branding guidelines;
- expanded the Foundation Trust membership to 11,400 with a membership strategy in place;
- actively involved governors and members in Trust activities including focus groups for the Shared Clinical Vision project, the review of patient information, and interview panels for senior and clinical appointments;
- held bi-monthly meetings of the Membership Council including induction and training and information sharing for governors;
- reviewed the Service Development Strategy with the Membership Council;
- Re-appointed the Trust Chair and the Non-Executive Directors through the Nominations Committee and the Membership Council;
- appointed the Trust's auditors through the Membership Council; and
- appointed a full-time Clerk to the Special Trustees.



directions

OUR BOARD AND MEMBERSHIP COUNCIL



The Board of Directors

Moorfields Eye Hospital NHS Trust was established on 1st April 1994 and became an NHS Foundation Trust on 1st April 2004. The Board comprises the Chairman, five Executive Directors and five Non-Executive Directors. The Board meets in public each month to set the overall strategic direction and address major policy issues.

All Executive Directors have been appointed via properly constituted appointment panels and no director is currently on a fixed term contract. Contracts can only be terminated through personnel policies that cover all staff.

Appointment of the Chairman and Non-Executive Directors is a statutory responsibility of the Membership Council (Board of Governors of an NHS Foundation Trust). The Trust's constitution allows for a Nominations Committee comprising representatives of the Membership Council and the Trust Board and an independent assessor. During 2004/05 the Nominations Committee recommended the reappointment of the Chairman and three Non-Executive Directors with effect from 1st April 2005. It also shortlisted, interviewed and recommended the appointment of a new Non-Executive Director following the resignation of Jude Goffe in July 2004.

Chairman

Sir Thomas Boyd-Carpenter¹

Non-Executive members

Jude Goffe² (resigned July 2004)

Ian Hollows³ (appointed December 2004)

Elkan Levy⁴

Clive Nickolds⁵

Maggie van Reenen⁶

Adam Sillito⁷

Executive members

Bill Aylward⁸, Medical Director

Ian Balmer⁹, Chief Executive

Sarah Fisher¹⁰, Nursing and Development Director

Roger Hitchings¹¹, Director of Research and Development

Ian Knott¹², Director of Finance

Heather Lucas is Secretary to the Board.

The Board is also supported by three senior directors: Sandra Adams, Director of Corporate Governance; Ken Gold, Director of Personnel; and Brian Benson, Director of Performance and Planning.

The Board has three sub committees.

- **The Audit Committee** is responsible for ensuring compliance with internal financial regulation applying to NHS Trusts.

Members are:

Jude Goffe, Chairman (resigned July 2004)
 Ian Hollows, Chairman (from December 2004)
 Clive Nickolds
 Maggie van Reenen (acting Chairman July - December 2004)

- **The Remuneration Committee** is responsible for setting the pay and terms of employment of executive directors and other Board-level posts. The committee is chaired by the Chairman of the Trust Board and comprises all the Non-Executive Directors.

- **Governance Committee**

Chair:

Clive Nickolds Non-Executive Director

Members are:

Sandra Adams	Director of Corporate Governance
Bill Aylward	Medical Director
Ian Balmer	Chief Executive
Brian Benson	Director of Performance and Planning
Caroline Carr	Clinical Risk Lead
Parul Desai	Public Health Consultant
Valerie Evans	Public Governor
Sarah Fisher	Director of Nursing and Development
Ken Gold	Director of Personnel
Pauline Grace	PCT representative (Islington PCT)
John Green	Public Governor
Roger Hitchings	Director of Research and Development
Ian Knott	Director of Finance

Secretary to the Committee:

Julie Baxter Risk and Safety Manager

Ex-officio member:

Roger Brearley External auditor

The Membership Council

The Membership Council was established on 1st April 2004 to comply with the Health and Social Care (Community Health and Standards) Act 2003, to represent the views of members and stakeholders to the Board of Directors and the management of Moorfields Eye Hospital NHS Foundation Trust. The Council met six times during 2004/05.

Elected Governors

The balance of Governors on the Membership Council are elected by patient and public members of the NHS Foundation Trust, and an additional three Governors are elected by staff members.

On behalf of patients, public and staff, elected governors will:

- represent the interests of members of the Foundation Trust;
- influence decisions about spending and service developments; and
- appoint the Chairman and the Non-Executive members of the Board of Directors.

Nominated Governors

As well as elected patient, public and staff governors, a number of Governors represent the views of Moorfields' stakeholders. These are Islington Council, seven Primary Care Trusts from within our community area, two Universities who work with us and two patient representative groups. These Governors are nominated by our partner organisations.

Moorfields Eye Hospital NHS Foundation Trust Membership Council

Elected Governors:

Name	Representing
Malcolm Barrow	Public: Beds and Herts
Jane Colebourn ^{NC}	Public: Beds and Herts
Jayne Cottee	Public: Essex
Bill Tidmas ^{RC}	Public: Essex
Raymond Harris ^{VC RC}	Public: North Central London
John Green ^{RC}	Public: North Central London
Valerie Evans	Public: North East London
Peter Williams	Public: North East London
Patricia Campbell	Public: North West London
Sir Ian Rankin	Public: North West London
Andrew Hill ^{NC RC}	Public: South West London
Alex Nicholson	Public: South West London
Solomon Parry	Public: South East London
Adrian Cory	Public: South East London
Robert J Jones	Patient
Lynne Peachey ^{NC}	Patient
John Bird ^{RC}	Patient
Ali Safiee	Staff
Jonathan Dowler	Staff
Bronwen Gibbs	Staff

Nominated Governors:

Name	Representing
Cllr Jyoti Vaja ^{NC}	Islington Council
Fran McSweeney	Patient Interest Group - RNIB
David Wright	Patient Interest Group - IGA
Prof Bob Lieberman	University partner - UCL
John Lawrenson	University partner - City University
Joel Bonnet	PCT: Beds and Herts
Bryan Heap	PCT: Essex
Richard Ellis	PCT: North Central London
Eugene Staunton	PCT: North East London
Nick Curtiss	PCT: North West London
Stephen Evans	PCT: South West London
Vacant	PCT: South East London



The Council is chaired by Sir Thomas Boyd-Carpenter, Chairman of Moorfields Board of Directors.

^{VC} Vice Chair of the Membership Council
^{NC} Member of the Nominations Committee
^{RC} Member of the Remuneration Committee

summary financial statements

TRUST FINANCES - FINANCIAL OVERVIEW AND PERFORMANCE

In our first year operating under the new Foundation Trust financial regime we continued to perform successfully, achieving the best possible risk rating at the year-end. Whilst a number of financial targets no longer exist, such as the External Financing Limit and Capital Resource Limit, the new regulatory framework brought with it fresh challenge and new targets all of which we were able to comply with.

The year's financial performance was very much in line with our planned expectations ending the year with a net surplus equal to forecast.

The table below presents a high level representation of the plan and actual performance for the year.

	2004/05	
	Plan	Actual
All figures in £million		
Income		
Clinical income:		
• NHS	48.4	47.7
• Private Patients	7.7	6.6
Other income:	17.2	18.2
Total income	73.3	72.5
Expenditure		
Pay costs	44.9	45.7
Non-pay costs	22.3	20.8
Total expenditure	67.2	66.5
EBITDA	6.1	6.0
Net Surplus	1.7	1.7

As can be seen there is very little variance between plan and actual. However, this masks a number of significant challenges that occurred during the year.

NHS clinical income

The NHS clinical income stream represents 65.8% of all Trust income. Great difficulty was experienced in relation to this, owing to the lack of maturity in PCTs around the new financial regime and in particular the Payment by Results (PbR) initiative. This was further confused at the Department of Health level by their restatement of baselines and eventual re-classification of services applicable to PbR - not unsurprisingly PCTs became even more muddled in their understanding of the main strands of the new system. This led initially to refusals to pay for overactivity requiring additional administrative involvement to extract payment or clear promises to pay in the following year. It is encouraging that the financial strength of this Trust is such that the resulting cash issues did not require recourse to the use of any of our £6 million working capital facility.

The £0.7 million shortfall in NHS clinical income can be summarised into two areas:

- (i) Our service level agreement (not contract) with the Barts and the London NHS Trust for Ocular Melanoma services as part of the Department of Health Supra Regional Funding scheme was arbitrarily cut in the first half of the year resulting in a reduction of £0.4 million. Despite lengthy discussions with Barts and the London we were unable to prevent them renegeing on the originally agreed level of funding and owing to the type of service being provide we were forced to accept this lower level and consider the future shape of the service.
- (ii) The final net position on contracted service income accounts for the balance of this shortfall. This was as a result of a small number of contract amendments following the completion of the original plan.

Income from Moorfields Private

This acutely important area represents 9.1% of total Trust income. However, in 2004/05 we experienced a 14.3% reduction in income, despite very conservative expectations on additional inpatient and daycase activity. Although we had foreseen a reduction in cataract activity as a direct result of



government initiatives reducing waiting times for NHS surgery, this reduction came much sooner than was expected and was not factored into our plan.

Of even greater impact was a report from the National Institute of Clinical Excellence (NICE) regarding Lasik surgery. This private patient income stream is enormously important to the unit's financial viability and the negative aspects of the report caused a considerable reduction in throughput during the last four months of the year. Only now are we seeing a sluggish return to normal activity levels, however this has damaged and lengthened our expected growth path.

Other income

This category of income representing the remaining 25.1% is analysed in greater detail below:

Other income	£million	%
Non-tariff NHS income		
Laser and PDT services	2.2	12.1
Other NHS providers	0.6	3.3
Central contracts within the DoH		
Research and Development	5.0	27.5
Education and training	3.3	18.1
Other	0.8	4.4
Charitable and other contributions to expenditure	1.2	6.6
Transfers from donated asset/government grant reserve	0.5	2.7
Miscellaneous income		
Pharmacy sales	1.4	7.7
Various fees and charges	2.0	11.0
Other	1.2	6.6
Totals	18.2	100.0

Pay costs

Making up some 68.7% of Trust expenditure, the control of pay budgets is of significant importance. During the year major challenges were encountered to meet the Department of Health's A&E targets, which necessarily required strengthening the clinical staff resource in that area and contributed to the 1.8% increase over plan relating to medical and nursing costs.

Elsewhere, transfers were made from the development reserve relating to those staffing elements of new initiatives and service improvements.

Administration costs also increased as the implications of the new regime became clearer. In particular staff costs relating to membership/governance, finance, human resources and contract control were all marginally affected.

Non-pay costs

The remaining 31.3% of Trust expenditure relates to non-pay costs, the main components of which are shown in the table below:

Expense type	£million	%
Services from other NHS organisations	1.7	8.2
Clinical supplies and services		
Drug costs	2.7	13.0
Other	6.8	32.7
General supplies and services	0.7	3.4
Establishment costs	1.0	4.8
Transport	1.8	8.7
Premises	5.1	24.5
Other	1.0	4.8
Totals	20.8	100.0

The £1.5 million reduction in these costs against plan reflect the continuing conscious control of expenditure that makes this Trust one of the cheapest acute units in the country (Source: National Schedule of Reference Costs). A number of areas underspent against plan mainly allied to non-clinical budgets and contingency items.

More specifically, items relating to the Central Sterile Supplies Department and membership/governance arrangements were not used with such additional costs incurred on these areas being contained within the base budget. Expenditure plans in relation to a new Clinical Trials Unit did not come to fruition as early as expected.

Establishment costs underspent by some 9% against plan and information technology expenditure fell short of plan by 15%.

Financing and working capital

One of the clear benefits of becoming a Foundation Trust was the increase in our ability to finance new capital projects. The capital plan approved by the Trust Board was for a total of £15.95 million the financing strategy of which was to utilise all of our depreciation, raise a capital loan for £5.6 million from the Foundation Trust Financing Facility with the balance being those schemes financed by donations. A delay to the capital loan resulted in those related schemes not starting until the loan was in place. Unfortunately the loan was not received until the middle of the last quarter and consequently capital expenditure totalled only £6.9 million, falling considerably short of target. This short fall will now be incurred in 2005/06.

Access to borrowing is now controlled through the Prudential Borrowing Code, which seeks to ensure that the Trust can secure affordable debt financing in accordance with its credit worthiness. For 2004/05, Monitor, the Independent Regulator for Foundation Trusts, set a borrowing limit in accordance with the code amounting to £6 million for working capital facilities and £5.6 million for long-term borrowing. The latter amount was calculated with reference to five ratio tests to determine the Trust's risk rating.

The Trust's financial performance complied with all of the Prudential Borrowing Limit ratios. The working capital facility, which was put in place by the Department of Health for a two-year period, was not utilised.

Cash flow

Cash flow performance generally continued very much in line with plan. The expected downturn in cash receipts at the beginning of 2004/05 did not materialise, with PCTs diligently ensuring that payments continued - albeit at the same level as in previous years until contracts were finally signed.

External audit services

During the year the Membership Council requested a tendering exercise be carried out by the Trust for the appointment of its external auditors. This resulted in a very thorough exercise to appraise a number of accounting organisations that tendered for the appointment. After a detailed review process it was agreed unanimously that the existing firm be re-appointed. The Trust continues therefore to employ the services of Deloitte & Touche LLP to carry out external audit functions. The cost of statutory audit services was £62,000.

And finally...

I am delighted to report that the Trust performed exceptionally well financially and moved seamlessly into the new regime. This not only included different performance and monitoring targets but also relied on new legally binding contracts, tariffs and reimbursement rules. The Trust Board continues to place emphasis on the principle of sound financial stewardship and accurate budgetary control and this responsibility is recognised throughout the organisation.

Before we became a Foundation Trust we had a proud financial record for ten years of continually achieving all of our financial targets. With the results in 2004/05 this is set to continue and I would like to

thank, on behalf of the Board, all those who have contributed to our achieving another year of outstanding financial success. A summary of the audited accounts for the year is given at pages 44-51 and provides the statutory disclosure of information required. These accounts provide details of the Trust's compliance with the Better Payments Practice Code on page 50 and full details of directors' remuneration on page 49.



Ian Knott

Director of Finance

Statement of directors' responsibilities in respect of the accounts

The directors are required under the Health and Social Care (Community Health and Standards) Act 2003 to prepare accounts for each financial year. Monitor - Independent Regulator of NHS Foundation Trusts, with the approval of the Treasury, directs that these accounts give a true and fair view of the state of affairs of the trust and of the income and expenditure of the trust for that period. In preparing those accounts, the directors are required to:

- apply on a consistent basis accounting policies laid down by Monitor - Independent Regulator of NHS Foundation Trusts.
 - make judgements and estimates which are reasonable and prudent.
 - state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts.
 - prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Trust will continue in business.
- The directors confirm they have complied with the

above requirements in preparing the accounts.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the trust and to enable them to ensure that the accounts comply with requirement outlined in the above mentioned direction by Monitor - Independent Regulator of NHS Foundation Trusts. They are also responsible for safeguarding the assets of the trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the Board



Chief Executive
28th June 2005



Finance Director
28th June 2005

Moorfields Eye Hospital
NHS Foundation Trust
Statement of Internal Control
2004/05

1. Scope of responsibility

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

Attached to this document is the structure chart showing the organisational and accountability arrangements for managing internal control within Moorfields Eye Hospital NHS Foundation Trust (Appendix 1).

The Trust works closely with Thames Audit in the review of processes and the verification of controls assurance standards and has an agreed annual programme of review. The Trust also submits regular progress information on its Statement of Internal Control to North Central London Strategic Health Authority. The Statement of Internal Control is available on request and is regarded as a public document.

2. The purpose of the system of internal control

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

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

- identify and prioritise the risks to the achievement of the organisation's policies, aims and objectives; and
- 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 Moorfields Eye Hospital NHS Foundation Trust for the year ended 31 March 2005 and up to the date of approval of the annual report and accounts.

3. Capacity to handle risk

3.1 Leadership

The organisational structure for managing risk throughout the Trust is depicted in Appendix 1. Both the Governance and Audit Committees are formal sub-committees of the Trust Board and are chaired by Non-Executive Directors with executive and senior management support. Accountability for risk management is co-ordinated through these two sub-committees – Governance for clinical and non-clinical risk and Audit for financial risk – to the Trust Board, with executive and senior management input at Management Executive level for decision-making on business cases and resource recommendations prior to reaching the Board for ratification.

As Chief Executive I am the Accounting Officer for internal control and therefore risk management. The Director of Corporate Governance leads the controls assurance and risk management processes; with day-to-day co-ordination of risk management led by the Risk & Safety Manager. One of the Divisional Clinical Directors is the lead for Clinical Risk Management.

3.2 Staff training

There is an extensive programme of training within each of the clinical professional groups reflecting the requirements for mandatory training and competency assessments to equip those staff for their duties and to manage risk appropriately. Representatives from all departments/functional areas attend either the Clinical Risk or the Risk Management Group and the Health and Safety Committee ensuring that they have an ongoing awareness of the current operational and strategic risk issues for the organisation.

Ongoing training is provided for all groups of staff wherever and whenever appropriate and particularly for new procedures and equipment. New staff receive risk awareness training in their two-day induction programme and this includes fire and security management, risk awareness and incident reporting, and health and safety.

A key priority for the coming year will be the implementation of a Risk Awareness Training Programme for all staff. The Trust appointed a dedicated trainer on a fixed term contract through to 31st March 2006.

4. The risk and control framework

4.1 Strategy and policy

The Trust Board approved the combined Risk Management Strategy and Policy in March 2004 and this is due for review in May 2005. The key elements of the strategy are to develop and maintain a clear and effective structure of responsibility and accountability across the whole Trust with clear systems for identifying and managing risks, so that all employees will be able to play their part in dealing

with risk, leading to measurable improvements in patient safety. The strategy is supported by a number of key policies such as:

- major incident plan;
 - Health and Safety policy;
 - incident reporting and investigation policy;
 - infection control manual;
 - complaints policy;
 - claims handling policy;
 - Patient and Public Involvement: Guidebook for staff;
 - consent policy;
- and is reviewed annually.

The strategy describes the ways of identifying and managing risk from the business planning and controls assurance levels through to incident reporting and the maintenance of a risk register, as well as clinical governance, major incident planning and health and safety. The Risk Management Strategy and linked policies are available to all staff via the intranet.

Risk management is embedded in the activities of the organisation through the risk management structure and the range of committees and groups that have identified risk as a key element of their terms of reference, and through the range of training that is available to staff. Risk also forms part of the project management process for any new development or work stream, for example, the Project Manager for the International Children's Eye Centre attends the Risk Management Group.

The Trust provides services at a number of other sites that are run by other NHS Trusts and the Risk and Safety Manager has an agreement with those Trusts' Risk Managers about communication and lines of responsibility.

4.2 Assurance Framework

The Trust Board reviewed the 2004/05 Assurance Framework and action plan in January 2005. The framework identified a number of areas where there were gaps in control and assurance and the action plan reflected these. These gaps can be categorised as follows.

- Innovation/IM&T - project plan in place and training programme completed during 2004/05.
- Accessibility and cost effectiveness - Service Development Strategy developed and implemented 2004/05 and reviewed with the Trust Board and Membership Council during the year. Revised SDS now available.
- Personnel - annual report now produced and available to the Trust Board.
- Finance/income and efficiency - business plan reviewed during the year and updated.
- Organisational capacity - performance monitoring system in place and Performance Group established February 2005; communications strategy updated and agreed by Trust Board in January 2005; risk training programme resourced and developed in year for roll-out from April 2005; balanced scorecard reviewed by Trust Board each month.

The Trust also underwent a review of its strategic risks in September 2004 and has identified six key risks to focus on in 2005/06. Each of the key risks has a Board level co-ordinator who is currently reviewing the controls and assurances required for each of the risks. This work will inform the Assurance Framework for 2005/06 and will be monitored by the Governance Committee.

4.3 Stakeholders

The context for Risk Management is described within the strategy document and incorporates the view of risk and its potential impact upon patients, visitors, staff, the organisation and the external view of the organisation. The priorities and objectives of the Risk Management strategy best describe how the Trust involves public stakeholders, including:

- the use of effective risk management in setting and achieving the Trust's objectives and as an integral part of its business and corporate planning activities; and
- the use of risk management to learn from our work in a fair way and for us to develop in every area to ensure the best patient care possible, provided in a safe and financially viable environment.

The Trust has established a complaints management policy which is an important element of the risk management process. The Trust now has a public and patient membership of 11,400. The Governance Committee includes a representative from Islington PCT and two public governors from the Membership Council.

5. Review of effectiveness and significant control issues

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review is informed in a number of ways. The head of internal audit provides me with an opinion on the overall arrangements for gaining assurance through the Assurance Framework and on the controls reviewed as part of the internal audit work. Executive managers within the organisation who have responsibility for the development and maintenance of the system of internal control provide me with assurance. The Assurance Framework itself provides me with evidence that the effectiveness of controls that manage the risks to the organisation achieving its principal objectives have been reviewed.

The range of external reviews that have been undertaken during the year also informs my review. In 2004/05 this has included the Strategic Risk review undertaken by Zurich Municipal, and the reviews undertaken by the Healthcare Commission on behalf of the Department of Health.

My review of the effectiveness of our systems is also informed by:

- opinions and reports made by the external and internal auditors;
- compliance with CNST level 2;
- annual reports for clinical governance and research governance; and
- minutes of the Governance and Audit Committees.

I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Trust's internal mechanisms. The controls assurance system was

phased out during the year and has been replaced by Standards for Better Health. The Trust is currently reviewing its compliance with the core standards within each of the seven domains and the gap analysis will form an action plan leading to the draft Board statement in September 2005. The Governance Committee is co-ordinating this process on behalf of the Board.

Risk management starts at Trust Board level. The Board approves all strategy and policy updates and receives regular reports from the Chairmen of the Audit and Governance Committees who are Non-Executive directors of the Board. Each of the risk management work streams produces an annual report for the Trust Board. Serious incidents are reported to the Board with further reporting following action and outcomes.

There are no significant strategic control issues as identified by the SIC guidance 2003 reported for the year 2004/05.

Ian Balmer

Chief Executive and Accounting Officer
28th June 2005

Independent auditors' report to the Membership Council and Board of Directors of the Moorfields Eye Hospital NHS Foundation Trust

We have examined the summary financial statements which comprise the Income and Expenditure Account, Balance Sheet, Cash Flow Statement, Statement of Total Recognised Gains and Losses and the related notes 1 to 11. These financial statements have been prepared in accordance with the accounting policies set out therein.

This report is made solely to the Membership Council and Board of Directors ("the Boards") of The Moorfields Eye Hospital NHS Foundation Trust, as a body, in accordance with paragraph 4 of Schedule 5 of the Health and Social Care (Community Health and Standards) Act 2003. Our audit work has been undertaken so that we might state to the Boards those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not, in giving our opinion, accept or assume responsibility to anyone other than the Trust and the Boards, as a body, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

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

Basis of opinion

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

Opinion

In our opinion the summary financial statements are consistent with the statutory financial statements of the Trust for the year ended 31 March 2005 on which we have issued an unqualified opinion.

Deloitte & Touche LLP

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors
St Albans
7th July 2005

Summary financial statements

Summarised Extracts from Audited Accounts for the Year to 31 March 2005

These summary financial statements are merely a summary of the information in the full accounts, which are available from the Director of Finance at Moorfields Eye Hospital, City Road, London EC1V 2PD.

Income and expenditure

	2004/05 £000	Pro forma 2003/04 £000
Income		
Patient activity	57,349	49,647
Other sources	15,133	14,862
	72,482	64,509
Less		
Cost of running the Trust	(69,554)	(63,295)
Operating surplus before interest transactions	2,928	1,214
Profit on disposal of fixed assets	-	3
Surplus before interest	2,928	1,217
Interest receivable	141	67
Interest payable	(31)	-
Other financing costs - unwinding of discount	(6)	(6)
Surplus for the financial year	3,032	1,278
Public Dividend Capital dividends payable	(1,328)	(1,278)
Retained surplus for the year	1,704	-
Financial target performance	3.6%	3.9%

Prior comparatives have been included for information purposes only and relate to the predecessor NHS Trust for the financial year ended 31st March 2004.

Balance sheet as at:

	31/3/05	Pro forma 31/3/04
	£000	£000
Fixed assets		
Intangible assets	149	161
Tangible assets	51,569	42,219
	51,718	42,380
Current assets		
Stocks	1,580	1,118
Debtors	7,377	4,894
Investments	4,300	-
Cash	940	191
	14,197	6,203
Creditors		
Amounts falling due within one year	(10,682)	(7,183)
Net current liabilities	3,515	(980)
Total assets less current liabilities	55,233	41,400
Creditors:		
Amounts falling due after one year	(5,280)	-
Provisions for liabilities and charges	(288)	(432)
Total assets employed	49,665	40,968
Financed by:		
Capital and reserves		
Public dividend capital	27,811	27,811
Revaluation reserve	10,612	6,253
Donation reserve	6,953	4,414
Government grant reserve	147	187
Income and expenditure reserve	4,142	2,303
Total capital and reserves	49,665	40,968

Signed on behalf of the board on 28th June 2005



Ian Balmer
Chief Executive



Ian Knott
Director of Finance

Cash flow statement

	2004/05		Pro forma 2003/04
	£000	£000	£000
Operating activities			
Net cash inflow from operating activities		5,340	5,062
Returns on investments and servicing of finance			
Interest received		136	67
Capital expenditure			
Payments to acquire tangible fixed assets	(6,844)		(2,024)
Receipts from sale of tangible fixed assets	-		3
Payments to acquire intangible fixed assets	(66)		(40)
Net cash (outflow) from capital expenditure		(6,910)	(2,061)
Dividends paid		(1,328)	(1,278)
Management of liquid resources			
Purchase of current asset investments	(61,250)		-
Sale of current asset investments	56,950		-
		(4,300)	-
Net cash (outflow)/inflow before financing		(7,062)	1,790
Financing			
Public dividend capital repaid (not previously accrued)	-		(742)
Public dividend capital repaid (accrued in prior period)	-		(1,025)
Loans received from Foundation Trust Financing Facility	5,600		-
Other capital receipts	2,211		-
Net cash (outflow)/inflow from financing		7,811	(1,767)
Increase in cash		749	23

Statement of Recognised Gains and Losses

	2004/05 £000	Pro forma 2003/04 £000
Surplus for the financial year before dividend payments	3,032	1,278
Unrealised surplus on fixed asset revaluations/indexation	4,621	2,925
Increases in the donated asset and government grant reserve due to receipt of donated and government grant financed assets	2,890	1,054
Reductions in the donated asset and government grant reserve due to the depreciation, impairment and disposal of donated and government grant financed assets	(518)	(471)
Total gains and losses recognised in the financial year	10,025	4,786



Notes to the Accounts

1. Accounting policies

Monitor has directed that the financial statements of NHS Foundation Trusts shall meet the accounting requirements of the NHS Foundation Trusts Manual for Accounts which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the 2004/05 NHS Foundation Trusts Manual for Accounts issued by Monitor. The accounting policies contained in that manual follow UK generally accepted accounting practice for companies (UK GAAP) and HM Treasury's Resource Accounting Manual to the extent that they are meaningful and appropriate to the NHS, as determined by HM Treasury, which is advised by the Financial Reporting Advisory Board. The accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.

2. Pension costs

The Trust participates in the NHS pension scheme. This is a statutory, defined benefit scheme, the provisions of which are contained in the NHS Pension Scheme Regulations (SI 1995 No 300). The scheme covers NHS employers, General Practices, and other bodies allowed under the direction of the Secretary of State in England and Wales. As a consequence it is not possible for the Trust to identify its share of the underlying scheme assets and liabilities. Therefore the scheme is accounted for as a defined contribution scheme and the cost of the scheme is equal to the contributions payable to the scheme for the accounting period. Employer contribution rates were increased from 7% to 14% on the 1st April 2004. The total employer's contribution payable in 2004/05 was

£3,928,422 (2003/04 £1,745,349). Additional pension costs arising from early retirements are not funded by the scheme and from 7th March 1995 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.

3. Tangible fixed assets

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. They are restated to current value each year. 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.

All land and buildings are restated to current values using professional valuations in accordance with FRS15 every five years and in intervening years by the use of indices. A three yearly interim valuation is also carried out.

Professional valuations are carried out by the District Valuers of the Inland Revenue. The valuations are carried out in accordance with the Royal Institute of Chartered Surveyors (RICS) Appraisal and Valuation Manual insofar as these terms are consistent with the agreed requirements of the Department of Health and HM Treasury. The last asset valuations were undertaken in 2004 as at the prospective valuation date of 1st April 2005.

The revaluation undertaken at that date has been accounted for on 31st March 2005.

4. Salary and pension entitlements of senior managers (in bands of £5,000)

Name and title	Salary remuneration £000	Other remuneration £000	Real increase in pension £000	Total accrued pension at age 60 at 31.3.05 £000
2004/05				
Bill Aylward - Medical Director	110-115	35-40	5-7.5	35-40
Ian Balmer - Chief Executive	100-105	-	0-2.5	30-35
Ian Knott - Finance Director	85-90	-	0-2.5	10-15
Prof Roger Hitchings - Research Director	65-70	-	-	-
Sarah Fisher - Nursing Director	55-60	-	0-2.5	10-15
Sir Thomas Boyd-Carpenter - Chairman	20-25	-	-	-
Prof Adam Sillito - Non-Executive Director	5-10	-	-	-
Clive Nickolds - Non-Executive Director	5-10	-	-	-
Maggie van Reenen - Non-Executive Director	5-10	-	-	-
Elkan Levy - Non-Executive Director	5-10	-	-	-
Jude Goffe - Non-Executive Director	0-5	-	-	-
Ian Hollows - Non-Executive Director	0-5	-	-	-
2003/04				
Bill Aylward - Medical Director	80-85	30-35	5-7.5	20-25
Ian Balmer - Chief Executive	95-100	-	0-2.5	25-30
Ian Knott - Finance Director	75-80	-	0-2.5	5-10
Prof Roger Hitchings - Research Director	60-65	-	-	-
Sarah Fisher - Nursing Director	50-55	-	0-2.5	10-15
Sir Thomas Boyd-Carpenter - Chairman	15-20	-	-	-
Prof Adam Sillito - Non-Executive Director	5-10	-	-	-
Clive Nickolds - Non-Executive Director	5-10	-	-	-
Maggie van Reenen - Non-Executive Director	5-10	-	-	-
Elkan Levy - Non-Executive Director	5-10	-	-	-
Jude Goffe - Non-Executive Director	5-10	-	-	-

Non-Executive directors do not receive pensionable remuneration

5. Public Sector Payment Policy - Better Payment Practice Code - measure of compliance

The Better Payment Practice Code advises the Trust to pay all valid invoices by the due date or within 30 days of receipt of goods or a valid invoice, whichever is later.

	2004/05		2003/04	
	Number	£000	Number	£000
Total bills paid	27,579	28,484	29,125	27,579
Total bills paid within target	26,499	27,561	27,829	26,345
Percentage of bills paid within target	96.1%	96.8%	95.6%	95.5%

6. Capital commitments

Commitments under capital expenditure contracts at the balance sheet date were £2,066,000 (2003/04 £827,000).

7. Performance against Prudential Borrowing Limit Financial Ratios

Maximum debt/capital ratio	8.5%
Minimum dividend cover	4.6
Minimum interest cover	24
Minimum debt service cover	11
Maximum debt/capital ratio	1.0%

8. Private Patient Cap

NHS Foundation Trusts under section 15 of the 2003 Health and Social Care (Community Health and Standards) Act are required to ensure that the proportion of private patient income to total patient related income does not exceed the proportion in the base 2002/03 base year.

	2004/05 £000	2002/03 £000
Private patient income	6,566	6,376
Total patient related income	57,349	45,130
	11.45%	14.13%

9. Loans

The Trust has taken out a loan of £5,600,000 in the year which is being repaid in two tranches. The tranche A loan is for £1.6 million, and capital of £0.16 million is being repaid in instalments each year. The loan will be redeemed in 2015.

The tranche B loan is for £4 million, and capital of £0.16 million is being repaid in instalments each year. The loan will be redeemed in 2030.

10. Related party transactions

Moorfields Eye Hospital NHS Foundation Trust is a public benefit corporation established under the Health and Social Care (Community Health and Standards) Act 2003.

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

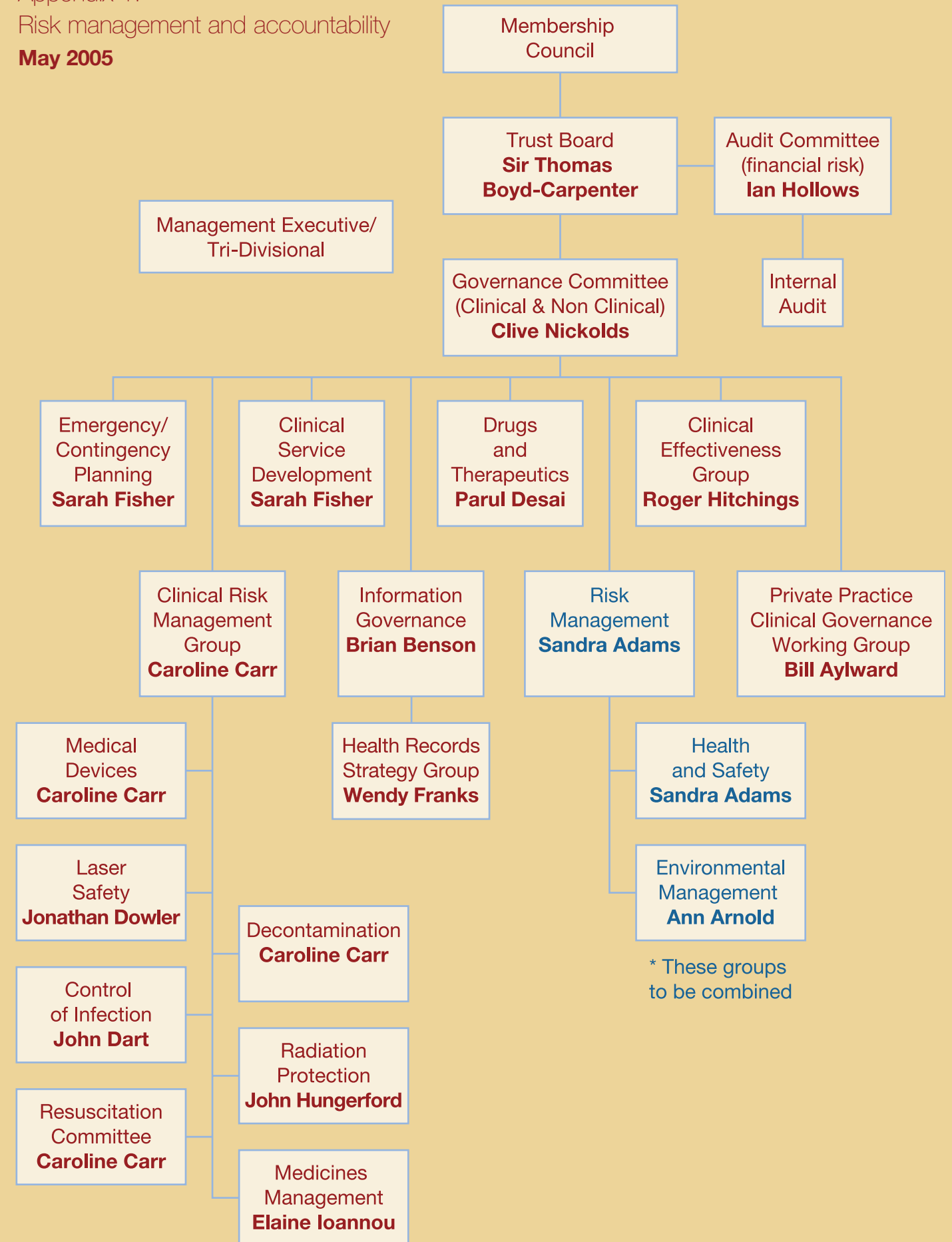
The Department of Health is regarded as a related party. During the year Moorfields Eye Hospital NHS Foundation Trust had a significant number of material transactions with the Department, and with other entities for which the Department is regarded as the parent Department.

11. Reserves

The reserves shown in the balance sheet can be described as follows:

- (a) Revaluation Reserve
The balance on this reserve represents the cumulative total of indexation and revaluation adjustments for the Trust's non-donated assets.
- (b) Donation Reserve
The balance on this reserve represents the net book value of donated fixed assets held by the Trust.
- (c) Income and Expenditure Reserve
The balance on this reserve represents the total cumulative surplus carried forward at the end of the year.
- (d) Government Grant Reserve
This equals the net book value of assets financed by government grant.

Appendix 1:
Risk management and accountability
May 2005



Moorfields at:

Ealing Hospital

Uxbridge Road, Southall
Middlesex UB1 3HW
020 8967 5766

Homerton Hospital

Homerton Row, Hackney
London E9 6SR
020 8510 5555 ext. 7167

Mayday University Hospital

33 Mayday Road, Thornton Heath
Surrey CR7 7YE
020 8401 3486

Mile End Hospital

Bancroft Road
London E1 4DG
020 7377 7820

Northwick Park & St Mark's Hospital

Watford Road, Harrow
Middlesex HA1 3UJ
020 8869 3160

Potters Bar Community Hospital

Barnet Road, Potters Bar
Herts EN6 2RY
01707 646422

St Ann's Hospital

St Ann's Road, Tottenham
London N15 3TH
020 7566 2841

St George's Hospital

Blackshaw Road, Tooting
London SW17 0QT
020 8725 5877

Upney Lane Health Centre

Upney Lane, Barking
Essex IG1 9LX
020 8594 7131

Watford General Hospital

Vicarage Road, Watford
Herts WD1 8HB
01923 244 366 ext. 3343 / 020 7566 2970



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