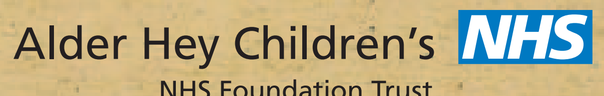

annual report and accounts 2009/10

We're committed to providing brighter futures for all our patients.

Annual Report & Accounts for the year ended 31st March 2010

Alder Hey Children's
NHS Foundation Trust

Annual Report & Accounts

For the year ended 31st March 2010

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

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Section 1: Chair and Chief Executive Statement

The year ending March 2010, our first full year operating as a Foundation Trust, saw important progress made against our key objectives, along with continued successful delivery of the challenging access and quality targets required of us by the Department of Health. All these were achieved against a backdrop of continued rising demand for our services from GPs, secondary care clinicians and members of the public exercising choice, resulting in yet another record year of numbers of patients treated.

Our primary focus has remained on delivering the highest quality of care we can, both in terms of clinical safety and effectiveness and the experience our children and young people have whilst in our care. With regard to safety and effectiveness, we maintained our excellent performance with very low numbers of cases of MRSA(4) and C-Difficile(3) infection and continued to drive down the number of medication errors. Our patient mortality rate continued to be the best in class for all specialist paediatric hospitals in England and we set ourselves the target of achieving the highest standard of risk control for our clinical services, as measured by the NHS Litigation Authority, successfully achieving their Level 3 Standard in February 2010.

At the same time, we have invested significant effort and resources to ensure we have the right tools to listen carefully to what our children, young people and their carers feel about the services they receive and ensure we respond appropriately to what they are telling us. We worked in partnership with the private sector to develop the UK's first "Paediatric Toolkit" (an interactive system for capturing patient views) and have continued our hospital wide "Rapid Improvement" programme which uses "lean" techniques, involving large numbers of staff, to redesign services to cut out waste and improve quality for patients. This dedication to continuously improving the quality of our patients' experience led to us receiving an "Investing in Children" accreditation at the year end – the only acute hospital in the UK to achieve this accolade.

We were delighted that this standard of performance was recognised by the Care Quality Commission (CQC) in awarding the Trust a "Double Excellent" rating for quality of services and use of resources in October 2009 (relating to performance during 2008/9). It was therefore extremely disappointing to receive poor feedback following a CQC inspection during that same month of three ward areas in the Trust in respect of compliance with the Hygiene Code. That said, the Inspectors' report galvanised us into looking afresh at all our operating procedures and processes with respect to cleanliness and led us to undertake a trust-wide "Sparkle" campaign involving all our staff, patients and families, our governors along with external experts. We were extremely pleased that the CQC subsequently complimented the Trust on the way we had tackled the issues they had raised.

We have continued to use our freedoms as a Foundation Trust to invest in and develop new services and facilities for our patients, including five "Alder Hey at" clinics in the community in partnership with NHS Knowsley. At the same time, we opened a state of the art specialist burns unit, refurbished our outpatient suite and redesigned a new, much more welcoming entrance to the hospital. Our biggest single innovation was the commissioning of Europe's first dedicated paediatric intra-operative 3-T MRI scanner and theatre suite, opened by HRH Prince William of Wales. This clinical "first" enables us to transform the way we operate on children with brain tumours, epilepsy and other neurological disorders and was made possible by a generous donation from the Barclay Foundation through our Imagine Appeal.

This year ended the final chapter on organ retention, with the final respectful burials of unclaimed organs, tissue samples and foetuses remaining in our collection. A widely publicised, multi-faith memorial service was held in February and the creation of a commemorative garden at Allerton Cemetery in Liverpool will, we hope, bring some comfort to those parents and our staff affected by organ retention and ensure that we never forget.

As we look to a brighter future, we remain committed to providing a world-class environment from which to deliver our services. Our plans for a Children's Health Park, due to open on our centenary in October 2014, made great progress during the year, with a highly successful public consultation during the summer, followed by approval of our outline business case from Monitor, giving us permission to go out to tender for the scheme in October 2009. There has been significant interest in the scheme from bidders and we are currently working with two potential partners with a view to awarding a contract for the build in 2011/12.

None of the achievements highlighted above would have been possible without the commitment and dedication of our staff. With challenging times ahead for the NHS, we remain focused on ensuring they are fully equipped to meet them effectively. We have embarked on a programme to devolve much greater freedoms and accountability to front-line clinical staff through the development of Clinical Business Units, supported by an extensive development programme to enable staff to undertake their new responsibilities. This builds on the strong development programmes already in place across the Trust which were reflected in our achievement of a "bronze" level Investors in People accreditation. We would like to take this opportunity to thank each and every member of staff for their contribution to this year's successes.

Angela Jones OBE DL
Chair

Louise Shepherd
Chief Executive

Section 2: Directors' Report

2.1 Background Information and Overview of Trust

Alder Hey Children's NHS Foundation Trust is one of the largest specialist children's healthcare providers in Western Europe. We have a national and international reputation as a centre of excellence and are one of a small number of Trusts in the UK providing a comprehensive range of services from those based in the community to supra-regional specialties for children and young people.

We are proud to be a top performing Trust, rated 'Double Excellent' for quality of services and financial management by the independent Care Quality Commission in October 2009, the only paediatric Trust in the country to achieve this. This is the seventh consecutive year in which Alder Hey Children's NHS Foundation Trust has achieved excellence in the annual health check and puts us in the top 1.8% of Trusts nationally.

We are supported by a diverse workforce of around 2,560 (full time equivalent) and are a teaching hospital involved in the training of over 600 medical students. We are also a centre for hosting national postgraduate medical examinations (MRCPCH).

We provide a range of over 20 specialist services for a total catchment population of 7.6 million. With our local, regional and extra-regional networks, we see and treat around 200,000 children and young people each year; 30,000 of which are seen as inpatients. Almost 70% of this activity is of a 'specialist' nature.

We are a recognised Centre of Excellence for children with cancer, heart, spinal and brain disease in addition to being a Department of Health-designated National Centre for head and face surgery.

The majority of our services are provided at Alder Hey Children's NHS Foundation Trust in West Derby, Liverpool. However we provide outreach services across a wide footprint with over 600 clinical sessions being held each year across the North West of England, North Wales, Shropshire and the Isle of Man. Our paediatric Accident and Emergency Unit is the biggest in the UK treating over 60,000 children and young people each year.

The UK Medicines for Children Research Network (MCRN) is hosted at Alder Hey in conjunction with the University of Liverpool with a Department of Health grant worth £22million and we are the lead centre for the Cheshire, Merseyside and North Wales MCRN - leading the field in paediatric pharmacovigilance and being awarded the only paediatric NHS programme grant (£2million) for work in this field. Additionally, the breadth and depth of Alder Hey research activities is underpinned by an active research programme in most specialties of child health supported by the Institute of Child Health.

An active Arts and Design Programme 'Alder Hey Arts' is widely supported and is recognised as a leader in this area.

Alder Hey is supported by two independent registered charities, The Imagine Appeal and Ronald McDonald House. The Imagine Appeal was launched in 2005 with the support of Yoko Ono. Since its launch the Imagine fundraising team has secured support from many national companies and figures, including the Barclay Foundation which funded Europe's first paediatric intra-operative 3-T MRI scanner at Alder Hey which was commissioned in 2009. Ronald McDonald House is the biggest purpose-built House in the world with 70 rooms and provides a 'home away from home' for parents of children who are being treated in the hospital. The House is funded and run entirely by charitable donations.

Alder Hey is England's first public health promoting paediatric hospital accredited by the World Health Organisation. With concern for our patients, their parents and carers and our staff in one of the country's most deprived areas, we believe we have a duty of care to provide health awareness, education and support to the communities we serve.

We were authorised as a Foundation Trust in August 2008 and have an active Council of Governors representing patients, parents, carers, staff, the general public and partner organisations. Our membership base totals over 13,500 representing the regions we serve.

Endorsements in 2009-10

- Investing in Children Award – the first hospital in the UK to receive this accolade.
- Nominated as National Centre for Children with Lupus by the Lupus Charity.
- Awarded the Healthcare Information Award for developing the National Paediatric Toolkit 'Fabio the Frog' – the only interactive system designed to understand children's needs.
- Received the Best Patient Information Award from the British Medical Association for 'Wilbur' a booklet for children requiring a central intravenous line.
- Awarded the Quality and Public Health Awards by Liverpool PCT for the National Paediatric Toolkit and our work in health promotion.
- Medical Director Dr. Steve Ryan became a 'Migraine Hero' singled out by a patient for national recognition.
- Shortlisted for the Health Service Journal Awards for the National Paediatric Toolkit.
- Shortlisted in the Health and Social Care Awards for the use of Ketamine in A&E.
- Shortlisted by the Department of Health Communicate 09 initiative for Best Public Consultation.
- Awarded the Junior Doctor Engagement in Management and Leadership by the NHS North West Medical Advisory Team. This was in recognition for the way the Trust involves Junior Doctors in service delivery and improvements.

2.2 Operating and Financal Review

Alder Hey continued to perform strongly during 2009-10, with referrals continuing to increase as parents, GPs and clinicians exercise choice of provider. As a result we saw 2131 more inpatient admissions than 2008/9 which equates to an additional 834 patients and 5297 more outpatient attendances than 2008/09 which equates to an additional 1443 patients. At the same time, we succeeded in further improving access to our services with 90% of admitted patients and 97% of non-admitted patients treated within 18 weeks.

Delivering Our Strategic Aims

The Trust has established seven Strategic Aims against which it establishes plans and monitors performance.

- **Strategic Aim 1** - Delivering clinical excellence in all of our services.
- **Strategic Aim 2** - Ensuring all of our patients and their families have a positive experience while in our care.
- **Strategic Aim 3** - Be the provider of 1st choice for children, young people and their families.
- **Strategic Aim 4** - Be a world class centre for children's research and development.
- **Strategic Aim 5** - Further improve our financial strength in order to continuously invest in services and provide funding for a new hospital.
- **Strategic Aim 6** - Ensure our staff have the right skills, competence, motivation and leadership to deliver our Vision.
- **Strategic Aim 7** - Deliver our Hospital in the Park vision.

Progress against each of these aims during 2009/10 was as follows:

Delivering clinical excellence in all of our services:

- Maintained 'best in class' standardised mortality rates.
- Number of cases of MRSA (4) and C Diff (3) Infections below upper limit set by CQC.
- Medication errors further reduced (2008-9 296 reported compared to 2009-10 reduction to 287 reported).
- Established Europe's first paediatric intra-operative 3-T MRI scanner and theatre suite.
- Opened a state-of-the-art Burns Unit.
- Achieved 'Excellent' rating for services in 2008-9 annual health check.
- Achieved NHSLA Level 3 demonstrating improved management of risk.
- Improved organisation-wide focus on compliance with the Health and Social Care Act.

Ensuring our patients and their families have a positive experience while in our care:

- Continued achievement of the 18 week target for treatment from referral.
- Day-case patients reached 73.1% as of February 2010 representing a 2% increase in year.
- Patient complaints reduced by 12%.
- Achieved 'best in class' for day case rates, average length of stay, first-to-follow-up and pre–operative bed days.
- The National Paediatric Toolkit (Fabio) – which captures feedback from patients and their parents – was developed in partnership with the private sector and children of Alder Hey and launched in London. Since then it has won two national awards and is being trialed in a number of other hospitals.
- The Alder Road main entrance has been extensively refurbished.
- Quality strategy has been developed.
- 'Sparkle' campaign launched following October CQC inspection resulting in a successful follow-up inspection.
- Review of food wastage has secured a reduction to meet target.

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

- Continued increase in referrals for our services.
- GP referrals increased by 6% with a 1.2% increase in referrals overall.
- Elective activity 3.2% above plan.
- A&E attendances 2% above plan.
- 5 Outpatient Clinics established in Knowsley Borough Walk in Centres as Alder Hey moved services closer to patients.

Be a world class centre for children's research and development:

- Increased research income to £3.8million.
- Significantly increased recruitment into Medicines for Children Research Network (MCRN) studies registered with the National Institute for Health Research (NIHR) portfolio (up 180% on previous year).
- Established the Children's Nursing Research Unit (CNRU) an Alder Hey led consortium comprising Liverpool John Moore's University, University of Central Lancashire and Edge Hill University.
- Awarded an NIHR post-doctoral Nursing Research Fellowship, one of ten in the UK inaugural scheme.
- Established 'non-medicines paediatrics' as a priority investment area for the Cheshire and Merseyside Comprehensive Local Research Network (CLRN).
- Secured £850K within Cheshire and Merseyside from the CLRN for the support of paediatric research, second only to support for cancer research.
- Allocated £1million of Flexibility and Sustainability Funding from the Department of Health, placing Alder Hey in the top ten NHS trusts.

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

- Achieved the agreed Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) target enabling continued progression of procurement of the Children's Health Park.
- Achieved a net surplus of £7.1million against a plan of £5.7 million.
- Achieved a cost improvement target of £5.5 million.
- Invested £10 million in buildings, medical equipment and information technology.
- Achieved a financial risk rating of 4.
- Worked with the Department of Health's Clinical Advisory Group on tariff and the Payment by Results team to justify increases to the paediatric tariff for 2010/11.

Ensure our staff have the right skills, competence, motivation and leadership to deliver our Vision:

- Further progressed our transformation programme Rapid Improvement (Lean) ensuring targeted improvements in quality, efficiency, service delivery, patient and staff experience.
- Positive Investors in People assessment achieving Bronze-level accreditation.
- Launched Alder Hey Achievers Awards to recognise staff and share best practice.
- Reviewed internal communications.
- Invested in health and wellbeing of staff through a range of programmes and the refurbishment of The Zone health and fitness facility.
- Increased the number of staff in bands 1-4 accessing learning and development opportunities.
- Improved compliance rates for Personal Development Reviews and Statutory Training.

Deliver our Hospital in the Park vision:

- In the summer of 2009 we ran a successful Public Consultation resulting in overwhelming support for our plans.
- During autumn our outline business case was approved by Monitor, key commissioners and the Department of Health.
- We advertised in the Official Journal of the European Union to invite companies to bid for the new hospital. This ran from January to March.

2.3 Financal Review

The Board of Directors is pleased to report excellent financial performance for 2009-10. All target financial metrics were achieved and the results represent further improvement on the good performance achieved in our first eight months as a Foundation Trust in 2008/09. Details of achievement against the key financial metrics on which the Trust is measured are set out below and full financial statements are contained in pages 47 to 85 of this report.

	2009/10	2008/09 8 Months
EBITDA*	£13.9million	£7.9million
EBITDA margin	8.2%	6.7%
EBITDA achievement of plan	102%	113%
I&E surplus	£7.1million	£2.9million
I&E margin	4.7%	2.0%
Return on assets	12.9%	7.2%
Liquidity	39 days	39 days
Financial risk rating	4	4

*Earnings before Interest, Tax, Depreciation and Amortisation

The successful financial performance in 2009-10 has been generated principally by increases to income generated from continued growth in demand for services and reduced expenditure through the achievement of a significant cost improvement programme.

The increase in clinical income was 4% above inflation, mainly due to a growth in referrals from general practitioners of 6%. This, combined with additional activity required to achieve the 18 week target for referral to treatment, has resulted in a growth in elective activity of 3.2%. Growth in non-elective activity has been much lower with an increase of 2.6% during the year.

The Trust invested heavily in additional clinical staffing posts to provide capacity for continued activity growth and to ensure achievement of national targets in cancer, accident and emergency and referral to treatment. This has meant less expenditure on short term, premium rate pay which has helped in achieving a higher EBITDA in 2009-10.

An exercise to revalue our land and buildings during the year resulted in a decrease to the depreciation charged to income and expenditure and this benefited the net surplus by some £1.4million.

Economic Environment

It has become increasingly clear that the high levels of growth available to the NHS will not continue and this will impact on our ability to continue to grow income at the rate experienced in this and previous years.

Primary Care Trusts will benefit from promised levels of funding growth in 2010-11 but beyond this are only likely to receive increased funding for inflation. In order to remain successful in this new financial environment we have developed robust cost improvement plans and will support these by our established rapid improvement programme, projects on demand and capacity and improvements to our information technology infrastructure to ensure successful delivery of savings. We have joined a project with other North Mersey NHS organisations to develop plans in line with the national NHS QIPP initiative.

A New Hospital

The Board was delighted to achieve permission during the year from Monitor to progress with the first phase of procurement for our Children's Health Park. The process is progressing well and will continue through 2010-11 during which Private Finance Initiative (PFI) bids from multiple suppliers will be assessed. 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. Risks associated with the plans continue to be evaluated but our Board remains confident that the scheme is viable financially and represents value for money for the taxpayer.

Tariff

The paediatric tariff continues to be developed with a new set of tariffs published for 2010-11. The new tariffs allow a much higher proportion of our specialist clinical activity to be recognised as specialist and so receive an enhanced payment.

Although the continuing changes to tariff continue to present a risk to future income, the new tariff has helped to put our plans on a much firmer footing. The new tariff has reintroduced the concept of marginal rates for non-elective over performance as further incentive for Trusts to work with commissioners to ensure that urgent and emergency patients are treated in a primary care setting where appropriate. We are committed to working with the National Clinical Advisory Group on paediatric tariff and the Payment by Results team on tariff development.

Service Line Management

A system to provide financial performance by clinical specialty or service line has been successfully implemented. The information produced is still under review by clinical and financial staff with view to improving its robustness for decision-making. In parallel, we are implementing an organisational restructure based on Clinical Business Units with full implementation planned for January 2011. These initiatives will ensure improved clinical engagement and accountability for decision-making closer to the front line and put us in a much stronger position to cope with the risks presented by the economic environment.

Prudential Borrowing Limit

We had a prudential borrowing limit of £45.3million of which £33.3million related to long-term borrowing and £12million to a working capital facility. We did not borrow against the limit during the year.

Capital Investment

Our key investment priority is the replacement of the existing hospital. While this is still in the procurement stages our Board is keen to ensure that our buildings provide a clean, safe and welcoming environment for children, young people and their families; that our clinical staff continue to have access to the most up to date equipment and our information management and technology infrastructure (IM&T) continues to be developed. Key elements of the year's capital programme were:

- Phase 1 of a new IM&T strategy to provide replacement of the existing technical infrastructure - cost £1.1million.
- Acquisition of the new intra-operative 3-T MRI scanner funded by a donation from the Barclay Foundation – cost £2.8million.
- Development of the Outpatients department - cost £1.7million.
- Patient monitoring equipment – cost £0.5million.

In total we invested £10.3million in capital developments of which £3.2 million was funded by charitable contributions. This is summarised:

Buildings: Infrastructure	£1.2million
Buildings: Upgrades and Refurbishment	£3.1million
Information Technology Infrastructure	£1.1million
Patient Entertainment	£0.3million
Medical Equipment	£4.6million

Going Concern

After making enquiries, the directors have a reasonable expectation that Alder Hey Children's 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 above the target and achieved 97.16% for non NHS invoices and 98.15% for NHS invoices.

Accounting Policies

There have been no significant changes to our accounting policies since authorisation as a Foundation Trust.

We have 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.

2.4 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.

2.5 Joint Ventures and Partnership Arrangements

Information Management and Technology (IM&T)

During the year, the Board of Directors agreed to put some extra impetus into its IM&T strategy by pursuing a joint venture with Liverpool Women's NHS Foundation Trust for the provision of IM&T services. To this end, the Trusts have agreed on the joint appointment of a Chief Information Officer, Assistant Director of Informatics and Clinical Coding Manager and a new IM&T strategy has been developed and agreed by the Board. Staff remain employed by their current organisations but are working to the new management structure. The joint venture is governed by a service level agreement between the parties.

Proton Therapy Bid

The Trust has joined with Clatterbridge Centre for Oncology NHS Foundation Trust (CCO) and others to bid to the Department of Health to be a national centre for the provision of Proton Therapy services. The key deliverables for providers are:

- To implement a facility which will provide services by 2015.
- To contribute to the delivery of a minimum of 1500 adult and paediatric patient treatments per annum.
- To provide services which are fully integrated into the clinical pathways for the management of specific tumours.
- To specifically provide fully integrated services for children and younger adults.

The bid was submitted on 12th March, 2010 and is currently being evaluated for short listing. Following evaluation, a decision will be taken by the Department of Health and the successful organisations requested to develop an outline business case and formally approach the supplier market to prepare detailed costed plans. If successful for shortlisting, Boards of both organisations will need to decide how they take the bid forward and the legal nature of the venture.

Partnerships with Other Healthcare Providers

We are 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.

We are 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 Central Manchester and Manchester Children's NHS Foundation Trust for cardiology, cleft lip and palate and rheumatology services.
- Outreach tertiary services across our networks with over 600 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 £2.6million per annum. They are expected to be a growing source of income as we further develop our tertiary offering and as the 'Alder Hey At ...' strategy develops and grows.

Partnership with Voluntary Organisations

We have strong relationships with many voluntary organisations and recognise the accountability and stakeholder importance of children, young people, parents and carers. We have an active Children's Council which includes some of our younger Governors and a Patient Experience Partnership Group that works with parents and carers. We are also actively engaged with many charitable organisations through our fundraising work which has played a major role in the development of Alder Hey.

Section 3: Council of Governors and the Board of Directors

3.1 Membership Report

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

Constituency	2009/10 (current)1	2010/11 (estimated)2
Public		
Area 1 - Merseyside: Liverpool, Wirral, Sefton, Knowsley, St. Helens	1,476	1,476
Area 2 - Cheshire: Warrington, Halton, Cheshire West and Chester and Cheshire East,	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	245	245
Area 4 - Greater Manchester: Wigan, Bolton, Bury, Rochdale, Oldham, Tameside, Manchester, Salford, Trafford, Stockport	293	293
Area 5 - Rest of England: any other area not specified	153	153
Area 6 - North Wales: Conway, Denbighshire, Flintshire, Gwynedd, Isle of Anglesey, Wrexham	168	168
Subtotal	**2,664**	**2,664**
Patients		
Merseyside Patients	1,806	1 806
Rest of England and North Wales Patients	843	843
Parents and Carers	5,344	5 344
Subtotal	**7,993**	**7,993**
Staff		
Medical Practitioners and Dental Practitioners	257	257
Nursing Staff	848	848
Other Clinical Staff, inc Allied Health Professionals, Psychologists and Pharmacists	497	497
Other Staff and Trust Volunteers	1,482	1,482
Subtotal	3,084	3,084
TOTAL	**13,741**	**13,741**

[1] As at 30 March 2010. [2] The Trust plans to hold membership in 2010/11 at current levels.

3.1 Membership Report (continued)

Membership is open to anyone over the age of seven who lives in the electoral wards specified. The public constituency covers the geographical area from which we draw most of our patients. We are also a supra-regional centre which means that patients from across the country are referred to us for treatment.

Once a patient reaches 20 years of age they must transfer to the public or parent and carer category (whichever is most applicable).

A communication and engagement programme continues which has included the launch of a Governor led membership newsletter the 'Alder Hey Foundation' which includes contributions from Governors and Members. Our Members' section is ready to be launched on our new website and we have held public health events in which Members can participate.

3.2 Working Together with the Board

Every effort is being made to ensure a close working relationship between our Board of Directors and the Council of Governors. Several training and induction days have been held, attended by both the Board and the Council of Governors where sessions have been held to explain the difference in 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. This forum is also used to update and brief on developments.

The Board of Directors also takes every opportunity to work with Governors, including playing a vital role in the Patient Environment Assessment Team inspection which assesses hospital cleanliness and standards of patient food. The Governors also select the winner of the Patient Experience category in the Alder Hey Achievers staff awards and attend the presentation event.

Governors play a key role in communicating and engaging with the Members regarding the new hospital proposals and in organising the Annual Members' Meeting and open day.

3.3 Council of Governors' Roles and Responsibilities and Working Arrangements

Governors are contactable through the Governance and Membership Office based at Alder Hey on tel. 0151 252 5092 or by email membership@alderhey.nhs.uk

Elected Governors are chosen as part of an independent process managed by the Electoral Reform Services and in line with the Trust constitution.

A senior Governor, who acts as Vice Chair, was chosen by the Governors in March 2009, appointed Governor Mr. Roger Billingham of Sefton Local Involvement Network was elected.

The Council meets quarterly in public and fulfils its legal obligations as outlined in the constitution. In addition to these meetings, Governors are involved in the Membership Communication and Engagement Committee, the Patient Experience Partnership, Alder Hey Arts and the Nominations and Appointments Committee as well as time-limited working groups covering specific issues. There is also an Equality and Diversity Committee, opportunities for Governors to work with our Imagine Appeal charity and the Briefing, Review and Assessment Committee which reviews the plans and development of the Children's Health Park.

3.4 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 (member elected), with eleven appointed Governors from nominated organisations serving a combination of two and three year terms of office. The Council represents, as far as possible, every staff group and the communities we serve across England and North Wales.

Governor	Constituency	Class	Term of Office	No. of Council Meetings held 2009/10	Total no. of attendances at Council meetings
Roger Billingham	Appointed	Sefton LINks	n/a	4	4
Warren Bradley	Appointed	Liverpool City Council	n/a	4	0
Seth Crofts	Appointed	Edge Hill University	n/a	4	4
Murray Dalziel**	Appointed	University of Liverpool	n/a	4	2
Sandra Campbell	Appointed	Liverpool PCT	n/a	1	0
Leonie Beavers	Appointed	Liverpool PCT	n/a	3	3
Julie Kennedy	Appointed	North Lancashire PCT	n/a	4	3
Janice Monaghan	Appointed	The Back Up Trust	n/a	4	3
Simon Kenton	Appointed	Shropshire County Council and Shropshire County PCT	n/a	4	0
Michael Ainsworth**	Patient	Parent and Carer	01.08.08 - 31.07.10	4	3
Jack Bergin	Patient	Merseyside	01.08.08 - 31.07.11	4	3
Toni Bewley	Patient	Rest of England and North Wales	01.08.08 - 31.07.10	4	3
Christel Butt	Patient	Parent and Carer	01.08.08 - 31.07.11	4	3
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	4	2
Paul Kenton	Patient	Merseyside	01.08.08 - 31.07.10	4	0
Daniel Roberts	Patient	Merseyside	01.08.08 - 31.07.11	4	2
Adele Williams	Patient	Parent and Carer	01.08.08 - 31.07.10	4	0
Joanna Winterbourne	Patient	Parent and Carer	01.08.08 - 31.07.10	4	1
John Ashton	Public	Cumbria and Lancashire	01.08.08 - 31.07.10	4	1
Larry Clark	Public	Cheshire	01.08.08 - 31.07.10	4	3
Denise Cormack	Public	Merseyside	01.08.08 - 31.07.11	4	4
April Harper	Public	North Wales	01.08.08 - 31.07.11	4	0
Jane Hornsby	Public	Merseyside	01.08.08 - 31.07.10	4	3
Bernard Mckeown	Public	Greater Manchester	01.08.08 - 31.07.11	4	1
Martin Murphy	Public	Merseyside	01.08.08 - 31.07.11	4	4
Edward Turner	Public	Merseyside	01.08.08 - 31.07.10	4	3
Sam Westall	Public	Rest of England	01.08.08 - 31.07.10	4	1
Jon Couriel	Staff	Doctors and Dentists	01.08.08 - 31.07.11	4	1
Christian Duncan	Staff	Doctors and Dentists	01.02.10 –30.01.12	1	1
Norma Gilbert	Staff	Other Staff	01.08.08 - 31.07.10	4	3
Joe Murray **	Staff	Other Staff	01.08.08 - 31.07.11	4	1
Hilary Peel	Staff	Nurses	01.08.08 - 31.07.11	4	4
Mike Travis	Staff	Nurses	01.08.08 - 31.07.10	4	3
Ruth Watling	Staff	Other Clinical Staff	01.08.08 - 31.07.10	4	3

**Members of the Nominations Committee.
There are currently three volunteer group vacancies.

Declaration of Interests
A copy of the Council's Register of Interests is available at www.alderhey.nhs.uk or from Mrs Gill Fury on **0151 252 5092**.

3.5 Board of Directors' Roles and Responsibilities and Working Arrangements

The Board of Directors is responsible for setting the strategic direction and understanding and managing significant risks. The Board also receives assurance that we are fulfilling our 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. We consider that we operate 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. During 2009/10 the Nominations Committee agreed that a Senior Independent Director with particular skills in Board governance and a Non Executive Director with marketing and/or business focus would further enhance Board skills.

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

The remaining terms of office of the Chair and Non Executive Directors are:

Name	First Appointment	To	Extended To
Angela Jones	30.01.01	01.08.09	01.08.12
Lorraine Dodd	22.05.00	31.05.10	01.06.13
Susan Musson	14.02.07	01.02.11	
Ed Oliver	01.12.06	31.05.10	01.06.13
Chris Vellenoweth	22.05.00	31.07.09	Retired
Michael Yuille	02.05.08	08.06.10	Retiring
Susan Sellers	10.9.09	09.09.13	
Phil Huggon	1.3.10	28.2.14	

Members can contact Governors and Directors:

- **In writing** C/O 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

3.6 Independent Review

The Board of Directors each undergo an annual performance assessment reviewing performance against agreed objectives, personal skills and competencies and progress with personal development plans. The Non Executive Director appraisals are undertaken by the Chair of the Trust and the Executive Director appraisals are undertaken by the Chief Executive. The appraisal of the Chair included input from all Board members and the Council of Governors.

During the year the Board has changed its structure and two new Non Executive Directors have been appointed as well as a Business Development Director. Whilst the new team relationship develops, the Board has held internal sessions to discuss strategy and future ways of working and has also held a development day with an external facilitator. The Board has undertaken a review of its systems and processes and recommended revision with an independent review to be undertaken in the autumn.

3.7 Composition, Backgrounds and Interests

The composition of the Board of Directors during 2009-10:

Angela Jones OBE DL - Chair

Angela worked in education for 32 years. Her last two posts were Deputy Head of a high school and local education authority adviser. Angela also ran her own training consultancy for two years. She has experience in voluntary work including the Samaritans both as a volunteer and as Chair of their Merseyside branch. She was Director and former Chair of Merseyside Brook Advisory Centre for seven years and a Non Executive Director on the Liverpool Family Health Services Authority and Vice Chair of the Liverpool Health Authority. Angela was Chair of the Cardiothoracic Centre NHS Trust before being appointed as Alder Hey's Chair in January 2001 to steer the organisation through the Organ Retention crisis. Commissioned as Deputy Lieutenant in June 2006 Angela was awarded an OBE in 2007 for services to health in Liverpool. More recently she was awarded Outstanding Chair 2008 by the NHS Northwest Leadership Academy.

Trust Committee Membership and Role

- Chair of the Appointments and Remuneration Committee.
- Chair of Corporate Assurance Standards Committee.
- Attendee of Finance and Contracts Committee.
- Member of Charitable Funds Committee and Alder Hey Arts Group.
- Trustee of the Imagine Appeal and Ronald McDonald House.

Louise Shepherd MBA MA CPFA – Chief Executive

Louise joined Alder Hey on 10th March 2008 from Liverpool Women's NHS Trust where as Chief Executive she led it to Foundation Trust status, the first in Merseyside. Formerly Deputy Chief Executive and Finance Director at the Countess of Chester NHS Trust for five and a half years, Louise first joined the health service in 1993 as Director of Business Development at Birmingham Heartlands and Solihull NHS Trust.

A Cambridge University graduate in 1985, Louise 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 very active in Liverpool outside of the health service, in particular as Vice Chair of the Royal Liverpool Philharmonic Society.

Trust Committee Membership and Role

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

Dr. Steve Ryan – Medical Director

Steve has been a consultant paediatrician at Alder Hey for 18 years in acute, unplanned care and outpatient care with both general and specialist patients. Formerly Clinical Director, he spent four years as Director of Undergraduate Studies. 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 (Darzi Review) and contributed to the national report High Quality Care for All. He has since continued to work with NHS Northwest to help implement the quality and leadership agenda. He chairs the North West Medical Director's forum and has completed the National Health Foundation Leadership Fellows Course.

Trust Committee Membership and Role

- Member of Clinical Governance Committee.
- Member of the Charitable Funds Committee.
- Member of Corporate Assurance Standards Committee.
- Member of the Briefing, Review and Assessment Committee.

Sue Lorimer – Director of Finance and Commissioning

Sue joined Alder Hey on 2nd February 2009 as Director of Finance and Commissioning and 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 and Role

- Member of the Finance and Contracts Committee.
- Member of the Charitable Funds Committee.
- Member of Corporate Assurance Standards Committee.
- Member of the Briefing, Review and Assessment Committee.

Moya Sutton – Executive Nurse

Moya has been Executive Nurse at Alder Hey for almost four years and has 30 years' extensive NHS experience. 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 the World Health Organisation as England's first paediatric health promoting hospital. Moya's portfolio is developing further to take the leadership of our quality agenda and the facilities division. She has been a senior manager for 20 years as a commissioner and was Assistant Director of health and social care in Knowsley where she led the organisation to achieve an 'excellent' rating for children's social care and Beacon status. Moya was Nurse Advisor to St Helens and Knowsley Health Authority and held a national role in health contribution to crime and disorder. Moya is a qualified Registered General Nurse, DN and has a BA Hons. Practitioner Leadership and an Honorary Fellowship.

Trust Committee Membership and Role

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

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 human resources roles. Jayne was appointed as Assistant Director of Human Resources at Alder Hey in 2002 and was Acting Director of Human Resources between 1 December 2005 and 31 March 2007. She has a BA Hons in Business Studies, is Chartered Institute of Personnel Development-qualified and holds a Diploma in Leadership Development.

Trust Committee Membership and Role

- Member of the Workforce and Organisational Development Committee.
- Member of the Clinical Governance Committee.
- Member of Corporate Assurance Standards Committee.
- Member of the Briefing, Review and Assessment Committee.

Paul Hetherington – Director of Performance and Service Improvement

Paul has 34 years' health service experience in a variety of management posts including Chief Operating Officer and surgical care group General Manager at Alder Hey. Paul has a clinical background having trained as a clinical scientific officer before developing into management in 1994. He is the lead for performance management during the years that Alder Hey has achieved the regulator's highest possible rating for quality of service for seven 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 in Business Administration, Diploma in Management Studies, Certificate in Management Studies, HNC and BTec in Medical Physics and Physiological Measurement.

Trust Committee Membership and Role

- Member of Finance and Contracts Committee.
- Member of the Workforce and Organisational Development Committee.
- Member of Corporate Assurance Standards Committee.
- Member of the Briefing, Review and Assessment Committee.

Sue Thoms – Director of Business Development

Sue joined Alder Hey as Director of Business Development in January 2010. She has worked in healthcare for the last 20 years for several private sector organisations. Her most recent role was head of local marketing for UK Pfizer Pharmaceuticals and she was a founder member of Pfizer's Innovation Board. She has also worked for BUPA, Astra Zeneca and the Co-op in business development or marketing roles. In her early career she worked in Australia for Wal-Mart chain as a store manager for Big W. During her career in the pharmaceutical industry she won several awards including, Change Management and Marketing Team of the Year for the industry [PMEA 2009]. She graduated from Sheffield with a BSc. Hons. in Marketing; she also completed her post graduate degree in Marketing and is a member of the Chartered Institute of Marketing.

Trust Committee Membership and Role

- Attendee of Finance and Contracts Committee.
- Attendee of Corporate Assurance Standards Committee.
- Attendee of the Briefing, Review and Assessment Committee.

Lorraine Dodd - Non Executive Director

Lorraine was appointed Non Executive Director in May 2000, 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.

Trustee Committee Membership and Role

- Vice chair of Board of Directors.
- Chair of Finance and Contracts Committee.
- Member of Corporate Assurance Standards Committee.
- Member of Appointments and Remuneration Committee.
- Member of the Audit Committee.
- Member of the Briefing, Review and Assessment 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 and 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 and Remuneration and Workforce and Organisational Development Committees.

Ed Oliver - Non Executive Director

Ed was appointed Non Executive Director in November 2006. He was the Centre Manager of the Clayton Square Shopping Centre in Liverpool until his retirement in August 2009. 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 is 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 and Role

- Chair of the Workforce and Organisational Development Committee.
- Member of the Finance & Contracts Committee, Audit and Appointments and 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 was also 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 had been appointed to the main board of the Joseph Rowntree Housing Association.

Trust Committee Membership and Role

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

Christopher took early retirement at the end of July 2009.

Michael Yuille - Non Executive Director

Michael was appointed Non Executive Director on 1st May 2008 and was previously 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 and Role

- Chair of Audit Committee.
- Member of Appointments and Remuneration Committees.
- Attendee of Finance and Contracts Committee.
- Member of Corporate Assurance Standards Committee.
- Member of the Briefing, Review and Assessment Committee.

Susan Sellers – Non Executive Director

Susan is the senior independent Non Executive Director. She has held a number of management positions in both the public and private sectors. She spent 12 years in the NHS, firstly as a Non Executive Director of South Cheshire Health Authority followed by seven years as Chairman of the Countess of Chester Hospital. While working in the NHS Susan served on the influential interim board of the Foundation Trust Network and their governance working group. Her professional achievements were recognised with her nomination for 'Cheshire Woman of the Year' for 2005. Most recently she undertook a three year appointment as National Chairman of NADFAS, an Arts Education and Heritage Conservation charity with 90,000 members, retiring in May 2009.

Trust Committee Membership and Role

- Member of the Clinical Governance Committee.
- Member of the Audit Committee.
- Member of the Appointments and Remuneration Committee.
- Member of Corporate Assurance Standards Committee.

Phillip Huggon – Non Executive Director

Phillip is Marketing Director at Salford University and has prior non executive experience with NHS Manchester Primary Care Trust. His background is mostly marketing, strategy and change management. He has worked as a Board Director in several roles with Shell and before that with MARS and BP.

Trust Committee Membership and Role

- Member of the Finance & Contracts Committee.
- Member of the Audit Committee.
- Member of the Appointments and Remuneration Committee.
- Member of Corporate Assurance Standards Committee.

3.8 Declaration of Interests

A copy of the Register of Interests is available via the Trust website www.alderhey.nhs.uk or from Mrs Gill Fury on 0151 252 5092.

3.9 Attendance at Board of Directors and Board Committee Meetings

	Board	Audit	Clinical Governance	Workforce and OD	Finance and Contracts	Charitable Funds	CASC	BRAC
No of meetings held 2009/10	7	5	11	6	11	6	4	6
Angela Jones	7	not a member	not a member	not a member	not a member	4	2	not a member
Louise Shepherd*	5	not a member	6	not a member	4	not a member	3	not a member
Sue Musson	6	5	not a member	4	not a member	3	4	6
Ed Oliver	5	2	not a member	6	7	not a member	4	not a member
Michael Yuille	5	5	not a member	not a member	not a member	not a member	1	2
Christopher Vellenoweth***	2	2	4	not a member	not a member	not a member	1	not a member
Lorraine Dodd	6	5	not a member	not a member	10	not a member	4	3
Jayne Shaw	7	not a member	not a member	6	not a member	not a member	4	3
Dr. Steve Ryan**	6	not a member	8	not a member	not a member	3	4	4
Moya Sutton	7	not a member	9	5	not a member	not a member	4	3
Paul Hetherington	7	not a member	not a member	4	10	not a member	3	4
Sue Lorimer	7	not a member	not a member	not a member	9	2	4	6
Phillip Huggon	1	N/A	not a member	not a member	not a member	not a member	-	not a member
Susan Sellers	3	3	3	not a member	not a member	not a member	3	not a member
Dr. Sian Snelling	2	not a member	11	not a member	not a member	not a member	1	not a member
Sue Thoms	1	not a member	not a member	not a member	3	not a member	1	not a member

For the period 1st April 2009 to 31st March 2010 the Board of Directors held meetings in private due to the sensitive and commercial nature of the business transacted.

*Louise Shepherd CEO commenced maternity leave in December 2009. Louise is a member of the Board, Corporate Assurance and Standards Committee, Finance and Contracts and Clinical Governance Committee.
** Dr. Steve Ryan assumed the position of Acting CEO with Dr. Sian Snelling as Acting Medical Director. This is reflected in the attendance table.
***Chris Vellenoweth retired from Alder Hey in July 2009.

Audit Committee

The Audit Committee provides the central means by which the Board 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 Alder Hey. The committee Chair also held meetings in private with each as necessary.

Membership: Non Executive Directors only, excluding Alder Hey's Chair. Table of attendance is included above.

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 Alder Hey's counter fraud officer including the Counter Fraud Policy and Annual Report.
- Reviewing and updating its terms of reference.
- Received reports from other external bodies providing assurance on systems within the Trust e.g. clinical coding.
- Approval of the Statement on Internal Control.
- Approval of annual financial statements.

Nominations Committee

This committee is a sub-committee of the Council of Governors and includes three Governors who were nominated and then elected to represent Governors on the committee (see Council of Governor matrix for membership details.) It is chaired by the Chair of the Council of Governors and is attended by the Chief Executive and the Director of Human Resources and 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 its behalf. The recommendations of the committee were approved by the Council of Governors in line with the constitution.

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

Patient and Public Involvement Activity

Engaging with our patients and our communities is vital to ensuring that we develop services in response to patient needs. The Trust is committed to ensuring that we have a robust model of engagement and involvement which links into the workings of the organisation and that makes a real difference not only to the services we deliver but the overall patient experience.

The Trust has completed surveys across a range of areas including cleanliness, food and car parking. Alongside these surveys a general 'Hey Have We Delighted You' survey was undertaken and the Trust achieved a 92% satisfaction rate.

The Trust is working with the World Health Organisation leading on developing and piloting an engagement toolkit with children and young people in a hospital setting.

The Trust has in place feedback cards so that patients and families/carers can give us real time feedback on our services.

The Trust Users' Views group was established to support staff developing and undertaking evaluations of services. The group has supported and continues to support a range of initiatives covering a range of topics and service across the Trust these include:

- The Trust has a Children and Young Person's Forum which is very active and will increase the influence of patients and service users in the decision making processes within the Trust. The children and young people have also participated in an interactive season with the Trust Board.

- The Trust has an innovative and award winning toolkit which it utilises to support meaningful engagement with our patients, families and staff. The national paediatric toolkit (Fabio the Frog) is a technological platform which allows us to work with children and young people across a wide age and ability range including those with language differences or sensory disabilities. Fabio the Frog is a character on the toolkit who was designed for children by children; Fabio rewards and encourages children when undertaking our surveys.

- Our Patient Experience Project Group coordinates the development of both general patient surveys but also more in-depth service evaluation surveys. This work is done in partnership with Investing in Children. Investing in Children is an organisation concerned with the human rights of children and young people. It represents a 'quality' mark for listening and acting on the views of children and young people. This means asking questions about the way children and young people are treated in society. The Trust recently was awarded Investing in Children status based on the work and commitment to ensure that children and young people have a voice in their health care.

- Across the hospital we have the "All About You Boards" where we advertise surveys and feed information back to our patients. Our main entrance has a large section where we publish the findings of our surveys so patients can find out what we are doing.

- The Trust governance structure includes the Patient Experience Partnership which is the reporting body for patient engagement and experience as well as a forum for sharing and developing best practice. Patient Governors are actively involvement in the partnership. This Patient Experience Partnership reports into the Clinical Governance Committee and onwards to the Board.

- As a Foundation Trust, our Governors are actively involved in decision making and influencing within the Trust via representation on strategic and operational committees and groups across the organisation. Governors are also actively involved in the Rapid improvement system, that supports the development of services utilising lean methodology. Alongside the involvement of Governors, patient views are also collected during the Rapid improvement events to ensure that the information informs decision making.

3.10 Appointments and Remuneration Committee and Terms of Service

Accounting Policies for pensions and other retirement benefits are set out in note 1 to the accounts and details of senior employees' remuneration can be found in page 90 of the remuneration report.

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 one occasion during the period with apologies received from Michael Yuille and Susan Sellers.

The Chief Executive of the Trust joins the Committee when the remuneration of other Executive Directors is being reviewed. The Committee had met in February 2009, as previously reported, to review the remuneration of the Chief Executive and Directors following an independent review undertaken on behalf of the Committee and at that time it had been agreed that one post was due for review after six months. The review was discussed when the Committee met in December 2009 and the recommendations of the independent review were endorsed.

Rates of pay for all senior managers are based on job size, market intelligence (including published remuneration surveys) and performance and have regard for remuneration of other trust employees whom hold contracts under terms and conditions agreed nationally.

All staff within the Trust are subject to the Trust performance appraisal process. However, it should be noted that the Appointments and Remuneration Committee have agreed that in recognition of the current economic climate that no pay increase would be awarded for Executive Directors.

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. 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.

4.0 Quality Objectives

4.1 Statement from Chief Executive

At Alder Hey we are committed to delivering high quality care. In October 2009 we were awarded 'Double Excellent' by the Care Quality Commission for the provision of care and services relating to 2008-09 making us the best performing children's Trust in the country. The 'double excellent' status was awarded for significant achievements against all NHS targets set nationally and locally.

Outlined are some of our key achievements which demonstrate that quality is truly at the heart of everything we do!

- Continued achievement of the 18-week target.
- Continued to meet and exceed the Cancer waiting times target.
- First UK Hospital accredited as Investing in Children.
- A Friend called Wilbur, a patient information booklet, won the BMA patient information award in 2009.
- The National Paediatric Toolkit featuring Fabio the Frog won the Healthcare Information Award.
- Established Europe's first paediatric intra-operative 3-T MRI scanner and theatre suit funded by a generous donation by the Barclay Foundation through the Imagine Appeal.
- Opened a state-of-the-art £1.5million Burns Unit featuring five cubicles including high dependency to help us meet the standards for a supra-regional centre as laid down in the National Burns Care Review.
- Achieved NHSLA level 3 the highest standard for the management of risk across all clinical services.
- Reaccredited as an "Investor in People" achieving bronze level accreditation.
- Partnered with the private sector to develop the National Paediatric Toolkit children's survey mechanism featuring 'Fabio the Frog' cartoon animation.
- Established a Children's Nursing Research Unit, leading consortium including Edge Hill University, Liverpool John Moore's University and UCLAN. A professor in paediatric nursing has been appointed to lead the research unit.
- Gained the 'green light' to move forward with plans to build our vision of the 'Hospital in the Park'.

Against this backdrop it was therefore with immense disappointment that we received a poor inspection report following an unannounced visit by the Care Quality Commission (CQC) in October 2009 which identified a number of areas where we were deemed to be non-compliant with the Hygiene Code.

Of the 19 measures inspected, the CQC identified a breach of the regulation in four measures and issued a warning notice in November. In one measure the inspectors found areas for improvement and made a recommendation.

A follow up, unannounced visit in December assured the inspectors that we had implemented their requirements and recommendation and subsequently found no evidence that we had breached the regulation to protect patients, workers and others from the risks of acquiring healthcare acquired infection.

Following this failure of assurance we produced robust action plans for both Monitor and the CQC with the goal of being fully compliant with the Hygiene Code by the end of March 2010. The Care Quality Commission registered Alder Hey without conditions on 31st March 2010.

We were also very concerned that following a power failure incident that occurred on 22nd March 2010, the Health and Safety Executive visited the Trust on 12th April 2010 which resulted in the Trust being issued with an improvement notice. The Trust has now addressed the issues within that to the satisfaction of the HSE and we have had written notification that the notice has now been lifted.

As Chief Executive Officer of Alder Hey I can confirm that to the best of my knowledge this is a true and accurate reflection of the 2009-2010 progress against our identified quality standards.

Louise Shepherd
Chief Executive

4.2 Quality at the Heart of All We Do

In our Quality Report for 2009-10 we identified four key areas for focus on making improvement and innovations in the quality of services we provide.

1. Making medicines safer – To reduce red and orange medication errors by 25%.
2. Making surgery safer – wrong site surgery becomes a 'never' event.
3. Defining outcomes for children – 100% of specialties assigned and measuring outcomes.
4. Capturing the patient experience - making it immediate, making it universal, 95% of patients 'delighted'.

Outlined is the progress against our four key targets:

1. Making medicines safer

Target

In 2009 the Trust set a quality goal to reduce the number of red and orange medication errors reported by 25%.

Achievement

During the year (September 2008-09) the Trust performed well in relation to both red and orange medication errors achieving a reduction of 37%. At the end of the year (March 2010) the Trust continued to perform well as no red medication errors were reported against a total of six for the previous year. However the Trust did report a slight increase in the number of orange level errors recorded. Actions taken:

- Use of the Medication Safety e-learning package continued with over 1,000 staff having completed this.
- Alder Hey Daily Bread for Patient Safety leaflet produced; a copy of which has been given to all clinical staff.
- Prescribing audit completed to measure compliance with medicines management code.
- Audit on delayed and omitted medicines.
- Updated Medicine Management code.
- Near Patient Pharmacy (NPP) launched in March 2009.

Monitoring:

Clinical Safety Group on to the Clinical Governance Committee for Board Assurance.

2. Making surgery safer

Target:

To reduce errors preventable by implementing the WHO surgical check list and making wrong site operations a Trust 'never' event.

The national 'Never Event' definition is a surgical intervention performed on the wrong site (for example the wrong knee, wrong eye, wrong patient, wrong limb or wrong surgery) where the incident is detected after the operation and the patient requires further surgery on the correct site, and/or may have complications following the wrong surgery. It does not currently include dentistry.

Achievement:

MAKING SURGERY SAFER			
	07/08	08/09	09/10
Total theatre incidents	148	173	143
Wrong site surgery	0	0	0

Implementing the World Health Organisation Safe Surgery Saves Lives Campaign.

The goal of the Safe Surgery Saves Lives campaign is to improve the safety of surgical care around the world by ensuring adherence to proven standards of care in all countries. The WHO Surgical Safety checklist highlights items to be checked before, during and after operations to minimise risk. Use of the checklist has improved compliance with standards and decreased complications from surgery in eight pilot hospitals where it was evaluated. *

* http://www.who.int/patientsafety/safesurgery/en/

Monitoring:

Clinical Safety Group on to the Clinical Governance Committee for Board Assurance.

3. Defining Outcomes for Children

We cannot improve what we cannot measure

Target:

In 2009 the Trust set itself an ambitious target to develop at least one children's Patient Reported Outcome Measures (PROMs) and the systems to develop many more and to ensure that each specialty has assigned outcome measures. Currently there are no nationally defined Children's PROMs; the Trust has set out to be a leader in this area to develop PROMs which focus on children and young people.

Achievements:

A Clinical Information Group has been established to lead this quality initiative across the Trust. It is chaired by a Clinical Director. The group is developing a toolkit to assist clinicians to produce clinical outcome measures.

There has been detailed work done in specific specialties including community paediatrics, A&E, nephrology, urology. Clinicians have participated in work being led by the Royal College of Paediatrics and Child Health to develop national paediatric outcome measures.

Currently there are no national Patient Reported Outcome Measures (PROMs) for children. A national PROM for the treatment of groin hernia in children over 12 years of age is being piloted across Children's Hospitals. Alder Hey achieved 91% which was the highest participation rate compared with our peers during the period April to November 2009.

Clinical Outcome Measures

Clinical Outcome Measures should:

- Be clinically relevant.
- Address an area of care with room for improvement in the care we offer our patients.
- Be robust and capable of long term data collection.
- Encompass a wide area of specialties case, either in terms of volume or complexity.

Approaches we are using include:

- Data Collection in Meditech e.g. central line associated blood stream infection.
- Data collected in 'bespoke' databases e.g. renal and neurosurgery databases.
- Patient Reported Outcome Measures (PROMs) e.g. participation in national PROM development in relation to groin hernia repair in children above 12 years of age.
- Hospital Episode Statistics data e.g. surgical site infection, ventilator associated pneumonia.
- National audits e.g. CORC in child and adolescent mental health, Improving Outcomes Group for cancer, Congenital Cardiac Anomalies Audit, renal registry.
- Use of care pathways/assessment tools e.g. community paediatrics, A&E.

Monitoring:

Clinical Information Group on to the Clinical Governance Committee.

4.0 Capturing the patient experience

Making it immediate, making it universal

Target

We set a patient satisfaction target of 95% and a target that 50% of wards would be Investing in Children accredited.

Achievements:

In patient satisfaction we achieved a 92% satisfaction rate.

In our bid to achieve Investing in Children status we carried out a range of surveys. One of which was our extensive 'Hey! Did We Delight You?' survey. The survey focused on a range of children and young people across the hospital in different and diverse services capturing a cross section of our patients. A range of other surveys were undertaken across nine areas including privacy and dignity, food quality and cleanliness. Focusing took place with children and young people to plan actions to take forward.

In March 2010 Alder Hey received an Investing in Children Award.

This award is the first of its kind in the United Kingdom. The award was given to Alder Hey based on it's ongoing demonstrable commitment to actively engaging with children, young people and their families to make real change based on what they say.

The award also recognised the ongoing work to achieve Investing in Children status for our services. An example being our Oncology Unit which is also accredited as Investing in Children.

Monitoring:

Patient Experience Partnership on to the Clinical Governance Committee.

Engagement and Involvement

Engaging and involving our staff, Governors and patients is core to the quality agenda. We have ensured that issues of quality have been raised across the organisation and the Clinical Governance Committee has a core assurance role to the Board on issues of quality. Presentations and a half day interactive session have been delivered with our Governors and they are actively involved in groups and committees. Utilising our Arts in Health team and our Investing in Children partners we have undertaken an exercise with the children and young people to help them understand what we mean by 'quality' and in turn they have helped us to understand what is important to them.

During 2009/10 Alder Hey Children's NHS Foundation Trust provided and/or sub-contracted three NHS services. The Trust has reviewed all the data available to them on the quality of care in all of these NHS services. The income generated by the NHS services reviewed in 2009/10 represents the total income generated from the provision of NHS services by the Trust for 2009/10.

Participation in Clinical Audits

Clinical Audit is a key aspect of assuring and developing effective clinical pathways and outcomes.

National clinical audits are either funded by the Healthcare Quality Improvement Partnership (HQIP) through the National Clinical Audit and Patients Outcome Programme (NCAPOP), or funded through other means. Priorities for the NCAPOP are set by the Department of Health with advice from the National Clinical Audit Advisory Group (NCAAG).

During April 2009 and March 2010, 12 national clinical audits and 4 national confidential enquiries covered NHS services that Alder Hey Children's NHS Foundation Trust provided.

During that period Alder Hey Children's NHS Foundation Trust participated in 75% national clinical audits and 100% national confidential enquiries of the national clinical audits and national confidential enquiries which it was eligible to participate in.

The national clinical audits and national confidential enquiries that Alder Hey Children's NHS Foundation Trust was eligible to participate in during 2009/10 are as follows:

National Clinical Audits - data submitted
PICAnet
National Diabetes Audit
National Elective Surgery PROMs (Hernia)
Congenital Heart Disease: paediatric cardiac surgery
Renal Registry: renal replacement therapy
Trauma Audit and Research Network (TARN): severe trauma
NHS Blood and Transplant: potential donor audit
National Comparative Audit of Blood Transfusion
College of Emergency Medicine: pain in children; asthma; fractured
National Confidential Enquiry into Patient Outcome and Death (NCEPOD): • Parenteral Nutrition Study • Surgery in Children • Perioperative Care
National Confidential Enquiry: (CMACE) Centre for Maternal and Child Enquiries • National Maternal and Perinatal Mortality Surveillance

The national clinical audits and national confidential enquiries that Alder Hey Children's NHS Foundation Trust participated in, and for which data collection was completed during 2009/10, are listed opposite alongside the number of cases submitted to each audit or enquiry as a percentage of the number of registered cases required by the terms of that audit or enquiry.

National Clinical Audits 2009/10	Applicable Cases 2009/10	Case submitted 2009/10
PICAnet (PICAnet data is presented for the period Jan – Dec not by financial year)	1,125 (data for 01/01/09 to 31/12/09)	1,125 (100%)
National Diabetes Audit	325	319 (98%)
National Elective Surgery PROMs (Hernia)	307	15 (5%)
Congenital Heart Disease: paediatric cardiac surgery:		
non pump and pumps	238	(100%)
interventional catheters	131	(100%)
thoracic	19	(100%)
Renal Registry: renal replacement therapy	42	42 (100%)
Trauma Audit and Research Network (TARN): severe trauma	Approx 100	17 (17%)
NHS Blood and Transplant: potential donor audit	46	46 (100%)
National Comparative Audit of Blood Transfusion	40	40 (100%)
College of Emergency Medicine: pain in children; asthma; fractured	50	50 (100%)
National Confidential Enquiries		
National Confidential Enquiry into Patient Outcome and Death (NCEPOD):		
• Parenteral Nutrition Study	31	19 (61%)
• Surgery in Children	Ongoing	Ongoing
• Perioperative Care	Ongoing	Ongoing
National Confidential Enquiry: (CMACE) Centre for Maternal and Child Enquiries	12	12 deaths in 2008 (100%)
• National Maternal and Perinatal Mortality Surveillance	7	7 deaths in 2009 (100%)

Where applicable the reports from the above national audits have been received, evaluated and discussed at local level.

Local Clinical Audit

Local clinical audits are carried out by individual healthcare professionals evaluating aspects of care that they themselves have selected as being important to them and/or their team.

There were 155 local clinical audits registered, 13 were known to be completed in the reporting period and reviewed by the provider in 2009/10; the remaining audits are still recorded as 'ongoing' on the Clinical Audit database. All leads for registered audits will be contacted over the next month to confirm progress and update the database prior to the production of the Clinical Audit Annual Report.

The Clinical Audit Strategy and Audit Plan for 2010/11 have been approved by the Trust's Audit Committee and ratified by the Clinical Governance Committee. These documents have been developed to reflect guidance from the Healthcare Quality Improvement Partnership (HQIP) and the Audit Commission's review: "Taking it on Trust".

Commitment to Research

As a driver for improving the quality of care and patient experience

The number of patients receiving NHS services provided or sub-contracted by us that were recruited during the year to participate in research approved by a research ethics committee was 1805 compared to 834 (216% increase) in the previous year. This increased level of participation in clinical research demonstrates the Trust's commitment to improving the quality of care it offers and to making a contribution to wider health improvement.

The Trust was a participating centre in 92 clinical research studies. All studies were open during the period of recruitment defined by the study sponsor and/or lead centre. The Trust used national systems to manage the studies in proportion to risk. Of the 25 new studies given permission to start in 2009/10, 40% were given permission by an authorised person less than 30 days from receipt of a valid complete application. This process has speeded up recently with the appointment of a Research Support Officer within the core R&D team.

All of the studies were established and managed under national model agreements. All staff who are investigators for approved research studies were in possession of the appropriate contractual status to carry out their role in the research study. All matters relating to appropriate employment status are considered during the research approvals process for each study. The research passport has been fully implemented within the organisation, and approximately 6% of the 92 research studies involved use of a research passport. The vast majority of studies do not involve staff who require a research passport. In all cases where investigators/co-investigators are non-NHS staff (and therefore have no contractual arrangement with the NHS) a research passport has been issued. The National Institute for Health Research (NIHR) supported 92 of these studies through its research networks: Medicines for Children, National Cancer Research Network, Non-Medicines Paediatrics Specialist Research Group.

In the last three years, 460 publications have resulted from our involvement in NIHR research, helping to improve patient outcomes and experience across the NHS.

The Use of the CQUIN Framework

The Commissioning for Quality and Innovation (CQUIN) payment framework makes a proportion of our income conditional on quality and innovation. £593,000 or 0.5% of our income during the year was conditional upon achieving quality improvement and innovation goals agreed with Liverpool Primary Care Trust, with whom we entered into a contract for the provision of NHS services through the Commissioning for Quality and Innovation payment framework.

The CQUIN targets aligned very closely with our Strategic Aims and were largely targeted at improving clinical outcomes and patient experience. Further details of the agreed goals for the coming year and for the subsequent 12 month period are available on request from the Director of Performance and Service Improvement at Alder Hey.

Registration with the Care Quality Commission and periodic/special reviews

We are required to register with the Care Quality Commission and our current registration status is **registered without conditions.**

The Care Quality Commission (CQC) in October 2009 found we were non-compliant with four measures of the Hygiene Code. This led to the issuing of a warning notice in December. A further visit assured the CQC that the measures had been rectified and requirements had been met.

We are subject to periodic review by the Care Quality Commission and the last review was on 15th December 2009. The CQC's assessment following that review was: The CQC found no evidence that the Trust has breached the regulation to protect patients, workers and others from the risks of acquiring any health care associated infection. The Trust provided assurance that it had addressed all five areas for improvement and was compliant at that stage.

We have not participated in any special reviews or investigations by the CQC during the reporting period.

Quality of Data

Alder Hey Children's NHS Foundation Trust submitted records during 2009/10 to the Secondary Uses service for inclusion in the Hospital Episode Statistics which are included in the latest published data. The percentage of records in the published data:

- which included the patient's valid NHS Number was: 99.48% for admitted patient care; 99.81% for outpatient care; and 99.89% for accident and emergency care.

- which included the patient's valid General Practitioner Registration Code was: 99.89% for admitted patient care; 99.96% for outpatient care; and 99.88% for accident and emergency care.

Alder Hey Children's NHS Foundation Trust score for 2009/10 for Information Quality and Records Management, assessed using the Information Governance Toolkit was 77%.

Alder Hey Children's NHS Foundation Trust was subject to both a Payment by Results Outpatient Audit and an Inpatient Audit during 2009/10 by the Audit Commission. The error rates reported in the latest published audit for that period

were 4.8% (29 data errors out of 600 data items tested) with an appointment error rate of 14.7% (22 appointments out of the 150 tested).

The specialties included in the audit were paediatric respiratory medicine, oral surgery and paediatric medicine. The results should not be extrapolated further than the actual sample audited.

The Inpatients Audit found that this year the Trust's HRG error rate was just 2%. The national average in 2008/09 was 8.1%.

Looking Forward: 2010-2011

High Quality Care for All sets out a vision for making quality improvement the organising principle for everything we do in the NHS. The ultimate objective of the overall quality framework is to raise the level and consistency of the quality of NHS services.

It is essential that at Alder Hey Children's NHS Foundation Trust, we continue to stretch ourselves to innovate and maintain quality standards. We have set ourselves targets for the year ahead to ensure that we continued to have Quality at the Heart of everything we do.

In High Quality Care for All Lord Darzi was clear that Quality sits across three core domains:

- Safety
- Patient Experience
- Clinical Effectiveness

Set out below are the goals and targets which the Trust has set itself for 2010-11 under these three core domains.

SAFETY

WHAT: To reduce Intravenous Line infections

WHY: Infections caused as a result of contamination of an Intravenous line are possible. It is important that the Trust minimise the risk of this to the patients thereby ensuring safe and effective treatment.

TARGET: 10% reduction
BY WHEN: March 2011
LEAD: Operational: Director of Infection Prevention and Control
MONITORING: Corporate Report, Hygiene Code Steering Group and Clinical Governance Committee

WHAT: Making surgery safer - reducing theatre errors and making wrong site surgery a never event

WHY: Ensuring that every patient has safe surgery is vital. Wrong site surgery and/or theatre errors are potential risks and can be very costly. It is important that there are robust systems in place to minimise the risk and increase patient safety and maximise positive outcomes.
TARGET: Full compliance
BY WHEN: Ongoing
LEAD: Assistant Medical Director for Surgery
MONITORING: Clinical Safety Group and Clinical Governance Committee

CLINICAL EFFECTIVENESS

WHAT: Increased utilisation of intra-operative 3-T MRI scanner to support a reduction in multiple theatre visits.

WHY: Prior to the introduction of the intra-operative 3-T MRI scanner, children underwent repeat brain scans after surgery to see whether the entire tumour had been removed, often resulting in repeat operations and certainly resulting in repeat scans. Now the scanner can be used during surgery to direct the surgeon, reducing the need for repeat operations.

TARGET: Establish a baseline and develop key year on year reduction targets.
BY WHEN: March 2011
LEAD: Assistant Medical Director for Surgery
MONITORING: Clinical Safety Group and Clinical Governance Committee

WHAT: Defining clinical outcome measures

WHY: We set a challenge to ensure that we define outcomes for all specialties and it is vital to ensuring that we provides clinical excellence that we continue on this journey. Defining outcome measures will ensure that we are able to evaluate the quality of care we provide and as such are making a commitment to continue this excellent work.

TARGET: 100% of clinical areas with defined outcome measures
BY WHEN: March 2011
LEAD: Medical Director
MONITORING: Clinical Information Group and Clinical Governance Committee

PATIENT EXPERIENCE

WHAT: Increase patient satisfaction

WHY: Placing the patient at the heart of what we do is vital to ensure that we deliver high quality care. It is important to know what our patients think of our services and if they are happy with them. Providing patients with a mechanism to tell us what they think is positive and what they think could be improved is vital if we are to learn and grow as an organisation. In paediatrics it is important to remember that we are often treating a 'family' and not just a patient and we need to find innovative and unique ways of engaging with our patients to find out if we have truly sent them home 'satisfied'.

TARGET: 95% ‘satisfaction’
BY WHEN: Ongoing reporting
LEAD: Assistant Director: Quality, Patient Experience, Equality and Engagement
MONITORING: Quarterly via Corporate Report, Patient Experience Partnership and Clinical Governance Committee

Quality Performance Indicators

The Trust must comply with a range of statutory and regulatory requirements. It is important that we monitor ourselves against these targets. Figure 1 and Figure 2 below identify the Trust’s performance against these targets.

In 2008-09 The Trust identified further quality performance measures in each of the three quality domains:

- Safety
- Clinical Effectiveness
- Patient Experience

2009-10 performance is detailed below.

The average length of stay (ALOS) target was not fully met as a consequence of over performing on the day case rate reduction in year. The Trust effectively moved more than expected cases from overnight stays thus numerator for ALOS was decreased. In addition as the types of cases converted to day cases all previously had ALOS of just over one day the ALOS of the remaining cases would rise overall.

Figure 1

National Target	
All cancers: maximum two week wait from urgent GP referral to first appointment	Green
All cancers: 31 days from diagnosis (decision to treat) to treatment	Green
All cancers: Maximum waiting time 62 days from referral to treatment	Green
Hospital cancelled operations against elective admissions	Amber
Hospital cancelled operations not admitted within 28 days	Green
A&E 4 hour waiting time in department until discharge	Green
Data quality on ethnic group	Green
26 week inpatient waiting time	Green
13 week outpatient waiting time	Green
C. Difficile ≤5	Green
MRSA Bacteraemia ≤8	Green
18 week referral to treatment - admitted	Green
18 week referral to treatment - non admitted	Green

Figure 2

Key Quality Performance Indicators	2008 - 2009	2009 - 2010	
Safety			
Red Clinical Incidents	39	13	Green
Medication Errors	296	287	Green
C. Difficile	2	3	Amber
MRSA Bacteraemia	5	4	Green
Clinical Effectiveness			
Day Case Rates	70.4%	73.2%	Green
Readmission Rate	8.6%	7.8%	Green
Reduction in DNA Rates	13.53%	14.05%	Green
Patient Experience			
Four Hour Waiting Times	98.59%	98.31	Green
Reduction in Total Average Length of Stay	2.68 days	2.76 days	Amber
Complaints	129	124	Green
Complaints: compliance with 25 day statutory requirement	95.8%	96%	Green

5.0 Workforce Information

5.1 Equality and Diversity
Our Commitment:

We are committed to providing equality of opportunity in employment.

Employment with us is based on merit, qualifications, skills and abilities and we do not condone discrimination in employment, or related practices, on the basis of any characteristic protected by law or otherwise. We are committed to creating an environment where equality, diversity and human rights are central to service development and that no patient is treated less favourably. Access to health care is a human right and we uphold the privacy and dignity of all patients and ensure that they are treated with respect.

To meet this commitment our aim and objectives in relation to equality, diversity and human rights are as follows:

i. To ensure a positive position regarding equality, diversity and human rights issues.
ii. To provide an environment which will support staff and patients who may feel they have been discriminated against.
iii. To deliver the statutory equality duties.
iv. To set a minimum standard of behaviours.
v. To develop staff to ensure they are familiar with legislative equality framework.
vi. To minimise and manage the risk of potential discrimination claims.
vii. To ensure that all patient have access to services which meet their needs.
viii. To develop ways of actively engaging with patients, families and carers to ensure evidence based service design.

The Executive Nurse and Director of Human Resources and Organisational Development have executive leadership for equality, diversity and human rights with the Chief Executive and the Board being ultimately accountable.

The strategic lead for equality is the Assistant Director for Quality, Patient Experience, Equality and Engagement who sits on a number of Board sub-committees in addition to chairing the Equality, Diversity and Human Rights Group and the Patient Engagement Group, as well as co-chairing the Patient Experience Partnership; this ensures that equality issues are integral to the governance structure of the organisation.

Equality is monitored and assured by the Workforce and Organisational Development Committee (WOD) to whom equality data is reported annually. Equality and diversity training figures are published in the monthly corporate report with a target of 95% compliance. We collect and report demographic data on patients with a 95% target for ethnic data coding. We report progress against targets and the single equality scheme to Liverpool Primary Care Trust.

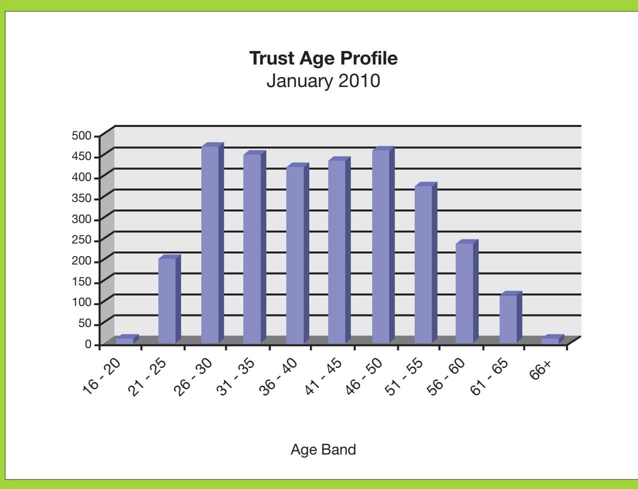
We have met our publication duties in line with legislative and regulatory requirements as contained in our Single Equality Scheme. The law requires publication of staff data in relation to a number of activities that are included in the Equality and Diversity Workforce Report that is reported annually to WOD.

While the law currently only requires data be collected on race, disability and gender, we recognise that it is best practice to collect and report on sexual orientation, age and religion.

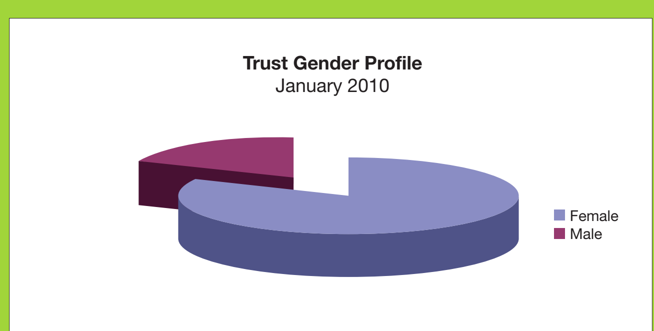
Liverpool PCT with NHS Northwest designed the Equality, Performance and Improvement Toolkit. This toolkit has subsequently been adopted by our lead PCT as the operational framework on which they will assess equality in our contract.

5.2 Workforce Data

Age:



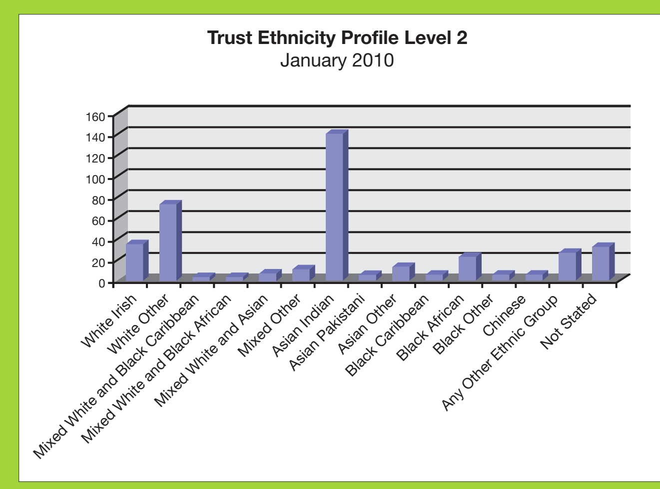
Gender:



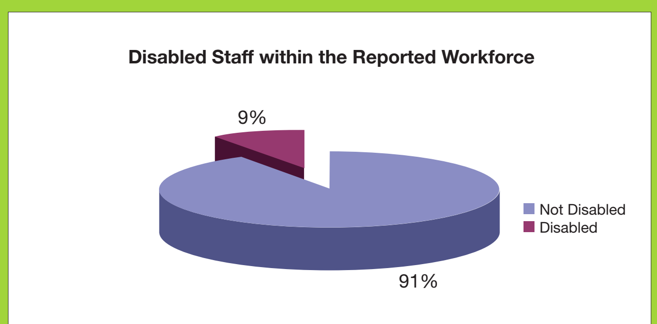
Gender	Total	%
Female	2593	81.41%
Male	592	18.59%

Ethnicity:

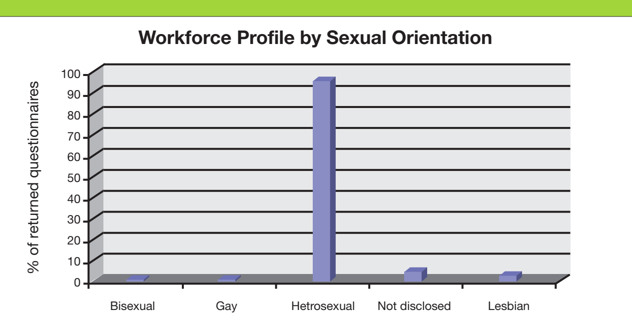
Ethnic Group Level 1	Trust	Liverpool	England
WHITE	91.81%	94.32%	90.92%
MIXED	0.69%	1.80%	1.31%
ASIAN	4.87%	1.10%	4.57%
BLACK	0.94%	1.23%	2.30%
CHINESE OR OTHER	1.70%	1.56%	0.89%



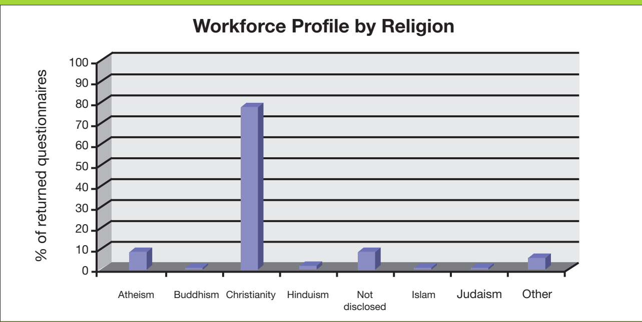
Disability:



Sexual Orientation:



Religion:



2010-11 Developments

1. *Single Equality Scheme* update
2. Leadership development
3. Learning and development: increased training
4. Improved patient profiling
5. Revise equality impact assessment process
6. Audit *Access for All*

All staff are required to undertake the equality and diversity e-learning package in a three year rolling period. Staff completing this training increased from 10% to 40% on the previous year. Managers and team leaders have undertaken the team leader's programme/manager's equality and diversity training.

We will monitor progress against these objectives through various committee structures and corporate report. We will also be subject to external accountability and performance monitoring through Liverpool Primary Care Trust.

Workforce Information

LTFM Role	Total
Consultants	157
Dental	4
Junior Medical Staff	269
Nursing, Midwifery and Health Visitors	1291
Other Non-Clinical	919
Scientific, Therapeutic and Technical	540
Total	**3180**

5.3 National NHS Staff Survey Results and Actions

Improving staff engagement and staff satisfaction has been recognised as a priority and we understand the detrimental impact that low levels of staff satisfaction and engagement can have on staff health and wellbeing, productivity and ultimately patient care. The Board is fully engaged and reviews and takes actions on the outcomes of staff feedback mechanisms such as the National Staff Survey and the recent successful Investors in People re-accreditation in order for the Trust to learn from this feedback.

To ensure the results from the National Staff Survey are owned and actioned at both local and corporate level, a performance management framework has been established to monitor and review progress throughout the year. Each division and relevant corporate departments, is required to use the survey findings to undertake a diagnostic process with staff, involving staff side representatives, and create local action plans to be monitored on a regular basis at Board level. These plans are supplemented by a communications plan, including regular 'temperature checks' and an ongoing 'You Said, We Did' campaign throughout the year to ensure staff are kept informed about progress against key actions.

The 2009 Staff Attitude Survey provides feedback on a range of positive indicators and areas for improvement. The action plan will focus on issues that staff have identified as being of real importance to them and that will have a marked effect on their future levels of engagement and satisfaction. However, it will also be important to remain focused on the areas of good practice that have been identified and to maintain those areas that to adversely change would negatively impact satisfaction and engagement levels.

Summary of Performance - Results from the NHS Staff Survey

The Trust response rate was 55% the same as the national average but slightly less than the previous year.

Top Ranking Scores and Progress Since 2008

Of the top four ranking scores, KF12 (% of staff receiving job-relevant training, learning or development in last 12 months) and KF15 (% of staff appraised with PDPs in last 12 months) demonstrate a significant improvement since the previous year's survey.

KF9 (% of staff working extra hours) remains in the Trust top four from 2008, and in the top 20% of Trusts nationally, and a new indicator, KF29 (impact of health and wellbeing on ability to perform work or daily activities), again ranks us within the top 20% of Trusts nationally. The Trust has also made significant progress in the following areas:

1. Ensuring all staff have effective Performance Development Reviews (PDRs)

Over 80% of staff received a PDR in 2008-09 and of these, 71% were appraised with personal development plans. These results show a marked increase from 2008, and are higher than the national average scores.

2. Work-life balance

A higher than average number of staff agreed that we are committed to supporting work-life balance and that they can talk to their manager about flexible working.

3. Equality and Diversity

Higher than average numbers of staff reported that they have received equality and diversity training. We ranked in the top 20% of Trusts whose staff believe we provide equal opportunities for career progression and for staff experiencing discrimination at work.

4. Access to training and development

We ranked in the top 20% of Trusts for staff reporting that they had received training, learning or development which had helped them perform their jobs better, stay current with their jobs or professional requirements. In addition, 82% of staff reported receiving health and safety training, an increase on 2008.

Lowest ranking scores and action planning

We ranked with the lowest 20% of Trusts in four areas and urgent actions have been identified to address these together with other elements of the survey where staff experience had deteriorated:

1. Infection control

The focus will be on training and access to hand washing materials. The infection control team has recently been strengthened with the appointment of a new Director of Infection Prevention and Control. In addition to the work currently being undertaken to review infection control processes, procedures and equipment, the team will embark on a review of training provision ensuring a comprehensive training programme is available for all staff.

2. Tackling bullying and harassment and abuse from patients/relatives

Our scores indicate that incidences of bullying and harassment appear to have increased. The security and risk management teams are working together to implement key actions to address these issues, including reviewing 'hotspot' areas and providing additional training for relevant staff in conflict resolution techniques. Human Resources and Occupational Health will also provide support for staff involved in such incidents.

3. Incident reporting

The risk management team are producing and actioning plans to include a revision of the current incident reporting procedures, required actions and a review of training provision.

4. Quality of job design (clear job content, feedback, staff involvement)

We want all staff to feel valued and engaged by having clear goals in their jobs, receiving regular feedback on their performance and being able to contribute to making decisions about their work. We are working to build on our current management development provision and comprehensive development programme, which will set out our expectations of managers and the most effective ways in which to manage teams and individuals. Managers will be provided with training and development and ongoing support to help them develop these skills.

5. Communication and engagement

A review of internal communications has already been undertaken which has improved the methods and frequency of communication to all staff ensuring a mixed use of media.

Using the feedback from the staff survey we will be developing further plans to improve the communication of both national and Trust information. Actions to ensure senior management are communicating effectively with their teams will also be included in this review.

A recent staff suggestion scheme has been launched to ensure that staff can contribute to improvements in their workplace, and the Rapid Improvement Project enables staff to get involved in achieving and delivering a superior patient experience. These events provide an excellent opportunity not only for individuals but also for cross-divisional team working.

Future Priorities and Targets

To improve staff feedback our priorities are to:

- Increase the staff survey response rate for 2010.
- Ensure continued engagement with staff side representatives.
- Implement a communication strategy which regularly communicates actions and progress made against staff feedback.
- Encourage local divisional ownership for survey outcomes.
- Ensure regular 'temperature checks' are taken and monitored.

The newly implemented performance management process is robust and will provide an increased level of assurance that staff feedback and the key priority areas identified within the survey are being addressed and actioned. Progress will be monitored at the Workforce and Organisational Development Committee. Targets to measure future performance against priority areas will be agreed before the implementation of the next survey.

Summary of Performance - Results from the NHS staff survey 2009 (CQC Report)

	2008/09		2009/10		Trust Improvement/ Deterioration since 2008
Response Rate	Trust	National Average	Trust	National Average	
	59%	55%	55%	55%	Decrease of 4%
Top 4 Ranking Scores (2009)					
KF 9 (% of staff working extra hours)	65 (best 20% 2008)	68	60 (best 20% 2009)	67	Increase of 5% (improvement)
KF 12 (% of staff receiving job-relevant training, learning or development in last 12 months)	81 (average score 2008)	80	82 (best 20% 2009)	77	Increase of 1% (improvement)
KF 15 (% of staff appraised with PDPs in last 12 months)	58 (average score 2008)	57	71 (best 20% 2009)	65	Increase of 13% (improvement)
KF 29 (Impact of health and wellbeing on ability to perform work or daily activities)	N/A	N/A	1.52 (best 20% 2009)	1.57	New rating for 2009
Bottom 4 Ranking Scores (2009)					
KF26 (% of staff experiencing harassment, bullying or abuse from patients/relatives in last 12 months)	15 (average score 2008)	15	18 (worst 20% 2009)	14	Increase of 3% (reduction)
KF20 (% of staff saying hand washing materials are always available)	4.69 (below average 2008)	4.72	63 (worst 20% 2008)	71	Unable to make comparison due to different data ranges
KF1 (% of staff feeling satisfied with the quality of work and patient care they are able to deliver)	65 (best 20% 2008)	70	74 (worst 20% 2008)	78	Increase of 9% (reduction)
KF36 (staff recommendation of the Trust as a place to work or receive treatment)	N/A	N/A	3.77 (worst 20% 2008)	3.89	New rating for 2009

Working with Trade Unions

We continued to work closely with trade unions on all key issues. The Trust Partnership Forum remains an important way for the Executive Team to share information with trade union colleagues and receive valuable feedback. Regular updates were provided on our Outline Business Case (Children's Health Park) and financial and workforce planning strategies. Trade Union representatives continued to have involvement in decision making and policy development through attendance at key committees such as WOD and the Corporate Management Team.

We plan to build on this with a series of partnership working events involving operational managers, trade unions and human resources staff. The outcome will be an agreed partnership working framework that can be implemented at local management level.

Health, Work and Wellbeing

We recognise that excellent services for our children, young people and families can only be maintained through a workforce that is skilled, motivated and resilient to the day to day physical and emotional demands placed upon them.

Our success in becoming a World Health Organisation accredited health promoting hospital recognises our efforts in encouraging and supporting the health and wellbeing of our staff while at work. We launched our fully refurbished on-site gym and activity suite 'The Zone' in May providing equipment and activities that meet a wide range of diverse needs and preferences. Our annual programme of health promotion events means that staff are given easy access to information and resources that will enable them to make healthy lifestyle choices.

Our plan is to build on our success to date, embedding a culture that encourages a healthy work-life balance and continuously improving systems and resources.

For sickness absence figures we achieved a year end position of 4.10%, which positions us slightly below the Trust target for sickness absence of 4.2%.

Alder Hey Achievers Awards

The first annual Alder Hey Achievers Awards were made in April 2009 and the success of the awards has grown with an increase in the number of nominations received. Staff were nominated by managers, colleagues, patients, parents and carers. All of the shortlisted nominees are eligible for the overall 'People's Choice Award' which is chosen by staff, patient, parent and carer vote.

Skills Pledge

We signed the national Skills Pledge in May 2009 and at Alder Hey we have:

- Adopted a whole-organisational approach to 'skills for life' to ensure a learner-centred approach to the assessment and development of functional literacy and numeracy skills.
- Worked closely with the TUC and Union Learn to embed a skills for life learning culture in partnership with our union learning representatives.
- Enabled more staff to attain a level 2 qualification and progress to level 3 through our accredited NVQ centre and in partnership with Skills Academy Northwest.
- Developed a model for the development and delivery of the apprenticeship framework for existing and new employees.

Advanced Society, Health and Development Diploma

The Advanced Society, Health and Development (SHD) Diploma aims to provide young people with an understanding of health, social care, children's services and community justice and help them to develop the skills critical to working successfully in all these areas. Problem solving, team working, communication and creative thinking skills are at the heart of this qualification.

A total of 48 learners are now currently undertaking their first and second year studies at Alder Hey's vocational skills facility opened in 2008 dedicated to the SHD. The learners spend one day per week at Alder Hey being supported by the programme manager and taught by our professional teaching and clinical staff. Some of the second tier learners have already received offers for entry onto Nursing and Midwifery courses and employment in the Police and Justice sector.

Personal Development Reviews

There has been ongoing review of the systems and processes used during personal development reviews using feedback and suggestions from staff. The revised system has ensured that the current process is supportive of effective PDRs and links to organisational to individual objectives. Wards and departments have been directly supported towards implementation of our PDR target (100% of staff having a current PDR).

The findings of the Investing in People assessment in October confirmed that over the past three years we have been successful in reviewing, implementing and recording the PDR process. We are now able to confirm and demonstrate that over 85% of our staff have had a review in the past year.

Investors in People Achievement

We have held the Investors in People (IiP) standard since 1996. Our re-assessment in October confirmed that we have not only maintained the standard but also achieved the prestigious Bronze award. This is a journey of continuous improvement and on-going development.

The IiP assessors interviewed a wide range of staff and reviewed key documents and singled out some examples of good practice:

- Staff being aware of our strategic direction and how they contribute.
- Excellent PDR process and implementation.
- Rapid Improvement successes and staff involvement.
- Strong learning culture throughout the organisation.
- Culture of sharing knowledge gained through training.
- Staff are very loyal to Alder Hey.

The assessors also helped us recognise areas for development and these will be the focus of our action planning going forward.

RIST programme

Rapid Improvement and Service Transformation (RIST) is an approach to service transformation that has been embraced at all levels and is acting as a catalyst for change. It adopts Lean Thinking methodology to ensure systems are effective, efficient and deliver - ‘getting it right first time’. By improving the efficiency of core processes and making changes to the way we work we have been able to focus on direct patient care.

RIST supports teams to achieve outcomes which impact on the ‘vital sign’ metrics of quality, people, delivery and cost and are aligned to our corporate strategic objectives. Teams were supported by RIST to deliver and sustain improvements in their areas including:

- Increasing and maintaining theatre session allocation at an average of 95%.
- Improving processes associated with the referral letter turnaround time impacted on the 18 week referral to treatment pathway by reducing the length of time patients wait to be seen by over one week.
- Designing an ‘at-a-glance’ system which reduced the response time to reallocate cancelled outpatient clinic rooms by over one week and supported improvement for in-hours session utilisation.
- Halving the length of time patients wait for outpatient prescriptions dispensing.
- Defining the ‘future state’ for the acutely medically unwell child.

Stepping into the Future in July brought together wide representation across the organisation to prioritise improvement strategies to be addressed over the next two years which include:

- Collaborative care with early response in decision making to manage and error proof the patient journey.
- Control all hospital capacity with flexible use of capacity in clinics, theatres, staff and resources to respond to demand.
- Improved pathways and outcomes for emergency, elective and long stay patients.

6.0 Regulatory Ratings

Summary of Regulatory Performance versus Plan of Previous Year

	Annual Plan 2008/09	QI 2008/09	Q2 2008/09	Q3 2008/09	Q4 2008/09
Financial risk rating	4	N/A	4	4	4
Governance risk rating		N/A	Green	Green	Green
Mandatory services		N/A	Green	Green	Green

	Annual Plan 2009/10	QI 2009/10	Q2 2009/10	Q3 2009/10	Q4 2009/10
Financial risk rating	4	4	4	4	4
Governance risk rating	Green	Green	Amber	Amber	Amber
Mandatory services	Green	Green	Green	Green	Green

Financial Ratings

The Trust has provided consistent performance against plan since the commencement of foundation trust status on 1st August, 2008. The planned risk rating by quarter for 2008/09 and 2009/10 was 4 and that rating has been achieved for every quarter and for year end performance in both 2008/09 and 2009/10.

Governance Ratings

Quarter 3 Performance

The 'amber' governance risk rating for Q3 related to two issues:

1. Prevention of Infection Control

Following the CQC statutory warning notice following the random inspection of compliance with the hygiene code which took place on the 27th of October, the Trust was subject to an unannounced inspection on 15th December. The Trust was able to provide assurance that it had addressed all five areas of improvement indicated by the CQC. The Trust has also responded to Monitor's request to investigate gaps in its assurance and outlined the actions it had taken and its plans going forward.

2. A&E Performance

Within the quarter the Trust failed to meet the 98% target for discharge or admission for accident and emergency patients–achieving 96.8% within quarter. This predominantly related to an intense period of pressure in late November/early December when there was a high level of RSV bronchiolitis admissions. A range of actions were agreed and implemented.

Performance was improved and the Trust remained on target for meeting the annual target.

Quarter 4 Performance

The A&E performance for Q4 was within the threshold of 98% with regard to the prevention and control of infection issues identified within Q3. All issues and concerns with regard to HCAI and Governance have been addressed by the Trust but the Board feels that the organisation should remain on an amber governance rating until both a sustained period of recorded assurance and external assurance are provided.

The Trust has been informed subsequently that it has been registered with the CQC for 2010/11 without conditions.

On 22nd March 2010 the Trust suffered a loss of electrical power and back up generator failure to parts of the hospital. An investigation has revealed errors and omissions in planned preventative maintenance. Actions were immediately taken to rectify these issues. Accordingly the Trust has declared itself non compliant with Standard 20a of the Care Quality Commissions core standards.

Subsequently the Trust received an improvement notice from the Health and Safety Executive on 20th April 2010. The Trust is confident that the actions required by the HSE will have been undertaken by the required date of 31st May 2010.

Consequently the Trust self assessed governance risk rating remains 'amber' for Quarter 4.

Mandatory Services

There has been no change to the delivery of Mandatory Services.

Information Governance

Our 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 we have 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 April 2009 to March 2010 there were no serious untoward incidents relating to the loss of personal data reported.

7.0 The Children's Health Park

The Children's Health Park project has progressed significantly and reached some important milestones.

Our public consultation on the Children's Health Park took place from 1st June to 27th July 2009 throughout Merseyside and the North West. This was one of the most successful health consultations undertaken in England with 7,300 responses being received, with almost 93% supporting our preferred option of building the UK's first Children's Health Park on Springfield Park next to the current Alder Hey Hospital. Around 900 of these responses were from children and young people who gave very clear messages about what they wanted in their new hospital.

In September our Board formally approved the Outline Business Case (OBC) which was subsequently submitted to Monitor and the Department of Health in October 2009.

Having scrutinised and endorsed the OBC Monitor granted us permission to proceed to the next stage and commence procurement. We received support for the business case from NHS Northwest and our key commissioners Liverpool Primary Care Trust, NHS Knowsley and NHS Sefton.

We advertised the project in the Official Journal of the European Union (OJEU) in January, commencing our search for a partner and extensive interest has been received from the construction, healthcare and design industry. A 'bidders open day' in February 2010 was attended by more than 100 private sector personnel (which included some of the biggest construction companies within the UK and beyond) to be briefed on our vision: *'To build a world class children's hospital in the park, focused on the patient, designed with children in mind and one that will be the flagship of the NHS'.*

Expressions of interest were submitted from five consortia which will be assessed and the shortlisted bidders will be invited to progress to the next stage of the process – the initial design development stage, drawing up outline proposals for how they would design and build the Children's Health Park. The shortlisted bidders will be announced in April.

The CHP team has worked with staff throughout the organisation to continually review and refine the Output-Based Specifications which describe how each department will work, their relationship with others and will be the working model upon which bidders will base their design to ensure we build a functional hospital that meets the needs of our service now and for the future.

Looking Forward

We will progress through the next stage of the project - detailed development and refinement of bidder's proposals - which will involve a more extensive period of dialogue with bidders.

The dialogue phase will continue until we consider we have sufficiently completed bids to meet our vision and requirements. At this point, we will declare the dialogue phase closed and issue an invitation to submit final bids which we expect to achieve by Spring 2011.

Key Milestone	Key Dates
Issue OJEU	January 2010
Commence Dialogue	April 2010
Submission of Final Bids / Clarify Selection	March – May 2011
Project Board Recommend Appointment of a PB	June 2011
Contract and Financial Close	March 2012
Commence Mobilisation / Site Clearance	April 2012
Commence Construction	April 2012
Complete Main Construction Works	June 2014
Trust Commissioning and Testing	June – October 2014
Service Commencement (Hospital and Car Park)	October 2014

7.1 Sustainability and Climate Change

Why is Sustainability Reporting Being Carried Out?

Reporting on sustainability performance is an important way for the Trust to manage its impact on sustainable development. The challenges of sustainable development are many, and it is widely accepted that organisations have not only a responsibility but also a great ability to exert positive change on the state of the world's economy, and environmental and social conditions.

It is increasingly well recognised that climate change poses a formidable challenge to healthcare services - more extreme weather patterns, the spread of infectious disease and threats to infrastructure from flooding and other natural disasters are likely to grow as global warming continues to affect the climate.

Reporting on sustainable development will lead to improved outcomes since it allows the Trust to measure, track, and improve its performance on specific issues. The Trust can then put itself into a better position where it is more likely to effectively manage an issue that can be measured. By taking a proactive role to collect, analyse, and report the steps taken by the Trust to reduce potential business risk, it can remain in control of the message it wants to deliver to its stakeholders.

As well as helping to manage the impacts, sustainability reporting promotes transparency and accountability, particularly in the forum of the public domain where disclosure of information is common place. In doing so, stakeholders can also track the Trusts performance on broad themes such as financial or clinical and medical issues. Performance can be monitored year on year, or can be compared to other similar NHS organisations and compared using information systems such as ERIC.

As energy and other prices continue to rise and 'green' legislation hits home, organisations that have failed to embrace the sustainability agenda may have a costly battle to provide basic services. As budgets tighten, holding on to a long term vision will become ever more difficult, but so too will its importance.

Why a Sustainability Strategy?

The UK Government has committed to take action now and has introduced the Climate Change Act with a target to cut carbon emissions.

To meet the UK's commitment, the NHS has agreed to achieve the following carbon reduction targets:

- 10% by 2015
- 34% by 2020
- At least 80% by 2050

The Trust aims to at least meet these targets and to demonstrate early success on the way and has developed Strategic Themes based on various government guidelines. The Trust will introduce a Sustainable Development Group who will lead the themes and issues regarding sustainable development.The initial objectives of the group will be to actively raise carbon awareness at every level of the organisation; sign up to the Good Corporate Citizenship Assessment Model; monitor, review and report on carbon associated consumption within the Trust. Furthermore, a Trust Sustainable Strategy will be created and incorporate the core themes of the strategy developed by the NHS Sustainable Development Unit (SDU).

Governance Process

The Sustainable Development Group will be monitored and report into the Corporate Management Team (CMT) on a quarterly basis. The terms of reference for the group will be approved by CMT and any issues resulting will be escalated through CMT.

Finite Resources

A table of finite resources identifying financial and non-financial data can be found in Figure 1.

The Trust has recently introduced a Combined Heat and Power (CHP) Plant and began pilot trials in October and throughout November and December. The plant started to ramp up its output in the month of January and continues to run to provide hot water and electricity to the Trust for up to a maximum of 16 hours per day. Throughout the other hours of the day the Trust consumes electricity from the national grid at off peak rates.

Through the period of January 2010 to March 2010 when the CHP has been ramping up, it has consumed 363,319 Kwh of gas which has been converted into both hot water and 336,406 Kwh of electricity. As expected, the total sum of gas units consumed has increased while that of electricity has reduced.

The change in spending between both financial periods is not all due to introduction of the CHP. In the previous year, 2008/09, electricity prices rose due to the changes in oil prices during that period.

	2009/10		2008/09	
Resource	Units Consumed	Value of Units	Units Consumed	Value of Units
Electricity	7,730,338 Kwh	£740,338	7,832,340 Kwh	£969,889
Gas	15,938,699 Kwh	£333,966	14,087,613 Kwh	£384,630
Water	63,665 m^3	£195,732	56,885 m^3	£161,081
	Total	£1,270,036	Total	£1,515,600

Figure 1 – Finite Resources

Waste Management

A table of waste management disposal incorporating both financial and non-financial data can be found below in Figure 2.

The amount and cost of waste remains fairly consistent with a reduction in waste to landfill and a 7% increase to recycle. It is expected that this trend increases as the Trust develops new ways to make both visitors and staff aware of the benefits of correct waste segregation.

Electrical and electronic component waste (WEEE) has shown a more costly increase per tonne. This can be attributed to the type of waste disposed since there is an incremental scale of cost associated with the product type. As an example the disposal of a refrigerator may be more expensive than that of a standard electric device such as a toaster.

Clinical waste presents an opportunity for reduction by education of visitors, staff and finding alternatives to very short term storage, collection and segregation of this type of waste.

	2009/10		2008/09	
Resource	Units Disposed	Value of Units	Units Disposed	Value of Units
Land Fill	657 Tonnes	£65,510	727 Tonnes	£66,458
Clinical Waste	238 Tonnes	£93,324	236 Tonnes	£85,122
Recycled	99 Tonnes	£28,639	92 Tonnes	£26,896
Confidential	4800 Litres	£9776	6532 Litres	£12,304
WEEE	9 Tonnes	£8513	15 Tonnes	£4,528
	Total	£205,762	Total	£195,308

Figure 2 - Waste Disposal

Alder Hey's Commitment

The Trust serves over 250,000 patients a year, employs nearly 2,700 staff and operates 24 hours a day, seven days a week. This activity will inevitably impact the environment and Alder Hey recognises that as a healthcare provider that promotes well being, the Trust has an important responsibility to minimise impact on the environment, ensure resource use is efficient and maximise funds available for patient care.

Recognising the need for leadership, Alder Hey Children's NHS Foundation Trust will drive to meet and exceed early carbon reduction targets by developing and formalising its strategy to build upon national leadership. It adopts the thematic framework of the NHS SDU's Carbon Reduction Strategy for England - "Saving Carbon, Improving Health", published in January 2009.

8.0 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 Officer is required to comply with the requirements of the NHS Foundation Trust Financial Reporting Manual and in particular to:

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

The Accounting Officer is responsible for keeping proper accounting records 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 Office Memorandum.

Signed

Chief Executive

Date 01 June 2010

9.0 Trust Annual Accounts

FOREWORD

The accounts for the year ended 31 March 2010 have been prepared by the Alder Hey Children's 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 Trust has, with the approval of the Treasury, directed.

Signed

Chief Executive

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2010

	Note	2009/10 £000	Aug-Mar 2009 £000
Income			
Operating income from continuing operations	3 & 4	170,519	108,179
Operating expenses of continuing operations	5	(161,302)	(103,575)
Operating Surplus		9,217	4,604
Finance Costs:			
Finance income	9	37	146
Finance expense - financial liabilities	10	(7)	(5)
- unwinding of discount on provisions		(11)	0
PDC dividends payable	11	(2,164)	(1,811)
Net Finance Costs		(2,145)	(1,670)
Surplus from Continuing Operations		7,072	2,934
Other Comprehensive Income:			
Revaluation loss on property, plant and equipment		(19,846)	0
Increase in donated asset reserve due to receipt of donated assets		3,203	491
Reduction in donated asset reserve in respect of depreciation, impairment and disposal of donated assets		(330)	(210)
Reduction in other reserves		(109)	(11)
Total Comprehensive Income and Expense for the Year/Period		(10,010)	3,204

The notes on pages 51 to 80 form part of these accounts.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2010

	Note	2010 £000	2009 £000
Non-Current Assets:			
Intangible assets	14	365	459
Property, plant and equipment	15	68,662	82,904
Trade and other receivables	18	52	0
Total Non-Current Assets		69,079	83,363
Current Assets:			
Inventories	17	1,009	775
Trade and other receivables	18	9,189	8,813
Cash and cash equivalents	19	13,815	11,276
Total Current Assets		24,013	20,864
Total Assets		93,092	104,227
Current Liabilities:			
Trade and other payables	21	(12,600)	(13,922)
Borrowings	22	0	(45)
Provisions	27	(284)	(899)
Tax payable		(2,437)	(2,308)
Other liabilities	23	(2,672)	(1,976)
Total Current Liabilities		(17,993)	(19,150)
Total Assets less Current Liabilities		75,099	85,077
Non-Current Liabilities			
Provisions	27	(440)	(408)
Total Assets Employed		74,659	84,669
Taxpayers' Equity:			
Public dividend capital		43,893	43,893
Income and expenditure reserve		12,968	5,103
Revaluation reserve		11,544	30,832
Donated asset reserve		6,254	4,732
Other reserves		0	109
Total Taxpayers' Equity		74,659	84,669

The financial statements on pages 47 to 80 were approved and actioned for issue by the Board on 1st June 2010 and signed on its behalf by:

Signed

Chief Executive

Date 01 June 2010

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY

	Public Dividend Capital (PDC) £000	Income and Expenditure Reserve £000	Revaluation Reserve £000	Donated Asset Reserve £000	Other Reserve £000	Total £000
Taxpayers' Equity at 1 August 2008	43,243	1,665	31,338	4,451	120	80,817
Changes in Taxpayers' Equity for 2008-09 Total comprehensive income for the period:						
Surplus for the period	0	2,934	0	0	0	2,934
Increase in donated asset reserve due to receipt of donated assets	0	0	0	491	0	491
Reduction in the donated asset reserve in respect of depreciation on donated assets	0	0	0	(210)	0	(210)
Reduction in other reserve	0	0	0	0	(11)	(11)
Transfer of excess of current cost depreciation over historical cost depreciation to the Income & Expenditure Reserve	0	504	(506)	0	0	(2)
Public dividend capital received	650	0	0	0	0	650
Taxpayers' Equity at 31 March 2009	43,893	5,103	30,832	4,732	109	84,669
Changes in Taxpayers' Equity for 2009-10 Total comprehensive income for the year: Surplus for the year	0	7,072	0	0	0	7,072
Revaluation losses and impairment losses property, plant and equipment	0	0	(18,495)	(1,351)	0	(19,846)
Increase in donated asset reserve due to receipt of donated assets	0	0	0	3,203	0	3,203
Reduction in the donated asset reserve in respect of depreciation, impairment and disposal of donated assets	0	0	0	(330)	0	(330)
Transfer of excess of current cost depreciation over historical cost depreciation to the Income and Expenditure Reserve	0	349	(349)	0	0	0
Transfer to the income and expenditure account in respect of assets disposed of	0	444	(444)	0	0	0
Reduction in other reserve	0	0	0	0	(109)	(109)
Taxpayers' Equity at 31 March 2010	43,893	12,968	11,544	6,254	0	74,659

The Other Reserve related to income received as revenue funding, for the purchase of capital assets.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2010

	Note	2009/10 £000	Aug-Mar 2009 £000
Cash flows from operating activities			
Operating surplus for the year		9,217	4,604
Depreciation and amortisation		3,749	3,347
Impairments		899	0
Transfer from donated asset reserve		(311)	(210)
(Increase)/Decrease in inventories		(234)	20
(Increase)/Decrease in trade and other receivables		(428)	6,679
Increase/(Decrease) in trade and other payables		(660)	415
Increase in other current liabilities		825	940
Decrease in provisions	27	(583)	(205)
Other movements in operating cash flows		41	4
Net Cash Generated from Operations		12,515	15,594
Cash Flows from Investing Activities:			
Interest received		37	146
Purchase of intangible assets	14	(100)	(60)
Purchase of property, plant and equipment	15	(10,833)	(3,735)
Sales of property, plant and equipment		2	0
Net Cash Used in Investing Activities		(10,894)	(3,649)
Net Cash Inflow before Financing		1,621	11,945
Cash Flows from Financing Activities:			
Public dividend capital received		0	650
Capital element of finance leases		(45)	(30)
Interest element of finance lease		(7)	(5)
PDC dividend paid		(2,233)	(2,716)
Cash flows from other financing activities		3,203	491
Net Cash Generated from/(Used in) Financing Activities		918	(1,610)
Increase in Cash and Cash Equivalents		2,539	10,335
Cash and Cash Equivalents at the beginning of the Financial Year/ Period		11,276	941
Cash and Cash Equivalents at the end of the Financial Year/Period	19	13,815	11,276

NOTES TO THE ACCOUNTS

ACCOUNTING POLICIES

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 2009/10 NHS Foundation Trust Annual Reporting Manual issued by Monitor. The accounting policies contained in that manual follow International Financial Reporting Standards and HM Treasury's Financial Reporting Manual to the extent that they are meaningful and appropriate to NHS Foundation Trusts. The accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.

1.1 Accounting Convention

These accounts have been prepared under the historical cost convention modified to include the revaluation of property, plant and equipment, intangible assets, inventories and certain financial assets and financial liabilities and in accordance with applicable accounting standards.

1.2 Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the Trust's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from those estimates and the estimates and underlying assumptions are continually reviewed. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements that management have made in the process of applying the entity's accounting policies, together with the key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

Asset Valuation and Lives

The value and remaining useful lives of land and buildings have been estimated by DTZ Debenham Tie Leung Ltd. The valuations are carried out in accordance with the Royal Institute of Chartered Surveyors (RICS) Valuation Standards, 6th Edition. The valuations were carried out during 2009/2010 and have been applied to the 31 March 2010 land and buildings values. Valuations are carried out using the Modern Equivalent Asset basis to determine the Depreciated Replacement Cost for specialised operational property and Existing Use Value for non-specialised operational property.

The lives of equipment assets are estimated using historical experience of similar equipment lives with reference to national guidance and consideration of the pace of technological change. Operational equipment is carried at current value. Where assets are of low value and/or have short useful economic lives, these are carried at depreciated historical cost as this is not considered to be materially different from fair value.

Software licences are depreciated over the shorter of the term of the licence and the useful economic life.

Provisions

Agenda for Change is the national NHS pay system based on the principle of equal pay for work of equal value. The Agenda for Change provision has been estimated by identifying employees who have either not yet been assimilated onto the Agenda for Change banding or have an outstanding appeal. The likelihood of the arrears becoming due has been assessed by our Human Resources Department and those assessed as having medium or high risk of payment have been provided for. The provision balance at 31 March 2010 is £111k (31 March 2009: £588k).

Pensions provisions relating to former employees, including Directors, have been estimated using the life expectancy from the Government's actuarial tables.

Other legal claims provisions relate to employer and public liability claims and expected costs are advised by the NHS Litigation Authority.

Provision for Impairment of Receivables

A provision for the impairment of receivables has been made for amounts which are uncertain to be received from organisations at 31 March 2010. The provision is £432k (31 March 2009: £145k) and includes a provision of £176k (31 March 2009: £74k) against the Injury Costs Recovery debt. The recoverability of the Injury Costs Recovery debt has been assessed and as the level of debt has increased, the Trust has fully provided for Injury Costs Recovery incidents that are over 10 years old. The balance of the Injury Costs Recovery debt has been provided for at 7.8% to reflect recoverability of more recent incidents.

Holiday Pay Accrual

The accrual for outstanding leave has been calculated on a sample basis.

For non medical staff the amount of outstanding annual leave as at 31 March is requested from a representative sample from across the Trust. The accrual is then calculated on a pro-rata basis according to the numbers of staff within the sample compared to the total staff in post in March. The accrual is split between the various staff groups based on the results of the sample.

For consultants, the accrual is based on actual annual leave outstanding for those consultants who provided details and it is assumed that five days are outstanding for the consultants whose details were not available.

1.3 Income

Income is accounted for applying the accruals convention. The main source of income for the Trust is from commissioners in respect of healthcare services provided under local agreements. Income is recognised in the period in which the services are provided. Income is measured at the fair value of the consideration receivable. Income relating to partially completed spells is accounted for where there is a contractual obligation.

The Trust receives income under the NHS Injury Cost Recovery Scheme, designed to reclaim the cost of treating injured individuals to whom personal injury compensation has subsequently been paid, eg. by an insurer. The Trust recognises the income when it receives notification from the Department of Work and Pension's Compensation Recovery Unit that the individual has lodged a compensation claim. The income is measured at the agreed tariff for the treatments provided to the injured individual, less a provision for unsuccessful compensation claims and doubtful debts.

Other operating income is recognised when, and to the extent that, performance occurs, and is measured at the fair value of the consideration receivable. The main source of this income is from Strategic Health Authorities, Primary Care Trusts, the Department of Health and Local Authorities. It includes education and training income, which arises from the provision of mandatory education and training as set out in the Trust's Terms of Authorisation and NHS Bank funding for the project fees for the Children's Health Park. This income is recognised as costs are incurred.

Where income is received for a specific activity that is to be delivered in the following year, that income is deferred.

Expenditure on research is treated as an operating expense in the year in which it is incurred.

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 in relation to its involvement with the UK Clinical Research Network study portfolio and the Local Research Network infrastructure.

Finance income relates to interest receivable which is accrued on a time basis by reference to the principal outstanding and interest rate applicable.

1.4 Employee Benefits

Short-term Employee Benefits

Salaries, wages and employment-related payments are recognised in the period in which the service is received from employees. The cost of leave earned but not taken by employees at the end of the period is recognised in the financial statements to the extent that employees are permitted to carry forward leave into the following period.

Retirement Benefit Costs

Past and present employees are covered by the provisions of the NHS Pensions Scheme. Details of the benefits payable under these provisions can be found on the NHS Pension 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.

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 expenditure at the time the Trust commits itself to the retirement, regardless of the method of payment.

Employer's pension cost contributions are charged to operating expenses as and when they become due.

The Scheme is subject to a full actuarial valuation every four years (until 2004, every five years) and an accounting valuation every year. An outline of these is as 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.

In order to defray the costs of benefits, employers pay contributions at 14% of pensionable pay and most employees had up to April 2008 paid 6%, with manual staff paying 5%.

Following the full actuarial review by the Government Actuary undertaken as at 31 March 2004, and after consideration of hanges to the NHS Pension Scheme taking effect from 1 April 2008, his Valuation Report recommended that employer contributions could continue at the existing rate of 14% of pensionable pay, from 1 April 2008, following the introduction of employee contributions on a tiered scale from 5% up to 8.5% of their pensionable pay depending on total earnings. On advice from the Scheme actuary, Scheme contributions may be varied from time to time to reflect changes in the Scheme's liabilities.

(b) Accounting valuation

A valuation of the Scheme liability is carried out annually by the Scheme Actuary as at the end of the reporting period 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 2010, is based on detailed membership data as at 31 March 2008 (the latest midpoint) updated to 31 March 2010 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.

(c) Scheme provisions

In 2008-09 the NHS Pension Scheme provided defined benefits, which are summarised below. This list is an illustrative guide only, and is not intended to detail all the benefits provided by the Scheme or the specific conditions that must be met before these benefits can be obtained:

Annual Pensions

The Scheme is a "final salary" scheme. Annual pensions are normally based on 1/80th for the 1995 section and of the best of the last 3 years pensionable pay for each year of service, and 1/60th for the 2008 section of reckonable pay per year of membership. Members who are practitioners as defined by the Scheme Regulations have their annual pensions based upon total pensionable earnings over the relevant pensionable service.

With effect from 1 April 2008 members can choose to give up some of their annual pension for an additional tax free lump sum, up to a maximum amount permitted under HMRC rules. This new provision is known as "pension commutation".

Pensions Indexation

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.

Lump Sum Allowance

A lump sum is payable on retirement which is normally three times the annual pension payment.

Ill-Health Retirement

Early payment of a pension, with enhancement in certain circumstances, is available to members of the Scheme who are permanently incapable of fulfilling their duties or regular employment effectively through illness or infirmity.

Death Benefits

A death gratuity of twice their final year's pensionable pay for death in service, and five times their annual pension for death after retirement is payable.

Additional Voluntary Contributions (AVCs)

Members can purchase additional service in the NHS Scheme and contribute to money purchase AVC's run by the Scheme's approved providers or by other Free Standing Additional Voluntary Contributions (FSAVC) providers.

Transfer Between Funds

Scheme members have the option to transfer their pension between the NHS Pension Scheme and another scheme when they move into or out of NHS employment.

Preserved Benefits

Where a Scheme member ceases NHS employment with more than two years service they can preserve their accrued NHS pension for payment when they reach retirement age.

Compensation for Early Retirement

Where a member of the Scheme is made redundant they may be entitled to early receipt of their pension plus enhancement, at the employer's cost.

1.5 Other Expenses

Other operating expenses for goods or services are recognised when, and to the extent that, they have been received. They are measured at the fair value of the consideration payable. Expenditure is recognised in operating expenses except where it results in the creation of a non-current asset such as property, plant and equipment.

1.6 Finance Costs

Finance costs relate to the interest cost of the finance lease implicit in the arrangement for laboratory equipment.

1.7 Operating Surplus

The operating surplus reflects the surplus from activities before finance income, loss on disposal of property, plant and equipment, finance costs and dividends payable on Public Dividend Capital.

1.8 Property, Plant and Equipment

Recognition

Property, plant and equipment is capitalised if:

- It is held for use in delivering services or for administrative purposes.
- It is probable that future economic benefits will flow to, or service potential be provided to, the Trust.
- It is expected to be used for more than one financial year.
- The cost of the item can be measured reliably.
- The item has a cost of at least £5,000.
- Collectively, a number of assets have a cost of at least £5,000 and individually have a cost of more than £250, where the assets are functionally interdependent, they have broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control.
- Items form part of the initial equipping and setting-up cost of a new building, ward or unit, irrespective of their individual or collective cost are capitalised as a grouped equipment asset where individually their cost is less than £5,000.

Valuation

All property, plant and equipment is shown at its fair value. This is measured initially at cost, representing the cost directly attributable to acquiring or constructing the asset and bringing it to the location and condition necessary for it to be capable of operating in the manner intended by management. All assets are subsequently stated at the lower of replacement cost and the present value of the asset's remaining service potential. The carrying values of tangible non-current assets are reviewed at each year end date to determine whether the carrying value may not be recoverable.

Land and buildings used for the Trust's services or for administrative purposes are stated in the Statement of Financial Position at their revalued amounts, being the existing use value at the date of the revaluation less any subsequent accumulated depreciation and impairment losses. The Trust use professional valuers to inform its judgement of the revalued amount. Professional valuations have been carried out by DTZ Debenham Tie Leung Ltd, a market-leading real estate adviser, in accordance with the Royal Institute of Chartered Surveyors (RICS) Valuation Standards, 6th Edition. The last valuations were undertaken in 2009 as at the retrospective valuation date of 1 April 2009 and were applied on 1 April 2009. Revaluations are performed with sufficient regularity to ensure that carrying amounts are not materially different from those that would be determined at the year end date. Existing use values are determined as follows:

- Land and non-specialised buildings - market value for existing use.
- Specialised buildings - depreciated replacement cost.

The Existing Use Value approach assumes that the asset would be replaced with a modern equivalent, not a building of identical design, with the same service potential as the existing asset. The modern equivalent may well be smaller than the existing asset, for example, due to technological advances in plant and machinery.

Properties in the course of construction for service or administration purposes are carried at cost, less any impairment loss. Cost includes professional fees but not borrowing costs, which are recognised as expenses immediately, as stipulated by the Annual Reporting Manual 2009/10. Depreciation commences when they are brought into use.

Until 31 March 2008, fixtures and equipment were carried at replacement cost, as assessed by indexation and depreciation of historic cost. From 1 April 2008, indexation has ceased. The carrying value of existing assets at that date will be written off over their remaining useful lives and new fixtures and equipment are carried at depreciated historic cost as this is not considered to be materially different from fair value.

Increases arising on revaluation are taken to the revaluation reserve except when it reverses an impairment for the same asset previously recognised in expenditure, in which case it is credited to expenditure to the extent of the decrease previously charged there. A revaluation decrease is recognised as an impairment charged to the revaluation reserve to the extent that there is a balance on the reserve for the asset and, thereafter, to expenditure. Gains and losses recognised in the revaluation reserve are reported as other comprehensive income in the Statement of Comprehensive Income.

Subsequent Expenditure

Where subsequent expenditure enhances an asset beyond its original specification, the directly attributable cost is added to the asset's carrying value. Where subsequent expenditure restores the asset to its original specification assumed by its economic useful life then the expenditure is charged to operating expenses.

Provision for Dismantling or Decommissioning Property, Plant and Equipment

Where the costs of dismantling or decommissioning property, plant or equipment is material, this cost is added to the initial cost of the asset. The Trust does not have any assets with any such material costs.

1.9 Intangible Assets

Recognition

Intangible assets are non-monetary assets without physical substance, which are capable of being sold separately from the rest of the Trust's business or which arise from contractual or other legal rights. They are recognised only where it is probable that future economic benefits will flow to, or service potential be provided to, the Trust; where they are capable of being used in a Trust's activities for more than one year; they can be valued; and they have a cost of at least £5,000.

Software that is integral to the operating of hardware, for example an operating system, is capitalised as part of the relevant item of property, plant and equipment. Software that is not integral to the operation of hardware, for example application software, is capitalised as an intangible asset. Expenditure on research activities is not capitalised, it is recognised as an operating expense in the period in which it is incurred.

As it cannot be demonstrated that the IAS38 criteria for capitalisation can be met, expenditure on development is not capitalised.

Measurement

Intangible assets are recognised initially at cost, comprising all directly attributable costs needed to create, produce and prepare the asset to the point that it is capable of operating in the manner intended by management.

Intangible assets acquired separately are initially recognised at fair value by reference to an active market, or, where no active market exists, at amortised replacement cost.

1.10 Depreciation and Amortisation

Freehold land and properties under construction are not depreciated. Land is deemed to have an infinite life and properties under construction are only depreciated when they are brought into use. Otherwise, depreciation and amortisation are charged, on a straight-line basis, to write-off the costs or valuation of property, plant and equipment and intangible non-current assets, less any residual value, over their estimated remaining useful economic lives, in a manner that reflects the consumption of economic benefits or service potential of the assets. The estimated useful life of an asset is the period over which the Trust expects to obtain economic benefits or service potential from the asset. This is specific to the Trust and may be shorter than the physical life of the asset itself. Estimated useful lives and residual values are reviewed each period end, with the effect of any changes recognised on a prospective basis. Assets held under finance leases are depreciated over their estimated useful lives.

Asset lives for property, plant and equipment are detailed below:

	Minimum Life Years	Maximum Life Years
Buildings excluding dwellings	7	77
Dwellings	49	49
Plant and machinery	5	15
Transport equipment	5	5
Information technology	5	5
Furniture and fittings	10	10

Intangible assets which comprise computer software have a minimum life of three years and maximum life of five years.

1.11 Revaluation and Impairment

Increases in asset values arising from revaluations are recognised in the revaluation reserve, except where, and to the extent that, they reverse an impairment previously recognised in operating expenses, in which case they are recognised in operating income.

At each reporting period end, the Trust reviews the residual values and useful lives of its property, plant and equipment and intangible non-current assets. Equipment assets with a net book value of over £100,000 as at 31 March are reviewed for their carrying value and their remaining useful life. Expert advice is taken from the Medical Engineering Department for medical equipment, the Radiology Department for radiology equipment, the Hotel Services Department for car parking equipment and from the Information Management and Technology Department for IT assets. Expert advice is sought from valuation professionals about the carrying value and useful lives of land and building assets. If there is indication of an impairment loss, the recoverable amount of the asse is estimated to determine whether there has been a loss and, if so, its amount. There has been no change in the carrying values of equipment assets. General all-in tender prices have reduced construction works by approximately 4% during 2009/10. Therefore it has been estimated that the replacement value of building assets has fallen by 4% since 1 April 2009.

The Trust is currently planning to replace most of its buildings with a new Children's Health Park. This is not certain to proceed until the Board of Directors, Monitor, Department of Health and Treasury all approve the final business case some time in 2011/12. At that point current buildings will be impaired due to the curtailment of their residual lives.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments if the time value of money and the risks specific to the asset, for which the estimates of future cash flows have not been adjusted.

An impairment loss is only reversed if there is a subsequent increase in the recoverable amount that can be related objectively to an event occurring after the impairment loss was recognised.

If there has been an impairment loss, the asset is written down to its recoverable amount, with the loss charged to the revaluation reserve to the extent that there is a balance on the reserve for the asset and, thereafter, to expenditure. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of the recoverable amount but capped at the amount that would have been determined had there been no initial impairment loss. The reversal of the impairment loss is credited to expenditure to the extent of the decrease previously charged there and thereafter to the revaluation reserve.

Gains and losses recognised in the revaluation reserve are reported in the Statement of Comprehensive Income as an item under 'other comprehensive income'.

1.12 Donated Assets

Donated non-current assets are capitalised at their fair value on receipt, with a matching credit to the donated asset reserve. They are valued, depreciated and impaired as described above for purchased assets. Gains and losses on revaluations and impairments are 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 offset the expenditure. On sale of donated assets, the net book value is transferred from the donated asset reserve to the income and expenditure reserve.

1.13 Leases

Leases are classified as finance leases when substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases.

The Trust as Lessee

Property, plant and equipment held under finance leases are initially recognised, at the inception of the lease, at fair value or, if lower, at the present value of the minimum lease payments, with a matching liability for the lease obligation to the lessor. Lease payments are apportioned between finance charges and reduction in the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in calculating the Trust's surplus or deficit.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

Where a lease is for land and buildings, the land and building components are separated. Leased buildings are assessed to determine whether they are operating or finance leases.

1.14 Inventories

Inventories are valued at the lower of cost and net realisable value using the first-in first-out cost formula. This is considered to be a reasonable approximation to fair value due to the high turnover of stocks. In most cases, cost equates to direct purchase cost. Net realisable value represents the estimated selling price less all the estimated costs to completion and selling costs to be incurred.

1.15 Cash and Cash Equivalents

Cash is cash in hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours.

1.16 Provisions

Provisions are recognised when the Trust has a present legal or constructive obligation as a result of a past event, it is probable that the Trust will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the expenditure required to settle the obligation at the end of the reporting period, taking into account the risks and uncertainties. Where a provision is measured using the cash flows estimated to settle the obligation, its carrying amount is the present value of those cash flows using HM Treasury's discount rate of 2.2% in real terms.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursements will be received and the amount of the receivable can be measured reliably.

1.17 Clinical Negligence Costs

The NHS Litigation Authority (NHSLA) operates a risk pooling scheme under which the Trust pays an annual contribution to the NHSLA which in return settles all clinical negligence claims. The contribution is charged to the Statement of Comprehensive Income. Although the NHSLA is administratively responsible for all clinical negligence cases, the legal liability remains with the Trust. The total value of clinical negligence provisions carried by the NHSLA on behalf of the Trust is disclosed at note 27.

1.18 Non-Clinical Risk Pooling

The 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.

The Trust has also taken commercial insurance to cover property damage and business interruption.

1.19 Financial Assets

Financial assets are recognised when the Trust becomes party to the financial instrument contract or, in the case of trade receivables, when the goods or services have been delivered. Financial assets are derecognised when the contractual rights have expired or the asset has been transferred.

Financial assets are initially recognised at fair value.

Financial assets are classified into the following categories: financial assets 'at fair value through profit and loss'; 'held to maturity investments'; 'available for sale' financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. The Trust only has loans and receivables.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments which are not quoted in an active market. After initial recognition, they are measured at amortised cost using the effective interest method, less any impairment. Interest is recognised using the effective interest method.

The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, to the net carrying amount of the financial asset.

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

For financial assets carried at amortised cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. The loss is recognised in operating expenses and the carrying amount of the asset is reduced through a provision for impairment of receivables.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through expenditure to the extent that the carrying amount of the receivable at the date of the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

The Trust's loans and receivables comprise cash and cash equivalents, NHS debtors, debtors with related parties, accrued income and other debtors.

1.20 Financial Liabilities

Financial liabilities are recognised on the statement of financial position when the Trust becomes party to the contractual provisions of the financial instrument or, in the case of trade payables, when the goods or services have been received. Financial liabilities are de-recognised when the liability has been discharged, that is, the liability has been paid or has expired.

Financial liabilities are initially recognised at fair value.

Financial liabilities are classified as either financial liabilities 'at fair value through profit and loss' or other financial liabilities. The Trust only has other financial liabilities.

Other financial liabilities

After initial recognition, all other financial liabilities are measured at amortised cost using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments through the life of the asset, to the net carrying amount of the financial liability.

1.21 Value Added Tax

Most of the activities of the 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 non-current assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

1.22 Foreign Currencies

The Trust's functional currency and presentational currency is sterling. Transactions denominated in a foreign currency are translated into sterling at the exchange rate ruling on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are restated at the rates prevailing at the statement of financial position date. Resulting exchange gains and losses are recognised in the Trust's surplus or deficit for the period in which they arise.

1.23 Third Party Assets

Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the accounts since the Trust has no beneficial interest in them. The Trust has no third party assets at 31 March 2010.

1.24 Public Dividend Capital (PDC) and PDC Dividend

Public Dividend Capital is a type of public sector equity finance based on the excess of assets over liabilities at the time of establishment of the predecessor NHS Trust. HM Treasury has determined that PDC is not a financial instrument within the meaning of IAS32.

A charge, reflecting the cost of capital utilised by the NHS Foundation Trust, is paid over as Public Dividend Capital dividend. The charge is calculated at the rate set by HM Treasury (currently 3.5%) on the average relevant net assets of the NHS Foundation Trust during the financial year. Relevant net assets are calculated at the value of all assets less the value of all liabilities, except for donated assets and cash held with the Office of Payment General/Government Banking Service. The average carrying amount of assets is calculated as the average of opening and closing relevant net assets. Prior to 2009/2010 the PDC dividend was determined using forecast average net relevant assets. Note 11 to the accounts discloses the rate that the dividend represents as a percentage of the actual average carrying amount of assets less liabilities in the year.

1.25 Losses and Special Payments

Losses and special payments are items that Parliament would not have contemplated when it agreed funds for the health service or passed legislation. By their nature they are items that ideally should not arise. They are therefore subject to special control procedures compared with the generality of payments. They are divided into different categories, which govern the way each individual case is handled.

Losses and special payments are charged to the relevant functional headings in the income statement on an accruals basis, including losses which would have been made good through insurance cover had Trusts not been bearing their own risks (with insurance premiums then being included as normal operating expenditure).

Note 12 shows the number and value of losses and special payments in the year.

1.26 Other Reserves

The ‘other reserve’ related to income, received as revenue funding, for the purchase of capital assets. The reserve has been wound down over the assets’ useful economic life.

1.27 Contingencies

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Trust, or a present obligation that is not recognised because it is not probable that a payment will be required to settle the obligation or the amount of the obligation cannot be measured sufficiently reliably. A contingent liability is disclosed unless the possibility of a payment is remote.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Trust. A contingent asset is disclosed where an inflow of economic benefits is probable.

1.28 Corporation Tax

The Trust has determined that it has no corporation tax liability having reviewed “Guidance on the tax treatment of non-core health care commercial activities of NHS Foundation Trusts” issued by HM Revenue and Customs supplemented by access to specific specialist advice where necessary.

1.29 Donations

Any donations received by an NHS Foundation Trust from a body or an individual which is not a government body and which does not result in the donating party having any financial interest in the NHS Foundation Trust are recognised as follows:

- Donations received to support operating expenditure by the Foundation Trust are recognised in operating income when, and to the extent to which the conditions attached to them, eg: incurring the expenditure, have been met.

1.30 Going Concern

The Trust has adopted the going concern basis for the preparation of these accounts, having due regard to forecasts for a period to 12 months from the date of approving these accounts.

1.31 Managed Service Arrangements

The Trust has four managed service arrangements being the oncology lease, the outpatients ward, the modular ward and the hospital information system lease. The Trust has reviewed these leases against the set criteria set out in IAS17 and has concluded that they do not meet the definition of a finance lease. They are therefore classified as operating leases because:

- The oncology arrangement does not follow any of the IAS17 indicators of a finance lease.
- Although the minimum lease payments for the other three arrangements make up a significant proportion of the capital value of the leased asset, the assets must be returned to the lessor at the end of each lease agreement term.
- There is no option to purchase any of the assets.
- The lease agreements for the wards do not consume the major part of those assets’ economic lives.
- The Hospital Information System is a national system and hence by its nature, the Trust does not receive all of the benefits of that asset.

1.32 Segmental Reporting

The Trust has adopted IFRS8 which requires disclosure of information to enable the users of the financial statements to evaluate the nature and financial effects of the business activities in which it engages. Where the Chief Operating Decision Maker uses information pertaining to operating segments to make decisions about allocation of resources and performance assessment, and where there is sufficient and appropriately discreet information available in this respect, disclosure of that information is made in the financial statements. Note 2 to the financial statements shows the financial reporting disclosures for segmental reporting.

1.33 First Time Adoption of IFRS

In line with the Government's timetable for the NHS to move its reporting from UK Generally Accepted Accounting Practice to International Financial Reporting Standards, these accounts are the first to be produced under IFRS. Details of how the transition to IFRS has affected the reported financial position, financial performance and cash flows are shown in note 32.

IFRS1 grants certain exemptions from the full requirement of IFRS in the transition period. The following exemption has been taken in the consolidated historical financial information:

- The net book values of all items of property, plant and equipment at the date of transition have been treated as deemed cost.

Adjustments made under IFRS include:

- Recognition of equipment implicit in a reagents deal (IFRIC4), result in an increase in the opening balance of property, plant and equipment and the creation of a finance lease creditor. This deal expired in March 2010 and therefore the implicit lease is not included in closing balances.
- Operating software has been re-classified to property, plant and equipment from intangible assets.

1.34 Standards and Interpretations in Issue Not Yet Adopted

The following standards have been issued but are not yet effective:

- IFRS1 – First-time Adoption of IFRS - Amendment; Additional exemptions for first-time adopters.
- IFRS1 – First-time Adoption of IFRS - Amendment; Limited exemption from comparative IFRS7 disclosures for first-time adopters.
- IFRS9 – Financial Instruments.
- IAS24 – Revised IAS24 Related Party Disclosures.

The following interpretations are issued but not yet effective:

- IFRIC14 – Amendment – Prepayments of a Minimum Funding Requirement.
- IFRIC19 – Extinguishing Financial Liabilities with Equity Instruments.

With the exception of IFRS9 which has been postponed, these standards and interpretations are expected to be endorsed by the EU during 2010.

None of these standards or interpretations are expected to have a known significant impact on the Trust on adoption.

2 Operating Segments

The Chief Executive and the Board receive sufficient and appropriate high level information to enable the business to be managed effectively and to monitor and manage the strategic aims of the Trust. Sufficiently detailed information is used by middle and lower management to ensure effective management at an operational level. Neither of these are sufficiently discrete to profile operating segments, as defined by IFRS8, that would enable a user of these financial statements to evaluate the nature and financial effects of the business activities that this Trust undertakes.

The development of Clinical Business Units in the second half of 2010/11 will enable the Trust to provide discrete operating segmental reporting information. The first full financial year that this will be available will be 2011/12. There will have been considerable investment in the IT infrastructure to support the provision of this information and for the Chief Executive and the Board to receive the appropriate level of information to assess performance of the hospital on a Clinical Business Units basis.

3 Income From Patient Care Activities

3.1 Income From Patient Care Activities Comprises:

	2009/10 £000	Aug-Mar 2009 £000
Elective income	30,274	18,826
Non-elective income	32,223	21,420
Outpatient income	20,943	12,210
A&E income	4,447	2,805
Other NHS clinical income	62,572	39,370
Private patient income	52	81
Total Income from Activities	150,511	94,712

All income from activities relates to mandatory services.

“Other NHS clinical income” comprises:

	2009/10 £000	Aug-Mar 2009 £000
Community and Mental Health	17,119	11,050
Critical care	13,771	8,660
Non-NHS Health Commission Wales	9,956	7,487
Drugs and devices	9,913	4,447
Other:		
North West Non-PBR	4,483	2,544
National Specialist Commissioning Group	1,970	1,367
Cleft, lip and palate	813	1,234
Other	4,547	2,581
Total	62,572	39,370

3.2 Private Patient Income

	2009/10 £000	Aug-Mar 2009 £000	Base Year 2002/03 £000
Private patient income	52	81	227
Total patient related income	150,511	94,712	80,355
Proportion of private patient income as a percentage	0.03%	0.09%	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 the 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 2009/10.

3.3 Income From Activities Comprises:

	2009/10 £000	Aug-Mar 2009 £000
NHS Foundation Trusts	**1,063**	**326**
NHS Trusts	**53**	**649**
Strategic Health Authorities	**2,039**	**1,375**
Primary Care Trusts	**131,769**	**79,474**
Local Authorities	**2,728**	**1,627**
Department of Health	**44**	**3,423**
NHS other	**0**	**0**
Non-NHS:		
Private patients	**52**	**81**
Overseas patients (non-reciprocal)	**32**	**7**
NHS injury scheme	**434**	**218**
Health Commission Wales	**12,134**	**7,487**
Other	**163**	**45**
Total	**150,511**	**94,712**

Injury cost recovery income is subject to a provision for impairment of receivables to reflect expected rates of collection. This amounts to £176,000 at 31 March 2010 (£74,000 at 31 March 2009).

4 Other Operating Income

	2009/10 £000	Aug-Mar 2009 £000
	2009/10	
Research and development	3,129	1,922
Education and training	7,928	5,160
Charitable and other contributions to expenditure	944	711
Transfer from donated asset reserve in respect of depreciation on donated assets	311	210
Non-patient care services to other bodies	1,862	1,337
Other	5,834	4,127
Total	20,008	13,467

The education and 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:

	2009/10 £000	Aug-Mar 2009 £000
Government programme for information technology	605	541
Car parking revenue	403	264
Catering	962	600
Funding for project costs for development of Children's Health Park	1,319	1,463
Peripheral clinics	306	186
Clinical excellence awards	953	636
Other	1,286	437
Total	5,834	4,127

5 Operating Expenses

	2009/10 £000	Aug-Mar 2009 £000
Services from Foundation Trusts	663	279
Services from NHS Trusts	590	414
Services from other NHS bodies	1,007	645
Purchase of healthcare from non-NHS bodies	1,298	562
Employee expenses – executive directors	759	698
Employee expenses – non-executive directors	127	85
Employee expenses – staff	110,842	70,573
Drug costs	12,823	8,070
Supplies and services – clinical (excluding drug costs)	10,252	6,429
Supplies and services – general	2,124	1,263
Establishment	1,678	984
Research and development*	912	579
Transport	370	261
Premises	8,004	6,374
Provision for impairment of receivables	299	18
Depreciation on property, plant and equipment	3,620	3,281
Amortisation on intangible assets	129	66
Impairments of property, plant and equipment	899	0
Audit fees – statutory audit	53	118
Audit fees – further assurance services	35	6
Audit fees – other services	0	5
Insurance for clinical negligence	1,020	512
Loss on disposal of property, plant and equipment	89	15
Legal fees	159	21
Consultancy costs	763	236
Training, courses and conferences	418	255
Patient travel	103	96
Car parking and security	376	300
Insurance	208	81
Losses, ex-gratia and other payments	149	46
Other	1,533	1,303
Total	161,302	103,575

*Research and development expenditure reflects payments to other organisations in respect of research contracts. Employee expenses – staff, include £1,572,000 (Aug-Mar 2009 £680,000) relating to research and development activities.

All losses on disposal of property, plant and equipment relate to non protected assets.

There is no limited liability agreement in place with the external auditors, Baker Tilly UK Audit LLP.

None of the fees paid to the external auditors relate to non-audit services.

6 Operating Leases

6.1 Payments Recognised as an Expense

	2009/10 £000	Aug-Mar 2009 £000
Minimum lease payments	27	36
Contingent rents	0	0
Sub-lease payments	0	0
Total	27	36

6.2 Total Future Minimum Lease Payments

	31 March 2010 £000	31 March 2009 £000
Payable:		
Not later than one year	19	33
Between one and five years	7	16
After 5 years	0	0
Total	26	49

The Trust held no operating leases in respect of land and buildings during 2009/10. Details of Managed Service Arrangements are disclosed in note 26.

7 Salary and Pension Entitlements of Senior Managers

7.1 Salaries Entitlements

Name and Title		2009/2010		August – March 2009	
		Salary (Bands of £5,000) £000	Other Remuneration (Bands of £5,000) £000	Salary (Bands of £5,000) £000	Other Remuneration (Bands of £5,000) £000
Louise Shepherd	Chief Executive to 16.12.09	135-140	-	90-95	-
Sue Lorimer	Director of Finance from 1.2.09	105-110	-	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 to 16.12.09 Acting Chief Executive from 16.12.09	90-95	50-55	55-60	45-50
Moya Sutton	Director of Nursing	85-90	-	60-65	-
Jayne Shaw	Director of Human Resources	80-85	-	55-60	-
Terry Windle**	Director of Strategic & Operational Plan (retired 31.3.09)	-	-	80-85	-
Paul Hetherington	Director of Service Improvement	95-100	-	60-65	-
Dr Sian Snelling	Acting Medical Director from 16.12.09	15-20	165-170	-	125-130
Angela Jones (R)	Chair	45-50	-	30-35	-
Lorraine Dodd* (A) (R)	Non Executive Director	10-15	-	5-10	-
Susan Musson (A) (R)	Non Executive Director	10-15	-	5-10	-
Ed Oliver (A) (R)	Non Executive Director	10-15	-	5-10	-
Michael Yuille (A) (R)	Non Executive Director	15-20	-	10-15	-
Chris Vellenoweth (A)	Non Executive Director (left 31.7.09)	5-10	-	5-10	-
Susan Sellars (A) (R)	Non Executive Director from 10.9.09	5-10	-	-	-
Phil Huggon (A) (R)	Non Executive Director from 1.3.10	0-5	-	-	-

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

** Terry Windle had a lease car provided by the Trust during 2008/09. This had a benefit value of £1,200 for August-March 2009. There were no benefits in 2009/10.

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

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

7.2 Pension Entitlements

Name and Title	Real Increase in Pension at Age 60 (Bands of £2,500) £000	Real Increase in Pension Lump Sum at Aged 60 (Bands of £2,500) £000	Total Accrued Pension at Age 60 at 31 March 2010 (Bands of £5,000) £000	Lump Sum at Age 60 Related to Accrued Pension at 31 March 2010 (Bands of £5,000) £000	Cash Equivalent Transfer Value at 31 March 2009 £000	Cash Equivalent Transfer Value at 31 March 2010 £000	Real Increase in Pension at age 60 (Bands of £2,500) £000
Louise Shepherd **Chief Executive to 16.12.09**	0 - 2.5	2.5 - 5	35 - 40	105 - 110	514	585	46
Sue Lorimer **Director of Finance**	5 - 7.5	15 - 17.5	30 - 35	95 - 100	503	667	140
Dr Steve Ryan **Medical Director to 16.12.09** **Acting Chief Executive from 16.12.09**	0 - 2.5	5 - 7.5	45 - 50	135 - 140	844	953	68
Moya Sutton **Director of Nursing**	0 - 2.5	2.5 - 5	25 - 30	80 - 85	434	505	49
Jayne Shaw **Director of Human Resources**	2.5 - 5	10 - 12.5	25 - 30	75 - 80	334	429	79
Paul Hetherington **Director of Service Improvement**	0 - 2.5	5 - 7.5	35 - 40	115 - 120	658	763	72
Dr Sian Snelling **Acting Medical Director from 16.12.09**	0 - 2.5	0 - 2.5	45 - 50	145 - 150	1,026	1,171	27

As Non Executive Directors do not receive pensionable remuneration, there will be no entries in respect of pensions for Non Executive Directors.

Sue Thoms is a non-voting Executive Director and therefore her details are not included above.

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capital value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when a member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures and the other pension details include the value of any pension benefits in another scheme or arrangement which the individual has transferred to the NHS pension scheme. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute of Faculty of Actuaries.

Real Increase in Cash Equivalent Transfer Values

This 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 scheme or arrangement) and uses common market valuation factors for the start and end of the period.

8 Employee Expenses and Numbers

8.1 Employee Expenses

	2009/10 £000	Permanently Employed £000	Other £000	Aug-Mar 2009 £000
Salaries and wages	93,941	93,458	483	59,931
Social security costs	6,929	6,929	0	4,490
Employer contributions to NHS pension scheme:				
- staff	10,646	10,646	0	6,784
- executive directors	85	85	0	66
Other pension costs	0	0	0	0
Other post-employment benefits	0	0	0	0
Termination benefits	0	0	0	0
Employee Benefits Expense	111,601	111,118	483	71,271

There have been seven (7 2008/09) Executive Directors during 2009/10 who have benefits accruing under defined benefit schemes.

8.2 Average Number of People Employed

	2009/10	Permanently Employed	Other	Aug-Mar 2009 Total
	WTE	WTE	WTE	WTE
Medical and dental	333	328	5	342
Administration and estates	557	547	10	511
Healthcare assistants and other support staff	305	305	0	293
Nursing, midwifery and health visiting staff	824	766	58	808
Scientific, therapeutic and technical staff	565	563	2	537
Other	0	0	0	2
Total	2,584	2,509	75	2,493

WTE = Whole Time Equivalents

8.3 Employee Benefits

The only employee benefits relate to an Executive Director who had a lease car provided by the Trust during 2008/09. This had a benefit value of £1,200 for the period August to March 2009. There were no employee benefits during 2009/10.

8.4 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 four retirements (10: 2008/09) at an additional cost of £177,380 (£342,842 in 2008/09). These costs are borne by NHS Pensions. This information has been supplied by NHS Pensions.

9 Finance Income

	2009/10 £000	Aug-Mar 2009 £000
Interest income:		
Bank accounts	37	146
Other loans and receivables	0	0
Impaired financial assets	0	0
Other financial assets	0	0
Total	37	146

10 Finance Costs

	2009/10 £000	Aug-Mar 2009 £000
Interest on obligations under finance leases	7	5
Interest on late payment of commercial debt	0	0
Other interest expense	0	0
Total interest expense	7	5
Other finance costs	0	0
Total	7	5

11 Public Dividend Capital Dividend

The Trust is required to pay a dividend to the Department of Health of £2,164,000. This represents 3.5% of the average net relevant assets of £61,829,000.

12 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. During 2009/10 the Trust had 89 (20 Aug-Mar 2009) separate losses and special payments, totalling £184,000 (£247,000 Aug-Mar 2009).

There were no payments over £100,000 for individual cases of compensation under legal obligation, clinical negligence, fraud, personal injury or fruitless payment (1 in Aug-Mar 2009, the payment made was £154,903).

13 Impairment of Assets

	2009/10 £000	Aug-Mar 2009 £000
Change in value in use	899	0

Impairment of buildings of £19,846k has been charged to Revaluation Reserve.

Impairment of land of £899k has been charged to operating expenses.

Further details are shown in accounting policy note 1.11.

14 Intangible Assets

2009/2010	Computer Software Purchased £000
Cost at 31 March 2009	587
Additions – purchased	35
Gross cost at 31 March 2010	622
Amortisation at 31 March 2009	128
Provided during the year	129
Amortisation at 31 March 2010	257
Net book value:	
Purchased	365
Donated	0
Government granted	0
Total at 31 March 2010	365

2008/2009	Computer Software Purchased £000
Cost or valuation at 1 August 2008	527
Additions – purchased	60
At 31 March 2009	587
Amortisation at 1 August 2008	62
Provided during the year	66
Amortisation at 31 March 2009	128
Net book value:	
Purchased	459
Donated	0
Government granted	0
Total at 31 March 2009	459

There is no balance in the Revaluation Reserve in respect of intangible assets.

15 Property, Plant and Equipment

2009/10	Land	Buildings Excluding Dwellings	Dwellings	Assets Under Construction and poa*	Plant and Machinery	Transport Equipment	Information Technology	Furniture and Fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2009	3,855	68,266	438	3,265	29,755	90	3,482	548	109,699
Additions – purchased	0	2,144	0	3,201	1,360	0	327	0	7,032
Additions – donated	0	919	0	0	2,182	0	102	0	3,203
Impairments charged to revaluation reserve	0	(19,719)	(180)	0	0	0	0	0	(19,899)
Reclassifications	0	2,327	0	(3,265)	34	0	904	0	0
Revaluation surpluses	8	(2,455)	(13)	0	0	0	0	0	(2,460)
Disposals	0	0	0	0	(13,151)	0	(1,631)	(447)	(15,229)
At 31 March 2010	3,863	51,482	245	3,201	20,180	90	3,184	101	82,346
Cost or valuation Accumulated Depreciation 1 April 2009	0	2,455	13	0	21,595	62	2,202	468	26,795
Provided during the period	0	1,114	5	0	1,996	4	486	15	3,620
Impairments recognised in operating expenses	899	0	0	0	0	0	0	0	899
Revaluation surpluses	0	(2,500)	(13)	0	0	0	0	0	(2,513)
Disposals	0	0	0	0	(13,053)	0	(1,617)	(447)	(15,117)
Accumulated Depreciation at 31 March 2010	899	1,069	5	0	10,538	66	1,071	36	13,684
Net book value:									
Purchased	2,964	47,126	240	3,201	6,911	24	1,881	61	62,408
Leased	0	0	0	0	0	0	0	0	0
Donated	0	3,287	0	0	2,731	0	232	4	6,254
Total at 31 March 2010	2,964	50,413	240	3,201	9,642	24	2,113	65	68,662
Protection:									
NBV – protected assets	2,879	50,413	0	0	0	0	0	0	53,292
NBV – unprotected assets	85	0	240	3,201	9,642	24	2,113	65	15,370
Total at 31 March 2010	2,964	50,413	240	3,201	9,642	24	2,113	65	68,662

The protected assets are used in the provision of mandatory services. Unprotected land related to dwellings.

15 Property, Plant and Equipment Cont

2008/09	Land £000	Buildings Excluding Dwellings £000	Dwellings £000	Assets Under Construction and poa* £000	Plant and Machinery £000	Transport Equipment £000	Information Technology £000	Furniture and Fittings £000	Total £000
Cost or valuation at 1 August 2008	3,855	67,288	438	638	28,205	90	3,419	548	104,481
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
Impairments charged to revaluation reserve	0	0	0	0	0	0	0	0	0
Reclassifications	0	309	0	(309)	0	0	0	0	0
Revaluation surpluses	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	(449)	0	(207)	0	(656)
At 31 March 2009	3,855	68,266	438	3,265	29,755	90	3,482	548	109,699
Cost or valuation Accumulated Depreciation 1 August 2008	0	816	4	0	20,695	59	2,123	458	24,155
Provided during the period	0	1,639	9	0	1,334	3	286	10	3,281
Impairments recognised in operating expenses	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	(434)	0	(207)	0	(641)
Accumulated Depreciation at 31 March 2009	0	2,455	13	0	21,595	62	2,202	468	26,795
Net book value:									
Purchased	3,855	62,043	425	3,135	7,286	28	1,277	76	78,125
Leased	0	0	0	0	47	0	0	0	47
Donated	0	3,768	0	130	827	0	3	4	4,732
Total at 31 March 2009	3,855	65,811	425	3,265	8,160	28	1,280	80	82,904
Protection:									
NBV – protected assets	3,738	65,811	0	0	0	0	0	0	69,549
NBV – unprotected assets	117	0	425	3,265	8,160	28	1,280	80	13,355
Total at 31 March 2009	3,855	65,811	425	3,265	8,160	28	1,280	80	82,904

The protected assets are used in the provision of mandatory services. Unprotected land related to dwellings.

16 Capital Commitments

Contracted capital commitments at 31 March 2010 not otherwise included in these financial statements:

	31 March 2010 £000	31 March 2009 £000
Property, plant and equipment	968	3,800
Intangible assets	81	0
Total	1,049	3,800

Contracted capital commitments relate to capital items which have been ordered but not received at 31 March 2010, together with the ongoing building works agreed with contractors.

17 Inventories

17.1 Inventories

	31 March 2010 £000	31 March 2009 £000
Drugs	875	564
Consumables	106	174
Energy	28	37
Total	1,009	775
Of which held at net realisable value:	0	0

17.2 Inventories Recognised in Expenses

	2009/10 £000	Aug- Mar 2009 £000
Inventories recognised as an expense in the period	8,619	5,650
Write-down of inventories (including losses)	0	0
Reversal of write-downs that reduced the expense	0	0
Total	8,619	5,650

18 Trade and Other Receivables

18.1 Trade and Other Receivables

	Current 31 March 2010 £000	Non-current 31 March 2010 £000	Current 31 March 2009 £000	Non-current 31 March 2009 £000
NHS receivables	2,869	0	3,107	0
Other receivables from related parties	1,934	0	978	0
Provision for the impairment of receivables	(432)	0	(145)	0
VAT	609	0	612	0
Accrued income	1,198	0	1,088	0
Other receivables	515	0	422	0
Prepayments	2,496	52	2,751	0
Total	9,189	52	8,813	0

The great majority of trade is with Primary Care Trusts, as commissioners for NHS patient care services. As Primary Care Trusts are funded by government to buy NHS patient care services, no credit scoring of them is considered necessary.

Other related parties receivables include Local Authorities which are funded by the government. No credit score is considered necessary.

Other related parties receivables include Alder Hey Children's Charitable Funds. The Trust is the corporate trustee of the funds and therefore no credit scoring is considered necessary.

18.2 Ageing of Impaired Receivables

	31 March 2010 £000	31 March 2009 £000
Up to three months from invoice date	210	19
In three to six months from invoice date	4	8
Over six months from invoice date	218	118
Total	432	145

18.3 Receivables Past Their Due Date but Not Impaired

	31 March 2010 £000	31 March 2009 £000
By up to three months	921	791
By three to six months	98	43
By more than six months	99	12
Total	1,118	846

18.4 Provision for Impairment of Receivables

	31 March 2010 £000	31 March 2009 £000
Balance at start of year	145	168
Increase in provision	351	62
Amount utilised	(12)	(41)
Unused amounts reversed	(52)	(44)
Balance at 31 March 2010	432	145

Provision for impairment of receivables is made where amounts are past due and are uncertain to be received. Usually the debtors have indicated that the charge is queried or that payment may not be made. The provision includes £176,000 of Injury Cost Recovery debt to reflect expected rates of collection.

19 Cash and Cash Equivalents

	31 March 2010 £000	31 March 2009 £000
Balance at 1 April 2009	11,276	941
Net change in year/period	2,539	10,335
Balance at 31 March 2010	13,815	11,276
Made up of:		
Cash with Government Banking Service (was Office of HM Paymaster General)	13,507	11,104
Commercial banks and cash in hand	308	172
Current investments	0	0
Cash and cash equivalents as in statement of financial position	13,815	11,276
Bank overdraft – Office of HM Paymaster General	0	0
Bank overdraft – commercial banks	0	0
Cash and cash equivalents as in statement of cash flows	13,815	11,276

20 Non-Current Assets Held For Sale

The Trust does not have any non-current assets held for sale.

21 Trade and Other Payables

	Current 31 March 2010 £000	Current 31 March 2009 £000
NHS payables	4,698	5,859
Amounts due to other related parties	109	53
Other trade payables – capital	2,215	2,878
Other trade payables – revenue	1,476	1,965
Accruals	2,295	1,833
Other	1,807	1,334
Total	12,600	13,922

Other payables include:

£1,338,000 (£1,282,000 at 31 March 2009) outstanding pension contributions at 31 March 2010.

NHS payables, other trade payables and accruals are expected to be paid within 30 days of receipt of a valid invoice.

Other creditors includes the accrual for untaken annual leave at 31 March 2010. It is expected that this will be used before 31 March 2011.

22 Borrowings

	Current 31 March 2010 £000	Current 31 March 2009 £000
Finance lease liabilities	0	45
Other	0	0
Total	0	45

The finance lease liability relates to a lease which is implicit in the contract for purchase of reagents. This contract expired in March 2010.

23 Other Liabilities

	Current 31 March 2010 £000	Current 31 March 2009 £000
Deferred income	2,672	1,976
Other	0	0
Total	2,672	1,976

24 Finance Lease Obligations

The finance lease is a lease "implicit" in a reagents deal which expired in March 2010.

	Minimum Lease Payments 31 March 2010 £000	Present Value of Minimum Lease Payments 31 March 2010 £000	Minimum Lease Payments 31 March 2009 £000	Present Value of Minimum Lease Payments 31 March 2009 £000
Within one year	0	0	52	52
Between one and five years	0	0	0	0
After five years	0	0	0	0
Less future finance charges	0	0	(7)	(7)
Present value of minimum lease payments	0	0	45	45
Included in:				
Current borrowings	0	0	45	45
Non-current borrowings	0	0	0	0
Total	0	0	45	45

25 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 ratios 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 approved by Monitor.

Further information on the NHS Foundation Trust 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 £45.3m of which £33.3m 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 in respect of Minimum Dividend Cover. As detailed, the Trust was within the approved ratios.

	2009/10 Actual Ratio	2009/10 Approved Ratio	Aug-Mar 2009 Actual Ratio	Aug-Mar 2009 Approved Ratio
Maximum debt/capital ratio	-	25%	-	25%
Minimum dividend cover	6	1	3	1
Minimum interest cover	-	3	-	3
Minimum debt service cover	-	2	-	2
Maximum debt service to revenue	-	3%	-	3%

On 31 March 2010, the Trust had in place an actual working capital facility of £12m.

26 Managed Service Arrangements (MSA)

Managed Service Arrangements deemed to be off-Statement of Financial Position:

	2009/10 £000	Aug-Mar 2009 £000
Amounts included within operating expenses in respect of MSA transactions deemed to be off-Statement of Financial Position	3,795	2,819

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

	Buildings		Other	
	31 March 2010 £000	31 March 2009 £000	31 March 2010 £000	31 March 2009 £000
Schemes which expire:				
Within one year	0	0	650	775
2nd to 5th years (inclusive)	457	457	0	0
6th to 10th years (inclusive)	2,266	2,703	0	0

Scheme Details Description: *Managed Hospital Information System*	
Estimated Capital Value of MSA scheme	£1.8m
Contract start date	1 July 1997
Contract end date	30 June 2010

Scheme Details Description: *Oncology Building*	
Estimated Capital Value of MSA scheme	£9m
Contract start date	28 March 2003
Contract end date	29 March 2014

Scheme Details Description: *Modular Theatres and Ward*	
Estimated Capital Value of MSA scheme	£6.3m
Contract start date	18 March 2005
Contract end date	17 March 2017

Scheme Details Description: *Ward Outpatient Facilities and Consultant Accommodation*	
Estimated Capital Value of MSA scheme	£5.4m
Contract start date	18 March 2006
Contract end date	17 March 2018

27 Provisions

	Current 31 March 2010 £000	Non-current 31 March 2010 £000	Current 31 March 2009 £000	Non-current 31 March 2009 £000
Pensions relating to former directors	9	63	9	70
Pensions relating to other staff	59	377	57	338
Legal claims	105	0	90	0
Agenda for Change	111	0	588	0
Other	0	0	155	0
Total	284	440	899	408

	Pensions Relating to Former Directors £000	Pensions Relating to Other Staff £000	Legal Claims £000	Agenda for Change £000	Other	Total
At 1 August 2008	84	418	144	749	117	1,512
Arising during the period	0	0	45	90	38	173
Used during the period	(5)	(23)	(96)	(251)	0	(375)
Reversed unused	0	0	(3)	0	0	(3)
Unwinding of discount	0	0	0	0	0	0
At 31 March 2009	79	395	90	588	155	1,307
At 1 April 2009	79	395	90	588	155	1,307
Arising during the period	0	81	78	19	0	178
Used during the period	(9)	(49)	(50)	(40)	(155)	(303)
Reversed unused	0	0	(13)	(456)	0	(469)
Unwinding of discount	2	9	0	0	0	11
At 31 March 2010	72	436	105	111	0	724
Expected timing of cash flows:						
- within one year	9	59	105	111	0	284
- between one and five years	36	199	0	0	0	235
- after five years	27	178	0	0	0	205

Pensions for former employees have been estimated using life expectancy from the Government's actuarial tables.

Legal claims relate to third party and employer liability claims and have been estimated by the NHS Litigation Authority. It is expected that these claims will be settled in the next year.

Agenda for Change provision has been estimated by identifying employees who have either not yet been assimilated onto the Agenda for Change bandings or have an outstanding appeal. The likelihood of the arrears becoming due has been assessed by our Human Resources Department and those assessed as having medium or high risk of payment have been provided for. It is expected that these claims will be settled in the next year.

£16,263,144 (£17,301,377 at 31 March 2009) is included in the provisions of the NHS Litigation Authority at 31 March 2010 in respect of clinical negligence liabilities of the Trust.

28 Contingent Liabilities

The Trust has no contingent liabilities at 31 March 2010.

29 Related Party Transactions

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 Trust Board members or members of the key management staff, or parties related to any of them, has undertaken any transactions with Alder Hey Children's NHS Foundation Trust.

The Department of Health is regarded as a related party. During the period Alder Hey Children's NHS Foundation Trust has had a significant number of transactions with the Department, and with other entities for which the Department is regarded as the parent Department. The transactions relate mainly to the provision of healthcare services and purchase of services in the ordinary course of business. The entities are:

	Income £000	Expenditure £000	Receivables £000	Payables £000	Impairment Recognised as Expense £000
Liverpool PCT	32,144	433	58	1,284	0
Sefton PCT	10,243	0	130	5	0
Knowsley PCT	7,224	0	0	212	0
Western Cheshire PCT (act as Specialist Commissioners for PCTs in the North West Region)	79,271	0	132	0	0
Barnsley PCT (act as Specialist Commissioners for PCTs in the Yorkshire and Humber Region)	471	0	0	0	0
Birmingham E and N PCT	933	0	107	0	0
Halton and St Helens PCT	992	10	499	0	0
Shropshire County PCT	534	0	91	0	0
Central Manchester University Hospital NHS Foundation Trust	1,078	119	783	54	216
Liverpool Women's NHS Foundation Trust	962	266	30	114	0
Royal Liverpool and Broadgreen NHS Trust	754	585	250	220	0
North West SHA	9,467	6	76	3	0
London SHA (National Specialist Commissioning Advisory Group)	1,693	0	0	0	0
NHS Business Services Authority	0	2,179	0	168	0
Department of Health	2,135	8	72	0	0
NHS Litigation Authority	0	1,114	0	0	0
National Blood Authority	8	860	0	25	0
NHS Pension Scheme	0	10,731	52	1,338	0
All Other NHS Bodies	2,872	1,053	658	1,275	11

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	Receivables £000	Payables £000	Impairment Recognised as Expense £000
Liverpool City Council	2,361	422	761	0	0
HM Revenue and Customs	0	16,276	609	1,359	0
National Insurance Fund	0	6,943	0	1,078	0
Department for Work and Pensions (NHS Injury Scheme)	434	0	0	0	103
Local Health Boards in Wales	12,201	0	468	0	0
Other WGA Bodies	521	259	48	3	0

The Trust has a number of transactions with the University of Liverpool. Michael Yuille, Non Executive Director, was the Director of Finance of the University until 31 October 2009. £694k was incurred in expenditure, £841k in recharges. Outstanding receivables at 31 March 2010 were £155k whilst outstanding payables were £106k.

Alder Hey Children's NHS Foundation Trust is the corporate trustee of the Alder Hey Children's Charitable Funds. At 31 March 2010 the amount due from the Charity was £502k. During the period, the Trust has received £709k from Charitable Funds.

The Trust has also received revenue and capital payments from a number of charitable funds, certain of the trustees for 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 £3,126k during the period.

Lorraine Dodd, Non Executive Director, is employed by Rathbone Investment Management Limited. Charitable Funds, for which the Trust was corporate trustee up to 31 March 2010, have paid £13k for services received.

Transactions with related parties are on a normal commercial basis.

30 Post Balance Sheet Events

There are no adjusting or non adjusting post balance sheet events.

31 Financial Instruments

31.1 Financial Assets

	Loans and Receivables 31 March 2010 £000	Loans and Receivables 31 March 2009 £000
Trade and other receivables	6,624	6,062
Cash and cash equivalents	13,815	11,276
Other financial assets	0	0
Total at 31 March 2010	20,439	17,338

31.2 Financial Liabilities

	Other 31 March 2010 £000	Other 31 March 2009 £000
Trade and other payables	12,600	13,922
Obligations under finance lease	0	45
Other financial liabilities	0	0
Total at 31 March 2010	12,600	13,967

31.3 Financial Risk Management

Financial reporting standard IFRS 7 requires disclosure of the role that financial instruments have had during the period in creating or changing the risks a body faces in undertaking its activities. Because of the continuing service provider relationship that the Trust has with primary care trusts and the way those primary care trusts are financed, the Trust is not exposed to the degree of financial risk faced by business entities. Also, financial instruments play a much more limited role in creating or changing risk than would be typical of listed companies, to which the financial reporting standards mainly apply.

The Trust's treasury management operations are carried out by the Finance Department, within parameters defined formally within the Trust's standing financial instructions and policies agreed by the Board of Directors. Trust treasury activity is subject to review by the Trust's internal auditors.

Liquidity Risk

Alder Hey Children's NHS Foundation Trust net operating costs are incurred under legally binding contracts with local primary care trusts (PCTs). 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 of 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 is principally a domestic organisation with the great majority of transactions, assets and liabilities being in the UK and sterling based. The Trust has no overseas operations. The Trust therefore has low exposure to currency rate fluctuations.

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.

32 Transition to IFRS

There were no material changes to the Statement of Comprehensive Income and the Statement of Cash Flows following the transition to IFRS.

The Statement of Financial Position changed as follows:

	UK GAAP 31 March 2010 £000	IFRS Restatement £000	IFRS Restated 31 March 2009	Details
Non-current Assets:				
Intangible assets	1,287	(828)	459	IAS16 reclassification of operating software to plant and machinery
Tangible assets	82,029	875	82,904	IAS16 as above and IFRIC4 implicit finance lease
Total Non-current Assets	83,316	47	83,363	
Inventories	775	0	775	
Trade and other receivables	8,813	0	8,813	
Cash and cash equivalents	11,276	0	11,276	
Total Current Assets	20,864	0	20,864	
Trade and other payables	(18,206)	4,284	(13,922)	Deferred income to Other liabilities /separation of Tax payable
Borrowings	0	(45)	(45)	IFRIC4 implicit finance lease
Provisions	(899)	0	(899)	Current provisions
Tax payable	0	(2,308)	(2,308)	Reclassified from Trade and other payables
Other liabilities	0	(1,976)	(1,976)	Deferred income from trade and other creditors
Total Current Liabilities	(19,105)	(45)	(19,150)	
Non-current Liabilities:				
Provisions	(408)	0	(408)	
Total Assets Employed	84,667	2	84,669	
Taxpayers Equity:				
Public dividend capital	43,893	0	43,893	
Income and expenditure reserve	5,103	0	5,103	
Revaluation reserve	30,830	2	30,832	IFRIC4
Donated asset reserve	4,732	0	4,732	
Other reserve	109	0	109	
Total Taxpayers Equity	**84,667**	**2**	**84,669**	

10.0 Statement on Internal Control 2009/10

Alder Hey Children's NHS Foundation Trust

1. Scope of Responsibility

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

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 policies, aims and objectives of Alder Hey Children's NHS Foundation Trust, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Alder Hey Children's NHS Foundation Trust for the year ended 31 March 2010 and up to the date of approval of the annual report and accounts.

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.

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. During the year, delegated responsibility operated through the Corporate Assurance and Standards Committee (CASC) which draws its membership from the full Trust Board. CASC draws assurance from the Clinical Governance Committee and the Clinical Safety Group, reporting to the Clinical Governance Committee, provides the operational risk management function. These committees, together with the Board of Directors, 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 Trust Board continued to review and develop the Board Assurance Framework during the year contributing towards the achievement of an overall rating of "significant assurance" confirmed by the Director of Audit Opinion for the period.

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.

During the year the Board of Directors reviewed its systems of internal control and developed an action plan to strengthen governance arrangements and improve assurance. This included:

- Reducing the number of committees dealing with risk by absorbing the CASC into the Board of Directors and ensuring each Board agenda includes an identified section for assurance.

- Reviewing its risk management approach to enhance existing links between Board Assurance Framework, the strategic risk register and local risk register and to clarify escalation processes.

- Designating the Director of Performance and Service improvement as the lead for compliance issues.

In February 2010, the Trust underwent an assessment for accreditation against the NHS Litigation Authority (NHSLA) Risk Management Standards Level 3. This was successful and will apply from 1 April 2010.

The Trust has also been successful in gaining registration without conditions with the Care Quality Commission to take effect from 1 April 2010.

The NHS Counter Fraud and Security Service reported for the third time in October 2009 its Compound Indicator Assessment. The Trust achieved Level 2, "Adequate Performance", an improvement from the previous year when Level 1, "Inadequate Performance" was achieved.

Risk management, risk assessment and incident reporting are included in core induction and within the Trust's mandatory training programme.

4. The Risk and Control Framework

The Trust's Risk Management Strategy has been reviewed and updated during the year. It 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 elements 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 December 2009, the Trust was able to submit a position of full compliance with the relevant Health Care Commission's Standards for Better Health in respect of the first six months of the year. These standards did not include compliance with the Hygiene Code which became the responsibility of the CQC with effect from 1 April 2009. An external assessment by the Care Quality Commission (CQC) in October 2009 revealed a lapse in internal control of the full implementation of the Hygiene Code across the Trust resulting in a statutory warning notice. The Trust Board took immediate action to rectify the specific issues identified, but also decided to go further by commissioning a trust-wide external review. Following this, an action plan was implemented to ensure full compliance with all elements of the Hygiene Code. The CQC revisited the Trust in December 2009 to reinspect and found that all areas had been rectified resulting in a lifting of the notice.

In March 2010 there was a power failure incident which resulted in an Improvement Notice being issued by the Health and Safety Executive on 20 April. The HSE returned to the Trust on the 27 May to ensure the actions identified within the Improvement Notice had been completed. We have now been informed verbally that the HSE is satisfied with the actions taken and the notice has now been lifted.

The Trust was required to make a further declaration against the Standards for Better Health for the period October 2009 to March 2010 and the Trust Board agreed that a declaration of non compliance should be submitted against Standard 20a: Healthcare services are provided in environments which promote effective care and optimise health outcomes by being a safe and secure environment which protects patients, staff, visitors and their property, and the physical assets of the organisation.

Control measures are 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 undertook a privacy and dignity audit using the National

Paediatric Tooolkit, the audit focused on adolescent patients and identified a number of opportunities for the Trust to develop its services and promote a better experience in relation to privacy and dignity. In March 2010 the Trust published on its website its declaration relating to delivering same sex accommodation specifically related to the elements that apply to paediatric Trusts.

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

- Corporate Assurance Standards Committee (now absorbed into Board of Directors).
- 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, Service Line Reporting, establishment of Clinical Business Units.
- Trust commissioned internal audit programme.
- The Head of Integrated Clinical Governance and Risk Management has been in post since April 2009.

The Director of Finance and Commissioning is responsible at Board level for information risk and the Information Governance Coordinator manages operational information risk. The Information Governance Steering Group met regularly during the year to review issues of data confidentiality and security, review data security incidents and ensure that data is processed in line with statutory requirements and good practice guidelines issued by the Department of Health. 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. The Trust has completed its seventh self-assessment with a score of 77% giving the Trust a green rating. Significant work programmes completed this year include the re-mapping of person-identifiable data flows, the development of an information asset register and the development of an effective Information Security Management System which will allow the Trust to apply for ISO27001 certification in 2010/11. During the year, there have been no serious untoward incidents involving data loss or confidentiality breaches.

5. Annual Quality Report

The NHS Foundation Trust annual reporting manual clearly states that the Board needs to demonstrate what systems/processes have been put in place to ensure the Quality Report presents a balanced view and that there are appropriate controls in place to ensure the accuracy of data. Set out below are the arrangements the Trust has put in place, the majority of which have operated throughout the year.

Governance and Leadership

The Trust has the capacity, systems and processes in place to respond to any compliance breach or serious unexpected event. The Trust Board have held two board workshops relating to governance and have utilised the services of Mersey Internal Audit Agency to further develop governance in the organisation. The Board have also developed a programme of Quality/Safety walk-abouts. These have proved to be very successful in terms of Board to Ward visibility and to strengthen leadership of the quality/safety agenda from Board to Ward. The Board have a clear focus on the wider assurance agenda following external reviews and have strengthened its assurance frameworks.

The Clinical Governance Committee has a specific governance and leadership role in relation to quality and is chaired by the Medical Director who is the Trust Executive lead for Governance. There is dedicated Non Executive leadership on the Committee which ensures robust challenges to the delivery of the Quality agenda.

The Executive Nurse is the Executive Lead for Quality and is supported in that role by an Assistance Director position. The Director of Performance and Service Improvement has been identified as the Compliance Lead and has developed a compliance assurance group to ensure leadership and delivery of the quality performance agenda.

Policies

The Trust has a robust documented control policy. Each policy is approved by an expert group, once approved, the policy is scrutinised by a Board Committee and ratified. The expert group then oversees the programme of monitoring and any issues which occur as a result of this are reported back to the Board Committee. This process has been instrumental in the Trust achieving NHSLA level III Risk Management Standards.

All policies have dedicated owners and have clear review dates and are available on the Trust intranet. Each policy is linked to an Executive Director to strengthen the governance processes involved.

Systems and Processes in Place

Systems are in place for the collection and recording of data which are accurate, valid, reliable, timely and complete. The Trust Board Corporate Report is a comprehensive performance management tool which monitors all appropriate national and local performance measures. The Trust Board review divisional performance against the seven strategic aims on a six monthly basis.

The Clinical Governance Committee is supported by a number of quality sub groups for example clinical safety.

People and Skills

The Trust Board has held a number of strategic development days looking at strategy and governance including significant clinical engagement to support CBU development.

An annual learning needs analysis is undertaken and the Trust has a Strategic Direction for learning. The five year plan was approved and is monitored by the Workforce and OD Committee.

There is a Professional Regulation Policy which is regularly audited, mechanisms are in place for monitoring and taking action to ensure staff registration does not lapse.

All staff members have a job description detailing job responsibilities and accountabilities and these are reviewed as part of the annual PDR process. A PDR policy is in place and compliance is monitored via the Corporate Report and divisional reporting structures. The Mandatory Training Policy and Induction Policy were reviewed in light of NHSLA requirements and statutory responsibilities. They are monitored through the Corporate Report.

Data Use and Reporting

An Audit Commission PBR outpatients audit was undertaken in 2009/10 which identified that the data quality strategy and policy needed updating. This has since happened and there is a monthly data quality audit programme. This will be monitored by the Information Governance Steering Group.

Performance data is presented to the Corporate Management Team through to the Board Committees and to the Trust Board as part of the Corporate Report. This allows for the Board to clearly monitor progress against key performance indicators.

6. Review of Economy, Efficiency and Effectiveness of Use of Resources

As Accounting Officer, I am responsible for ensuring arrangements are in place for securing value for money in the use of its resources. To do this, I have implemented a robust system to set, review and implement strategic objectives. Trust objectives are informed by taking the views of its Council of Governors and other key stakeholders. The Trust produces an annual integrated operational plan which sets out operational objectives which are cascaded to divisional level. Performance reviews are held with divisions during the year to monitor progress and agree corrective action where necessary. The Board of Directors reviews performance against objectives through the Corporate Performance Report which is also reviewed by the Corporate Management Team and The Finance and Contracts Committee prior to submission to the Board.

The Trust has a programme of Rapid Improvement for Service Transformation (RIST) to identify areas to improve efficiency and effectiveness of service provision in both clinical and non-clinical departments. In addition to this in 2009/10, the Trust commissioned Ernst and Young to undertake a review of performance optimization which included a review of core business, medical productivity, bed management and capacity and demand in Pharmacy and Child and Adolescent Mental Health Services (CAMHS). Recommendations from these reviews will continue to be implemented during 2010/11 and further reviews have been commissioned.

Specific initiatives to improve the use of resources during 2009/10 were:

- The development of service line reporting.
- The formation of a programme board to implement Clinical Business Units within the Trust.
- Service line pilots in Accident and Emergency and Orthopaedics.
- The implementation of Alder Hey @ Knowsley to bring services closer to patients' homes.
- The formation of a joint venture for information management and technology with Liverpool Women's NHS Foundation Trust.
- Collaboration with other providers and commissioners in North Mersey through the North Mersey QIPP Group.

The Trust is currently planning a significant development for a Children's Health Park and this is managed through an experienced project team, headed by a Project Director who is accountable to the Chief Executive. The Project Board is chaired by a Non Executive Director and includes a cross-section of Executive and Non Executive Directors, external partners and clinicians. The Trust underwent a Health Gateway Review during 2009/10 and the outcome was a rating of green/amber. The Review Team interviewed more than 25 people and reviewed a range of documents. The Review Team noted that the Children's Health Park Project is a well defined and well supported project which is making good progress towards successful delivery. The consultation process has been exemplar and the project is well managed and resourced.

7. Review of Effectiveness

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

review of the effectiveness of the system of internal control by the Board and the Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The 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 internal and external Audit Managers.
- 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.
- Partial compliance with the core Standards for Better Health with an action plan to complete by 31 May 2010.
- Registration without conditions by the Care Quality Commission with effect from 1 April 2010.

Any significant internal control issues would be reported to the Board via the appropriate Committee.

An external assessment by the Care Quality Commission revealed a lapse in internal control of the full implementation of the Hygiene Code across the Trust. As a result of further external review commissioned by the Trust, actions have been taken to strengthen internal control in relation to this issue.

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.

The Trust remains below trajectory for both MRSA and Clostridium Difficile and has stepped up its monitoring programme in relation to other health care acquired infections.

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, the Health Care Commission and the Care Quality Commission.
- Health Care Commission's Annual Health Check 2008/2009 resulted in ratings of 'excellent' for quality of services and use of resources.
- Maintenance of the Investors in People award and achievement of Bronze status in 2009/10.
- The Trust underwent an inspection by the Human Tissue Authority who in addition to renewing the licence, noted several examples of good practice.
- Clinical Pathology Accreditation achieved.
- The Trust underwent an independent targeted external clinical coding audit on data from 1 July to 31 December 2009. The key findings where that the Trust's HRG error rate at 2% is amongst the best in the country and is considered to be performing excellently.

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.

Signed [signature]

Chief Executive

Date 01 June 2010

11.0 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 Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Taxpayer's Equity, the Statement of Cash Flows 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 made by the Independent Regulator of NHS Foundation Trusts ("Monitor") for being satisfied that the financial statements give a true and fair view 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 the Audit Code for NHS Foundation Trusts, 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 as directed by Monitor. We report whether the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the accounting policies directed by Monitor as being relevant to NHS Foundation Trusts.

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 Operating and Financial Review, the sections on the Board of Directors, the Council of Governors and the Remuneration Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies within the financial statements. Our responsibilities do not extend to any other information.

In addition, we report to you if, in our opinion, the Trust has not kept adequate accounting records, or if we have not received all the information and explanations we require for our audit.

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.

Basis of Audit Opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Accounting 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 of Alder Hey Children's NHS Foundation Trust give a true and fair view of the Trust's state of affairs as at 31 March 2010, its income and expenditure, gains and losses and cash flows for the year then ended and have been properly prepared in accordance with directions issued under paragraph 25(2) of Schedule 7 of the National Health Service Act 2006 as directed by Monitor; and

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the accounting policies directed by Monitor as being relevant to NHS Foundation Trusts.

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.

Keith Ward (Senior Statutory Auditor)
For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor

Chartered Accountants
3 Hardman Street
Manchester
M3 3HF

Baker Tilly UK Audit LLP
....2010

Alder Hey Children's NHS
NHS Foundation Trust

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

Alder Hey Children's NHS Foundation Trust
Eaton Road
Liverpool
L12 2AP

Tel: 0151 228 4811
Web: www.alderhey.nhs.uk
Email: communications@alderhey.nhs.uk