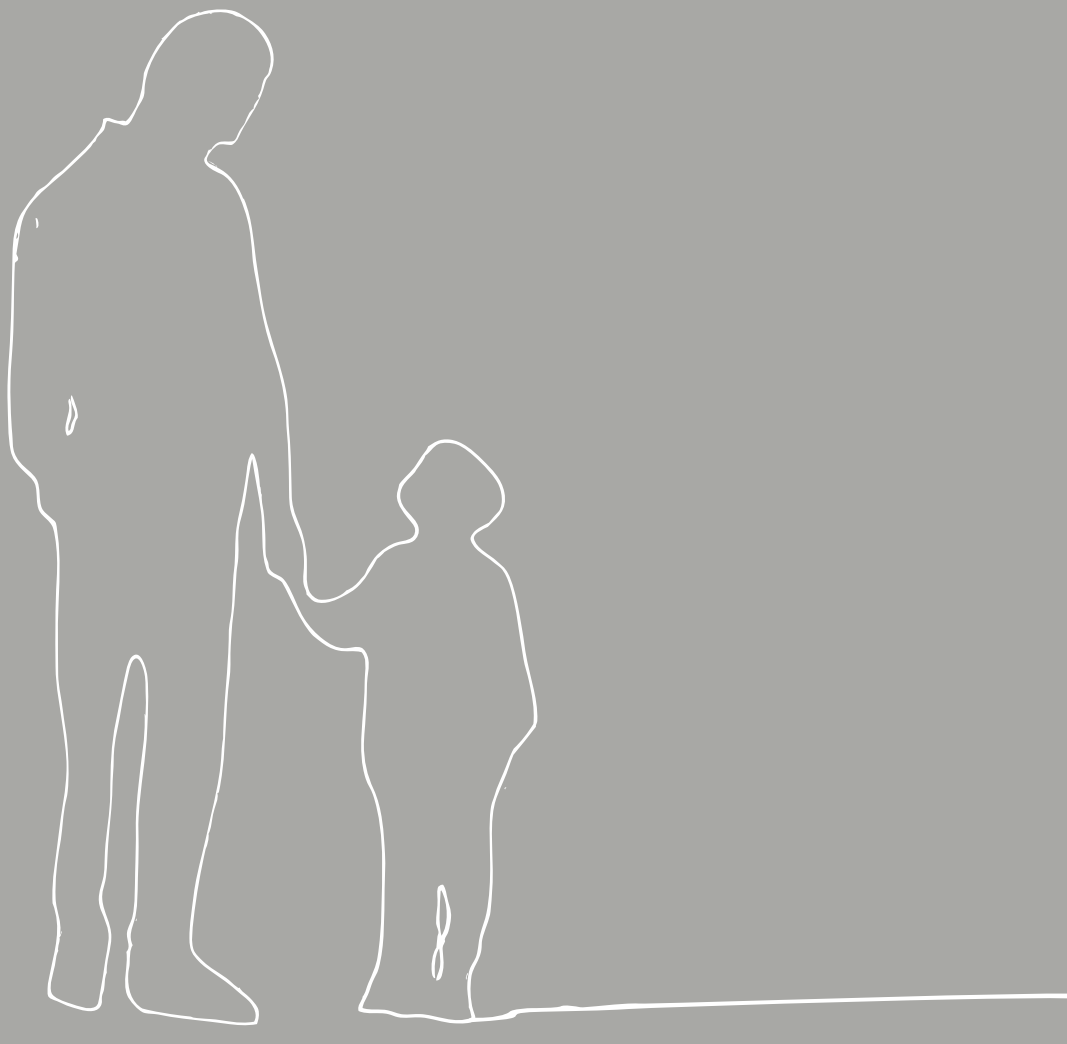
Alder Hey Children's NHS
NHS Foundation Trust

Annual Report & Accounts

For the period ended 31st March 2009



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For the period ended 31st March 2009

Presented to Parliament pursuant to Schedule 7, paragraph 25(4) of the National Health Act 2006.

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Section 1: Chair and Chief Executive Statements

2008/09 has been a successful year for Alder Hey in its first period as a Foundation Trust. In all areas of our work we have seen progress and improvement. Our determined, ongoing commitment to delivering the highest quality for patients across all our services has been demonstrated in the successful delivery of all of the national patient access targets and quality standards required of us by the Health Care Commission and its successor, the Care Quality Commission. This is a notable achievement in the face of having to cope with a much higher increase in demand for our services, a product partly of patient choice, than originally planned for with our Commissioners.

While this placed strains upon our capacity at times throughout the year, we have successfully managed this pressure and ultimately slightly over-achieved our financial targets for the year.

As well as reflecting on the successes of 2008/09 we have, as we prepared ourselves for the challenges of 2009/10, taken the opportunity to review the current and emerging key drivers and influences facing the Trust. In addition to the Operating Framework and Darzi review, these include a continued high profile around the safety of paediatric services from regulators and Strategic Health Authorities. We are delighted that the NHS North West's commitment to delivering specialised paediatric services remains strong and specialised and local commissioners have strongly supported the Trust with significant investment in service developments, clinical capacity and improving the patient's experience.

The challenges and opportunities for Alder Hey as we see them are to continue, forensically, to improve the quality of services and personalise them to meet patient and family needs, whilst at the same time driving down costs and increasing productivity.

Our key strategies for 2009/10 are all focused on delivering this agenda and we are fully engaged in this work at all levels, including with our Council of Governors which continues to drive forward the membership and public engagement elements of our strategy.

In 2008/09 we have seen competition and contestability emerge and grow and have no reason to believe that 2009/10 will be any different. PCTs are increasing the number of services put out to competitive tender and are firmly committed to the out-of-hospital agenda. In response, we have already developed successful partnership arrangements with Knowsley PCT to deliver Paediatric services 'closer to home' and intend to pursue growth in this area going forward in Liverpool and Sefton.

We are confident that our current level of performance and success can be sustained, due in no small part to the drive, enthusiasm and commitment of our excellent staff. Most of all, we are delighted that the financial freedoms open to Foundation Trusts will enable us to invest our surpluses in service improvements for the benefit of children and young people of the North West and beyond in the future.

Angela Jones OBE DL
Chair

Louise Shepherd
Chief Executive

Section 2: Directors' Report

2.1 Background Information

The Trust successfully achieved authorisation as a Foundation Trust from Monitor with effect from 1st August 2008.

Being a Foundation Trust allows much stronger links with children, families, carers and the communities that we serve so that they are at the heart of everything that we do. Our staff has a greater involvement in shaping our future and we are able to make crucial decisions about new services and facilities more independently. Importantly, we have much greater say over how we manage our finances and where we reinvest any surpluses.

We remain part of the NHS, employ NHS staff and treat patients with the same high quality standards. We continue to have independent inspections from the Healthcare Commission just like other NHS organisations.

The Trust has a widely represented membership of over 13,000 from which our Council of Governors has been elected. We have recruited members from the areas we serve from Cumbria to Shropshire, ranging from children as young as seven to adults. Listening to and involving children, young people and their families is critical to the way we design and provide our services for the future.

Work continues on the planning for our children's hospital in the park which we hope to complete under a private finance initiative by October 2014.

We have re-established the Project Team in order to revise the scheme to take into account recommendations arising from the Department of Health Design Review Panel and Rapid Improvement work which is ongoing within the Trust. Development of the Outline Business Case (OBC) and Public Sector Comparator (PSC) has commenced.

Who we are

Alder Hey delivers more than 200,000 episodes of care to children and young people every year and serves a population of over seven million from the North-West of England, North Wales, Shropshire and the Isle of Man.

We offer a comprehensive range of specialist and general health services at our main site, Alder Hey Hospital in West Derby, Liverpool, which was founded in 1914 and is one of the largest and busiest children's hospitals in Europe. Our specialist services include a dedicated intensive care unit, burns unit, a bone marrow transplant centre and we are a centre of excellence for children with cancer, heart, spinal, and brain disease. In the North West region we also provide specialist mental health services and are a national centre for head and face surgery.

Our general services include an accident and emergency department, which treats 65,000 children every year. We have 10 state-of-the-art operating theatres, 309 in-patient and day case beds, and a wide-reaching child and adolescent mental health service.

We offer community and mental health services at over 50 sites across Merseyside and are working closely with primary care trusts and local authorities to set up children's centres close to people's homes. This is in addition to more than 800 specialist clinical sessions a year delivered across the North West, North Wales, Shropshire and the Isle of Man. In fact, 40 per cent of our work is carried out in a community setting.

We have a world-class reputation for saving the lives of sick children and a proud history of medical achievement and clinical innovation. As a teaching hospital we are involved in training more than 600 medical students every year.

2.2 Operating and Financial Review

In this section, the Trust reflects on its performance against its corporate objectives over the last year. In 2008/09 The Trust Board agreed six priority strategic aims that provide the operational focus for the Trust.

The Trust delivered continued strong performance during 2008/9. A summary of Key achievements for 2008/09 is included in the bullet points below:

Strategic Aim 1
Delivering clinical excellence in all of our services:

- Only 3 patients acquired MRSA with 5 bacterium episodes in total in 2008/09 and 2 acquired c-diff, against a national target of "less than 12". This places the Trust in the top 3% nationally
- Our performance on MRSA since achieving Foundation Trust status in August 2008 is detailed in section 2.6
- Achieved World Health Organisation accreditation for our Public Health Strategy
- Maintained best in class standardised mortality rates when compared to peers with similar case mix
- Established Europe's first Inter-operative MRI scanner
- Achieved EXCELLENT for quality in the Healthcare Commission ratings 2007/08

Strategic Aim 2
Ensuring all of our patients and their families have a positive experience whilst in our care:

- A decrease in average length of stay from 3.3 average days to 2.7 days in February 09 represents an 18% reduction in length of stay since December 05. This is a further 3% reduction since October 2008
- Continued achievement of the 18 week target, accommodating 11% increase in referrals
- 72.2% of cases were day cases in February 09, an increase of 18.4% from April 06

Strategic Aim 3
Be the provider of 1st Choice for children, young people and their families:

- On target with all indicators in the Care Quality Commission Annual health check
- Successful implementation and ongoing maintenance of "*choose and book"
- 11% increase in referrals
- 4.9% increase in inpatient elective activity, compared to 07/08
- 3.6% increase in emergency inpatient activity, compared to 07/08
- 9% increase in new outpatient activity, compared to 07/08

* choose and book is a National Programme of direct electronic booking available in GP's offices that enable patients to book directly into secondary care services of their own choice. The patient can choose from a minimum of five providers for each service

Strategic Aim 4
Be a world class centre for children's Research and Development:

- Received over £2.45 million and significantly overachieved research income target

Strategic Aim 5
Further improve our financial strength in order to continuously invest in services and provide funding for a new hospital

- On target to achieve "Excellent" for use of resources in the Healthcare Commission annual health check.
- Achieved an increase of 8.3% in income, compared to 2007/08
- Achieved the mandatory 3% efficiency target

Strategic Aim 6
Ensure our staff have the right skills, competence, motivation and leadership to deliver our Vision

- Successful progress with major Trust wide transformational program – Rapid Improvement Support Team
- Improved response rate and feedback from the annual staff survey as reported by the Health Care Commission
- Successful implementation of "The Alder Hey Achievers' Awards" formally to recognise "workforce excellence"
- 30 % improvement in Personal Development Review compliance rates
- Achieved 100% European Working Time Directive compliance for junior doctor's rotas and received NHS North West award
- Achievement of national Healthcare People Management Award for excellence in leadership of service transformation

2.3 Financial Review

The Board of Directors is pleased to report good performance against all key measures in the first eight months of its establishment as an NHS Foundation Trust. Details of the performance achieved are set out in the table below and full financial statements are contained in pages 42 to 71 of this report.

*EBITDA	£7.9million
EBITDA margin	6.7%
EBITDA achievement of plan	113%
I&E surplus	£2.9million
I&E margin	2.0%
Return on assets	7.2%
Liquidity	39 days
Monitor risk rating	4

* Earnings Before Interest, Tax, Depreciation and Amortization

The Trust commenced operation as an NHS Foundation Trust on 1st August, 2008 so there are no meaningful comparators against which performance for the first eight months may be reviewed. However, the Trust has an agreed plan with its regulator, Monitor, and performance has exceeded the targets agreed in that plan.

The successful financial performance in 2008/09 has been generated principally by growth in demand for services. The Trust continues to benefit from growth in referrals, particularly from the "Choose and Book" system which enables patients to exercise their choice of provider at the point of GP referral. Alder Hey's strong brand and excellent reputation for clinical services has resulted in referral growth of 10.5% in 2008/09, particularly in the areas of Orthopaedics and Ear, Nose and Throat. This exceeded by a significant margin the 4% growth which was planned for 2008/09. This additional growth resulted in the need to provide additional capacity quickly, much of this from existing staff working extra hours at enhanced pay rates. Significant investments in new clinical posts have been agreed for 2009/10 in order to avoid this situation recurring and so improve the financial surplus in future years.

"Alder Hey At ...."

In addition to developing capacity on the Alder Hey site in order to meet this increased demand, Alder Hey has developed and is implementing its "Alder Hey At ...." Strategy.

This strategy will deliver additional capacity at locations closer to patients' homes. During 2009/10 the strategy will deliver additional income in excess of £800k.

A New Hospital

The financial strategy set by the Board is to provide increasing surplus year on year in order to fund the procurement of a new hospital for completion in 2014. The new hospital is needed to replace the 100 year old building stock currently in use and to provide improved accommodation with expanded facilities which will meet modern NHS standards. The Trust has been actively working on a business case for the new hospital in 2008/09 and will seek approval from the Board of Directors and from Monitor during 2009/10. Although there is a risk inherent in developing a case for a substantial capital investment in the current economic climate, there is not an option to stand still as this presents further risks of old building stock and constrained capacity.

Tariff

A key risk to the Trust's plans for the future is the tariff for Paediatric services which continues to be developed to reflect the particular issues specific to a specialist children's service provider. The Trust, together with other specialist Paediatric services in the Children's Alliance, has sought to minimise this risk by active engagement with the Department of Health Payment by Results team. This work will continue during 2009/10 in preparation for the 2010/11 tariff.

Efficiency Savings

The economic climate and associated pressure on public sector finances will place increasing emphasis on the delivery of robust savings plans year on year. The Trust is in its third year of engagement in an organisation-wide rapid improvement programme which has helped streamline services to patients with more efficient use of resources. During 2009/10, the development of service line reporting within the organisation will help clinical services to understand their cost structures and income streams to help inform their future plans for improvement.

Prudential Borrowing Limit

The Trust had a prudential borrowing limit of £44.6million in 2008/09 of which £32.6million related to long term borrowing and £12 million to a working capital facility. The Trust has not borrowed against the limit during the year.

Capital Investment

The key investment priority of the Trust is the replacement of the existing hospital. However, while this is still in the planning stages the Board is keen to ensure that our buildings provide a clean, safe and welcoming environment for children, young people and their families, our clinical staff continue to have access to the most up to date equipment and our information management and technology infrastructure continues to be developed.

In the 8 months to 31st March 2009 we invested £5.9 million in capital developments of which £0.7 million was funded by an allocation of public dividend capital from the Department of Health and £0.5 million was funded by charitable contributions.

Key areas of investment are set out in the table below:

Buildings: Infrastructure	£0.8 million
Upgrades and Refurbishment	£1.9 million
Information Technology Infrastructure	£0.8 million
Information Technology Equipment	£0.3 million
Medical Equipment	£2.1 million

Going Concern

The following financial accounts statements have been prepared on a going concern basis. After making enquiries the directors have a reasonable expectation that the NHS Foundation Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the accounts.

Better Payments Practice Code – Measure of Compliance

In line with other public sector bodies, NHS organisations are required to pay invoices within 30 days or within the agreed payment terms, whichever is the sooner. This is known as the Better Payment Practice Code. NHS trusts are required to ensure that at least 95% of invoices are dealt with in line with this code.

The Trust was below the target and achieved 91.79% for Non NHS invoices and 79.86% for NHS invoices.

Accounting Policies

There have been no significant changes in the Trust's accounting policies since authorisation as a Foundation Trust.

The Trust has complied with the cost allocation and charging requirements set out in HM Treasury and Office of Public Sector Information guidance and followed the NHS costing manual. The Finance department works with all financially significant departments within the Trust to use the activity information available within the Trust and an established NHS costing package to appropriately allocate expenditure to services and patients. This is being overseen by a group comprising senior clinicians and managers from throughout the Trust, reporting to a sub-committee of the Board.

Workforce Information

In 2008 the Trust identified its future workforce requirements in its Integrated Business Plan ("IBP") for Foundation Trust status.

These projections were based on high level workforce modelling using the long term financial modelling tool. The modelling took into account projected growth in services over a 5 year period and the fact that the Trust is required to achieve nationally set cost improvement targets. For the purposes of the IBP these were assumed to be as follows:-

- Annual growth in activity of 4%
- An annual cost improvement plan of 3%.

The Trust saw an increase in activity that was above plan plus an increase in referrals during 2008/09. Additional posts were approved to support the delivery of these increases.

Additionally, the Trust recruited to new junior doctor posts to ensure the achievement of European Working Time compliance. As a result, the 5 year workforce projections will be revised during 2009/10.

The revised projections for 2009/10 are displayed on facing page.

2.4 Projected Workforce Requirements 2009/10

Staff Group	2008/09 Baseline	2008/09 End of year	2009/10 Projected
Consultant	138.87	140.97	151.90
Junior Doctors	185.04	192.94	192.64
Dental	4.18	4.18	4.18
Nursing	1,137.70	1,142.53	1,119.75
Scientific, Therapeutic & Technical (Stt)	385.09	386.76	410.03
Non Clinical	689.23	698.55	698.65
Grand Total	**2,540.11**	**2,565.92**	**2,577.14**

Total workforce numbers are projected to increase during 2009/10 with the main increase being in the number of consultants employed. Additional posts will support planned service developments and increases in activity.

The number of ST&T staff will also increase to support the delivery of community physiotherapy services, near patient pharmacy and additional theatre capacity.

The biggest decrease in the workforce numbers will be in nursing and this will be achieved through skill mix reviews and improved productivity.

Actual workforce as at March 2009 vs projections

The actual number of wte staff in post as at end of March 2009 compared to the projected level is:

	2008/09 Baseline	2008/09 Projection	Actual SIP 31/03/09*	Variance
Trust Totals	2,540.11	2,565.92	2503.37	-2.4%

* This figure does not include any temporary staffing such as bank, agency & locums (Source – ESR).

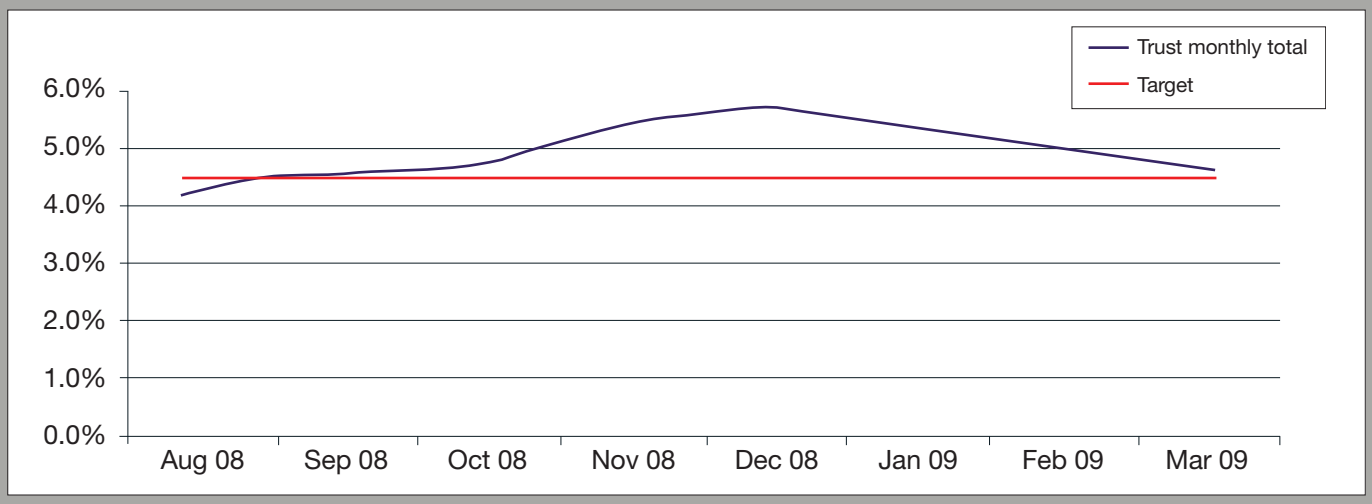
The trust workforce numbers are below the planned target by 2.4% which equates to 62 wte. This reflects current vacancy levels across the Trust including new posts not yet recruited to.

Sickness Absence Data

Sickness levels at the Trust have been slightly above target and are shown in the table below:

Definition: Number of Staff reporting absence through Illness
Target: The trust has set a cumulative target of 4.4%
Commentary: The Trust absence rate has reduced compared to February, but still remains above target. A Trust action plan has been developed and is being implemented.

	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09
Medical Division	5.0%	4.3%	4.4%	5.2%	5.5%	6.1%	4.6%	3.5%
Surgical Division	4.5%	5.3%	5.5%	6.9%	7.1%	6.3%	6.3%	5.6%
Clinical Support Division	5.3%	5.2%	5.2%	5.4%	5.9%	5.8%	4.9%	4.7%
Corporate Services	2.1%	4.2%	4.0%	5.1%	3.3%	2.5%	3.2%	3.2%
Trust Monthly Total	4.3%	4.5%	4.6%	5.3%	5.5%	5.4%	5.0%	4.6%
Cumulative Position			4.7%	4.8%	4.9%	5.1%	5.1%	5.0%
Target	**4.4%**	**4.4%**	**4.4%**	**4.4%**	**4.4%**	**4.4%**	**4.4%**	**4.4%**



2.5 Summary Developments in 2008/09

During the first eight months following authorisation the Trust:

- Appointed Sue Lorimer as the substantive Finance Director
- Continued to increase its critical care capacity
- Named as being one of the Top 50 Employers by the Nursing Times
- Won awards in the following areas
  - North West Leadership Academy – Placing Ladders Award for Outstanding Achievement by our Chair awarded Chair of Chairs
  - Trust Tech North West NHS Innovation Awards - Best Contribution to World Class Health Services for Public Health work
  - NHS North West Stand up to the MIC awards – Star Individual
  - NHS North West Arts and Culture Award for the Alder Hey Arts programme
  - Queens Award for Voluntary Services for the Child Death Helpline
- Continued extensive work to address backlog maintenance, upgraded fire requirements and various refurbishments
- Procured Europe's first Intra Operative MRI Scanner

2.6 Required Healthcare Commission Targets for Alder Hey

Existing Commitment Indicators

1st August 2008 to 31st March 2009				
Performance Indicator	**Existing National Commitment**	**Threshold 2008/9 where available**	**Performance**	
Total time in A&E < 4 hrs	Maintain the 4 hr maximum wait in A&E from arrival to admission, transfer or discharge	Achieved >=98% Underachieved 97-98% Failed <97%	AHC 98.7%	G
Cancelled operations 28 day admission from a cancelled operation	From April 2002 all patients who have operations cancelled for non-clinical reasons to be offered another binding date within 28 days or fund the patients treatment at the time and hospital of the patient's choice.	Achieved <=0.8% Underachieved 1.5-0.8% Failed >1.5% <5% breach of 28 day rule	0.7 % 100% admitted within 28 days	G G
Inpatient WL	Maintain a maximum wait of 26 weeks for inpatients	Achieved <=0.03% Underachieved 0.15-0.03% Failed >0.15%	0 breaches of the 26 week target	G
Outpatient WL	Maintain a maximum wait of 13 weeks for outpatients	Achieved <=0.03% Underachieved 0.15-0.03% Failed >0.15%	3 breaches of the 13 week target	G
Ethnic group recording	Record the ethnic group of patients	Achieved >=85% Underachieved 60% - 85% Failed <60%	93.1%	G

New Targets

Performance Indicator	**Threshold 2008/9 where available**	**Performance**	
MRSA	<= trust target	Target = 3 Actual = 4	A
C. Difficile	<= trust target	Target = 3 Actual = 1	G
Ensure nobody waits more than 18 weeks from GP referral to hospital treatment	>=90% >=95%	Admitted – 90.1% Non Admitted – 96.4%	G G
All cancers two week rule	Achieved >=98% Underachieved 95 -98% Failed <95%	100%	G
All cancers 31 day rule	Achieved >=98% Underachieved 95 -98% Failed <95%	100%	G
All cancers 62 day rule	Achieved >=95% Underachieved 90 -95% Failed <90%	100%	G

Key to symbols: Healthcare Commission Targets

G Achieved A Under Achieved R Failed

2.7 Health Care Commission Assessment and Review

The Board of Directors have considered the evidence and the Trust has declared full compliance against all indicators included within the Health Care Commission Standards for Better Health 2008/09. This has been submitted to the Care Quality Commission and published on the Trust website for public viewing.

Joint Ventures and Partnership Arrangements

The Trust currently has no formal joint venture agreements but active partnership working is an important feature of the Trust's way of working and one that has been a key factor in the establishment of clinical networks and in the improvement of children and young people's healthcare in the North West in recent years.

Partnerships in Research and Learning

In addition to its clinical services, the Trust is an internationally renowned centre of research and innovation. With its key academic partners, the Trust has reflected carefully on its research performance following an external review by Professor Al Aynsley-Green the National Children's Commissioner and developed a detailed and forward looking Research Strategy. Early successes include the establishment of the National Children's Medicines Research Co-ordinating Centre and a Local Research Network, bringing in grant income of £22 million, to the University of Liverpool. The University commissions clinical input from the Trust to this network valued at £580K

The Trust is only one of three hospital sites in the United Kingdom with a University Institute of Child Health. With our partners, our vision is to be a "World Class Centre of Excellence for Research into Children's Health of Importance to Children Locally, Nationally and Internationally".

The Trust is a teaching hospital involved in the training of over 500 medical students annually delivering teaching income of £3.0 million. With the University of Liverpool, the Trust has in recent years reviewed and re-designed our education offering for medical students and is now working with the Dean's department to do likewise for postgraduate training.

Partnerships with Other Healthcare Providers

The Trust is an active member of the National Children's Health Alliance, a confederation of leading specialist children's healthcare providers working to provide advocacy for children and young people in the development and implementation of government and national health policy. We have been involved in a number of projects;

- Payment by results impact on specialist paediatric providers
- Policy and implementation of paediatric patient choice
- New models of care
- Establishing standards and implementation plans for adolescent transition and transfer to adult services
- Benchmarking outcome and efficiency measures

The Trust is also directly involved in many active clinical networking partnership arrangements with other local and national providers of healthcare. Current partnerships include:

- Managed Clinical Networks with Royal Manchester Children's Hospital (RMCH) for cardiology, cleft lip and palate and rheumatology services.
- Outreach tertiary services across its networks with over 660 clinical sessions annually across the North West of England, North Wales, Shropshire and the Isle of Man.
- General surgery and urology networks with North Wales healthcare providers, Staffordshire and Preston NHS Trusts.

These networks are valuable in building our relationships and brand outside of the local community and currently deliver £2.6 million per annum and are expected to be a growing source of income as the Trust further develops its Tertiary offering and as the "Alder Hey At …." strategy develops and grows.

Partnership with Voluntary Organisations and the Private Sector

Alder Hey has strong relationships with many voluntary organisations. It also recognises the accountability and stakeholder importance of children and parents and carers. There is an active Children's Council which includes some of the Trust's younger Governors and a Patient Experience Partnership group that works with parents and carers. Alder Hey is also actively engaged with many charitable organisations through its fundraising work. Fundraising has played a major role in the development of the Trust.

2.8 Membership Report

There are three constituencies of membership, Public, Patient and Staff. There also different classes within the constituencies – each of which has at least one Governor representing them and is shown in the membership matrix below.

Constituency	2008/09 (current)[1]	2009/10 (estimated)[2]
Public		
Area 1 – Merseyside: Liverpool, Wirral, Sefton, Knowsley, St. Helens	1,537	1,537
Area 2 – Cheshire: Warrington, Halton, Ellesmere Port and Neston, Chester, Vale Royal, Macclesfield, Congleton, Crewe and Nantwich	329	329
Area 3 - Cumbria and Lancashire: Carlisle, Allerdale, Eden, Copeland, South Lakeland, Lancaster, Ribble Valley , Wyre, Fleetwood, Blackpool, Fylde, Preston, South Ribble, West Lancashire, Chorley, Pendle, Burnley, Hyndburn, Blackburn, Rossendale	254	254
Area 4 - Greater Manchester: Wigan, Bolton, Bury, Rochdale, Oldham, Tameside, Manchester, Salford, Trafford, Stockport	307	307
Area 5 - Rest of England; any other are not specified	167	167
Area 6 - North Wales: Conway, Denbighshire, Flintshire, Gwynedd, Isle of Anglesey, Wrexham	171	171
Subtotal	**2,765**	**2,765**
Patients		
Merseyside Patients	1,840	1,840
Rest of England and North Wales Patients	850	850
Parents and Carers	5,521	5,521
Subtotal	**8,211**	**8,211**
Staff		
Medical Practitioners and Dental Practitioners	246	246
Nursing Staff	851	851
Other Clinical Staff, inc Allied Health Professionals, Psychologists and Pharmacists	469	469
Other Staff and Trust Volunteers	1,484	1,484
Subtotal	3,050	3,050
TOTAL	**14,026**	**14,026**

[1] As at 29 April 2009. [2] The Trust plans to hold membership in 2009/10 at around 14k.

Membership is open to anyone over the age of seven who lives in the electoral wards specified above. The public constituency covers the geographical area from which we draw most of our patients. We are also a super regional centre which means that patients from all over the country (and the world) are referred to Alder Hey for treatment.

Once a patient reaches 21 years of age they must transfer to the public or parent and carer category (whichever is most applicable).

A full communications and engagement programme is underway which so far has included three newsletters (with two different designs and content tailored for our adult and younger members). The newsletters have proved popular and received excellent feedback. They also have included contributions from governors and members. Our members section is ready to launch on our new Alder Hey website, we have also launched public health events in which members can participate and plans are well under way for our Annual Members Meeting and Open Day in September 2009.

3.0 Council of Governors and the Board of Directors

3.1 Working Together with the Board

Every effort is being made to ensure a close working relationship between the Board of Directors and the Council of Governors. During the preparation stage prior to being authorised as a Foundation Trust, several training and induction days have been held attended by both Board and Council of Governor members where sessions have been held explaining the roles and responsibilities of each.

Executive and Non-Executive Directors attend the Council of Governor meetings and the Chief Executive presents a report with updates on performance, strategic and operational issues. The meeting is also used to brief the Governors on developments taking place.

The Board of Directors also takes every opportunity to work with Governors. It has played a vital role in the PEAT (Patient Environment Assessment Team) inspection which assesses hospital cleanliness and standards of patient food. The Governors also selected the winner of the Patient Experience Category in the recent Alder Hey Achievers Awards and attended the awards event along with members of the Board and the recipients of the awards.

Governors have a vital role to play in communicating and engaging with the Trust membership regarding the new hospital consultation due to commence in the summer and plans are underway in organising the Annual Members' Meeting and Open Day to be held on 5th September 2009.

3.2 Council of Governors' Roles and Responsibilities and Working Arrangements

All Governors are contactable in the first instance through the Governance and Membership Office on 0151 252 5092.

The elected Governors are elected as part of an independent process managed by the Electoral Reform Services, in line with the Trust constitution.

A Senior Governor, who acts as vice Chair, was voted for by the Governors in March 2009. Roger Billingham, one of our appointed Governors was the successful candidate.

The Council of Governors meets quarterly in public and fulfils its legal obligations as outlined in the constitution. In addition to the Council meetings, Governors are involved in the Membership Communication and Engagement Committee, the Patient Experience Partnership, Alder Hey Arts and the Nominations Committee.

There are also plans for an Equality and Diversity committee, opportunities for Governors to work with our Fundraising Department, the Imagine Appeal and the Briefing, Review and Assessment Committee (BRAC) which will review the plans and development of the Children's Health Park.

The Council of Governors has approved its standing orders.

3.3 Composition of the Council of Governors

The Council is made up of six staff governors (elected by staff), nine public governors, four patient governors, six parent and carer governors (all of whom are elected by members), with eleven appointed governors from nominated organisations serving a combination of two and three year terms of office. The composition of our Council represents as far as possible every staff group and the communities we serve across England and North Wales.

Council of Governor Matrix

Governor	Constituency	Class	Term of office	No. of council meetings held 2008/2009	Total no. of attendances at council meetings
Roger Billingham	Appointed	Sefton LINks	n/a	3	3
Warren Bradley	Appointed	Liverpool City Council	n/a	3	0
Seth Crofts	Appointed	Edge Hill University	n/a	3	3
Murray Dalziel **	Appointed	University of Liverpool	n/a	3	2
Sandra Campbell	Appointed	North Mersey PCTs	n/a	3	1
Julie Kennedy	Appointed	North Lancashire PCT	n/a	3	2
Janice Monaghan	Appointed	The Back Up Trust	n/a	3	2
Simon Kenton	Appointed	Shropshire County Council & Shropshire County PCT	n/a	1	1
Michael Ainsworth **	Patient	Parent and Carer	01.08.08 - 31.07.10	3	2
Jack Bergin	Patient	Merseyside	01.08.08 - 31.07.11	3	1
Toni Bewley	Patient	Rest of England & North Wales	01.08.08 - 31.07.10	3	2
Christel Butt	Patient	Parent and Carer	01.08.08 - 31.07.11	3	2
George Fitzgibbon	Patient	Parent and Carer	01.08.08 - 31.07.11	N/A	N/A
Georgina Tang	Patient	Parent and Carer	07.10.08 - 31.07.11	2	2
Paul Kenton	Patient	Merseyside	01.08.08 - 31.07.10	3	2
Daniel Roberts	Patient	Merseyside	01.08.08 - 31.07.11	3	1
Adele Williams	Patient	Parent and Carer	01.08.08 - 31.07.10	3	0
Joanna Winterbourne	Patient	Parent and Carer	01.08.08 - 31.07.10	3	1
John Ashton	Public	Cumbria & Lancashire	01.08.08 - 31.07.10	3	1
Larry Clark	Public	Cheshire	01.08.08 - 31.07.10	3	1
Denise Cormack	Public	Merseyside	01.08.08 - 31.07.11	3	3
April Harper	Public	North Wales	01.08.08 - 31.07.11	3	2
Jane Hornsby	Public	Merseyside	01.08.08 - 31.07.10	3	3
Bernard Mckeown	Public	Greater Manchester	01.08.08 - 31.07.11	3	0
Martin Murphy	Public	Merseyside	01.08.08 - 31.07.11	3	2
Edward Turner	Public	Merseyside	01.08.08 - 31.07.10	3	2
Sam Westall	Public	Rest of England	01.08.08 - 31.07.10	3	1
Jon Couriel	Staff	Doctors and Dentists	01.08.08 - 31.07.11	3	3
Norma Gilbert	Staff	Other Staff	01.08.08 - 31.07.10	3	3
Joe Murray **	Staff	Other Staff	01.08.08 - 31.07.11	3	2
Hilary Peel	Staff	Nurses	01.08.08 - 31.07.11	3	2
Mike Travis	Staff	Nurses	01.08.08 - 31.07.10	3	3
Ruth Watling	Staff	Other Clinical Staff	01.08.08 - 31.07.10	3	2

** Members of the Nominations Committee

The Trust would like to express our thanks to Ursula Hulme a former Parent and Carer Governor who resigned shortly after we gained Foundation Trust Status.

There are currently three volunteer group vacancies.

Declaration of Interests

A copy of the Register of Interests of the Council of Governors is available via the Trust website www.alderhey.nhs.uk alternatively you can contact Gill Fury on 0151 252 5092 to request a copy.

3.4 Board of Directors' Roles and Responsibilities and Working Arrangements

The Board of Directors has responsibility for setting the strategic direction of the Trust and for understanding and managing significant risks. The Board also receives assurance that the Trust is fulfilling its responsibilities including compliance with standards and targets and the Terms of Authorisation.

The Board delegates specific functions to its committees identified within their terms of reference. The Trust considers that it operates a balanced and unified Board with particular emphasis on achieving an appropriate balance of skills and experience. This is reviewed as part of the ongoing Board development programme, as well as whenever a vacancy arises. The Nominations Committee agreed that a Non Executive with marketing/business focus would further enhance the skills of the Board.

The position of Non Executive Directors are recruited through national advertisements. Appointments are made on fixed term contracts (normally three/four years), which can be reviewed on expiry. Terms of appointment and remuneration for Non-Executive Directors are set by the Council of Governors.

Details of the remaining terms of office of the Chair and Non-Executive Directors are as follows:

Name	First appointment	To	Extended to
Angela Jones	30.01.01	01.08.09	01.08.12
Lorraine Dodd	22.05.00	01.05.10	
Susan Musson	14.02.07	01.02.11	
Ed Oliver	01.12.06	01.05.10	
Chris Vellenoweth	22.05.00	01.05.10	
Michael Yuille	02.05.08	01.05.12	

Members can contact governors and directors by the following routes:

In writing care of Governance and Membership Office, Alder Hey Children's NHS Foundation Trust, Eaton Road, Liverpool, L12 2AP.

By telephone on 0151 252 5092

By email at membership@alderhey.nhs.uk

3.5 Independent Review

In 2008, in preparation for Foundation Trust status, the Board commissioned Whitehead Mann consultants to provide an independent assessment of the effectiveness of the Board and of how it functions. It also reported on the roles and experience of individual Board members. The output of this review has been used to inform the Board development programme.

The Directors of the Board undergo an annual performance assessment, reviewing performance against agreed objectives, personal skills and competencies and progress with personal development plans.

During 2008 an independent review of the governance framework was also commissioned to review the existing Committee structure, Terms of Reference and membership to ensure that they were consistent with the constitution and to review the use made of the assurance/compliance framework to ensure that key risks are appropriately identified, communicated and managed.

The review identified no significant risks with the existing governance arrangements. It did however identify opportunities to improve the governance arrangements within the Trust and as a consequence the Corporate Assurance Standards Committee was introduced in October 2008 to ensure sufficient priority was given to review all risks at Board level.

The Trust has continuously reviewed its compliance with the code of governance and has identified one area where the Trust has chosen to follow a different approach to that set out by Monitor. This relates to the recommendation that Executive Directors should be subject to review and reappointment at regular intervals of no more than 5 years. The Trust has chosen to maintain its existing management and contractual arrangements ensuring that the Executive Directors will be subject to regular performance review.

3.6 Composition, Background and Interests of the Board of Directors

The composition of the Board of Directors during 2008/9 was as follows: -

Angela Jones OBE DL - Chair

Angela worked in education for 32 years. Her last two posts were Deputy Head of a High School and LEA Adviser. Angela also ran her own training consultancy for 2 years. She also has experience in voluntary work, including Samaritans, as a volunteer, and as Chair of the Merseyside Branch.

Angela was also Director and former Chair of Merseyside Brook Advisory Centre for seven years. She was appointed Non-Executive Director on the Liverpool Family Health Services Authority and Vice Chair Liverpool Health Authority. Angela was appointed as Chair in January 2001 to steer the Trust through the Organ Retention crisis and was previously Chair of The Cardiothoracic Centre NHS Trust.

She was commissioned as Deputy Lieutenant in June 2006 and was awarded an OBE in 2007 for services to health in Liverpool. More recently Angela won the Outstanding Chair award at the NHS North West Leadership Academy Awards 2008.

Trust Committee Membership & Role

Chair of the Appointments & Remuneration Committee
Chair of Corporate Assurance Standards Committee
Attendee of Finance & Contracts Committee
Member of Charitable Funds Committees and
Alder Hey Arts Group
Trustee of Imagine (the Trust's Charity) and Ronald McDonald House (independent charity providing accommodation for parent & carers of critically ill children at Alder Hey)

Louise Shepherd MBA MA CPFA - Chief Executive

Louise joined Alder Hey on 10th March 2008. Prior to that she was at Liverpool Women's NHS Trust, successfully leading it through to NHS Foundation Trust status on 1 April 2005, the first NHS Trust on Merseyside to achieve that accolade. Louise was also Deputy Chief Executive and Finance Director at the Countess of Chester NHS Trust for five and a half years after first joining the Health Service in 1993 as Director of Business Development at Birmingham Heartlands and Solihull NHS Trust.

After leaving Cambridge University in 1985, Louise first trained as an accountant in local government before spending four years with KPMG in Birmingham as a Financial and Management Consultant to the public sector.

Louise is also very active in Liverpool outside of the Health Service, in particular as Vice Chairman of the Royal Liverpool Philharmonic Society.

Trust Committee Membership & Role

Member of the Clinical Governance & Finance and Contracts Committee
Member of Corporate Assurance Standards Committee
Attendee of the Audit Committee

Terry Windle
Director of Corporate Services/Deputy Chief Executive

Terry joined the NHS as a General Management Trainee in 1972. He has held a series of Senior Management/Director posts since 1980 and has been a Board Director at Alder Hey since 2000. Terry was also the project Director for the production of the first Outline Business Case (OBC) for the rebuild of Alder Hey and worked on a number of key projects while he was at Alder Hey including a major culture change programme in Cardiac service; developed clinically focused Paediatric Neurosciences Project Board; developed Trust's initial Performance Management Framework and In collaboration with Medical Director rolling out Model of Care network "Alder Hey At…" with PCTs. Terry took the decision to take early retirement and ceased working for the Trust on 31st March 2009.

Trust Committee Membership & Role

Member of Corporate Assurance Standards Committee
Attendee of the Audit Committee & Finance and Contracts Committee

Steve Ryan - Medical Director

Steve has been a Consultant Paediatrician for 18 years in acute unplanned care, outpatient care with both general and specialised patients. Prior to becoming Medical Director he was Clinical Director and was Director of Undergraduate Studies for four years. Steve has a medical degree and doctorate and is also a fellow of the College of Paediatrics and Child Health.

He was the clinical lead in the North West for the Next Stage Review ("the Darzi Review") and contributed to the national report – "High Quality Care for All". Subsequently he has continued to work with NHS Northwest to help implement the quality and leadership agenda. He chairs the Northwest Medical Director's forum. He has completed the national Health Foundation Leadership Fellows Course.

Trust Committee Membership & Role

Executive Director from January 2004
Executive lead for Clinical Governance
Executive lead for medicines management and infection control
Member of Clinical Governance and Charitable Funds Committees
Member of Corporate Assurance Standards Committee

Alan Sharples
Director of Finance and Commissioning

Alan was appointed in December 1993. He was previously Director of Finance in Local Government. Alan has a degree in Economics and is a member of the Chartered Institute of Public Sector Accountancy (National Prize-winner in the 1978 final examinations). Alan is a member of the Board of Mersey Internal Audit Agency and has previously been the Chair of the Finance Committee of the North of England Zoological Society, the charity which runs Chester Zoo, at the time that the Zoo was awarded the Queen's Award for Enterprise in 2000. Alan retired due to ill health on 30th September 2008.

Trust Committee Membership & Role

Member of the Audit, Finance & Contracts and Charitable Funds Committees.

Colin Perry - Interim Director of Finance

Colin joined Alder Hey on an interim basis from April 2008 to December 2008 with the specific remit of assisting the Trust in achieving Foundation Trust Status. Prior to this, Colin was Director of Finance at The Royal Bournemouth and Christchurch Hospitals NHS Foundation Trust which hit all of its financial and operational targets during his time there and achieved Foundation Status in April 2004.

Most of Colin's earlier career was spent as a Director of Finance and Deputy Chief Executive. However, he did spend several months as Acting Chief Executive and a year as Chief Operating Officer. His other responsibilities whilst Director of Finance included I.T., Procurement, Pharmacy, Nurse Bank and Fundraising.

Colin started his career working in private companies and moved to the public sector in 1975 with a finance post in local government. He then joined the Water Industry for several years before starting in the Health Service in 1986.

Colin has an HNC in Business Studies, is a member of the Chartered Institute of Public Finance and Accountancy and Institute of Healthcare Management.

Trust Committee Membership & Role

Member of the Corporate Assurance & Standards, Finance & Contracts, and Charitable Funds Committees.

Sue Lorimer – Finance Director

Sue joined Alder Hey on 2nd February 2009 as Director of Finance and Commissioning. She is a member of the Association of Chartered Management Accountants. Sue came to Alder Hey from Liverpool Women's NHS Foundation Trust and has held a number of Finance Director roles within the NHS including six years at Clatterbridge Centre for Oncology and two years at Cheshire and Wirral Partnership, both now foundation trusts. She is a Trustee and Director of the Healthcare Financial Management Association and a Trustee of the Fiveways Trust, a schools' trust comprising Childwall Sports College and Broadgreen International School.

Trust Committee Membership & Role

Member of the Finance and Contracts and Charitable Funds Committees.
Member of Corporate Assurance Standards Committee.

Moya Sutton – Executive Nurse

Moya has 30 years' extensive NHS experience. She has been Executive Nurse at Alder Hey for nearly four years and is responsible for the leadership of nursing and allied health professionals. She is the executive lead for partnerships and safeguarding and has led the organisation to be accredited by WHO as a health promoting hospital. This is a unique feature to Alder Hey and has been nationally and internationally recognised.

Moya's portfolio is developing further to take the leadership of the Trust Quality agenda and the facilities division. Moya has been a senior manager for 20 years as a commissioner, and her previous post was as the Assistant Director of Health and Social Care in Knowsley, a significant post being the only nurse to manage children's social services, where she led Knowsley to achieve an "excellent" rating for children's social care and achieved Beacon status.

Moya was nurse advisor to St Helens & Knowsley Health Authority and held a national role regarding the health contribution to crime and disorder. Her dissertation considered the impact of domestic abuse on the health and well being of children. Moya is a qualified RGN, DN and has a BA Hons. in Leadership.

Trust Committee Membership & Role

Joint Executive lead for Clinical Governance.
Executive lead for the development/leadership of Nursing/AHPs; Safe guarding
Trust Lead for developing strategic partnerships.
Member of the Clinical Governance and Workforce & Organisational Development Committees.

Jayne Shaw – Director of Human Resources and Organisational Development

Jayne is responsible for workforce and organisational development and is the Executive Lead for Health, Work and Wellbeing including Health and Safety. She has considerable NHS experience including 14 years in senior HR roles.

Jayne was appointed as Assistant Director of Human Resources to the Trust in 2002 and was acting Director of Human Resources from 1 December 2005 to 31 March 2007. She also has a BA Hons in Business Studies, is CIPD qualified and has a Diploma in Leadership Development.

Trust Committee Membership & Role

Member of the Workforce & Organisational Development and Clinical Governance Committees.
Member of Corporate Assurance Standards Committee.

Paul Hetherington – Director of Performance and Service Improvement

Paul has 33 years' experience in the NHS in a variety of management posts including Chief Operating Officer and Surgical Care Group General Manager (£40 million budget). Paul has a clinical background having trained as a Clinical Scientific Officer before developing into management in 1994.

He is also the lead for performance management whilst the Trust has achieved the Healthcare Commission's highest possible rating for quality of service for six consecutive years. Paul has a strong background in general management including modernisation and delivery of NHS plan service improvements and led the internal recovery team responsible for delivering successive recovery targets of £6.5million and £7.5million.

He has a Masters Degree in Business Administration; Diploma in Management Studies; Certificate in Management Studies; HNC and BTec in Medical Physics and Physiological Measurement.

Trust Committee Membership & Role

Chair of the Trust's Service Performance Management Group.
Member of Finance & Contracts and Workforce & Organisational Development Committees.
Member of Corporate Assurance Standards Committee

Lorraine Dodd
Non-Executive Director

Lorraine was appointed Non-Executive Director in May 2000 and reappointed for 4 years in December 2002 and again in November 2006. Lorraine is an Investment Director with Rathbone Investment Management and has over 25 years experience managing investments on behalf of private clients, trusts and charities, particularly in the area of ethical and socially responsible investment through Rathbone Greenbank Investments.

She is also a Trustee of the Rathbone 1987 Pension Fund Scheme and a Trustee of a number of local charities involved in health related matters, education and the environment.

Trust Committee Membership & Role

Vice Chair of Board of Directors
Chair of Finance & Contracts Committee
Member of Corporate Assurance Standards Committee
Member of Appointments & Remuneration Committee
Member of the Audit Committee

Sue Musson
Non-Executive Director

Sue was appointed as Non-Executive Director in February 2007. She is the Managing Director of a management consultancy business and a specialist in Board development, strategy, leadership and performance improvement in publicly-funded organisations.

Sue is also an experienced facilitator and public speaker with extensive Director-level experience in several large, commercial organisations.

Trust Committee Membership & Role

Chair of the Briefing, Review and Assessment Committee (for the Children's Health Park)
Chair of the Charitable Funds Committee
Member of Corporate Assurance Standards Committee
Member of Audit, Appointments & Remuneration and Workforce and Organisational Development Committees

Ed Oliver
Non-Executive Director

Ed was appointed Non-Executive Director in November 2006. He is also the Centre Manager of the Clayton Square Shopping Centre in Liverpool. Prior to this, his career was in the retail sector for 28 years.

Ed is also Chairman of Liverpool Chamber of Commerce and Industry, Trustee and former Chair of the Ronald McDonald Family House at Alder Hey, Board member of Merseyside Tourism and Board member of City Centre Business Improvement District.

Trust Committee Membership & Role

Chair of the Workforce & Organisational Development Committee
Member of the Finance & Contracts Committee, Audit and Appointments & Remuneration Committees
Member of Corporate Assurance Standards Committee

Christopher Vellenoweth
Non-Executive Director

Christopher was appointed Non-Executive Director in May 2000 and re-appointed for 4 years in December 2002 and November 2006. He is also currently retained as an independent adviser on health policy by health care companies and charities.

Prior to that Christopher was a Chief Officer within the NHS with experience of management of organisational and service changes. He has also acted as specialist adviser to Commons Health Committee and has recently been appointed to the main Board of the Joseph Rowntree Housing Association.

Trust Committee Membership & Role

Chair of the Clinical Governance Committee
Member of the Audit and Appointments & Remuneration Committees
Member of Corporate Assurance Standards Committee

Michael Yuille
Non-Executive Director

Michael was appointed Non-Executive Director 1st May 2008. He is currently employed by the University of Liverpool as Director of Finance. He is also Chair of UM Association (Special Risks) Ltd, a member of ESRC Audit Committee and has extensive commercial and HE experience.

Trust Committee Membership & Role

Chair of Audit Committee
Member of Appointments & Remuneration Committees
Attendee of Finance and Contracts Committee
Member of Corporate Assurance Standards Committee

3.7 Declaration of Interests

A copy of the Register of Interests is available via the Trust website www.alderhey.nhs.uk. Alternatively you can contact Gill Fury on 0151 252 5092 to request a copy.

3.8 Attendance at Board of Directors and Board Committee Meetings

For the period 1st August 2008 to 31st March 2009 the Board of Directors held four Public Board meetings. This takes into account that with effect from November 2008 the meetings were held in private due to the sensitive and commercial nature of the business transacted.

	Board	Audit	Clinical Governance	Workforce & OD	Finance & Contracts	Charitable Funds	CASC
No of meetings held 2008/9	4	2	7	4	7	4	2
Angela Jones	4	not a member	not a member	not a member	not a member	3	2
Louise Shepherd	4	not a member	5	not a member	5	not a member	2
Sue Musson	4	1	not a member	4	not a member	4	1
Ed Oliver	2	1	not a member	3	5	not a member	2
Michael Yuille	1	2	not a member	not a member	not a member	not a member	2
Christopher Vellenoweth	4	1	6	not a member	not a member	not a member	2
Lorraine Dodd	4	2	not a member	not a member	7	not a member	2
Jayne Shaw	4	not a member	not a member	4	not a member	not a member	2
Steve Ryan	4	not a member	4	not a member	not a member	4	2
Moya Sutton	4	not a member	4	3	not a member	not a member	2
Paul Hetherington	4	not a member	not a member	2	4	not a member	2
Sue Lorimer	4	not a member	not a member	not a member	6	3	2

Audit Committee

To provide the central means by which the Board of Directors ensures effective internal control arrangements are in place. It does this by holding regular meetings in which Internal and External auditors are in attendance and presenting reports of activities undertaken on behalf of the Trust. The Committee Chair also held meetings in private with each as necessary.

Membership: Non Executive Directors only, excluding the Chair of the Trust

Table of attendance is included above.

During this year the Audit Committee undertook the following pieces of work to ensure the effective discharge of its responsibilities:

Setting and reviewing progress of the annual internal audit plan using a risk-focused approach, linked to the assurance framework
Receiving regular reports from both Internal and External Auditors
Agreeing and reviewing the work of the Trust's Counter Fraud Officer including the Counter Fraud Policy and Annual Report
Reviewing and updating its Terms of Reference
Approving bad debt write-offs

Nominations Committee

The Nominations Committee is a sub-committee of the Council of Governors and includes three Governors who were nominated and then voted to represent Governors on the Committee. (Please see Council of Governor matrix for membership details.)

The Chair of the Council of Governors Chairs the Committee and it is attended by the Chief Executive and the Director of Human Resources. The Committee oversees the remuneration and terms and conditions of employment including the process of appointment for Non Executive Directors (including the Chair).

The Committee met in February to review the remuneration of the Chair and Non Executive Directors following an independent review undertaken on behalf of the Committee.

The recommendations of the Committee were approved by the Council of Governors in line with the constitution. The Nominations Committee has also recommended that the Chair of the Trust be re-appointed for a further three years.

The Committee met on two occasions and all members were in attendance.

Patient and Public Involvement Activity

The Trust has engaged with local Overview and Scrutiny Committees (OSCs) on several occasions during 2008/2009. The Trust has hosted meetings on the premises as well as presenting at the meetings themselves. The Trust also contacted all its OSCs in relation to the declaration against Standards for Better Health and were invited to give a presentation to Liverpool City Council's Health Scrutiny Panel.

The Trust has engaged in a variety of ways with its patients, governors, staff, local LInks and the general public including workshop events. All groups were involved in a week long Patient Experience Workshop seeking the views of all patients and their families.

The Patient Experience Committee has progressed plans to furnish the 'quiet room' for patients.

The Membership and Communications Committee is leading the development of plans to proactively engage with existing members and attract more members. Encouraging local residents to show their support for its work by registering to become a Foundation Trust member. Members receive regular news updates about the hospital and are invited to take part in consultation plans aimed at improving services.

4.0 Safeguarding High Standards

4.1 Being Prepared for an Emergency

Under the Civil Contingency Act 2005 the Trust has a comprehensive business continuity plan which explains how the Trust would continue to deliver critical services in an emergency. Our executive lead (Executive Nurse) for business continuity and emergency preparedness has worked across the organisation to develop the plan to address several potential threats. These include a flu pandemic, fire or a flood. The Emergency Planning Group meets regularly and updates the Internal Disaster Plans and Major Incident Plans annually. Work continues to ensure that plans are in place and available to staff.

Aspects of the plan are tested in the following ways:

- Communication exercises to test the availability of key staff - (a communication cascade is activated twice each year)
- Exercises and training days to test our response to different scenarios such as:
  - A table-top exercise as part of the hospital major incident management and support course.
- A live exercise with 50 simulated casualties involving the entire hospital and local emergency services
- Fire and Rescue training for the fire response team with local fire and rescue service.
- Responses to actual incidents including mass evacuation of a school, a local swimming pool and a coach crash involving many children.

4.2 Staff Communication and Involvement

The Trust has a firm belief in involving its staff and communicating with them regularly. There are bi-monthly meetings of the Trust Partnership Forum which includes senior managers and staff side representatives. Managers also meet with the Joint Negotiating Local Committee which represents medical staff. Members of staff side sit on a number of Trust Committees and groups.

There are a range of media for communicating with staff. These include Chief Executive staff briefings, a team briefing system, monthly meetings with Divisional leads, network notices for urgent issues, emails, an intranet site, a feedback section for staff queries and a quarterly newspaper. The Trust takes part in the annual national staff survey which identifies priority areas for action based on the findings from the research.

All members of staff were given the opportunity of becoming an FT staff member and they have voted for six staff governors to represent their views on the Council of Governors.

The Trust is committed to its Rapid Improvement Programme which aims to involve every level of staff throughout the Trust in being part of the change development required to continue to improve services for our patients and their carers. All staff are encouraged to attend and participate in these events.

4.3 Promoting Equality; Valuing Diversity

There has been significant progress against the equality and diversity agenda over the past year. The Trust has successfully recruited a Head of Equality and Diversity who commenced in July 2008.

The Trust has an equality and diversity department with specific mangers for workforce and patients/services lead by a senior manager.

Equality impact assessments were completed on all functions and actions were put into place.

The Trust has developed an Equality, Diversity and Human Rights Strategic Vision which compliments the Single Equality Scheme (SES). We are revising the action plan for the SES in light of new structures and the new Single Equality Bill.

We secured funding to support our Lesbian, Gay, Bisexual and Transgender staff network and our Black and Minority Ethnic (BME) staff network. We have been working in conjunction with Liverpool NHS BME staff network and held a day of talks on race equality in the NHS alongside a day of celebrating diversity in our restaurant with different cuisines.

The Trust will be launching the privacy and dignity agenda and our vision and actions in this area, which has seen the Trust successfully bid for significant funds to support this and related areas.

We have undertaken an exercise to increase data quality across both staff and patients in relation to demographics and will continue to work on this area.

This is an exciting time for equality and diversity here at Alder Hey, we will be seeing more changes and positive actions in a number of areas including policy development as currently a number of policies are being reviewed /developed including a new equality, diversity and human rights policy, and a disability guidance management process for staff amongst a range of others.

The Trust is an accredited user of the “Two Ticks” symbols for its commitment to the employment of people with disabilities. This accreditation confirms the Trust’s commitment to the positive employment of disabled staff by interviewing all disabled applicants who meet the minimum criteria for a post vacancy; ensures that there is a mechanism in place to discuss at any time with disabled employees what can be done to make sure that they can develop and use their abilities; make every effort when employees become disabled to make sure they stay in employment and ensure that all employees develop the appropriate level of disability awareness to make the commitments work. Each year the commitments are reviewed, achievements and plans agreed and shared with employees and Jobcentre Plus.

4.4 Working with Trade Unions

Our relationship with the eleven trade unions recognised by the Trust is important and is highlighted by the fact that during 2008 we drafted a new partnership agreement in conjunction with Trade Union colleagues.

This builds on the Agreement reached in 2003 which was updated twice that year and further updated in September 2005. In the coming months we will be arranging a partnership working event that will help us further embed partnership working across the organisation.

4.5 Staff Survey

In previous years, the results of the staff survey have been at the centre of some major changes within the Trust. Following last year's results, management and staff side agreed 4 key priority areas for the Trust. These were:

Ensuring all staff have well structured Performance Development Reviews (PDR's)

There has been a significant amount of work undertaken in this area and, in January 2009, the Trust was close to achieving it's commitment to undertake 95% of PDRs.

PDR paperwork has also been redesigned to ensure they are effective and that staff and mangers get the most out of PDRs, and to ensure the quality of PDRs is at a consistent standard across the trust.

Identifying causes of and reducing work related stress

The Trust's Work Related Stress Policy has been ratified and a Health and Well Being Audit of staff has been undertaken. The results have been shared with teams across the Trust and action plans are currently being produced and actioned.

The HR and Risk Management Teams continue to undertake stress risk assessments across the Trust to identify and tackle causes of work related stress, and the Divisions have been asked to ensure their management teams are trained in undertaking stress risk assessments. This will enable managers to identify stressors for staff in their department, and provide managers with the skills to proactively manage the well being of their staff.

There has also been greater awareness raising in relation to the types of support available to staff who are suffering from work related stress, including Occupational Health, Holistic Therapies and the Alder Centre.

Tackling bullying and harassment and work related violence and aggression

The Trust wants to ensure all staff feel valued and included. To ensure we are able to achieve this, the current bullying and harassment policy has been reviewed to ensure staff continue to receive the necessary support. Work will continue in 2009/10 to provide further support and training for Managers and Bullying and Harassment Advisors across the Trust. There is also further work planned which aims to review the channels available to staff who wish to raise concerns in an environment in which they feel safe, and to promote these to staff.

Looking at ways to improve team working across the Trust

The Trust's RIST (Rapid Improvement Support Team) have embarked on an organisation-wide Rapid Improvement Programme to improve the way we work and remove processes or pathways which do not add value. Ultimately Rapid Improvement is about involving our staff in achieving and delivering a patient experience second to none. These events are providing an excellent opportunity not only for individual but also for cross Divisional team working.

This also links to the ongoing work in relation to the Health, Work and Well-being audit which, within the seven standards, considers peer support, management support and relationships. The Divisional HR managers are working with managers across the teams to review any hotspots and to address the issues raised as part of the audit.

4.6 Children's Health Park

In October 2008, Richard Glenn commenced at Alder Hey as Project Director to lead the project on behalf of the Trust. Richard is one of the UK's leading experts in this field and has taken the lead in the planning, design, construction management and commissioning of hospitals in Australia, New Zealand and the UK for over 30 years.

A substantial review of the project has been undertaken, informed in-part by the outcome of external reviews [Health Gateway 1 (October 2008) and National Clinical Assessment Team-NCAT (September 2008)], resulting in the strengthening of the project team and governance, and a recommendation to progress the delivery of the "Children's Health Park" scheme in two distinct stages.

This was subsequently approved by the Trust's Board of Directors on 28 January 2009, subject to affordability.

Stage 1 of the development will include the delivery of:

- a new inpatient accommodation block.
- a new acute services block housing: A&E, radiology, pathology, operating theatres, intensive care unit, day surgery and day procedures.
- improvements to Mulberry House which will continue to accommodate the Dewi Jones Unit and other health services along with the Trust's Support Services.
- minor refurbishment and remodeling works to part of the existing hospital estate required to accommodate the services not transferred to the new buildings.
- a new 1000 space multi storey car park.
- demolition to Trust buildings on the western side of the site and re-instatement of some hospital landscaping.
- reinstatement of the new Springfield Park which forms part of the land deal essential to the delivery of the new hospital.

and Stage 2 will include:

- a new Research and Education Facility to be delivered in partnership between the Trust and the Liverpool's three Universities (Liverpool University; Liverpool John Moores; Edge Hill).
- a new Outpatients Block containing predominantly Outpatient facilities; Therapies; and Pharmacy services.
- the demolition of the remaining Trust buildings and reinstatement of the remaining hospital gardens.

During this period, we have worked to finalise:

- the vision for Alder Hey (the preferred option – a new hospital in the park) and subsequently developed a Public Sector Comparator.
- the Outline Business Case in readiness for submission to Liverpool PCT, NHS North West, Specialist Commissioners and Monitor.
- Terms surrounding the land exchange between the Trust and Liverpool City Council, which is critical to the Trust's preferred option.
- Developed plans for formal public consultation and ongoing engagement with children & young people, clinical and non-clinical staff and key stakeholder groups. Public consultation is expected to commence in May 2009.

Planning a sustainable future

2008/09 saw the second phase of investment provided by an NHS energy grant of £980k. This included the largest item of investment which is a combined heat and power plant.

When fully completed and working this gas driven engine will produce 300KWH of electricity and 300KWH of heat into our hot water system. Although this will not directly reduce our energy consumption it should reduce our CO2 output by 949 tonnes/yr equivalent to planting 4,745 trees, and save an estimated £100,000 in energy costs/yr.

Meanwhile the initial roll out of energy saving measures in 2007/08, have started to deliver ongoing savings in electricity and gas reducing our carbon footprint and costs.

Electricity

New fan and motor controllers, the upgrade of all fluorescent tubes and external street lights across the Trust for improved energy-efficient type, and new lighting controls on corridors have reduced electricity consumption.

In 2008/09 we saved 337,402 KWH of electricity a saving of 181 tonnes CO2 equivalent to planting 905 trees or enough to power a 60watt light bulb for 642 years

Gas

Repairing and improving loft and pipe insulation and additional and improved heating controls, has reduced gas consumption.

In 2008/09 we saved 500,000 KWH of gas a saving of 93 tons CO2 equivalent to planting 465 trees or enough to have 166,000 5 minute showers, that's one every day for 456 years.

4.7 Information Governance

The Trust's Information Governance framework is based around legal requirements and Department of Health guidance for the processing of personal and organisational information. Since the introduction of the Information Governance Toolkit and assessment in 2003 the Trust has developed an annual programme of work to improve the control mechanisms to manage and mitigate risks associated with the processing of information. Steady progress has been achieved each year through the development and implementation of policies and procedures and through raising staff awareness and providing training. A major focus this year has been around the risks associated with laptops and memory sticks and a programme of work is underway to encrypt all such devices.

From August 2008 to March 2009 there were no serious untoward incidents relating to the loss of personal data reported.

5.0 Quality Objectives

5.1 Statement from Chief Executive

"An excellent rating six years in a row is a major achievement by anyone's standards. Here at Alder Hey we are proud to say that year on year we continually strive to ensure that our patients and their parents and carers receive the highest quality of care possible. Last year we celebrated Foundation Trust status and reaffirmed our ambition that we will provide World Class Healthcare for Children. We will do this through the delivery of the Trust's Strategic Aims.

• Deliver clinical excellence in all of our services

• Ensure all of our patients and their families have a positive experience whilst in our care

• Be the provider of 1st choice for children, young people and their families

• Ensure our staff have the right skills, competence, motivation and leadership to deliver our vision

• Be a world class centre for children's Research and Development

• Further improve our financial strength in order to continuously invest in services

• Deliver the Children's Health Park by 2014

Underpinning our ambition is our commitment to our staff who ensure the safety, experience and outcomes for our patients are their number one priority. This builds on our ambitious programme of continuous improvement.

Quality is at the heart of everything we do".

Louise Shepherd
Chief Executive

How we have prioritised our quality improvement initiatives

Following wide ranging consultation the Trust have identified four quality priorities for 2009/10 and onwards:
Priority 1 - Making medicines safer – To reduce Red and Orange medication errors by 25%.
Priority 2 - Making surgery safer – Wrong site surgery becomes a never event.
Priority 3 - Defining outcomes for children – 100% of specialties assigned and measuring outcomes.
Priority 4 - Capturing the patient experience, making it immediate, making it universal, 95% of patients delighted.

Priority 1: Making medicines safer

Description of issue and rational for prioritising

Children are at increased harm from medicines because of their body's immaturity they are vulnerable. In addition many medications are provided ready for adult use. Children vary in size from 0.5 kg (about 1 pound) up to 100 kg (16 stone) or more – so that the doses needed can vary by up to 200 times. In children more complex calculations are involved. Improving this area is overseen by a specific committee – the safe medication practice group. Often very limited research has been done in medicines for children which increases these risks. The Trust, through its National and Regional involvement in the Medicines for Children programme is involved in filling the gaps in the evidence.

Aim/Goal

To reduce significant medication errors by 25%.
Identified areas of improvement

Quality of prescribing
Learning from incidents

Current initiatives 2008/9

Competency in prescribing assessment for all training doctors
Introduction of on-line medicines training package
Pilot of investigation and support tool for medication errors
Medicines for children research network trials
Pharmacovigilance research project

New initiatives & improvements to be implemented in 2009/10

• Maintain and increase high levels of reporting of any errors in the medicines pathway
• Implement Trust wide the investigation and support tool for medication errors
• National Patient Safety First Campaign – programme on reducing harm from high risk medication
• Roll out of mandatory training of on-line medicines training package

Making medicine safer

	06/07	07/08	08/09	Target
Medication errors reported (number and per 10,000 bed days)	363	347	308	Sustain level of reporting
Orange or red errors (number and percentage of all errors)	78	84	67	To become never events

Priority 2: Making surgery safer

Description of issue and rationale for prioritising

Lord Darzi led on the national implementation of the World Health Organisation (WHO) surgical checklist. The Trust is implementing this initiative and wishes to recognise that operating on the wrong site should be regarded as a never event. This is also a part of the Patient Safety First Campaign.

The review of services at Birmingham Children's Hospital highlighted the importance of getting emergency surgery pathways well co-ordinated in the face of an increase in activity – as seen at this trust.

Aim/Goal

•To reduce errors preventable by the WHO surgical check list
• To make wrong site operations a Trust never event

Current state

Making surgery safer

	06/07	07/08	08/09	Target
Total theatre incidents	128	148	173	Sustain current level of reporting
Wrong site	4	0	2	To become never events

Current initiatives

The pre-operative pathway check list
Adoption of the WHO check list

New initiatives to be implemented in 2009-10

• Full implementation of the WHO surgical check list as part of Patient Safety First Campaign
• Project to review the running of elective and emergency theatres

Priority 3: Defining outcomes for children

Description of issue and rationale for prioritising

"You cannot improve what you cannot measure"
From the Trust's perspective one key feature of the developing national programme of measuring for quality is the dearth of measures that relate to children especially in acute care settings. The Trust wishes to take a leading role in defining outcomes across its specialties. Many outcomes are currently established as a Trust wide measure, but now need to be designated down to specialty level. Patient reported outcome measures (PROMs) have emerged as a key metric in adult care and nationally will be applied to elective procedures particularly.

Only a very tiny number of children undergoing a hernia operation will be able to take part in the national programme.

The Trust wishes to develop a leading role in developing paediatric PROMs building on its excellent track record of consulting with children, young people and their families and building on its excellence in research.

Aim/Goal

- To develop at least one children's PROM and the systems to develop many more
- To ensure that each specialty is assigned its outcomes measures

Current status

National paediatric PROMS	not available
Trust developed PROMS	none
Trust PROMS	In CAMHS

Defining outcomes for children by number of specialties (percentage). We have around 20 specialties.
Target state is 100%

	Assigned	Being measured (& indicate if benchmarked)	Evidence of action from measurements
Never events	2	2	2
Other Safety outcome	0	0	0
Patient Experience outcome	1	1	1
Effectiveness outcome	3	3	1

Current initiatives

- National registries
TARN – Trauma Audit Research Network
CCAD – Congenital Cardiac Audit Database
PICANET – Paediatric Intensive Care Audit Network
- Patient recorded outcomes in CAMHS
- Never events
Intrathecal maladministration
Intravenous potassium maladministration

New initiatives to be implemented 2009/10

1. Agree with each specialty its outcomes
2. Agree measurement tool and implement for each specialty
3. Each specialty to produce quality account 2009/10 indication status of outcome development and priorities for 2010/11

Priority 4

Capturing the patient experience – making it immediate – making it universal

Description of issue and rational for prioritising

Alder Hey have led the development of a unique consultation approach which will enable the Trust to gather the key priorities identified by children that will improve their patient experience. This initiative is known as the National Paediatric Toolkit, but has been locally branded by the children as FABIO. FABIO was developed in partnership with Priority Research, Panasonic and BT and will be launched nationally on 1st June 2009. What makes FABIO unique is that the consultation software was designed by the children and young people of Alder Hey.

Aim/Goal

To create a consistent consultation system that enables the Trust on a daily basis to identify what children and young people think of our services and to establish set targets to ensure that all wards and departments are accredited as Investors in Children.

The current state

See table graph below

Identified areas of improvement
• Utilising investing in children status to drive up patient experience and quality across the Trust.
• Children and Young People leading the Consultation Strategy

Current Initiatives 2008/09

• Patient Experience Partnership established involving a number of Governors
• Quality Ward Metrics piloted and now operational on all wards and departments
• Patient Experience Manager appointed
• Volunteer programme established
• Ad hoc service reviews and consultations performed across the Trust
• Oncology Unit achieved Investing in Children's Status, first one in the Country
• Partnership contract agreed for FABIO

2009/10
• Launch of a comprehensive real time Patient feedback system (Fabio September 2009)
• Development of real time feedback cards
• Ward metrics in further development each ward to have a quality/performance board to inform patients and carers how well we are doing
• New Assistant Director for Quality appointed
• Children's Board to be established as a reference point for the new hospital in the park
• Three concierges to be appointed to deliver site wide meet, greet and assistance
• New main entrance to be refurbished in July to create a real patient experience positive environment
• Patient Experience Partnership to be strengthened to take ownership of this priority

Patient Experience	**07/08**	**08/09**	**Target**
Wards accredited as investing in children	n/a	1	50%
Real time feedback from 'Delighted' patients	n/a	n/a	95%

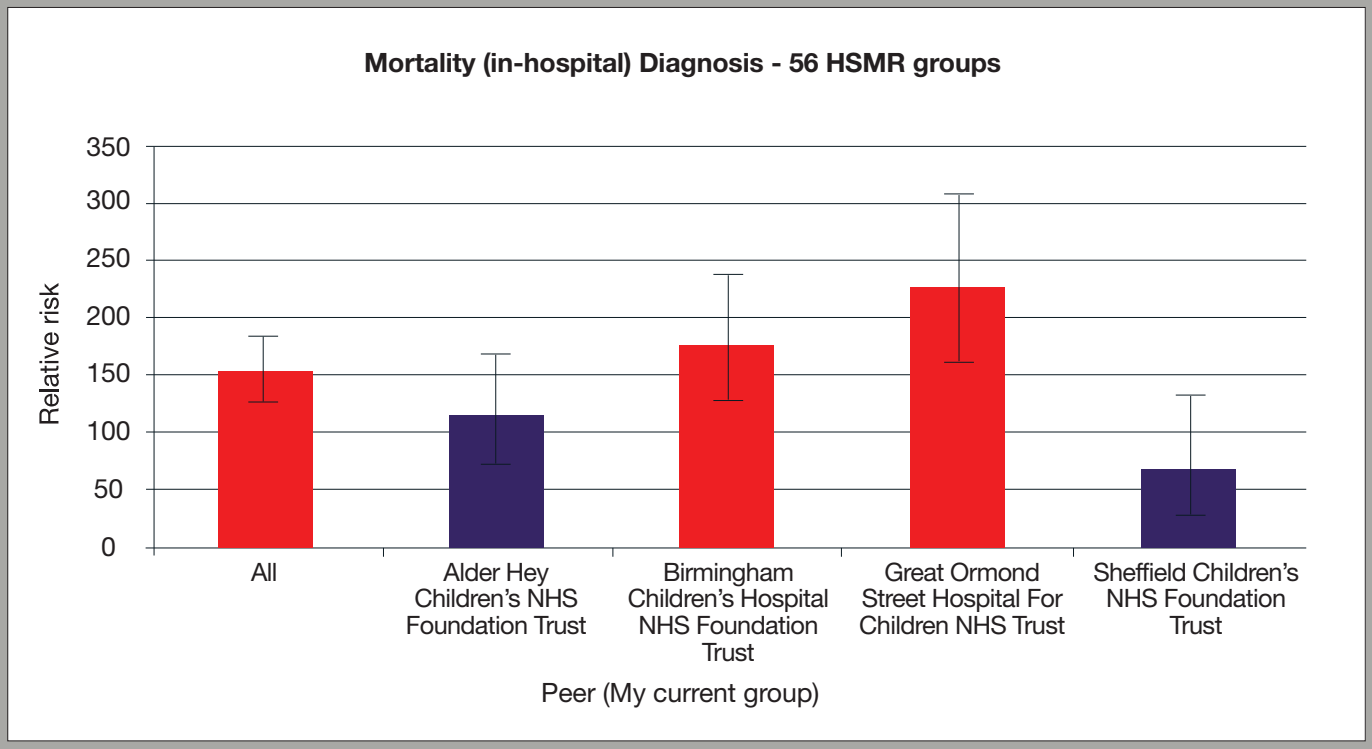
Quality report

Performance against Health Care Commission indicators during the year has been very good with all targets achieved and on track to receive an 'excellent' rating for quality of care.

A - Patient Safety

1.4 Mortality Rates (PIM Adjusted HSMR)

Mortality Rates
Definition: Dr Foster peer analysis for hospital mortality rates. Data Source: Dr Foster



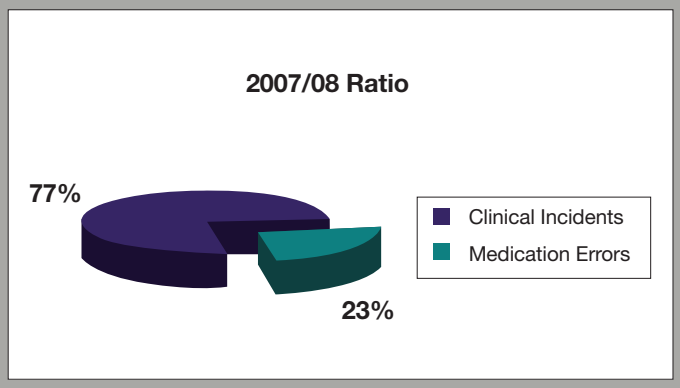
B - Clinical Incidents & Medication Errors

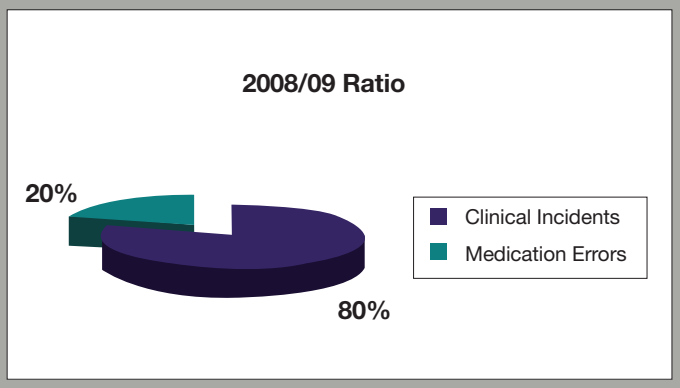
Trust Recorded Clinical Incidents
Definition: Clinical incidents, including those classed as medication errors as recorded by the Trust

Data Source: Sentinel System

Clinical Incidents	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
In month 2007/08	63	119	106	94	124	83	71	129	81	95	102	89
Cumulative 2007/08	63	182	288	382	506	589	660	789	870	965	1067	1156
In month 2008/09	97	116	112	89	102	45	107	97	105	97	83	109
Cumulative 2008/09	97	213	325	414	516	561	668	765	870	967	1050	1159

Medication Errors	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
In month 2007/08	25	37	31	29	42	32	30	25	22	21	28	24
Cumulative 2007/08	25	62	93	122	164	196	226	251	273	294	322	346
In month 2008/09	18	33	26	25	23	23	30	24	18	21	23	32
Cumulative 2008/09	18	51	77	102	125	148	178	202	220	241	264	296





Clinical Incidents	1156
Medication Errors	346

Clinical Incidents	1159
Medication Errors	296

C - Clostridium Difficile

Trust Acquired C. Difficile Instances

Definition: The national target (a 30% reduction nationally in 2010/11 compared with the 2007/08 baseline figure) requires effective working across health communities to tackle infections in both healthcare settings and the community. Acute and specialist trusts are therefore expected to work effectively with primary care trusts to tackle C. difficile infections.

As such, acute and specialist trusts are expected to set interim targets each year (between 2008/09 and 2010/11) with their strategic health authorities (SHA) to help achieve the national target overall by 2010/11

Data Source: 1.Health Protection Agency (financial year 2008/09) 2.Trajectories for C. difficile reduction (financial year 2008/09)

Performance

Indicator	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09
Cumulative Actual	1	1	1	1	2	2	2	2	2	2	2	2
Cumulative Threshold	1	1	1	2	2	2	3	3	3	3	4	5

MRSA Bacteraemia

MRSA Instances

Definition: The overall policy is to achieve year on year reductions in methicillin resistant staphylococcus aureus (MRSA) levels, expanding to cover other health care associated infections as data from mandatory surveillance becomes available.

Data Source: HCAI Data Capture system

Performance

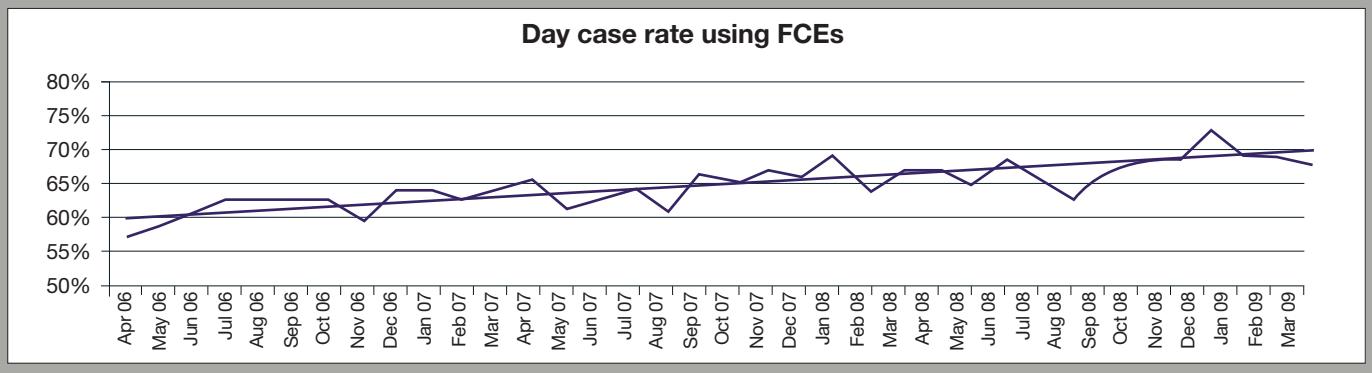
Indicator	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09
Cumulative Actual	0	0	1	1	1	1	1	1	2	3	4	5
Cumulative Threshold	1	1	1	2	2	2	3	3	3	4	4	4

Commentary: The Trust has had 5 cases of MRSA but 3 episodes have been recurrent identification with the same patient. Discussions are ongoing with the PCT to have these 3 instances recognised as one breach only.

Clinical Effectiveness

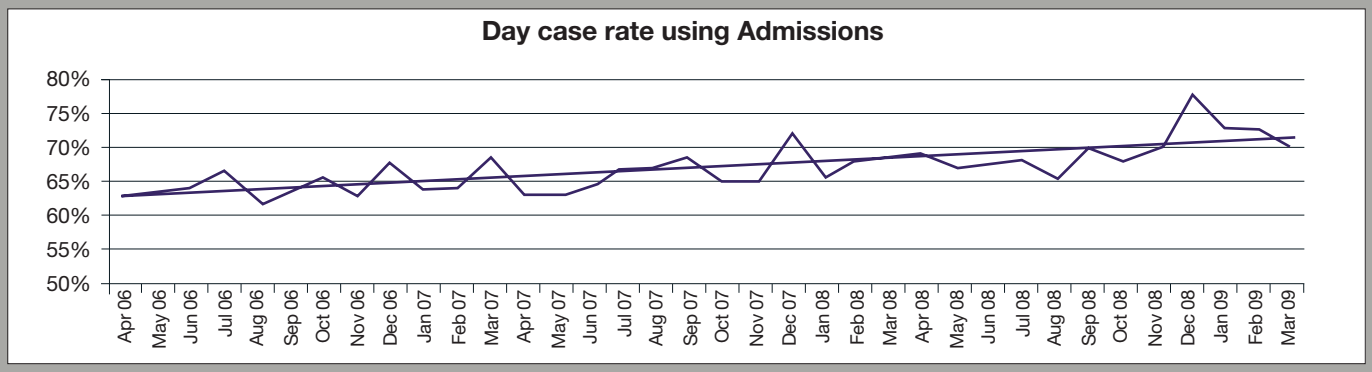
A - Day Case Rates

67.6% of all elective episodes were recorded as day cases during March 2009 (meaning 1137 of the 1641 total elective inpatient episodes). The graph below shows an 11.9% increase when viewed since April 2006, when only 57.4% of day case FCEs were seen amongst the total elective inpatient FCEs.



Daycase Rates - using Admissions

The graph below uses only overnight stay admissions to compare with day cases. This is more of a like-for-like comparison as we now lose the effect of multiple episodes being counted against a one FCE day case.
February 2009's day case rate (when compared with admissions for overnight stays) was 72.2%.



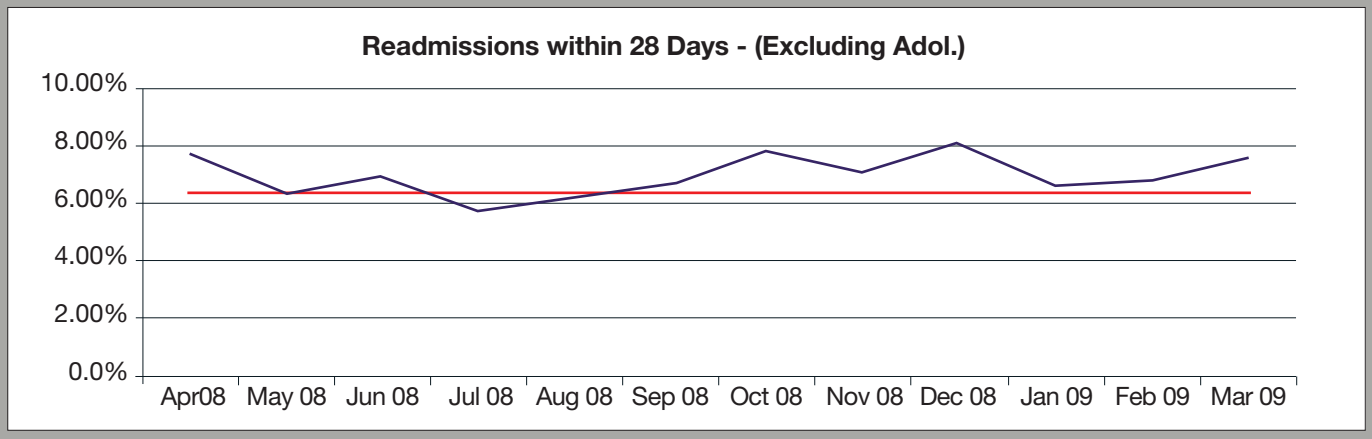
B - Readmission Rates

28 Day Readmission Rates

Definition: The Trust has set a target of having no more than 6.3% of all elective patients being readmitted within 28 days.

Data Source: Trust Hospital Information System

	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09
Elective Readmissions	7.53%	6.29%	6.71%	5.73%	6.30%	6.64%	7.65%	7.00%	7.94%	6.60%	6.70%	7.40%
Threshold	6.3%	6.3%	6.3%	6.3%	6.3%	6.3%	6.3%	6.3%	6.3%	6.3%	6.3%	6.3%

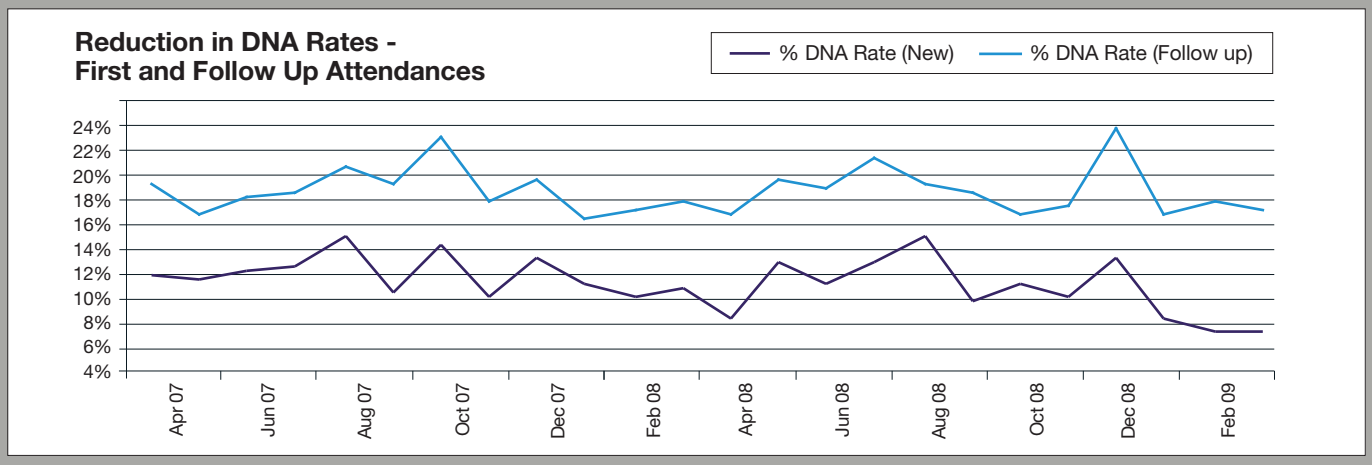


Commentary: The Divisions are currently investigating the reasons behind increases and will then put action plans in place to address this.

C - Reduction in DNA Rates

Reduction in DNA Rates - First and Follow Up Attendances

The Outpatient DNA rate for new appointments April - March 2009 is lower than the previous year, with a DNA rate of 10.5% for this year compared with 11.7% for the same period last year. The Clinical Support Division has recently implemented a telephone voice reminder system to help further reduce DNA rates, the effects of which can clearly be seen by DNAs of first appointment dropping to a record low of 7.3% in-month for March 2009. The Waiting Times Group are carrying out an audit to this system across all specialties.



Patient Experience

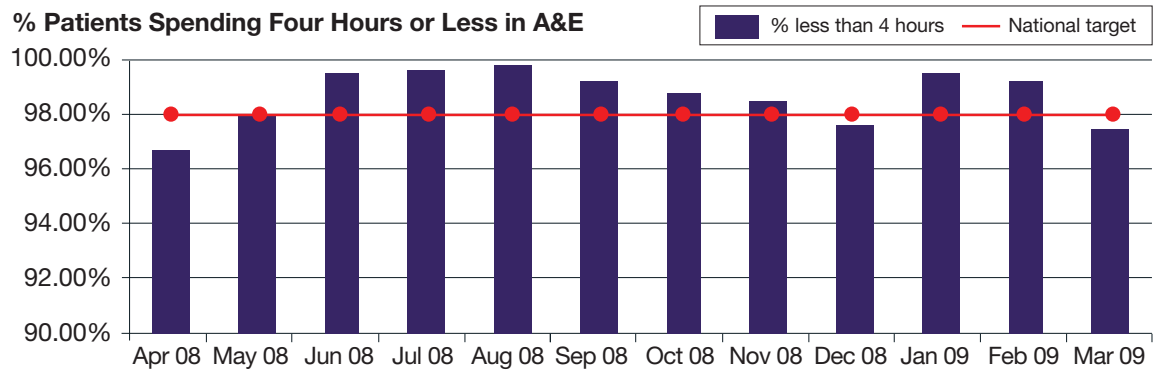
A - Maintain the four hour maximum wait in A&E from arrival to admission, transfer or discharge.

A&E Waiting Times

Definition: The NHS target requires that at least 98% of patients spend four hours or less in any type of A&E from arrival to admission, transfer or discharge from January 2005 onwards.

Target: 98% of patients spend four hours in any type of A&E from arrival to admission, transfer or discharge from January 2005 onwards.

Month	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09
% less than 4 hours	96.8%	98.0%	99.5%	99.7%	99.8%	99.2%	98.8%	98.5%	97.6%	99.5%	99.3%	97.5%
National Target	98%	98%	98%	98%	98%	98%	98%	98%	98%	98%	98%	98%

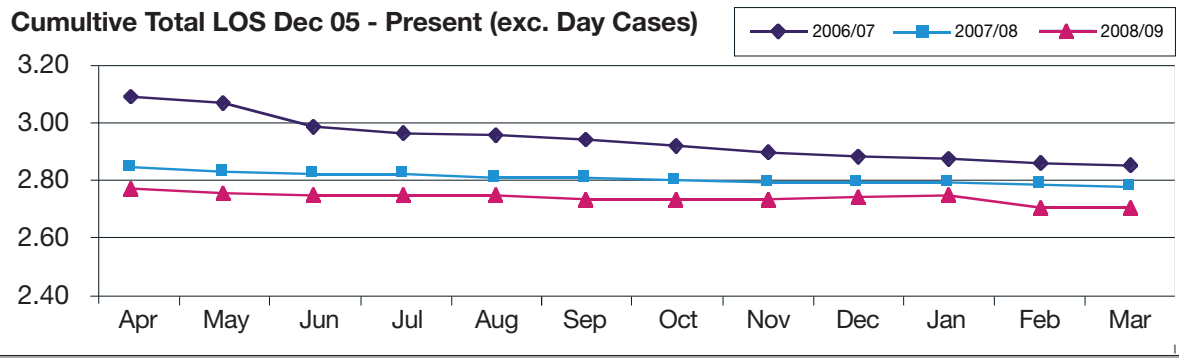


Commentary: The Trust continues to meet the national A&E Target cumulatively, despite falling below 98% in-month. The sub-98% score for March was due to a particularly busy month, with increased activity, and some sickness at middle grade level.

B - Reduction in Total Average Length of Stay – Timeline

The graphs below show the cumulative average length of stay from December 2005. The decrease of 3.3 average days to 2.7 days represents an 18% reduction in length of stay since December 2005. The implementation of the Acute Admissions Unit (AAU) from November 2006 has served to further decrease Length of Stay. Work continues via the Rapid Improvement Programme to further decrease the length of stay. It should be noted that the continuing work to increase the day case rate will cause an increase in average length of stay, as more overnight stays are changed to day cases.

	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
2006/07	3.09	3.06	2.99	2.96	2.96	2.94	2.92	2.90	2.88	2.87	2.86	2.85
2007/08	2.84	2.83	2.82	2.82	2.81	2.80	2.80	2.79	2.80	2.80	2.79	2.78
2008/09	2.77	2.76	2.75	2.75	2.75	2.74	2.73	2.73	2.74	2.75	2.7	2.7



The Trust received 13 complaints during February 2009, with 12 responded to within the nationally agreed limit.

Performance

Indicator	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09
Number of Complaints	10	15	14	8	16	6	19	12	1	9	13	7
% response within deadline	97.1%	97.4%	97.6%	97.5%	92.7%	85.5%	88.6%	89.0%	89.0%	90.0%	90.2%	100%

5.2 Ombudsman's principles for remedy

Everything we do is aimed at providing the best possible care quickly and in pleasant and safe surroundings. We do this in line with the Parliamentary and Health Service Ombudsman's Principles for Remedy, namely: getting it right, being customer focused, being open and accountable, acting fairly and proportionately, putting things right, seeking continuous improvement. The Trust Board and Clinical Governance Committee receive regular reports to ensure that patient views or complaints are dealt with in a timely manner and that appropriate lessons learned are acted upon.

Complaints

Between the 1st August 2008 to the 31st March 2009, the Trust received 83 complaints, which is comparable with the number received the year before. There was one complaint referred to the Health Service Ombudsman for a review, and the outcome is awaited.

AUGUST 2008 TO MARCH 2009
NUMBER OF COMPLAINTS – 83

Categories

Treatment	40
Other	8
Attitude	9
Outpatient Appointments	3
Communication	5
Waiting time for surgery	4
Waiting times in clinics/A&E	4
Missing case notes/test results	3
Operation delayed	4
Standards of cleanliness	2
Admission/discharge procedures	1

Examples

Examples of improvements/changes

Inadequate toilet and changing facilities in neuromuscular clinic
Area not large enough to accommodate children in wheelchairs and parent/carer – Work completed to provide a bigger area and improved facilities

Correct admission procedure not undertaken
Reviewed by Matron and Ward Manager and improved procedures implemented

Insufficient payphones
All payphones on ground floor out of order; four new payphones now installed

Information provided in packs given to patients with epilepsy
The packs are being reviewed in order to add the appropriate and relevant information for patients and their families

Failure in communication between consultants relating to patient
Review to improve communication of up to date information between the appropriate professionals is being undertaken

6.0 IFRS

(International Financial Reporting Standards)

The April 2008 conversion to IFRS has been completed. The converted balance sheet was submitted to Monitor on 1st May 2009 as required. The conversion of the 1st August 2008 Balance sheet for the Foundation Trust and 2008/9 comparators are planned to be completed and submitted by September 2009. The Trust has undertaken a diagnostic tool to highlight the balance sheet areas that are affected by IFRS and to formulate an action plan for IFRS conversion.

7.0 Statement on Internal Control

See page 72 of the Annual Accounts.

8.0 Remuneration Report

8.1 Appointments and Remuneration Committee and Terms of Service

The Remuneration Report can be found at note 5.4 in the enclosed Trust Accounts for the period 1st August 2008 to 31st March 2009.

The Remuneration Committee of the Chair and all other Non-Executive Directors is responsible for agreeing remuneration and terms of employment for the Chief Executive and other Directors, in accordance with:

1) Legal requirements
2) The principles of probity
3) Good people management practice
4) Proper corporate governance

The Committee met on three occasions during the period with apologies for two meetings received from M Yuille and for one meeting from S Musson.

The Chief Executive of the Trust joins the Committee when the remuneration of other Executive Directors is being reviewed. The Committee met in February to review the remuneration of the Chief Executive and Directors following an independent review undertaken on behalf of the Committee and approved the revised remuneration recommendations.

The Chief Executive and Executive Directors are employed under permanent contracts of employment. Appointment to the position of Medical Director is made on a fixed term basis via a process of open competition between senior medical staff. The employment of Executive Directors may be terminated by the Trust with six months notice in writing and by the Director, with three months notice in writing. Provision is included within contracts of employment for contracts to be terminated with immediate effect and without compensation in certain circumstances.

9.0 External Audit

Management reviewed the services purchased from the external auditors during the period, disclosed under "other services" in note 5.3 to the accounts. These were by way of facilitating a planning workshop for IFRS conversion and hence did not impact on the external auditor's objectivity or independence.

9.1 Statement as to disclosure of Information to Auditors

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Signed

Louise Shepherd
Chief Executive

Date: 3rd June 2009

10.0 Statement of the Chief Executive's Responsibilities as the Accounting Officer of Alder Hey Children's NHS Foundation Trust

The National Health Service Act 2006 states that the Chief Executive is the Accounting Officer of the NHS Foundation Trust. The relevant responsibilities of Accounting Officer, including their responsibility for the propriety and regularity of 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 National Health Service Act 2006, Monitor has directed Alder Hey Children's 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 Alder Hey Children's 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 Office 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 judgments and estimates on a reasonable basis;
- State whether applicable accounting standards are 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 which disclose with reasonable accuracy at any time the financial position of the NHS Foundation Trust and to enable him/her to ensure that the accounts comply with requirements outlined in the above mentioned Act. The Accounting Officer is also responsible for 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 Officers' Memorandum.

Signed: 

Date: 3rd June 2009

11.0 Alder Hey Children's NHS Foundation Trust Annual Accounts

Foreword

These accounts for the 8 months ended 31 March 2009 have been prepared by the Alder Hey Children's NHS Foundation Trust under Schedule 7, Sections 24 and 25 of the National Health Service Act 2006 in the form which Monitor, the Independent Regulator of NHS Foundation Trusts has, with the approval of the Treasury, directed.

Alder Hey Children's NHS Foundation Trust was licensed by Monitor to become a Foundation Trust on 1st August 2008. At this date the assets and liabilities of the Royal Liverpool Children's NHS Trust transferred to the Foundation Trust.

Signed

Louise Shepherd
Chief Executive

Date: 3rd June 2009

INCOME AND EXPENDITURE ACCOUNT FOR THE 8 MONTHS ENDED 31st MARCH 2009

	Note	Aug 2008-Mar2009 £000
Income from activities	3	94,712
Other operating income	4	13,467
Operating expenses	5-6	(103,565)
Operating Surplus		4,614
Profit/(Loss) on disposal of fixed assets	7	(15)
Surplus Before Interest		4,599
Interest receivable	8	146
Interest payable	9	0
Surplus For The Financial Period		4,745
Public Dividend Capital (PDC) dividends payable	10	(1,811)
Retained Surplus For The Period		2,934

Income and Operating Surplus are derived from the Foundation Trust's continuing operations.

BALANCE SHEET AS AT 31 MARCH 2009

	Note	31 Mar 2009 £000	1 Aug 2008 £000
Fixed Assets			
Intangible Assets	12	1,287	1,459
Tangible Assets	12	82,029	79,255
Total Fixed Assets		**83,316**	**80,714**
Current Assets			
Stocks And Work In Progress	13	775	795
Debtors	14	8,813	15,492
Cash At Bank And In Hand	19	11,276	941
Total Current Assets		**20,864**	**17,228**
Creditors			
Amounts Falling Due Within One Year	15	(18,206)	(15,617)
Net Current Assets		2,658	1,611
Total Assets Less Current Liabilities		**85,974**	**82,325**
Provision For Liabilities And Charges	16	(1,307)	(1,512)
Total Assets Employed		**84,667**	**80,813**
Financed By Taxpayers' Equity			
Public Dividend Capital	22	43,893	43,243
Revaluation Reserve	17	30,830	31,334
Donated Asset Reserve	17	4,732	4,451
Other Reserve	17	109	120
Income And Expenditure Reserve		5,103	1,665
Total Taxpayers' Equity		**84,667**	**80,813**

The Annual Accounts were approved by the Board and authorised for issue on 3 June 2009 and are signed on its behalf by:

Signed

Louise Shepherd
Chief Executive

Date: 3rd June 2009

STATEMENT OF TOTAL RECOGNISED GAINS & LOSSES FOR THE 8 MONTHS ENDED 31 MARCH 2009

	Aug 2008 - Mar 2009 £000
Surplus for the financial period before dividend payments	4,745
Increase in the donated asset reserve due to receipt of donated assets	491
Reductions in the donated asset reserve due to depreciation, impairment, and/or disposal of donated assets	(210)
Reduction in other reserve	(11)
TOTAL RECOGNISED GAINS AND LOSSES FOR THE FINANCIAL PERIOD	**5,015**

CASHFLOW STATEMENT FOR THE 8 MONTHS ENDED 31 MARCH 2009

	Note	Aug 2008 - Mar 2009 £000	Aug 2008 Mar 2009 £000
Operating Activities			
Net cash inflow from operating activities	19.1		15,559
Returns on Investments and Servicing of Finance			
Interest received		146	
Interest paid		0	
Net cash inflow from returns on investments and servicing of finance			
CAPITAL EXPENDITURE			
Payments to acquire tangible fixed assets		(3,735)	
Payments to acquire intangible fixed assets		(60)	
Net cash outflow from capital expenditure			
DIVIDENDS PAID			
Net cash inflow before financing			
MANAGEMENT OF LIQUID RESOURCES			
Net cash outflow from management of liquid deposits			
Net cash inflow before financing			
FINANCING			
Public dividend capital received			
Other capital receipts			
Net cash inflow from financing			
Movement in cash	19.3		

NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 31 MARCH 2009

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 2008/2009 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 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.

1.1 Accounting convention

These accounts have been prepared under the historical cost convention modified to include the revaluation of fixed assets and in accordance with applicable accounting standards. 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.

Acquisitions and discontinued operations

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

a) the sale (this may be at nil consideration for activities transferred to another public sector body) or termination is completed either in the period or before the earlier of three months after the commencement of the subsequent period and the date on which the financial statements are approved;

b) if a termination, the former activities have ceased permanently;

c) the sale or termination has a material effect on the nature and focus of the reporting NHS Foundation Trust's operations and represents a material reduction in its operating facilities resulting either from its withdrawal from a particular activity or from a material reduction in income in the NHS Foundation Trust's continuing operations; and

d) the assets, liabilities, results of operations and activities are clearly distinguishable, physically, operationally and for financial reporting purposes.

Operations not satisfying all these conditions are classified as continuing. Activities are considered to be 'acquired' whether or not they are acquired from outside the public sector.

Income recognition

Income is recognised when the Trust is contractually entitled to it. The Trust's main source of income is under contracts from NHS commissioners in respect of healthcare services; the contractual entitlement is when the service is provided. Variances to the standard contract for healthcare services provided to the Health Commission Wales are recognised only when agreed with that body. Where it is reasonably certain that the Trust will receive the income for a treatment or spell once the patient is admitted and treatment begins then the income relating to those spells that are partially completed at the financial period end is apportioned on a pro-rata basis. The apportioned amounts are disclosed as "Amounts recoverable on contracts" and disclosed within debtors.

1.2 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.

Valuation

On initial recognition fixed assets 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.

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 next asset valuation will be carried out later in 2009 with a prospective valuation date of 1 April 2010.
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.

Gains arising from revaluations are taken to the Revaluation Reserve. Losses arising from revaluation are recognised as impairments and are charged to the revaluation reserve to the extent that a balance exists in relation to the revalued asset. Losses in excess of that amount are charged to the current year's Income and Expenditure Account, unless it can be demonstrated that the recoverable amount is greater than the revalued amount in which case the impairment is taken to the revaluation reserve. Diminutions in value when newly constructed assets are brought into use are charged in full to the Income and Expenditure Account. These falls in value result from the adoption of ideal conditions as the basis for depreciated replacement cost valuations.

Assets in the course of construction are valued at cost.

Operational equipment is valued at net cost.

Depreciation, amortisation and impairments

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

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

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

Equipment is depreciated on cost evenly over the estimated life. The estimated lives used for equipment are as follows:

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

1.3 Intangible fixed assets

Intangible assets are capitalised when they are capable of being used in the 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 licence and their useful economic lives.

1.4 Donated fixed assets

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

1.5 Liquid resources

Deposits and other investments that are readily convertible into known amounts of cash at or close to their carrying amounts are treated as liquid resources in the cashflow statement.

1.6 Stocks and work-in-progress

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

1.7 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. 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.

1.8 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 certainly as to its technical feasibility and its resulting in a product or service 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 capitalised 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. 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.

Entitlement to income occurs when the costs being funded are expensed. Should funding be received for expenditure to be incurred in future periods the income is deferred. The majority of research and development funding is allocated by the Department of Health and the Comprehensive Local Research Network. The majority of the Trust's research is received to its involvement with the UK Clinical Research Network study portfolio and the Local Research Network infrastructure.

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 the Treasury's discount rate of 2.2% in real terms.

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 16.

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 as and when they become due.

1.10 Pension costs

The NHS Pensions Scheme is a defined benefit scheme.

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

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

a) Full actuarial (funding) valuation

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

The conclusion from the 2004 valuation was that the Scheme had accumulated a notional deficit of £3.3 billion against the notional assets as at 31 March 2004. However, after taking into account the changes in the benefit and contribution structure effective from 1 April 2008, the Scheme Actuary reported that employer contributions could continue at the existing rate of 14% of pensionable pay. On advice from the Scheme Actuary, scheme contributions may be varied from time- to-time to reflect changes in the scheme's liabilities. Up to 31 March 2008, the vast majority of employees paid contributions at the rate of 6% of pensionable pay. From 1 April 2008, employees contributions are on a tiered scale from 5% up to 8.5% of their pensionable pay depending on total earnings.

b) FRS17 Accounting valuation

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

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

The valuation of the Scheme liability as at 31 March 2009, is based on detailed membership data as at 31 March 2006 (the latest midpoint) updated to 31 March 2009 with summary global member and accounting data.

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

Scheme provisions as at 31 March 2009

The Scheme is a "final salary" scheme.

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

The Scheme provides the opportunity to members to increase their benefits through money purchase Additional Voluntary Contributions (AVCs) provided by an approved panel of life companies. Under the arrangement the employee/member can make contributions to enhance an employee's pension benefits. The benefits payable relate directly to the value of the investments made. From 1 April 2008 a voluntary additional pension facility becomes available, under which members may purchase up to £5,000 per annum of additional pension at a cost determined by the actuary from time-to-time.

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

Existing members at 1 April 2008

Annual pensions are normally based on 1/80th of the best of the last 3 years pensionable pay for each year of service. A lump sum normally equivalent to 3 years pension is payable on retirement. From 1 April 2008 there is the opportunity of giving up some of the pension to increase the retirement lump sum. Annual increases are applied to pension payments at rates defined by the Pensions (Increase) Act 1971, and are based on changes in retail prices in the twelve months ending 30 September in the previous calendar year. On death, a pension of 50% of the member's pension is normally payable to the surviving spouse or eligible unmarried partner.

New Entrants from 1 April 2008

Annual pensions for new entrants from 1 April 2008 will be based on 1/60th of the best three-year average of pensionable earnings in the ten years before retirement. Members wishing to obtain a retirement lump sum may give up some of this pension to obtain a retirement lump of up to 25% of the total value of their retirement benefits. Survivor pensions will be available to married and unmarried partners and will be equal to 37.5% of the member's pension.

1.11 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.

1.12 Corporation Tax

The NHS Foundation Trust has determined that it has no corporation tax liability having reviewed "Guidance on the treatment of non-core health care commercial activities of NHS Foundation Trusts" issued by HM Revenue & Customs, supplemented by access to specific specialist advice when necessary. Corporation tax will be introduced for Foundation Trusts from the financial year starting 1 April 2010. This means that the first payment of any tax due will be in January 2012.

1.13 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. 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. The asset and liability are recognised at the inception of the lease, and are de-recognised when the liability is discharged, cancelled or expires.

1.14 Public Dividend Capital

Public Dividend Capital (PDC) is a type of public sector equity finance based on the excess of assets over liabilities.

1.15 Financial instruments and financial liabilities

Recognition

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

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

De-recognition

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

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

Classification and measurement

Financial assets are categorised as Loans and Receivables. Financial Liabilities are classified as "Other Financial Liabilities".

Loans and receivables

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

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

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

Other financial liabilities

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

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

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

Impairment of financial assets

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

For financial assets at amortised cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the revised future cashflows discounted at the asset's original effective interest rate. The loss is recognised in the income and expenditure account and the carrying amount of the asset is reduced directly.

Income and Expenditure Account and held as a bad debt provision where it is unlikely that the full value of the debt will be received. Should the debt be written-off the write-off amount is charged to the provision to the extent the debt has been impaired. Should the debt be paid the impairment is reversed.

1.16 Prior Year Comparatives

The NHS Foundation Trust came into existence on 1 August 2008 and therefore prior year comparatives for income and expenditure account items are not available.

2 Segmental Reporting

All the operations of Alder Hey Children's NHS Foundation Trust relate to healthcare.

3 Income from Activities

3.1 Income from Activities comprises:

	8 months to 31.3.09 £000
Elective income	18,826
Non-elective income	21,420
Outpatient income	12,210
Accident & emergency income	2,805
Other types of activity income	39,370
Total Income	**94,631**
PbR relief or (clawback)	0
Income from Activities (before private patient income)	**94,631**
Private patient income	81
TOTAL INCOME FROM ACTIVITIES	**94,712**

All income from activities relates to mandatory services.

'Other types of activity income' comprises

	8 months to 31.3.09 £000
Community and Mental Health	11,050
Critical Care	8,660
Non-NHS Health Commission Wales	7,487
Drugs and Devices	4,447
Other	7,726
TOTAL	**39,370**

3.2 Private Patient Income

	8 months to 31.3.09 £000	Base Year 2002/03 £000
Private patient income	81	227
Total patient related income	94,712	80,355
Proportion of private patient income as a percentage	0.1%	0.3%

Section 44 of the National Health Service Act 2006 requires that the proportion of private patient income to the total patient related income of NHS Foundation Trusts should not exceed its proportion whilst the body was an NHS Trust in 2002/03. The Trust was compliant with this requirement in 2008/09.

3.3 Income from Activities comprises:

	8 months to 31.3.09 £000
NHS Foundation Trusts	326
NHS Trusts	649
Strategic Health Authorities	1,375
Primary Care Trusts	79,474
Local Authorities	1,627
Department of Health – other	3,423
Non-NHS - private patients	81
Non-NHS - overseas private patients (non-reciprocal)	7
NHS Injury Scheme	218
Non-NHS – Health Commission Wales	7,487
Non-NHS – Other	45
TOTAL INCOME FROM ACTIVITIES	**94,712**

NHS Injury Scheme income is subject to a provision for doubtful debts of 7.8% to reflect expected rates of collection.

4 Other Operating Income

4.1 Other operating income comprises:

	8 months to 31.3.09 £000
Research and development	1,922
Education and training	5,160
Charitable and other contributions to expenditure	711
Transfers from the donated asset reserve	210
Non-patient care services to other bodies	1,337
Other	4,127
TOTAL OTHER OPERATING INCOME	**13,467**

The Education & Training income arises from the provision of mandatory education and training set out in the Trust's Terms of Authorisation.

All other operating income is non protected and includes:

	8 months to 31.3.09 £000
Government programme for Information Technology	541
Car parking income	264
Catering	600
Funding for project costs for development of Children's Health Park	1,463
Peripheral clinics	186
Clinical excellence awards	636
Other	437
TOTAL	**4,127**

5 Operating Expenses

5.1 Operating expenses comprise:

	8 months to 31.3.09 £000
Services from NHS Foundation Trusts	279
Services from NHS Trusts	414
Services from other NHS bodies	645
Purchase of healthcare from non-NHS bodies	562
Executive director costs	698
Non-executive director costs	85
Staff costs	70,573
Drug costs	8,070
Supplies and Services - clinical (excluding drug costs)	6,464
Supplies and Services – general	1,263
Establishment	987
Research and development*	579
Transport	261
Premises	6,668
Bad debts	18
Depreciation and amortisation	3,317
Audit fees	129
Insurance for clinical negligence	512
Other	2,041
TOTAL OPERATING EXPENSES	**103,565**

*Research and development expenditure reflects payments to other organisations in respect of research contracts.

5.2 Operating Leases

5.2.1 Operating expenses include

	8 months to 31.3.09 £000
Hire of plant and machinery	0
Other operating lease rentals	36
TOTAL OPERATING LEASE RENTALS	**36**

5.2.2 Annual commitments under non-cancelable operating leases

Operating leases which expire:	**£000**
Within 1 year	10
Between 1 and 5 years	23
After 5 years	0
TOTAL OPERATING LEASE RENTALS	**33**

The Trust held no operating leases in respect of land and buildings during 2008/09.

5.3 Audit fees comprise:

	8 months to 31.3.09 £000
Audit services - statutory audit	118
Audit services - audit-related regulatory reporting	0
Other auditor's remuneration further assurance services	6
Other auditor's remuneration other services	5
TOTAL AUDIT FEES	**129**

There is no limited liability agreement in place with the external auditors, Baker Tilly UK Audit LLP.
Other auditor's remuneration includes £11k relating to IFRS work.

5.4 Salary and Pension Entitlements of Senior Managers

5.4.1 Salary entitlements for the period August 2008 - March 2009

Name and position held		Salary (bands of £5,000) Aug-Mar £000	Other Remuneration (bands of £5,000) Aug-Mar £000
Louise Shepherd	Chief Executive	90 - 95	-
Sue Lorimer	Director of Finance (from 1.2.09)	15 - 20	-
Alan Sharples	Director of Finance (retired 30.9.08)	55 - 60	-
Colin Perry *	(Acting Director of Finance 7.4.08-31.12.08)	90 - 95	-
Dr Steve Ryan	Medical Director	55 - 60	45 - 50
Moya Sutton	Director of Nursing	60 - 65	-
Jayne Shaw	Director of Human Resources	55 - 60	-
Terry Windle***	Director of Strategic and Operational Planning (retired 31.3.09)	80 - 85	-
Paul Hetherington	Director of Service Improvement	60 - 65	-
Angela Jones (R)	Chair	30 - 35	-
Lorraine Dodd ** (A)	Non-Executive Director	5 - 10	-
Susan Musson (A) (R)	Non-Executive Director	5 - 10	-
Ed Oliver (A) (R)	Non-Executive Director	5 - 10	-
Michael Yuille (A)	Non-Executive Director	10 - 15	-
Chris Vellenoweth (A)	Non-Executive Director	5 - 10	-

* The salary paid to Colin Perry was paid to Public Sector Consultants.

** The salary paid to Lorraine Dodd is paid to Rathbones Investment Management Ltd

*** Terry Windle has a lease car provided by the Trust. This has a benefit value of £1,200 for the period.

(R) Indicates that the individual is a member of the Remuneration Committee.

(A) Indicates that the individual is a member of the Audit Committee.

5.4.2 Pension entitlements

Executive Directors		Real increase in pension & related lump sum at age 60 (bands of £2,500) £000	Total accrued pension and related lump sum at age 60 31 March 2009 (bands of £2,500) £000	Real increase in CETV £000	CETV at 31 March 2009 £000
Louise Shepherd	Chief Executive	2.5 - 5	130 - 132.5	77	514
Sue Lorimer	Director of Finance	0 - 2.5	100 - 102.5	15	503
Dr Steve Ryan	Medical Director	0 - 2.5	167.5 - 170	138	843
Moya Sutton	Director of Nursing	2.5 - 5	97.5 - 100	68	434
Jayne Shaw	Director of Human Resources	2.5 - 5	85 - 87.5	46	334
Paul Hetherington	Director of Service Improvement	17.5 - 20	140 - 142.5	143	658
Terry Windle	Director of Strategic & Operational Planning	10 - 12.5	182.5 - 185	202	1019

As non-executive directors do not receive pensionable remuneration there are no entries in respect of pensions for non-executive directors. The Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accumulated by a member at a particular point in time. The benefits valued are the member's accumulated benefits and any contingent spouse's pension payable from the scheme. CETVs are calculated within the guidelines and framework prescribed by the Institute of Faculty of Actuaries.

Real increase in CETV reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Mr A Sharples took early retirement due to ill health on 30.9.08 on the normal terms and conditions of the NHS Pension Scheme.

Mr T Windle also took early retirement under the normal terms and conditions of the NHS Pension Scheme on 31.3.09.

6 Staff Costs and Numbers

6.1 Staff costs including director costs

	8 months to 31.3.09 £000
Salaries and wages	59,092
Social Security costs	4,490
Employer contributions to the NHS Pensions Agency	6,850
Agency and contract staff	839
TOTAL STAFF COSTS	**71,271**

6.2 Average number of persons employed

	Employed Aug-Mar WTE	Bank & Agency Aug-Mar WTE
Medical and dental	338	4
Administration and estates	511	0
Healthcare Assistants and other support staff	280	13
Nursing, Midwifery and Health Visiting staff	772	36
Scientific, Therapeutic and technical staff	539	0
TOTAL	**2,440**	**53**

WTE = Whole Time Equivalents

6.3 Employee benefits

The only employee benefits attributable to individual employees are those disclosed in note 5.4.1.

6.4 Retirements due to ill-health

This note discloses the number and additional pension costs for individuals who retired early on ill-health grounds during the year. There were 10 retirements at an additional cost of £342,842. This information has been provided by NHS Pensions.

7 Disposal of Fixed Assets

7.1 Profit and (Loss) on disposal of fixed assets comprises;

	8 months to 31.3.09 £000
Profit on disposal of other tangible fixed assets (equipment)	0
Loss on disposal of other tangible fixed assets (equipment)	(15)
TOTAL PROFIT/(LOSS) ON DISPOSAL OF FIXED ASSETS	(15)

Assets disposed of were unprotected.

8 Interest receivable

	8 months to 31.3.09 £000
Interest on loans and receivables	0
Other	146
TOTAL	**146**

9 Interest payable and similar charges

9.1 Interest payable

	8 months to 31.3.09 £000
TOTAL INTEREST PAYABLE	**0**

9.2 The late payment of commercial debts (interest) Act 1998:

	8 months to 31.3.09 £000
Amounts included within other interest payable arising from claims made under this legislation	**0**
Compensation paid to cover debt recovery costs under this legislation	**0**

10 Public Dividend Capital Dividend

The Trust is required to pay a dividend to the Department of Health of £2,716,000. This represents 3.8% of the average net relevant assets of £72,124,000. £905,000 of dividend payable was incurred during April-July 2008 and has been accounted for by the NHS Trust; the balance has been accounted for by the Foundation Trust.

11 Losses and Special Payments

NHS Foundation Trusts are required to record cash payments and other adjustments that arise as a result of losses and special payments. In the period August-March 2009 the Trust had 20 separate losses and special payments, totalling £247,000.

Payments are cash payments made in the year and are not calculated on an accruals basis. There was one compensation under legal obligation case of over £100,000. The payment made was £154,903.

12 Fixed Assets

12.1 Intangible fixed assets at the balance sheet date comprise the following:

	Software Licences £000
Gross cost at 1 August 2008	**1,767**
Additions – purchased	60
Cost or Valuation at 31 March 2009	**1,827**
Amortisation at 1 August 2008	**308**
Provided during year	232
Amortisation at 31 March 2009	**540**
Net book value: **Total purchased at 1 August 2008**	**1,459**
TOTAL PURCHASED AT 31 MARCH 2009	**1,287**

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

	Land £000	Buildings ex dwellings £000	Dwellings £000	Assets under construction £000	Plant & Machinery £000	Transport Equipment £000	Information Technology £000	Furniture & Fittings £000	Total £000
Cost or Valuation at 1 August 2008	3,855	67,288	438	638	26,729	90	3,419	548	103,005
Additions – purchased	0	637	0	2,806	1,670	0	270	0	5,383
Additions – donated	0	32	0	130	329	0	0	0	491
Reclassifications	0	309	0	(309)	0	0	0	0	0
Disposals	0	0	0	0	(449)	0	(207)	0	(656)
Cost or Valuation at 31 March 2009	3,855	68,266	438	3,265	28,279	90	3,482	548	108,223
Accumulated depreciation at 1 August 2008	0	816	4	0	20,290	59	2,123	458	23,750
Provided during the period	0	1,639	9	0	1,138	3	286	10	3,085
Disposals	0	0	0	0	(434)	0	(207)	0	(641)
Accumulated depreciation at 31 March 09	0	2,455	13	0	20,994	62	2,202	468	26,194
Net book value									
Purchased at 1 August 2008	3,855	62,653	434	638	5,817	31	1,291	85	74,804
Donated at 1 August 2008	0	3,819	0	0	622	0	5	5	4,451
Total as at 1 August 2008	3,855	66,472	434	638	6,439	31	1,296	90	79,255
Purchased at 31 March 2009	3,855	62,043	425	3,135	6,458	28	1,277	75	77,296
Donated at 31 March 2009	0	3,768	0	130	827	0	3	5	4,733
Total at 31 March 2009	3,855	65,811	425	3,265	7,285	28	1,280	80	82,029

There are no restrictions on the use of donated assets.
Of the totals at 31 March 2009, £117,000 related to land valued at open market value, £nil related to buildings valued at open market value and £425,000 related to dwellings valued at open market value. These assets are classed as unprotected assets.
The Trust has no assets held under finance leases and hire purchase contracts.

12.3 The net book value of land, buildings and dwellings comprises:

	Protected 31 Mar 2009 £000	Unprotected 31 Mar 2009 £000	Protected 1 Aug 2008 £000	Unprotected 1 Aug 2008 £000
Freehold	69,549	542	70,210	551
Long Leasehold	0	0	0	0
TOTAL	**69,549**	**542**	**70,210**	**551**

The protected assets are used in the provision of mandatory services. Unprotected assets relate to dwellings and the land associated with them.

13 Stocks and work in progress

13.1 Stocks and work in progress comprise:

	31.3.09 £000	1.8.08 £000
Raw materials and consumables	775	795

14 Debtors

14.1 Debtors comprise:

	31.3.09 £000	1.8.08 £000
Amounts falling due within one year:		
NHS debtors	3,107	4,268
Provision for impaired debtors	(145)	(168)
Prepayments	2,751	1,766
Other debtors	2,012	5,191
Accrued income	1,088	4,435
TOTAL DEBTORS	**8,813**	**15,492**

14.2 Provision for impairment of debtors

	31.3.09 £000
Balance 1 August 2008	168
Increase in provision	35
Amount Utilised	(19)
Unused amounts reversed	(39)
Balance 31 March 2009	**145**
Ageing of impaired debtors:	
Up to 3 months	19
In 3 to 6 months	8
over 6 months	118
TOTAL	**145**
Debtors passed due but not impaired	
Up to 3 months	791
3 to 6 months	43
Over 6 months	12
TOTAL	**846**

15 Creditors

15.1 Creditors comprise:

	31.3.09 £000	1.8.08 £000
Amounts falling due within one year:		
NHS creditors	5,859	3,203
Tax and Social Security	2,308	2,330
Capital creditors	2,878	738
Other creditors	3,352	4,211
Accruals	1,833	4,099
Deferred income	1,976	1,036
TOTAL CREDITORS	**18,206**	**15,617**

NHS Creditors include £1,282,000 outstanding pension contributions at 31 March 2009 (£1,242,000 at 1 August 2008).

16 Provisions for liabilities and charges

16.1 Provisions for liabilities and charges comprise:

	Total £000	Pensions Former Directors £000	Pensions Other Staff £000	Other Legal Claims £000	Agenda for Change £000	Other £000
As at 1 August 2008	1,512	84	418	144	749	117
Arising during the period	173	0	0	45	90	38
Utilised during the period	(375)	(5)	(23)	(96)	(251)	0
Reversed unused	(3)	0	0	(3)	0	0
Unwinding of discount	0	0	0	0	0	0
As at 31 March 2009	**1,307**	**79**	**395**	**90**	**588**	**155**
Expected timing of cashflows:						
- within year	899	9	57	90	588	155
- between 1 and 5 years	223	34	189	0	0	0
- after 5 years	185	36	149	0	0	0

Other Legal Claims comprises amounts due as a result of third party and employee liability claims. The values are informed by information provided by the NHS Litigation Authority.

Other provisions relate to expenditure for which the Trust is liable which does not fall into other headings.

£17,301,377 is included within the provisions of the NHS Litigation authority as at the 31 March 2009 in respect of the clinical negligence liabilities of the Trust.

16.2 Contingent Liabilities

The Trust has no contingent liabilities at 31 March 2009.

17 Movements on Reserves

17.1 Movements on reserves in the year comprise:

	Revaluation Reserve £000	Donated Asset Reserve £000	Other Reserves £000	Income and Expenditure Reserve £000	Total £000
As at 1 August 2008	31,334	4,451	120	1,665	37,570
Surplus for the period	0	0	0	2,934	2,934
Surplus on other revaluations	0	0	0	0	0
Receipt of donated assets	0	491	0	0	491
Transfers to the income and expenditure account for depreciation, impairment and disposal of donated assets	0	(210)	0	0	(210)
Other transfers between reserves	(504)	0	0	504	0
Movement on other reserves	0	0	(11)	0	(11)
As at 31 March 2009	30,830	4,732	109	5,103	40,774

The 'other reserves' relates to income received as revenue funding, for the purchase of capital assets. The reserve is wound down over the assets useful economic life to provide an income for the assets depreciation.

18 Prudential Borrowing Limit

The Alder Hey Children's NHS Foundation Trust is required to comply and remain within a Prudential Borrowing Limit (PBL). This is made up of two elements:

(a) the maximum cumulative amount of long-term borrowing. This is set by reference to five ratio tests set out in Monitor's prudential Borrowing Code. The financial risk rating set under Monitor's Compliance Framework determines one of the ratios and therefore can impact on the Long Term Borrowing Limit.

(b) the amount of any working capital facility approved by Monitor.

Further information on the NHS Foundation Trust Prudential Borrowing Code and Compliance Framework can be found on the website of Monitor, the Independent Regulator of Foundation Trusts.

The Trust had a PBL of £44.6m of which £32.6m related to long-term borrowing and £12m to a working capital facility. The Trust has not yet borrowed against this limit and thus the only ratio of relevance is that of the Minimum Dividend Cover. The table below confirms that the Trust was within the approved ratios.

	Aug-Mar Actual Ratio	Aug-Mar Approved Ratio
Maximum debt/capital ratio	-	25%
Minimum dividend cover	1.6	1
Minimum interest cover	-	3
Minimum debt service cover	-	2
Maximum debt service to revenue	-	3%

On 31 March 2009 the Trust had in place an actual working capital facility of £12m.

19 Notes to the Cash Flow Statement

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

	8 months to 31.3.09 £000
Total operating surplus	4,614
Depreciation and amortisation	3,317
Fixed asset impairments	0
Transfer from donated asset reserve	(210)
Other movements	(11)
(Increase)/decrease in stocks	20
(Increase)/decrease in debtors	6,679
Increase/(decrease) in creditors	1,355
Increase/(decrease) in provisions	(205)
Net Cash inflow from operating activities	**15,559**

19.2 Reconciliation of net cash flow to movement in cash and liquid resources

	8 months to 31.3.09 £000
Increase in cash in the period	10,335
Cash used to increase liquid resources	0
Cash and liquid resources 1 August 2008	941
Cash and Liquid Resources 31 March 2009	**11,276**

19.3 Analysis of changes in cash and liquid resources

	As at 31 March 2009 £000	Cash Changes 31 March 2009 £000	As at 1 Aug 2008 £000
Cash at bank and in hand	11,276	10,335	941
Liquid resources	0	0	0
TOTAL	**11,276**	**10,335**	**941**

20 Capital Commitments

At the balance sheet date of 31 March 2009 the Trust had capital commitments of £3.8m. £1.6m of this commitment relates to the Intra-operative MRI being funded by charitable donations through the Imagine Appeal (Registered Charity No. 1105610). The balance relates to ongoing schemes due to be completed during 2009/2010.

21 Post Balance Sheet Events

There are no disclosable post balance sheet events.

22 Movements in Taxpayers' Equity

22.1 Movement in taxpayers' equity comprises:

	£000
Taxpayers' equity at 1 August 2008	**80,813**
Surplus for the financial period	4,745
Public dividend capital dividends	(1,811)
Gains from revaluation/indexation of purchased fixed assets	0
New Public Dividend Capital received	650
Movement on Donated Asset reserve	281
Reduction in Other Reserves	(11)
TAXPAYERS' EQUITY AT 31 MARCH 2009	**84,667**

22.2 Movement in public dividend capital comprises:

	8 months to 31.3.09 £000
Public dividend capital at 1 August 2008	43,243
Public dividend capital received in period	650
PUBLIC DIVIDEND CAPITAL AT 31 MARCH 2009	**43,893**

23 Related party transactions

The Alder Hey Children's NHS Foundation Trust is a public interest body authorised by Monitor, the Independent Regulator for 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 Alder Hey Children's NHS Foundation Trust except as noted below.

The Department of Health is regarded as a related party. During the period the Alder Hey Children's 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:

	Income £000	Expenditure £000	Debtor £000	Creditor £000
Liverpool PCT	19,567	249	104	2,451
Sefton PCT	6,460	0	458	5
Knowsley PCT	3,888	0	253	0
Western Cheshire PCT (act as Specialist Commissioners for the PCTs in the North West Region)	50,377	0	166	0
North West Strategic Health Authority	6,478	3	94	3
NHS Business Services Authority	0	2,096	0	306
Department of Health	2,854	7	0	0
National Specialist Commissioning Advisory Group	1,094	0	146	0

In addition, the Trust has had a number of material transactions with other Government Departments and other central and local government bodies. Most of these transactions have been with:

	Income £000	Expenditure £000	Debtor £000	Creditor £000
Liverpool City Council	1,430	262	436	9
HM Revenue & Customs	0	0	612	1,297
National Insurance Fund	0	6,612	0	1,001
NHS Pensions Agency	0	10,166	0	1,282
Health Commission Wales	7,487	0	0	0

The Trust has a number of transactions with the University of Liverpool. Michael Yuille, non-executive director, is the Director of Finance of the University. £923k was incurred in expenditure, £138k in recharges. Outstanding debtor at 31 March 2009 was £120k whilst outstanding creditors were £544k.

The Alder Hey Children's NHS Foundation Trust is the corporate trustee of the Alder Hey Children's Charitable Funds. At 31 March 2009, the amount due from the Charity was £182k (31 July 2008 £1,538k). During the period, the Trust has received £1,055k from Charitable Funds.

The Trust has also received revenue and capital payments from a number of charitable funds, certain of the Trustees of which are also members of the Trust Board. The Chair of the Trust is a Trustee of the Imagine Appeal from whom the Trust has received £175k during the period.

Lorraine Dodd, non-executive director, is employed by Rathbone Investment Management Ltd. Charitable Funds have paid £26k for services received.

24 Managed Service Arrangements (MSA)

24.1 Managed Service Arrangements deemed to be off-balance sheet

	8 months to 31.3.09 £000
Amounts included in operating expenses in respect of MSA transactions deemed to be off-balance sheet – gross	2,819

The Trust is committed to make the following payments during the next year:

	£000
Scheme which expire within - 1 year	775
- 1 to 5 years	457
- 5 to 10 years	2,703
- 11 to 15 years	0

Scheme Details:

Description: Managed Hospital Information System

Estimated Capital value of the scheme	£1.8m
Contract start date	01.07.97
Contract end date	22.06.08

The Trust is currently negotiating to extend the contract to provide the Hospital Information System until it can be replaced by the national system. At the moment, the contract is paid for on a month-by-month basis.

Description: Oncology Building

Estimated Capital value of the scheme	£9m
Contract start date	28.03.03
Contract end date	29.03.14

Description: Modular Theatres and Ward

Estimated Capital value of the scheme	£6.3m
Contract start date	18.03.05
Contract end date	17.03.17

Description: Ward Outpatient Facilities and Consultant Accommodation

Estimated Capital value of the scheme	£5.4m
Contract start date	18.03.06
Contract end date	17.03.18

25 Financial linstruments

25.1 FRS29 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.

Liquidity Risk

The Alder Hey Children's NHS Foundation Trust net operating costs are incurred under legally binding contracts with local Primary Care Trusts (PCT). The Trust receives regular monthly payments from PCTs based on an agreed contract value with adjustments made for actual services provided. The availability of a working capital facility with the Trust's bankers mitigates the risk arising from potential variations in income arising from delivery of patient care services.

The Trust finances its capital expenditure from internally generated funds or Public Dividend Capital made available by the Department of Health. The Trust is therefore not exposed to significant liquidity risks.

Interest Rate Risk

All the Trust's financial assets carry nil or fixed rates of interest. The Trust is not exposed to significant interest rate risk.

Foreign Currency Risk

The Trust has negligible foreign currency income or expenditure.

Price Risk

The contracts from NHS commissioners in respect of healthcare services have a pre-determined price structure which negates the risk of price fluctuation.

Credit Risk

The contracts from NHS commissioners in respect of healthcare services are agreed annually and take into account the commissioners' ability to pay and hence the credit risk is minimal.

25.2 Financial Assets

	Loans and Receivables 31.3.09 £000	At Fair Value through the I&E £000	Loans and Receivables 1.8.08 £000	At Fair Value through the I&E £000
NHS debtors	3,107	0	4,268	0
Provision for irrevocable debts	(145)	0	(168)	0
Accrued income	1,088	0	4,428	0
Other debtors	2,012	0	5,191	0
Cash	11,276	0	941	0
TOTAL	**17,338**	**0**	**14,660**	**0**

25.3 Financial Liabilities

	Other Financial Liabilities 31.3.09 £000	Liabilities At Fair Value through the I&E 31.3.09 £000	Other Financial Liabilities 1.8.08 £000	Liabilities At Fair Value through the I&E 1.8.08 £000
NHS creditors	5,859	0	3,203	0
Other creditors	3,352	0	4,211	0
Accurals	1,833	0	4,099	0
Captial creditors	2,878	0	738	0
Provisions	1,307	0	1,512	0
TOTAL	**15,229**	**0**	**13,763**	**0**

12.0 Statement on Internal Control 2008/09

Alder Hey Children's NHS Foundation Trust

1. Scope of responsibility

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

I am also responsible for ensuring that the NHS Foundation Trust is administered prudently and economically and that resources are applied efficiently and effectively. I also acknowledge my responsibilities as set out in the NHS Foundation Trust Accounting Officer Memorandum.

2. The purpose of the system of internal control

The system of internal control 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 Alder Hey Children's NHS Foundation Trust policies, aims and objectives;

- evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The principal mechanisms for this is the Board Assurance Framework and risk registers generated at divisional level, which address the totality of strategic and operational risks to the organisation. During 2008/09 the Trust's responsibilities for internal control have been considered in the quarterly monitoring returns and discussions with Monitor. Monitor utilises a risk based approach across the key areas of finance, governance and mandatory services in accordance with the compliance framework criteria. The Trust's responsibilities for internal control have been in place for the 8 months ending 31st March 2009 and up to the date of approval of the annual report and accounts.

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 into the scheme rules, and that member pension scheme records are accurately updated in accordance with the timescales detailed in the Regulations.

3. Capacity to handle risk

The Trust's Risk Management Strategy sets out the responsibility and role of the Chief Executive and Board in relation to risk management. The Trust has established a Corporate Assurance Standards Committee with membership from the full Trust Board, approved an updated Risk Management Strategy and established a Clinical Safety Group, reporting to the Committee of Clinical Governance and the Board of Directors, which together provide the Trust with a formal structure for addressing risk at the corporate level, embracing strategic risk issues, implementation of the Standards for Better Health, the Board Assurance Framework and key risk performance indicators. The Trust's committee structure is based upon principles of integrated governance and is designed to better support the Trust's operation as an NHS Foundation Trust.

The Clinical Safety Group undertakes the following functions:

- provides support, direction and training for divisional risk leads;
- ensures consistent and appropriate risk systems and processes are established and evaluated throughout the Trust;
- evaluates and further develop the Trust's Risk Management Strategy;
- reports progress in managing risk and implementing the Trust's Risk Management Strategy;
- monitors the implementation of the divisional Risk Management Strategies and the effectiveness of risk management in divisions and non clinical departments;
- provides assurance that divisions and departments are meeting national standards and are prepared for assessment e.g. Health/Quality Care Commission, NHS Litigation Authority;
- ensure that training in risk management is implemented and evaluated in the Trust.

The Trust built upon and developed its Board Assurance Framework during 2008/09 contributing towards the achievement of an overall rating of "significant assurance", confirmed by the Director of Audit Opinion for the period.

Lead roles for risk management, the assurance framework, counter fraud and security management have been allocated to appropriate Executive Directors. Relevant staff are trained to manage risk in a way appropriate to their authority and duties. Appropriate guidance is provided including the need to seek out and learn from good practice, both within the Trust and from other organisations.

Ward, departmental and divisional risk registers have been in place for the full year and continue to be promulgated by robust systems for ensuring effective management of operational risks across all areas of the organisation. There is an escalation process whereby risks that cannot be managed locally are reviewed at the appropriate level within the organisation to ensure that reasonable measures are taken. This is a continuous process that assists with the development of an organisation wide risk aware culture, sharing of lessons learned and enables risk management decision making to occur as near as practicable to the risk source.

Risk management, risk assessment and incident reporting is included in core induction and within the Trust's mandatory training programme. This approach will be continued throughout 2008/09.

4. The risk and control framework

The Trust's Risk Management Strategy defines risk management as a framework for the systematic identification, assessment, treatment and monitoring of risk. The strategy sets out in detail the purpose, objectives and approach of the Trust's risk management arrangements. Risk management is embedded in the activity of the organisation through its governance systems, incident reporting processes and management arrangements. The key element of the strategy include:

- a definition of risk management;
- the Trust's policy statement and organisational philosophy in relation to risk management as integral part of our corporate objectives, goals and management systems;
- strategic vision for risk management across the organisation;
- roles, responsibilities and accountabilities;
- governance structures in place to support risk management, including terms of reference.

The Board Assurance Framework, which focuses on identifying the principal risks at corporate level, has been embedded within the Foundation Trust and is regularly reviewed and updated. The Assurance Framework has been reviewed by the Board during the year and covers the following:

- corporate objectives and goals;
- identification of principal risks to the achievement of objectives;
- internal controls in place to manage the risks;
- identification of assurance mechanisms which relate to the effectiveness of the system of internal control;
- records the actions taken by the Trust to address control and assurance gaps.

In terms of the Healthcare Commission's Standards for Better Health, the Trust submitted a position of full compliance against the core standards in its Declaration in May 2008. Control measures are also in place to ensure that all the organisation's obligations under equality, diversity and human rights legislation are complied with by the Trust.

The Trust has in place a range of control mechanisms which support the risk management and assurance agenda:

- Corporate Assurance Standards Committee;
- ward, department and divisional risk assessments;
- education and training programmes throughout the organisation;
- policy approvals and ratification by appropriate Committees of the Board;
- risk assessment of new projects, for example, SLR;
- Trust commissioned internal audit programme;
- Recruitment of Head of Integrated Clinical Governance

The Director of Finance and Information manages information risk at Board level and the Information Governance Coordinator deals with operational risk.

The Trust's Information Governance framework is based around legal requirements and Department of Health guidance for the processing of personal and organisational information. Since the introduction of the Information Governance Toolkit and assessment in 2003 the Trust has developed an annual programme of work to improve the control mechanisms to manage and mitigate risks associated with the processing of information. Steady progress has been achieved each year through the development and implementation of policies and procedures and through raising staff awareness and providing training. A major focus this year has been around the risks associated with laptops and memory sticks and a programme of work is underway to encrypt all such devices.

5. Review of economy, efficiency and effectiveness of use of resources

The Trust has a robust performance management system which provides performance information on key indicators of economy, efficiency and effectiveness and use of resources. The Finance and Contracts Committee and the Trust Board reviews monthly performance. The Trust commissions specific pieces of work designed to highlight areas where improvements are required. The Trust has a programme of continuous improvement events (RIST) to identify areas to improve efficiency and effectiveness of service provision in both clinical and non-clinical departments.

6. Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review is informed by the work of 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.

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 of Directors and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The process that has been applied in maintaining and reviewing the effectiveness of the system of internal control includes the following elements:

- the Board of Directors provides active leadership of the Trust within a framework of prudent controls that enable risk to be assessed and managed;
- the Audit Committee, as part of an integrated governance structure, is pivotal in advising the Board on the effectiveness of the system of internal control;
- the Committees of the Board are key components by which I am able to assess the effectiveness and assure the Board of risk management generally and clinical risk;
- Internal Audit provides quarterly reports to the Audit Committee and full reports to the Director of Finance and other Trust Officers;
- The Director of Finance also meets regularly with the Audit Manager;
- Other explicit review and assurance mechanisms include divisional assurance frameworks linked to the Operational Plan and a range of independent assessments against key areas of control, as set out in the Assurance Framework;
- The Trust is fully compliant with the Core Standards for Better Health.

Any significant internal control issues would be reported to the Board via the appropriate Committee. There have been no significant internal control issues identified during 2008/2009. There have been no serious untoward incidents involving data loss of or confidentiality beaches. All significant risks identified within the Board Assurance Framework have been reviewed in year by the Board and appropriate control measures put in place.

During the year progression and development of embedding the operational requirements of a Foundation Trust has taken place including the prioritisation and deployment of resources, adaption to new financial regimes, Board development, Integrated Business Plan delivery, governance structures, capacity and cascading of business objectives within the organisation. Significant organisation management changes have taken place, particularly at Board level, and revised Committee structures have been further embedded into the Trust.

During the year continued progress has been made with the control of hospital acquired infections including MRSA. This has been led by the Director of Infection Prevention and Control.

I receive reports from the Royal Colleges and following Deanery visits. In addition, there are a range of other independent assessments against key areas of control for example:

- reviews completed by External Consultants, External Auditors and the Health Care Commission;
- achievement of 'excellent' category in PEAT assessment;
- Health Care Commission's Annual Health Check 2007/2008 resulted in ratings of 'excellent' for quality of services.

The Board of Directors is committed to continuous improvement and development of the system of internal control.

Conclusion

No significant internal control issues have been identified.

Date: 3rd June 2009

Chief Executive:

(on behalf of the Board)

13. Independent Auditor's report to the Council of Governors of Alder Hey Children's NHS Foundation Trust

We have audited the financial statements of Alder Hey Children's NHS Foundation Trust, which comprise the Income and Expenditure Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Cash Flow Statement and the related notes.

This report is made solely to the Council of Governors of Alder Hey Children's NHS Foundation Trust ("the Trust"), as a body, in accordance with the National Health Service Act 2006. Our audit work has been undertaken so that we might state to the Council of Governors of the Trust, as a body, those matters we are required to state to it in an auditor's 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 Trust's Governors, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditors

The Accounting Officer's responsibilities for preparing the financial statements in accordance with directions issued by Monitor and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Accounting Officer's Responsibilities.

Our responsibility is to audit the financial statements and the part of the Directors' Remuneration report to be audited in accordance with relevant legal and regulatory requirements 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 are properly prepared in accordance with directions issued under paragraph 25(2) of Schedule 7 of the National Health Service Act 2006 and whether the accounts comply with the requirements of all other provisions contained in, or having an effect under, any enactments which are applicable to the accounts. We also report to you whether in our opinion the information given in the Directors' report is consistent with the financial statements.

In addition, we report to you if, in our opinion, the Trust has not kept proper accounting records, we have not received all of the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

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

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the Chair's and Chief Executive's Statements, the Directors' Report, the sections on the Board of Directors, the Council of Governors, Safeguarding high standards, IFRS and the Remuneration Report. 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 International Standards on Auditing (UK & Ireland) issued by the Auditing Practices Board and the Audit Code for NHS Foundation Trusts issued by Monitor. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Accountable Officer in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Trust's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion:

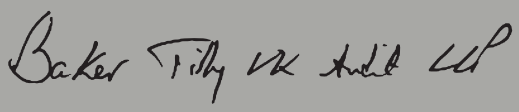
- the financial statements give a true and fair view, in accordance with the NHS Foundation Trust Financial Reporting Manual, of the state of Alder Hey Children's NHS Foundation Trust's affairs as at 31 March 2009 and of its income and expenditure for the period then ended;

- the financial statements and the part of the Directors' Remuneration report to be audited have been properly prepared in accordance with the National Health Service Act 2006 and directions made thereunder by Monitor; and

- the information given in the Directors' report is consistent with the financial statements

Certificate

We certify that we have completed the audit of the accounts in accordance with the requirements of the National Health Service Act 2006 and the Audit Code for NHS Foundation Trusts issued by Monitor.



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3rd June 2009

Translation available on request from the address below.
Large print, Braille or audio versions are also available on request.

Alder Hey Children's NHS
NHS Foundation Trust

If you would like more information about any of the details in this report, contact:

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