

ANNUAL REPORT & ACCOUNTS 2011/12

Inspired by Children

Annual Report & Accounts 2011/12

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

CONTENTS

06 CHAIR AND CHIEF EXECUTIVE'S WELCOME

DIRECTORS' REPORT

- 08** • About the Trust
 - 14** • The Year in Review
 - 15** • Patient Care
 - 21** • Financial Performance
 - 23** • A forward look
-

26 GOING CONCERN

28 REMUNERATION REPORT

NHS FOUNDATION TRUST CODE OF GOVERNANCE

- 30** • Council of Governors
 - 32** • Board of Directors
 - 37** • Our Membership
-

40 QUALITY REPORT

71 STAFF SURVEY

75 REGULATORY RATINGS

77 DISCLOSURES IN THE PUBLIC INTEREST

80 VOLUNTARY DISCLOSURES

84 STATEMENT OF THE CHIEF EXECUTIVE'S RESPONSIBILITIES AS THE ACCOUNTING OFFICER OF ALDER HEY CHILDREN'S NHS FOUNDATION TRUST

86 ANNUAL GOVERNANCE STATEMENT

93 TRUST ANNUAL ACCOUNTS

120 AUDITOR'S REPORT

CHAIR AND CHIEF EXECUTIVE'S WELCOME

"...very much focused upon our exciting future."

Can it really be a year since we last presented our Annual Report? A huge amount has been happening at Alder Hey in the last 12 months and we are delighted to be able to introduce such a positive and dynamic picture, illustrating our ongoing commitment to sustaining high levels of performance, but at the same time very much focused upon our exciting future.

2011/12 was a period of significant change and achievement for Alder Hey: a number of new Board members took up their posts; our Clinical Business Units made excellent progress in their first full year of operation; and the Board refreshed the purpose and vision for Alder Hey and set out the Trust's four year strategic plan. The implementation of the key strategies that underpin this vision will help us to continue to deliver on our aims as well as our regulatory obligations in a challenging NHS climate.

Excellence in quality remains a firm priority for everyone at Alder Hey and the creation of our new Quality Strategy was a major event for us in the year. We have set ourselves some challenging goals to achieve by the end of 2012/13 that will ensure we continue to drive

up standards of care by delivering the best clinical outcomes and patient experience for the children and young people we serve. To support our goals we have embarked upon a programme of transformational change through which we will redesign our clinical pathways to make sure we get it right first time for patients, optimising new technology and information systems to become more efficient. Our outstanding staff have played a key part both in developing these strategies and in making these essential changes happen and we will continue to support and invest in them to innovate, secure improvements for patients and adjust to new ways of working so that we are in the best possible position to prepare Alder Hey for the future. Our Governors have been an invaluable sounding board as we set out on this journey, asking the right questions and always with patients at the centre of their focus. We thank them all for their dedication and support over the last year.

Our focus on quality and innovation is supported by our new Research Strategy which sets out a clear way forward to build upon our previous successes in securing significant research grants. By strengthening relationships between our clinicians and our academic health science partners we will continue to grow our research portfolio and secure crucial developments that will benefit future generations of children and young people.

Finally, in the past year Alder Hey has celebrated some momentous milestones towards realising the ambition of our Children's Health Park development. These included obtaining Monitor's support for our business case following their intensive assessment process, Department of Health and Treasury approval of it and the selection of a preferred bidder. We have demonstrated the affordability of the scheme, underpinned by our strong financial position and we have chosen an exciting, leading edge design that will meet the needs of our patients and staff for the next century and enable Alder Hey to deliver on our fundamental aim of improving healthcare for children and young people.



D Henshaw

SIR DAVID HENSHAW
CHAIR

L Shepherd

LOUISE SHEPHERD
CHIEF EXECUTIVE

JAMES FULLER
AGED SIX MONTHS

James' dad David says: "This is James' first treatment at Alder Hey but our whole experience from finding out about the condition, the nurses visiting us in our home and now coming in for surgery has been great."



DIRECTORS' REPORT

ABOUT THE TRUST

Alder Hey Children's NHS Foundation Trust continues to provide care for over 275,000 children and young people each year.

In addition to the hospital site at West Derby, Alder Hey has a presence at a number of community outreach sites and in collaboration with other providers, our consultants help deliver care closer to patients' homes by holding local clinics at locations from Cumbria to Shropshire, in Wales and the Isle of Man. Last year we purchased an additional inpatient facility, Alder Park, which is located in the Waterloo area of the city; this will enable us to provide better care for our children and young people who have complex mental health needs.

The Trust employs a workforce of 2,800 staff who work across our community and hospital sites and as a teaching and training hospital we provide education and training to around 540 medical and over 500 nursing and allied health professional students each year.

Our operating turnover is £176m of which £158m directly relates to the clinical services we provide; 30% of our clinical income is non-specialised and 70% is specialised. Locally, we contract with the Mersey Cluster for secondary care and the northern arm of the national commissioners for tertiary care; in addition to this we have a significant contract to provide services for North Wales.

Alder Hey offers a number of specialist services and we are one of 33 providers to qualify to receive the specialist children's top-up to national tariff for this work. In 2011/12 we were designated as one of only four centres nationally to provide epilepsy surgery and as one of the two accredited major trauma units for children in the North West. In addition to this we were also nationally commissioned as a respiratory Extracorporeal Membrane Oxigenation (ECMO) surge centre and we are in all options put forward by the Joint Committee of Primary Care Trust (JCPCT) to be a national centre for cardiac surgery under the 'Safe and Sustainable' review.

Alder Hey is a top performing trust. We remain an NHSLA Level 3 organisation - the highest possible rating for clinical risk management and are registered with the Care Quality Commission (CQC) without conditions. Our ratings from the foundation trust regulator, Monitor, have been generally among the highest available ('green' for governance and 5 for financial performance) since authorisation in 2008. Our services are managed through

six Clinical Business Units (CBU) each led by a Clinical Director and General Manager who are responsible and accountable for the overall clinical, workforce and financial performance of their area.

As we move towards our centenary year in 2014 we are well on the way with our plans to build a new, state-of-the-art Children's Health Park in the adjacent Springfield Park. We have made significant progress this year and the Trust hopes to open its doors to the new hospital in the spring of 2015.

The Trust has a thriving research portfolio and hosts the UK Medicines for Children Research Network (MCRN) with a Department of Health grant worth £22m; it is also the lead centre for the Cheshire, Merseyside and North Wales MCRN. It leads the field in paediatric pharmacovigilance, being recently awarded the only paediatric NHS programme grant (£2m) for work in this area. This year we became a founding member of the Liverpool Academic Health Science System – Liverpool Health Partners Ltd - which will enable us to continue to build our research reputation and portfolio whilst ensuring that benefits are brought to patient care.

The Trust is supported by two registered charities and through the work that they do to champion the hospital, we can ensure that Alder Hey's pioneering work continues to make a difference to the lives of children. In 2011/12 the Ronald McDonald House at Alder Hey also opened an additional 15 new flats on the Trust's site which enables a total of 84 families to be accommodated whilst their children are being treated in the hospital. We will continue to work closely and strengthen our relationship with all of our charities throughout 2012/13.

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 currently totals over 13,500 people across the regions we serve. We have also established our Children and Young Peoples' Forum which meets regularly with Trust staff and has provided guidance to both of the bidders for the new hospital as well as supporting the recruitment of key Board level posts this year.

OUR SERVICES

In 2010/11 the Trust changed the way in which it manages its services, creating six Clinical Business Units (CBUs) from the previous three large Divisions. The aim of this management model is to move decision making about services much closer to patients and put clinicians in the driving seat. We continued to develop and embed this model during 2011/12.

The Clinical Business Units are comprised as follows:

MEDICAL SPECIALTIES	DISTRICT SERVICES
Respiratory Medicine	Accident and Emergency Department
Infectious Diseases	General Paediatrics
Immunology	Diabetes
Metabolic Diseases	Dermatology
Nephrology	Cystic Fibrosis
Rheumatology	Myalgic Encephalomyelitis
Gastroenterology	Community Child Health
Endocrinology	Safeguarding Services
Dietetics	Neurodisability
Oncology	Fostering and Adoption
Haematology	Audiology
Palliative Care	Child and Adolescent Mental Health Services

CRITICAL CARE AND CARDIAC SERVICES	NEUROSCIENCES, HEAD AND NECK
Cardiology	Ear Nose and Throat
Cardiac Surgery	Cleft Lip and Palate
Paediatric Intensive Care	Ophthalmology
High Dependency Unit	Maxillofacial Surgery
Burns Unit	Dentistry and Orthodontics
	Neurology
	Neurosurgery
	Craniofacial Surgery
	Long Term Ventilation

SURGERY, ORTHOPAEDICS AND THEATRES	CLINICAL SUPPORT SERVICES
General Surgery	Radiology
Urology	Pathology
Gynaecology	Pharmacy
Neonatal Surgery	Therapies
Orthopaedics	Electrical and Bio Medical Engineering
Plastic Surgery	Central Admissions
Theatres	Bed Management
Anaesthesia	Medical Records
Pain Control	Out-patients

KEY DRIVERS

HEALTH AND SOCIAL CARE BILL

Since the first publication of the Health and Social Care Bill over a year ago, a number of significant changes and clarifications have been made as it continued through the legislative process. The structural changes and transition are well underway and the fundamental changes remain core to proposals:

- Creation of an independent NHS Commissioning Board (NHS CB).
- GPs to lead local commissioning on behalf of their patient population.
- Promotion of patient choice, including increased competition between providers.

Looking ahead to 2012/13, the need for clarity, certainty and stability in the new system, backed by strong clinical engagement and effective leadership will be critical to ensuring that quality standards, integrated care and the £20billion efficiency savings are not put at risk. Alder Hey recognises that within the new framework the commissioning of child health still remains potentially complex and we must ensure that as a specialist provider we work with national, regional and local commissioning bodies to ensure children's needs are met. The Board of Directors remains firmly sighted on the balance between competition and collaboration in strategically driving forward our business and delivering on health outcomes for children and young people.

The Health Act proposes that Monitor becomes the sector regulator for health and, at a later date, for adult social care. Monitor's core duty would be to 'protect and promote patients' interests. In the medium term it would also have a continuing role in assessing NHS trusts for foundation trust status and for ensuring that foundation trusts are financially viable and well-led, in terms of both quality and finances.

In carrying out the sector regulator role, Monitor would license providers of NHS services in England and exercise functions in three areas:

1. regulating prices;
2. enabling integrated care and preventing anti-competitive behaviour; and
3. supporting service continuity.

Organisations wishing to provide NHS-funded services would have to be licensed by Monitor and the CQC via a joint license. The license would set out the way providers would have to operate, while licensing would enable Monitor to carry out its other roles.

The Act proposes that Monitor will retain its role as the regulator of foundation trusts until 2016 to ensure that trusts have time to develop their governance arrangements, a key element of which is the proposal that governors will take on an increased role in terms of being accountable for foundation trust performance. Beyond this date Monitor would effectively act as a safety net, stepping in when necessary.

NATIONAL AND LOCAL COMMISSIONING

The changes to the commissioning landscape, impacted on by the healthcare reforms, are beginning to become clearer both locally and nationally. The Trust recognises the need to engage fully with the changes in order to continue to operate successfully in a complex external environment. We need to influence partner organisations where we can to ensure that a strong grip is maintained on the commissioning and regulation of services for children; this will include establishing links with Health and Wellbeing Boards as they develop.

Primary Care Trusts (PCTs) are now operating in clusters, with five clusters in place across the North West patch. Clinical Commissioning Groups (CCGs) are also emerging: some are stable and well established, with others still developing their structures as they all work towards authorisation in 2012/13. As a specialist paediatric trust with a broad catchment area (for both secondary and tertiary care) we will need to work with a large number of different commissioning groups and although this is a transitional period, we want to engage with all the CCGs across the region to build positive relationships as they develop and evolve.

In previous years, the Trust has had one contract with commissioners, incorporating secondary and tertiary services with the PCTs and North West Specialist Commissioning Group (NWSCG) working closely together. In 2012/13, the Trust will have a separate contract with NWSCG for tertiary services and we recognise that potentially the split of clinical income apportioned to secondary and tertiary commissioning contracts may change as CCG's come on stream and the transition is made towards full operation of the NHS Commissioning Board.

THE NHS OPERATING FRAMEWORK

The NHS Operating Framework reaffirms the requirement to make up to £20billion of efficiency savings by 2014/15 to invest in meeting demand and improving quality. Achieving sustainable improvements year on year that also ensure, where possible, quality of care is enhanced, remains our greatest challenge. Rigorously reviewing the care we provide, identifying opportunities for improvement and measuring the impact of those changes we make on quality, delivery, people and cost will become core transformation business.

The ever increasing focus on quality and outcomes provides us with the opportunity to influence the development of the clinical outcomes framework for children and embed this within clinical practice across our CBUs. With commissioners we will use our contractual framework to ensure that quality standards (from NICE), Commissioning for Quality and Innovation (CQUINs) which will increase from 1.5% to 2.5% of contract value and Best Practice Tariffs, are agreed to drive performance improvement.

OUR PURPOSE AND VISION

During the course of 2011 the Board of Directors took time out to consider Alder Hey's future as one of the few specialist children's hospitals in the UK. The Board considered the Trust's place in the healthcare market both locally and nationally, our heritage and our achievements. It looked to identify where we could build on those achievements and continue to develop our reputation, nationally and internationally, in caring for children and young people.

In this context, the Board refreshed the Trust's purpose and vision and approved key strategies that over the next four years will support the delivery of the 'Alder Hey: 2015' vision.

OUR PURPOSE

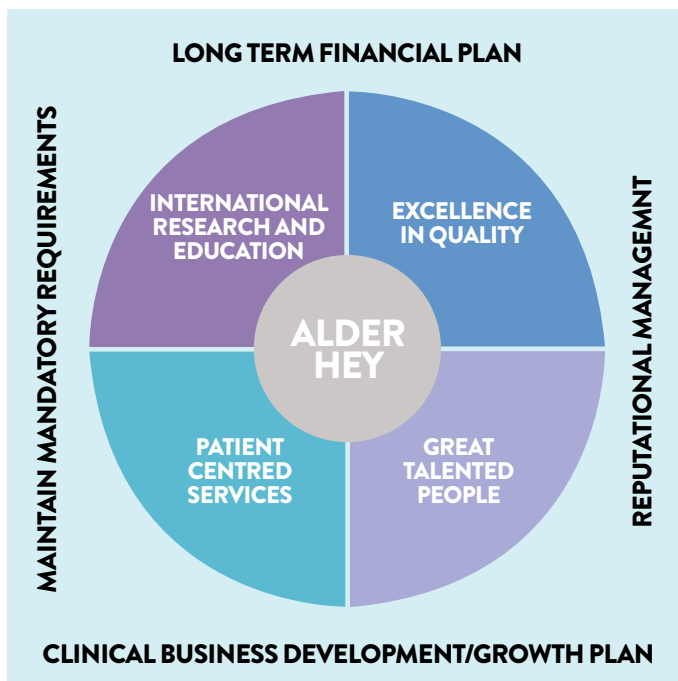
We are here for children and young people, to improve their health and wellbeing by providing the highest quality, innovative care.

OUR VISION

Alder Hey: building a healthier future for children and young people, as one of the recognised world leaders in research and healthcare.

OUR STRATEGIC APPROACH

In order to achieve our vision, the Board identified four key enabling strategies that will ensure our continued success in a time of unprecedented change in the National Health Service. These strategies build on organisational strengths and successful achievements to date but also set out the blueprint for change to ensure Alder Hey meets the quality and productivity challenges outlined in the 2012/13 NHS Operating Framework. The strategies are framed by our continued focus on achieving our long term financial plan and growth as well as maintaining mandatory requirements and continually enhancing the reputation of Alder Hey as an NHS provider. As Alder Hey moves closer to its next century of providing healthcare for children and young people, the focus on clinical outcomes, financial performance and operational effectiveness has never been more important.



SERVICE TRANSFORMATION

The next four years present us with a unique opportunity to build the platform to realise our ambition, with four key pillars illustrated above being central to its delivery.

In 2011/12 the Trust developed a Transformation Strategy that sets out how it will deliver the first of these: Patient-Centred Services.

Over the next four years, the Trust will be investing almost £250m in state of the art facilities, equipment and IT capability that will see the opening of our new Children's Health Park in 2015. This investment brings the opportunity to radically transform the way we deliver services - to ensure they are both truly patient-centred and financially sustainable for the 21st Century.

Analysis of our current systems and processes demonstrates that by designing our services around patients' journeys through the hospital in ways that minimise unnecessary waits and waste, that strip out duplication and bureaucracy and focus on front-line care, we can transform their experience and improve quality, whilst at the same time make the £26m (14%) savings safely that will be required of us during this period.

The aim of the Alder Hey Transformation Strategy is to maximise the opportunities presented by the new Children's Health Park (CHP) and information technology investments such that by 2015 we can deliver exceptional care to match the exceptional design of the CHP.

In order to achieve this we brought together our existing Transformation, Children's Health Park and IT programmes under one umbrella to:

- i) Improve the flow of patients across four key areas and remove existing blocks to quality care (cancelled appointments, children waiting for treatment that is postponed or delayed, planning for hospital discharge at the earliest stage so children can go home as quickly as possible).
- ii) Maximise the benefits of the CHP design (optimum adjacencies/32 bedded wards/AGVs/ward-based kitchens).
- iii) Invest in a new Electronic Patient Record that transforms information available to clinicians, patients and families and reduces unnecessary administration.
- iv) Redesign our workforce to ensure capacity matches demand and that our staff have the right skills to operate in this new environment.

The ultimate objective of improving hospital flow is to maximise the provision of care to a patient: patients are able to access the services they need faster, patient satisfaction goes up, patient safety improves and costs are reduced.

Improving flow will enable us, in turn, to redesign our workforce but this will also be delivered through making better use of technology, automating processes where possible and matching our workforce capacity and their skills to the demands of the job. The Trust now has in place over 50 separate projects across the organisation that are the means by which these improvements will be made.

EXCELLENCE IN QUALITY

Children, young people and their families are at the centre of our Quality Strategy. In order to deliver high quality services to each and every patient and their family, everyone who works at Alder Hey has to be focused on achieving the best outcomes and understand their contribution - from those who provide direct patient care and those who provide supporting services, right through to the Board. It is the role of all staff no matter what they do. A 'whole system' approach must be taken to ensure high quality services and outcomes. Our organisational structures and processes have to embed this focus on quality outcomes and our actions need to reflect this as an imperative. The strategy sets out the necessary framework, milestones, actions and expectations to achieve this.

The Quality Strategy is fundamentally linked to our Transformation Strategy for patient-centred services. The Quality Strategy and supporting quality standards are essential to ensure that the model of care provided by Alder Hey is reshaped to move into our new facilities.

The strategy is driven by core principles:

CHILD AND FAMILY CENTRED SERVICES

- Open and transparent processes.
- Improved patient experience.
- Doing it 'right first time'.

DEMONSTRABLY SAFE AND EFFECTIVE SERVICES

- Improved clinical outcomes.
- Excellent data and good information flows.
- Benchmarking against international, national and local comparators.

WHOLE ORGANISATION ENGAGEMENT

- Multidisciplinary teamwork at the core.
- Recognising and learning from success.
- Learning when things haven't worked or go wrong.

BEHAVIOURS THAT EMBRACE THE 'CHILDREN'S VALUES'

Quality is the touchstone for all of our services, business plans and objectives. As we aim to be world class we must clearly describe what this means for Alder Hey and ensure that this is communicated to not just our staff but our patients and key stakeholders. It is the quality of care that matters most to people. For the NHS to be sustainable it needs to concentrate on improving health as well as treating sickness. This will involve working in partnership with other agencies.

To improve quality, we need to:

- Help people to stay healthy.
- Empower patients.
- Give the best possible patient experience.
- Provide the most effective treatments.
- Keep patients as safe as possible.
- Have clear leadership and direction.

Our Quality Report, which forms a separate chapter of this document, will be the vehicle by which we demonstrate the delivery of our strategy going forward.

RESEARCH

The Trust's new Research Strategy aims to place Alder Hey in the best possible position to achieve its vision of being 'one of the recognised world leaders in children's research and healthcare'. The strategy is ultimately designed to lead to improvements in the care for and health of children and young people. The strategy has been developed with the input of our key partners, including the University of Liverpool.

The Trust has seen its research performance, quality and reputation improve significantly over the past five years and has demonstrated it can successfully respond to an ever changing research environment. Areas of research excellence have emerged and it is clear that with support and investment these can flourish and become internationally important. The intention now is to build on these areas of expertise and success while nurturing themes that have the potential for research excellence.

The context of Alder Hey's research activity is compelling: put simply it is the need to improve children's health. Children and young people aged 0-18 years comprise 20 to 25% of the UK total population and are more frequent users of health services than adults. All children access health services for health checks, immunisations and assessment when acutely ill. Typically, pre-school children see their general practitioner six times each year, up to half of infants attend A&E and about 16% of children attend hospital in any one year. 2% of children have a chronic, life threatening condition. One in ten children has a recognised behavioural or mental health disorder. Outcomes for children and young people remain poor in the UK in comparison to elsewhere in the developed world and outcomes in the North West tend to be worse than elsewhere in England. Mortality from cancer in children and young people and measures of diabetes control are poorer in the UK than in most of Western and Northern Europe. Suicide rates in young people are higher than other countries. Acute asthma admissions are highest in the North West. The need for greater understanding of childhood diseases and the requirement for new treatments are paramount. Alder Hey provides a wide range of healthcare services for children and young people and offers an unparalleled opportunity to deliver the highest quality research.

The objective is for our research to result in significantly improving health or healthcare outcomes for children and young people.

In order to achieve this we need to achieve a number of goals:

- Become a recognised international centre of excellence for children's healthcare research through accepted, objective measures.
- Establish regional, national, and international institutional partnerships which enhance the very best translational and applied clinical research.
- Develop a recruitment strategy that will attract the best researchers internationally.
- Ensure a shared vision with the Alder Hey Charity for investment in research which benefits children's health and wellbeing in Liverpool and beyond.
- Develop state of the art research accommodation and facilities as part of the Children's Health Park to enhance research reputation and performance.
- Ensure a robust internal governance and funding infrastructure for research which facilitates growth and expansion.
- Each patient and family offered the opportunity to take part in research.
- Provide an optimal experience for children and their families who participate in a research study.
- Engage the children and families who use services at Alder Hey and the wider population to continually refine our research plans.
- Develop the full potential of the expert multidisciplinary workforce within Alder Hey to lead and contribute to research based knowledge in child healthcare.

The focus is on how we can accelerate our research growth, working in partnership with our academic collaborators and charitable funders. It will only be possible if we support, encourage and engage with the children and families without whose participation advances and discoveries could not be achieved.

WORKING WITH OUR STAFF

TRADE UNION PARTNERSHIPS

In the past year the Trust has continued to engage with its trade union partners and there have been some examples of very positive joint working, particularly relating to policy development. In addition, the Trust was able to agree some funding for 2012/13 to help release Staff Side Representatives to attend key meetings in the coming year that will largely concern the transformation process.

2011/12 also saw a degree of tension with some of our local trade union partners which resulted in an effort towards the end of 2011 to improve communications and allow for trade unions to receive earlier notification of planned changes. Moreover, to aid the process of improving relationships, the Trust invited the Advisory, Conciliation and Arbitration Service (ACAS) into the organisation to work with the Human Resources and Organisational Development Team and with trade unions to help find ways to nurture better and more constructive

engagement. An area of focus for 2012/13 is to find ways to gain assurance that communication processes are accessible for the majority of the workforce who are either not trade union members or who feel their voices were not being heard via existing methods of dialogue.

COMMUNICATIONS

The past year has been critical as we continue to take forward our transformation plans and preparations for the move to the new hospital in the park. The Trust has worked on developing a range of communication channels to reach members of staff on the hospital site and those based in the community. 'Trust Brief' the monthly staff briefing led by the Chief Executive has continued and this has been further enhanced by making the supporting presentations and content summaries available to all staff within 48 hours. The Communications Team has also worked with the senior leadership team to deliver additional briefings covering some of the key topics this year, such as developing our Vision, our Transformation Strategy and our Quality Strategy. More than 25 separate open sessions for teams were held with over 1,200 staff attending between October and December, thus ensuring as many staff as possible were made aware of the proposals and plans. This gave staff the opportunity to voice their questions or concerns about what impact these changes may have on the Trust and its staff. All sessions were supported with materials such as Q&A's so that leaders across our Clinical Business Unit structures could cascade the information in a more meaningful way to their own teams in local briefings. As part of the engagement process around the new build and bidder proposals there were several formal presentations and voting at two key critical stages in the programme. Both were well attended by staff and their feedback was part of the bidder selection process.

Other channels have been developed and utilised across the Trust including weekly updates called 'My Alder Hey' via the Intranet, use of screensavers, plus staff printed newsletters, online surveys and we have introduced a bi-weekly e-update direct from the Chief Executive. We look forward to strengthening our communications further in 2012/13 via our re-launched Intranet and improved IT capability.

THE YEAR IN REVIEW

DELIVERING OUR STRATEGIC AIMS

Alder Hey has seven strategic aims against which our 2011/12 plans and objectives were aligned and then subsequently monitored, managed and internally reported throughout the year.

The seven strategic aims underpin the delivery of the Trust's vision and are outlined below:

- To deliver **clinical excellence** in all of our services.
- To ensure all of our patients and their families have a **positive experience** while in our care.
- To be the **provider of 1st Choice** for children, young people and their families.
- To be a world class centre for **children's research and development**.
- To further improve our **financial strength** in order to continuously invest in services and provide funding for a new hospital.
- To ensure our staff have the right **skills, competence, motivation and leadership** to deliver our Vision.
- To deliver our **Hospital in the Park** vision.

Highlights of progress against each of the aims in 2011/12 were as follows:

TO DELIVER CLINICAL EXCELLENCE IN ALL OF OUR SERVICES, WE...

- Developed a new Quality Strategy for Alder Hey.
- Developed assurance on Care Quality Commission and NHS Litigation Authority standards through Clinical Business Units' quality risk and governance arrangements.
- Implemented a new integrated risk reporting and management system and introduced an Executive led challenge process for Serious Incidents.
- Developed an early warning tool to detect clinical deterioration in children and embarked on a training programme for all clinicians (called RESPOND).
- Reported quarterly mortality rates to the Board, introduced real time mortality monitoring in our Intensive Care Unit and refreshed the way in which the Hospital Mortality Review Group works.
- Improved our system for carrying out and reporting national audits.
- Achieved our CQUIN targets.
- Approved a new Public Health Strategy and held a 'Pledge' event with local stakeholders to encourage partnership working to improve the health and wellbeing of children in Liverpool.
- Reduced in year the number of hospital acquired infections and developed further infection prevention measures.
- Completed an invited review of paediatric surgery with the Royal College of Surgeons and subsequently developed a comprehensive action plan to address its recommendations.
- Hosted a very positive unannounced inspection by the Care Quality Commission.
- Received an excellent external cancer peer review.

TO ENSURE ALL OF OUR PATIENTS AND THEIR FAMILIES HAVE A POSITIVE EXPERIENCE WHILST IN OUR CARE, WE...

- Achieved accreditation of a further four wards and one entire Clinical Business Unit under Investing in Children.
- Developed a dashboard of ward level nursing quality indicators and reported against this to the Board.
- Formed a new Trust Clinical Ethics Committee.
- Received runner up in the Health Service Journal Awards for our work on reducing central line infections.

- Achieved Level 2 in the Information Governance Toolkit standards.
- Maintained patient and carer satisfaction rates greater than 95%.
- Reduced complaints by 41% in year.
- Maintained cleanliness scores consistently above target.
- Were awarded a rating of 'good' for Food, Environment and Privacy and Dignity by the Patient Environment Action Team (PEAT).
- Set out our Arts for Health vision and delivered on successful, innovative approaches used to engage children and young people whilst in hospital.

TO BE THE PROVIDER OF 1ST CHOICE FOR CHILDREN, YOUNG PEOPLE AND THEIR FAMILIES, WE...

- Agreed our Transformation Strategy and established supporting programme management and Board governance arrangements.
- Secured designation as a centre for major trauma and as a surge centre for respiratory ECMO. Alder Hey is also in all options put forward for designation as a national specialist centre for paediatric cardiac surgery.
- Progressed our plans to provide an admission and discharge facility to support an improved patient pathway for planned admissions.
- Reduced our average length of stay by 8.5%.
- Commenced implementation of electronic prescribing, the ImageNow scanning system and piloting our data warehouse.
- Initiated procurement of the clinical portal and new patient administration system.
- Invested in refurbishment of orthopaedic and spinal theatres and replacement of a number of key elements of the Trust estate.

TO BE A WORLD CLASS CENTRE FOR CHILDREN'S RESEARCH AND DEVELOPMENT, WE...

- Became a founding member of Liverpool Academic Health Sciences System - Liverpool Health Partners Ltd.
- Developed a Trust Research Strategy.
- Opened our Clinical Research Facility with the first patient admitted in September 2011.
- With our partners the University of Liverpool, received a £2m grant from the National Institute of Health Research (NIHR) for vital research into children's drugs.
- Recruited the 7000th patient on National Institute for Health Research Clinical Research Network portfolio.
- Received successful regulatory inspections by the Human Tissue Authority and Medicines and Healthcare Products Regulatory Agency.

TO FURTHER IMPROVE OUR FINANCIAL STRENGTH IN ORDER TO CONTINUOUSLY INVEST IN SERVICES AND PROVIDE FUNDING FOR A NEW HOSPITAL, WE...

- Achieved an EBITDA of £22.3m and a net surplus of £17m, exceeding the targets set by Monitor.
- Achieved cost improvements of £7.6m as part of a strategic three year cost improvement programme.
- Invested £8.7m in medical equipment, IM&T infrastructure and the estate.
- Developed monthly service line reporting and engaged clinicians in reviewing the data.
- Worked with the Department of Health and the Children's Alliance in preserving the specialist children's tariff top-up for 2011/12.
- Gained approval for a business case to replace the financial system with a new system to improve financial control and provide information at CBU level.
- Engaged the North West Commercial Collaborative Agency to support the organisation in developing best practice procurement.
- Obtained agreement from the Secretary of State to give our charity independent trustee status.

TO ENSURE OUR STAFF HAVE THE RIGHT SKILLS, COMPETENCE, MOTIVATION AND LEADERSHIP TO DELIVER OUR VISION, WE...

- Successfully transferred transactional HR and payroll services to Capita, as part of the North Mersey HR Shared Services project.
- Appointed a new Occupational Health Provider, Team Prevent, who have supported improvements in sickness absence rates and management of absence across the organisation.
- Maintained nursing sickness absence rates under the CQUIN target for three quarters of the year.
- Delivered a successful flu vaccination programme with 70% of our healthcare workers vaccinated.
- Introduced a revised Mutually Agreed Severance Scheme to support the organisation with its workforce transformation programme with over 100 staff opting for the scheme.
- Achieved the Library Accreditation Quality Framework and secured external funding to support learning and education.
- Delivered CBU and Middle Manager Leadership Development Programme.
- With the support of ACAS, took further steps to improve Partnership Working with our Trade Unions.

- Introduced a '360°' medical appraisal process to support revalidation.

- Received the best ever awarding body inspection against The Office of Qualifications and Examination Regulations (OFQUAL) standards for our delivery of NVQ service apprenticeship frameworks.

- Embarked upon a workforce redesign project encompassing a comprehensive review of specialist nursing and consultant job plans and standardisation of administrative and clerical roles.

TO DELIVER OUR HOSPITAL IN THE PARK VISION, WE...

- Purchased and refurbished a new in-patient facility to deliver mental health care.
- Concluded 'competitive dialogue' with our two bidders.
- Received Monitor's support for the Appointments Business Case and Treasury and Department of Health approval of our business case.
- Agreed the preferred bidder that the Board was minded to appoint subject to the approval of HM Treasury.

PATIENT CARE EXTERNAL AWARDS AND ENDORSEMENTS ACHIEVED BY ALDER HEY IN 2011/12

- PEAT awarded the Trust a 'good' rating for Food, Environment and Privacy and Dignity.
- A further four wards and departments have received accreditation for the Investing in Children Partnership Award. To date, 11 wards and departments currently hold the award with a steady stream of new areas preparing for application. The Medical Specialties CBU as a whole has also received accreditation.

- Achieved Level 2 information governance toolkit standards.
- Retained for a third year NHS Litigation Authority accreditation at Level 3, the highest possible rating for clinical risk management.
- Alder Hey is the first paediatric specialist centre to introduce standardised nurse sensitive indicators for children and young people.
- The Immune Deficiency Team were nominated for the Nursing Times team of the year award.
- Our Gastroenterology Clinical Nurse Specialist was nominated for the Crohn's and Colitis UK 2012 Inflammatory Bowel Disease (IBD) Nursing Awards.
- Our Children's Community Nursing Manager and ENT Nurse Specialist were finalists for nurse of the year and clinical innovators for the general practice awards.
- The IV team were runners up in the HSJ Awards for the work undertaken to reduce Central Line Infections; they were also nominated for the British Journal of Nursing Awards.
- One young person from the Children's Forum enrolled as Young Lord Mayor of Liverpool.

DELIVERING A STRONG PERFORMANCE

Alder Hey continued to perform strongly during 2011/12 in an environment that is increasingly demanding on resources, to deliver safe, high quality care for our children and young people. The table below shows the Trust's performance against key national targets as set out by Monitor within the Compliance Framework.

TRUST OBJECTIVE	RAG*	THRESHOLD	TREND
C.Difficile	■	4	→
MRSA Bacteraemia	■	1	→
18 Week RTT Target Admitted Patients	■	23 weeks	↑
18 Week RTT Target Non Admitted Patients	■	18 weeks	↑
All cancers: two week GP referrals	■	0	→
All cancers: one month diagnosis (decision to treat) to treatment	■	0	→
All cancers: 31 day wait until subsequent treatments	■	0	→
A&E - Total time in A&E (95th Percentile)	■	<4hrs	→
Compliance with the Authorisation	■		→
Financial and service performance ratings	■		→

* Key: R=Red, A=Amber G=Green

During 2011/12 we once again met all of our statutory access targets including 18 weeks from referral to treatment, the 4 hour A&E standard and all cancer waiting times. We have made great progress in reducing the total number of patients waiting more than 18 weeks for treatment and during the year we reduced the number of children waiting by over 50%. This was a tremendous effort and particularly given the challenges we had in the last few months of the year when we needed to upgrade some of our orthopaedic operating theatres. Our teams worked flexibly and quickly to respond to this unplanned event.

Once again we saw a very busy winter period in our Accident and Emergency Department which was compounded by a local outbreak of the measles virus. Our A&E staff worked tirelessly to ensure that access targets for A&E were met and they continue to work with clinical colleagues from across the health economy to ensure that children are treated in the right place and are using our emergency services appropriately.

A more detailed look at our performance in relation to national and locally agreed targets is set out in the Quality Report section on pages 40 to 69.

INFECTION CONTROL

Over the last year the Trust has remained within its trajectory of one case for MRSA bacteraemias. For Clostridium Difficile infection the trust's target was four cases with four actual cases, three of which related to the same child. MSSA bacteraemias and E coli bacteraemias continue to be reported with nine hospital acquired MSSA bacteraemias reported for 2011/12. All MSSA and E coli bacteraemias undergo a Root Cause Analysis investigation with a subsequent action plan and are reviewed at the Infection Prevention and Control Committee.

Surveillance has been strengthened in the last year with local systems continuing to monitor key infections that are specific for a children's trust and important for Alder Hey. Monitoring of Respiratory Syncytial Virus (RSV), Rotavirus and Influenza continues for both total numbers of cases and hospital acquired cases. A new surveillance programme has been established by the Trust's new Consultant Microbiologist which began in December and encompasses a wider range of organisms/conditions.

Building on the Cardiology Surgical Site Infection (SSI) surveillance programme, further work has been developed in Neurosurgery and Orthopaedics; the aim being that Alder Hey has a comprehensive SSI programme. This work is being championed by Dr Stephane Paulus, Consultant in Infectious Diseases.

Reducing line infections has been a focus during the year with the numbers of central line associated blood stream infections continuing to reduce. In order to make the supporting data more meaningful for benchmarking, a rate has now been established. The IV team launched their nurse led long line service which has been extremely successful, providing expertise and improved patient experience.

The Infection Prevention and Control Team continue to monitor and review key areas across the Trust such as hand hygiene and the ward or department environment. The results are communicated to the managers and Lead Nurses for the respective wards and departments and joint working ensures that action plans are executed. A higher percentage of audit results for this year have been rated 'green', a small percentage of 'amber' and no 'red' results.

The Decontamination Committee has also delivered on its targets for the year and has successfully finalised the plans for the endoscopy suite and the dental clinic in line with the national decontamination agenda. It has reviewed and produced a new service specification and contract for off-site decontamination of surgical instruments and has widened its remit to include other decontamination elements such as the valet area and equipment decontamination.

The annual PEAT inspection in March 2012 was very positive and our PEAT cleanliness marker remained above the national average of 87% placing us in the 'good' category.

The Team has received a number of accolades including reaching the finals of the Health Service Journal awards and a 3rd place at the British Journal of Nursing awards.

SPOTLIGHT ON THE IV TEAM

Over the previous 12 months the IV Team has expanded its role to benefit patients and reduce length of stay. They achieved this through providing a cannulation and long line service across the Trust. The team is a specialist paediatric nurse-led, ward-based peripheral cannulation and midline insertion service developed to meet the needs of all ages of paediatric and neonatal patients requiring intravenous therapy within the hospital.

The IV Team's aims include:

- Reducing the number of peripheral cannulations undertaken on children.
- Reducing the time that the children are waiting to obtain or replace venous access, reducing delays in treatment.
- Providing specialist vascular access and appropriate analgesic assessment in collaboration with children and families.
- Ensuring that the most appropriate access is inserted for the child on initiation of treatment; to this end, criteria for referral for midlines have been introduced.
- Reducing the numbers of children being anaesthetised for the purpose of obtaining midline venous access.
- Enabling children and their families to be discharged for continuing treatment at home, when appropriate.
- Helping children to overcome needlephobia ensuring a patient-centred approach.
- Meeting the needs of children and their families so that care is provided in a timely manner and within the most appropriate environment.
- Providing a robust education programme and clinical support in venepuncture and cannulation to medical and nursing staff, enhancing the clinical skills of the multidisciplinary team in paediatric care provision for intravenous therapy and vascular access.

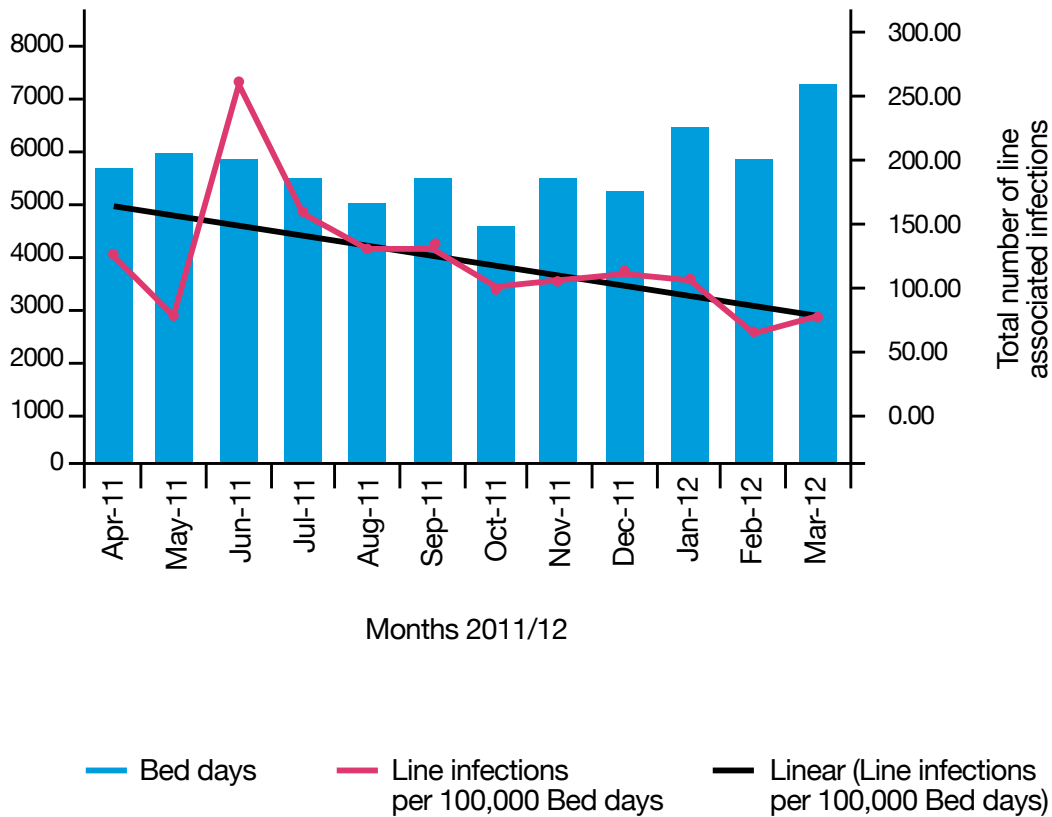
The team's function is not to replace the medical staff in cannulation and venepuncture but to provide a training and clinical support mechanism to ensure that during their time at the Trust they become confident and competent in the area of paediatric cannulation. From April 2011 to March 2012 the team undertook 570 clinical interventions; referrals to the team take place after failed peripheral cannulation or venepuncture attempts have already been made.

These are divided up as follows:

- Peripheral cannulations - 351 of which 71% were successful.
- Venepuncture - 124 of which 80% were successful.
- Long line insertions - 95 of which 80% were successful.

The long line service is ward based and commenced in September 2011. This was achieved with the support of the Anaesthetic Department who trained and supported the team leader in the launch of the service. Some 25% of the patients for whom the team inserts long lines successfully are discharged either home for care under the community team or back to their referring hospital. Following an anaesthetic audit over a six month period, 54 children were taken to theatre specifically to have midline/peripheral access inserted. Following the initiation of the midline service provided at ward level by the IV Team, a further audit was undertaken which demonstrated that this figure has reduced to nine patients.

Aseptic No Touch Technique (ANTT) and high impact interventions were implemented Trust wide in 2010 to reduce central line associated infections. Line associated infection rates as shown in the graph overleaf have continued to decrease over the last year. Clinical practice is continuously audited and wards receive regular feedback reports in relation to compliance with ANTT and the high impact interventions. The graph overleaf demonstrates the continuing decrease of line associated infections per 100,000 bed days in 2011/12.



PARTNERSHIPS AND JOINT VENTURES WITH OTHER HEALTHCARE PROVIDERS

EMERGING PARTNERSHIPS

Alder Hey remains committed to working with a range of partners to support delivery of high quality care for our patients.

In 2011/12 the NHS North Mersey Partnership Board for Women and Children was formed. This Board, which is comprised of providers and commissioners, will provide a high level strategic view of children's services across the health economy and support the Quality, Innovation, Productivity, Prevention (QIPP) agenda, ensuring the consistency, safety and quality of services are maintained and improved during transition.

The Trust has continued to strengthen its relationship with the local community and Liverpool City Council, which most notably was evident through a large open Community Consultation Event in August 2011, enabling local residents and community groups to have their say on the emerging design solutions for the new Alder Hey hospital. In January 2012, the Trust formally signed the Land Exchange Contract with Liverpool City Council which was a critical milestone in enabling the Trust to close dialogue and enable the Board to be minded

to appoint a Preferred Bidder and provides a strong framework between the two organisations within which to further develop a partnership for the future development of Springfield Park.

At a tertiary level, we have strengthened our relationship with Central Manchester University Hospitals NHS Foundation Trust (CMFT) through a formal concordat agreement and the formation of a joint Partnership Board. This has already led to the development of a joint bid to provide paediatric Neurosurgery for children with epilepsy.

At a national level, Alder Hey remains committed to working with the other three stand-alone children's trusts: GOSH, Birmingham and Sheffield and CMFT, through the Children's Alliance. A key work stream from this group continues to look at tariff arrangements and the children's top-up, to ensure that paediatric funding remains fair and a deeper understanding is developed of the investment in the very specialist services that the group provides.

RESEARCH PARTNERS

Research is a key strategy and Alder Hey has strong collaborations with a number of Higher Education Institutions across a range of sub-specialty areas through clinical and translational research. Our research activities conducted locally, nationally and internationally are principally led by clinical academics with honorary status at Alder Hey or through research teams involving collaboration between the Trust and academic institutions. This includes both basic science and

applied clinical research. Some research programmes involve multi-organisational collaboration, and this can be further improved with refinement of the research strategy.

These include:

- University of Liverpool (UoL) Institute of Translational Medicine, Women's and Children's Health
- Liverpool John Moore's University (LJMU)
- University of Central Lancashire: School of Nursing and Caring Sciences
- Lancaster University: Division of Health Research
- Chester University: Faculty of Health and Social Care
- Edge Hill University: Faculty of Health

The development of the Liverpool Health Partners Ltd (LHP) this year has been a significant step in formally moving closer to implementation of an Academic Health Science System. This partnership is intended to fulfil the three intertwining functions of clinical services, research and education with the aim of ensuring that medical research breakthroughs lead to direct clinical benefits for patients. Our concordat agreement with Central Manchester FT will also enable us to develop our children's research network.

NETWORK DEVELOPMENT

We continued to strengthen our range of clinical networks this year with particular emphasis on developing our cardiac, trauma and neurosciences networks. As pathways of care develop in 2012/13 and designation and commissioning create expansion of geographical footprints, we will look to grow our clinical networks beyond the North West.

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 Royal Manchester Children's Hospital for cardiac services, cleft lip and palate, long term ventilation, HIV and rheumatology services.
- Outreach tertiary services across our networks with over 660 clinical sessions provided annually by Alder Hey clinicians 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.

INFORMATION MANAGEMENT AND TECHNOLOGY (IM&T)

The Trust's IM&T Strategy implementation is now in year two. Investments to date of circa £3m, as well as the Joint Venture IT agreement with Liverpool Women's NHS Foundation Trust for the provision of senior IM&T experience, has delivered savings in joint procurements as well as:

- New hardware and network infrastructure including the replacement of 500 desktops.
- Standardised workstations and application environments.
- Mobile and remote working for staff.
- Supporting the development of clinical information.
- Providing 100% of clinical episodes coded within two working days of the month end.
- A new 'private cloud' data centre with VBlock technology.

The Trust has successfully added clinical leadership into IM&T with Dr Nik Barnes, Consultant Radiologist, now part of the team.

The IM&T department itself has maintained the international standards required by ISO 27001:2005 accreditation in data security.

The implementation of electronic prescribing is scheduled to be complete by July 2012. Procurement of an Electronic Patient Record System to replace the existing Meditech system will complete by the end of the financial year. A competitive dialogue process has been initiated to find an IT Strategic Partner, to help the Trust deliver its hospital of the future vision within the Children's Health Park project.

PARTNERSHIP WITH VOLUNTARY ORGANISATIONS AND THE PRIVATE SECTOR

The Trust has strong relationships with many voluntary organisations and recognises the value and importance of working with stakeholders to secure high quality services for children, young people and their parents and carers. We have an active Children and Young Peoples' Forum which the Trust continues to work with and engage in the development of services, plans for the new hospital and involves in the appointment of key members of staff. 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.

ACADEMY AND SCHOOL PARTNERS

The Trust works with the Academy to support students to achieve diplomas through the Social Health and Development (SHD) Diploma programme.

The Diploma programme provides 16 to 19 year old local sixth form students with a unique opportunity to learn and gain work experience in Alder Hey. Students attend Alder Hey one day per week to study the SHD Diploma or the BTEC Diploma in Health and Social Care. Whilst on the course the learners also have a 10 day work experience of their choice depending on their career aspirations.

Alder Hey works in partnership with local schools to deliver the course and provision is growing in reputation

as most of our learners gain places at University when they complete the programme. For example, 75% of learners from last year's cohort secured places on a range of university courses, including Children and Adult Nursing, Midwifery, Social Work, Early Years, Childhood and Youth Studies, Nutrition and Fitness and Criminology with Sociology. We look forward to their return to the Trust in the future as qualified professionals.

The programme has been developed and is being sustained through a unique partnership between local schools, the Local Education Authority, and the Skills Academy for Health. The programme is fully funded and is therefore sustainable and with continued effective partnership working, we anticipate it will go from strength to strength.

As a result of the Diploma provision, Alder Hey has been recognised as innovative in the field of supporting and delivering 16-19 years learning. Thus the programme serves as an ambassador for the Alder Hey brand across the education sector. In addition, the positive impact of this programme upon the education, progression and wellbeing of young people in our local community enhances Alder Hey's corporate citizenship role. Furthermore, facing a decreasing population of school leavers, a looming skills shortage and an ageing workforce, provision of education in this way provides the Trust with opportunities to influence provision of skills and future qualifications. In turn this will enhance the Trust's ability to attract and retain a diverse workforce to provide for increasing future healthcare demands.

THIS IS WHAT OUR CURRENT LEARNERS AND PARTNERS HAVE SAID ABOUT THE COURSE:

"This course has given us a number of opportunities to explore all of the different sectors. We have a wide range of different interests, ranging from wanting to work within the Justice Sector, the Children's Sector and the Health Sector. Although we are primarily based at Alder Hey Children's Hospital in West Derby, it does not mean that we are limited to placements based within the hospital, as we have a number of links between other outside organisations.

"Through the Diploma, we have been given a number of voluntary and employment opportunities as a result of the work placements we have undertaken. As well as this, we are recognised as young professionals within Alder Hey, as a result of our own designated uniform and NHS Identification Badges. Being able to be involved in such a prestigious, world renowned organisation has helped us to develop invaluable skills and attributes that will benefit us throughout our chosen University degrees and future careers.

"As we are now coming to the end of our final year of the Society, Health & Development diploma, we have all made a firm decision on our university choices, and

many of us have already received offers! We would definitely advise our friends to pick this course as we all agree that although it has been a lot of hard work, it has been worth it."

LESLEY CHADWICK, LIVERPOOL CHILDREN'S SERVICES SCHOOL IMPROVEMENT OFFICER FOR POST 16 SAID:

"The partnership between School Improvement Liverpool, Liverpool Schools and Alder Hey NHS Foundation Trust has developed over the last four years and now provides unprecedented opportunities for sixth form students to gain a real insight into the wide ranging careers within the trust. Not only are students given the opportunity to participate in relevant work experience in a chosen area they also are mentored and supported through the UCAS application process and a body of appropriate research."

SEAN MOTTRAM, DEPUTY HEAD OF ALSOP SCHOOL SAID:

"Alder Hey is able to offer the specialist facilities that a school is unable to offer. They are able to provide knowledge and understanding of the work place and health sector, which enables the students to achieve higher coursework marks. It allows students to develop their knowledge of the health sector and gives them a true understanding of the policies and procedures involved in a work place. It allows learning to be brought to life and gives the students a work place perspective that allows the transition from sixth form into university much more efficient."

PAT MARCH, HEAD OF SIXTH FORM AT CHILDWALL SCHOOL SAID:

"The partnership of Childwall Sports College working with Alder Hey in the delivery of the Diploma has really embraced the ethos of the course and brought 'their learning to life'. It is providing learners with an insight into a professional environment, enabling them to link their academic studies with the world of work. The feedback from the examination board has commented on the realism of their coursework."

DEVELOPING PATIENT INFORMATION

Receiving quality information continues to be fundamental to patients and their families when making informed choice about their healthcare and consent to treatment. New leaflets have been developed and quality assured on a range of topics such as infection prevention and control, discharge information and the sleep study. A new information resource for children visiting the Gait Lab has also been entered for a national award this year.

Other areas of support include the production of patient privacy and dignity notices and door hangers, advising on questionnaires, posters and letters, conducting audits and patient information indexes for Clinical Business Units. There is a clear plan to improve the range and quality of patient information over the coming year.

FINANCIAL PERFORMANCE

The Board of Directors is pleased to report excellent financial performance for 2011/12. The metrics shown below demonstrate continuous improvement in financial performance in line with the Trust's strategy to generate sufficient surplus to fund the Children's Health Park when it becomes operational in 2015/16. Details of achievement against the key financial metrics against which we are measured are set out below and full financial statements are contained in pages 93 to 118 of the report.

	2011/12	2010/11
EBITDA	£22.3m	£18.8m
EBITDA Margin	11.8%	10.6%
EBITDA Achievement of Plan	140.0%	102.4%
I&E Surplus	£17.0m	£13.2m
I&E Margin	8.8%	7.3%
Return on Assets	18.4%	18.3%
Liquidity	62 days	36 days
Risk Rating	5	5

The Trust's excellent EBITDA performance in 2010/11 has been maintained into 2011/12 and this has been supplemented by some one-off income from commissioners in respect of the North West specialised service contract, the Children's Health Park and the North Mersey Children's QIPP project. Costs have been controlled through a rigorous approach to the savings programme and the development of a new strategy for transformation of services. The cost improvement programme achieved in the year was £7.6m.

The Trust significantly improved its cash balance during the year as part of its strategy to build sufficient cash to make a significant contribution to the Children's Health Park project and reduce the PFI loan.

During the year the Trust's commissioners provided £3m for the implementation of an improved Mutually Agreed Severance Scheme to support its savings programme and this, together with Trust funding of £0.4m, resulted in a charge to the income and expenditure account of £3.4m. The Trust also received non-recurrent funding of £2.8m from commissioners in recognition of shortfalls in funding for a number of services covered by an historical block contract.

As the Trust is planning a significant PFI investment it is entitled to receive support from the NHS Bank with regard to the additional costs associated with the planning and implementation of the project. In 2011/12 the sum of £13.1m was received as contribution to these costs with the provision that should the scheme not receive final approval to proceed, any outstanding funds are returned to the Department of Health. Therefore a

provision of £10.1m has been made in the accounts for the year.

KEY RISKS

THE ECONOMIC AND POLITICAL ENVIRONMENT

The NHS Operating Framework for 2012/13 reaffirms the requirement to make up to £20billion of efficiency savings by 2014/15 to invest in meeting increasing patient demand and improving quality. Achieving sustainable improvements year on year that also ensure, where possible, quality of care is enhanced, remains our greatest challenge. During the year we have significantly developed our arrangements for managing and governing our Transformation Programme which is designed to make improvement to services while ensuring the release of some 4% of budget each year. We also continue to work with other North Mersey organisations on the children's QIPP agenda.

Significant changes to commissioners have been outlined in the NHS Bill which has now been passed by Parliament. The changes have meant the creation of new organisations such as Clinical Commissioning Groups and the National Commissioning Board and key posts within those organisations are in the process of being filled. The Trust is working hard to ensure that new relationships are established and the positive working relationships with outgoing Primary Care Trusts continue with the new commissioning organisations.

TARIFF

The paediatric tariff and associated specialist children's top-up continue to present a risk for the Trust into the future. During 2011/12 the Department of Health worked with the Trust (as part of the Children's Alliance) and KPMG to review the children's tariff and this work has continued into 2012/13. The children's top-up for 2012/13 has reduced from 60% to 50% but this has been compensated for by increased base tariffs for children's services. During the forthcoming year the Children's Alliance aims to contribute to the work which Monitor has commissioned on tariff in preparation for the future transfer of responsibility for tariff-setting from the Department of Health to Monitor.

CHILDREN'S HEALTH PARK

Plans for the development of a new Children's Health Park continue to progress and the Trust is on track with the financial performance planned to provide the required funding. During 2011/12 Monitor agreed that the project could proceed to appointment of preferred bidder and it is anticipated that similar approvals will be gained from the Department of Health and HM Treasury during May 2012. The scheme will then be subject to a funding competition and there is a level of risk associated with the uncertainty of what will come back from funding markets in that process. Meanwhile the Trust continues to carefully manage the risks inherent in running a busy healthcare organisation in an estate which is 100 years old and is not fit to house 21st century services.

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 98% for non NHS invoices and 97% 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 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.

PRUDENTIAL BORROWING LIMIT

In 2011/12 we had a prudential borrowing limit of £36m which related to long term borrowing. The Trust has borrowed £0.3m in the form of a finance lease for pathology equipment received as part of a new managed service contract.

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. A key element of our programme has been the purchase of a specially adapted building at a cost of £2.2m to provide new accommodation for our Mental Health in-patient service, the Dewi Jones Unit and other Mental Health services.

Other key elements of the year's capital programme were:

- IM&T strategy to continue to improve the technical infrastructure - cost £1.5m.
- Completion of the Clinical Research Facility - cost £0.4m.
- Refurbishment of operating theatres - £0.5m.
- Expenditure of £2.0m on medical equipment including £0.4m new ultrasound systems, £0.2m patient monitoring equipment and £0.2m MRI head coil.

In total we invested £8.7m in capital developments of which £0.9m was funded by charitable contributions.

This is summarised below:

New Mental Health Building	£2.2m
Buildings: Electrical Infrastructure	£1.7m
Buildings: Upgrades and Refurbishment	£1.3m
Information Technology Infrastructure	£1.5m
Medical Equipment	£2.0m

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.

A FORWARD LOOK

THE CHILDREN'S HEALTH PARK

2012/13 will be a critical year for Alder Hey in the delivery of its Children's Health Park Project and ambitious new hospital plans. The Trust will work with the Preferred Bidder to achieve contract and financial close by 30th November 2012 which will enable initial site works to commence this calendar year and the opening of the new hospital facilities in 2015. Critical activities will include the finalisation of the drawings and plans, the submission of planning permission and the appointment of funders following a Funding Competition in accordance with Department of Health guidance. Whilst the project shall continue to be measured this financial year against the parameters of time, cost, quality and scope. The table below sets out the key milestones to financial close.

INDICATIVE PREFERRED BIDDER STAGE PROGRAMME

KEY MILESTONE	INDICATIVE MILESTONE DATE
DH/Treasury Approval of ABC and Announcement of Preferred Bidder	April 2012
Submission of Planning / Reserved Matters Application	April 2012
Finalisation of design solution (to include 1:200 and 1:50 drawings)	April 2012
Commence Funding Competition	May 2012
Appointment of Funders	July 2012
Planning Approval	July 2012
Submission of Concluding Business Case (CBC)	August 2012
DH Health Gateway Review (Gate 3 Review)	September 2012
Expiry of Planning Approval Judicial Review Period	October 2012
Contract and Financial Close	30th November 2012

In 2012/13 the Trust finalised its retained estate strategy which will aim to ensure all clinical and administrative accommodation is fit for purpose and meets health and safety requirements.

The strategy will address the following priority areas:

- Rationalisation and consolidation of community estate to support the delivery of mental health and community paediatric clinics.
- Outline the estate requirements and preferred model for accommodating corporate and clinical support services not included within the new CHP.
- Outline the potential commercial opportunity from the sale or development of any land owned by the Trust.
- Review the long term model for The Alder Centre and Trust Nursery, understanding estate requirements.

In addition the Trust remains committed to ensuring we remain sighted on improving our research and education facilities to support the delivery of the Trust's strategy. During 2012/13 we will continue to work closely with partners to develop design options and an outline business case.

OUR SERVICE DEVELOPMENT PRIORITIES FOR 2012/13

Following our comprehensive internal planning round the Trust has identified a number of key service developments for the coming year, outlined in the following pages.

SPECIALIST COMMISSIONED SERVICES

The Trust identified four nationally designated/commissioned specialist services for targeted activity and income growth in 2012/13. These are:

- Cardiac surgery and further cases of cardiac ECMO.
- Respiratory ECMO service.
- Neurosciences: epilepsy surgery (along with CMFT) and dorsal rhizotomy (SDR).
- Trauma care following designation as a major trauma centre; this will include developing the clinical model and business case for rehabilitation services.

With the delays to the decision from the JCPCTs following the national safe and sustainable review of cardiac surgery, anticipated growth from cardiac surgery in 2012/13 may not be achieved.

In addition to the targeted growth from nationally designated/commissioned services we have identified income growth in 2012/13 in complex spinal surgeries. Targeting the reduction in waiting times in spinal surgeries by creating the operational capacity to treat more children has been agreed with specialist commissioners. The plan for 2012/13 is to undertake an additional 28 cases. Looking ahead and beyond 2012/13 there is a market opportunity to develop our service as provider organisations are unable to deliver a safe and sustainable spinal workforce. The relationship and joint appointments we have with adult spinal surgical centres - Robert Jones and Agnes Hunt Orthopaedic Hospital and Royal Liverpool and Broadgreen University Hospitals Trust - gives us an opportunity to consider the future vision for an integrated service and capture additional market share and referrals.

CHILD AND ADOLESCENT MENTAL HEALTH SERVICES (CAMHS)

Following the purchase of our new in-patient mental health facility and the work we have undertaken in 2011/12 to strengthen our governance and operational management arrangements for mental health, we will work with commissioners to develop a new service for 14-18years olds. In addition to this we will explore the market opportunities to develop CAMHS services in those areas where we will seek to strengthen our strategic relationships. CAMHS is under the approved list for 'Any Qualified Provider' (AQP) for 2012/13.

CRITICAL CARE

For 2012/13 we have secured additional funding of £350k for the expansion of our High Dependency Unit bed capacity. This key development will support the

delivery of high quality care and ensure children and young people have access to the right care in the right place. Statistics measured by specialist commissioners over 2011/12 demonstrate that regionally we provide the best access for accepting transfers into paediatric critical care beds. Looking ahead this provides the opportunity to attract additional specialist funding for critical care bed days.

RESEARCH AND DEVELOPMENT

In March 2012, the Trust was awarded National Institute for Health Research funding for clinical research facilities for experimental medicine. This will provide significant infrastructure funding to support the ongoing development of the Trust's Clinical Research Facility. The award means that the Trust will become a recognised centre for experimental medicine and early phase studies in children and young people, building on its growing strength in paediatric clinical pharmacology in collaboration with the University of Liverpool. The aim will be to become a leading centre with a universally recognised reputation in this field so that academic and commercial partners have access to a safe and effective environment for essential early phase studies in children and young people addressing the translational gap in the development of novel therapeutic interventions in paediatrics. In addition, there is a growing demand within the Trust and its academic partners to develop a healthy volunteer children's biobank. As new biomarkers of health and disease are discovered, it is essential to know how these change in the healthy and diseased states so that the effects of interventions can be evaluated: a limiting factor is often access to healthy children and young people in which normal ranges of biomarkers can be determined. The Trust is exploring the potential to establish a biobank of healthy volunteer samples for children and young people which will be the first of its kind in the UK.

CARSON HARTLEY

AGED 2

Kirsty, Carson's mum says: "From day one and on more than one occasion, Alder Hey has been saving Carson's life. He wouldn't be here without the great staff and I'm very thankful that I have my little boy."

MOLLY BRENNAN

AGED 2

Molly has Pulmonary Interstitial Glycogenesis (P.I.G.) and currently requires 24-hr ventilation. Molly's dad Keiran says: "We have only been here a week and the team have already made us feel at home. We came over from Ireland to get the best care for Molly and we have had a very positive experience so far."



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.

In addition, there are no material contingent liabilities or material litigation as far as the Board is aware; to the extent that there is potential litigation it is believed that this will be covered by the NHS Litigation Authority. For these reasons, the Trust continues to adopt the going concern basis in preparing the accounts.

MICHAEL CASEY
AGED 9

Michael has been coming to Alder Hey since he was very little. He tells us: "Dr Mathew Wong is good at taking my blood, Lorna the Play Specialist is great and I also think that my teacher 'Treena' is very nice!"



REMUNERATION REPORT

The Appointments and Remuneration Committee of the Board of Directors is chaired by the Trust Chair and comprises all Non-Executive Directors.

This Committee is responsible for determining the remuneration and terms and conditions of the Chief Executive, Executive Directors and Associate (non-voting) Directors taking into account the results of the annual appraisal process and in accordance with:

- Legal requirements.
- The principles of probity.
- Good people management practice.
- Proper corporate governance.

The Chair undertakes the annual appraisal of the Chief Executive, who in turn is responsible for assessing the performance of the Executive Directors and Associate Directors. The Committee met twice during 2011/12, in May and November; four Non-Executives were present on each occasion. In addition to consideration of specific issues relating to Executive Director roles, as part of its deliberations the Committee agreed that for the third successive year, no pay increase would be awarded for Executive Directors already in post. The Trust does not award bonuses over and above the basic remuneration of its Directors.

The Chief Executive and Executive Directors are employed on permanent contracts of employment; they are entitled to receive six months notice and may give three months notice. Provision is included within contracts of employment for contracts to be terminated with immediate effect and without compensation in certain circumstances. Rates of pay for all senior managers are based on job size, market intelligence (including published remuneration surveys) and performance. They are set with regard to the remuneration of other trust employees who hold contracts under terms and conditions agreed nationally, by assessing relative and proportional rates of pay.

The Nominations Committee of the Council of Governors is responsible for setting the remuneration allowances and other terms and conditions of Non-Executive Directors. It comprises one Appointed Governor and two Elected Governors, one of whom must be a Staff Governor; its other members are the Trust Chair (or Acting Chair in the case of the appointment of a new substantive Chair) and Chief Executive. During 2011/12 the Committee was responsible for the recruitment of a new Non-Executive Director; thus it met on a sufficient

number of occasions to fulfil its obligations in relation to these duties, specifically to review the balance of skills, knowledge and expertise required on the Board in the context of the challenges ahead and in this context to agree the job role, person specification and mode of advertisement, to undertake short-listing and to make a formal appointment.

The Trust Chair is responsible for assessing the performance of the Non-Executive Directors. The Chair's appraisal is undertaken by the Senior Independent Director and Vice Chair using an inclusive process across members of the Board and Council of Governors, in accordance with a policy which has been developed to reflect best practice nationally.

For Non-Executive Directors' remuneration, comparative data is provided to the Nominations Committee from other foundation trusts, mutual organisations and the private sector. Remuneration rates for Non-Executive Directors have remained at the level set by the Nominations Committee following the review undertaken in 2009/10.

The HM Treasury FReM requires disclosure of the median remuneration of the reporting entity's staff and the ratio between this and the mid-point of the banded remuneration of the highest paid director (as defined as a senior manager in paragraph 7.28 and paragraphs 7.34 to 7.38), whether or not this is the Accounting Officer or Chief Executive. The calculation is based on full-time equivalent staff of the reporting entity at the reporting period end date on an annualised basis. Foundation trusts shall disclose information explaining the calculation, including the causes of significant variances where applicable. Further guidance is provided on the HM Treasury FReM's website (document 'Hutton Review of Fair Pay - Implementation guidance').

The remuneration and retirement benefits of all Directors, together with all other relevant disclosures are set out within notes 7.1 and 7.2 of the Annual Accounts. Accounting policies for pensions and other retirement benefits are set out in note 1.4.

Signed:



LOUISE SHEPHERD
CHIEF EXECUTIVE
28TH MAY 2012



CHLOE WILLIAMS

AGED 11

Chloe has Spina Bifida and has been treated at Alder Hey for many years. Chloe explains: "I actually enjoy coming to hospital. The staff here are friendly and they help me feel better."

Chloe's mum, Jennifer: "Everyone who works in the clinics and wards who we've come across over the years has been great. I owe a big thank you to the team for helping my daughter to walk."

NHS FOUNDATION TRUST CODE OF GOVERNANCE

The NHS Foundation Trust Code of Governance, first published by Monitor in 2006, was updated in March 2010 to reflect recent developments in governance practices in the foundation trust sector, with its new provisions coming into effect from 1st April 2010.

The Trust updated its annual operational assessment of its governance arrangements against the provisions of the revised Code during 2011/12 and can confirm that it complies with those provisions. The Board will continue to keep its compliance against the Code under review in order to strengthen its arrangements in a number of areas.

OUR COUNCIL OF GOVERNORS

2011/12 saw a number of changes on the Council of Governors following elections in both spring and summer. An action plan developed with the Council to improve and clarify ways of working was completed by quarter 2 which facilitated a sharper focus on its strategic agenda. Workshop sessions held in July and October provided an ideal opportunity for the Board and Council to take stock and develop a collective understanding of the Trust's strategic vision and plans to achieve it in the run up to 2015 and the move to the new hospital in the park. This was further developed at the January meeting with a frank and constructive debate with governors centred upon changes that we need to make to realise our ambitions in terms of quality and patient-centred services.

Governors continue to be aligned to CBUs and whilst involvement has been variable, this has afforded some governors the opportunity to understand services better via participation in quality walkarounds under the auspices of

the Clinical Quality Assurance Committee and to have more direct involvement in local planning processes. The Trust will continue to encourage this contact in the coming year and to use the formal Council of Governors meetings as interactive sessions in which key strategic issues can be discussed, including the proposals for the role of Governors under the Health and Social Care Act.

A re-launched Membership Strategy Committee was established in the year and has been meeting on a monthly basis from December 2011, working to updated terms of reference and a refreshed Membership Strategy. This group is chaired by one of the Patient Governors and is well attended by a cross section of members of the Council. It has developed a work plan to take forward the Membership Strategy which will be carried forward to 2012/13.

Its main areas of focus for the coming year are:

- Increasing representation among our patient and parent/carer populations.
- Developing the members' newsletter with the Committee taking on the role as Editorial Board supported by the Marketing and Communications Team.
- Engaging with members across a range of key areas of Trust activity:
 - public health (smoking, obesity);
 - patient experience, through involvement in the re-launch of Fabio and other initiatives undertaken by the Patient Experience Team;
 - community participation, focusing on work with local stakeholders on delivering key messages about the new hospital;
 - awareness raising and promotion of Alder Hey's services within local schools.
- Planning and organisation of the Annual Members' Meeting.
- 'Critical friend' role in reviewing the Annual Report (incorporating the Quality Report).

Governors have continued to play a vital role across a number of other areas that support the Trust's quality agenda including the PEAT inspection, which assesses hospital cleanliness and standards of patient food. A panel of governors also selects the winner of the Patient Experience category in the annual 'Alder Hey Achievers' awards and attends the presentation event to represent the Council. There is governor involvement on the Patient Experience Partnership and the Alder Hey Arts group, both of which are central to ensuring a sustained focus on providing for our children's wellbeing.



In addition, the 2011 Annual Members' Meeting and Open Day held in October was extremely well supported by governors, members and our patients and families and provided a valuable opportunity for engagement and to share our plans for the new hospital more widely.

The Council met formally three times during the year; details of individual attendance are set out below. Executive and Non-Executive Directors attend the Council of Governors' meetings and the Chief Executive reports on the Trust's performance and on key strategic and operational issues and developments. This ensures that the agendas of the two bodies remain closely interlinked. In addition to these meetings, governors have been involved in the Membership Strategy Committee, and the Nominations Committee as well as time-limited working groups focused on specific issues.

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

COMPOSITION OF THE COUNCIL OF GOVERNORS

The Council of Governors is comprised of six Staff Governors (elected by staff), nine Public Governors, four Patient Governors, six Parent and Carer Governors (elected by members), together 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 that Alder Hey serves across England and North Wales. Elected Governors are chosen as part of an independent process managed on behalf of the Trust by the Electoral Reform Service, in accordance with the constitution. Elections to the Council of Governors take place annually, in the early summer.

The Council of Governors operates under the leadership of the Trust Chair and its endeavours are supported by the senior governor, Professor Murray Dalziel who was elected to this role during 2010/11.

GOVERNOR	CONSTITUENCY	CLASS	TERM OF OFFICE	NO. OF COUNCIL MEETINGS ELIGIBLE TO ATTEND IN 2010/11	TOTAL NO.
Roger Billingham	Appointed	Sefton LINKs	n/a	3	2
Jane Corbett	Appointed	Liverpool City Council	n/a	3	1
Seth Crofts	Appointed	Edge Hill University	n/a	3	2
Murray Dalziel **	Appointed	University of Liverpool	n/a	3	2
Leonie Beavers	Appointed	Liverpool PCT	n/a	3	1
Julie Kennedy	Appointed	North Lancashire PCT	n/a	3	1
Janice Monaghan	Appointed	The Back Up Trust	na	3	2
Rod Thomson	Appointed	Shropshire County PCT	n/a	3	1
Michael Ainsworth **	Patient	Parent and Carer	01.08.08 - 31.07.13	3	3
Christel Butt	Patient	Parent and Carer	01.08.08 - 31.07.11	1	0
Ruth Gould	Patient	Parent and Carer	05.09.11 - 31.08.14	2	2
Rebecca Cartwright	Patient	Parent and Carer	01.08.10 - 31.07.13	3	1
Georgina Tang	Patient	Parent and Carer	07.10.08 - 31.08.14	3	3
John Southern	Patient	Parent and Carer	01.08.10 - 31.07.13	3	2
Karen Bonell	Patient	Parent and Carer	01.08.10 - 31.07.13	3	0
Jack Bergin	Patient	Merseyside	01.08.08 - 31.07.11	1	0
Alex Young	Patient	Merseyside	05.09.11 - 31.08.14	2	1
Daniel Roberts	Patient	Merseyside	01.08.08 - 31.07.11	1	1
Aisling McCann	Patient	Merseyside	05.09.11 - 31.08.14	2	2
Eleanor Brogan	Public	Cheshire	01.06.11 - 31.07.14	3	1
Denise Boyle	Public	Merseyside	01.08.08 - 31.08.14	3	2
April Harper	Public	North Wales	01.08.08 - 31.07.11	Resigned June	0
Terry Axon	Public	North Wales	05.09.11 - 31.08.14	2	2
Norma Gilbert	Public	Merseyside	01.08.10 - 31.07.13	3	3
Martin Murphy	Public	Merseyside	01.08.08 - 31.07.11	1	1
Janine Wooldridge	Public	Merseyside	05.09.11 - 31.08.14	2	2
Edward Turner	Public	Merseyside	01.08.08 - 31.07.13	3	3
Kathy Hawkins	Public	Rest of England	01.06.11 - 31.07.14	3	2
Kate Jackson	Public	Greater Manchester	01.06.11 - 31.07.14	3	3
Christian Duncan	Staff	Doctors and Dentists	01.02.10 - 30.01.13	3	1
Tony Hanmer	Staff	Other Staff	01.08.10 - 31.07.13	3	2
Joe Murray **	Staff	Other Staff	01.08.08 - 31.07.11	1	1
Sharon Cody**	Staff	Other Staff	05.09.11 - 31.08.14	2	2
Hilary Peel	Staff	Nurses	01.08.08 - 31.08.14	3	2
Jennie Craske	Staff	Nurses	01.06.11 - 31.07.14	3	2
Ruth Watling	Staff	Other Clinical Staff	01.08.08 - 31.07.13	3	1

** Members of the Nominations Committee

ATTENDANCE AT COUNCIL OF GOVERNORS BY BOARD MEMBERS	NUMBER OF MEETINGS HELD IN 2011/12
	3
Sir David Henshaw	3
Louise Shepherd	2
Steve Igoe	3
Ed Oliver	2
Ian Quinlan	0 out of 1
Lorraine Dodd	2
Jayne Shaw	1 out of 2
Judith Adams	3
Sue Lorimer	2
Phillip Huggon	2
Susan Sellers	2
Sue Thoms	2
Erica Saunders	3
Professor Ian Lewis	3
Karen Dawber	1 out of 1

2011/12 in accordance with the policy developed by the Trust in support of the constitution. The Trust considers that it operates a balanced, complete and unified Board with particular emphasis on achieving the optimum balance of appropriate skills and experience; this is reviewed whenever any vacancy arises and was rigorously tested in the year as part of the process to recruit two new Executive Directors and one new Non-Executive Director.

The Board of Directors operates to clear terms of reference which underpin the Trust's constitution and which are in turn supported by detailed Standing Financial Instructions and Standing Orders, a scheme of delegation and a Schedule of Matters Reserved for the Board. It is the role of the Board to set the organisation's strategic direction in the context of an overall operational planning framework. It is responsible for all key business decisions but delegates the operationalisation of these to an appropriate committee, the Trust's Senior Leadership Team or relevant programme board in order to receive assurance that the organisation is fulfilling its responsibilities including compliance with national standards and targets and the Terms of Authorisation.

Non-Executive Directors are appointed by the Council of Governors at a general meeting, following a selection process undertaken on behalf of the Council by its Nominations Committee. The Council of Governors has adopted a standard term of office of three years for all Non-Executive appointments, in accordance with the 'NHS Foundation Trust Code of Governance.' The Chair and Non-Executive Directors can also be removed by the Council of Governors through a process which is described in section 24 of the constitution.

MEMBERS CAN CONTACT ALL GOVERNORS AND DIRECTORS BY THE FOLLOWING METHODS:

- In writing, care of Governance and Membership Office, Alder Hey Children's NHS Foundation Trust, Eaton Road, Liverpool, L12 2AP.
- By telephone on 0151 252 5092.
- By email at membership@alderhey.nhs.uk

DECLARATION OF INTERESTS

A copy of the Council's Register of Interests is available on request from Erica Saunders, Director of Corporate Affairs via the Governance and Membership Office on 0151 252 5092 or by email at membership@alderhey.nhs.uk

OUR BOARD OF DIRECTORS

The Trust's constitution provides for a Board of Directors which is comprised of no more than seven Executive and no more than eight Non-Executive Directors including the Chair. All Director roles have been occupied during

INDEPENDENCE OF NON-EXECUTIVE DIRECTORS

The Board considers all of its current Non-Executive Directors to be independent. All appointments and re-appointments are made by the Council of Governors specifically to meet the requirements set out in Monitor's 'NHS Foundation Trust Code of Governance'.



BOARD PERFORMANCE

Each member of the Board of Directors undergoes an annual appraisal to review his or her performance against agreed objectives, personal skills and competencies and progress against personal development plans.

Non-Executive Director assessments and that of the Chief Executive are undertaken by the Chair of the Trust and Executive Director performance is assessed by the Chief Executive. The appraisal of the Chair includes input from all Board members and the Council of Governors.

2011/12 marked a period of consolidation for the Board following the recruitment of a number of new directors during the latter part of 2010/11. The Chair was keen to build in time for reflection on key issues for the organisation going forward and to take stock of the Trust's purpose and vision and its strategic direction. Consideration of these matters led to a further review of the Board level committee structure and introduction of the Transformation Committee to have oversight of the transition to the new health park. In terms of a formal effectiveness review, the Board was fully cognisant of best practice in this area which suggests that such reviews are not advisable at times of change and with this in mind only took the decision to commission such a review at the end of the financial year. This will be completed during quarter 2 of 2012/13; it will focus upon developing optimum ways of working in high performing teams.

COMPOSITION OF THE BOARD

CHAIR AND CHIEF EXECUTIVE

SIR DAVID HENSHAW – CHAIR

Sir David took up post as Chair of Alder Hey in February 2011 for an initial term of three years, having been Chair of NHS North West for four years. Among his many achievements, Sir David was responsible for the review of the child support system in the UK in 2007. He was also involved in the Prime Minister's Delivery Unit Capability Review programme of central government departments. Alongside his valuable experience within the health arena, Sir David has worked extensively in local government. He spent ten years at Knowsley Borough Council before being appointed as Chief Executive of Liverpool City Council, a role which he occupied for seven years. Today, Merseyside residents see and are enjoying the benefits from many of the regeneration initiatives his team brought to the region, including securing the award of European Capital of Culture in 2008. Alongside his role at Alder Hey, Sir David is also a Non-Executive Director for a number of other public and private organisations including the Chair of Manchester Academy for Health Sciences and Non-Executive Director for Albany Investment PLC.

LOUISE SHEPHERD – CHIEF EXECUTIVE

Louise joined Alder Hey in March 2008 from Liverpool Women's Hospital where as Chief Executive she led it

to foundation trust status in 2005, the first in Merseyside to achieve this. 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 as a financial and management consultant to the public sector. Louise is very active in Liverpool outside of the health service; she recently stepped down from her role as Vice Chair of the Royal Liverpool Philharmonic Society after six years.

EXECUTIVE DIRECTORS

PROFESSOR IAN LEWIS – MEDICAL DIRECTOR

Ian joined Alder Hey as Medical Director in March 2011 having previously trained at Alder Hey between 1978 and 1985. He was a Consultant Paediatric Oncologist in Leeds from 1985 where he had additionally undertaken a number of senior leadership roles including Deputy Medical Director for Children's Services and Obstetrics at Leeds and a secondment to the NHS Yorkshire and Humber as Associate Medical Director for Children's Strategy. He has a number of national roles and responsibilities. He is a member of both the Department of Health Payment by Results Clinical Advisory Group; and the National Clinical Advisory Team, advising on and chairing several complex organisational and service reconfigurations. In January 2012, Ian was appointed as co-Chair of the National Children and Young People's Healthcare Outcomes Forum and Strategy with the remit to advise the Secretary of State about how to improve outcomes for children and young people within the NHS. Ian remains active in clinical research, particularly clinical trials and health services research and he has a national and international reputation within paediatric and adolescent oncology. He is currently leading a European Work Package aimed at developing an expert Teenage and Young Adult Oncology network throughout Europe and continues to advise on service developments in the USA, Canada and Australia. Ian is also a Trustee of medical charities related to his clinical work and of his local rugby club.

SUE LORIMER – DIRECTOR OF FINANCE AND COMMISSIONING

Sue joined Alder Hey in 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 board level finance posts since 1990. They include six years at Clatterbridge Centre for Oncology and two years at Cheshire and Wirral Partnership, both now foundation trusts. At Chester she was responsible for the delivery of a new Mental Health hospital built to replace the old Victorian facilities. Her role at Alder Hey covers finance, contracts with commissioners and she is board lead for information management and technology. She is a Trustee and Director of the Healthcare Financial Management Association and a Trustee of the Fiveways Trust, a schools' trust based at Broadgreen International School.

KAREN DAWBER – DIRECTOR OF NURSING (UNTIL DECEMBER 2011)

Karen joined Alder Hey as Director of Nursing in March 2011. Karen is a paediatric nurse by background and worked in Manchester for a number of years. She moved into operational management and keen to broaden and embed her operational experience, Karen moved to Wrightington, Wigan and Leigh in 2004. Prior to her role at Alder Hey, Karen was Director of Nursing and Operations at The Walton Centre for Neurosciences from 2008 and was responsible for nurse leadership and the quality agenda. Karen holds a Diploma in Nursing, a post graduate diploma in management and an MSc in management.

MARCIA MERCER – ACTING DIRECTOR OF NURSING (FROM OCTOBER 2011)

Marcia Mercer joined Alder Hey in September 1979 as a Student Nurse and qualified as a State Registered and Sick Children's Nurse in March 1983. She has subsequently held a number of positions at Alder Hey prior to becoming the Acting Director of Nursing. The majority of positions held focused on direct nursing care as a Staff Nurse and Ward Manager for a number of wards until November 2001 when she moved into the re-invented role of Modern Matron for the Medical Division. This was swiftly followed by the role of Head of Nursing for the Community and Mental Health Care Group. In November 2007 she was appointed to the role Deputy Director of Nursing. Marcia holds an MA in Management and Leadership and a Certificate of Education.

JAYNE SHAW – DIRECTOR OF HUMAN RESOURCES AND ORGANISATIONAL DEVELOPMENT (UNTIL DECEMBER 2011)

Jayne was responsible for workforce and organisational development and was 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 December 2005 and March 2007, taking on the substantive role from April 2007. She has a BA Hons in Business Studies, is Chartered Institute of Personnel Development-qualified and holds a Diploma in Leadership Development.

RICHARD JONES – INTERIM DIRECTOR OF HUMAN RESOURCES AND ORGANISATIONAL DEVELOPMENT (FROM JANUARY 2012)

Richard has extensive experience of operating at Director level in the NHS including three years at the North West Wales NHS Trust, interim HRD roles in the Countess of Chester Hospital NHS FT and United Lincolnshire Hospitals Trust and four years as HRD of Wirral PCT. Most recently Richard had worked at the Addenbrookes Foundation Trust in Cambridge and prior to that he worked with a Chief Executive of a PCT in the West Midlands, advising on the future structure of the Human Resources function. Richard is a Fellow of the Chartered

Institute of Personnel and Development and holds a Masters Degree in Management.

JUDITH ADAMS – CHIEF OPERATING OFFICER

Jude joined Alder Hey as Chief Operating Officer in March 2011 and has over 25 years working in the health service. Jude trained as a nurse and has clinical experience working in specialist and University Teaching trusts both in and outside of London as well as overseas. She moved into healthcare management in 2002 when she applied through the Department of Health for a national advisory role in the Heart Choice programme and worked with the Picker Institute in evaluating patient choice. Jude has held a senior post at the Royal Liverpool and Broadgreen NHS Trust as Divisional Nurse Director for Surgical Services and later becoming Divisional General Manager for this Division. Prior to her role at Alder Hey, Jude was the Director of Operations and Programme Director at Salford Royal NHS Foundation Trust where she led the Trust on a £48m Cost Improvement Plan over three years, as well as leading significant transformation across a number of clinical services. Jude has masters level training in clinical practice and is nearing completion of her MSc in Healthcare Management.

SUETHOMS – DIRECTOR OF BUSINESS DEVELOPMENT (ASSOCIATE DIRECTOR: NON-VOTING)

Sue joined Alder Hey as Director of Business Development in January 2010, having worked in health care for the last 20 years for several private sector organisations. Previous roles included head of local marketing for UK Pfizer Pharmaceuticals and 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.

ERICA SAUNDERS – DIRECTOR OF CORPORATE AFFAIRS (ASSOCIATE DIRECTOR: NON-VOTING)

Erica joined the Alder Hey team in September 2010 as Director of Corporate Affairs. She began her NHS career in 1991 through its graduate management training scheme. Erica spent over ten years working in primary care and commissioning roles before moving to the acute sector on 2003. Part of her job includes the role of Trust Secretary, advising and supporting the Chair, Board of Directors and Council of Governors on all aspects of regulation and corporate governance. Prior to coming to Alder Hey, Erica was Director of Corporate Affairs at the Liverpool Women's NHS Foundation Trust where she directed the successful application to become the first foundation trust in Merseyside. Erica has an MBA, BA (Hons) and is in the final stages of study to become a chartered company secretary.

NON-EXECUTIVE DIRECTORS

LORRAINE DODD - VICE CHAIR

Lorraine was appointed Non-Executive Director in May 2000, reappointed for four years in December 2002 and again in November 2006. She was re-appointed for a final term in May 2010. Lorraine is an Investment Director with Rathbone Investment Management and has over 30 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. Lorraine chairs the Resource and Business Development Committee of the Board.

STEVE IGOE - NON EXECUTIVE DIRECTOR

Steve joined the Alder Hey Board in October 2010. He is the Pro Vice-Chancellor (Resources) at Edge Hill University and a Chartered Accountant by training. Prior to working for Edge Hill, he worked for Coopers and Lybrand Deloitte a predecessor firm of Price Waterhouse Coopers as a Senior Manager in their North West offices. In his current role he has Board responsibility for Finance, IT, HR, Infrastructure Developments and Facilities Management. He has previously advised the Government on the regulation of the higher education sector and was an adviser to the HEFCE Board on leadership, governance and management and costing systems within higher education. Steve has been a Governor of a large acute NHS trust, a Trustee of a charity specialising in respiratory education and an Executive and founding Director of a substantial IT network company. Steve is the Chair of the Trust's Audit Committee.

ED OLIVER - NON-EXECUTIVE DIRECTOR

Ed was appointed as a Non-Executive Director in November 2006 and was re-appointed for a further three years in May 2010. 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 a past Chair of Liverpool Chamber of Commerce and Industry and is Chair of the Ronald McDonald House at Alder Hey and is Chair of the Executive Board of the City Centre Business Improvement District.

IAN QUINLAN - NON-EXECUTIVE DIRECTOR

Ian Quinlan joined the Alder Hey Board in September 2011. He was born and bred in Yorkshire and began his career as an auditor with Ernst and Whinney (now Ernst and Young) in 1982, becoming the youngest partner in

the firm at that time. In 1988 he became Group Finance Director of the Albert Fisher Group Plc, a leading global food processor and distributor. From 2003 to the present time, Ian has held senior positions with VPS Holdings Limited, which is now the most profitable and fastest growing void property services company in the world. Between 2003 and the beginning of 2011 he was Group Chief Executive, during which time the turnover of the business increased from £3m to £200m. Between January and July 2011 he took on the role of Deputy Chairman with responsibility for company strategy, business development and acquisitions. Ian remains a director of the business and provides consultancy service to VPS Holdings Ltd in relation to business development and acquisitions.

SUSAN SELLERS - NON-EXECUTIVE DIRECTOR/SENIOR INDEPENDENT DIRECTOR

Susan took up post in September 2009. She has held a number of management positions in both the public and private sectors. Susan previously spent 12 years in the NHS, firstly as a Non-Executive Director of South Cheshire Health Authority followed by seven years as Chair of the Countess of Chester NHS Foundation Trust. While working in the NHS, Susan served on the influential interim board of the Foundation Trust Network and its governance working group. Most recently she undertook a three year appointment as National Chair of NADFAS, an Arts Education and Heritage Conservation charity with over 90,000 members, retiring in May 2009. Susan chairs the Clinical Quality Assurance Committee and is a Trustee of the Alder Hey Charity.

PHILLIP HUGGON - NON-EXECUTIVE DIRECTOR

Philip joined the Alder Hey Board in March 2010. He has a portfolio of Non-Executive and Trustee roles in the private and public sector, with a particular focus on marketing and business development. Philip has 10 years Board Director experience and is also a Board Director with the Business Continuity Institute, Sports Leaders UK and chair of RCU, an education consultancy. His background is in marketing, strategy and change management gained from 20 years' experience with Shell, MARS and BP, both in the UK and overseas.

DECLARATION OF INTERESTS

A copy of the Register of Interests is available on request from Erica Saunders, Director of Corporate Affairs via the Governance and Membership Office on 0151 252 5092 or by email at membership@alderhey.nhs.uk

ATTENDANCE AT BOARD OF DIRECTORS AND BOARD COMMITTEE MEETINGS

	BOARD	AUDIT COMMITTEE	CLINICAL QUALITY ASSURANCE COMMITTEE	RESOURCES AND BUSINESS DEVELOPMENT COMMITTEE	CHP PROGRAMME BOARD / TRANSFORMATION COMMITTEE (FROM JANUARY 2012)
NO OF MEETINGS HELD 2010/11	10	5	12	13	11
David Henshaw	10	not a member	not a member	not a member	11
Louise Shepherd	10	not a member	9	10	11
Ian Quinlan	6 (out of 7)	3 (out of 3)	not a member	4 (out of 4)	4 (out of 5)
Ed Oliver	9	3	not a member	9	not a member
Steve Igoe	8	5	8	not a member	1 (out of 3)
Lorraine Dodd	9	not a member	not a member	12	5
Jayne Shaw	7 (out of 7)	not a member	not a member	6 (out of 9)	5 (out of 8)
Richard Jones	2 (out of 3)	not a member	not a member	3 (out of 4)	3 (out of 3)
Karen Dawber	5 (out of 5)	not a member	7 (out of 7)	not a member	3 (out of 6)
Marcia Mercer	4 (out of 5)	not a member	4 (out of 5)	not a member	0 (out of 3)
Judith Adams	10	not a member	not a member	10	7
Sue Lorimer	10	not a member	not a member	10	9
Phillip Huggon	9	4	8	11	3 (out of 3)
Susan Sellers	10	4 (out of 4)	11	not a member	not a member
Sue Thoms	10	not a member	not a member	12	9
Erica Saunders	10	not a member	not a member	not a member	7
Professor Ian Lewis	9	not a member	7	not a member	6

AUDIT COMMITTEE

The Audit Committee is comprised of Non-Executive Directors only, excluding the Trust Chair. The Committee was chaired by Steve Igoe throughout the year. Attendance by members is set out above.

The key role of the Committee is to establish the following:

- The Assurance Framework is fit for purpose.
- The systems for risk management identify and allow for the management of risk.
- The organisation has robust governance arrangements.
- The organisation has rigorously self-assessed against required national standards including the CQC essential standards.
- The organisation has robust systems of financial control.

The Audit Committee undertook the following pieces of work during 2011/12 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.
- Receiving reports from other external bodies providing assurance on systems within the Trust.
- Approval of the Annual Governance Statement.

During the year the Committee has complied with 'good practice' through:

- Agreement and monitoring of an annual work programme.
- Preparation of an Annual Report of its activities.
- Undertaking a review of the performance of internal and external service providers.

NOMINATIONS COMMITTEES

The Trust has established separate Nominations Committees to oversee the appointment of Executive and Non-Executive Directors.

- The **Nominations Committee of the Council of Governors** is responsible for the appointment of Non-Executive Directors. It is chaired by the Trust Chair apart from when it is concerned with the appointment of a Trust Chair. Other members of the Committee are Professor Murray Dalziel, Michael Ainsworth, Joe Murray, Sharon Cody (from December 2011) and Louise Shepherd.

During 2011/12 the Committee was responsible for the recruitment of one new Non-Executive Director, Ian Quinlan. The recommendation of the Committee as to the suitability of the preferred candidate was made to the Council of Governors, which approved the new appointment for an initial period of three years. The Committee has begun the process to recruit a replacement for Lorraine Dodd who has notified the Board of her intention to resign at the end of May 2012.

- The [Appointments and Remuneration Committee of the Board of Directors](#) is responsible for the appointment of Executive Directors. It is chaired by the Trust Chair; other members are a minimum of three other Non-Executives and the Chief Executive, as appropriate to the post under consideration. The Committee was responsible for the following appointments during 2011/12: Director of Human Resources and Organisational Development, Director of Nursing. There was full attendance at all meetings held.

OUR MEMBERSHIP

It is important to us that membership is relevant to all sections of the communities we serve and we continue to make every effort to reach all groups within our membership constituencies. We seek to ensure that our membership reflects the social and cultural mix of our catchment population. We also need to ensure that our Council of Governors reflects our membership and we aim to address this challenge by encouraging a large, genuine membership from all areas served by the Trust.

Alder Hey has three broad membership constituencies: public, patients and staff. Within these there are different classes, each of which has at least one governor representing them as shown in the membership matrix overleaf. The wide geographical basis for the public constituencies is derived from the Trust's patient footprint, since we are also a supra-regional centre which means that patients from all over the country are referred to us for treatment. In addition, a specific class for parents and carers reflects the vital role played by individuals who support and care for our patients. Membership is open to anyone over the age of seven who lives in the electoral wards specified. Once a patient reaches 20 years of age they are required to transfer to the public or parent and carer category (whichever is applicable).

MEMBERSHIP STRATEGY

The Trust's Membership Strategy was refreshed and relaunched in 2011 and is led by a committee of the Council of Governors called the Membership Strategy Committee.

The Committee is chaired by one of our Patient Governors, Alex Young. The terms of reference of the new Committee were approved by the Council of

Governors at its meeting in March 2011 to undertake the following:

- Devise a Membership Development Strategy on behalf of the Council, which describes clearly the processes by which the Trust will develop as a membership organisation.
- Ensure that regular analysis of the existing membership is undertaken to inform recruitment of new members, ensuring that the membership remains representative of the communities served by the Trust.
- Devise a system of effective communication with the wider membership so that members are actively engaged with activities such as elections.
- Develop and implement appropriate monitoring systems to evaluate the membership strategy in terms of openness, diversity, representativeness and sustainability.
- Engage with other membership based organisations on best practice recruitment and communication to determine if there is transferability to the Trust.

The refreshed Membership Strategy contains the following agreed aims in order to maintain our overall membership level at around 14,000 and to enhance our ability to engage with our members.

Recruiting patient, parent and carer members:

- Children and young people who have been patients of the Trust and who are between the ages of 7 and 19 will be invited to become a member of the Foundation Trust.
- Parents and carers of children under the age of 20 will be invited to become members.

Recruiting public members:

- Ongoing recruitment will be done through the Elected Governors to ensure a representative membership.

Throughout all our recruitment activities the Trust will endeavour to ensure that all the communities the Trust serves are given every opportunity to become a member. This strategy will be carried out in line with the Trust's Single Equality Scheme and also the Trust's Quality Strategy and in line with all legislation pertaining to equality and diversity issues.

A number of mechanisms will be used for membership engagement including:

- Regular newsletters
- E-mail bulletins
- Invitations to specific events e.g. the cardiac consultation
- Member events
- Annual Members' Meeting
- Lay reader scheme for patient information
- External consultations
- Trust consultations
- Members' Zone on the newly designed Trust website
- Participation in elections to the Council of Governors

CONSTITUENCY MEMBERSHIP PROFILE

CONSTITUENCY	NUMBER OF MEMBERS 2011/12 (ACTUAL AS AT 31ST MARCH 2012)	NUMBER OF MEMBERS 2012/13 (PLANNED)
PUBLIC		
Area 1 - Merseyside: Liverpool, Wirral, Sefton, Knowsley, St. Helens	1884	1884
Area 2 - Cheshire: Warrington, Halton, Cheshire West and Chester and Cheshire East	353	353
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	274	274
Area 4 - Greater Manchester: Wigan, Bolton, Bury, Rochdale, Oldham, Tameside, Manchester, Salford, Trafford, Stockport	298	298
Area 5 - Rest of England: any other area not specified	183	183
Area 6 - North Wales: Conway, Denbighshire, Flintshire, Gwynedd, Isle of Anglesey, Wrexham	180	180
SUBTOTAL	3172	3172
PATIENTS		
Merseyside Patients	1481	1840
Rest of England and North Wales Patients	707	850
Parents and Carers	5040	5300
SUBTOTAL	7228	7990
STAFF		
Medical Practitioners and Dental Practitioners	275	275
Nursing Staff	800	800
Other Clinical Staff, inc Allied Health Professionals, Psychologists and Pharmacists	501	501
Other Staff and Trust Volunteers	1414	1414
SUBTOTAL	2990	2990
TOTAL	13390	14152



EMELIA JONES
AGED TWO MONTHS

Baby Emelia is recovering from heart surgery. Her mum Lisa explains: "There's a great support network here from people on the ward, the Cardiac Liaison Nurses and the surgeon Mr Prem who has taken the time to visit Emelia each day to check her progress."

QUALITY REPORT:

"Quality at the heart of everything we do".

PART 1: STATEMENT ON QUALITY FROM LOUISE SHEPHERD, CHIEF EXECUTIVE

Alder Hey already has a justly deserved reputation for providing high quality services for children and young people. The evidence for this comes from a number of sources: patient feedback, letters of thanks from parents and families and from the formal reports of our regulators and independent assessors. For example, as an NHS organisation that has been awarded and retained NHSLA Level 3 - the highest possible rating for clinical risk management - Alder Hey can show that it is among the safest hospitals in the country. However, it is vitally important that we do not become complacent about our services.

The year 2011/12 was significant for Alder Hey for many reasons, but not least of these was because it saw the creation of our new Quality Strategy, which over the next four years will be the driver for all of our quality initiatives, including our Quality Report as the means by which we hold ourselves accountable to our patients and the public for the services that we provide.

Under the leadership of our Medical Director, Professor Ian Lewis, we have re-stated the importance of having the quality agenda at the front and centre of our organisation and fundamental to the role of every single member of staff. At the same time we have kept our quality governance structures and systems under review, building

and embedding our assurance processes. Our Clinical Business Units are key to this, each of them having developed their own risk and governance arrangements as the means by which quality indicators are measured and monitored at local level: risks assessed, action taken and learning shared. The Board has tested the effectiveness of these processes via an independent review undertaken by our internal auditors, based upon Monitor's Quality Governance Framework and we were very encouraged by their conclusions. As ever though, there is still much to do and I am assured that the CBUs are embracing quality improvement and prioritising their contribution to delivering our strategy.

As Chief Executive I am confident that the information set out in the following report is accurate and a fair reflection of the key issues and priorities that clinical staff have themselves developed over time. The Board at Alder Hey is fully committed to the principles set out in the Quality Strategy that will support the continued drive to a quality-led culture, however it is the Clinical Business Units that will truly lead this movement.



LOUISE SHEPHERD
CHIEF EXECUTIVE

28TH MAY 2012

PART 2: PRIORITIES FOR IMPROVEMENT AND STATEMENTS OF ASSURANCE FROM THE BOARD

2.1 PRIORITIES FOR IMPROVEMENT

Progress made in 2011/12 and previous years against quality improvement priorities identified in last year's Quality Report can be found on page 51.

2.1.2 PRIORITIES FOR IMPROVEMENT 2012/13

The Alder Hey Quality Strategy utilises the definition of 'Quality' as set out in the Darzi Report, 'High Quality Care for All' (2008) with its three main elements of patient safety, clinical effectiveness and patient experience. The purpose of the strategy is to ensure that we capture the "essence" of quality and translate this effectively by bringing together national policy, strategic direction and regulatory, financial and governance requirements with our stated imperative of providing safe, effective and world class healthcare for each and every child for whom we care, within a culture of openness and continual improvement.

Children, young people and their families are at the centre of this strategy. The Board of Directors in consultation with staff, patients, governors, LINKs organisations and commissioners have identified key priorities for improvement which have been derived from national and regional priorities, the Trust's performance against quality and safety indicators, risk trend analyses and patient and public feedback. The priority improvements for 2012/13 are:

PRIORITY 1: PATIENT SAFETY	Improved recognition of patient deterioration and a reduction in cardiac arrests, through implementation of PEWS (Paediatric Early Warning System).
	A reduction in medication errors.
	Improved safety and prevention of VTE (Venous Thromboembolism).
PRIORITY 2: CLINICAL EFFECTIVENESS	Enhanced hospital mortality review process.
	Implementation of a surgical site infection surveillance programme.
	Implementation of paediatric Nurse sensitive indicators.
PRIORITY 3: PATIENT EXPERIENCE	Use of Fabio Trust-wide to improve patient experience, engagement and feedback.
	Develop parent information leaflets for a number of long term conditions.
	Develop a transition assessment tool for neuro and cardiac patients.

The Board will monitor progress against these priority areas through the Clinical Quality Assurance Committee. Progress will be reported to commissioners through Quality Contract meetings and to patients, carers and LINK members through a series of engagement events. The Trust continues to develop the skills of the workforce to deliver quality improvements, through the utilisation of a variety of improvement methodologies.

2.2 STATEMENTS OF ASSURANCE FROM THE BOARD

2.2.1 REVIEW OF SERVICES

During 2011/12 Alder Hey Children's NHS Foundation Trust has provided 27 NHS services. Alder Hey Children's NHS Foundation Trust has reviewed all the data available to them on the quality of care in all of these services. The income generated by the NHS services reviewed in 2011/12 represents 100% of the total income generated from the provision of NHS services by Alder Hey Children's NHS Foundation Trust for 2011/12.

2.2.2 PARTICIPATION IN CLINICAL AUDITS AND NATIONAL CONFIDENTIAL ENQUIRIES

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

National clinical audits are either funded by the Health Care Quality Improvement Partnership (HQIP) through the National Clinical Audit and Patient Outcomes 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 the reporting period 1st April 2011 to 31st March 2012, 20 NCAPOP clinical audits and four national confidential enquiries covered NHS services the Alder Hey Children's NHS Foundation Trust provides.

During that period Alder Hey Children's NHS Foundation Trust participated in 80% NCAPOP clinical audits and 75% 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 the reporting period 1st April 2011 to 31st March 2012 are contained in the table opposite.

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 the reporting period 1st April 2011 to 31st March 2012, are listed overleaf 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.

PARTICIPATION IN NATIONAL CLINICAL AUDITS AND NATIONAL CONFIDENTIAL ENQUIRIES DURING 2011/12

AUDIT	PARTICIPATION	% CASES SUBMITTED
PERI- AND NEONATAL		
Perinatal mortality (MBRRACE-UK)	Yes	100%
Neonatal intensive and special care (NNAP)	No	Audit data set excludes Trust
CHILDREN		
Paediatric pneumonia (British Thoracic Society)	Yes	Data collection on-going
Paediatric asthma (British Thoracic Society)	Yes	71%
Pain in children (College of Emergency Medicine)	Yes	100%
Childhood epilepsy (RCPH National Childhood Epilepsy Audit)	Yes	100%
Paediatric intensive care (PICANet)	Yes	100%
Paediatric cardiac surgery (NICOR Congenital Heart Disease Audit)	Yes	Data collection on-going
Diabetes (RCPH National Paediatric Diabetes Audit)	Yes	100%
ACUTE CARE		
Cardiac arrest (National Cardiac Arrest Audit)	Yes	100%
Potential Donor Audit (NHS Blood and Transplant)	Yes	100%
LONG TERM CONDITIONS		
Chronic pain (National Pain Audit)	No	Reviewing participation in 2012/13
Ulcerative Colitis and Crohn's Disease (National IBD Audit)	Yes	90%
Bronchiectasis (British Thoracic Society)	No	Reviewing participation in 2012/13
ELECTIVE PROCEDURES		
Elective surgery (National PROMs Programme)	Yes	100%
TRAUMA		
Severe trauma (Trauma Audit and Research Network)	Yes	80%
BLOOD TRANSFUSION		
Bedside transfusion (National Comparative Audit of Blood Transfusion)	Yes	100%
O negative blood use (National Comparative Audit of Blood Transfusion)	Yes	100%
Platelet use (National Comparative Audit of Blood Transfusion)	Yes	100%
Audit of Decreased Consciousness (RCPCH)	Yes	100%
Consultant Sign Off (CEM)	Yes	100%
Children's Nutrition Audit (University of Ulster)	Yes	100%
Paediatric Global Trigger Tool (NHS Institute for Innovation and Improvement)	Yes	100%
Renal Biopsy Audit (BAPN)	Yes	Data collection on-going
Clinical Gait Analysis Clinical Movement Analysis Society - (CMAS)	No	N/A

NATIONAL CONFIDENTIAL ENQUIRIES	PARTICIPATION	% CASES SUBMITTED
Asthma Deaths NRAD Royal College of Physicians (RCP)	Yes	Data collection on-going
Child Health Review UK (contracted to RCPCH) The review will examine aspects of care received by 1-18 year olds with epilepsy at all stages of the care pathway, including emergency and primary care.	Yes	Data collection on-going
Maternal and Perinatal Mortality Notification (MPMN) coordinated via HQIP	Yes	100%
National Confidential Enquiry into Patient Outcome and Death (NCEPOD) 'Surgery in Children'	Yes	86%

2.2.3 ACTIONS ARISING FROM CLINICAL AUDITS AND NATIONAL CONFIDENTIAL ENQUIRIES

The reports of 27 national clinical audits were reviewed by the provider in the reporting period 1 April 2011 to 31 March 2012 and Alder Hey Children's NHS Foundation Trust intends to take the actions to improve the quality of healthcare provided.

There were a total of 176 local audits registered in the reporting period 1st April 2011 to 31st March 2012. Three (2%) of these audits have been cancelled. There are 26 (15%) audits completed. There are 147 (85%) on-going audits, 23% have been registered in the last two months and completion will be in the reporting period of 2012/13.

ACTIONS TAKEN/TO BE TAKEN AS A RESULT OF NATIONAL CLINICAL AUDITS IN 2011/12

AUDIT	ACTIONS
Paediatric pneumonia (British Thoracic Society)	The BTS report for 2011 has been sent to the Pneumonia Audit lead for dissemination to the Respiratory Team and comments in April 2012. The audit leads will consider a prospective round of data collection for the 2012 audit period to monitor and improve the Trust's performance in this audit.
Paediatric asthma (British Thoracic Society)	The BTS report for 2011 has been sent to the Trust Asthma Team for dissemination and comment in March 2012. The audit results have been presented to the Respiratory Department and Trust wide (February, March 2012). Learning points were discussed and recommendations for improvements made.
Pain in children (College of Emergency Medicine)	No changes to Emergency Department protocols or policies as a result of the 2011 audit.
Childhood epilepsy (RCPH National Childhood Epilepsy Audit)	The local report (Alder Hey results) will be discussed at a General Paediatric Forum meeting and all relevant staff will be invited. The results of the whole audit for Merseyside will be presented and discussed at the regional Epilepsy Interest Group (EPIC) in Chester in 2013. The draft results have resulted in discussion within the General Paediatrics Team and subsequently lead to more consistent referrals of children with epilepsy to the general paediatricians with interest in epilepsy as per NICE guidance. A final site specific report will be available from RCPH in May 2012. The finalised report will be published and launched in September 2012.
Paediatric intensive care (PICANet)	All eligible children are included and we review and change practice in response to important findings.
Paediatric cardiac surgery (NICOR Congenital Heart Disease Audit)	The Critical Care/Cardiac Unit, Clinical Business Unit (CBU) management team are engaging with the audit by taking a strong and active interest in remedying previous issues with data entry and capacity.
Diabetes (RCPH National Paediatric Diabetes Audit)	The draft annual NPDA report for this period is scheduled for distribution for comment by the end of July 2012, with the final document ready for release and publication in October 2012. In the interim a presentation of data for the 2009/10 audit and raw data for the 2010/11 audit has been produced and sent to the Diabetes Audit lead consultants for dissemination at diabetes team meetings (March 2012).
Cardiac arrest (National Cardiac Arrest Audit)	As part of an ongoing plan to prevent cardiac arrest calls in the hospital a multicentre approach has been developed along with the following: <ul style="list-style-type: none"> • Appointment of a Paediatric Early Warning Tool (PEW) coordinator. • The development and roll out of a new improved PEW Tool. • The Trust has developed and rolled out the 'RESPOND' course (recognising and responding to sick children). These courses are conducted monthly and are unique to this hospital. • The Trust has purchased £35K of simulation mannequins via charitable funds to enhance training in recognition of illness. • The team has developed a DVD training programme to show the gold standard for taking and recording basic observations (March 2012).
Potential Donor Audit (NHS Blood and Transplant)	All eligible children are included and we review and change practice in response to important findings.
Ulcerative Colitis and Crohn's Disease (National IBD Audit)	The final audit report was sent to the Gastroenterology Team for review in March 2012. Locally, this has not made any changes to outcomes. However, the Trust has improved the recording of information to comply with the audit criterion.
Bronchiectasis (British Thoracic Society)	We do not currently register for this audit. However we will review this for 2012/13.
Elective surgery (National PROMs Programme)	All eligible patients are included and we review and change practice in response to important findings.

AUDIT	ACTIONS
Severe trauma (Trauma Audit and Research Network)	TARN work is now being reported to the newly established Trauma Steering Group chaired by the Medical Director, on a regular basis. A Clinical Director for Trauma has now been appointed (September 2011) who will be responsible for overseeing and supporting the TARN work. Quarterly reports the Trust receives from TARN are changing to three times per year: March, July and November and will incorporate network reports alongside individual hospital reports. These reports will go to the Trust's Trauma Steering Group for review. The CQUIN report comprising TARN data will not be produced until the end of June 2012.
Bedside transfusion (National Comparative Audit of Blood Transfusion)	The audit was discussed at the regional meeting for transfusion. There are no plans to run this audit nationally again. The Alder Hey Transfusion Team undertakes an annual Trust wide audit for NHSLA (NHS Litigation Authority). This audit covers exactly the same data points as the National Audit of Bedside Transfusion, providing continuity in monitoring.
O negative blood use (National Comparative Audit of Blood Transfusion) Report is for 2010 period Recommendations published 2011	The Trust is 100% compliant with the National Audit recommendations. No actions required.
Platelet use (National Comparative Audit of Blood Transfusion) Report published April 2011	The Trust is 100% compliant with the National Audit recommendations. No actions required.
Audit of Decreased Consciousness (RCPCH)	The Trust lead for trauma attended the Decreased Conscious Level Multi-site Audit Stakeholders' Meeting (15/09/2011) where the audit results were discussed. The final report containing the audit's results, the clinicians' survey and the recommendations for improved care of children and young people presenting to hospital with a decreased conscious level was published and sent to the audit leads for dissemination in February 2012.
Consultant Sign Off (CEM)	This audit was organised by the College of Emergency Medicine (CEM) and therefore aimed at Emergency Departments that see both adults and children, where the staff are not as experienced in paediatrics. The standards and comparisons are therefore not appropriate for Alder Hey as a specialist paediatric Emergency Department. Alder Hey was encouraged to enter data to help develop a more appropriate stand alone Children's Department standard. Discussions with the College of Emergency Medicine are ongoing.
Children's Nutrition Audit (University of Ulster)	Data collection for the audit was completed in 2011 and all data were sent to the University of Ulster by Alder Hey Dietetics Department. The University of Ulster are preparing the results and finalising the audit report.
Paediatric Global Trigger Tool (NHS Institute for Innovation and Improvement)	This is an ongoing Trust wide audit of 20 case notes per month to identify triggers (abnormal events or incidents needing further evaluation). A progress report was presented to the Trust's Clinical Quality Assurance Committee (CQAC) in March 2012. It was recommended the audit should be taken up by each individual Clinical Business Unit in order to have a better understanding of their practice.
Renal Biopsy Audit (BAPN)	Alder Hey registered for this audit in January 2012. Local audit leads were identified to take this forward within the Urology Department. Data Collection is on-going in 2012.
Clinical Gait Analysis Clinical Movement Analysis Society - (CMAS)	The Gait Lab was externally audited on the 11/10/11 and internally audited on 06/12/11. Recommendations from the first round of audits have been made. The outcomes of the audits were presented within the Alder Hey Gait Lab in January 2012. A further round of internal audit is scheduled for May 2012.
Biologics Audit (UK Inflammatory Bowel Disease Audit)	This is an on-going audit with no end date. Data are prospectively entered by the Gastroenterology Nurse Specialists. An interim national report on the biologics audit as part of the UK IBD Audit 3rd round will be launched in June 2012 at the Digestive Disorders Federation (DDF) meeting in Liverpool.
T14 Study (Paediatric Throat Disorders) Guys and St Thomas' Hospital NHS Trust	This is an on-going audit.
Audit of attendance of Care Co-ordinators (CC) at Care Programme Approach (CPA) reviews	A flowchart is to be produced detailing the admission process and the role of the Care Co-ordinator. This is to be submitted to the District Services CBU Clinical Governance Group for review. A re-audit is to be planned.

AUDIT	ACTIONS
The role of clinical psychologists in tier 4 Child and Adolescent Mental Health Services	This is an on-going audit. The final report with recommendations is scheduled for completion in summer 2012.
Medical Services for Children in Care and Adopted Children in Cheshire and Merseyside (Multi-site audit)	This is an on-going audit with regular steering group meetings throughout 2012. The final report is scheduled for completion in October 2012.

The reports of 26 (100%) completed local clinical audits were reviewed by the provider in the reporting period 1st April 2011 to 31st March 2012 and Alder Hey Children's NHS Foundation Trust intends to take the actions stated below to improve the quality of healthcare provided. One audit has been reviewed and is on-going so is not included in the total.

ACTIONS TAKEN/TO BE TAKEN AS A RESULT OF LOCAL CLINICAL AUDITS IN 2011/12

AUDIT	ACTIONS
Audit of MRSA infections at Alder Hey 2010	Better documentation in notes.
H1N1 in the PICU population	On site virology services required. Designated ward to support High Dependency Unit. Training for ward staff in NIVV. Identify medical and nursing support for extended capacity.
Audit of analgesia and side effects following pectus repair	Epidurals to be inserted below T6. Further review of the epidurals required.
Audit of respiratory virus infections at Alder Hey 2009/2010	Continue monitoring of respiratory virus patterns.
Audit of audiological interventions for hearing loss in children with Cleft Palate	On the basis of this study, one can propose that a threshold of hearing loss should be ascertained before an intervention is required e.g. 30dB as minimum. Provided that the OME hearing loss is solely conductive, then the patient should be assessed carefully and vigorously. If the hearing loss is persistent (e.g. three months) and in the lower half of the hearing range e.g. 40dB or below then perhaps hearing aids should be used, whilst in those patients with >40dB hearing loss, VTs could be inserted as a first line treatment method followed by hearing aids. The cost effectiveness of such a proposition would have to be reviewed. This protocol combines the short term benefits of grommet insertion with the lower complication rates of hearing aids.
Use of inhaled nitric oxide on ICU	In order to curtail unnecessary use of an expensive but sometimes essential therapy, processes need to be put in place to accurately identify those patients that are likely to benefit and reduce unjustifiable usage.
Neurology discharge summaries	Create a more robust system for identifying which children require discharge summary. Allocate who completes the discharge summary and checking.
Time to Theatre Audit for Trauma patients in the Orthopaedic Department.	Use of Emergency Theatre being reviewed in light of accreditation as Major Trauma Centre.
An Audit of suprapubic catheter insertion and its morbidity and mortality	Actions to be discussed at departmental meeting.
Cardiac staffs views on the Bristol early warning scoring tool in cardiac children	The Paediatric Early Warning tool (PEW) on the Hospital System (Meditech) needs to be simpler. The language surrounding PEW is confusing and needs to be clearer and simpler.
Diagnosis and Management of Buckle Fractures in the Emergency Department	Change in practice - Buckle Fractures no longer routinely referred to Orthopaedic Fracture Clinic. Patient information letter developed to be given to family.
Audit of the use of 3-T MRI in the management of cranial tumours in children	Combined evaluation of the Intra-operative MRI scans by Radiologist and Neurosurgeon.
Audit of muscle imaging in children and adolescents with suspected neuromuscular disease in a tertiary neuromuscular centre	Need to ensure structured radiology reporting of muscle imaging. Introduce image guided muscle biopsies in focal abnormalities on imaging.

AUDIT	ACTIONS
Amputations in Purpura Fulminans	A prospective study should be carried out (preferably multi-centre) to look at treatment options in this sub-group.
Repeat of previous CEM Pain in Children Audit. This was an SSM not a national audit	Dissemination of audit reports and department pain meeting - January 2012. Review pain score teaching for nursing, medical staff.
Re-audit of Anaemia in chronic Renal Failure	To ensure monthly re-auditing.
An audit of operative notes at a paediatric surgical centre. An opportunity in facilitating surgical innovation	Introduction of operative note pro-forma for both day case and in-patient surgery. Update pathway operative notes in line with the pro-forma.
Liver Function Testing in Leukaemia (ALL) Outpatient Clinics	Ensure routine Liver Function Testing (LFT's) are not performed in children undergoing maintenance treatment for Acute Lymphoblastic Leukaemia (ALL) unless there is a clinical indication.
An Evaluation of the CAMHS Duty Rota for the Self-Harm Referral Pathway at Alder Hey Children's Hospital	Continue centralised duty system. Continue to collate data to allow review of current system.
Survey and audit of regional anaesthetic equipment and usage in the Anaesthetic Department	Need to work with Stores to source alternative products. An improved system for monitoring stock levels to be developed.
Audit of Beta-Lactamase Negative Amoxicillin Resistant Haemophilus (BLNAR)	Only 2% of all H. influenzae isolates were BLNAR, but these isolates had a higher cefotaxime MIC than fully susceptible H. influenzae isolates. This emphasises the need to perform cefotaxime MICs when treating patients with infections due to BLNAR H.influenzae.
HDU refused admissions and eventual outcome for patients	A new data collection tool to be implemented. Re-audit planned.
An audit to compare the local Standard Operating Procedure (SOP) for authorisation of laboratory reports with the recently published BSAC version 10.2 document, specifically in the area of interpretive reading of antibiograms	Local SOP for authorisation of laboratory reports to be rewritten to comply with the British Society for Antimicrobial Chemotherapy (BSAC) standards.
Medicines Management Code Ward Storage Audit	Ensure treatment room door is closed and locked at all times when unattended. Ensure all medicines are locked away after use. Wards to ensure Estates are informed if there is no facility for the medication trolley to be secured to a wall on the ward.
Audit of oxygen prescribing for in-patients (National Patient Safety Agency)	Electronic prescribing being introduced. Training on electronic prescribing has started.
Baseline audit for the proactive person-centred discharge planning pathway	Report presented to Clinical Quality Assurance Committee (CQAC) 05/03/12. To undertake further work to facilitate routine identification of patients with complex long term conditions, technology dependencies and complex discharge requirements as part of hospital episode statistics. To repeat the audit with relevant in-patient stays for a cohort of children identified from community children's nursing team caseloads as having complex ongoing care needs. To revise definitions of complex discharges to differentiate complex and highly complex discharges. To undertake further work to improve involvement of the child, family and multi-professional team in discharge planning. This requires medical as well as nursing leadership. To revise the proactive person-centered Discharge Planning Pathway goals 8a, 9, 10, 11 to a timescale of "at least 24 hours prior". Further work on verifying accuracy of data extracted from hospital system required.
Audit and re-audit of process for Aseptic Non Touch Technique (ANTT)	Previous audit reviewed by team. New Audit Data Collection Tool issued. Audit Data collected. Data entry completed March 2012. On-going analyses.

2.2.4. PARTICIPATION IN CLINICAL RESEARCH

Research is a core part of Trust business: the Research Business Unit (RBU) has been in place for over three years and continues to grow, providing valuable evidence to improve patient safety and care in future years.

The Trust has actively been involved in over 70 National Institute of Health Research (NIHR) Clinical Research Network (CRN) portfolio registered studies (plus 27 studies which do not qualify for NIHR CRN portfolio inclusion), some as lead centre for multi-centre studies and involvement in others as a participating site. The main areas of research are Endocrinology, Neurology, Rheumatology, Respiratory, Medicine, and Oncology. Analyses at CBU level have enabled the RBU to identify areas in which we can work with them to encourage them and support staff to become more research active. An objective within the coming year in the Integrated Research Strategy is to identify CBU research themes and appoint CBU research leaders to assist in CBU staff developing their own research strategies which align to the main Integrated Research Strategy.

The number of patients receiving NHS services provided or subcontracted by Alder Hey Children's NHS Foundation Trust in 2011/12 that were recruited during that period to participate in research approved by a Research Ethics Committee was 2,748.

Participation in clinical research demonstrates Alder Hey's commitment to improving the quality of care we offer and to making our contribution to wider health improvement.

Our clinical staff stay abreast of the latest possible treatment opportunities and active participation in research leads to successful patient outcomes. Alder Hey was involved in conducting 122 clinical research studies in 13 medical specialties during 2011/12. Over the same period, there was no mortality from causes considered preventable in all medical specialties, this has not changed from the previous year and is at 0%.

PATIENTS RECRUITED IN CLINICAL RESEARCH IN 2011/12 BY MEDICAL SPECIALTY

01/04/2011 - 29/02/2012	NIHR STUDIES	NUMBER OF PATIENTS IN NIHR STUDIES	NON NIHR STUDIES	NUMBER OF PATIENTS IN NON NIHR STUDIES
SG1 - Oncology, Haematology and Palliative Care	27	253	6	75
SG2 - Nephrology, Rheumatology, Gastro, Endocrinology, Dietetics	19	313	3	64
SG3 - Respiratory, Infectious Diseases, Immunology and Metabolic Diseases	12	790	6	383
SG4 - A&E, Gen Peads, Diabetes, Dermatology CFS/ME	5	25	1	0
SG5 - CAMHS tier 3 & 4 Psychological Services and Dewi Jones Unit	2	24	2	63
SG6 - Community Child Health, Safeguarding, Social Work Department, Community Clinics Neurodisability, Education, Fostering, Adoption, Audiology	0	0	0	0
SG7 - PICU, HDU, Burns	5	117	2	5
SG8 - Cardiology, Cardiac Services	1	1	0	0
SG9 - Neurology, Neurosurgery, Craniofacial, Long Term Ventilation	6	21	4	60
SG10 - Specialist Surgery, Ear, Nose and Throat, Cleft Lip and Palate, Ophthalmology, Maxillofacial, Dentistry and Orthodontics	11	408	2	0
SG11 - Orthopaedics, Plastics	0	0	1	0
SG12 - General Surgery, Urology, Gynae, Neonatal	3	25	2	9
SG13 - Theatres, Day Case Unit, Anaesthetics, Pain Control	1	0	0	0
SS1 - Radiology	0	0	0	0
SS2 - Pathology	0	0	0	0
SS3 - Pharmacy	0	0	1	0
SS4 - Therapies, EBME, Central Admissions, Bed Management, Medical Records, Generic Out-patients	0	0	0	0
TOTAL	92	1977	30	659

The improvement in patient health outcomes at Alder Hey demonstrates that a commitment to clinical research leads to better treatments for patients.

An example of how our studies have improved the lives of our children and young people is one which the NIHR Medicines for Children Local Research Network helped to deliver. Tocilizumab is a new treatment option for Systemic Juvenile Idiopathic Arthritis sufferers. Alder Hey participated in a world-wide research study looking at the effectiveness of Tocilizumab in children aged two years to 17. The organisation met its recruitment target and contributed to the successful approval and licensing of this drug by the National Institute for Health and Clinical Excellence (NICE) and children as young as two years old are now benefitting from this new treatment.

There were 47 (research nurses and consultants) clinical staff participating in research approved by a Research Ethics Committee at Alder Hey during 2011/12. These staff participated in research covering 12 medical specialties.

In addition, in the last three years, 231 publications have resulted from our involvement in NIHR research, which shows our desire to improve patient outcomes and experience across the NHS.

Our patients, their families and the clinical team work in partnership in all aspects of care. Patient and family involvement is always encouraged in, for example, research study design. The Medicines for Children Research Network has a dedicated public involvement officer who works closely with research staff within the Trust to ensure that our users' views are taken into account.

2.2.5. USE OF THE COMMISSIONING FOR QUALITY AND INNOVATION FRAMEWORK (CQUIN) PAYMENT FRAMEWORK

A proportion of Alder Hey Children's NHS Foundation Trust income in 2011/12 was conditional upon achieving quality improvement and innovation goals agreed between Alder Hey Children's NHS Foundation Trust and any person or body entered into a contract, agreement or arrangement for the provision of NHS services. During 2011/12 these commissioning bodies consisted of Liverpool Primary Care Trust (PCT) and consortia partners Sefton PCT, Knowsley PCT and the North West Specialist Commissioners.

Another objective of the Integrated Research Strategy is to develop and improve Alder Hey's standing within the local and regional research community. To this end the Trust has become a full member of Liverpool Health Partners Ltd (LHP). The advantages of membership of LHP are considerable. Achievement of LHP's objectives will help to bridge the translation gap from research to clinical practice and in doing so encourage innovation and new technologies. To do this LHP will improve communication amongst the partners by providing the infrastructure that will help to eliminate barriers to the dissemination of information, governance and decision making. It will also be able to attract and retain world class staff as LHP will help to provide a world class environment and framework in which to work.

As cost pressures on NHS budgets grow it is vital that evidence based practice into preventing, diagnosing and treating diseases develops and is implemented. Research activity has grown considerably over the past five years at Alder Hey. Research and Education is identified as one of the core strategic pillars within the Trust. As we enter exciting times with the opening of a dedicated Clinical Research Facility (which will enable us to take on considerably more commercially funded studies) we aim to increase the amount of income to invest within the Trust. Not only will this enable us to further develop our research capacity and capability but will also increase the quality of treatments offered to our patients. Research is a fundamental part of the plans for the new Children's Health Park and we move towards that goal in the knowledge that research is firmly embedded here at Alder Hey. Our engagement with clinical research also demonstrates Alder Hey's commitment to testing and offering the latest medical treatments and techniques.

For 2011/12 the baseline value of CQUIN was £1.9m which was 1.5% of the total contract value. This means that if Alder Hey Children's NHS Foundation Trust did not achieve an agreed quality goal then a percentage of the total CQUIN money would be withheld. For 2011/12 Alder Hey Children's NHS Foundation Trust received 96.4% of the CQUIN money. The CQUIN goals and related percentage of contract value are as follows:

CQUIN 2011-12 FORECAST

DOMAIN	CQUIN INDICATOR	DESCRIPTION OF INDICATOR	% OF CONTRACT VALUE	END OF YEAR PERFORMANCE
LIVERPOOL PRIMARY CARE TRUST (PCT) AND CONSORTIA PARTNERS SEFTON PCT, KNOWSLEY PCT				
Patient Experience	Patient Experience - Improve Responsiveness to Personal Needs	Investing in Children Project and Accreditations.	0.15%	Fully achieved
Clinical Effectiveness	TARN	√√√ for Data Completeness and 82.2% for Data Accreditation.	0.10%	Fully achieved

DOMAIN	QUIN INDICATOR	DESCRIPTION OF INDICATOR	% OF CONTRACT VALUE	END OF YEAR PERFORMANCE
LIVERPOOL PRIMARY CARE TRUST (PCT) AND CONSORTIA PARTNERS SEFTON PCT, KNOWSLEY PCT				
Clinical Effectiveness, Patient Experience and Patient Safety	Harm Free Care - Your Skin Matters - Reduction in Pressure Ulcers	Pressure Ulcer Risk Assessment implementation of scoring tool. <= 5 pressure ulcers in any quarter (> Level 1).	0.50%	Fully achieved
	Harm Free Care - Keeping Nourished - Getting Better	Nutritional screening tool implemented and in use. Audit of compliance.		Partially achieved
	Harm Free Care - Importance Choices - Where to Die When the Time Comes	Establish and assess compliance of Liverpool Care Pathway.		Fully achieved
	Harm Free Care - Fit and Well to Care - Nursing Sickness	Nursing Sickness Absence - target is 5%.		Fully achieved
	Harm Free Care - Ready to Go No Delays	Baseline audit and monitoring of discharge planning pathway for children with additional support needs.		Fully achieved
	Harm Free Care - Protection from Infection - Reduction in UTI Infections	Reduction in UTI Infections monitored from Q3 (baseline set by end of Q2).		Not achieved
	Harm Free Care - Reduction in Infection - IV Lines	Reduction in infection in IV Lines monitored from Q2 (baseline set in Q1).		Fully achieved
Clinical Effectiveness, Patient Experience and Patient Safety	Public Health Indicators	Brief Intervention Training - Train the Trainer.	0.4%	Fully achieved
		Brief Intervention Training - Cascade Training.		Fully achieved
		Brief Intervention Advice - Smoking, Weight, Drugs and Alcohol.		Fully achieved
		Smoking Intervention.		Fully achieved
		Smoking - Referral.		Fully achieved
Clinical Effectiveness	Healthy Start Vitamins and Breastfeeding	Undertake staff training to an agreed standard within the Neonatal Unit (NNU).	0.2%	Fully achieved
		Pilot the implementation in the NNU.		Fully achieved
		Increase the percentage of breast fed babies discharged from NNU from the baseline.		Fully achieved
		Increase public awareness and increase the uptake and sign ups of the Healthy Start scheme.		Fully achieved
Clinical Effectiveness and Patient Experience	Effective Discharge Planning	Discharge Summaries to contain the recommended CRG minimum dataset.	0.15%	Fully achieved
		Discharge Summaries to be received by the patients GP within 24 hours.		Fully achieved
		Implementation Plan to support the full transition from paper to electronic methods.		Fully achieved
		Patients to receive a copy of their Discharge Summary on day of discharge.		Fully achieved
		Discharge letters to be received by patient's GP within two weeks of discharge.		Fully achieved

DOMAIN	CQUIN INDICATOR	DESCRIPTION OF INDICATOR	% OF CONTRACT VALUE	END OF YEAR PERFORMANCE
NWSCT CQUIN INDICATORS				
Clinical Effectiveness	Stem Cell Transplantation Outcomes	Submission of data to the British Society for Bone Marrow Transplants (BSBMT) registry	0.45%	Fully achieved
		Audit of survival		Fully achieved
		Development of Patient Reported Outcome Measures (PROMS)		Fully achieved
	Ketogenic Diets	Audit and outcome review	0.3%	Fully achieved
		Weight management monitoring	0.45%	Fully achieved
	Haemophilia Indicators	Improving Home Delivery Service		Fully achieved
		Participation in North West Clinical Advisory Panel		Fully achieved
Neuromuscular Indicators	Qualitative evaluation of care co-ordinators	0.3%	Fully achieved	

Further details of the agreed goals for 2011/12 and for the following 12 month period are available online at: <http://www.monitor-nhsft.gov.uk>

2.2.6 STATEMENTS FROM THE CARE QUALITY COMMISSION (CQC)

Alder Hey Children's NHS Foundation Trust is required to register with the Care Quality Commission and its current registration is in place for the regulated activities of: treatment of disease, injury and disorder, surgical procedures and diagnostic and screening procedures. Alder Hey remains registered without conditions.

The Care Quality Commission has not taken any enforcement action against Alder Hey Children's NHS Foundation Trust as of 31st March 2012.

Alder Hey Children's NHS Foundation Trust has participated in an unannounced inspection by the Care Quality Commission during 2011/12, which focused on four outcomes. As a result of the inspection the Trust was found to be fully compliant against outcome 2 (consent to care and treatment), 4 (care and welfare of people who use services) and 16 (assessing and monitoring the quality of service provision). Minor concerns were highlighted in relation to outcome 14 (supporting staff), with reference to clinical supervision and mandatory training. The Trust is producing an action plan to demonstrate how it is maintaining compliance with this standard.

2.2.7 INFORMATION ON DATA QUALITY

2.2.7.1 DATA QUALITY

Alder Hey Children's NHS Foundation Trust will be taking the following actions to improve data quality:-

1. On-going development of the Data Warehouse.
2. Delivery of clinical systems refresher training to front line data entry staff informed by our data monitoring processes.
3. Increase level of staff with Information Governance training.
4. Continuous monitoring of the data quality strategy to ensure clear rationale for good data quality.
5. The Data Quality Team will continue to be available for advice and guidance and regularly attend the monthly CBU operational support meetings.
6. Data Testing and audit will continue throughout 2012/13.

NHS NUMBER AND GENERAL MEDICAL PRACTICE CODE VALIDITY

Alder Hey Children's NHS Foundation Trust submitted records during 2011/12 to the Secondary Users 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 99.9% for admitted patient care; 99.9% for out-patient care and 99.0% for accident and emergency care.
- which included the patient's valid General Medical Practice Code was 99.9% for admitted patient care 99.9%, for out-patient care; and 99.9% for accident and emergency care.

2.2.7.2 INFORMATION GOVERNANCE TOOLKIT ATTAINMENT LEVELS

Alder Hey Children's NHS Foundation Trust Information Governance Assessment Report overall score for 2011/12 was 76% and was graded satisfactory (green).

2.2.7.3 CLINICAL CODING ERROR RATE

Alder Hey Children's NHS Foundation Trust was subject to the Payment by Results clinical coding audit during the reporting period by the Audit Commission and the error rates reported in the latest published audit for that period for diagnosis and treatment coding (clinical coding) were:-

- Primary Diagnosis incorrect - 12%.
- Secondary Diagnosis incorrect - 12.6%.
- Primary Procedures incorrect - 14.3%.
- Secondary Procedures incorrect - 10.7%.

The services audited during this period included:-

- 100 neurosurgical finished consultant episodes.
- 100 random finished consultant episodes.

It is important to note that these results cannot be extrapolated further than the actual sample audited.

PART 3: AN OVERVIEW OF QUALITY OF CARE

In order to ensure that we provide the best quality services to everyone who is part of the Alder Hey community, we recognise that we must continue to stretch ourselves and set goals that we can measure in order to demonstrate that we truly put quality at the heart of everything we do. In 2010/11, in consultation with our staff, governors and patients we agreed on a number of goals in each of the quality 'domains' of patient safety, clinical effectiveness and patient experience.

This section of the Quality Report provides an overview of the progress made against the priorities identified, which were:

PRIORITY 1: PATIENT SAFETY	Nurse Sensitive Indicators.
	Hospital mortality review process.
	New Never Events compliance.
PRIORITY 2: CLINICAL EFFECTIVENESS	Expanding on innovative treatment for childhood epilepsy by auditing Ketogenic Diet.
	Improving the number of breast-fed babies currently discharged from the Neonatal Unit from a baseline of 12%.
	Health promotion/Public Health.
	Public Health: To build public health capacity in the local workforce.
	Improving childhood obesity, initially by focussing on certain types of patients.
PRIORITY 3: PATIENT EXPERIENCE	A continued reduction of CLABSI's (central line associated blood stream infections) and the development of a Trust rate of CLABSI infections which can be bench marked.
	Develop a Patient and Family Experience Strategy.
	Develop a hospital wide customer service culture.

3.1 PATIENT SAFETY

QUALITY IMPROVEMENT PRIORITY	NURSE SENSITIVE INDICATORS
Why was this area chosen as a priority for improvement?	Nursing care indicators have been used in other hospitals throughout the United Kingdom to improve core fundamentals of nursing care. Alder Hey did not have evidence of any benchmark data on nursing care provision and the information being previously presented on key performance indicators merely reflected a measurement of audit data in respect of hand hygiene, cleanliness and incident reporting. It was agreed that Alder Hey should work alongside NHS Northwest on previously tested indicators used in adult services, because paediatric nursing sensitive indicators would support improvements in the provision of paediatric nursing care.
What were the aims?	To implement nurse sensitive indicators for all the wards within the hospital that will be regularly reported to the Board, we will put in place real time gathering of data across a range of indicators that will allow true "Ward to Board" reporting, to assess:- <ul style="list-style-type: none"> • Pressure sores; • Infection prevention and control; • Nutritional status; • Standardisation of care. Phase 1 was to undertake a pilot study to assess the system and test its use in paediatric ward areas. Phase 2 was to develop indicators relevant to paediatric nursing care. These have been developed in eight core areas: infection prevention and control; tissue viability; patient identification; patient early warning scoring; medication assessment; nutrition assessment; pain management and patient documentation. Experience indicators have also been developed for patients, parents and staff, as have a set of indicators for chronic conditions and two specialist areas, Accident & Emergency (A&E) and Child and Adolescent Mental Health Service (CAMHS). All indicators were developed by the end of January 2012. Data collection on the final indicators commenced in February 2012.
How was the improvement monitored?	Each month all ward areas are monitored against the nursing care indicators and 10 patients are assessed. The data is inputted into a central database which RAG rates (red, amber, green rating against specified thresholds) the information. Monthly information on the results by Clinical Business Unit (CBU) is presented to the Board in the Trust's Corporate Report. Each CBU Lead Nurse is responsible for inputting their own data and ensuring local information on ward reports is shared with Ward Managers and the nursing teams. CBU Lead Nurses report back to their CBU Board as to progress and any proposed developments.
Quality improvements and key successes achieved in 2011/12.	2011/12 has seen the roll out of the system to collate accurate audit data on nursing care in a consistent manner. This work has been linked to the national "Energising for Excellence" (E4E) campaign with Alder Hey piloting the system and reporting back to North West Directors of Nursing on its benefits.
What are the next steps in 2012/13?	The improvement work will continue with the aim to monitor results monthly and set action plans in any areas that are consistently reported as red. They will also look to support the implementation of 'VITAL' which is a virtual learning tool developed to support nurse learning in areas of core fundamentals of nursing care.

QUALITY IMPROVEMENT PRIORITY	HOSPITAL MORTALITY REVIEW PROCESS
Why was this area chosen as a priority for improvement?	Mortality is seen as an important outcome in healthcare. The organisation has attempted to undertake a Trust wide review of all in-patient mortality for the last few years by instigating the Hospital Mortality Review Group (HMRG). We wished to adapt our historical approach to mortality review to accommodate the new structures within the organisation and to improve reporting analysis and any proposed action arising from such reviews to the appropriate CBUs. The new review process has now incorporated reporting in line with the National Confidential Enquiry into Patient Outcome and Death (NCPoD) and the Confidential Enquiry into Maternal and Child Health (CEMACH) assessment criteria and assigns action plans to timescale and lead responsibility at a local level; this can then be co-ordinated by CBU boards with oversight by the HMRG giving assurance to the Board.
What were the aims?	To ensure all in-patient deaths are reviewed by the relevant service within a two month time frame and by the HMRG within a four month time frame.
How was the improvement monitored?	A new process instigated January 2012 - on-going monitoring via clinical audit. HMRG reporting to the Clinical Quality Steering Group (CQSG) and the Clinical Quality Assurance Committee (CQAC).
Quality improvements and key successes achieved in 2011/12.	A process of local mortality reviews has been instigated within Cardiac Surgery and General Surgery in addition to the long standing review system within PICU (accounting for around 90% of all hospital deaths). The HMRG has driven changes in practice at Trust level regarding chickenpox contact and invasive surgery.

QUALITY IMPROVEMENT PRIORITY	HOSPITAL MORTALITY REVIEW PROCESS												
<p>Mortality per 1000 admissions per year: 2007/08 to 2011/12.</p>	<p>MORTALITY PER 1000 ADMISSIONS PER YEAR: 2007/08 TO 2011/12</p> <table border="1"> <caption>Mortality per 1000 admissions per year</caption> <thead> <tr> <th>Year</th> <th>Mortality per 1000 admissions</th> </tr> </thead> <tbody> <tr> <td>2007/08</td> <td>~2.30</td> </tr> <tr> <td>2008/09</td> <td>~2.05</td> </tr> <tr> <td>2009/10</td> <td>~2.20</td> </tr> <tr> <td>2010/11</td> <td>~2.20</td> </tr> <tr> <td>2011/12</td> <td>~2.00</td> </tr> </tbody> </table> <p>■ Mortality per 1000 admissions</p>	Year	Mortality per 1000 admissions	2007/08	~2.30	2008/09	~2.05	2009/10	~2.20	2010/11	~2.20	2011/12	~2.00
Year	Mortality per 1000 admissions												
2007/08	~2.30												
2008/09	~2.05												
2009/10	~2.20												
2010/11	~2.20												
2011/12	~2.00												
<p>What are the next steps for 2012/13?</p>	<p>The HMRG is an established group that will continue to ensure that practice is consistently reviewed and improved to achieve improved patient outcomes.</p>												

QUALITY IMPROVEMENT PRIORITY	NEVER EVENTS
	<p>Original national guidance on 'Never Events' listed eight events that should not happen to a patient in hospital. New guidance has been published by the Department of Health in the last year advising of an additional 17 Never Events:</p> <ol style="list-style-type: none"> 1. Wrong site surgery (existing) 2. Wrong implant/prosthesis (new) 3. Retained foreign object post-operation (existing) 4. Wrongly prepared high-risk injectable medication (new) 5. Maladministration of potassium-containing solutions (modified) 6. Wrong route administration of chemotherapy (existing) 7. Wrong route administration of oral/enteral treatment (new) 8. Intravenous administration of epidural medication (new) 9. Maladministration of Insulin (new) 10. Overdose of Midazolam during conscious sedation (new) 11. Opioid overdose of an opioid-naïve patient (new) 12. Inappropriate administration of daily oral Methotrexate (new) 13. Suicide using non-collapsible rails (existing) 14. Escape of a transferred prisoner (existing) 15. Falls from unrestricted windows (new) 16. Entrapment in bedrails (new) 17. Transfusion of ABO-incompatible blood components (new) 18. Transplantation of ABO or HLA-incompatible Organs (new) 19. Misplaced naso- or oro-gastric tubes (modified) 20. Wrong gas administered (new) 21. Failure to monitor and respond to oxygen saturation (new) 22. Air embolism (new) 23. Misidentification of patients (new) 24. Severe scalding of patients (new) 25. Maternal death due to post-partum haemorrhage after elective Caesarean section (modified)
<p>Why was this area chosen as a priority for improvement?</p>	<p>All patients should receive high quality, safe and effective care and Never Events are serious, largely preventable patient safety incidents that should not occur.</p>
<p>What were the aims?</p>	<p>To ensure that we comply with this expanded list we must:</p> <ul style="list-style-type: none"> • Review the latest guidance regarding Never Events. • Ensure that the guidance is embedded throughout the organisation. • Review risk management processes. • Look back at previous incidents to identify any areas of risk. • Ensure culture of "being open" and learning from mistakes.

How was the improvement monitored?	Never Events are reported to the Board via the Clinical Quality Assurance Committee and to the Corporate Risk Committee as part of the quarterly integrated risk report. The action plans for Root Cause Analysis (RCA) investigations following Never Event incidents or near miss Never Event incidents are also reported through these committees to ensure lessons are learnt.
Quality improvements and key successes achieved in 2011/12.	Never Event information is included in the mandatory risk management training session with the aim of increasing staff awareness and knowledge of Never Events and the external reporting requirements for Never Events. Work has been undertaken and is on-going to ensure the guidance associated with preventing Never Events has been implemented. An example of such action is the adoption of the World Health Organisation Surgical Checklist.
What are the next steps for 2012/13?	The Trust had one Never Event in 2011/12 under the category of "wrong site surgery". It involved the wrong side of a toe nail being operated on and measures have been taken to improve the processes that resulted in this event. Work will continue in 2012/13 to ensure guidance to prevent Never Events has been implemented.

3.2 CLINICAL EFFECTIVENESS

QUALITY IMPROVEMENT PRIORITY	EXPANDING ON INNOVATIVE TREATMENT FOR CHILDHOOD EPILEPSY BY AUDITING THE KETOGENIC DIET SERVICE
Why was this area chosen as a priority for improvement?	The Ketogenic Diet (KD) service had been established at Alder Hey as part of the Epilepsy service; it is a diet based alternative to drug treatment in the management of epilepsy. The KD team is made up of two paediatric Neurologists, an advanced paediatric Dietician and a paediatric Epilepsy Nurse Specialist. The service was chosen as an area to highlight quality improvement as it represents an excellent service development with demonstrable quality outcomes.
What were the aims?	Audit number of patients and outcome of diet during the year.
How was the improvement monitored?	A regular audit of patients is carried out by the team. The results are reported to the Neurology specialty governance meeting and on to the CBU Board.
Quality improvements and key successes achieved in 2011/12.	<ul style="list-style-type: none"> • 36 children started on diet during 2011/12, twice as many as in the previous year. • Increase in choice of diets from one to three. • Evidence based protocols available on the hospital Intranet. • Blood ketone monitoring available as well as urine ketone monitoring. • New members of the team - additional dietician post. • Alder Hey Achievers award nomination for service transformation (nominated by parents).
What are the next steps in 2012/13?	The service will continue to focus on more qualitative analysis of service including quality of life based audits.

QUALITY IMPROVEMENT PRIORITY	IMPROVING THE NUMBER OF BREAST-FED BABIES CURRENTLY DISCHARGED FROM THE NEONATAL UNIT FROM A BASELINE OF 12% ESTABLISHED THROUGH LOCAL AUDIT
Why was this area chosen as a priority for improvement?	The consultants on the Neonatal Unit were keen to utilise the international research completed by Dr Dianne Spatz, which demonstrated improved outcomes for neonates who were breastfed. Dr Spatz is an active clinician, researcher and educator. Dr Spatz is Associate Professor of Health Care of Women and Childbearing Nursing at the University of Pennsylvania School of Nursing and holds a joint appointment at The Children's Hospital of Philadelphia USA. This research was undertaken across a similar demographic profile to North Mersey and its findings showed a reduction in length of stay, a reduction in infections and a reduction in post natal depression. An Alder Hey consultant visited the hospital in Philadelphia in 2011 to see the impact of the research and has invited Dr Spatz to present at a Grand Round at Alder Hey in May 2012.
What were the aims?	<ul style="list-style-type: none"> • To improve the numbers of breastfed babies at discharge from a baseline of 12%. • To develop and implement a breastfeeding policy. • To develop a training package for staff in partnership with Edge Hill University.
How was the improvement monitored?	The data is gathered by the ward staff routinely as babies are discharged and the information is populated in a spread sheet, which is forwarded to the Health Promotion Team and performance is monitored quarterly at the Clinical Quality Assurance Committee.

QUALITY IMPROVEMENT PRIORITY	IMPROVING THE NUMBER OF BREAST-FED BABIES CURRENTLY DISCHARGED FROM THE NEONATAL UNIT FROM A BASELINE OF 12% ESTABLISHED THROUGH LOCAL AUDIT																																							
<p>Quality improvements and key successes achieved in 2011/12.</p>	<ul style="list-style-type: none"> • A breastfeeding policy was developed and ratified at the Clinical Quality Assurance Committee in November 2011. • A demonstrable difference in the culture of the unit and its ambition to promote breastfeeding. • The development of a breastfeeding training partnership proposal with Edge Hill University which will be submitted for funding in March 2012. • The establishment of the Mothers Own Milk in Surgery (MOMIS) group chaired by an Alder Hey Consultant. • The agreement from Dianne Spatz to present at a Grand Round in May 2012. • The development of a draft Breastfeeding Pathway between Liverpool Women's NHS Foundation Trust and Alder Hey. • The number of breastfed babies at discharged has increased significantly. 																																							
<p>Breastfeeding on discharge from the Neonatal Unit: 2011/12.</p>	<p style="text-align: center;">PERCENTAGE OF BABIES HAVING BREAST MILK ON DISCHARGE FROM THE NEONATAL UNIT: APRIL 2011 - MARCH 2012</p> <table border="1"> <caption>Data for Percentage of Babies Having Breast Milk on Discharge</caption> <thead> <tr> <th>Month</th> <th>Percentage having breast milk on discharge</th> <th>Baseline</th> </tr> </thead> <tbody> <tr><td>Apr-11</td><td>34%</td><td>12%</td></tr> <tr><td>May-11</td><td>47%</td><td>12%</td></tr> <tr><td>June-11</td><td>38%</td><td>12%</td></tr> <tr><td>Jul-11</td><td>34%</td><td>12%</td></tr> <tr><td>Aug-11</td><td>55%</td><td>12%</td></tr> <tr><td>Sep-11</td><td>53%</td><td>12%</td></tr> <tr><td>Oct-11</td><td>47%</td><td>12%</td></tr> <tr><td>Nov-11</td><td>37%</td><td>12%</td></tr> <tr><td>Dec-11</td><td>36%</td><td>12%</td></tr> <tr><td>Jan-12</td><td>40%</td><td>12%</td></tr> <tr><td>Feb-12</td><td>60%</td><td>12%</td></tr> <tr><td>Mar-12</td><td>12%</td><td>12%</td></tr> </tbody> </table>	Month	Percentage having breast milk on discharge	Baseline	Apr-11	34%	12%	May-11	47%	12%	June-11	38%	12%	Jul-11	34%	12%	Aug-11	55%	12%	Sep-11	53%	12%	Oct-11	47%	12%	Nov-11	37%	12%	Dec-11	36%	12%	Jan-12	40%	12%	Feb-12	60%	12%	Mar-12	12%	12%
Month	Percentage having breast milk on discharge	Baseline																																						
Apr-11	34%	12%																																						
May-11	47%	12%																																						
June-11	38%	12%																																						
Jul-11	34%	12%																																						
Aug-11	55%	12%																																						
Sep-11	53%	12%																																						
Oct-11	47%	12%																																						
Nov-11	37%	12%																																						
Dec-11	36%	12%																																						
Jan-12	40%	12%																																						
Feb-12	60%	12%																																						
Mar-12	12%	12%																																						
<p>What are the next steps in 2012/13?</p>	<p>Work will continue to improve the number of breastfed babies and as a sign of the Trust's commitment at 'The Pledge' event on 9th March 2012, Alder Hey and its partners agreed that 'making breastfeeding our core business' was one of our ambitions in developing our workforce for the new Alder Hey.</p>																																							

QUALITY OUTCOME	HEALTH PROMOTION/PUBLIC HEALTH
<p>Why were these outcomes chosen as a priority for improvement?</p>	<p>Establish targets to use all opportunities to engage with at-risk groups during normal patient/service activities and increase take up rates and recording of all preventative services.</p>
<p>What are the quality outcome aims/targets?</p>	<ul style="list-style-type: none"> • Identify in Quarter 1 (April to June 2011) a sub set of data for public health to include: <ul style="list-style-type: none"> - Smoking; - Alcohol; - Drugs. • Evidence of intervention throughout the year, to be included in Public Health Strategy/Annual Report.
<p>How has the improvement been monitored?</p>	<p>In 2011/12 improvement has been monitored by data collection, this is completed using admission data for alcohol and drug attendances at Accident and Emergency Department (AED). Using this data we can analyse trends in attendances and work with colleagues in the community to assist with this. In 2010/11 we had a number of attendances from a specific school in Liverpool. We undertook teaching at the school on the importance of sensible drinking and the dangers of excessive drinking and the number of attendances has reduced. The data suggests that there is further work required for 2012/13 in other schools across our community. Smoking data is collected during every in-patient admission; the question of smoking status has now been added to discharge information to improve data collection methods. The key findings in 2010/11 were 9% of parents informed us that their children lived in households where smoking was prevalent, however 2011/12 rates have dropped to 7%. This may not be a true reflection of the population due to embarrassment on the part of parents about their smoking status. Referrals to smoking cessation have dropped significantly over the last two years and work to improve referrals will be undertaken in 2012/13. This is monitored by the Public Health Steering Group which receives quarterly updates and is reported to the Clinical Quality Assurance Committee.</p>

Quality improvements key successes achieved in 2011/12.

A number of staff in AED have undertaken training in an Alcohol Brief Intervention called "What's Yours?" from Liverpool Primary Care Trust. The AED continue to run their successful Brief Intervention Clinic (BIC) and we have also included a "clinic in a box" sexual health resource service to run alongside this clinic in 2011/12. We aim to improve and build on these services for 2012/13 with external involvement from Addaction to offer alcohol/drug misuse support to all young people who attend AED.

Brief Intervention for alcohol: 2010/11 to 2011/12.

ALCOHOL	2010/2011	2011/2012
Females	55	68
Males	19	30
Total	74	98
Admitted	6	8
BIC	43	63
Discharged	25	27

The data collection method for information in relation to smoking changed during the year. Question one changed from an optional question to a mandatory question on all patient admissions. Questions two and three changed from optional questions to only being completed if the answer to question one was yes. This resulted in an increase in responses to question one and a decrease in responses to questions two and three.

Number of patients who smoke: 2010/11 to 2011/12.

DOES ANYONE SMOKE?	2010/2011	2011/2012
N	3314	13356
Y	300	952
Grand Total	3614	14308

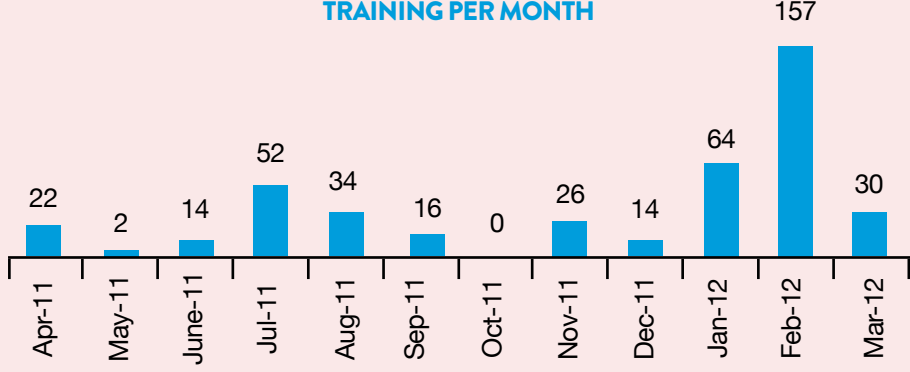
Brief Intervention information for smoking and referral to smoking cessation service: 2009/10 to 2011/12.

REQUIRE STOP SMOKING INFO?	2009/10	2010/11	2011/12
No	10832	13081	1046
Yes	165	162	54
Grand Total	10997	13243	1100

WOULD YOU LIKE TO BE REFERRED?	2009/10	2010/11	2011/12
N	10868	13106	1041
Y	129	134	40
Grand Total	10997	13240	1081

What are the next steps in 2012/13?

In 2012/13 Alder Hey's Smoking Policy will be updated and will include more detailed information on support for families. Referrals to smoking cessation services to provide support for families will be increased through the provision of smoking cessation support on site and a member of the Health Promotion Team will train as a smoking cessation advisor. Data collection of alcohol-related attendances will continue, as will work to raise the awareness of the dangers of alcohol misuse for young people and in particular with those schools in the local community that were highlighted in 2011/12. The AED will continue to run their successful brief intervention clinic with external involvement from Addaction to offer alcohol/drug misuse support to all young people who attend AED.

QUALITY OUTCOME	PUBLIC HEALTH To build public health capacity in the local workforce and increase the numbers of front line NHS staff who are trained to deliver brief interventions/advice to patients at all contacts in their everyday work.																								
Why were these outcomes chosen as a priority for improvement?	Building public health capacity is a key component of one of Liverpool PCT's three major delivery programmes for "better lifestyles".																								
What are the quality outcome aims/targets?	<ul style="list-style-type: none"> • Identify a Board level Executive Champion and a Lead Officer to take the programme forward. • Submission of Public Health Strategy with Implementation Plan to be submitted within Quarter 2 (July to September) 2011/12. • Identification of four members of staff to become Brief Advice Trainers and to receive the in-depth train the trainer course (four day training event). • Brief Advice Trainers within the organisation to cascade the Brief Intervention Training (BIT) to relevant front line staff within the organisation. • To develop a child friendly BIT tool kit and pilot in OPD / A&E by year end with view to further roll out in year 2. 																								
How has improvement been monitored?	<p>In 2011/2012 improvement has been measured by numbers of staff trained to deliver sessions and numbers of staff who have attended sessions.</p> <p>Child friendly training cards have been developed and these are being further improved with input from front line staff in AED. The aim is to use these cards alongside current training in 2012/13.</p> <p>Alder Hey's Public Health Strategy has been updated and we held 'The Pledge' event at Everton Football Club where local and national leaders in public health met to pledge their support in the following areas:</p> <ul style="list-style-type: none"> • Making smoking history for children. • Promoting healthy weight and physical activity. • Promote and improve dental health. • Reduce the incidence of drugs and alcohol abuse in young people. • Make breastfeeding central to our core business. • Reduce avoidable accidents. • Improve the emotional wellbeing of our children and young people. <p>These areas will be developed into measureable outcomes for 2012/13.</p> <p>This work is monitored by the Public Health Steering Group who receive quarter updates and is reported to the Clinical Quality Assurance Committee bi-annually.</p>																								
Quality improvements and key successes achieved in 2011/12.	<p>The Director of Nursing was identified as the Board level Executive Champion and the Director of Education and Partnerships was identified as the Lead Officer to take the programme forward.</p> <p>A further four trainers to deliver staff training were trained in September 2011. This has resulted in 433 staff trained in 2011/12; this is a 36% improvement on the number of staff trained in 2010.</p> <p>A child focused BIT tool kit has been developed. The training kit has been piloted in the Accident and Emergency Department and wards B1/D1 and positive verbal feedback has been received relating to the tool kit's design and ease of use.</p>																								
Brief Intervention staff training figures: 2009/12 to 2011/12.	<p style="text-align: center;">TRAINING PER MONTH</p>  <table border="1" data-bbox="411 1662 1393 1881"> <thead> <tr> <th></th> <th>2009/2010</th> <th>2010/2011</th> <th>2011/2012</th> </tr> </thead> <tbody> <tr> <td>Quarter 1</td> <td>32</td> <td>0</td> <td>34</td> </tr> <tr> <td>Quarter 2</td> <td>45</td> <td>30</td> <td>107</td> </tr> <tr> <td>Quarter 3</td> <td>0</td> <td>33</td> <td>39</td> </tr> <tr> <td>Quarter 4</td> <td>0</td> <td>94</td> <td>253</td> </tr> <tr> <td>TOTAL</td> <td>77</td> <td>157</td> <td>433</td> </tr> </tbody> </table>		2009/2010	2010/2011	2011/2012	Quarter 1	32	0	34	Quarter 2	45	30	107	Quarter 3	0	33	39	Quarter 4	0	94	253	TOTAL	77	157	433
	2009/2010	2010/2011	2011/2012																						
Quarter 1	32	0	34																						
Quarter 2	45	30	107																						
Quarter 3	0	33	39																						
Quarter 4	0	94	253																						
TOTAL	77	157	433																						

What are the next steps in 2012/13?	Throughout 2012/13 more training will be delivered which will include an annual update, and further information on public health issues specific to children and the population we see and treat. An action plan will be developed and implemented using information provided by partners from 'The Pledge' event.
-------------------------------------	--

QUALITY IMPROVEMENT PRIORITY	TO REDUCE CHILDHOOD OBESITY, INITIALLY BY FOCUSING ON CERTAIN TYPES OF PATIENTS
-------------------------------------	--

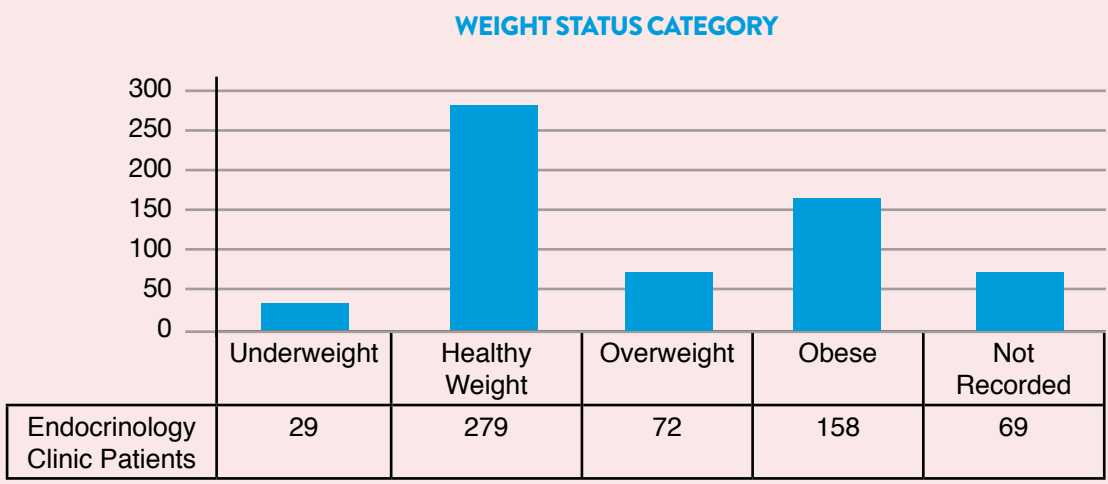
Why was this area chosen as a priority for improvement?	This area was chosen as a priority given the increasing number of children across North Mersey who are no longer classed as having a healthy weight. The Health Promotion Team in partnership with B1 Out-patients (Endocrinology Clinic) agreed to establish a Healthy Weight Programme to work with patients, their families and Alder Hey staff to highlight the benefits of a healthy diet and physical activity.
---	---

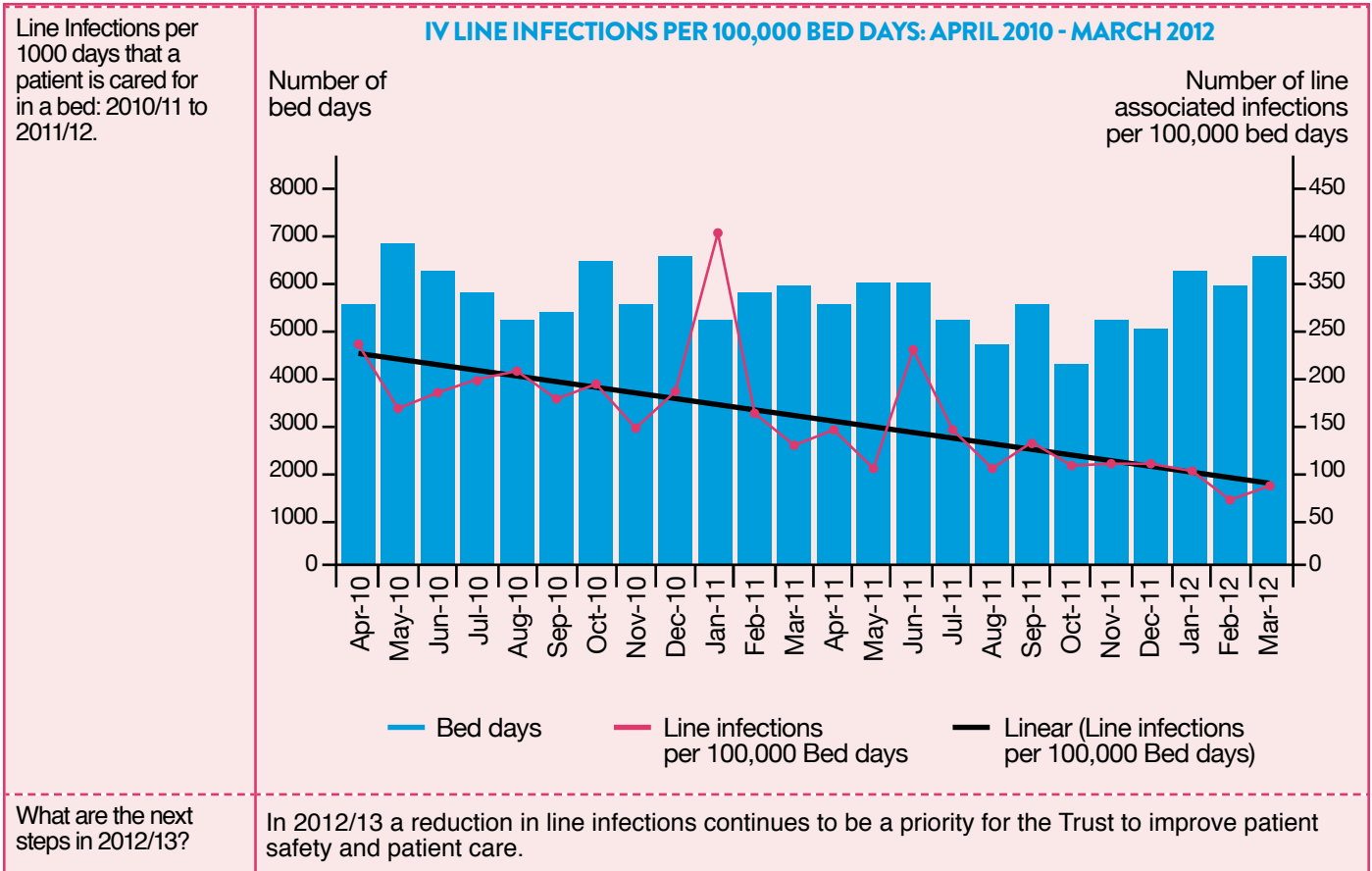
What were the aims?	<ul style="list-style-type: none"> • Establish and develop the programme. • Secure commitment from patients and their families. • Brand the programme 'Fit 4 Families' to compliment the 'Change 4 Life' ethos. • To link diet to issues surrounding dental health. • Enhance partnership work with Everton in The Community.
---------------------	--

How was the improvement monitored?	The programme began in June 2011 as a pilot. The aim of the pilot was to engage as many patients and families as possible with the concept of 'Fit for Families/Change for Life'. The details of all families engaged were captured on a spread sheet by the Trust's Endocrinology Data Manager. All CQUIN targets are monitored quarterly though the Clinical Quality Assurance Committee and discussed at the Public Health Steering Group.
------------------------------------	---

Quality improvements and key successes achieved in 2011/12.	<p>The Fit for Families programme is now running weekly in Endocrine Clinic covering:</p> <ul style="list-style-type: none"> • Physical activity; • Portion Size; • Sugar Swaps; • Cut Back on Fat; • Five a Day; • Physical activity with Everton in the Community. <p>All sessions are delivered using the change for life emphasis. Over the course of the year 607 children attended the Endocrine Clinic and were signposted to the programme. Since implementing the programme a 'Fit 4 Families' branded competition on portion control has been devised.</p> <p>As a result of parent feedback, key dental health messages have been linked to the sugar swaps session.</p> <p>Healthy weight is one of 'The Pledge' ambitions for 2012 - 2016 and next year we will build on the success of the pilot.</p>
---	---

Number of endocrinology clinic patients by weight categories: 2011/12.	<p>Weight Categories are as follows:</p> <ul style="list-style-type: none"> • Underweight - less than 5th Percentile. • Healthy weight - 5th Percentile to less than the 85th Percentile. • Overweight 85th Percentile to less than 95th. • Obese - Equal to or greater than the 95th Percentile. • If unrecorded the child has not been weighed due to medical reasons, too upset etc.
--	--





QUALITY IMPROVEMENT PRIORITY	DEVELOPMENT OF CLINICAL OUTCOMES FOR CHILDREN AND YOUNG PEOPLE
Quality improvements and key successes achieved in 2011/12.	During 2011/12 the significant work programme to develop appropriate clinical outcome measures has continued. The Trust now has draft clinical outcomes in 32 of the 33 specialties.
What are the next steps for 2012/12?	<p>The outcomes will be used in conjunction with the outcomes identified by the National Working Group developing the Children's and Young People's Outcomes Strategy. Alder Hey's Medical Director, Professor Ian Lewis is Co-Chair of this group.</p> <p>The Children's and Young People's Outcomes Strategy, will be published in the summer of 2012. The strategy aims to maximize health outcomes for all children and young people, showing how all parts of the health system, with partners, will contribute to enabling every child and young person to reach their full potential.</p> <p>THE STRATEGY WILL:</p> <ul style="list-style-type: none"> • Identify the health outcomes that matter most for children and young people. • Consider how well these are supported by the NHS and public health outcomes frameworks and make recommendations. • Set out how different parts of the health system will contribute to the delivery of these outcomes and how they will work with each other and with other partners to this end.

QUALITY IMPROVEMENT PRIORITY	DEVELOP A PATIENT AND FAMILY EXPERIENCE STRATEGY
Why was this area chosen as a priority for improvement?	Our patients are at the centre of everything we do; ensuring that the patient experience is optimised and is the responsibility of everyone within the Trust no matter what their role. Understanding the needs of our patients, their families/carers and visitors/customers is essential if we are to design and deliver services which are evidence based in relation to need, and which take into account the diversity of our patients and their wider caring circles.
What were the aims?	<ol style="list-style-type: none"> 1. To extend <i>Investing in Children</i> accreditation to four further areas and maintain accreditation of current areas. 2. To improve play therapy including the provision of toys and patient activities. 3. To improve the range and quality of patient information which is child and young person friendly. 4. To better measure the patient and family experience and achieve a rate of 90-95% satisfaction with our services. 5. To have operational plans for each Clinical Business Unit which are regularly reported as part of the quality assurance framework.

How was the improvement monitored?	<ol style="list-style-type: none"> 1. Achievement of <i>Investing in Children</i>. 2. 'You said we did' patient satisfaction feedback. 3. PALs data. 4. LINKS network and feedback. <p>Improvement was reported through the Clinical Quality Assurance Committee.</p>
Quality improvements and key successes achieved in 2011/12.	<p>PATIENT AND FAMILY EXPERIENCE STRATEGY During 2011/12, a new Quality Strategy has been developed and approved by the Board. Children, young people and their families are at the centre of this strategy which has three main elements; patient safety; clinical effectiveness; and patient experience.</p> <p>INVESTING IN CHILDREN Alder Hey and <i>Investing in Children</i> have been working together since 2008, exploring innovative approaches to engaging children, young people and parents in dialogue about the services they use. This work was formalised in a Partnership agreement (the first of its kind in the UK) in 2010. As well as the Trust as a whole being recognised as an <i>Investing in Children</i> Partner, individual wards and departments have received specific and positive endorsement from children and young people themselves through the <i>Investing in Children</i> Membership Scheme. <i>Investing in Children</i> membership accreditation is awarded by children and young people who are satisfied that the service they have received has demonstrated a commitment to dialogue with the children and young people that leads to change. The membership is awarded for a twelve month period and in 2011/12 the Trust achieved six new accreditations and three re-accreditations. This will be an in-house service for 2012/13; the aim is for a further six new accreditations and to ensure successful evaluation of the current accreditations.</p> <p>ACCREDITED/RE-ACCREDITED AREAS ARE AS FOLLOWS: Sickle Cell - certificate issued January 2012. Renal Dialysis - certificate issued December 2011. Oncology - certificate issued May 2011. Orthopaedic - certificate issued September 2011. Arts for Health - certificate issued November 2011. Acute Physiotherapy - certificate issued June 2011. Intrathecal Baclofen Therapy - evaluation completed December 2011. Infection Prevention and Control Service - working with children and young people on stories about bugs. Infection control to identify young people for evaluation process. Psychological services - certificate issued September 2011. Play Service - starting process. Urology - Carried out evaluation awaiting info from children. Pain - certificate issued. A&E - discussion stage. Medicines for Children Research Network - Young Person's Advisory Group - certificate issued March 2012. Dewi Jones - discussion stage. Rheumatology - discussion stage. Cystic Fibrosis - discussion stage.</p> <p>PLAY THERAPY AND PATIENT ACTIVITIES Toys have been provided for ward areas and an advised list of toys has been produced and communicated to wards. This is reviewed and updated quarterly. However, the range of toys is quite limited as we remain unable to have toys which are not practical for cleaning and work is on-going with the Infection Control Team to address this. The Trust has been working with a toy company to develop appropriate toys which meet the guidelines of infection control. Fundraising has facilitated toy provision for main events such as Christmas and large scale donations from various donors has ensured the children enjoy a good provision of toys at Christmas and on their birthdays.</p> <p>A monthly patient activity calendar is devised for children's activities. The calendar is communicated to wards monthly and displayed at both reception areas of the hospital. The activities consist of artists from Arts for Health which develops and delivers a wide ranging and innovative programme of arts that encompasses all areas of the Trust; initiatives such as dance, storytelling and music are well established as part of our healthcare delivery and we work closely with all staff to ensure that each project and programme supports the clinical objectives and enhances the patient's experience whilst in hospital. Overwhelming feedback from patients and families is that our Arts Programme alleviates the clinical aspects of hospital and provides children and young people with a range of choices and creative experiences that are both empowering and life enhancing. For staff, taking part in the arts has enriched their portfolio of interaction and professional adaptability. To support this, we have developed a number of strategic and innovative training programmes for staff in using the arts as part of their professional practice, which has changed working methods and approaches with patients.</p>

CURRENT PROJECTS INCLUDE:

- Twin Vision - a major two year programme of animation activities with long term patients. Twin Vision are a media and educational charity specialising in animation, photography and film. The project gives children and young people skills in producing their own animated films, using techniques such as editing, voice over, model making and set design.
- 'Small Things' Dance Research Programme - Small Things Dance Collective are currently undertaking a two year programme of research, investigating the impact of dance and movement intervention on patients' tolerance to pain. Their research is primarily focused on neurology patients and is funded through Arts Council England.
- Fuse - New Theatre for Young People are working on a music, storytelling and puppet programme, delivering workshops across all areas of the hospital and creating a set of sustainable resources which can be used on the wards with patients when the project comes to an end.
- Children's writer Hilary Keating is currently working on a creative writing project with patients around the theme of infection control. The resulting stories, poems and drawings will be published in a specially commissioned book. This project has been supported by the Wallace and Gromit Children's Hospital Foundation.
- We are working with patients to develop a number of patient-centred information booklets and have commissioned artists Sophie Green and James Munro to create illustrations for these. These include a patient information booklet for the Urology Department and the Gait Lab.
- We have an on-going music programme with Georgina Aasgaard, a professional cellist with the Royal Liverpool Philharmonic Orchestra. She works directly with patients across all areas of the Trust to support children and young people through music making.

Activities linked to Public Health are also included such as the Everton activity workshops facilitated by Everton in the Community Coaches. The workshops run daily Monday to Friday within the hospital wards and clinics. The programme is 'inclusive' as it facilitates children with complex and non-complex disabilities. It also includes a monthly soccer spa consisting of an Everton workshop run in conjunction with health and beauty therapists from the Woodlands Spa who provide parents/carers and patients with complementary hand/arm massages and nail treatments. The Trust also has POD children's entertainers which is a charity that facilitates two sessions monthly in wards/clinics, sponsored by charitable donations. In addition an entertainer is funded by the toy fund to attend clinics one day a week. This has been a very successful trial with very positive feedback from parents, children and staff and has now been further funded for a year to continue to attend clinics.

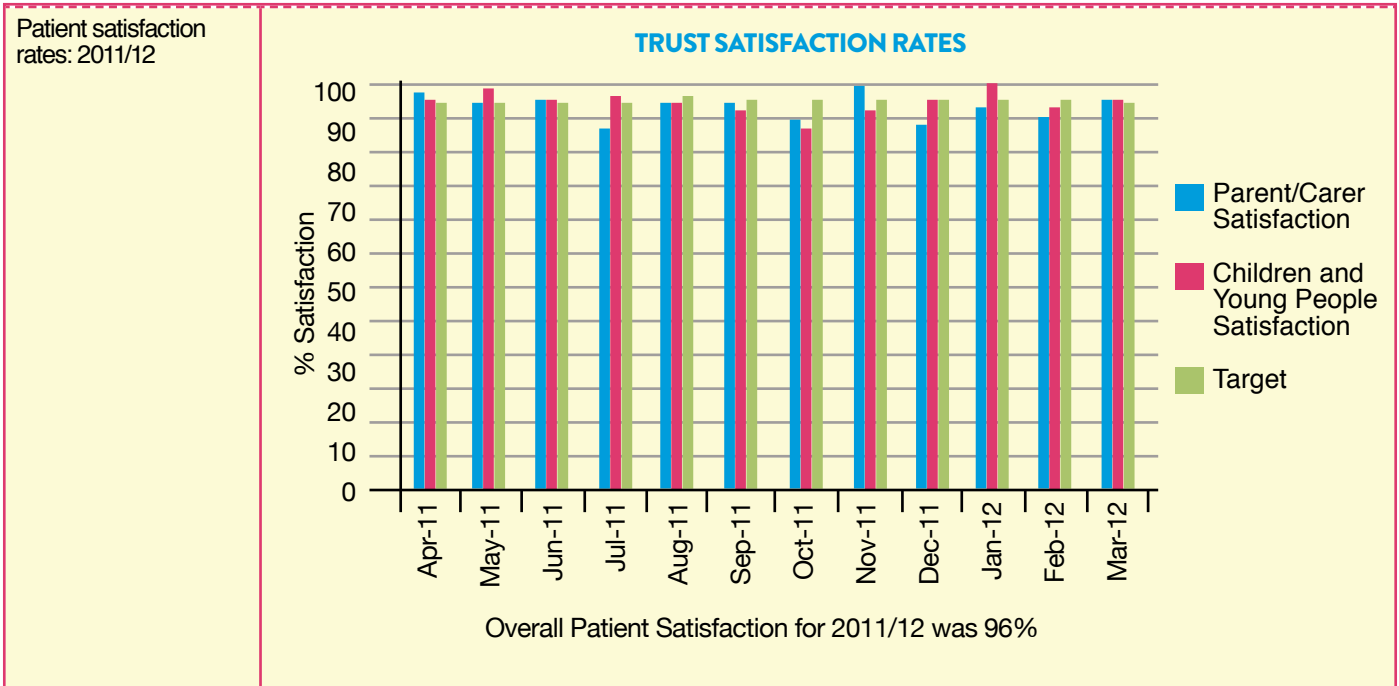
PATIENT SATISFACTION

Listening to the children, young people and parents/carers who use our services is vital to enable the Trust to make changes and improve their experience. The Trust has a number of ways in which we listen. We continue to use 'feedback' cards and each month we look at what the cards tell us.

The key areas we look at are:

- Patients feeling satisfied with the services.
- Parents/carers feeling satisfied with the service.
- Parents/carers who would recommend the hospital to others.
- Positive experiences:
 - Feeling welcomed;
 - Feeling cared for;
 - Friendly staff.

In 2011/12 over 2,000 patients, parents/carers completed our cards. Overall the results were very positive. Whilst we are always pleased to receive positive feedback the cards are a useful way of identifying themes or recurrent problems which may require a more focused approach to resolve. The results of the feedback cards are shared throughout the Trust. We also listen through surveys, concerns raised through our PALs office and via complaints. We monitor trends and report to the Board.



What are the next steps in 2012/13?

In 2012/13 we will continue with our strong commitment to improve the ways in which we listen to our children, young people and parents/carers and feed back to them about changes we have made in response to their suggestions.

Fabio (an electronic patient experience feedback tool) will be implemented throughout the Trust and this will be another opportunity for our children, young people and parents/carers to provide us with their feedback in real time.

In addition the Trust will:

- Further develop childrens'/parents' forum.
- Increase the utilisation of focus groups to ensure children and families are involved in developing services.
- Gain new and on-going accreditation in *Investing in Children*.
- Continue work to extend the list of appropriate toys.
- Further develop the range and quality of patient information which is child and young person friendly.
- Continue to develop our Arts in Health Project.

QUALITY IMPROVEMENT PRIORITY	DEVELOP A HOSPITAL-WIDE CUSTOMER SERVICE CULTURE
Why was this area chosen as a priority for improvement?	A hospital-wide customer service culture will give staff the skills and permission to act to ensure all service users are treated with dignity and respect.
What were the aims?	<p>Our targets for achievement are:</p> <ol style="list-style-type: none"> 1. To increase the number of staff who have had customer service training by 10% year on year. 2. To fully integrate PALs and complaints in to a Customer Service Team. 3. Continue to resolve more issues at local level and on the same day in order to see a reduction in formal PALs and complaints issues. 4. Continue to increase the number of volunteers. 5. Continue to reduce the number of complaints. 6. The Director of Nursing will be the Executive sponsor for patient experience and will report progress regularly to the Board.
How was improvement monitored?	Complaints and PALs data is reviewed monthly by CBU's and improvement has been monitored through CBU governance structures, Clinical Quality Assurance Committee and the Board.
Quality improvements and key successes achieved in 2011/12.	<p>CUSTOMER SERVICE TRAINING</p> <p>A new Customer Services Training Package has been purchased. The training package is currently being revised to fully meet the needs of the Trust. The training will then be rolled out across the Trust in 2012/13.</p> <p>INTEGRATION OF PALs AND COMPLAINTS DEPARTMENTS</p> <p>The PALs and Complaints Departments have been integrated into one Customer Service Department. Training has commenced to further enhance the knowledge and skills of the team.</p>

IMPROVING COMMUNICATION - PATIENT INFORMATION

Work continues to facilitate and develop innovative patient information in formats that are relevant to our patients and their families, for example for children;

- undergoing urodynamic testing.
- with sickle cell disease.
- requiring pain relief.
- having an anaesthetic.
- infection prevention and control.
- understanding Gynaecomastia.

These projects are successfully achieved with the commitment and efforts from all the teams within the Trust, especially *Investing in Children* and Arts for Health, external agencies and parents and children.

COMPLAINTS

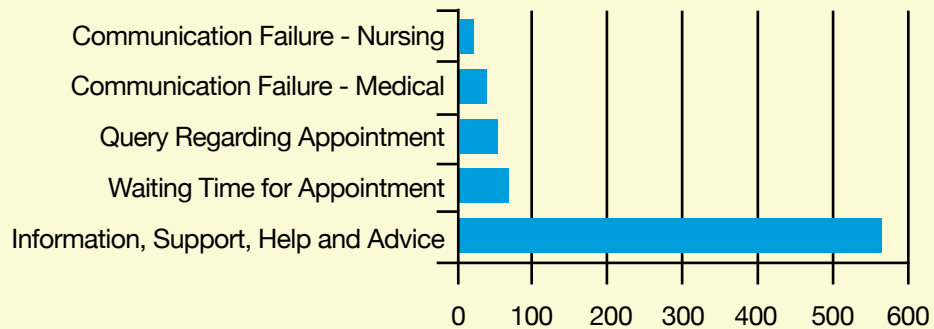
In 2011/12, 108 complaints were received from 84 complainants, a reduction from 2010/11 (183 complaints from 115 complainants). Six cases were referred to the Health Service Ombudsman, three were upheld by the Ombudsman and three are pending.

There were also 719 PALs concerns and enquiries in 2011/12 compared to 992 in 2010/11.

A trend analysis of complaints shows that the reasons for complaints remain the same as 2010/11; nursing and medical care, staff attitude, communication and appointments. This trend is also seen in the PALs (Patient Advice and Liaison Service) concerns as indicated in the chart below:

PALs concerns and queries trend analysis: 2011/12.

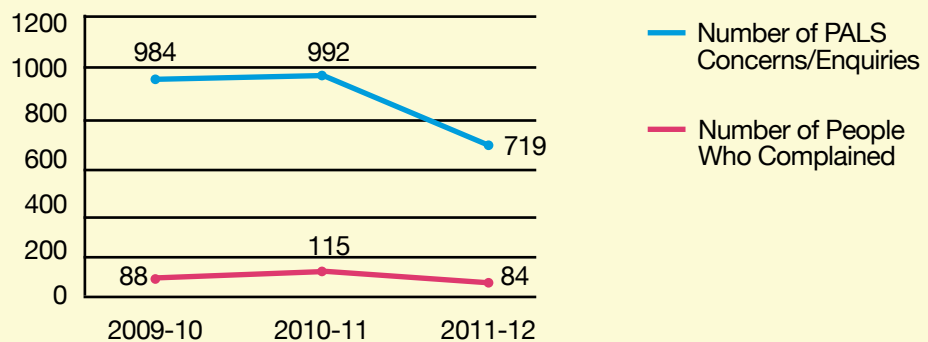
TOP 5 CATEGORIES OF CONCERNS AND ENQUIRIES RAISED WITH PALS



Number of people who complained and the number of PALs concerns and enquiries: 2009/10 to 2011/12.

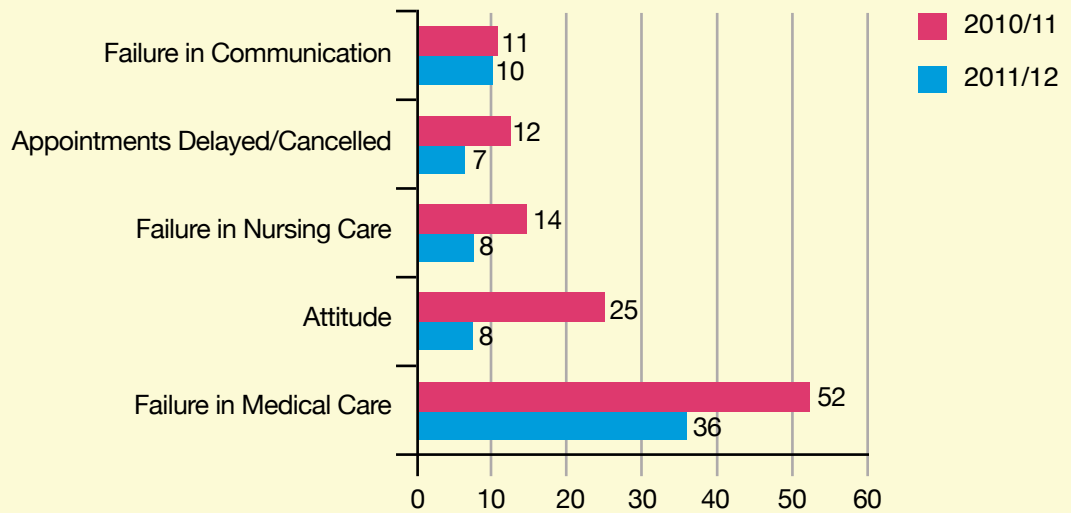
Actions have been taken to improve services resulting from the complaints and concerns received in 2010/11 and this is reflected in the 26% reduction in people who complained in 2011/12.

NUMBER OF PALS CONCERNS/ENQUIRIES AND NUMBER OF PEOPLE WHO COMPLAINED



Top Five Categories of Formal Complaints in 2010/11 and 2011/12.

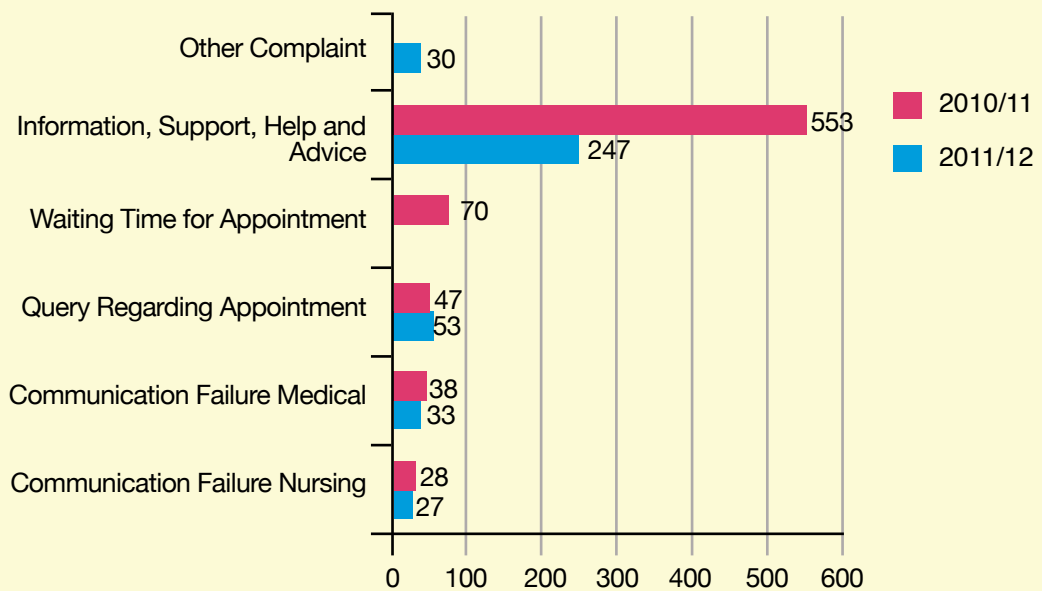
TOP 5 FORMAL COMPLAINT CATEGORIES 2010/11 AND 2011/12



Trend analysis of the complaints shows that whilst the top five reasons for complaints remain the same as 2010/11 there has been a reduction in all five categories. Most noticeably there has been a 68% decrease in complaints about staff attitude.

PALs concerns and queries trend analysis: 2011/12.

TOP 5 PALS CONCERNS/ENQUIRIES 2010/11 AND 2011/12



Trend analysis of the top five categories of concerns and enquiries demonstrates that four of the five categories remain the same as in 2010/11. Most noticeably there has been a 55% decrease in Information, Support, Help and Advice and a 100% decrease in the Waiting for an Appointment category, which has been replaced in the top five by the category 'other'. The category 'other' relates to small numbers of concerns or enquiries for a variety of reasons

VOLUNTEERS / CONCIERGE ROLE

The Trust has now been successful in recruiting 142 volunteers who undertake various roles within the Trust such as ward buddies, meet and greet, support concierge and administration roles. The volunteers' age range is from 16 upwards. 2012 has seen the introduction of quarterly volunteer meetings and a monthly newsletter. The wards and departments are becoming more involved in championing volunteers and are being creative and innovative in their use of the role. Managers are now actively contacting the Volunteer Office to ask for volunteers when opportunities arise such as the new admissions lounge. We are currently in the process of seeking approval to assist the Trust in achieving 'Investing in Volunteers' Accreditation. Only four other trusts have achieved accreditation. Improvement is monitored at CBU and Board level.

EXTERNAL COLLABORATIONS

The Trust offers work experience placement opportunities for school children and has successfully supported 64 placements between January and December 2011. These roles have been very popular and varied, from our on-site nursery to Information Technology, Wards (if over 17) and Pharmacy.

What are the next steps in 2012/13?

- To further develop the skills and knowledge within the new Customer Service Team.
- To continue to encourage and support CBUs with local resolution of concerns to reduce complaints.
- To encourage lessons learned from concerns and complaints are shared across the Trust.
- Share compliments and celebrate successes.
- Customer Care Training Package to be rolled out across the whole of the Trust in year.
- To achieve 'Investing in Volunteers' accreditation.

3.4 PERFORMANCE AGAINST NATIONAL PRIORITIES

The Trust achieved all national priorities as indicated below:

NATIONAL TARGETS AND MINIMUM STANDARDS	TARGET OR INDICATOR	TARGET (2011-12)	ACTUAL (2011-12)	ACTUAL (2011-12)	ACTUAL (2011-12)
Infection Control	Clostridium Difficile - meeting the C.Diff objective	4	4	3	3
	MRSA - meeting the MRSA objective	1	1	2	4
Access to Services	Cancer 31 day wait for second or subsequent treatment - surgery	> 94%	100%	100%	100%
	Cancer 31 day wait for second or subsequent treatment - drug treatments	> 98%	100%	100%	100%
	Cancer 62 day waits for first treatment (from urgent GP referral)* 1 month for paediatrics	> 85%	100%	100%	100%
	Cancer 31 day wait from diagnosis to first treatment	> 96%	100%	100%	100%
	Cancer 2 week (all cancers)	> 93%	100%	100%	100%
	Referral to treatment time, 95th percentile, admitted patients* (pre 2011-12 target was 90% compliance)	< 23 weeks	22.1	90%	90%
	Referral to treatment time, 95th percentile, non-admitted patients* (pre 2011-12 target was 95% compliance)	< 18.3 weeks	14.8	97%	97%
Access to A&E	A&E Clinical Quality- Total time in A&E (was 95th percentile in Q1 now 95%)*	> 95%	96.6%	97.9%	98.3%

* figures reflect quarter 4 performance for 2011-12

3.5 STATEMENTS FROM PRIMARY CARE TRUSTS, LOCAL INVOLVEMENT NETWORKS, GOVERNORS AND OVERVIEW AND SCRUTINY COMMITTEES

3.5.1 COMMENTS FROM GOVERNORS

'I have read the report and found it to be a very thorough and true reflection of the information already received by the governors.'

'Thank you for sending the draft Quality Report through for review. It certainly reflects the presentations and documentation which has been presented to the Governors. I think the document is a clear and thorough representation of the quality agenda of the Trust and believe that achievement of the targets will undoubtedly improve patient care and the experience of both the patients who are treated by Alder Hey and their families.'

3.5.2 COMMENTS FROM NHS MERSEYSIDE - Trish Bennett, Director of Service Improvement and Executive Nurse

'As Director for Service Improvement and Executive Nurse for NHS Merseyside I believe that the account represents a fair and balanced view of the 2011/12 progress that Alder Hey Children's NHS Foundation Trust has made against the identified quality standards.'

'In line with the NHS (Quality Accounts) Regulations 2011, NHS Merseyside can confirm that we have reviewed the information contained within the account and checked this against data sources where this is available to us as part of existing contract/performance monitoring discussions and is accurate in relation to the services provided. We have reviewed the content of the account and can confirm that this complies with the prescribed information, form and content as set out by the Department of Health.'

'Overall NHS Merseyside welcomes the vision described within the Quality Accounts, agrees on the priority areas and will continue to work with Trust to improve the quality of services provided to patients. NHS Merseyside is supportive of the process Alder Hey Children's NHS Foundation Trust has taken to engage with patients, staff and stakeholders in developing a set of quality priorities and measures for 2011/12 and applaud their continued commitment to improvement.'

3.5.3 COMMENTS FROM LIVERPOOL LOCAL INVOLVEMENT NETWORK - John Bruce, Liverpool LINK Core Group Member and Health and Social Care Ambassador to Alder Hey

'Liverpool LINK once again welcomes the opportunity to comment on Alder Hey Children's NHS Foundation Trust's Quality Accounts.'

'The document is reasonably easy to read and understand but would benefit from a clearer indication as to how the quality priorities for 2011/12 have been met. Although 'Quality improvements and key successes achieved' are noted it would be helpful to have an initial visual indication as to whether targets have been met, for instance a red/amber/green indicator or a tick/cross. The section on 'Performance against national priorities' is much clearer in this respect and shows concisely that all national priorities have been met.

'We recognise the primary constraints of a Quality Account, as a required formal document but would like to see encouragement of other formats, greater accessibility of the work it represents and determined teamwork by all staff at all levels. We would encourage, exploration and possible development of, not just insertion of bright pictures, but a user friendly commentary alongside the Quality Account, to encourage greater consumption of this important document, alongside the legally required version. This parallel 'commentary', might even include a glossary of terms and their significance.

'We would like to congratulate the Trust on its developments during 2011/12 and particularly note the 96% satisfaction rates recorded on patient feedback cards and the downward trend in intravenous (IV) line infections. We are encouraged by plans to develop better engagement with and support of Alder Hey's patients and families by GPs.

'The Trust has made good progress towards meeting it's Commissioning for Quality and Innovation (CQUIN) targets. Again in a wider circulation format, brief explanations of some of these - how and why - would help encourage a wider readership.

'We will be interested to monitor progress against the quality priorities chosen for 2012/13. In terms of Priority 3 (Patient Experience) we welcome the recognition of the important information role the Alder Hey team can have in enabling young people and their families to understand their medical conditions, and that support and advice is available inside and outside of Alder Hey.

'We also hope that LINK involvement in quality issues and patient experience can be developed over the next 12 months, perhaps including involvement in the Trust's Quality Group (as already happens at some other local NHS Trusts).

'We would also encourage the use of the Alder Hey website to help families cope with the practicalities of regular visits to the hospital and, where engagement groups are already happening, to have minutes, information and a contact officer, so those unable to physically travel or take part can still contribute to the development of a listening Alder Hey.

'Liverpool LINK members are particularly interested in integrated partnerships of the wide range of health and social care services and would also welcome the opportunity to contribute to discussions on better integrated care and multi-disciplinary work around transition to adult hospital and community based services especially for young people with complex health needs.'

3.5.4 COMMENTS FROM KNOWSLEY LOCAL INVOLVEMENT NETWORK

'Knowsley LINK is pleased to be able to provide a commentary in support of Alder Hey Children's NHS Foundation Trust Quality Account for 2011-12. This response was completed following the review of a draft copy of the Quality Account and a formal presentation to LINK members and young people's representatives from The Children and Young People's Forum in Knowsley, SPARK (Shout Participation And Rights in Knowsley).

'Recently there has been an increased involvement between Alder Hey and LINKs through quarterly meetings and discussions around capturing Patient Experience information. Knowsley LINK has also worked with neighbouring LINKs to provide patient experience information stands within the hospital.

'During the presentation of the Quality Account, it was felt that the report needed to further consider children, young people and families in the development of the Quality Accounts. This recommendation was welcomed by the Trust and again for this year willingness was expressed to produce a summarised version of the Account designed for children, young people and community members.

'It was felt that the three priority areas that have been set for 2012-13 were strong priority areas, demonstrating a commitment to quality which is reflective of the views of LINKs, young people and community members. The Clinical Quality Assurance Framework and the use of engagement events to involve patients, carers and community members will be a useful means of monitoring progress in these priority areas.

'It was pleasing to see that the Trust has focused on the quality of service through the 'Investing in Children' accreditation and are rolling this out throughout the trust, as well as consistently re-accrediting services. The ongoing focus on capturing patient experience using the volunteers and concierge service to collect information is positive; LINK members felt that young people could also be involved in this process, through a peer support role.

'Knowsley LINK and SPARK look forward to building on the work completed so far and providing an ongoing critical friend relationship with the Trust.'

3.5.5 COMMENTS FROM SEFTON LOCAL INVOLVEMENT NETWORK

'Sefton LINK would like to thank the Trust for their continued partnership work with the LINK over the past 12 months. This response was completed following a review of the draft copy of the Quality Account and from LINK members receiving a presentation.

'The work of the Trust in Health Promotion/Public Health should be commended, particularly the work on data collection for; smoking, alcohol and drugs. A Public Health Strategy has also been developed.

'We welcome the priority improvement for 2012/13 for patient experience and look forward to working with the Trust over the next 12 months. The Trust should be pleased with the overall patient satisfaction rate of 96% for 2011/12. We were however surprised that the Trust in monitoring patient experience did not measure some aspects, for example, ease of access, the appointments system. The Trust has engaged with us to look at how patient experience can be gathered independently by the LINK and quarterly meetings have been set to ensure more joined up working over the next 12 months.

'We welcome the work of the Trust in significantly reducing the number of line infections by 70%.

'When reviewing progress made against the priorities identified for 2011/12, it was sometimes unclear if targets had been met. We found that too much narrative was included. A visual indication of achievement would have been useful.

'We are concerned about the percentages provided within the report which detail clinical coding error rates. Some members were unclear about the use of percentages in this section and it may be useful to make this information clear to the reader on what this means in terms of patient safety.

'We receive regular Patient Advice and Liaison Service (PALS) reports which detail the issues raised with the Trust for each Clinical Business Unit. We will be monitoring how the integration of the PALS service and the complaints department into one Customer Service department develops.

'As part of our work plan for this year we are starting to review transitional services for young people moving into adult services and were disappointed that we were not involved in the consultation regarding changes to the Child and Adolescent Mental Health Services. We are working with the Trust to ensure that this issue is being looked into.

'Overall the document is easy to read but we felt it could be improved visually in some ways. The use of percentages without the actual figure makes it hard to

interpret the information provided within the account. A glossary would be helpful to the reader as many acronyms are used throughout the document.

'From a young person's perspective, the document was not easy to read or understand. It was felt that the mandatory information contained within the document could have been elaborated on to ensure that it was more accessible for the reader. Diagrams including bar charts and pie charts were useful to show the reader important aspects for example, mortality rates.

'We welcome a summary document of the Quality Account which the Trust has agreed to produce.

'We look forward to our work with the Trust over the coming 12 months to ensure that local people receive quality services.'

3.5.6 COMMENTS FROM NHS LIVERPOOL CLINICAL COMMISSIONING GROUP CHAIRS

'NHS Liverpool Clinical Commissioning Group welcomes the opportunity to receive and comment on Alder Hey Children's NHS Foundation Trust Quality Accounts for 2011/12.

'In preparation for the formal establishment of the CCG in April 2013, NHS Liverpool have led the contractual arrangements over the past year and this account is consistent with reports received and development of priorities for 2012/13.

'It is clear to the CCG that Alder Hey Children's NHS Foundation Trust has a clear commitment to quality improvement and engagement with patients and staff. Clear progress has been made through the year.

'We have established excellent working arrangements between the CCG and the Trust and look forward to developing our relationship further over the coming years as we collaboratively seek to improve health outcomes for the population of Liverpool.'

3.6 STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE QUALITY REPORT

The directors are required under the Health Act 2009 and the National Health Service (Quality Accounts) Regulations 2010 to prepare Quality Accounts for each financial year.

Monitor has issued guidance to NHS foundation trust boards on the form and content of annual Quality Reports (which incorporate the above legal requirements) and on the arrangements that foundation trust boards should put in place to support the data quality for the preparation of the Quality Report.

In preparing the Quality Report, directors are required to take steps to satisfy themselves that:

- the content of the Quality Report meets the requirements set out in the NHS Foundation Trust Annual Reporting Manual 2011/12;
- the content of the Quality Report is not inconsistent with internal and external sources of information including:
 - Board minutes and papers for the period April 2011 to June 2012
 - Papers relating to Quality reported to the Board over the period April 2011 to June 2012
 - Feedback from the commissioners dated 28th and 30th May 2012
 - Feedback from governors dated 10th and 11th May 2012
 - Feedback from LINKs dated 28th and 30th May 2012
 - The Trust's complaints report published under regulation 18 of the Local Authority Social Services and NHS Complaints Regulations 2009, dated 15th May 2012
 - The 2011 national staff survey published in March 2012
 - The Head of Internal Audit's annual opinion over the Trust's control environment dated March 2012
 - CQC quality and risk profiles between April 2011 and March 2012.
- the Quality Report presents a balanced picture of the NHS foundation trust's performance over the period covered;
- the performance information reported in the Quality Report is reliable and accurate;
- there are proper internal controls over the collection and reporting of the measures of performance included in the Quality Report, and these controls are subject to review to confirm that they are working effectively in practice;
- the data underpinning the measures of performance reported in the Quality Report is robust and reliable, conforms to specified data quality standards and prescribed definitions, is subject to appropriate scrutiny and review; and the Quality Report has been prepared in accordance with Monitor's annual reporting guidance (which incorporates the Quality Accounts regulations) (published at www.monitor-nhsft.gov.uk/annualreportingmanual) as well as the standards to support data quality for the preparation of the Quality Report (available at www.monitor-nhsft.gov.uk/annualreportingmanual).

The directors confirm to the best of their knowledge and belief they have complied with the above requirements in preparing the Quality Report.

By order of the Board.



SIR DAVID HENSHAW
CHAIR

28TH MAY 2012



LOUISE SHEPHERD
CHIEF EXECUTIVE

28TH MAY 2012



FRANCESCA TAIT

AGED 9

Francesca has been treated over the years by the Craniofacial Team for Sathrea Chotsen Syndrome. Francesca says: "I think Alder Hey is a good hospital because it made me better! Joan Grogan comforts me and tells me everything is going to be alright."

STAFF SURVEY 2011: RESULTS AND ACTIONS

STAFF ENGAGEMENT

Improving staff engagement and staff satisfaction remains a priority at Alder Hey!

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 on this agenda and reviews and takes actions on the outcomes of staff feedback mechanisms such as the Staff Survey in order for the Trust to learn from this feedback.

To ensure the results from the Staff Survey are owned at both local and corporate level, the performance management framework established in 2011 to monitor and review progress throughout the year has been strengthened and the Staff Survey action plan has now been integrated into the CBU performance management framework. CBUs will be required to use the survey findings to undertake a diagnostic process with staff and create their own local action plans, which will be monitored at Board level on a quarterly basis.

These plans are supplemented by a communications strategy, including taking 'temperature checks' with employees and presenting an ongoing 'You Said, We Did' campaign throughout the year to ensure staff are kept informed about progress against key actions.

SUMMARY OF PERFORMANCE - RESULTS FROM THE NHS STAFF SURVEY

A summary of performance can be seen in the table on page 73, where comparisons can be made between Alder Hey and national average scores for acute specialist trusts received in 2010 and 2011.

Alder Hey's response rate was 52%, slightly lower than the overall national response rate for all trusts in England of 54%.

• TOP RANKING SCORES AND PROGRESS SINCE 2010

All of the four top ranking scores are above average when compared to results from acute specialist trusts. KF36 (% of staff having Equality and Diversity training in last 12 months) demonstrates that we have retained a very high level of training since the previous year's survey. At 69%, this score remains one of the highest amongst all acute specialist trusts, and is significantly higher than the average (50%)

The Trust also scores above the national average on another equality measure, that of KF 37 (% of staff believing that the Trust provides equal opportunities for career progression or promotion).

The positive actions by the Trust regarding incident reporting and dealing with violence and aggression can be demonstrated by the responses for both KF 21 (% of staff reporting errors, near misses or incidents witnessed in the last month), which has increased significantly since the 2010 survey (increasing from 90% to 99%), and for KF 27 (perceptions of effective action from employers towards violence and aggression), which scores higher than the national average.

Three additional key findings also score 'above average' when compared with the results from all acute specialist trusts:

- KF 9 (% staff using flexible working options). This has improved since the 2010 survey, up 3% to 68%.
- KF 17 (% staff suffering work-related injury in last 12 months). There has been a reduction in staff suffering work-related injuries since last year, down 4% to 11%.
- KF 18 (% staff suffering work-related stress in last 12 months). This indicator has improved since 2010, down from 30% to 25%.

• BOTTOM RANKING SCORES AND ACTION PLANNING

The Trust has been ranked below average, when compared to similar trusts, on all four of its bottom ranking scores (see table opposite) and all four scores have deteriorated since the 2010 survey. Plans are being developed in order to address these areas, along with other key areas identified as requiring improvement:

- WORK LIFE BALANCE

Actions to address this will be picked up locally through diagnostic work with individual CBUs to ascertain how this can be improved at ward, department and profession level.

- FAIRNESS AND EFFECTIVENESS OF INCIDENT REPORTING

The Risk Management Team is working closely with CBU managers implementing a new incident reporting system, which will include a review of all aspects of the reporting cycle, ensuring fairness and effectiveness at all stages of the process.

- ENSURING STAFF FEEL VALUED – SUPPORT FROM IMMEDIATE MANAGERS/ OPPORTUNITIES TO DEVELOP POTENTIAL AT WORK

Actions to address this will be picked up locally through diagnostic work with individual CBUs working alongside the Learning and Development Team, to determine how this can be improved for all staff.

- INFECTION CONTROL – AVAILABILITY OF HAND WASHING MATERIALS

The focus will be on access and availability of hand washing materials. The Director of Infection Prevention and Control (DIPC) will be working with clinical areas to develop actions to address this.

- IMPROVED COMMUNICATIONS AND ENGAGEMENT FROM THE TRUST AND SENIOR MANAGERS

Using the feedback from the Staff Survey, we will be developing further plans to improve the communication and dissemination of both national and Trust based information, in particular around the Transformation Strategy.

FUTURE PRIORITIES AND TARGETS

To improve staff feedback and engagement, key priorities in the coming year will be to:

- Increase the Staff Survey response rate for 2012.
- Ensure continued engagement with staff side representatives.
- Progress with a Communication Strategy which regularly communicates actions and progress made against staff feedback via a range of methods such as Trust Brief and a 'You Said, We Did' campaign.
- Encourage local ownership for survey outcomes.
- Ensure regular 'temperature checks' are taken and monitored via CBU and departmental surveys.

Embedding the staff survey action plan within the performance management framework for CBUs will provide an increased level of assurance that staff feedback and the key priority areas identified within the survey are being addressed and actioned. Performance will be monitored at the Executive Quarterly Performance Reviews for CBUs. Overall progress will be monitored at the Workforce and Organisational Development Committee.

SUMMARY OF PERFORMANCE - RESULTS FROM THE NHS STAFF SURVEY 2011

RESPONSE RATE	2010		2011		TRUST IMPROVEMENT/ DETERIORATION SINCE 2010
	TRUST	NATIONAL AVERAGE	TRUST	NATIONAL AVERAGE	
	57%	55%	52%	54%	Decrease of 5%

TOP 4 RANKING SCORES (2011)	2010 %		2011 %		TRUST IMPROVEMENT/ DETERIORATION SINCE 2008
	TRUST	NATIONAL AVERAGE	TRUST	NATIONAL AVERAGE	
KF 37 (% of staff believing the Trust provides equal opportunity for career progression or promotion)	93	92	96	92	Increase of 3% (improvement)
KF 36 (% of staff having Equality and Diversity training in the last 12 months)	70	45	69	50	Decrease of 1% (deterioration)
KF 21 (% of staff reporting errors, near misses or incidents witnessed in the last month)	90	96	99	96	Increase of 9% (improvement)
KF 27 (Perceptions of effective action from employer towards violence and harassment)	3.70	3.67	3.72	3.65	Increase of 0.2% (improvement)

BOTTOM 4 RANKING SCORES (2011)	2010 %		2011 %		TRUST IMPROVEMENT/ DETERIORATION SINCE 2008
	TRUST	NATIONAL AVERAGE	TRUST	NATIONAL AVERAGE	
KF 7 (Trust commitment to work-life balance)	3.45	3.53	3.29	3.50	Decrease of 0.16% (deterioration)
KF 15 (Support from immediate managers)	3.58	3.66	3.52	3.64	Decrease of 0.6% (deterioration)
KF 22 (Fairness and effectiveness of incident reporting procedures)	3.47	3.53	3.42	3.53	Decrease of 0.5% (deterioration)
KF 10 (% of staff feeling there are good opportunities to develop their potential at work)	40	45	34	46	Decrease of 6% (deterioration)



FINLEY HUTCHINSON

AGED 2½

Finley is being treated on the Oncology Unit for Rhabdomyosarcoma. His dad Kieran tells us about their experience here: "People who work here are amazing, supportive and caring. We are treated very well by everyone we have come into contact with - nurses, doctors, play specialists, social workers and Macmillan nurses."

REGULATORY RATINGS

Monitor, the independent regulator of NHS foundation trusts assigns each NHS foundation trust a risk rating for governance, finance and the provision of mandatory goods and services (as defined in their terms of authorisation) on a quarterly basis during the year.

A green risk rating indicates that a foundation trust's governance arrangements comply with its terms of authorisation; an amber risk rating reflects that concerns exist about one or more aspects of governance; and a red risk rating indicates that there are concerns that a trust is, or may be, in significant breach of its terms of authorisation. Financial risk ratings are allocated using a scorecard which compares key financial metrics consistently across all foundation trusts. The rating reflects the likelihood of a financial breach of an NHS foundation trust's terms of authorisation. A rating of 5 reflects the lowest level of financial risk and a rating of 1, the highest.

A summary of Alder Hey's performance against the parameters of the ratings for 2011/12 is set out below, including a comparison with 2010/11. The amber/green

rating for governance was a source of disappointment for the Trust this year. This was due in Quarter 1 to a breach of the 18 week referral to treatment target; this resulted from a planned approach to treating long waiting patients in key specialities that had built up as a consequence of issues relating to both capacity and clinical complexity. In Quarter 2, the Trust reached its annual trajectory of four cases of Clostridium Difficile, which related to two patients one of whom suffered three incidents of the infection; on investigation these cases were found to be unavoidable. As this target is assessed on a cumulative basis, the Trust remained at amber/green for Quarter 3. The issues associated with Clostridium Difficile prompted the Trust to re-open dialogue at national level on the appropriateness of the inclusion of this measure as a performance indicator for paediatric units.

	ANNUAL PLAN 2010/11	Q1 2010/11	Q2 2010/11	Q3 2010/11	Q4 2010/11
Financial risk rating	5	5	4	5	5
Governance risk rating	Green	Amber/Green	Green	Green	Green
Mandatory services	Green	Green	Green	Green	Green

	ANNUAL PLAN 2011/12	Q1 2011/12	Q2 2011/12	Q3 2011/12	Q4 2011/12
Financial risk rating	5	4	4	4	5
Governance risk rating	Green	Amber/Green	Amber/Green	Amber/Green	Green
Mandatory services	Green	Green	Green	Green	Green



JAYDA JONES

AGED 2

Jayda has a number of conditions including Epilepsy, Cerebral Palsy, Chronic Lung which require a lot of care and treatment. Her mum Nicola explains: "From the Domestic and restaurant staff to the teams on the ward, everyone has been fantastic and their support has got me through some difficult days. I'm very thankful for everything the staff at Alder Hey have done for me and Jayda."

DISCLOSURES IN THE PUBLIC INTEREST

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 which is now mandatory on an annual basis for all staff. The work to encrypt Trust laptops and memory sticks is now complete with solutions for both adopted. An extended programme of Information Governance audits has been developed for 2012/13 and a main focus for the IG agenda will be a communications plan which will improve staff knowledge through a variety of methods.

The importance of staff vigilance and awareness of key IG issues was highlighted during the year following a breach of data security in January 2012. The incident occurred following investigation of clinical issues within the Audiology service which required 640 patients to be recalled to clinic by letter. Unfortunately, 430 of these letters were sent in error with the incorrect patient's name in relation to the address. The Trust took immediate action to contact the families affected, issue an apology and ensure that a correct letter was sent out within 48 hours. An investigation into the incident identified a number of recommendations for changes in internal procedures to ensure that such an error would not be possible in the future.

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. Over the last year Liverpool LINK has undertaken a Patient Experience assessment which in the main was very positive and encouraging. The assessment also identified a few areas of improvement for the Trust which we are taking forward. The Trust is committed to ensuring that we develop a robust model of engagement and involvement which can be integrated into the functions of the organisation and make a real difference to the services we deliver and to the overall patient experience.

THE CHILDREN AND YOUNG PEOPLES' FORUM

Over the last year the Forum has been engaged in a number of activities. Members were involved in the recruitment of the Director of Nursing and the Medical Director and have continued to work with the bidders for the new Children's Health Park. As well as these activities, a number of the Forum members were involved in a piece of work for the National Children's Bureau. The Alder Hey Children and Young Peoples' Forum is a member of the Liverpool Schools Parliament which provides vital links with the community beyond the hospital. The Parliament gives an opportunity for the young people of Liverpool to have a voice on matters of concern and to be heard by the people who have influence in the running of the city of Liverpool. Once again we are proud to report that one of our members has been appointed as one of the Young Lord Mayors of Liverpool.

Investing in Children (IiC) is an organisation which helps to ensure that the voice of children and young people is a key part of developing services. The Trust has been working with IiC to make sure that our services really do change as a result of the views and experiences of the children and young people who use them. This work has been formalised in a Partnership agreement which we have been awarded for the second time. The *Investing in Children* membership certificate is only awarded when children and young people themselves are satisfied that their opinions and views have been listened to and acted upon. Eleven services/departments within the Trust have now achieved *Investing in Children* membership.

Listening to the children, young people and parents/carers who use our services is vital to enable the Trust to make changes and improve their experience. The Trust has a number of ways in which we listen. We continue to use 'feedback' cards and each month we look at what the cards tell us.

The key areas we look at are:

- Patients feeling satisfied with the services.
- Parents/carers feeling satisfied with the service.
- Parents/carers who would recommend the hospital to others.
- Positive experiences:
 - Feeling welcomed;
 - Feeling cared for;
 - Friendly staff.

In 2011/12 over 2,000 patients, parents/carers filled in our cards. Overall the results were very positive. Whilst we are always pleased to receive positive feedback the cards are a useful way of identifying themes or recurrent problems which may require a more focused approach to resolve. The results of the feedback cards are shared throughout the Trust.

We also listen through surveys and through our PALs and complaints processes and share the lessons learnt to ensure we continuously improve. We make sure that we monitor any trends which are then reported to the Board to help them understand what the patients and families are telling us and what we are doing to improve things.

For 2012/13 we will continue our strong commitment to improve the ways we listen to and feedback to our children, young people and parents/carers regarding the things we have done well but also not so well. We want to demonstrate that what they have said we have listened to and acted upon. 'Fabio' will be implemented throughout the Trust and this will be another opportunity for our children, young people and parents/carers to provide us with their feedback.

The Patient Experience Team is constantly looking for new ways of engaging with and measuring the experiences of children, young people and parents/carers and welcomes their involvement, their views and their opinions.

VALUING OUR STAFF - HEALTH, WORK AND WELLBEING

In 2011, Alder Hey continued its work in supporting the health and wellbeing of staff and entered into the second year of the Health, Work and Wellbeing Strategy

implementation. This strategy sets out the Trust's intentions to ensure continuous improvement in key areas which contribute to staff health and wellbeing.

Achievements in 2011 included:

- Delivery of bespoke health work and wellbeing training for managers.
- Successfully tendered for a new Occupational Health service, provided by Team Prevent, who have supported staff, particularly those on long-term sick leave, with strategies to help them manage their conditions and return to work wherever possible.
- Continued access to fast track physiotherapy and counselling services for staff.
- On-going promotion of services and facilities to improve health and wellbeing and prevention of illness such as smoking cessation, lifestyle health assessments, physiotherapy and the Zone (staff gym facility).
- Participation in the North West corporate games, encouraging staff to engage in fitness and social activities, and were winners in three categories.

Supporting staff to improve their health and wellbeing will assist in the reduction of sickness absence rates across the Trust. The Trust closely monitors its performance against sickness absence targets and the position as at the end of March 2012 is detailed below:

Trust Monthly Total - March 2012	4.83%
Cumulative Position	4.55%
Trust Target	4%



DYLAN LEWIS

AGED 18

"I didn't like coming into hospital, especially on Mondays and now I look forward to working with Twin Vision. It gives you something positive to focus on, a positive activity helps make you feel better."

VOLUNTARY DISCLOSURES

SUSTAINABILITY AND CLIMATE CHANGE

The Trust is committed to minimising any negative impact on the environment.

Sustainability reporting is being carried out at Alder Hey to demonstrate to our stakeholders that we are more than a 'going concern' and to allow patients, staff and others to review our sustainability credentials as a part of deciding whether or not to come to the Trust for care or employment.

ENERGY

During 2011/12 the Trust's performance on energy consumption has seen a reduction in gas usage and although some of this can be tracked to a mild winter the majority of saving has been through utilising the hospital's Combined Heat and Power Unit (CHP) which besides generating electricity also provides our base load in heating. Increases in the following utility costs were received during the year as follows:

- Electricity Day Units 12% • Electricity Night Units 13% • Gas – All day 19% • Water 6% • Sewage 4%

	2011/12		2010/11	
	UNITS CONSUMED	VALUE OF UNITS	UNITS CONSUMED	VALUE OF UNITS
Electricity	7,249,386 Kwh	£ 699,679.27	6,756,947 Kwh	£558,233
Gas	14,424,001 Kwh	£386,533.87	16,457,919 Kwh	£393,873
Water	29,903 m ³	£107,044	66,234 m ³	£91,403
	TOTAL	£1,193,257	TOTAL	£1,043,509

The Trust has started to implement the carbon management plan which was submitted in conjunction with other trusts within North Merseyside and the Carbon Trust. The plan established a baseline of Scope 1, 2 and 3 emissions of 7,666 tonnes of CO₂ and our target is to reduce this by 15% by 2015. A team of staff from across the Trust, led by our dedicated Environmental Manager, are working to make this a reality.

2011/12 saw a good deal of preparation for the Carbon Reduction Commitment (CRC) and we are at present intending to procure 6,111 tonnes of carbon which was emitted in 2010/11. This has taken a substantial amount of time and this has been fed back to the administrators of the scheme in their consultation.

Our membership of the Liverpool Carbon Collective, which comprises of representatives from all the trusts in the North Mersey health economy, continues. By using expertise from across this group we are commencing with plans to reduce carbon emissions throughout the area as well as here at Alder Hey. Towards the end of the year a marketing campaign was launched with the theme 'Simple Actions' and the launch of this was tied into the NHS day of Sustainability with employees of the month assisting in the launch.



WASTE

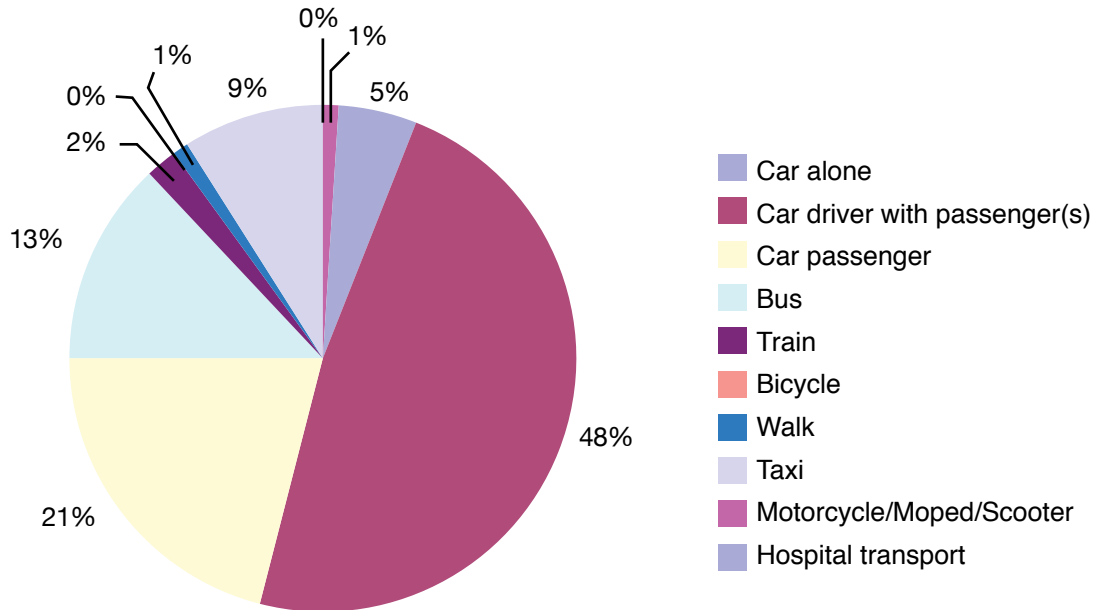
The amount of waste we produce is continuing to increase and this is mainly as a result of packaging that invariably accompanies every piece of equipment or stores that arrive in the Trust.

The Treasury escalator for waste sent to landfill, 'Landfill tax', was increased by the standard rate of £8.00 pounds per tonne to £56.00.

TRAVEL

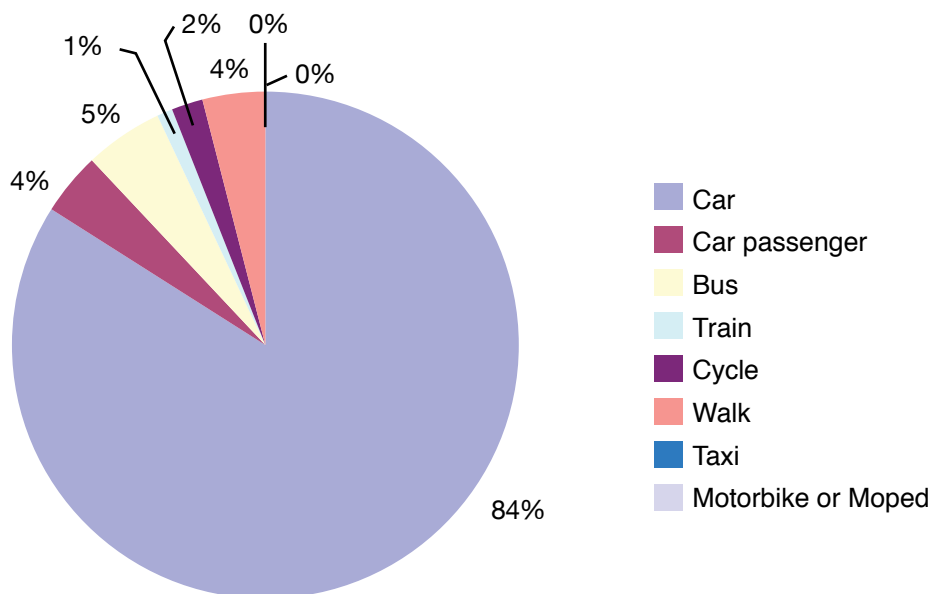
The Trust has recently updated its travel plan and this has shown a reliance on the motor vehicle by staff and patients.

STAFF TRAVEL



STAFF TRAVEL

PATIENT/VISITOR TRAVEL



PATIENT / VISITOR TRAVEL

We continue to provide staff loans for cycles and have seen this increase over the last 12 months as the price of fuel has begun to increase. A Travel Day was held to demonstrate to staff the various methods of transport that could be used to access the Trust, suppliers from local bus companies and cycle shops attended.

PRIORITIES AND TARGETS FOR 2012/13

An environmental policy will be developed and ratified by the Trust's Environmental Forum and is scheduled for approval by the Board of Directors in 2012/13. This will then be placed on the Trust's website to ensure compliance with our environmental performance standard.

Our other travel priority for the year is to seek wider promotion of our Cyclescheme initiative. This enables our staff to purchase a bicycle in a tax efficient way so they can improve fitness and reduce pollution through cycling to work. We also plan to review usage of the hospital car park to maximise this asset and enable more effective use by our parents, visitors and staff.

The waste contract is to be tendered this year with the focus on reducing the amount of waste going to landfill and include the category of 'Offensive Waste' which we anticipate will help in reducing the cost of waste. Within the tender document we are requesting our potential suppliers to concentrate on methods of reduction and recycling.

We continue to work with local government in an effort to promote education to our patients on waste. One of the initiatives we have been involved with is the 'Real Nappy' campaign in which we inform parents of the benefits of using real nappies.

We intend to instigate those parts of our Carbon Management Plan that can be implemented without incurring a large capital cost.

Progress against these targets will be monitored via the Trust's Environmental Forum and reported to the Board of Directors on a bi-annual basis.

EQUALITY REPORT

Alder Hey is committed to creating an environment which not only provides equality of opportunity and access for all communities, but also celebrates diversity and protects all human rights. This means that for all patients, parents and carers and staff, we take equality, diversity and human rights approaches to our business. In doing this, we will be able to know more about the needs of our service users and staff and so be able to plan more effectively in order to meet the needs that are identified. This will help to create an environment which is respectful and dignified, with highly skilled and qualified staff representative of the communities that our patients are from, to ensure the best experience possible for everyone who is a part of Alder Hey.

The following are groups identified as having protected characteristics under the Equality Act 2010: age, disability, race, gender, religion/belief, sexual orientation, gender reassignment, marriage and civil partnership

and pregnancy and maternity, including carers. Under the general duties of the Act, public authorities must demonstrate measures they are taking to eliminate unlawful discrimination, advance equality of opportunity and foster good relations between people who share a protected characteristic and those who do not. The Trust has demonstrated its development towards meeting its Equality and Diversity aims by undertaking the NHS Equality Delivery System self-assessment process. This enables delivery of the statutory requirements under the Equality Act for publication of equality information and equality objectives, which set out the priorities for Equality and Diversity that have been identified from the current information available within the Trust with regard to patients, staff and communities. Arising from these, a process of engagement will be identified for further on-going consultation and monitoring of progress, in particular with our external community groups and stakeholders.

Engagement with children and young people continues through the Children's Forum, as well as other innovative approaches to engaging children, young people and parents in dialogue about the services they use. The Trust has systems in place to collect and monitor patients' and carers' positive experiences of their care and treatment, which will assist towards identifying any issues relating to Equality and Diversity.

Another key development identified from the Trust's equality objectives will be to enhance the existing processes for Equality Analysis (previously Equality Impact Assessment - EIA), which are an important means of ensuring that we take into account the needs of all groups with protected characteristics. This approach will build on the pilot work regarding EIA undertaken during 2012, enabling the further embedding of Equality and Diversity in all areas of strategy, policy and service delivery affecting our communities.

Levels of staff training and development in Equality and Diversity remain at a consistent rate of 80% or above with a target of 95%. An on-line package of training for Equality and Diversity, as well as training in Equality Impact assessment is available for staff, together with individual support where required for undertaking Equality Impact Assessment. Continued support is available for staff to access the regional Black and Minority Ethnic (BME) and Lesbian, Gay, Bisexual and Transgender (LGB&T) staff networks as well as for any other individual requirements that may arise. The Trust has successfully renewed accreditation as a 'two-tick' disabled friendly employer, however as identified by our equality objectives, further work will be developed around current data and staff support processes with regard to disability.

Equality and Diversity is represented and quality assured through the Workforce Organisational Development Committee (WOD) and additional governance mechanisms for Equality and Diversity relating to patient experience are in the process of being identified currently.

**ROSE NASIMIYU
WEGESA HUGHES**

AGED 10

Oncology patient Rose: "The nurses and staff have been very nice, calm, funny and kind! I really like how I can still go to school."

Her mum Phoebe adds: "The treatment and facilities at Alder Hey give me great confidence - we know we're in the right place!"



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 the 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 NHS Foundation Trust 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 Annual 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 Annual 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 the information in the document is accurate; I have properly discharged the responsibilities set out in Monitor's NHS Foundation Trust Accounting Officer Memorandum.

Signed



LOUISE SHEPHERD
CHIEF EXECUTIVE

28TH MAY 2012

LIAM AND NATHAN STREFFORD

AGED 9

Twin boys Liam and Nathan have Cerebral Palsy and have recently undergone 'multi-level surgery' which includes everything from the hips down being treated i.e. legs broken, bolts and pins in their hips, muscles lengthened and straightened, tendons moved and feet broken. Their mum Joanne explains: "My boys both spent 6 hours in theatre which was a very stressful time but staff have always been there for us with great support."

Liam tells us: "Alder Hey is good because I get lots of medicine and the gym is really colourful. I especially like Jo, Jen and Mike from Physio who help make my Physio fun and they're helping me to walk."

Nathan adds: "The swimming and exercises has helped me a lot!"



ANNUAL GOVERNANCE STATEMENT

"...maintaining a sound system of internal control that supports the achievement of the NHS foundation trust's policies, aims and objectives."

SCOPE OF RESPONSIBILITY

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

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives of 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 31st March 2012 and up to the date of approval of the Annual Report and Accounts.

CAPACITY TO HANDLE RISK

Every member of staff at Alder Hey has an individual responsibility for the management of risk within the organisation. Managers at all levels must understand the Trust's Risk Management Strategy and be aware that they have the authority to manage risk within their area of responsibility.

The Board of Directors approves the Risk Management Strategy on behalf of the organisation. As Chief Executive and Accounting Officer, I have overall responsibility and accountability for risk management. As a member of both the Board of Directors and as chair of the Corporate Risk Committee the Chief Executive is informed of significant risk issues and therefore is assured that her role for risk management is fulfilled. The Medical Director is accountable to the Board of Directors and the Chief Executive for clinical risk management and clinical governance; he reports to the Chief Executive and the Board as appropriate. The Director of Nursing is the Executive lead for risk management and is accountable to the Board and the Chief Executive for the Trust's risk management activities and is responsible for embedding compliance with CQC standards across the Clinical Business Units. The Assistant Director of Nursing and Quality is the operational lead for risk management, accountable to the Director of Nursing and has line management responsibility for the Trust's Risk Management Team. They are responsible for ensuring that the Trust's risk management systems and process are effective and operate in accordance with best practice. The Chief Operating Officer is the Executive lead for Estates and Facilities and is responsible for the effective management of risk in those areas. The Director for Human Resources is responsible for all aspects of Health and Safety management and also has an overview of statutory training. The Director of Finance is responsible for ensuring that the Trust carries out its business within sound Financial Governance arrangements that are controlled and monitored through effective audit and accounting systems. She is also responsible for Information Management and Technology Risk and is the nominated Senior Information Responsible Officer.

CBU General Managers and Clinical Directors are responsible for ensuring that risk management systems within the CBUs are effective and also meet the objectives outlined within the risk management strategy. The CBU Board has a key role in assuring the effectiveness of risk management, including regular scrutiny of CBU risk registers. Service Managers monitor and review incidents, risk assessments, claims and complaints and ensure that they actions are carried out and feedback is given to staff.

Ward and department line managers ensure that relevant staff are trained and incidents are reported and actions taken when required. They provide feedback to staff, ensuring that Trust policies, procedures and guidelines are followed to minimise risk. Individuals are responsible for reporting any identified risks in order that they can be addressed and are accountable for ensuring their own competency and that their training needs are met in discussion with their line managers. They attend induction and statutory and mandatory training as required, including Risk Management. They ensure that they practice within the standards of their professional bodies, national standards and Trust policies, procedures and guidelines.

The Board of Directors 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.

THE RISK AND CONTROL FRAMEWORK

The Trust's Risk Management Strategy has been reviewed by the Corporate Risk Committee and the Board and has been updated during the year. It provides a framework for the systematic identification, assessment, treatment and monitoring of risks, whether the risks are clinical, organisational, business, financial or environmental. Its purpose is to minimise risks to patients, staff, visitors and the organisation as a whole by ensuring that effective risk management systems and processes are implemented in all areas of service provision, and that these are regularly reviewed.

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 an 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 of key committees.

The Board Assurance Framework, which focuses on identifying the principal risks at corporate level, has been embedded within the Trust and is regularly reviewed and updated. The Assurance Framework has been reviewed by the Board on a monthly basis during the year;

It covers the following elements:

- strategic aims and objectives.

- identification of principal risks to the achievement of objectives.
- an assessment of the level of risk in-month, calculated in accordance with the Trust's risk matrix, described below.
- internal controls in place to manage the risks.
- identification of assurance mechanisms which relate to the effectiveness of the system of internal control.
- identification of gaps in controls and assurances.
- a target risk score that reflects the level of risk that the Board is prepared to accept.
- the actions taken by the Trust to address control and assurance gaps.

Risks are analysed to determine their cause, their impact on patient and staff safety, the achievement of local objectives and strategic objectives, the likelihood of them occurring or recurring and how they may be managed. Risks are evaluated using the Trust Framework for the Grading of Risks. This framework provides a consistent approach to the grading of risks arising within the Trust and enables all risks to be graded in the same consistent manner against the same generic criteria. This allows for comparisons to be made between different types of risk and for judgements and decisions about prioritisation of resource allocation to be made on that basis. It enables decisions to be taken about the level of management of each risk within the Trust.

A key philosophy of this strategy is to facilitate greater embedding of risk management across the various Clinical Business Units and corporate functions and programmes in the Trust. In order to achieve that, each CBU, corporate function or major programme has appointed a governance lead who will act as the focus of the various aspects of governance and risk management within their area. They coordinate all such work and liaise with a dedicated contact within the Risk Management Team and with other governance professionals across the Trust.

During the year the Trust commissioned its internal auditors to carry out a two stage post-implementation review of Clinical Business Units. From the baseline review at phase 1, Mersey Internal Audit Agency (MIAA) were able to provide significant assurance that appropriate governance structures are in place and operating at CBU level including a group which takes responsibility for the co-ordination of risk and clinical governance issues to support the activities of the individual governance lead. During these meetings CBU risk registers are discussed and updated for onward reporting to the CBU Board and to the Corporate Risk Committee.

Internal auditors also carried out a risk maturity review of the organisation during the year. This review concluded that the Trust can at present be categorised as 'risk defined' taking into account evidence across a range of factors including culture, roles and responsibilities, processes and monitoring and feedback. This rating

means that 'the organisation has considered risk management, and put in place strategies led from a risk management team. Strategy and policies are in place and communicated. Risk appetite is defined.'

The foundation trust is fully compliant with the requirements of registration with the Care Quality Commission. The Trust has been working closely with the CQC during the year to develop its application to register for mental health as a regulated activity. This relates to the provision of Child and Adolescent Mental Health Services (CAMHS) with particular reference to the requirements of the Mental Health Act. Colleagues from the CQC registration team visited the Trust in November 2011 and agreed a number of actions with the CAMHS team to support the application, relating to policies and procedures and estates issues. The application will be completed between April and July 2012 to coincide with the move of tier 4 services to the new in-patient facility in Waterloo.

The Trust remains registered with CQC without conditions. In March 2011 the Trust hosted an unannounced inspection by a team from CQC, who spent the day assessing the Trust across a range of outcomes; these were:

- Consent to care and treatment.
- Care and welfare of people who use services.
- Supporting staff.
- Assessing and monitoring the quality of service provision.

The format of the inspection was primarily based upon evidence gathered by the four inspectors spending time talking to patients, families and staff. However a significant amount of supporting documentation was also provided.

Part of the inspection was focused upon the progress that we have made in taking forward the recommendations of the Royal College of Surgeons following a review of the Department of Paediatric Surgery undertaken by them in May 2011, under the invited review mechanism. The overall view of the CQC inspectors was that they were satisfied with the progress that the Trust has made and that all of the issues raised have been addressed.

The inspectors also visited wards K3 and C2 and commented that they found this to be a very positive experience; they valued the opportunity to talk to patients, staff and parents on the wards and to drill down into the selected outcomes, specifically asking parents to feedback across each one. They did not hear anything negative from parents during the course of the day. In talking to Trust staff, the inspectors said that they had gained assurance in a number of areas, including the consent process, reporting of incidents and risks, support for raising concerns, appraisals and participation in audits.

The CQC's written report following the inspection indicates that the Trust is compliant with the standards assessed. However it highlights 'minor concerns' in relation to Outcome 14 Supporting Staff, identifying that 'there are improvements needed to the support structure for nursing staff so that they can have access to formal one to one or peer supervision arrangements. Also improvements are needed to ensure that all staff attend the required mandatory training.' The Trust will produce an action plan to address these matters as a priority.

The major risks for the Trust are predominantly associated with its ageing estate and infrastructure. During the course of 2011, there were a number of specific issues that required action and investment in order to minimise the associated risks; these included improvements to the arrangements in place to manage asbestos containing materials, work to improve the reliability of gas and electricity infrastructure and the installation of a new Vacuum Insulated Evaporator (VIE) plant for piped oxygen to the site. The Trust has continued to strengthen its management and control arrangements across this area and is also well advanced in its plans to build a new hospital on an adjacent site as described below.

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 are in accordance with the Scheme rules, and that member Pension Scheme records are accurately updated in accordance with the timescales detailed in the Regulations.

The Trust has an Information Governance Framework that incorporates an on-going programme of work to ensure risks to data security are being managed and controlled. This includes completion of the annual Information Governance assessment which is overseen by the Information Governance Steering Group and is subject to internal and external review. In the March 2012 assessment the Trust improved on previous submission scores to achieve the required Level 2 standard in all 45 requirements for version 9 of the Information Governance Toolkit. The Trust recognises that further work is required to improve and maintain performance against these requirements and an action plan to respond to a recent internal audit is being developed.

In January 2012 the Trust suffered a data security breach which related to an exercise to recall a number of patients to Audiology clinics. Approximately 430 letters were sent to the correct address but containing the wrong patient's name, constituting a breach in terms of one item of 'person identifiable' data. The Trust took immediate action to contact parents to apologise and alert them to the error. Corrected letters were sent within 48 hours. The incident was reported to all appropriate

regulators including the Information Commissioner's Office (ICO) and the Trust carried out a Root Cause Analysis which led to a number of changes in practice in relation to data protection systems and processes. The ICO subsequently informed the Trust that it did not intend to take any formal regulatory action in relation to this matter, being of the view that the remedial actions taken by the Trust were 'proportionate to the detriment that may be caused to the data subjects and to address the security issues in this case.'

Control measures are in place to ensure that all of the organisation's obligations under equality, diversity and human rights legislation are complied with. In November 2011 the Board of Directors renewed its commitment and declaration relating to delivering same sex accommodation specifically related to the elements that apply to paediatric Trusts. As part of the Trust's obligations under the equality duties, equality impact assessments are undertaken across various policies, procedures and projects. The Trust is currently revising its approach to Equality Impact Assessments to streamline the process in response to the Equality Act 2010.

The foundation trust has undertaken risk assessments and Carbon Reduction Delivery Plans are in place in accordance with emergency preparedness and civil contingency requirements, as based on UKCIP 2009 weather projects, to ensure that this organisation's obligations under the Climate Change Act and the Adaptation Reporting requirements are complied with.

REVIEW OF ECONOMY, EFFICIENCY AND EFFECTIVENESS OF THE USE OF RESOURCES

As Accounting Officer, I am responsible for ensuring arrangements are in place for securing value for money in the use of the Trust's 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 local level. Performance reviews are held with Clinical Business Units 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 Senior Leadership Team and the key Board assurance committees prior to submission to the Board. CBU operational plan performance is reviewed through the CBU Board.

The Trust embarked upon a major Transformation Programme during the year, with formal approval of the Transformation Strategy by the Board in November 2011, followed by an extensive communication cascade throughout the organisation to help each member of staff to understand their contribution to this work. The aim of the Alder Hey Transformation Strategy is to maximise the opportunities presented by the new Children's Health Park (CHP) and information technology investments to:

- Redesign patient journeys throughout Alder Hey to ensure we get it "right first time" at every step and radically improve patient flow.
- Modernise support systems for front-line care and reduce bureaucracy.
- Safely reduce running costs by £26m over four years.

This will enable the Trust to deliver exceptional care to match the exceptional design of the new hospital when it opens in 2015. The Trust now has over 50 separate transformation projects running across the Trust, ranging from work to develop streamlined clinical pathways through to initiatives that are aimed at eradicating waste within corporate support areas. In order to support the Transformation process and to monitor the Trust's transition to the new health park, a new Board level Transformation Committee was established in January 2012, incorporating the previous Children's Health Park Project Board. This committee is chaired by the Trust Chair and meets each month to review progress with key programmes including IM&T.

Specific initiatives to improve the use of resources during 2011/12 were:

- The implementation of Clinical Business Units within the Trust.
- The embedding of service line reporting and clinical engagement in its use.
- Implementation of the findings of the external review of the Child and Adolescent Mental Health Service.
- Implementation of various initiatives in procurement and stock control resulting in non-pay savings.
- Project management process established to support the achievement of cost improvement programmes led by a Programme Director and linked to quality via Transformation.
- Development of a data warehouse to ensure all information is accessible and available.
- Implementation of integrated financial and procurement system - (Oracle) with workflow in place.

The Trust has continued to plan for the development of the Children's Health Park during the year; this is managed through an experienced project team, headed by a Programme Director who is accountable to the Chief Executive. The Children's Health Park Programme governance arrangements were updated again this

year to reflect the stage reached in the development of scheme following the selection of a Preferred Bidder. The Children's Health Park Programme is now overseen by the Transformation Committee, a full Board committee which is chaired by the Trust Chairman; its membership includes all Executive Directors and three other Non-Executive Directors as well as members of the senior team. The Children's Health Park Team provides assurance to the Committee as to progress against agreed objectives and timescales. In addition, its key risks are reported to the Trust's Corporate Risk Committee on a regular basis.

ANNUAL QUALITY REPORT

The directors are required under the Health Act 2009 and the National Health Service (Quality Accounts) Regulations 2010 (as amended) to prepare Quality Accounts for each financial year. Monitor has issued guidance to NHS foundation trust boards on the form and content of annual Quality Reports which incorporate the above legal requirements in the NHS Foundation Trust Annual Reporting Manual.

The Medical Director is responsible at Board level for the quality agenda leadership within the Trust and is supported by the Director of Nursing and the Assistant Director of Nursing and Quality and by a consultant designated as Clinical Lead for Quality.

During 2011/12 the Medical Director led on the development of a Trust Quality Strategy, the approach to which was subject to wide consultation both with staff across the organisation and with our Council of Governors. The Quality Strategy sets out the Trust's vision for quality, with the three domains of safety, patient experience and clinical effectiveness at the heart of this in terms of what we understand about quality and how we measure it. The strategy also represents a vehicle through which the organisation will promote the development of an open learning culture where incidents and complaints are investigated thoroughly to determine the root causes and action is taken, where appropriate, to improve services or change practices. The strategy starts from a position that everyone needs to understand their roles and responsibility and that all individuals contribute to the overall delivery of quality and those responsibilities are set out in some detail for different groups and individuals.

The Quality Report is a core element of the Quality Strategy. The quality outcome measures identified in the Trust's Quality Report will be identified and reviewed on an annual basis in consultation with our Governors and other stakeholders. The intention is that the areas to be scrutinised within the report going forward will be determined during the measurement for improvement process. The reports also include core national content that will allow for consistent and comparison with other

providers and can be used as assurance for regulators. The various metrics and audits identified within the Quality Report are measured through the Corporate Performance Report and ultimately reported to and reviewed by the Board of Directors on a monthly basis.

The Trust has been keen to ensure that it optimises the Quality Governance Framework published by Monitor and as well as placing this at the heart of the model that underpins the Quality Strategy, we have also undertaken two self-assessments of our current position against each element of the framework and identified the actions required for improvement. The first of these baseline assessments was undertaken in the spring of 2011 and presented to the Clinical Quality Assurance Committee in July; a follow up self-assessment was completed in March 2012 to track progress. To support this, Internal Audit has also undertaken a CBU level review against the Quality Governance Framework.

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, clinical audit and the executive managers and clinical leads within the NHS foundation trust who have responsibility for the development and maintenance of the internal control framework. I have drawn on the content of the Quality Report attached to this Annual Report and other performance information available to me. My review is also informed by 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, the Audit Committee and Corporate Risk 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 in particular via the Clinical Quality Assurance Committee which was established in January 2011 to strengthen the Trust's clinical governance arrangements.
- members of the Trust's Council of Governors are

aligned to specific Clinical Business Units and are involved in a variety of scrutiny activities including quality 'walkarounds'.

- 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.
- the Corporate Risk Committee, which I chair as Chief Executive, holds Clinical Business Units and corporate departments to account for the effective management of their key risks.
- other explicit review and assurance mechanisms include Clinical Business Unit risk registers linked to the Operational Plan and a range of independent assessments against key areas of control, as set out in the Assurance Framework.
- continuous registration without conditions by the Care Quality Commission 1st April 2010 onwards.
- maintenance of the highest level of accreditation from the NHS Litigation Authority for its wide range of general safety standards - NHSLA Level 3.

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

The Trust remains within trajectory for both MRSA and Clostridium Difficile and continues to apply rigorous monitoring to other healthcare acquired infections that are prevalent among children.

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 NHS Litigation Authority and the Care Quality Commission via its Quality and Risk Profile mechanism.
- Maintenance of the Investors in People and Investing in Children awards.
- An inspection by the Human Tissue Authority who in addition to renewing the licence, noted several examples of good practice.
- An inspection by the Medicines and Healthcare products Regulatory Agency (MHRA) with no critical findings.
- A very positive Cancer Peer Review visit and follow up report.
- An unannounced inspection by the Care Quality Commission resulting in a positive compliance report.
- A positive assurance report from KPMG with regard to the programme governance arrangements in place for the Children's Health Park.

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

CONCLUSION

In conclusion, for 2011/12 no significant internal control issues have been identified.

Signed:



LOUISE SHEPHERD
CHIEF EXECUTIVE

28TH MAY 2012

REECE LIVERSAGE

AGED 15

Reece has a condition called Myotubular Myopathy and is ventilator dependent, his mum Amanda explains: "We've not been at Alder Hey very long but we've been made to feel so welcome."



ANNUAL ACCOUNTS

FOREWORD

The accounts for the year ended 31st March 2012 have been prepared by the Alder Hey Children's NHS Foundation Trust under Schedule 7, Sections 24 and 25 of the National Health Service Act 2006 in the form which Monitor, the Independent Regulator of NHS Foundation Trust has, with the approval of the Treasury, directed.

Signed:



LOUISE SHEPHERD
CHIEF EXECUTIVE

28TH MAY 2012

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2012

	NOTE	2011/12 £000	2010/11 £000
INCOME			
Operating income from continuing operations	3 & 4	189,160	177,663
Operating expenses of continuing operations	5	(170,469)	(162,600)
OPERATING SURPLUS		18,691	15,063
FINANCE COSTS:			
Finance income	9	177	85
Finance expense - unwinding of discount on provisions		(15)	(11)
PDC dividends payable	11	(1,829)	(1,953)
NET FINANCE COSTS		(1,667)	(1,879)
SURPLUS FROM CONTINUING OPERATIONS		17,024	13,184
OTHER COMPREHENSIVE INCOME:			
Revaluation loss on property, plant and equipment		0	0
TOTAL COMPREHENSIVE INCOME AND EXPENSE FOR THE YEAR		17,024	13,184

The notes on pages 97 to 118 form part of these accounts.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2012

	NOTE	2012 £000	2011/12 £000	2010/11 £000
NON-CURRENT ASSETS:				
Intangible assets	14	1,171	860	365
Property, plant and equipment	15	73,910	69,995	68,662
Trade and other receivables	18	196	13	52
TOTAL NON-CURRENT ASSETS		75,277	70,868	69,079
CURRENT ASSETS:				
Inventories	17	1,535	1,627	1,009
Trade and other receivables	18	8,460	7,621	9,189
Non-current assets for sale	20	317	0	0
Cash and cash equivalents	19	50,696	24,990	13,815
TOTAL CURRENT ASSETS		61,008	34,238	24,013
TOTAL ASSETS		136,285	105,106	93,092
CURRENT LIABILITIES:				
Trade and other payables	21	(18,693)	(13,326)	(15,037)
Borrowings	23	(39)	0	0
Provisions	25	(10,519)	(284)	(284)
Other liabilities	22	(1,227)	(3,182)	(2,672)
TOTAL CURRENT LIABILITIES		(30,478)	(16,792)	(17,993)
TOTAL ASSETS LESS CURRENT LIABILITIES		105,807	88,314	75,099
NON-CURRENT LIABILITIES				
Borrowings	23	(263)	0	0
Provisions	25	(665)	(459)	(440)
TOTAL ASSETS EMPLOYED		104,879	87,855	74,659
TAXPAYERS' EQUITY:				
Public dividend capital		43,893	43,893	43,893
Income and expenditure reserve		49,980	32,686	19,213
Revaluation reserve		11,006	11,276	11,553
TOTAL TAXPAYERS' EQUITY		104,879	87,855	74,659

The financial statements on pages 94 to 96 were approved and actioned for issue by the Board on 28th May 2012 and signed on its behalf by:

Signed:



LOUISE SHEPHERD
CHIEF EXECUTIVE

28TH MAY 2012

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY

	PUBLIC DIVIDEND CAPITAL (PDC) £000	INCOME & EXPENDITURE RESERVE £000	REVALUATION RESERVE £000	DONATED ASSET RESERVE £000	TOTAL £000
TAXPAYERS' EQUITY AT 1 APRIL 2010 (AS PREVIOUSLY STATED)	43,893	12,968	11,544	6,254	74,659
Prior period adjustment	0	6,245	9	(6,254)	0
TAXPAYERS' EQUITY AT 1 APRIL 2010 – RESTATED	43,893	19,213	11,553	0	74,659
CHANGES IN TAXPAYERS' EQUITY FOR 2010/11					
Total comprehensive income for the year:					
Surplus for the year	0	13,184	0	0	13,184
Transfer of excess of current cost depreciation over historical cost depreciation to the income and expenditure reserve	0	277	(277)	0	0
Other reserve movements	0	12	0	0	12
TAXPAYERS' EQUITY AT 31 MARCH 2011	43,893	32,686	11,276	0	87,855
CHANGES IN TAXPAYERS' EQUITY FOR 2011/12					
Total comprehensive income for the year:					
Surplus for the year	0	17,024	0	0	17,024
Transfer of excess of current cost depreciation over historical cost depreciation to the income and expenditure reserve	0	268	(268)	0	0
Asset disposals	0	2	(2)	0	0
TAXPAYERS' EQUITY AT 31 MARCH 2012	43,893	49,980	11,006	0	104,879

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 2012

	NOTE	2011/12 £000	2010/11 £000
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating surplus for the year		18,691	15,063
Depreciation and amortisation		4,442	4,060
Impairments		0	0
(Increase)/Decrease in inventories		92	(618)
(Increase)/Decrease in trade and other receivables		(1,022)	1,607
Increase/(Decrease) in trade and other payables		5,367	(1,711)
Increase/(Decrease) in other current liabilities		(1,955)	510
Increase/(Decrease) in provisions	25	10,441	19
Other movements in operating cash flows		183	(52)
NET CASH GENERATED FROM OPERATIONS		36,239	18,878
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received		177	85
Purchase of intangible assets	14	(537)	(664)
Purchase of property, plant and equipment	15	(8,494)	(5,235)
Sales of property, plant and equipment		0	14
NET CASH USED IN INVESTING ACTIVITIES		(8,854)	(5,800)
NET CASH INFLOW BEFORE FINANCING		27,385	13,078
CASH FLOWS FROM FINANCING ACTIVITIES:			
Public dividend capital received		0	0
Other capital receipts		302	0
PDC dividend paid		(1,981)	(1,903)
Cash flows from other financing activities		0	0
NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES		(1,679)	(1,903)
Increase in cash and cash equivalents		25,706	11,175
Cash and cash equivalents at the beginning of the financial year		24,990	13,815
Cash and cash equivalents at the end of the financial year	19	50,696	24,990

NOTES TO THE ACCOUNTS

ACCOUNTING POLICIES

1. MONITOR

Monitor has directed that the financial statements of NHS Foundation Trusts shall meet the accounting requirements of the NHS Foundation Trust Annual Reporting Manual, which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the 2011/12 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 2009/10 and were applied to the 31st 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 value of land and buildings at 31st March 2012 reflect the valuation indicated by DTZ Debenham Tie Leung Ltd.

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

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 31st March 2012. The provision is £465,000 (31st March 2011: £331,000) and includes a provision of £350,000 (31st March 2011: £218,000) 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 NHS Injury Scheme debt has been provided for at 10.5% 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 31st 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 four days are outstanding for the consultants whose details were not available, being the average days from information received.

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.

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

Income from the sale of non-current assets is recognised only when all material conditions of sale have been met, and is measured as the sums due under the sale contract.

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. If annual leave is carried forward into the following year an accrual is included.

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.

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 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; and
- the item has a cost of at least £5,000; or
- 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; or
- items form part of the initial equipping and setting-up cost of a new building or refurbishment of a ward or unit, irrespective of their individual or collective cost. These are capitalised as a grouped equipment asset.

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.

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 1st April 2009 and were applied on 1st 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.

Valuations are reviewed annually.

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 2011/12. Depreciation commences when they are brought into use.

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, caused by circumstances other than a clear consumption of economic benefit, is recognised as an impairment and charged to the revaluation reserve to the extent that there is a balance on the reserve for the asset and, thereafter, to expenditure. Impairments caused by a clear consumption of economic benefit are charged directly to operating expenses even where a revaluation reserve balance exists for the asset. 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.

1.7 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.

1.8 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	5	75
Plant and machinery	3	15
Transport equipment	5	5
Information technology	2	5
Furniture and fittings	10	10

Intangible assets which comprise computer software have a minimum life of 1.5 years and maximum life of 5 years.

1.9 NON-CURRENT ASSETS HELD FOR SALE

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met when the sale is highly probable, the asset is available for immediate sale in its present condition and management is committed to the sale, which is expected to qualify for recognition as a completed sale within one year from the date of classification. Non-current assets are measured at the lower of their previous carrying amount and fair value less costs to sell. Fair value is open market value including alternative uses. Depreciation ceases to be charged.

The profit or loss arising on the disposal of an asset is the difference between the sale proceeds and the carrying amount and is recognised in the Statement of Comprehensive Income. On disposal, the balance for the asset on the revaluation reserve is transferred to retained earnings.

Property, plant and equipment that is to be scrapped or demolished does not qualify for recognition as held for sale. Instead, it is retained as an operational asset and its economic life adjusted. The asset is de-recognised when it is scrapped or demolished.

1.10 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 31st March are reviewed for their carrying value and their remaining useful life. The carrying value of land and building is in line with the latest valuation carried out during 2009/10. If there are any indications of a clear consumption of economic benefits for any assets, then these assets would be impaired, with the impairment charged directly to operating expenses.

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 other than a loss of economic benefit, 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'.

1.11 DONATED ASSETS

Donated non-current assets are capitalised at their fair value on receipt, with a matching credit to income. They are valued, depreciated, revalued and impaired as described above for purchased assets.

1.12 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.

1.13 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.

1.14 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.

1.15 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, except for early retirement provisions and injury benefit provisions, which both use the HM Treasury's pension discount rate of 2.8% 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.

1.16 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 25.

1.17 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.

1.18 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.

1.19 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.

1.20 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.

1.21 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.

1.22 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 31st March 2012.

1.23 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 Government Banking Service and any PDC dividend balance receivable or payable. The average carrying amount of assets is calculated as the average of opening and closing relevant net assets as set out in the 'pre-audit' version of the annual accounts. The dividend thus calculated is not revised should any adjustment to net assets occur as a result of the audit of the annual accounts. 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.

1.24 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.

1.25 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.

1.26 CORPORATION TAX

The Trust has determined that it has no corporation tax liability as it does not carry out significant commercial activities that are not part of healthcare delivery.

1.27 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.

1.28 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.

1.29 STANDARDS AND INTERPRETATIONS IN ISSUE NOT YET ADOPTED

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

IFRS7 - Financial Instruments Disclosure Amendment

IFRS9 - Financial Assets and Financial Liabilities

IFRS10 - Consolidated Financial Statements

IFRS11 - Joint Arrangements

IFRS12 - Disclosure of Interests in Other Entities

IFRS13 - Fair Value Measurement

IAS12 - Income Taxes Amendment

IAS1 - Presentation of Financial Statements, on Other Comprehensive Income (OCI)

IAS19 - Post-Employment Benefits

IAS27 - Separate Financial Statements

IAS28 - Associates and Joint Ventures

The following interpretation is issued but not yet effective:

IPAS32 - Service Concession Arrangement

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

2. OPERATING SEGMENTS

The Trust has considered segmental reporting and 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.

3. INCOME FROM PATIENT CARE ACTIVITIES

3.1 INCOME FROM PATIENT CARE ACTIVITIES COMPRISES:

	2011/12 £000	2010/11 £000
Elective income	36,743	36,426
Non-elective income	27,669	35,927
Out-patient income	24,350	21,122
A&E income	5,066	4,422
Private patient income	61	41
Community and Mental Health	17,776	17,111
Critical care	17,279	15,932
Drugs and devices	12,409	10,390
North West non-PBR	11,577	7,334
National Specialist Commissioning Group	1,877	1,987
Clinical services	2,441	1,733
Other	7,306	6,165
TOTAL INCOME FROM ACTIVITIES	164,554	158,590

All income from activities relates to mandatory services.

3.2 PRIVATE PATIENT INCOME

	2011/12 £000	2010/11 £000	BASE YEAR 2002/03 £000
Private patient income	61	41	227
Total patient related income	164,554	158,590	80,355
Proportion of private patient income as a percentage	0.04%	0.03%	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 2011/12.

3.3 INCOME FROM ACTIVITIES COMPRISES:

	2011/12 £000	2010/11 £000
NHS Foundation Trusts	2,942	2,552
NHS Trusts	1,105	256
Strategic Health Authorities	1,516	1,979
Primary Care Trusts	144,669	138,454
Local Authorities	1,449	2,706
Department of Health	30	1
NHS other	212	0
Non-NHS:		
- Private patients	61	41
- Overseas patients (non-reciprocal)	0	1
- NHS injury scheme	521	287
- Welsh Health Specialist Commissioners	11,529	11,941
Other	520	372
TOTAL	164,554	158,590

Injury cost recovery income is subject to a provision for impairment of receivables to reflect expected rates of collection. This amounts to £350,000 at 31st March 2012 (£218,000 at 31st March 2011).

4. OTHER OPERATING INCOME

The education and training income arises from the provision of mandatory education and training set out in the Trust's terms of authorisation.

	2011/12 £000	2010/11 £000
Research and development	4,041	3,248
Education and training	7,943	8,057
Charitable and other contributions to expenditure	1,202	1,377
Non-patient care services to other bodies	192	445
Profit on disposal of property, plant and equipment	0	3
Government programme for information technology	697	634
Car parking revenue	390	426
Catering	941	942
Funding for project costs for development of Children's Health Park	3,025	1,500
Clinical excellence awards	754	953
Other	5,421	1,488
TOTAL	24,606	19,073

5. OPERATING EXPENSES

5.1 OPERATING EXPENSES

	2011/12 £000	2010/11 £000
Services from Foundation Trusts	516	677
Services from NHS Trusts	570	502
Services from PCTs	296	119
Services from other NHS bodies	821	901
Purchase of healthcare from non-NHS bodies	829	1,047
Employee expenses - Executive Directors	967	905
Employee expenses - Non-Executive Directors	132	119
Employee expenses - staff	114,347	113,287
Drug costs	12,316	11,356
Supplies and services - clinical (excluding drug costs)	12,111	10,642
Supplies and services – general	2,000	2,129
Establishment	1,564	1,762
Research and development*	870	728
Transport	113	309
Premises	8,451	7,615
Provision for impairment of receivables	157	123
Depreciation on property, plant and equipment	4,225	3,891
Amortisation on intangible assets	217	169
Impairments of property, plant and equipment	0	0
Audit fees – statutory audit	67	75
Audit fees – other services	5	0
Insurance for clinical negligence	1,468	1,368
Loss on disposal of property, plant and equipment	46	0
Legal fees	355	596
Consultancy costs	719	616
Training, courses and conferences	543	436
Patient travel	124	121
Car parking and security	335	421
Insurance	208	149
Losses, ex-gratia and other payments	193	217
Severance pay	3,379	637
Early retirements	289	66
Other	2,236	1,617
TOTAL	170,469	162,600

*Research and development expenditure reflects payments to other organisations in respect of research contracts. Employee expenses - staff, include £2,224,000 (2010/11 £1,886,000) relating to research and development activities.

There is a £1,000,000 limited liability agreement in place

with the external auditors, KPMG LLP.

External auditors were paid £5,000 in fees for non-audit services.

5.2 MANAGED SERVICE ARRANGEMENTS (MSA)

The Trust has four managed service arrangements being the oncology lease, the out-patients ward, the modular ward and the hospital information system. The Trust has reviewed these leases against the criteria set out in IAS17 and has concluded that they do not meet the definition of a finance lease.

	2011/12 £000	2010/11 £000
Amounts included within operating expenses in respect of MSA transactions	3,649	3,632

The Trust is committed to making the following payments during the next year including a new managed service arrangement for pathology services:

	BUILDINGS		OTHER	
	31ST MARCH 2012 £000	31ST MARCH 2011 £000	31ST MARCH 2012 £000	31ST MARCH 2011 £000
Schemes which expire:				
Within 1 year	0	0	0	0
2nd to 5th years (inclusive)	1,563	498	886	855
6th to 10th years (inclusive)	1,201	2,266	162	0

6. OPERATING LEASES

6.1 PAYMENTS RECOGNISED AS AN EXPENSE

	2011/12 £000	2010/11 £000
Minimum lease payments	1	21
Contingent rents	0	0
Sub-lease payments	0	0
TOTAL	1	21

	31ST MARCH 2012 £000	31ST MARCH 2011 £000
Payable:		
Not later than one year	8	4
Between one and five years	8	5
After five years	0	0
TOTAL	16	9

6.2 TOTAL FUTURE MINIMUM LEASE PAYMENTS

The Trust held no operating leases in respect of land and buildings during 2011/12. Details of Managed Service Arrangements are disclosed in note 5.2.

7. SALARY AND PENSION ENTITLEMENTS OF SENIOR MANAGERS

7.1 SALARIES ENTITLEMENTS

NAME AND TITLE		2011/12		2010/11	
		SALARY (BANDS OF £5,000)	OTHER REMUNERATION (BANDS OF £5,000)	SALARY (BANDS OF £5,000)	OTHER REMUNERATION (BANDS OF £5,000)
		£000	£000	£000	£000
Louise Shepherd	Chief Executive returned 3.5.10	140-145	-	135-140	-
Sue Lorimer	Director of Finance	100-105	-	105-110	-
Dr Steve Ryan	Acting Chief Executive to 13.6.10	-	-	25-30	15-20
Moya Sutton	Director of Nursing to 13.3.11	-	-	85-90	-
Karen Dawber	Director of Nursing from 14.3.11 to 31.12.11	70-75	-	0-5	-
Marcia Mercer	Acting Director of Nursing from 1.1.12	15-20	-	-	-
Jayne Shaw	Director of Human Resources to 31.12.11	65-70	-	85-90	-
Richard Jones	Acting Director of Human Resources from 1.1.12	20-25	-	-	-
Paul Hetherington	Director of Service Improvement to 1.12.10	-	-	60-65	-
Judith Adams	Chief Operating Officer	95-100	-	0-5	-
Dr Sian Snelling	Acting Medical Director from 16.12.09 to 28.2.11	-	-	95-100	65-70
Professor Ian Lewis	Medical Director from 1.3.11	235-240	-	10-15	-
Angela Jones (R)	Chair to 29.10.10	-	-	25-30	-
Sir David Henshaw (R)	Chair from 7.2.11	40-45	-	5-10	-
Lorraine Dodd* (R)	Non-Executive Director	10-15	-	10-15	-
Susan Musson (A) (R)	Non-Executive Director to 31.3.11	-	-	10-15	-
Ed Oliver (A) (R)	Non-Executive Director	10-15	-	10-15	-
Michael Yuille (A) (R)	Non-Executive Director left 1.6.10	-	-	0-5	-
Susan Sellers (A) (R)	Non-Executive Director	10-15	-	15-20	-
Phil Huggon** (A) (R)	Non-Executive Director	10-15	-	10-15	-
Steve Igoe (A) (R)	Non-Executive Director from 1.10.10	15-20	-	5-10	-
Ian Quinlan*** (A) (R)	Non-Executive Director from 1.9.11	5-10	-	-	-

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

** The salary paid to Phil Huggon is paid to PMH Consulting Ltd

*** The salary paid to Ian Quinlan is paid to QFS Consultants Ltd

(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. SALARY AND PENSION ENTITLEMENTS OF SENIOR MANAGERS (CONT'D)

7.2 PENSION ENTITLEMENTS

NAME AND TITLE	REAL INCREASE IN PENSION AT AGE 60 (BANDS OF £2,500)	REAL INCREASE IN PENSION LUMP SUM AT AGED 60 (BANDS OF £2,500)	TOTAL ACCRUED PENSION AT AGE 60 AT 31ST MARCH 2012 (BANDS OF £5,000)	LUMP SUM AT AGE 60 RELATED TO ACCRUED PENSION AT 31ST MARCH 2012 (BANDS OF £5,000)	CASH EQUIVALENT TRANSFER VALUE AT 31ST MARCH 2011	CASH EQUIVALENT TRANSFER VALUE AT 31ST MARCH 2012	REAL INCREASE IN CASH EQUIVALENT TRANSFER VALUE
	£000	£000	£000	£000	£000	£000	£000
Louise Shepherd Chief Executive from 3.5.10	2.5-5	10-12.5	40-45	125-130	562	701	139
Sue Lorimer Director of Finance	0-2.5	2.5-5	35-40	105-110	634	704	70
Karen Dawber Director of Nursing to 31.12.11	0-2.5	0-2.5	20-25	60-65	227	292	49
Marcia Mercer Acting Director of Nursing from 1.1.12	0-2.5	0-2.5	20-25	65-70	342	418	18
Jayne Shaw Director of Human Resources to 31.12.11	0-2.5	0-2.5	25-30	85-90	399	479	60
Judith Adams Chief Operating Officer	2.5-5	10-12.5	20-25	65-70	251	356	105
Professor Ian Lewis Medical Director	22.5-25	70-72.5	105-110	320-325	1,983	NIL	(1,983)

- Richard Jones, Acting Director of Human Resources from 1st January 2012, no longer contributes to the NHS Pension Scheme.
- As Non-Executive Directors do not receive pensionable remuneration, there will be no entries in respect of pensions for Non-Executive Directors.
- Professor Ian Lewis does not have a Cash Equivalent Transfer Value (CETV) as at the 31st March 2012 as his pension is in payment.

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.

7.3 REMUNERATION OF STAFF

	2011/12 £000	2010/11 £000
Band of highest paid director £000's	270 – 275	210 – 215
Median total remuneration	£31,208	£31,053
Ratio	8.6	5.4

The increase is due to the appointment of a new Medical Director.

The calculation is based on full-time equivalent staff at the end of the year on an annualised basis.

8. EMPLOYEE EXPENSES AND NUMBERS

8.1 EMPLOYEE EXPENSES

	2011/12 £000	PERMANENTLY EMPLOYED £000	OTHER £000	2010/11 £000
Salaries and wages	98,394	97,435	959	96,678
Social security costs	6,774	6,774	0	6,868
Employer contributions to NHS pension scheme:				
- staff	10,171	10,171	0	10,617
- Executive Directors	111	111	0	95
Other pension costs	0	0	0	0
Other post-employment benefits	0	0	0	0
Termination benefits	3,668	3,668	0	703
EMPLOYEE BENEFITS EXPENSE	119,118	118,159	959	114,961

There have been 7 (10 2010/11) Executive Directors during 2011/12 who have benefits accruing under defined benefit schemes.

8.2 AVERAGE NUMBER OF PEOPLE EMPLOYED

	2011/12 WTE	PERMANENTLY EMPLOYED WTE	OTHER WTE	2010/11 WTE
Medical and dental	365	359	6	333
Administration and estates	535	513	22	537
Healthcare assistants and other support staff	303	285	18	300
Nursing, midwifery and health visiting staff	753	722	31	799
Scientific, therapeutic and technical staff	515	513	2	539
Other	33	33	0	30
TOTAL	2,504	2,425	79	2,538

Of the above four WTE staff engaged on capital projects.

WTE = Whole Time Equivalents

8.3 EMPLOYEE BENEFITS

There were no employee benefits during 2011/12.

8.4 STAFF EXIT PACKAGES

EXIT PACKAGE COST BAND	NUMBER OF COMPULSORY REDUNDANCIES	NUMBER OF OTHER DEPARTURES AGREED	TOTAL NUMBER OF EXIT PACKAGES BY COST BAND
< £10,000	1	26	27
£10,001 - £25,000	0	50	50
£25,001 - £50,000	0	34	34
£50,001 - £100,000	1	15	16
£150,001 - £200,000	1	0	1
TOTAL NUMBER OF EXIT PACKAGES	3	125	128
TOTAL RESOURCE COST	256	3,179	3,435

The Trust made three members of staff compulsorily redundant in 2011/12.

Two members of staff left the Trust by mutual agreement.

Other departures relate to employees who have applied and been accepted under the Mutually Agreed Severance Scheme during 2011/12.

There were 23 staff with agreed exit packages in 2011/12.

8.5 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 five retirements (1: 2010/11) at an additional cost of £237,873 (£47,363 in 2010/11). These costs are borne by NHS Pensions. This information has been supplied by NHS Pensions.

8.6 PENSION SCHEME

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 31st March 2004 and covered the period from 1st April 1999 to that date.

The conclusion from the 2004 valuation was that the Scheme had accumulated a notional deficit of £3.3billion against the notional assets as at 31st 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 31st March 2004, and after consideration of changes to the NHS Pension Scheme taking effect from 1st April 2008, his Valuation Report recommended that employer contributions could continue at the existing rate of 14% of pensionable pay, from 1st 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 31st March 2011, is based on detailed membership data as at 31st March 2008 (the latest midpoint) updated to 31st March 2011 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 three 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 1st 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 30th September in the previous calendar year.

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.

9. FINANCE INCOME

	2011/12 £000	2010/11 £000
Interest income:		
- Bank accounts	177	85
- Other loans and receivables	0	0
- Impaired financial assets	0	0
- Other financial assets	0	0
TOTAL	177	185

10. FINANCE COSTS

The Trust did not incur any finance costs during 2011/12 or 2010/11.

11. PUBLIC DIVIDEND CAPITAL DIVIDEND

The Trust is required to pay a dividend to the Department of Health of £1,829,000. This represents 3.5% of the average net relevant assets of £52,250,000.

12. LOSSES AND SPECIAL PAYMENTS

NHS Foundation Trusts are required to record payments and other adjustments that arise as a result of losses and special payments. During 2011/12 the Trust had 69 (155 in 2010/11) separate losses and special payments, totalling £195,000 (£245,000 in 2010/11).

There were no payments over £100,000 for individual cases of compensation under legal obligation, clinical negligence, fraud, personal injury or fruitless payment (none in 2010/11).

13. IMPAIRMENT OF ASSETS

	2011/12 £000	2010/11 £000
Change in value in use	0	0

14. INTANGIBLE ASSETS

2011/12	COMPUTER SOFTWARE PURCHASED £000	INTANGIBLE ASSETS UNDER CONSTRUCTION £000	TOTAL £000
Cost at 1st April 2011	795	491	1,286
Additions - purchased	532	5	537
Reclassifications	388	(397)	(9)
Disposals	(65)	0	(65)
GROSS COST AT 31ST MARCH 2012	1,650	99	1,749
Amortisation at 1st April 2011	426	0	426
Provided during the year	217	0	217
Disposals	(65)	0	(65)
AMORTISATION AT 31ST MARCH 2012	578	0	578
NET BOOK VALUE:			
Purchased	1,072	99	1,171
Donated	0	0	0
Government granted	0	0	0
TOTAL AT 31ST MARCH 2012	1,072	99	1,171

2010/12	COMPUTER SOFTWARE PURCHASED £000	INTANGIBLE ASSETS UNDER CONSTRUCTION £000	TOTAL £000
Cost or valuation at 1st April 2010	622	0	622
Additions – purchased	173	491	664
AT 31ST MARCH 2011	795	491	1,286
Amortisation at 1st April 2010	257	0	257
Provided during the year	169	0	169
AMORTISATION AT 31ST MARCH 2011	426	0	426
NET BOOK VALUE:			
Purchased	369	491	860
Donated	0	0	0
Government granted	0	0	0
TOTAL AT 31ST MARCH 2011	369	491	860

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

15 PROPERTY, PLANT AND EQUIPMENT

2011/12	LAND	BUILDINGS EXCLUDING DWELLINGS	DWELLINGS	ASSETS UNDER CONSTRUCTION AND POA*	PLANT & MACHINERY	TRANSPORT EQUIPMENT	INFORMATION TECHNOLOGY	FURNITURE & FITTINGS	TOTAL
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at 1st April 2011	3,863	55,302	245	1,018	21,777	90	4,103	110	86,508
Additions – purchased	0	728	0	4,529	1,369	0	963	27	7,616
Additions – donated	0	0	0	0	837	0	18	23	878
Impairments charged to revaluation reserve	0	0	0	0	0	0	0	0	0
Reclassifications	0	72	0	(924)	5	0	856	0	9
Reclassified as held for sale	(85)	0	(245)	0	0	0	0	0	(330)
Disposals	0	0	0	0	(957)	(59)	(241)	0	(1,257)
COST OR VALUATION AT 31ST MARCH 2012	3,778	56,102	0	4,623	23,031	31	5,699	160	93,424
Cost or valuation Accumulated Depreciation 1st April 2011	899	2,209	10	0	11,603	71	1,674	47	16,513
Provided during the period	0	1,234	3	0	2,220	4	751	13	4,225
Reclassifications	0	0	(13)	0	0	0	0	0	(13)
Disposals	0	0	0	0	(911)	(59)	(241)	0	(1,211)
ACCUMULATED DEPRECIATION AT 31ST MARCH 2012	899	3,443	0	0	12,912	16	2,184	60	19,514
NET BOOK VALUE:									
Purchased	2,879	48,900	0	4,623	7,026	15	3,358	75	66,876
Leased	0	0	0	0	302	0	0	0	302
Donated	0	3,759	0	0	2,791	0	157	25	6,732
TOTAL AT 31ST MARCH 2012	2,879	52,659	0	4,623	10,119	15	3,515	100	73,910
PROTECTION:									
NBV - protected assets	2,879	52,659	0	0	0	0	0	0	55,538
NBV - unprotected assets	0	0	0	4,623	10,119	15	3,515	100	18,372
TOTAL AT 31ST MARCH 2012	2,879	52,659	0	4,623	10,119	15	3,515	100	73,910

* Payment on Account

The protected assets are used in the provision of mandatory services.

15 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

2010/11	LAND	BUILDINGS EXCLUDING DWELLINGS	DWELLINGS	ASSETS UNDER CONSTRUCTION AND POA*	PLANT & MACHINERY	TRANSPORT EQUIPMENT	INFORMATION TECHNOLOGY	FURNITURE & FITTINGS	TOTAL
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at 1st April 2010	3,863	51,482	245	3,201	20,180	90	3,184	101	82,346
Additions – purchased	0	1,152	0	464	2,220	0	552	9	4,397
Additions – donated	0	605	0	0	233	0	0	0	838
Impairments charged to revaluation reserve	0	0	0	0	0	0	0	0	0
Reclassifications	0	2,063	0	(2,647)	198	0	386	0	0
Revaluation surpluses	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	(1,054)	0	(19)	0	(1,073)
COST OR VALUATION AT 31ST MARCH 2011	3,863	55,302	245	1,018	21,777	90	4,103	110	86,508
Cost or valuation Accumulated Depreciation 1st April 2010	899	1,069	5	0	10,538	66	1,071	36	13,684
Provided during the period	0	1,140	5	0	2,104	5	626	11	3,891
Reclassifications	0	0	0	0	4	0	(4)	0	0
Disposals	0	0	0	0	(1,043)	0	(19)	0	(1,062)
ACCUMULATED DEPRECIATION AT 31ST MARCH 2011	899	2,209	10	0	11,603	71	1,674	47	16,513
NET BOOK VALUE:									
Purchased	2,964	49,263	235	1,018	7,687	19	2,243	59	63,488
Leased	0	0	0	0	0	0	0	0	0
Donated	0	3,830	0	0	2,487	0	186	4	6,507
TOTAL AT 31ST MARCH 2011	2,964	53,093	235	1,018	10,174	19	2,429	63	69,995
PROTECTION:									
NBV - protected assets	2,879	53,093	0	0	0	0	0	0	55,972
NBV - unprotected assets	85	0	235	1,018	10,174	19	2,429	63	14,023
TOTAL AT 31ST MARCH 2012	2,964	53,093	235	1,018	10,174	19	2,429	63	69,995

* Payment on Account

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

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 2012/13. At that point current buildings will be impaired due to the curtailment of their residual lives.

15.1 NET BOOK VALUE OF PROPERTY, PLANT AND EQUIPMENT IN THE REVALUATION RESERVE

	LAND	BUILDINGS EXCLUDING DWELLINGS	DWELLINGS	ASSETS UNDER CONSTRUCTION AND POA*	PLANT & MACHINERY	TRANSPORT EQUIPMENT	INFORMATION TECHNOLOGY	FURNITURE & FITTINGS	TOTAL
	£000	£000	£000	£000	£000	£000	£000	£000	£000
1st April 2010	8	11,364	87	0	86	0	7	1	11,553
Movement 2010/11	0	(238)	(2)	0	(32)	0	(5)	0	(277)
31st March 2011	8	11,126	85	0	54	0	2	1	11,276
Movement 2011/12	0	(239)	(85)	0	(27)	0	(2)	0	(353)
31ST MARCH 2012	8	10,887	0	0	27	0	0	1	10,923

* Payment on Account

16. CAPITAL COMMITMENTS

Contracted capital commitments at 31st March 2012 not otherwise included in these financial statements:

	31ST MARCH 2012 £000	31ST MARCH 2011 £000
Property, plant and equipment	3,423	15
Intangible assets	0	368
TOTAL	3,423	383

Contracted capital commitments relate to capital items/work which has been ordered but not received at 31st March 2012.

17. INVENTORIES

17.1 INVENTORIES

	31ST MARCH 2012 £000	31ST MARCH 2011 £000
Drugs	646	637
Consumables	836	947
Energy	53	43
TOTAL	1,535	1,627
Of which held at net realisable value:	0	0

17.2 INVENTORIES RECOGNISED IN EXPENSES

	2011/12 £000	2010/11 £000
Inventories recognised as an expense in the period	12,277	9,173
Write-down of inventories (including losses)	0	0
Reversal of write-downs that reduced the expense	0	0
TOTAL	12,277	9,173

18 TRADE AND OTHER RECEIVABLES

18.1 TRADE AND OTHER RECEIVABLES

	CURRENT 31ST MARCH 2012 £000	NON- CURRENT 31ST MARCH 2012 £000	CURRENT 31ST MARCH 2011 £000	NON- CURRENT 31ST MARCH 2011 £000
NHS receivables	2,073	0	1,557	0
Other receivables from related parties	487	0	993	0
Provision for the impairment of receivables	(465)	0	(331)	0
PDC dividend receivable	171	0	19	0
VAT	1,062	0	910	0
Accrued income	1,329	0	1,165	0
Other receivables	481	0	337	0
Prepayments	3,322	196	2,971	13
TOTAL	8,460	196	7,621	13

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 The Alder Hey Charity. No credit score is considered necessary.

18.2 AGEING OF IMPAIRED RECEIVABLES

	31ST MARCH 2012 £000	31ST MARCH 2011 £000
Up to 3 months from invoice date	66	62
In 3 to 6 months from invoice date	12	7
Over 6 months from invoice date	387	262
TOTAL	465	331

18.3 RECEIVABLES PAST THEIR DUE DATE BUT NOT IMPAIRED

	31ST MARCH 2012 £000	31ST MARCH 2011 £000
By up to 3 months	809	733
By 3 to 6 months	260	184
By more than 6 months	192	73
TOTAL	1,261	990

18.4 PROVISION FOR IMPAIRMENT OF RECEIVABLES

	31ST MARCH 2012 £000	31ST MARCH 2011 £000
Balance at start of year	331	432
Increase in provision	206	209
Amount utilised	(23)	(224)
Unused amounts reversed	(49)	(86)
TOTAL	465	331

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 £350,000 of Injury Cost Recovery debt to reflect expected rates of collection.

19. CASH AND CASH EQUIVALENTS

	31ST MARCH 2012 £000	31ST MARCH 2011 £000
Balance at 1st April 2011	24,990	13,815
Net change in year/period	25,706	11,175
BALANCE AT 31ST MARCH 2012	50,696	24,990
Made up of:		
Cash with Government Banking Service	50,337	24,658
Commercial banks and cash in hand	359	332
Current investments	0	0
CASH AND CASH EQUIVALENTS AS IN STATEMENT OF FINANCIAL POSITION	50,696	24,990
Bank overdraft	0	0
CASH AND CASH EQUIVALENTS AS IN STATEMENT OF CASH FLOWS	50,696	24,990

20. NON-CURRENT ASSETS HELD FOR SALE

The Trust has one asset held for sale at 31st March 2012 (none at 31st March 2011) at a value of £317,000. This was a dwelling asset and the decision to sell was taken following reduced occupancy levels and high maintenance costs.

21. TRADE AND OTHER PAYABLES

	CURRENT 31ST MARCH 2012 £000	CURRENT 31ST MARCH 2011 £000
NHS payables	2,576	2,510
Amounts due to other related parties	3,698	3,631
Other trade payables – capital	2,122	396
Other trade payables – revenue	2,433	1,832
Accruals	3,476	3,397
Other	4,388	1,560
TOTAL	18,693	13,326

Other payables include:

£1,331,000 (£1,284,000 at 31st March 2011) outstanding pension contributions at 31st March 2012.

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 31st March 2012. It is expected that this will be used before 31st March 2013.

Other creditors also includes amounts for severance agreed but not yet paid as at 31st March 2012.

22. OTHER LIABILITIES

	CURRENT 31ST MARCH 2012 £000	CURRENT 31ST MARCH 2011 £000
Deferred income	1,227	3,182
Other	0	0
TOTAL	1,227	3,182

23. BORROWINGS – OBLIGATIONS UNDER FINANCE LEASES

	31ST MARCH 2012 £000	31ST MARCH 2011 £000
Current	39	0
Non-current	263	0

24. 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 £36m which related to long-term borrowing. As detailed, the Trust was within the approved ratios.

	2011/12 ACTUAL RATIO	2011/12 APPROVED RATIO	2010/11 ACTUAL RATIO	2010/11 APPROVED RATIO
Minimum dividend cover	13	1	10	1
Minimum interest cover	2,341	3	-	3
Minimum debt service cover	478	2	-	2
Maximum debt service to revenue	0.03%	3%	-	3%

25. PROVISIONS

	CURRENT 31ST MARCH 2012 £000	NON-CURRENT 31ST MARCH 2012 £000	CURRENT 31ST MARCH 2011 £000	NON-CURRENT 31ST MARCH 2011 £000
Pensions relating to former directors	9	47	9	54
Pensions relating to other staff	73	618	59	405
Legal claims	194	0	216	0
Other	10,243	0	0	0
TOTAL	10,519	665	284	459

Other provisions include £10.1m of income to fund the Children's Health Park, repayable if the development does not proceed. Also, other income potentially repayable and Carbon Reduction Commitment provision.

	PENSIONS RELATING TO FORMER DIRECTORS £000	PENSIONS RELATING TO OTHER STAFF £000	LEGAL CLAIMS £000	AGENDA FOR CHANGE £000	OTHER £000	TOTAL £000
AT 1ST APRIL 2010	72	436	105	111	0	724
Change in discount rate	(2)	(15)	0	0	0	(17)
Arising during the period	0	99	175	0	0	274
Used during the period	(9)	(50)	(52)	(9)	0	(120)
Reversed unused	0	(15)	(12)	(102)	0	(129)
Unwinding of discount	2	9	0	0	0	11
AT 31ST MARCH 2011	63	464	216	0	0	743
AT 1ST APRIL 2011	63	464	216	0	0	743
Change in discount rate	0	3	0	0	0	3
Arising during the period	0	289	158	0	10,243	10,690
Used during the period	(9)	(78)	(136)	0	0	(223)
Reversed unused	0	0	(44)	0	0	(44)
Unwinding of discount	2	13	0	0	0	15
AT 31ST MARCH 2012	56	691	194	0	10,243	11,184
EXPECTED TIMING OF CASH FLOWS:						
- within 1 year	9	73	194	0	10,243	10,519
- between 1 and 5 years	37	243	0	0	0	280
- after 5 years	10	375	0	0	0	385

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.

£28,756,057 (£23,271,629 at 31st March 2011) is included in the provisions of the NHS Litigation Authority at 31st March 2012 in respect of clinical negligence liabilities of the Trust.

26. CONTINGENT LIABILITIES

The Trust has a contingent liability of £600,000 for the expected cost of the Mutually Agreed Severance Scheme.

27. 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.

27. RELATED PARTY TRANSACTIONS (CONT'D)

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	EXPENDITURE	RECEIVABLES	PAYABLES	IMPAIRMENT RECOGNISED AS EXPENSE
	£000	£000	£000	£000	£000
Liverpool PCT	49,335	328	0	164	0
Sefton PCT	12,997	0	141	0	0
Knowsley PCT	7,668	40	0	390	0
Western Cheshire PCT (act as Specialist Commissioners for PCTs in the North West Region)	84,171	24	0	821	0
Barnsley PCT (act as Specialist Commissioners for PCTs in the Yorkshire & Humber Region)	837	0	4	0	0
Birmingham E&N PCT	1,910	0	7	44	0
Halton & St Helens PCT	755	26	92	0	0
Shropshire County PCT	857	0	111	0	0
Central Manchester University Hospital NHS Foundation Trust	1,390	167	303	37	0
Liverpool Women's NHS Foundation Trust	957	481	50	173	0
Royal Liverpool & Broadgreen NHS Trust	971	472	8	206	0
North West SHA	9,110	4	21	6	0
London SHA	1,785	0	95	0	27
Department of Health	2,071	360	0	65	0
NHS Litigation Authority	0	1,559	0	5	0
National Blood Authority	2	884	0	24	0
All Other NHS Bodies	4,587	1,754	1,241	640	0

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

	INCOME	EXPENDITURE	RECEIVABLES	PAYABLES	IMPAIRMENT RECOGNISED AS EXPENSE
	£000	£000	£000	£000	£000
Liverpool City Council	1,150	580	344	0	39
HM Revenue & Customs	0	0	1,062	1,287	0
National Insurance Fund	0	6,774	0	1,056	0
NHS Pension Scheme	0	10,304	6	1,331	0
Department for Work & Pensions (NHS Injury Scheme)	521	0	1,329	0	132
Local Health Boards in Wales	11,679	89	33	0	0
Sefton Met. Borough Council	386	24	21	0	0
Other WGA Bodies	97	61	1	7	0

The Trust has a number of transactions with Edge Hill University. Steve Igoe, Non-Executive Director is the Pro Vice-Chancellor for Resources of the University. £63k was incurred in expenditure during 2011/12 whilst £10k was received in income. Outstanding receivables at 31st March 2012 were £31k whilst outstanding payables were £17k.

Alder Hey Charity has independent Trustees with effect from 1st April 2011. At 31st March 2012 the amount due from the Charity was £51,000. During the period, the Trust has received £461,000 from the Charity.

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 £418,000 during the period.

Lorraine Dodd, Non-Executive Director, is employed by Rathbone Investment Management Limited. Alder Hey Charity have paid £32,000 for services received.

Transactions with related parties are on a normal commercial basis.

28. POST BALANCE SHEET EVENTS

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

29. FINANCIAL INSTRUMENTS

29.1 FINANCIAL ASSETS

	LOANS AND RECEIVABLES 31ST MARCH 2012 £000	LOANS AND RECEIVABLES 31ST MARCH 2011 £000
Trade and other receivables	4,967	4,631
Cash and cash equivalents	50,696	24,990
Other financial assets	0	0
TOTAL AT 31ST MARCH 2012	55,663	29,621

29.2 FINANCIAL LIABILITIES

	OTHER 31ST MARCH 2012 £000	OTHER 31STMARCH 2011 £000
Trade and other payables	16,350	10,999
Obligations under finance lease	302	0
Other financial liabilities	0	0
TOTAL AT 31ST MARCH 2012	16,652	10,999

29.3 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 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.



HOPE JADEAN SUMNER

AGED 11

Hope has been treated at Alder Hey all her life including four open heart surgeries.

Hope says: "The people who look after me make me feel at home. I don't feel nervous when I come here because it feels like I'm walking into my house."

AUDITOR'S REPORT

Independent auditor's report to the Board Of Governors of Alder Hey Children's NHS Foundation Trust

We have audited the financial statements of Alder Hey Children's NHS Foundation Trust for the year ended 31st March 2012 on pages 95 to 119. These financial statements have been prepared under applicable law and the accounting policies set out in the Statement of Accounting Policies.

This report is made solely to the Board of Governors of Alder Hey Children's NHS Foundation Trust in accordance with Schedule 10 of the National Health Service Act 2006. Our audit work has been undertaken so that we might state to the Board of Governors of the Trust, as a body, those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Board of Governors of the Trust, as a body, for our audit work, for this report or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF THE ACCOUNTING OFFICER AND THE AUDITOR

As described more fully in the Statement of Accounting Officer's Responsibilities on page 84 the accounting officer is responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practice's Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Trust's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the accounting officer and the overall presentation of the financial statements. In addition we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of Alder Hey Children's NHS Foundation Trust's affairs as at 31st March 2012 and of its income and expenditure for the year then ended; and
- have been prepared in accordance with the NHS Foundation Trust Annual Reporting Manual 2011/12.

OPINION ON OTHER MATTERS PRESCRIBED BY THE AUDIT CODE FOR NHS FOUNDATION TRUSTS

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report where under the Audit Code for NHS Foundation Trusts we are required to report to you if, in our opinion, the Annual Governance Statement does not reflect the disclosure requirements set out in the NHS Foundation Trust Annual Reporting Manual, is misleading or is not consistent with our knowledge of the Trust and other information of which we are aware from our audit of the financial statements.¹

We are not required to assess, nor have we assessed, whether all risks and controls have been addressed by the Annual Governance Statement or that risks are satisfactorily addressed by internal controls.

CERTIFICATE

We certify that we have completed the audit of the accounts of Alder Hey Children's NHS Foundation Trust in accordance with the requirements of Chapter 5 of Part 2 of the National Health Service Act 2006 and the Audit Code for NHS Foundation Trusts issued by Monitor.

T. Rees

**TREVOR REES FOR AND ON BEHALF OF KPMG LLP,
STATUTORY AUDITOR
31ST MAY 2012**

CHARTERED ACCOUNTANTS
ST JAMES SQUARE
MANCHESTER
M2 6DS

¹ Where the AGS does not meet the disclosure requirements of the NHS Foundation Trust Annual Reporting Manual or is misleading or inconsistent with other information forthcoming from the audit, the auditors must refer to this in the audit opinion, although this does not result in a qualification of the accounts (para 5.8 of the March 2011 FT Audit Code).

Coming soon...
Alder Hey in the Park!





Alder Hey Children's 
NHS Foundation Trust

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

By post: Alder Hey Children's NHS Foundation Trust, Eaton Road, Liverpool, L12 2AP
By telephone: 0151 228 4811
By email: communications@alderhey.nhs.uk

www.alderhey.nhs.uk