

A SPECIALIST
CHILDREN'S HOSPITAL



ALDER HEY

LEADING THE WAY
IN INNOVATION
AND RESEARCH



INSPIRED BY CHILDREN

ANNUAL REPORT & ACCOUNTS
2016/17

Annual Report & Accounts 2016/17

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A MESSAGE FROM OUR CHAIR AND CHIEF EXECUTIVE



We are delighted to share with you our Annual Report for 2016/17, a reflection of our challenges and achievements during our first full year in the new 'Alder Hey in the Park'.

We remain extremely proud of our new Alder Hey, the first hospital in a park in Europe and one which was designed with the help of children and young people. We were incredibly honoured to welcome Her Majesty the Queen and His Royal Highness the Duke of Edinburgh to officially open the new hospital on the 22nd June. It was an unforgettable day for everyone at Alder Hey and we feel very privileged to have had the opportunity to show Her Majesty and His Royal Highness our brand new home.

This year has been an extremely tough period across the whole of the NHS as we face greater financial constraints and an increasingly challenging environment. Despite the significant turmoil the NHS continues to face, we are pleased with the progress we have made towards securing our financial stability during 2016/17, while also achieving all of the government's national performance standards. This includes delivering the A&E four hour waiting time target against a backdrop of the worst ever winter performance across the NHS. The Secretary of State for Health Jeremy Hunt recently congratulated Alder Hey on being the Trust with the greatest improvement in this area.

Throughout the year we have remained focused upon improving quality, increasing performance and efficiency, enhancing patient experience, engaging with staff and creating the very best environment for them to do their best work. Through the determined efforts and outstanding dedication of our staff, we have been able to make significant progress in all

these areas and this has enabled us to over-achieve against our financial targets; an incredibly impressive feat which highlights how Alder Hey continues to perform well compared with many other acute providers.

At the heart of our successes remain our highly skilled and dedicated staff. Engaging with our front line teams has been key to improving our performance; our 'Listening into Action' approach and 'Big Conversations' with staff across the organisation have empowered colleagues across the Trust to continue to make Alder Hey the very best it can be.

Our staff continue to go above and beyond in their commitment to providing the very best care to our patients. Thousands more children and young people have benefitted from this care over the past twelve months. The feedback we receive from our families is further confirmation of what the CQC told us last year; that we remain 'outstanding' for caring.

This successful year will now provide us with the perfect platform to move from good to great as we continue on our journey to become a world leading centre for children's healthcare and research. Our ambition remains high and we have refreshed our overall strategy for the next three years to deliver on our '2020 Vision' to provide a healthier future for children and young people.

David Henshaw *Louise Shepherd*

SIR DAVID HENSHAW
Chairman

LOUISE SHEPHERD
Chief Executive



ROYAL APPROVAL FOR ALDER HEY IN THE PARK...

The new Alder Hey was officially opened by Her Majesty the Queen and His Royal Highness the Duke of Edinburgh on 22nd June 2016.

Hundreds of patients, families and staff gathered to welcome the Queen and the Duke to the new hospital. The Queen was presented with a posey by two year old patient Lewis Connett on arrival and was given a tour of the hospital, before unveiling a plaque to officially open 'Alder Hey in the Park'.

“We are honoured that Her Majesty the Queen officially opened our new hospital; Alder Hey in the Park. We are extremely proud of the new Alder Hey which has been designed with the help of our children and young people. The last year has been such an exciting time for everyone here at Alder Hey and we feel very privileged to have had the chance to show our brand new home to Her Majesty the Queen and the Duke of Edinburgh.”

**LOUISE SHEPHERD,
CHIEF EXECUTIVE**

PERFORMANCE REPORT

OVERVIEW

The following section of the report is designed to provide a brief picture of Alder Hey; what we are about, what we are aiming to achieve for our patients and families, the risks to delivery and how successful we have been in the last year.

ABOUT THE TRUST

Alder Hey Children's NHS Foundation Trust is a provider of specialist healthcare to 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 clinicians help deliver care closer to patients' homes by holding local clinics at locations from Cumbria to Shropshire, in Wales and the Isle of Man. The Trust also provides inpatient care for children with complex mental health needs at our 'Alder Park' building in the nearby borough of Sefton.

The Trust employs a workforce of 3,246 staff who work across our community and hospital sites. 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 £217m of which £192m directly relates to the clinical services we provide; 33% of our clinical income is non-specialised and 67% is specialised. Our principal contract is with NHS England for tertiary and quaternary care. The Trust also serves a wide population base for secondary care, with Liverpool Clinical Commissioning Group (CCG) hosting the £57m contract on behalf of 21 associate CCG's in the North West of England. In addition we have a contract of £12m with commissioners in Wales.

Alder Hey offers a number of specialist services and we are one of only two providers in the North West designated to receive the specialist children's top-up to the national tariff for this work. We are one of the two accredited major trauma units for children in the North West and are also nationally commissioned as one of four epilepsy surgical centres, a service we provide in partnership with Manchester Children's Hospital. As a regional cardiac surgical centre, we continue to lead on developing the cardiac network across the region in order to provide seamless pathways of care for children with congenital heart problems.

Alder Hey continues to be a top performing Trust. We remain registered with the Care Quality Commission

(CQC) without conditions. Our ratings from the health sector regulator Monitor and from April 2016 NHS Improvement have been generally among the highest available ('green' for governance and 4 or 5 for financial performance) since authorisation in 2008. We have consistently achieved the majority of the government's access and quality targets, including those for infection rates. In 2016/17, the Trust planned and achieved a use of resources risk rating of 3 (financial risk rating). This represents a higher financial risk than historically but improved upon the previous year, reflecting the continued stabilisation of the organisation from the impact of the implementation of the new electronic patient care system and the move to the new hospital in 2015.

Our services are managed through a Clinical Business Unit (CBU) model, each led by a senior clinician, a Senior Manager and a Senior Nurse, who together with service leads and managers are responsible and accountable for the overall clinical, workforce and financial performance of their area.

The Trust has a thriving research portfolio in partnership with NHS, academic and commercial partners. It is known that research intensive organisations are associated with better health outcomes. Since the inception of the National Institute for Health Research (NIHR) Clinical Research Network, the Trust has enrolled 30,000 children and young people into research studies, more than any children's healthcare provider in the UK. The NIHR Alder Hey Clinical Research Facility for Experimental Medicine is now helping us to translate scientific discoveries into clinical studies which will ultimately support new treatment options for babies, children and young people. The Trust remains a significant leader and contributor to applied clinical research studies, improving the health and wellbeing of children and their families.

The Trust is supported by two main registered charities and through the work that they do to support the hospital, we can ensure that Alder Hey's pioneering work continues to make a difference to the lives of children. In addition to Alder Hey Children's Charity, the Ronald McDonald House Charity continues to support up to 84 families in 'home away from home' accommodation on site while their children are being treated in the hospital. We continue to work closely and strengthen our relationship with our charitable partners.

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. The Council

represents our membership which currently totals 13,500 people across the regions we serve. We have also established our Children and Young People’s Forum which meets regularly with Trust staff and has input into a range of hospital activities and plans, as well as playing a key role in the recruitment of key Board level posts.

OUR SERVICES

The Trust remains committed to its model of managing services through Clinical Business Units (CBU’s), which moves decision making about services much closer to patients and put clinicians in the driving seat. From October 2016 the five existing CBUs were restructured into three somewhat larger clinical divisions, to achieve greater economies of scale, deliver clinical synergies and to enable greater investment in clinical leadership. A new leadership model was also created with a medically or clinically qualified Director as the accountable officer, supported by a Senior Manager in the role of Associate Chief Operating Officer and an Associate Chief Nurse. The specialties comprising each division were in turn reorganised into clinical business units, each with a Clinical Director and Service Manager.

The three clinical divisions are comprised as follows:

Medicine

- Accident and Emergency Department
- General Paediatrics
- Diabetes
- Respiratory Medicine
- Infectious Diseases
- Immunology
- Metabolic Diseases
- Nephrology
- Rheumatology
- Gastroenterology
- Dermatology
- Endocrinology
- Dietetics
- Oncology
- Haematology
- Palliative Care
- Bereavement Services
- Radiology
- Pathology
- Pharmacy
- Psychology
- Therapies
- Long Term Ventilation
- Electro-Biomedical Engineering Department (EBME)
- Bed Management
- Medical Records
- Outpatients
- Phlebotomy
- Medical Day Care
- Booking and Scheduling

Surgery

- Cardiac Surgery and Cardiology
- Paediatric Intensive Care
- High Dependency Unit
- Burns Unit
- General Surgery
- Urology
- Gynaecology
- Neonatal Surgery
- Theatres
- Anaesthesia and Chronic Pain
- Ear Nose and Throat and Audiology
- Cleft Lip and Palate
- Ophthalmology
- Maxillofacial Surgery
- Dentistry and Orthodontics
- Neurosurgery and Neurology
- Craniofacial Surgery
- Orthopaedics
- Plastic Surgery

Community Services and CAMHS

- Children’s Community Nursing Team
- Homecare
- Community Matrons
- Community Therapies
- Neurodevelopmental Paediatrics
- Community Paediatrics
- Safeguarding Services
- Fostering and Adoption
- Child and Adolescent Mental Health Services

OUR CQC RATINGS

The Trust received its last full inspection in June 2015 and was rated as follows:

Overall Good	Safe	Good ●
	Effective	Good ●
	Caring	Outstanding ☆
	Responsive	Good ●
	Well-Led	Good ●



OUR PURPOSE AND 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 STRATEGY

The Board reviewed the Trust’s overarching strategy in April 2016, having come to the end of the strategic plan developed in 2011 which had culminated in the delivery of the new Alder Hey at the end of 2015. The Board believes that the organisation’s original purpose and vision remain relevant today and will be fundamentally unchanged to 2020, re-committing to its ambition to provide world leading children’s services.

Alder Hey’s 2020 Vision is built upon a small number of key strategic pillars which continue to be refined to reflect the changing landscape in which the NHS operates. For 2016/17, our strategic aims continued to reflect the organisation’s focus on quality improvement and the goal of providing exceptional care from exceptional new facilities.

The Trust’s values underpin all that we do and how we do it.

OUR VALUES	Excellence, Openness, Respect, Together, Innovation.				
OUR PILLARS	Excellence in Quality	Patient Centred Services	Great Talented Teams	International Innovation, Research and Education	Growing our Services and Safeguarding Core Business

DELIVERING ON OUR STRATEGIC AIMS AND OUR OPERATIONAL PLAN: HIGHLIGHTS FROM 2016/17

2016/17 was another successful year for Alder Hey. Highlights of progress against our plans during the year include the following:

Excellence in Quality

- The Trust continued to take forward our refreshed Quality Strategy, underpinned by the principles of clinical leadership and engagement and supported our 'Listening into Action' approach.
- Progress against a number of our quality aims resulted in measurable improvements:
 - Incident reporting – in the top three trusts nationally for overall incident reporting, with severe and moderate harms down
 - Medication errors down
 - Infections down
 - Reportable pressure sores down
- The Trust recruited to all its nurse staffing vacancies to eliminate the use of agency staff almost entirely.
- A sepsis pathway based on NICE guidance was implemented to improve the quality of care we provide for patients with early sepsis; this was supported by a large scale training programme, the appointment of 1.5 new sepsis nurse specialists and a communications campaign to improve the recognition and timely treatment of a potentially life-threatening condition.

For a more detailed description of Alder Hey's quality journey in 2016/17, please read our Quality Report starting on page 72.

Patient Centred Services

- Alder Hey became the only paediatric trust nationally to be invited to participate in the elite Global Digital Excellence programme, designed to drive new ways of using digital technology in the NHS and supporting the Trust to deliver its aim to become paperless.
- A new, specially designed 'hybrid' operating theatre opened in February 2017 at Alder Hey, the first of its kind in a stand-alone paediatric setting in the UK.
- In 2016/17 a significant amount of hard work has been undertaken to improve waiting times for Community Services (CAMHS and Developmental Paediatrics) which means that access to our community teams are now within the 18 week referral to treatment requirements.

- A self-referral system was introduced by the CAMHS Team to enable young people to access the service quickly; this has been very positively received by service users.
- The transfer of specialist paediatric therapy services from Liverpool Community Health NHS Trust to Alder Hey was successfully completed on 31st March 2017 and the staff are now welcomed to the Alder Hey family.

Great Talented People – 'Listening into Action'

- Since early 2016, Alder Hey has been undertaking a 'Listening into Action' journey. Focussed around staff empowerment and positive change, 'Listening into Action' (LiA) is a Trust-wide drive to identify issues and blockages, bring together all the right people into the same room and then work together on a solution.
- Through this initiative, dozens of clinical teams from across the Trust have been involved in positive change. Some examples of solutions have included developing a CAMHS self-referral service, rolling out a new cardiac surgical pathway and investigating staff diversity.
- Many more staff have supported a growing list of quick wins and other longer term solutions including around catering information, thermometer supply in the Emergency Department, phlebotomy equipment, recycling and a staff running club.
- Alongside this, a monthly network meeting has been established between Alder Hey and Aintree University Hospital NHS Foundation Trust focusing on 'Listening into Action' and 'Freedom to Speak Up' issues. Through these meetings, both trusts are able to keep each other informed, share good practice and learn from each other's experience.
- The Trust is now aiming to embed the LiA way of working across the Trust more widely.

Growing our Services and Safeguarding Core Business

Alder Hey delivered an excellent set of year end results, particularly in the challenging financial and operational context of the wider NHS. We:

- Over-achieved on our financial plan delivering a surplus of more than £3m.
- Achieved all of the nationally mandated access targets, including the A&E four hour waiting time target and the 18 week referral to treatment target.

- Delivered 8% more elective operations, 8% more non-elective procedures and 13% more outpatient appointments compared to last year.
- Carried out over 400 congenital cardiac operations on children to meet the national requirement for this highly specialised service.

International Research, Education and Innovation

- Alder Hey delivered a strong performance across a range of research programmes and in partnership with a range of higher education institutions, the charitable sector and the commercial sector.
- The Trust made a successful application to the National Institute for Health Research (NIHR) for a Clinical Research Facility (CRF) for Experimental Medicine. This renewed contract for a further five years will enable the Trust to take forward experimental medicine research programmes in a number of priority areas including inflammatory diseases, cancer and neurosciences providing the city of Liverpool with experimental clinical research facilities for all of its inhabitants across the life course.
- Applied clinical research performance has again excelled within the Trust. Over 4,000 children and young people have been enrolled into clinical research studies registered with the NIHR Clinical Research Network, more than any other children's healthcare provider in England and Wales. This places Alder Hey within the top 10% of NHS organisations with respect to research volume.
- We continued to nurture and develop an expert multi-professional research workforce. In the past year, the Trust has secured a prestigious NIHR Clinical Academic Training Doctoral Fellowship for a Physiotherapist, has secured an NIHR Intention for Innovation Award of over £1m led by a Nurse and has supported its second Pharmacist to post-doctoral level within its Paediatric Medicines Research Unit.
- The Trust has been at the forefront of novel collaborations and funding partnerships to ensure that children and young people have access to life changing clinical trials. Agreements and investments have been secured with the Cystic Fibrosis Trust for Alder Hey to be one of the first tranche of clinical trials accelerator platform centres. Similarly, Duchenne UK has invested in a number of key posts within the Trust to enable more clinical trials to be made available at Alder Hey to boys with Duchenne Muscular Dystrophy. The experience of Alder Hey in implementing these new funding partnerships will be of great value to the wider research community in the UK.

PERFORMANCE ANALYSIS

ALDER HEY'S APPROACH

The Trust continues to develop and refine a range of Key Performance Indicators linked to regulatory requirements and the achievement of our strategic aims and objectives. The Corporate Performance Report has been developed through the past year, in line with the move to an electronic platform and includes a commentary on each element to highlight areas of good practice, as well as any aspect which falls below standard and the actions being taken to recover the position. The report is supported by an electronic business intelligence system which enables the divisions and clinical business units to drill down into key financial, operational and clinical metrics at service line and even individual patient level. An online Integrated Performance Report has now been developed which focuses on four key domains of Quality, Performance, Finance and Workforce. This now forms the basis of our newly developed monthly Executive review, where each Division leads the discussion and presents by exception on areas that require improvement.

PERFORMANCE AGAINST NATIONAL PRIORITIES

The Trust met all of its access targets in 2016/17. A robust Winter Plan was developed with a multi-disciplinary approach which created sufficient capacity to manage the predicted increases in emergency demand, while providing enough flexibility to support the elective programme. A revised approach to managing activity across the hospital was successfully implemented, which ensured patient flow was maximised through the challenging periods and minimised the amount of delays and subsequent four hour breaches. The whole system approach therefore supported the delivery of all of our access standards.

The Trust continues to review productivity and look at how the new estate can support safe, effective and efficient delivery of care. Bespoke programmes have been developed with a view to maximising efficiency and productivity which continue to support achievement of targets. The Trust has successfully implemented the Specialist Commissioner Clinical Utilisation Review CQUIN across two wards to improve reliability within the hospital and we will move to full roll out in 2017/18.

The Trust's performance against national access and other mandated targets for 2016/17 are set out below:

Target or Indicator	Threshold	National Performance	Qtr1	Qtr2	Qtr3	Qtr4
Summary Hospital Level Mortality Indicator (SHMI) ¹			n/a	n/a	n/a	n/a
C. Difficile Numbers - Due to Lapses in Care	0		0	0	1	0
C. Difficile - Rates per 100,000 Bed Days	0	6.9	0	0	5.8	0
18 Week RTT Target Open Pathways (Patients Still Waiting for Treatment)	92%	90.3% ²	92.1%	92.1%	92.2%	92.1%
All Cancers: Two Week GP Referrals	100%	94.7% ³	100%	100%	94.4%	100%
All Cancers: One Month Diagnosis (Decision to Treat) to Treatment	100%	97.6% ³	100%	100%	100%	100%
All Cancers: 31 Day Wait Until Subsequent Treatments	100%	95.6%-99.2% ³	100%	100%	100%	100%
A&E - Total Time in A&E (95th Percentile) <4 Hours (This data has been subjected to a cleansing exercise and therefore may differ from data previously submitted to the Trust Board).	95%	89.1% ⁴	95%	96.55%	93.11%	96.71%
Target or Indicator (Per 2013/14 Risk Assessment Framework)	Threshold	National Performance	Qtr1	Qtr2	Qtr3	Qtr4
Readmission Rate Within 28 Days of Discharge		0-15 Years:	8.3%	8.2%	9.3%	8.3%
		16 Years and Over:	2.4%	7.3%	8.4%	6.3%
Financial and Service Performance Ratings ⁵			2	2	3	3
Rate of Patient Safety Incidents per 1000 Bed Days			79.2	66.7	63	68.5
Patient Safety Incidents and the Percentage That Result in Severe Harm or Death			0 0%	0 0%	1 0.09%	1 0.08%

¹ Specialist trusts are excluded from SHMI reporting.

² National performance based on most recent published data for April 2016 - February 2017.

³ National performance is based on most recent published Quarter 3 data for 2015/16. Alder Hey had one breach of the children's cancer standard (one month from referral to treatment) and this was as a result of delay for clinical reasons.

⁴ A&E national performance based on most recent published data for April 2016 - February 2017.

⁵ Quarter 1 reported under the old CSR ratio. From Quarter 2, ratings have been reported under the new FSRR ratio.

EXTERNAL AWARDS AND ACHIEVEMENTS IN 2016/17

Alder Hey Set to Become UK's First 'Cognitive' Hospital

In May 2016, Alder Hey announced a ground-breaking multi-year collaborative programme with the Science and Technology Facilities Council's (STFC) Hartree Centre, supported by IBM (NYSE: IBM), to create the United Kingdom's first 'cognitive' hospital by harnessing 'big data' and the power of IBM's Watson technology platform.



This is the first time that Watson technology will be applied to improve patient experience in the United Kingdom. Alder Hey and the Hartree Centre believe that by applying Watson (an innovation in computing technology) it will enhance patient care and potentially generate savings for both the hospital and the NHS as a whole.

Using Watson to analyse any feedback that is voluntarily and securely provided by the patients, with appropriate consent as needed, it is anticipated that Alder Hey will be able to greatly enhance patient experience by; identifying patient anxieties and providing information and reassurance on-demand; reminding young patients and their parents about appointments and about aftercare; and providing insightful feedback to clinicians based on the tone and sentiment of these interactions. Using this valuable insight, clinicians at Alder Hey will be able to make a hospital stay for a child less daunting, by providing a more

personalised service for a child while also being able to identify clinical trends more quickly that could affect patient flow and effectively make significant cost savings.

The first stage of this multi-year project is underway, with an initial version of the platform expected to be ready for testing in the hospital around the end of the year. Over the last few months, Alder Hey patients and their parents have been asked a range of questions on everything from parking, to what they would like to eat, to their favourite games and films, and what they want their bedroom to look like. They have also been asked what questions they have about clinical procedures, general anaesthetic and surgery. A team of experts from the Hartree cognitive team, made up of the Hartree Centre and IBM, are using this information to train 'Watson' to anticipate and respond to questions from patients and families before they come into hospital.

Royal Approval for Alder Hey in the Park

Alder Hey in the Park was officially opened by Her Majesty the Queen and His Royal Highness the Duke of Edinburgh on 22nd June 2016, during an historic and unforgettable day.



Hundreds of well-wishers including Alder Hey patients, families and staff gathered outside the hospital entrance and waved Union Jack flags to welcome the Queen and the Duke to the new Alder Hey.

Before entering the hospital, the Queen was presented with a posey by two year old patient Lewis Connett. Lewis, a Young Fundraising Ambassador for Alder Hey, who has helped raise thousands of pounds for the new hospital, has been making the regular journey from his home in Halifax to Alder Hey since he was diagnosed with Apert Syndrome when he was a baby. So far, Lewis has had four surgeries at Alder Hey with his first at only five months old.

The Royal Party then went on a tour of the new hospital, accompanied by Alder Hey's Chairman Sir David Henshaw and Chief Executive Louise Shepherd. Beginning with a visit to the Outpatients' Garden (funded by the Steven Gerrard Foundation), they listened to Alder Hey's Staff Choir perform, while meeting children involved in the design of the hospital. Children and young people were involved in designing the new hospital since an initial consultation back in 2009, where almost 1000 patients drew pictures and shared their views on what their new hospital should look like. Alder Hey's Children and Young People's Design Group had their say throughout the design process on everything from the colour of the rooms, to the artwork displayed in the new hospital and what their wards should look like.

The Queen and the Duke then continued to the hospital's oncology and general medical wards. On ward 3C, patients and families greeted the Queen while enjoying a Royal Tea Party especially prepared by Alder Hey's ward chefs. The hospital has a unique food offering for our children; chefs are based on every ward and are able to make fresh food on demand for patients as and when they want them.

The Royal Party concluded their tour in the hospital Atrium, where they were introduced to major donors of Alder Hey Children's Charity who have helped fund lifesaving equipment, vital research and arts and play activities in the new hospital. Watched by a host of staff, patients, families and supporters of the hospital, Sir David Henshaw then invited the Queen to unveil a plaque and officially open Alder Hey in the Park.





Dr Richard Appleton Receives Epilepsy Award

Alder Hey Consultant Neurologist Dr. Richard Appleton was awarded the Lord Hastings Award by national charity Epilepsy Action in June 2016.

The award recognises Dr Appleton's outstanding personal contribution to the improvement of the quality of life of children with Epilepsy and their families. He was presented with his award by a previous patient Carl Foster, 28, who now works for Epilepsy Action.

The Lord Hastings Award was set up in 1990 to recognise outstanding personal contributions to people with Epilepsy. Since it was created by

Epilepsy Action, it has only been awarded to eleven people. Dr. Appleton's work at Alder Hey has made a huge impact on the lives of children with Epilepsy. He helped to establish the first full-time nurse specialist post in paediatric Epilepsy within the UK, initially funded by the Roald Dahl Foundation. He also established the first transitional Epilepsy clinic in the UK, managing teenage patients' transition from child to adult services. In 2004, Dr. Appleton was instrumental in establishing the Paediatric Neurosciences Foundation at Alder Hey, another first in the UK.

Congenital Heart Disease Services Centred in Liverpool



In July 2016, NHS England announced that all patients who require surgery for Congenital Heart Disease (CHD) including those with complex and life threatening conditions in the North West of England, North Wales and the Isle of Man would be treated in Liverpool.

A partnership of four Liverpool hospitals including Alder Hey Children's Hospital NHS Foundation Trust; Liverpool Heart and Chest Hospital NHS Foundation Trust; The Royal Liverpool University Hospital and Liverpool Women's Hospital NHS Foundation Trust will provide this specialist service, ensuring a high quality service and a single and seamless pathway for patients of all ages with CHD.

Alder Hey was commissioned to provide a Level 1 service for paediatric patients, with Liverpool Heart and Chest Hospital NHS Foundation Trust delivering the Level 1 service for adult patients. Level 1 service centres will provide the most highly specialised diagnostics and care including all surgery and most interventional cardiology.

The decision to base this service in Liverpool after three years of deliberations by NHS England is a massive vote of confidence in the excellence of specialist services in the City. It demonstrates the high esteem with which the care and treatment provided for children and young people by the whole Alder Hey team is held at local, regional and national levels.

Alder Hey in the Park Wins Prime Minister's Award



The new Alder Hey Children's Hospital won the Prime Minister's Better Public Building award at the British Construction Industry Awards in October 2016. The Prime Minister's Better Public Building Award recognises publicly-funded projects that demonstrate innovative and productive construction, deliver value for money and bring real change for their communities. It is the pinnacle of the British Construction Industry Awards, organised by the Institution of Civil Engineers.

"Alder Hey is a great example of how to transform public services in an innovative and cost effective way. Engaging the community in the design and using local apprentices to support the construction will ensure the hospital will continue to be at the heart of the community for generations to come."

Ben Gummer, Minister for the Cabinet Office

Alder Hey CRF Awarded £2million Grant

Alder Hey's Clinical Research Facility (CRF) received a £2million grant over five years from the UK Government via the National Institute for Health Research (NIHR).

The grant will fund the infrastructure costs for early translational (experimental medicine) research to help speed up the translation of scientific advances for the benefit of patients. The funding application was made by Alder Hey in partnership with the University of Liverpool. Every year thousands of children at Alder Hey participate in clinical studies to help find new medicines and treatments for children with both common and rare childhood illnesses.



Alder Hey Nurse Honoured

In November 2016, specialist children's nurse Anne Sweeney was honoured for her dedicated work caring for seriously ill children.

In May 1993 Anne became the first ever Roald Dahl nurse: her post at Alder Hey Children's Hospital was created and initially funded by Roald Dahl's Marvellous Children's Charity (then known as the Roald Dahl Foundation), which provides specialist children's nurses and family support for seriously ill children across the UK.

The charity held a special presentation ceremony for Anne at the end of its annual nurses' conference, which took place at Alder Hey's Institute in the Park. Anne is very proud to have been the first Roald Dahl Nurse, a post which was also the first paediatric Epilepsy Nurse Specialist in the UK. She was presented with special gifts by Licky Dahl (Roald Dahl's widow), Martin Goodwin (the Chair of Trustees) and Jane Miles (the charity's CEO).



Ophthalmology Win National Award



Alder Hey's Ophthalmology Team saw off strong competition from hospitals across the country to be awarded winner at the Bayer Honours 2016 awards. Held at the prestigious Royal College of Surgeons in London in December, the team was singled out for their innovation, hard work and absolute commitment to their patients for their Paediatric Intraocular Clinic.

Developed as a multi-disciplinary team approach to each child's journey through the department, the pathway has been shown to greatly ease the anxieties of the parents and to give as much as possible a smooth and consistent experience. The patient sees where possible the same team members at the same clinic, keeping their experience friendly, familiar and focused.

"This is an excellent example of improved communication in the paediatric setting. A well thought out approach and a novel idea. The Team recognised the lack of education and support for patients and as a result they successfully developed the service to meet these needs."

The Judging Panel at the Bayer Honours 2016 Awards



Alder Hey Joins Forces With Al Jalila to Improve Children's Health

Alder Hey and Al Jalila Children's Speciality Hospital in Dubai signed an official agreement in November 2016 to help enhance children's healthcare across the world. The agreement was signed during an official visit by the Duchess of Cornwall to the newly opened and first specialised paediatric hospital in the United Arab Emirates.

His Highness Sheikh Mohammed Bin Rashid Al Maktoum, Vice-President and Prime Minister of the UAE and Ruler of Dubai, has developed the new dedicated children's hospital with an aim to deliver care to children at the highest level and on par with international standards. As part of this they were looking to establish an official international affiliation agreement with an existing world-class institution. Following a comprehensive search and after discussions with many reputed healthcare organisations, Alder Hey was identified as the ideal partner.

Alder Hey and Al Jalila share a vision and capability of creating a healthier future for children and young people worldwide. Together they will aim to deliver the highest quality care in outstanding facilities, with continuous improvements made through medical education, innovation, and clinical research, prominent in both institutions.

Having recently opened a brand new hospital facility of comparable size to Al Jalila Children's, Alder Hey will also be able to provide guidance to meet the challenges often faced when opening a new hospital. Children requiring very specialised treatments not currently available in the UAE, such as complex neurosurgery and neuro-oncology, will now also benefit from being able to access those treatments at Alder Hey in a seamless manner. Furthermore as part of this collaboration, Al Jalila Children's will aim to establish dedicated education programmes for health professionals, providing valuable training that will develop the next generation of paediatric specialists and services in the UAE. Alder Hey will also have access to a variety of patients with rare diseases which will support vital research, thus creating the potential for future joint treatment programmes.

BBC Children's Takes Over Alder Hey

Alder Hey hosted a live broadcast by BBC Children's as part of a special 'Hospital Takeover' in December 2016.



CBBC, CBeebies and BBC Interactive all helped launch Christmas at Alder Hey during a memorable day in the hospital. Alongside pre-recorded content and live links, presenters were filmed meeting patients, families and staff and also visited patients across the hospital wards.

The broadcast reflected a longstanding relationship with BBC Children's following Alder Hey's involvement in BAFTA award winning medical show *Operation Ouch!* The show returned to Alder Hey for a fifth series in 2016 which was broadcast on CBBC in the Autumn. This series is aimed at children (6-12 years) and is a fun insight into the world of medicine, while removing some of the fear for children coming into hospital. The series is made specifically for children and aims to give its audience a proper knowledge and appreciation of hospitals and how fantastic and adaptable the human body is in a fun yet informative way.

Operation Ouch! featured familiar faces from Alder Hey including staff and patients from our emergency, radiology, ENT, oncology, haematology, cardiac, physiotherapy and anaesthetics departments along with staff and families across our wards, including ward chefs and our theatre, post room, arts, domestics and maintenance teams.



Innovation Award for Surgeon Iain Hennessey

Mr Iain Hennessey, Consultant Paediatric Surgeon and Clinical Director of Innovation at Alder Hey, was presented with a gold award in January 2017 for his pioneering leadership of innovation by the Innovation Agency.

As an Innovation Scout, Iain actively promotes and supports innovation among colleagues, from ward to Board level. Innovation Scouts are senior clinicians, academics and managers who actively promote and support innovation among their colleagues, from ward to Board level. They learn from other organisations, through events, visits and study trips organised by the Innovation Agency (the Academic Health Science Network for the North West Coast).



Iain leads the Innovation Team at Alder Hey which is working with world leading companies and local small businesses, using gaming technology, sensors and cognitive computing to predict the progression of illnesses and plan individualised treatments.

Revolutionary Hybrid Operating Theatre Opened at Alder Hey

A hybrid theatre contains all the high tech equipment and software required to perform high resolution diagnostic imaging and operations at the same time. Alder Hey's new theatre is the first in the country suitable for operating on children from different specialties including heart, brain or spinal surgery.

Access to high resolution imaging in theatre means the surgical team at Alder Hey has much more information available to them in real time during an

operation. Operations can take less time and there is no need to move the patient out of theatre for a scan which reduces infection risks. High quality 360 degree imaging and BrainLab navigation systems ensure much more precise diagnosis and surgery, significantly increasing survival rates. This software and technology helps to minimise potential side effects of surgery and exposure to radiation, while reducing the need for repeat operations and the number of times a child needs to be anaesthetised.



State-of-the-art imaging also enables minimally invasive surgery to take place by providing a clear visual of a small area. Rather than performing open surgery, surgeons are therefore able to access this small part of the body using a catheter or endoscope. The size of the theatre is also helpful as it provides more space for a greater amount of equipment and more clinicians, which can be particularly helpful during intensive procedures.

The new hybrid operating theatre cost £1.23m and was made possible thanks to funding provided by Alder Hey Children's Charity.

Trio of Research and Innovation Awards for Alder Hey



Alder Hey Children's Hospital received three awards at the annual North West Coast Research and Innovation

Awards, which recognise outstanding work from around the region. The awards are jointly organised by the Innovation Agency; the National Institute for Health Research (NIHR) Clinical Research Network North West Coast; and NIHR Collaboration for Leadership in Applied Health Research and Care (CLAHRC) North West Coast.

Alder Hey received the 'Most Innovative Collaboration Award' for the 'Digital Alder Hey' project, which involves developing an app to help families familiarise themselves with the hospital and distract young patients while they are being treated.

A dedicated team of researchers organised by Alder Hey also won a special anniversary accolade. The network of research nurses, clinicians and managers was started ten years ago, covering nine hospitals in Cheshire, Merseyside and North Wales, to involve young patients in clinical trials to improve treatments. The Local Research Network was presented with the 'NIHR @10 Award for Clinical Research Outstanding Impact', marking the tenth year of the National Institute of Health Research. In the network's first year, 35 children were recruited in trials; after ten years, more than 30,000 children have been recruited and a total of 226 research studies are underway.

Finally, a young patient who brought together other young people, teachers, parents and researchers to highlight the impact of Lupus, won the 'Outstanding Contribution to Patient and Public Involvement in Research Award'. Young Patient Research Ambassador, 17 year old Sophie Ainsworth, set up an 'invisible illness support group' called RAISE (Raising Awareness of Invisible Illnesses in Schools and Education) two years ago and led a project to develop resources for schools to support students with invisible illnesses. She was nominated by Jenny Preston, Patient and Public Involvement Manager at Alder Hey's NIHR Clinical Research Facility.

Alder Hey to Trailblaze Digital Revolution in the NHS

Alder Hey has been selected to join an elite group of NHS hospital trusts who will drive new ways of using digital technology in the NHS. These 'digital exemplars' were selected from the most digitally advanced hospitals in the NHS and will lead the way in delivering radical improvements in the care of patients. Alder Hey is the only specialist children's NHS Trust to be selected.



As a digital exemplar, Alder Hey will receive £9.6m over the next four years to achieve Global Digital Excellence. The funding will support the digitisation of 43 clinical pathways, enabling Alder Hey to improve efficiency and effectiveness, enhance operational processes, improve clinical evidence of high quality care and strengthen staff engagement.

The new funding will accelerate and enhance the Trust's plans to deliver:

- A fully digital and paperless medical record for every child, including test results and scans.
- A web portal for patients and families that provides them with direct and secure access to medical information and their medical records, allowing them to make and change appointments.
- A web portal for healthcare professionals that provides secure access to records for patients who are in the care of a number of different NHS organisations.
- A patient 'app' platform with several elements: familiarisation with the hospital environment; gaming and rewards for compliance with treatment; and distraction and entertainment.

KEY RISKS TO DELIVERY IN 2016/17

The Trust's key risks were articulated in the Board Assurance Framework, which was reviewed on a monthly basis by the Board and its assurance committees throughout the year. The chief risk to quality related to sustaining the Trust's ability to provide the best possible care to our children given the financial challenges across the system. The Board agreed that as far as possible, front line services must be safeguarded and the work carried out in the last three years to ensure optimum nurse staffing levels should be protected. The Trust was able to continue with its nurse recruitment programme and avoid the acute staffing shortages suffered by many NHS organisations, also enabling it to cease utilising agency nursing other than for areas experiencing skills deficits nationally, such as critical care.

The Trust's other key risk concerned the delivery of the activity plan, which was central to the organisation's ability to achieve the control total set by NHS Improvement. Threats to securing the requisite run rate are traditionally most acutely felt during the winter period when peaks of childhood respiratory conditions impact upon the elective surgical programme. The Trust-wide work undertaken to develop and implement a robust Winter Plan meant that the activity plan was delivered and the organisation achieved a strong set of financial results which are described on the right.

FINANCIAL PERFORMANCE

The Trust ended the year with a surplus of £2.6m. Included within this were 'normalising items' which are one-off technical adjustments that are not part of the Trust's normal business activities and financial performance. In 2016/17 the Trust reported 'normalising income and expenditure' that related to items purchased by the Charity on behalf of the Trust, expenditure relating to the continued development of the hospital site and profit on the sale of property. The Trust reported a trading surplus (or 'Control Total') of £3.5m.

The Trust's surplus/(deficit) on a control total basis:

	2016/17 £'000	2015/16 £'000
Surplus/(Deficit) for the Year	2,582	(40,699)
Exceptional Items		
Impairment	2,239	45,189
Donated Income	(2,704)	(14,137)
Donated Depreciation	1,814	934
Gain/loss on Disposal of Assets	(402)	5,133
NHS Improvement Surplus/ (Deficit) on Control Total Basis	3,529	(3,580)

Capital expenditure for the year was £7.6m. This investment related to medical equipment, IT and the continued development of the Alder Hey site.

The Trust had a cash balance of £6.5m at the end of March 2017.

Regulatory Ratings

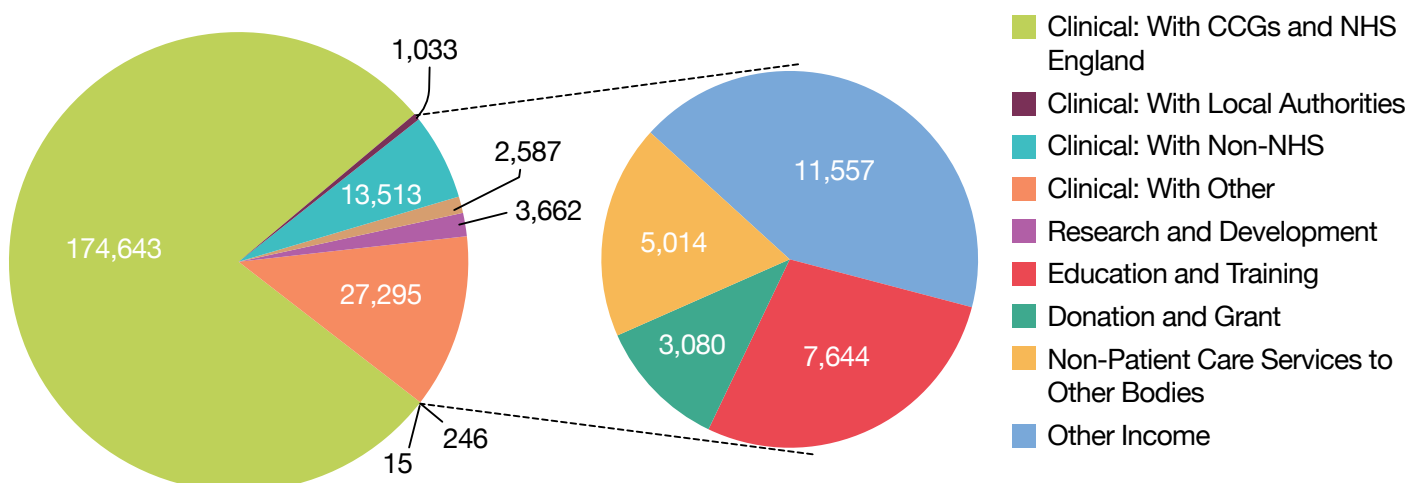
From October 2016 the Trust was monitored on NHS Improvement's new 'Use of Resources' measure, replacing the financial metrics used by Monitor under the Risk Assessment Framework. NHS Improvement uses the metrics to assess financial performance by scoring each metric from 1 (best) to 4 (worst). The Trust has achieved an overall UOR rating of 2 which is better than the planned rating of 3. The breakdown of our rating is provided below.

Criterion	Measure	Weighting	2016/17 Metric	2016/17 UOR
Liquidity (Days)	Shows Ratio of Liquid Assets to Total Assets	20%	-1.416	2
Capital Service Cover	Shows Revenue Available for Capital Service	20%	1.344	3
I&E Margin	Shows Underlying Performance	20%	1.60%	1
I&E Variance	Shows Performance Against Plan	20%	1.72%	1
Agency	Shows Agency Spend Performance Against Cap	20%	-9.78%	1
Use of Resources Rating				2

Income

The total income received by the Trust in the year ended 31st March 2017 was £223m, with £192m (88%) coming from the delivery of clinical services. The Trust's clinical income comes from three main contracts. Our principal contract is with NHS England to provide tertiary services with a value of £109m. The Trust also has a contract hosted by Liverpool CCG to provide secondary services with a value of £59m. In addition the Trust has a contract with Welsh commissioners to provide secondary and tertiary services with a value of £13m. The £27m non-clinical income includes donations from charities, education and training levies, research activities, services provided to other organisations and commercial activities such as the provision of catering services.

Income by Source 2016/17

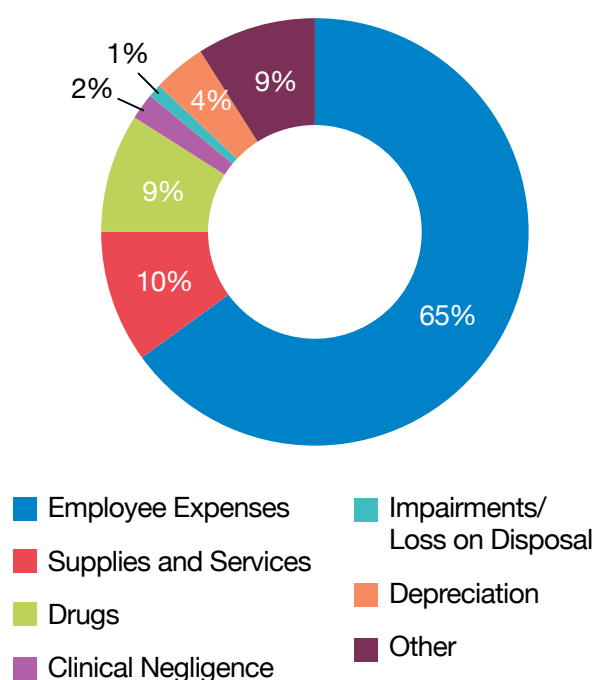


Clinical Income by Point of Delivery

	2016/17 £'000	2015/16 £'000
Elective Income	43,313	38,739
Non-Elective Income	31,373	27,202
Outpatient Income	29,688	26,281
A&E Income	5,103	4,837
Private Patient Income	309	90
Community and Mental Health	20,280	21,001
Critical Care	24,875	22,025
Drugs and Devices	19,892	18,266
Clinical Services	16,783	16,420
Other	421	384
Total	192,037	175,245

Expenditure

Operating expenses totalled £209.6m for the year and as in previous years, staff costs account for the largest use of resources (65%). An analysis of operating expenses by type is shown in the graph below:



Financial and Operating Risk

A&E activity exceeded plan for the year, whereas elective and non-elective activity were both below plan. Outpatient activity was broadly in line with plan.

Total clinical income for the year was £193m, which exceeded the plan figure of £187m. Total normalised expenditure (excluding technical issues) for the year was £216.4m which was £3.4m higher than the plan of £213m. Expenditure on pay exceeded the plan by £1.7m, which included agency staff totalling £3.3m although this is partly offset by vacancies in substantive posts. Drugs expenditure was £3m higher than planned although some of this was recovered via income for specialist drugs not funded through Payment by Results (PBR). £6.3m of cost improvements (CIP) and efficiency savings were achieved during the year.

Capital Investment Programme

During the year, the Trust completed £7.6m of capital investments which will significantly improve services for both patients and staff. A summary of capital investment undertaken in the year is provided in the table below:

Capital Investment Scheme	Investment Benefit from Activities	Value £'000
Planned Capital Estates	Includes interim and retained estates associated with hospital move and demolition.	2,075
Institute In The Park	Final costs of phase 1 of the research and education building and initial costs for stage 2.	483
IM&T Capital Schemes	Investment in IM&T including electronic patient record costs.	1,561
Medical Equipment	Investment in medical equipment inclusive of equipment replacement cycle.	1,117
Hybrid Theatre	New theatre equipment purchased by the Charity.	1,209
Alder Hey in the Park	New hospital non-medical equipment and site development costs.	1,137
Total Capital Investment 2016/17		7,582

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 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. Performance against this code is provided in the table below.

	2016/17	2015/16
% of Invoices Paid Within 30 Days	84%	90%

Accounting Policies

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

The Trust has complied with the cost allocated and charging requirements set out in HM Treasury and Office of Public Sector Information guidance and followed the NHS costing manual and best practice guidance published by NHSI. 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.

GOING CONCERN

The Trusts financial plan for 2017/18 will achieve a 'normalised surplus' of £0.1m and achieve a 'Use of Resources' ratio of 2.

After making enquiries, the directors have assessed the reasonable expectation that Alder Hey Children's NHS Foundation Trust has adequate resources to continue in operational existence for the foreseeable future.

POST BALANCE SHEET EVENTS

There are no material contingent liabilities or material litigation as far as the Board is aware; to the extent that if 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. The Trust was awarded the Liverpool and Sefton contract to provide £5,832,000 of community services transferred from Liverpool Community Health Trust on 1st April 2017.

BOARD STATEMENT

The directors consider the Annual Report and Accounts taken as a whole, is fair, balanced and understandable and provides the information necessary for patients, regulators and stakeholders to assess Alder Hey's performance, business model and strategy.

The Board of Directors approved the foregoing Performance Report at its meeting on 25th May 2017.

Signed on behalf of the Board.

Louise Shepherd

LOUISE SHEPHERD

Chief Executive
25th May 2017



INTERNATIONAL PARTNERSHIPS...

Alder Hey and Al Jalila Children's Hospital in Dubai signed an official agreement in November 2016 to help enhance children's healthcare across the world. The agreement was signed during an official visit by the Duchess of Cornwall to the first specialised paediatric hospital in the United Arab Emirates. Together Alder Hey and Al Jalila will aim to deliver the highest quality care in outstanding facilities, with continuous improvements made through medical education, innovation, and clinical research.

"This collaboration is of great mutual benefit to Alder Hey and Al Jalila. We feel a strong obligation to share our experience in order to grow the availability of specialist health services that children need all around the world. Increasingly medicine is global and we wish to be an active participant in the global paediatric community by co-creating new programmes of research, training and education that will benefit our NHS teams in the UK. We highly value the collaboration between our teams."

**SIR DAVID HENSHAW,
CHAIR**



ACCOUNTABILITY REPORT

DIRECTORS' REPORT



COMPOSITION OF THE BOARD OF DIRECTORS

Chair and Chief Executive

Sir David Henshaw - Chair

Sir David took up post as Chair of Alder Hey in February 2011; he was re-appointed in January 2014 for a second term of three years and in December 2016 the Council of Governors approved his re-appointment for a further twelve months in order to ensure leadership continuity on the Board. 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, including as Chair of NHS North West for four years, 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 has also been a Chair and Non-Executive Director for a number of other public and private organisations. Sir David has been asked by Monitor to take on the role of Interim Chair at three other NHS organisations over the past four years; between February 2012 and April 2013 at University Hospitals of Morecambe Bay NHS Foundation Trust; at Dorset Healthcare NHS Foundation Trust which he undertook from October 2013 to April 2014; and most recently at St Georges NHS Foundation Trust in London for twelve months from March 2016. In March 2017 Sir David was appointed as the chair of National Museums Liverpool.

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 was previously Vice Chair of the Royal Liverpool Philharmonic Society and continues to be an active member. In March 2016 Louise was invited to lead the 'Five Year Forward View' planning process for the Cheshire and Merseyside footprint and has continued in this role throughout the year.

Executive Directors

Rick Turnock - Medical Director

Rick was appointed as interim Medical Director in May 2014, the role being made substantive in April 2015. Having trained as a Paediatric Surgeon at Alder Hey and Great Ormond Street, he was appointed as a Consultant Paediatric Surgeon at Alder Hey in 1993. Shortly after this appointment, he took on the role as Clinical Director of Surgery for five years, moving to his first period as the Trust Executive Medical Director in 2000 for three years. He then fulfilled a series of external roles including Honorary Secretary of the British Association of Paediatric Surgeons (BAPS), the first Head of the Cheshire and Merseyside Deanery Postgraduate School of Surgery and latterly as President of BAPS (2012-14), in which role he sat on the Council of the Royal College of Surgeons of England (RCSEng). He was an Examiner for the FRCS in Paediatric Surgery for ten years and is now an Examiner Assessor. He has been the RCSEng Regional Specialty Adviser for Paediatric Surgery in the North West for the last five years.

Hilda Gwilliams - Chief Nurse (from July 2016)

Hilda joined Alder Hey in February 2013 as Deputy Director of Nursing and has recently been appointed as Chief Nurse. Formerly, Hilda was Deputy Director of Nursing at St Helens and Knowsley NHS Trust for three years where she gained experience in moving hospital services from an old build to a new purpose built hospital. She qualified as a nurse in 1984 and spent a number of years in a variety of clinical roles in surgical specialties, including neurosurgical intensive care. Hilda has maintained strong educational links and continues

to provide professional guidance in relation to 'fitness for practice' concerns pertaining to students at local HEI's.

Gill Core - Chief Nurse (to April 2016)

Gill joined Alder Hey as Director of Nursing in July 2012. Gill became a nurse in 1981 and spent a number of years in clinical roles in intensive care and surgical specialties. Since her first managerial role as Head of Quality in Norfolk in the 1990's she has gained increasing experience in quality improvement and nursing leadership. She came to Alder Hey following seven years in Director of Nursing roles at Liverpool Women's NHS Foundation Trust and most recently at St Helens and Knowsley NHS Trust, where she gained experience in leading the nursing workforce in transition from an old Victorian hospital into a brand new facility. Gill has maintained and developed strong educational links and currently participates in delivering the MSc in Leadership Development at Edge Hill University. Along with a variety of clinical qualifications she has an MA and post graduate teaching certificate.

Jonathan Stephens - Director of Finance and Deputy Chief Executive (to January 2017)

Jonathan took up post in June 2013; he has over twenty years' experience working within the NHS, operating at a senior level in most sectors of the health service, including community care services, specialist teaching hospitals, Strategic Health Authority and acute district hospitals. He has operated at Executive Director level for the past nine years and since 2009 has undertaken the role of Deputy Chief Executive. Jonathan has a proven track record of delivering key financial targets year on year and leading and developing financial strategy within challenging health economies. He has led two trusts to Foundation status (Tameside Hospital and Warrington and Halton Hospitals), taken a £100m PFI hospital development to financial close and supported all of the organisations he has worked for in delivering improvements to patient care and patient outcomes.

Claire Liddy - Acting Director of Finance (from January 2017)

Claire was Acting Director of Finance from January 2017 until April 9th 2017. Claire has over fifteen years' experience working for and with the NHS; operating at a senior level in the sectors of specialist and acute teaching hospitals, acute district hospitals and as a consultancy advisor while working for one of the Big Four accountancy firms. She has operated at Deputy Director level for the past five years and joined Alder Hey in 2014. Claire has a proven track record of delivering key financial targets year on year and leading and developing financial strategy with a specific focus

on financial improvement and transformation. Claire has led trusts to Foundation status and was a key member of the team that led to the opening of the new 'Alder Hey in the Park' hospital on time and on budget. Claire has a clinical background and is particularly passionate about driving the value for money agenda through making improvements to quality of care.

Mags Barnaby - Interim Chief Operating Officer (Non-Voting)

Mags has extensive senior level experience in planning and delivering services to achieve national and local targets and in the strategic and operational management of change. She is passionate about the NHS and is driven by a desire to make a positive difference to the quality of services for patients and staff. One of her key strengths is an innate ability to identify the links in complex problems, particularly the human dimension, in order to develop strategic vision and problem solving. In over 25 years working at a senior level in the NHS, Mags has held substantive appointments as Director of Human Resources, Director of Operations and Director of Planning and Strategy in England and Wales. She was awarded a BA (Hons) at Warwick University in 1984, following which she studied a number of professional and post-graduate courses including MSc Strategic Human Resources Management (Leeds Business School 1991), MIPD (1997) and Postgraduate Certificate with the National Leadership and Innovation Agency (Birkbeck College 2007). In 2016 Mags attended Harvard Business School to study Advanced Negotiation Skills for Strategic Decision Making.

Melissa Swindell - Director of Human Resources and Organisational Development (from October 2016)

Melissa joined Alder Hey in 2009 as the Deputy Director of HR and OD and has been the Interim Director of HR and OD since October 2015. Following her graduation in Economic and Social History from the University of Liverpool, Melissa started her HR career in the airline industry before joining the NHS. She has worked in HR and OD in a range of NHS organisations both in London and the North West. A Chartered Fellow of the CIPD, Melissa also has postgraduate qualifications in training, coaching and the use of psychometric assessments. During her time at Alder Hey, Melissa has led the people development agenda; successful projects include a Trust-wide review of the organisational values, supporting medical leadership capability and the introduction of a Trust-wide values based appraisal process.

Erica Saunders – Director of Corporate Affairs (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 in 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 as well as a BA (Hons) degree from the University of Liverpool.

David Powell - Development Director (Non-Voting)

David joined Alder Hey as Development Director in December 2012 and has over 30 years' experience working in the NHS. Prior to his role at Alder Hey, David held Development Director posts in Bristol and London overseeing new hospital programmes. David has a History degree from Manchester University and is a qualified Accountant.

Louise Dunn - Director of Communications and Marketing (Non-Voting)

Louise joined Alder Hey with over 20 years' experience working in the pharmaceutical industry. Most recently she was Vice President of Communications for Research and Development and Global Commercial Franchises at GlaxoSmithKline. In this role, she led internal and external communications around a multi-year transformation of GSK's global research and development and the subsequent commercial launches of a number of new medicines. Prior to this she worked in GSK's International, Global and UK Operations. Louise graduated in Biochemistry from Oxford University in 1992 and started her career in consultancy. At Alder Hey, Louise's priorities are to build the reputation of the organisation, enhance the Alder Hey brand and engage employees in the long term business strategy. Louise is responsible for marketing and communications for both the Trust and Alder Hey Children's Charity.

Non-Executive Directors

Steve Igoe - Non Executive Director/Senior Independent Director and Chair of the Audit Committee

Steve joined the Alder Hey Board in October 2010 and was re-appointed by the Council of Governors in September 2013 for a further three years. In September 2016 the Council of Governors approved Steve's re-appointment for a further twelve month period in order to ensure continuity on the Board. Steve is the Deputy Vice-Chancellor 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 and estate developments, facilities management, learning services, strategic planning and the University's international activities. He has previously advised the Government on the regulation of the higher education sector and was an adviser to the Higher Education Funding Council for England (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. As well as acting as Chair of the Trust's Audit Committee, Steve also chairs the Integrated Governance Committee.

Ian Quinlan - Non-Executive Director/Vice Chair of the Board and Chair of the Resources and Business Development Committee

Ian joined the Alder Hey Board in September 2011 and was re-appointed for a second term of three years in September 2014. He is a Chartered Accountant and joined Ernst and Whinney (now Ernst and Young) in 1974 and in 1982 became a partner. In 1988 he became Group Finance Director of the Albert Fisher Group PLC, a leading global food processor and distributor. From 2003 to 2013, Ian held senior positions with VPS Holdings Limited, which is the largest 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 2011 and October 2013 he was a Director of the business responsible for acquisitions. Ian is now a Financial Consultant and assists the owners of private companies to prepare their companies for sale.

Jeannie France-Hayhurst - Non-Executive Director

Jeannie took up her role at Alder Hey in July 2013 and was re-appointed for a second term of three years in June 2016. She is a highly-regarded family law barrister with wide experience of the voluntary sector, politics and the commercial world. She is known throughout the wider community in the North West as a fearless advocate and is much sought after on the seminar/lecturing circuit. Jeannie has made time in her busy career for voluntary and charitable work and has extensive experience of dealing with vulnerable adults and the socially disadvantaged. She has significant experience of service on boards and committees at both local and national level.

Claire Dove OBE - Non-Executive Director and Chair of the Workforce and Organisational Development Committee

Claire joined the Alder Hey Board in October 2013 and was re-appointed for a second term in September 2016. She is a high impact leader of social change and brings a track record of success from a variety of non-executive, executive and community leadership roles – shaping policy and practice in the business, social enterprise and charity worlds. Renowned in Merseyside, known nationally and internationally, Claire's work in education, regeneration, anti-poverty, equality and fairness arenas positions her as an independent thinker, experienced practitioner and trusted adviser to many. She was awarded an OBE for services to education in 2012. Claire's achievements cross many decades, fields and roles. Having built the award winning Blackburne House Group (BHG) over the last 30 years, her attention is now moving towards growing a portfolio of roles to complement her work at BHG.

Anita Marsland MBE - Non-Executive Director and Chair of the Clinical Quality Assurance Committee

Anita was appointed to the Board in July 2014. She began her career in local government in 1974 and is a qualified Social Worker. She later held a range of senior management posts, rising to Chief Officer. In 2002 Anita became one of the country's first joint Chief Executive appointments between an NHS organisation and a Local Authority. Anita has pioneered integrated working between local government and the NHS for many years and the model of partnership working that she has developed has been adopted and implemented successfully in other parts of the country. She has a strong reputation nationally for promoting and implementing innovative solutions to tackle health inequalities. Her work has been acknowledged through

several awards including an MBE for services to health and social care in 2008. In 2010 Anita was seconded to the Department of Health at Director General level to lead the setting up of Public Health England (an executive agency of the DH) as the delivery arm for DH public health policy, in line with changes introduced by the Health and Social Care Act 2012. Anita has recently been awarded an Honorary Membership of the Faculty of Public Health.

Dame Jo Williams - Non-Executive Director

Dame Jo joined Alder Hey in November 2016. She trained at Keele University as a Social Worker alongside studying for a dual honours degree. Once qualified she spent the next 30 years in the public sector; the last ten as a Director of Social Services firstly in the Metropolitan Borough of Wigan and then Cheshire County Council. She then worked for five years as Chief Executive of the Royal Mencap Society. Her full time working career concluded with a three year period as Chair of the Care Quality Commission. Twice honoured by the Queen, she received a CBE in 2000 and a DBE in 2008. Dame Jo has always been driven by a passion for equality of opportunity, fairness and justice and is a strong believer in team work and partnership. She is currently the Chair of Vivo Care Services, a member of Keele University Council, a Trustee of Dartington Hall Trust and a Deputy Lieutenant in Cheshire.

DECLARATION OF INTERESTS

A copy of the Register of Interests is available by request from Erica Saunders, Director of Corporate Affairs via the Membership Office on **0151 252 5128** or by email at membership@alderhey.nhs.uk.

POLITICAL DONATIONS

Alder Hey did not make any political donations during 2016/17.

QUALITY GOVERNANCE

The Board at Alder Hey continues to review its governance arrangements and underpinning systems and processes on a regular basis. During the year, there were two key drivers for this: the refreshed Quality Strategy, with its basis in clinical leadership and engagement; and the restructure of the Clinical Business Unit management model to three larger clinical divisions, based on the same principle of clinical leadership. These two factors led to the three divisional directors and the newly appointed directors of transformation and clinical effectiveness being invited to sit on the Board as associate members in order to strengthen the clinical dialogue at Board level.

The Clinical Quality Assurance Committee, whose membership has previously included all clinical directors as well as Board directors, also renewed its purpose. In the context of the new structure and the approach set out in the Quality Strategy, the Committee revised its approach to quality walkarounds towards the end of the year, approving a new programme of 'Quality Ward Rounds' to inform the Trust's ward to Board governance. The Committee carries out more detailed scrutiny under its delegated authority from the Board for oversight of the Trust's performance against the Quality Governance Framework originally published by Monitor in 2010 and now adopted by NHS Improvement. It also monitors the delivery of the Quality Strategy, incorporating measures of clinical effectiveness, patient safety and positive patient experience.

The Integrated Governance Committee, chaired by the Trust's Senior Independent Director, has delegated authority to seek assurance on the management of risk across the whole of the organisation's activities and to hold each responsible officer to account for the effective management and mitigation of risks in their area. It operates an assurance mechanism that links together the Board Assurance Framework and Corporate Risk Register, which in turn is informed by individual CBU and departmental risk registers. The Committee provides a structured process to test controls and ensure that strategic and operational risks are being addressed as part of a coherent system from ward to Board. Following each meeting an Integrated Assurance Report is submitted to the Board and is also scrutinised by the Audit Committee. The new divisional heads of quality joined the membership of the Committee in the year, undertaking 'deep dive' reviews into their risk registers within three months of the new structure being implemented to provide assurance to the Committee that the new entities were sighted on all associated risks. Relevant risks have also continued to be monitored each month by each of the assurance committees throughout the year.

The work of the Audit Committee complements this by discharging its responsibility for the maintenance of an effective system of internal control across the totality of integrated governance and risk management.

The monthly Quality Report, as part of the Corporate Performance Report presented to the Board, has been reviewed again during the past year to ensure the robustness of the data supporting the key performance measures against the Trust's quality aims and to inform the improvement actions required. The report includes information on nurse staffing in order to provide further level of assurance against this key quality indicator.

The Board Assurance Framework is scrutinised by the Board at its meeting each month to enable the Board to be fully sighted on key risks to delivery and the controls put in place to manage and mitigate them, as well as enabling all members to have an opportunity to identify key issues, concerns or changes.

As part of the 2016/17 internal audit plan, the Trust engaged MIAA to undertake a review of its evidence and approach to the Quality Governance Framework. The Clinical Quality Assurance Committee had continued to scrutinise self-assessments of Alder Hey's position against the various elements of the framework, but it had not been independently audited since mid-2015 when KPMG undertook a review which indicated a good level of assurance using Monitor's own scoring methodology. The MIAA review also resulted in an opinion of 'significant assurance' with only a small number of recommendations to improve the process; these have already been implemented in the most recent iteration of the assessment. The Trust will continue to use the framework to keep its approach to quality governance under review and regularly consider the evidence available from both internal and external assurance sources.

Further details about the Trust's approach to quality and quality governance can be found within the Quality Report (page 72) and Annual Governance Statement (page 63).

PATIENT CARE

Infection Prevention and Control

Following an external service review undertaken in 2015/16, a substantive Associate Director of Infection Prevention and Control was appointed in January 2017 and will take up post at the beginning of May 2017. This role will provide strategic leadership for delivery of the IPC agenda and management of the infection prevention, intravenous access service and tissue viability teams. Educational development within the Infection Prevention and Control Nursing Team has led to the successful completion of the formal Infection Control qualification by all IPCNs.

The move into the new hospital and the increase in single rooms has continued to impact favourably on the incidence of outbreaks of infectious disease during 2016/17. The Trust has seen no outbreaks of respiratory viruses and there has been a decrease in periods of increased incidence of diarrhoea and vomiting.

As a paediatric Trust our patients are particularly vulnerable to respiratory viruses such as Influenza. The importance that staff place on protecting our children from acquiring respiratory viruses is demonstrated in

the Trust achieving the 75% staff vaccination target again in 2016/17.

The appointment of a dedicated data analyst in 2015/16 has enabled the Trust to generate data on the incidence of hospital acquired infections (HAIs) and the overall incidence of monitored HAIs has decreased in 2016/17. Improvements have been made in the monitoring and validation of line related infections caused by central vascular catheters. Multi-disciplinary meetings have commenced with ICU and the Gastroenterology Nurse Specialist for TPN patients to manage, monitor and validate these infections.

2016/17 has seen the commencement of surveillance for ventilator associated pneumonia and the expansion of surgical site surveillance to include K wire insertion in Orthopedics and additional specialties such as Plastics. Additionally in 2016/17, the Trust has seen the introduction of a Theatre safety board to support continuous improvement in reduction of surgical site infections.

Multi-antibiotic resistant organisms such as Carbapenemase Producing Enterbacteriaceae (CPE) provide significant challenges to the NHS due to the reduced treatment options available and the ease in which they may be transmitted. 2016/17 has seen a steady increase in compliance with screening for CPE carriage at the Trust and early identification of carriers. There have been no hospital acquired cases of CPE and through close management and early identification of CPE carriers there have been no outbreaks at the Trust.

Following the close working with the authorised engineers for water, decontamination and ventilation in 2015/16 to ensure that the new hospital building was compliant with the Health Technical Memorandum during the commissioning process, the Trust Decontamination Lead and DIPC have established formal contracts with authorised engineers (AE) in 2016/17.

Matrons

Alder Hey appointed a Matron role in the Theatre Department in 2017, a role which has been key in providing visible clinical leadership and driving improvements in patient care.

Following the restructuring of the CBUs in November 2016 to three larger clinical divisions, the Chief Nurse supported by the divisional nursing leads proposed the reintroduction of the Matron role across the medical and surgical divisions from within existing funding. It is expected that the new structure will be in place by mid-2017.

Devolved Risk and Governance Model

In line with the introduction of the three larger clinical divisions and following feedback from previous CBU teams, the Trust implemented a system of devolved quality, risk and governance in December 2016 to provide local autonomy and ownership of quality and safety. This is enabling the CBUs and departments to have greater control and accountability for quality at a local level. The delivery of the strategy requires ongoing effective and robust local quality and governance systems and processes across all divisions, CBUs, wards and departments to provide a truly embedded and integrated system of quality and governance. The model enables CBUs to have an improved focus on quality improvement and safety, increase compliance with regulatory standards at a local level and assurance of robust governance from 'Ward to Board'.

To assist the delivery of this agenda, each Division has employed a Head of Quality to lead a Quality Improvement Team and create a truly integrated governance system thereby strengthening and enhancing the focus on quality and safety at all levels of the organisation. This system is ensuring there are sufficient resources within the divisions and CBUs to drive further improvement in the delivery of no harm, best experience and best outcomes for our children and families.

Ward Based Pharmacy Technician Project

Alder Hey was successful in securing a Forerunner bid from Health Education North West to support the role of a Pharmacy Technician at ward level, to prepare and administer medications. A research project is underway to understand the impact of the role on patient experience, medication safety and its impact on nursing time by releasing time to care.

Patient Safety Champions

The Trust has maintained the number of patient safety champions from last year; in addition to nursing staff there is now a broader representation from other staff disciplines such as medical staff, pharmacists, counsellors, allied health professionals and volunteers. Their role has been revised and they are instrumental in improving patient safety. Patient safety champions have been involved in supporting their clinical area in undertaking ward accreditation and patient safety audits and will continue to be involved in reviewing these tools for continuous improvement.

Ward Accreditation Scheme

The Ward Accreditation Scheme was developed in consultation with ward managers, lead nurses and patient safety champions and informed by the views of children, young people and their parents/carers. The accreditation scheme has been named 'STAR' (Safe, Together and Always Right – 'a journey to the stars') by the children and young people who will participate in the process of accreditation.

The scheme incorporates the Quality Review Programme and the Paediatric Safety Scan, maintaining engagement of both users and providers of service, along with reviewing practice against known service standards. In addition, it strengthens Board assurance and aligns with the Care Quality Commission key lines of enquiry and Essence of Care benchmarks. The tool has now been utilised in several clinical areas and is now being reviewed to identify whether any further improvements can be made to the Ward Accreditation Scheme.

Volunteering Programme

This has been an exciting and productive year for the Volunteering Services Department. The team has further developed the Volunteering Services Programme and through a comprehensive recruitment plan has increased the volunteer workforce from 20 to 395 active volunteers since October 2013.

During the last year, the Volunteering Programme has introduced a Pet Therapy Dog which visits the Atrium and Outpatients Department. This has been an extremely positive project that we are planning to roll out further this year.

To enhance the patient's experience in the Atrium and for those patients well enough to leave their ward, a performance calendar has been developed. These performances have included many local schools and performance groups and are hugely popular with our children, families and staff.

Complaints

During 2016/17 the Trust received a total of 70 formal complaints, three of which were withdrawn. One complaint was also investigated using the route cause analysis (RCA) process, following the Trust's Being Open policy and application of the Duty of Candour as appropriate. This was identified during the latter stage of the complaints process.

There was a 4% reduction of formal complaints compared with 2015/16. While a significantly lower reduction than previous years, this sustained low number of formal complaints can be attributed to quick intervention and resolution of issues as they arise, involving many key professionals to ensure the family's concerns are acted upon as soon as possible. The complainants were all advised that if they remained dissatisfied when the investigation process has concluded, they should contact the Complaints Team for further advice and support.

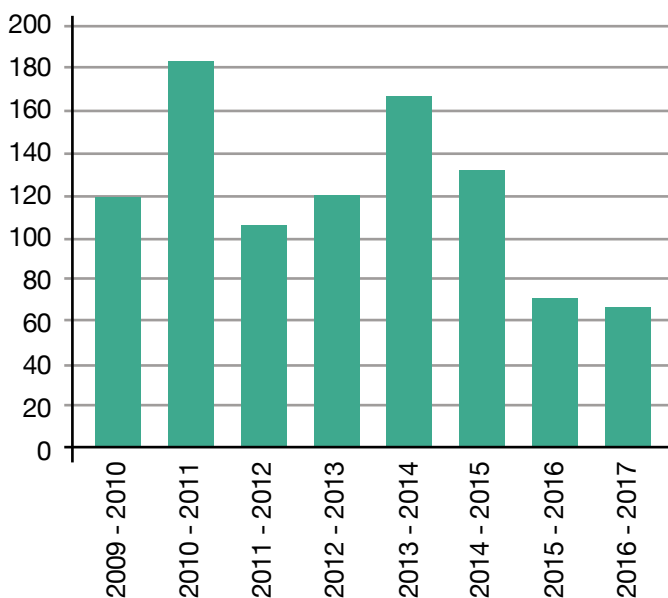


Table 1 – Formal Complaints Received Each Year

As the Trust continues to intervene for complainants earlier in the process and provide real time resolution and a much more positive patient experience, the remainder of complaints within the formal system have become more complex in nature and can be more difficult to respond to within the initial timeframe of 25 working days. If we anticipate the timeframe not to be appropriate, we will have a telephone conversation with the complainant to agree an extension.

It should be noted that any complainant who remains dissatisfied can ask that we re-look at their complaint. Any such case is then reopened and the 'clock' continues to the count length of time taken to respond in total from the original date received.

Number of Complaints 2016/17

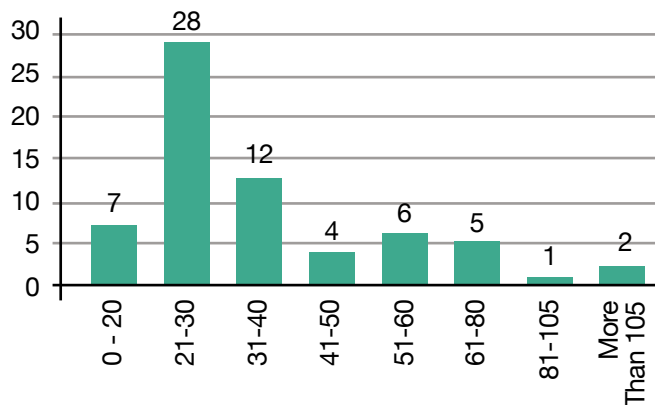


Table 2 - Length of Time the Formal Response Has Taken

All complainants are offered the opportunity to attend a meeting to resolve their concerns or to receive a written response. The complaint meeting is recorded and a copy is provided to the family for their own records. Subsequently a response letter from the Chief Executive is sent to the complainant, acknowledging that the meeting has taken place and highlighting the actions that have been agreed in response to issues raised.

It should be noted that 16% of the complaints received were investigated and responded to within the Trust's timeframe of 25 working days and no extension was required. 16% were responded to in under 30 days.

Learning from Complaints

Actions taken as a result of complaints during this period were:

- Improved communication relating to advance care planning, to ensure families understand the purpose of the document and its use as a guideline to assist clinicians when assessing their child.
- Issues relating to cancellations of outpatient clinics and letters not being received. A full review looking into outpatients as a service is now underway with outcomes expected to enhance the future visits for families.
- Issue relating to access to an interpreter when a child was admitted as an emergency. Executives have given approval to proceed with the purchase of a new system for booking interpreters within the Emergency Department to meet the needs of children and their parents who require this service.

STAKEHOLDER RELATIONS

Involvement in the Local Health Economy

Alder Hey is committed to building greater collaboration and developing shared models of care with a wide range of strategic partners. In order to achieve this, the Trust has continued to work proactively with local regional and national stakeholders. The focus during 2016/17 has been to strengthen existing partnerships and develop new ones to achieve the following aims:

- Develop greater partnership working with trusts across Cheshire and Merseyside in order to sustain and improve the quality of care provided to children and young people and their families.
- Increase the number of regional collaborative agreements to gain efficiencies to improve quality and access and to maintain the national sustainability of certain specialist services.

Key relationships are outlined in the table below:

Key Partner(s) and Purpose	Programme
Liverpool Women's NHS Foundation Trust (LWH) Purpose Compliance to NHS England (NHSE) neonatal service specifications	In March 2017, the NHSE Neonatal Operational Delivery Network (ODN) endorsed a two site single service model for neonates requiring surgery and Level 3 critical care. Alder Hey and LWH have been working in partnership to develop and deliver this joint model of care that will streamline patient transfers and improve quality of care, outcomes and patient experience. Work is now underway to implement this new model of care.
Congenital Heart Diseases (CHD) North West Service Liverpool Partnership: Liverpool Heart and Chest NHS Foundation Trust , Royal Liverpool and Broadgreen University Hospital, Liverpool Women's NHS Foundation Trust Purpose Compliance with NHS England national standards specification	Alder Hey has worked with partners in Liverpool to form a North West CHD Partnership and has submitted a bid to provide a fully compliant, resilient and clinically safe service model for adults and children across the North West of England, North Wales and the Isle of Man. NHS England have stated they are mindful to accept the North West CHD Partnership model pending the outcome of the public consultation on national configuration which is expected to conclude in the summer of 2017. The phased implementation of this service will commence as soon as commissioning arrangements are finalised.
Liverpool Local Delivery System (LDS) Children's Transformation Board: Liverpool Clinical Commissioning Group (LCCG), Liverpool City Council, Liverpool Women's NHS Foundation Trust, Liverpool Community Health Trust Purpose Transforming children's community services	Alder Hey co-chairs the Children's Transformation Board with Liverpool CCG to lead the development of an integrated model for children's care in the community. Work has progressed to build an integrated community model across the city to improve patients experience for children and their families to ensure the future sustainability of services. A number of integrated pathways have been developed and implemented already to improve patient care and experience.
Cheshire and Merseyside Women's and Children's Service Partnership Vanguard: All providers and commissioners of children's services across C&M Purpose Building a sustainable model of care and improving clinical care, access and affordability	As one of the seven cross cutting workstreams of the Cheshire and Merseyside 'Five Year Forward' plan, Alder Hey is playing a leading role in developing a model for children's services. An options appraisal process to develop the future configuration of women's and children's services across the region to achieve better health, care and value for staff and local communities is underway.

International Partnerships

Alder Hey has been very active internationally for some time with wide ranging links and partnerships with lower and middle income countries, the hosting of clinicians from overseas in observerships or training programmes and research activities. The Trust works in partnerships with many other organisations and charities including Liverpool University and Liverpool School of Tropical Medicine and the Royal College of Paediatrics and Child Health (RCPCH).

Following the opening of the new 'Alder Hey in the Park', we have engaged in more proactive and commercial business development. Our first commercial partnership agreement was signed with Al Jalila Speciality Children's Hospital in Dubai in 2016. Together Alder Hey and Al Jalila will aim to deliver the highest quality care in outstanding facilities, with continuous improvements made through medical education, innovation, and clinical research prominent in both institutions.

Having recently opened 'Alder Hey in the Park', the Trust will be able to provide guidance to Al Jalila to meet the challenges often faced when opening a new hospital. Children requiring very specialised treatments not currently available in the UAE, such as complex neurosurgery and neuro-oncology, will now also benefit from being able to access those treatments at Alder Hey in a seamless manner. Furthermore, as part of this collaboration, Al Jalila will aim to establish dedicated education programmes for health professionals, providing valuable training that will develop the next generation of paediatric specialists and services in the UAE. Alder Hey will also have access to a variety of patients with rare diseases which will support vital research, thus creating the potential for future joint treatment programmes.

The Trust continues to build its international portfolio and is in discussions with a number of providers in China about consultancy support for the design, build, equipping and commissioning of new hospital facilities. Partnerships with other hospitals in low and middle income countries continue to be explored, either enabling international patients to be treated at Alder Hey or creating opportunity for the Trust to assist local teams through remote consultations and diagnosis. This has included close work with Kanti Hospital in Nepal, the University of Malawi College of Medicine and Queen Elizabeth Central Hospital in Blantyre, Malawi.

Other international activity during 2016/17 has focused on the provision of paediatric education and training to overseas partners e.g. Sony Europe have become a key partner in research and innovation.

International collaboration is still relatively new to Alder Hey and the Trust recognises that a proactive business development approach is needed to fully benefit from overseas opportunities. The Trust has established an International Liaison Team to work with overseas partners in the following areas:

Education and Training

Alder Hey has particular expertise in paediatric medical and nurse training and can offer a range of standard and bespoke packages.

Infrastructure for Health

Alder Hey can provide expert support for the feasibility assessment, design and clinical modelling of safe, high quality paediatric facilities. This service can be scalable according to the client and the brief and could range from an entire hospital build to a small theatre or outpatient extension.

Clinical Services

Alder Hey clinical teams can treat patients at our hospital in the UK or in their home country. We can also provide remote clinical support and patient management using digital technology. Patients can be referred to specialist clinicians at Alder Hey for neurosurgery (Selective Dorsal Rhizotomy), neuro-oncology, specialist paediatric surgery, plastic surgery (particularly laser surgery port wine), rheumatology (particularly Lupus), gait analysis and neurology (outpatient only).

Health Systems Development

Alder Hey can provide professional support in establishing the governance and clinical management processes for the delivery of complex health services, to ensure clinical safety and quality requirements are implemented and maintained.

Alder Hey in the Park - Our Vision for the Alder Hey 'Campus'

Alder Hey is the first paediatric hospital in Europe to be built in a park. This gives us a once-in-a-lifetime chance to capitalise on our natural environment and harness the opportunities this gives us to empower our local community to interact with nature to improve their health, wellbeing, quality of life and provide opportunities for lifelong learning. Alder Hey aims to inspire healthcare providers across the world to change behaviours and offer new solutions for healthy cities.

The Springfield Park development project aims to create an exciting, innovative, inclusive, sustainable destination greenspace for Liverpool, fostering health and wellbeing for generations to come.

Our vision for a new Springfield Park has been directly developed in response to feedback from a community consultation event carried out in 2015 and is therefore a park for the community designed by the community. It has been developed around four key themes of 'Events', 'Innovative Play', 'Sport for All' and 'Grow Your Own'. The new park will offer an improved environment that is innovative, vibrant and safe and is a valuable community asset that will attract usage from a wide catchment area. Work has already started with events and developments responding to the overarching themes taking place.

Woodland Walk and Forest School Initiative

Work has started on the development of the woodland area in Springfield Park to offer the local community access to a rich multi-sensory nature experience and restorative environment that delivers physical and mental health benefits. An interactive interpretation trail is being created in partnership with local schools, providing information on the species throughout the woodland walk meaning visitors can learn about the environment as they walk. A new path accessible to wheelchair and pram users is being installed to allow inclusive access to the area.

In partnership with the Lancashire Wildlife Trust (a registered charity dedicated to protecting wildlife and natural habitats throughout Lancashire, Manchester and North Merseyside), a Forest School area has been built in the woodland. The Forest Schools initiative will commence in May 2017, where local primary schools will be trained to become Forest School leaders using the brand new Springfield Park site as the venue. Forest Schools develop social and emotional intelligence, confidence, practical and creative skills and team building. These skills and benefits transfer to the classroom environment with a positive effect on learning overall. The Forest School initiative will form the basis of the park education programme and resources.

Liverpool is one of five local authorities with the highest proportions of neighbourhoods among the most deprived in England. The Woodland Walk and Forest School will link with the local community and schools and will increase the number of children from low-income families that engage with and benefit from this urban wild space.

Grow Your Own

The woodland area also marks the start of our edible planting scheme. Following the model of 'Incredible Edible' Todmorden in Yorkshire, we will bridge the disconnection between people and nature by promoting the importance of the environment, local food and soil, fostering healthy futures for generations to come. We will empower our community to reconnect

with their landscape and food sources. We will also work with Alder Hey's Food Advisory Board and chefs to use organic food grown onsite in patient meals, reducing food mileage and ensuring our patients have a healthy diet promoting recovery. Recipes will be available for the public.

We will further develop community growing areas throughout Springfield Park where the local community, patients and staff can plant and grow food. Environmental specialists and artists will design and deliver horticultural courses, social events and information trails, where people can relax, learn about sustainable living and improve their health and wellbeing through taking part in physical exercise outdoors.

Events

A number of successful events have taken place this year in the park including a Hackathon (bringing companies and individuals together from the health, digital, environmental and cultural sectors to generate innovative solutions to children's health issues), an arts and craft fair and a community bluebell wood planting project involving local schools.

We have also recently formed a brand new partnership with the Woodland Trust and are pleased to announce Springfield Park has been chosen as one of the sites for a Tree Charter Marker sculpture, one of ten that will be installed in sites around the UK as a national monument to mark the launch of the 'Charter for Trees, Woods and People' in November.

Each pole represents one of the principles underpinning the new charter, which will guide society towards a future in which trees and people stand stronger together. The sculpture will be made from UK-sourced oak from the Crown Estate and is the only one in England with carvings and commissioned poetry to specifically represent the importance of trees to health and wellbeing.

This national monument will serve as a legacy in the landscape for the Tree Charter, ensuring it and the Principles that underpin it remain in public consciousness. It will also highlight the work Alder Hey are doing to promote health and wellbeing through connection with the natural environment.

All of the work carried out this year has been underpinned by a programme of key community and stakeholder engagement.

Alder Hey Children's Charity

Following a successful appeal for the new hospital which saw Alder Hey Children's Charity raise over £25million towards lifesaving medical equipment, enhanced facilities for parents and patients and entertainment for children in waiting areas and on wards, the Charity raised a further £5million in the financial year 2016/2017.

The campaign to support the development of the Institute in the Park, Alder Hey's bespoke research facility, continued with the Charity raising just over £2.5million of the £6million total appeal.

In a challenging regulatory environment, the Charity continues to broaden its fundraising bases to maximise income. Activities cover individual philanthropy, corporate partnerships and support, community fundraising (including running and challenge events, bespoke fundraising events e.g. Alternative Ascot and schools fundraising), trust and foundation fundraising, community lottery, legacy gifts, trading of merchandise and brand licensing.

The Charity continues to increase its strong community fundraising base, particularly throughout the North West. Income through sponsored events came in at over £650,000. Its own bespoke events are all now well established and continue to be successful, grossing over £250,000. The Charity will be looking to expand its event portfolio in 2017/18 with an additional bespoke 'Hoe-Down' and also by entering into partnership with Sports Tours International and holding its own Alder Hey 10K.

Lottery membership continues to grow steadily and is particularly successful where canvassers work from within the hospital. Attrition rate has fallen and membership is now over 15,000.

Alder Hey Children's Charity now has 22 young charity ambassadors, located in diverse geographic areas throughout the North West, North Wales, Yorkshire and the Isle of Man, who are helping to raise both funds and awareness.

A new member of staff has been recruited to work within the Community Team and who will be looking into areas of potential growth including schools fundraising, in memory giving and voluntary groups/ambassadors.

Corporate fundraising continues to make significant impact at Alder Hey not only through financial donations but also through the sharing of expertise and knowledge.

In September 2015, the 4,700-strong team at Shop Direct voted for Alder Hey Children's Charity as its

charitable partner of the year for 2015/16. Since then, colleagues across the retail giant's sites in Liverpool and Manchester have undertaken a variety of fundraising activities, from climbing mountains, singing, running, cycling, abseiling, playing 'beat the goalie' and completing their own version of 'The Biggest Loser', smashing their initial target of £200,000.

Members of Shop Direct's multi-award winning Ecommerce Team have also been working with Alder Hey's Innovation Team to develop an app, the first of its kind in the country, providing expert insight and advice on design, development and personalisation. The shared vision of the Alder Hey and Shop Direct teams is to revolutionise the patient experience by harnessing the power of consumer technology to help patients be better informed, calmer, more entertained and as a result, healthier.

Matalan unveiled this year's exciting Christmas campaign for the third year running. The highly anticipated 'Get Your Stripes' campaign built on the retailer's previous Christmas fundraising appeals, 'Alphabet Scarves' and 'Beanie vs Bobble', which raised more than £1.3m combined and were backed by celebrities including Justin Bieber and Britney Spears. The money raised went towards the development of the hospital's new state-of-the-art research facility 'Institute in the Park'.

Our International links continue to develop through the support of the Institute of Travel and Tourism which is one of the largest trade sectors in the UK. Members must have at least five years' experience in the travel and tourism industry or hold one of the following positions; CEO; Chairman; Director or Owner. To date this membership organisation has raised over £1.5m through member activities and individual giving. We continue to work with this global group to secure both income and strategic partnerships.

Liverpool John Lennon Airport continue their support of Alder Hey through their pledge of £200,000 to support the next phase of a digital app development. The Airport has also given significant time and expertise in assisting the hospital to improve its signage and patient check-in process, to improve how patients get to their outpatient appointment. In addition, the sharing of cross-sector knowledge was taken further when theatre staff were given the opportunity to attend human factors training courses in March this year with the Air Traffic Control Team.

Looking to 2017/18, the Charity will continue its appeal to support the development of Alder Hey's research, education and innovation centre, the 'Institute in the Park', while also developing the digital app and supporting projects to enhance patient experience while in the hospital.

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 has 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.

REMUNERATION REPORT

The Appointments and Remuneration Committee of the Board of Directors is responsible for determining the remuneration and terms and conditions of the Chief Executive, executive directors and non-voting directors taking into account the results of the annual appraisal process. The Committee is chaired by the Trust Chairman and comprises all non-executive directors. It operates 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 convened twice during the year with all non-executives attending.

A strategic decision was made three years ago to hold the levels of Executive Director remuneration until such time that a number of achievements had been realised, most notably the safe move into the new hospital site, the implementation of the new electronic patient record and a successful CQC inspection, despite executive director salary levels at Alder Hey falling below national average benchmark salaries.

The economic imperative to restrict salary increases needs however to be balanced with the operational requirement to successfully recruit, retain and fairly reward a high performing Executive Team, focused on the successful delivery of the Alder Hey strategic vision. Therefore, in response to these achievements, a review was undertaken during 2016 to benchmark the existing executive directors' salaries with the sector, with a view to recognising and rewarding the significant progress that has been made.

The Committee's focus was also upon succession planning and arrangements for Executive Director vacancies. The Committee received professional advice from the Director of Human Resources and Organisational Development, who has access to comparative information from the sector. 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 three months' notice and may give six months' notice. Provision is included within contracts of employment for contracts to be terminated with immediate effect and without compensation in certain circumstances. In accordance with the Trust's policy on senior managers' remuneration, 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. Executive directors are not permitted to serve as directors elsewhere in accordance with the Trust's Constitution.

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. The Committee's duties are 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 job roles, person specifications and modes of advertisement, to undertake shortlisting 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 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 comparative organisations. Remuneration rates for non-executive directors have remained at the level set by the Nominations Committee in 2009/10.

During 2016/17 there was a total of 14 voting Board Directors in post across the period. Of these, nine individuals claimed £10,498 in expenses; for 2015/16 the figures were 14 directors claiming £9,891.62 in expenses. In the year there were 27 governors in office, seven of whom received £3,310.36 in expenses; whereas in 2015/16 six governors claimed £1,552.30.

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 2.32 and paragraphs 2.48 to 2.52), 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.

The remuneration of the median salary and multiple to the highest paid employee of the Trust for 2016/17 and the prior year comparative is provided below:

	2016/17	2015/16
Band of Highest Paid Director (Bands of £5,000)	£155-160	£145-150
Median Total Remuneration	£30,547	£27,357
Ratio	5.2	5.4

The range of staff remuneration was £544 to £338,653 (2015/16 £354 to £202,847).

There are two senior managers who during the year were paid more than £142,500 (the sum that equates to the Prime Minister’s ministerial and parliamentary salary). One of these was the Chief Executive, the

other is the Trust’s Development Director. The Trust is satisfied that for both roles the level of remuneration is reasonable for the responsibilities carried and benchmarks favourably with comparable organisations.

The Trust’s remuneration policy applies to executive directors and senior below Board level posts and is based upon open, transparent and proportionate pay decisions. All pay decisions are based on market intelligence and are designed to be capable of responding flexibly to recruitment imperatives to secure high calibre people. When setting levels of remuneration, the Trust’s nominations and remuneration committees also take into account the remuneration policies and practices applicable to our other employees, along with any guidance received from the sector regulator and the Department of Health. The Committee also receives professional independent reports based on objective evidence of pay benchmarking across a range of industry comparators. The conclusion reached in professional independent reports is that ‘weightings accredited to the various posts in relation to market comparisons had resulted in remuneration that is in line with current pay practice’. The way in which the Committee operates is subject to audit scrutiny. The work of the Committees is subject to an independent level of scrutiny by the Audit Committee and this scrutiny can be exercised at any time.

The remuneration and retirement benefits of all directors, together with all other relevant disclosures are set out overleaf.

David Henshaw

SIR DAVID HENSHAW
 Chairman
 25th May 2017



SALARY AND PENSION ENTITLEMENTS OF SENIOR MANAGERS

Total Remuneration

Name	Title	2016/2017				2015/2016			
		Salary	Taxable Benefits	Pension Related Benefits	Total	Salary	Taxable Benefits	Pension Related Benefits	Total
		(Bands of £5,000) £000s	£00s	(Bands of £2,500) £000s	(Bands of £5,000) £000s	(Bands of £5,000) £000s	£00s	(Bands of £2,500) £000s	(Bands of £5,000) £000s
Louise Shepherd	Chief Executive	155-160	25	150-152.5	310-315	145-150	82	10-12.5	165-170
Jonathan Stephens	Director of Finance	90-95	0	70-72.5	160-165	115-120	0	2.5-5	120-125
Claire Liddy	Acting Director of Finance	20-25	0	7.5-10	30-35	0	0	0	0
Gill Core	Chief Nurse	15-20	0	2.5-5	15-20	95-100	0	7.5-10	105-110
Hilda Gwilliams	Chief Nurse	75-80	0	110-112.5	185-190	20-25	0	7.5-10	30-35
Richard Turnock	Medical Director	85-90	0	0	85-90	85-90	0	0	85-90
Melissa Swindell	Director of Human Resources	90-95	0	75-77.5	165-170	40-45	0	32.5-35	70-75
Sir David Henshaw	Chair (R)	40-45	0	0	40-45	40-45	0	0	40-45
Claire Dove	Non-Executive Director (R)	10-15	0	0	10-15	10-15	0	0	10-15
Dame Jo Williams	Non-Executive Director (R)	5-10	0	0	5-10	0	0	0	0
Steve Igoe	Non-Executive Director (R)(A)	15-20	0	0	15-20	15-20	0	0	15-20
Ian Quinlan	Non-Executive Director (R)	10-15	0	0	10-15	10-15	0	0	10-15
Jean France-Hayhurst	Non-Executive Director (R)(A)	10-15	0	0	10-15	10-15	0	0	10-15
Anita Marsland	Non-Executive Director (R)(A)	10-15	0	0	10-15	10-15	0	0	10-15

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

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

- Jonathan Stephens, Director of Finance left employment 8th January 2017.
- Claire Liddy, Acting Director of Finance commenced in Acting role 9th January 2017.
- Gill Core, Chief Nurse left employment 1st June 2016.
- Hilda Gwilliams became Chief Nurse in June 2016.
- Judith Adams, Chief Operating Officer left the Trust 5th April 2016.
- Rick Turnock does not have accrued pension or CETV as at 31 March 2017 his pension is in payment.
- Jo Williams, Non-Executive Director joined the Trust 1st November 2016.

The above table follows the guidance for 'Disclosure of Senior Managers' Remuneration (Greenbury) 2017 (NHS BSA). The Pension related benefits (bands of

£2,500) are a notional figure to denote forecast Annual Pension payments (subject to a x20 multiplier) and lump sum. This is the aggregate input amounts, calculated using the method set out in section 229 of the Finance Act 2004. This figure will include those benefits accruing to senior managers from their membership of the 1995/2008 Scheme and 2015 Scheme. Any pension contributions made by the Senior Manager or any transferred in amounts are excluded from this figure. The amount to be included here is the annual increase (expressed in £2,500 bands) in pension entitlement.

For the purposes of this report 'Senior Manager' is defined as those directors holding voting rights during the year.

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

Pension Entitlements

Name and Title	Real Increase in Pension at Age 60 (Bands of £2,500)	Real Increase in Lump Sum at Aged 60 (Bands of £2,500)	Total Accrued Pension at Age 60 at 31 March 2017 (Bands of £5,000)	Lump Sum at Age 60 Related to Pension at 31 March 2017 (Bands of £5,000)	Cash Equivalent Transfer Value at 1 April 2016	Real Increase in Cash Equivalent Transfer Value	Cash Equivalent Transfer Value at 31 March 2017	Employer's Contribution to Stakeholder Pension
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Louise Shepherd Chief Executive	7.5-10	22.5-25	55-60	175-180	935	205	1,140	0
Jonathan Stephens Director of Finance	2.5-5	2.5-5	50-55	150-155	858	61	937	0
Judith Adams Chief Operating Officer	0-2.5	0-2.5	25-30	70-75	410	0	444	0
Gill Core Chief Nurse	0-2.5	0-2.5	45-50	135-140	904	5	934	0
Claire Liddy Acting Director of Finance	2.5-5	2.5-5	15-20	40-45	186	14	200	0
Melissa Swindell Director of Human Resources	2.5-5	5-7.5	15-20	40-45	186	55	241	0
Hilda Gwilliams Chief Nurse	5-7.5	15-17.5	30-35	95-100	507	145	652	0

- As non-executive directors do not receive pensionable remuneration, there will be no entries in respect of pensions for non-executive directors.
- Jonathan Stephens, Director of Finance left employment 8th January 2017.
- Claire Liddy, Acting Director of Finance commenced in Acting role 9th January 2017.
- Gill Core, Chief Nurse left employment 1st June 2016.
- Hilda Gwilliams became Chief Nurse in June 2016.
- Judith Adams, Chief Operating Officer left the Trust 5th April 2016.
- Mags Barnany, Interim Chief Operating Officer commenced via off-payroll arrangement 6th April 2016, therefore no accrued pension or CETV.
- Rick Turnock does not have accrued pension or CETV as at 31 March 2017 his pension is in payment.

STAFF REPORT

Analysis of Trust staff by type and cost during the year is set out in the table below, together with a comparison with 2015/16:

Average Number of Employees (WTE basis)	2016/17	2016/17	2016/17	2015/16	2015/16	2015/16
	Total Number	Permanent Number	Other Number	Total Number	Permanent Number	Other Number
Medical and Dental	391	390	1	375	371	4
Ambulance Staff	0			0		
Administration and Estates	648	588	60	595	568	27
Healthcare Assistants and Other Support Staff	224	208	16	240	161	79
Nursing, Midwifery and Health Visiting Staff	1,174	1,105	69	1,122	1,112	10
Nursing, Midwifery and Health Visiting Learners	0			0		
Scientific, Therapeutic and Technical Staff	540	533	7	541	538	3
Healthcare Science Staff	0			0		
Social Care Staff	0			0		
Agency and Contract Staff	0			0		
Bank Staff	0			0		
Other	0			0		
Total Average Numbers	2,977	2,824	153	2,873	2,750	123
Of Which						
Number of Employees (WTE) Engaged on Capital Projects	35	35		20	20	

STAFF COSTS

	Permanent £0	Other £0	2016/17 Total £0	2015/16 Total £0
Salaries and Wages	100,289	11,628	111,917	110,787
Social Security Costs	9,614	-	9,614	7,816
Employer's Contributions to NHS Pensions	12,339	-	12,339	11,740
Pension Cost - Other	-	-	-	-
Other Post-Employment Benefits	-	-	-	-
Other Employment Benefits	-	-	-	-
Termination Benefits	-	-	-	-
Temporary Staff	-	6,449	6,449	6,029
Total Gross Staff Costs	122,242	18,077	140,319	136,372
Recoveries in Respect of Seconded Staff	-1,386	-	-1,386	-1,378
Total Staff Costs	120,856	18,077	138,933	134,994
Of Which				
Costs Capitalised as Part of Assets	1,940	-	1,940	1,644

At the end of the year the gender breakdown of our workforce was as follows:

	Male	Female
Directors	5	10
Senior Managers	5	3
Employees	524	2624

SICKNESS ABSENCE DATA

The Trust closely monitors its performance against sickness absence targets and the position as at the end of March 2017 was 4.7%.

STAFF POLICIES AND ACTIONS



Disability Symbol Employer

The disability symbol is a recognition given by Jobcentre Plus to employers based in Great Britain who have agreed to take action to meet five commitments regarding the employment, retention, training and career development of disabled employees. These commitments are:

1. To interview all disabled applicants who meet the minimum essential criteria for a job vacancy and consider them on their abilities.
2. To ensure there is a mechanism in place to discuss at any time, but at least once a year, with disabled employees what can be done to make sure they can develop and use their abilities.
3. To make every effort when employees become disabled to make sure they stay in employment.
4. To take action to ensure that all employees develop the appropriate level of disability awareness needed to make these commitments work.
5. To each year review the five commitments and what has been achieved, plan ways to improve on them and let employees and Jobcentre Plus know about progress and future plans.

By using the symbol we are making it clear to disabled people that we welcome applications from them and that we are positive about their abilities. It will also show existing employees that we value their contribution and will treat them fairly if they become disabled. We provide employees with ongoing access to Occupational Health support and advice, Access to Work support and health and safety advice including bespoke risk assessments.

COMMUNICATION

Internal communication within the Trust has benefitted greatly from the 'Listening into Action' process adopted early in 2016 at Alder Hey. The focus on engagement through open events ('Big Conversations'), surveys (pulse checks) and action groups for specific issues (clinical teams) has allowed the Trust to better gather and use intelligence from our staff.

The move into the new hospital building opened up opportunities to communicate to staff in novel ways, specifically through the numerous digital screens located throughout the building. Via a central system it has been possible to target tailored messages through specific screens in support of a number of information and campaign aims, including the annual Influenza campaign and our ongoing 'Inspiring Quality Programme'. These screens have also been useful in allowing the Trust to present information directly to families and patients in the Atrium and in waiting areas, including welcome messages, smoking information, signage and wayfinding and public broadcast campaigns from partners such as Liverpool Clinical Commissioning Group and RCPCH.

A review of the monthly Trust-wide 'Team Brief' has created a more engaging and accessible event for staff. This has proven useful in boosting both attendance and subsequent cascade to departments and teams. Communication between staff has been further facilitated through a new Staff Directory, published in November.

In 2016 it became apparent that the current Staff Intranet was no longer fit for purpose. It was also noted that the external Website needed a review and refresh to maintain accessibility and accuracy. A project has been launched to redevelop both the Intranet and Website into one integrated 'Extranet', which will allow staff to access Trust information remotely in a seamless and secure fashion. The new sites are set to be launched in 2017.

Since moving into the new hospital, the Trust has benefitted from a number of external opportunities to raise awareness nationally of the Alder Hey brand. Between January 2016 and January 2017, coverage of Alder Hey Children's Hospital and Alder Hey Children's Charity reached 1,529,538,584 people in print, online and broadcast media outlets. The Trust continues to grow its social media following (almost 50,000 Facebook followers and almost 30,000 on Twitter) and the hospital website remains our most important digital communications asset, receiving 50,000-70,000 visits a month.

Over the last 12 months, the focus externally has switched to building Alder Hey's reputation in innovation, research and specialist paediatric care. The new Alder Hey in the Park campus, with its research institute and Innovation Hub facilities, has increased the hospital profile which has never been more positive. Alongside developments in research and innovation, we now have the perfect platform for exciting opportunities in PR/marketing and partnership working.

Joint collaboration with key partners has been key to securing national media coverage. CBBC returned to Alder Hey to film another series of BAFTA winning children's series Operation Ouch! which was broadcast in Autumn 2016. We also welcomed BBC Children's to Alder Hey at Christmas for a full day live broadcast across CBeebies, CBBC and BBC Interactive. A Christmas fundraising campaign with retailer Matalan generated coverage in several consumer publications, a campaign with Everton Football Club secured coverage in national print and sports publications while our partnerships with Sony and IBM Watson have helped to generate coverage across national and international publications.

Compelling content remains integral to our strategy and we continue to target the North West region through patient stories. However to gain wider coverage we recognise the need to focus on areas of interest to the UK as a whole. Groundbreaking research, innovation or equipment taking place at Alder Hey will provide further opportunity to develop and maintain our national profile.

COUNTER FRAUD

The Local Counter Fraud Specialist, supported by the Trust, has continued to enhance the overall anti-fraud arrangements at Alder Hey through the conduct of a range of agreed activities specified in the Trust's Anti-Fraud Workplan for 2016/17. The key to the success of these activities is the achievement of outcomes across the defined areas of anti-fraud work.

One of the basic principles of the NHS is the proper use of public funds. It is therefore important that all those individuals or organisations that utilise or have relationships with, the NHS are aware of the risks of fraud, bribery, corruption, theft, and other illegal acts involving dishonesty.

The ultimate aim of all anti-fraud work is to support improved NHS services and ensure that fraud within the NHS is clearly seen as being unacceptable. Stopping the theft of public money by fraudsters who are committing criminal offences brings with it the bonus of being able to see NHS funds being deployed for the public good, as the taxpayer intended. During the year the Local Counter Fraud Specialist undertook



a range of preventive and investigatory activities in pursuit of this aim.

HEALTH AND SAFETY PERFORMANCE AND OCCUPATIONAL HEALTH

During the year, the Health and Safety Team continued to develop the systems and processes required for the organisation to maintain compliance with core functions as well as support staff to adapt to the new hospital environment. This included the recruitment of a manual handling trainer to support the drive to achieve compliance with practical manual handling training Trust-wide. The Health and Safety Team has a programme of training scheduled for 2017/18, which will cover risk assessment, COSHH and stress risk assessment training. In addition, the team is also supporting the building development projects on site, together with the demolition of the old hospital.

We continue to work successfully in partnership with our occupational health provider, Team Prevent, to offer a range of supportive interventions for staff. We have seen benefits from the introduction of the early intervention service, which provides rapid treatment for staff encountering stress and musculo-skeletal conditions. In the coming year, the Trust will be piloting the services of a health trainer who will focus on mental wellbeing and training for managers.

EXPENDITURE ON CONSULTANCY

Expenditure on consultancy in 2016/17 was for specialist advice and operational delivery on an interim basis to ensure safe services for children and families, while a new divisional, clinically-led management model was established.



OFF PAYROLL ENGAGEMENTS

The Trust has continued with its policy to use off-payroll arrangements only in circumstances where the skills market is limited in providing the level of expertise and availability required to fulfil a particular role or provide professional advice.

Details of the Trust's off-payroll engagements during the year are set out in the tables below:

Table 1: Off Payroll Engagements as at 31st March 2017, for More Than £220 per Day and That Last Longer Than Six Months

Number of Existing Engagements as at 31 March 2016	13
Of Which:	
Number That Have Existed for Less Than One Year at Time of Reporting	5
Number That Have Existed for Between One and Two Years at Time of Reporting	4
Number That Have Existed for Between Two and Three Years at Time of Reporting	1
Number That Have existed for Between Three and Four Years at Time of Reporting	1
Number That Have Existed for Four or More Years at Time of Reporting	2

The Trust can confirm that all existing off-payroll engagements outlined above have at some point been subject to a risk based assessment as to whether assurance is required that the individual is paying the right amount of tax and where necessary, that assurance has been sought.

Table 2: For All New Off-Payroll Engagements, or Those That Reached Six Months in Duration, Between 1st April 2016 and 31st March 2017, for More Than £220 per Day and That Last for Longer Than Six Months

Number of New Engagements, or Those That Reached Six Months in Duration Between 1st April 2015 and 31st March 2016	7
Number of the Above Which Include Contractual Clauses Giving the Trust the Right to Request Assurance in Relation to Income Tax and National Insurance Obligations	7
Number for Whom Assurance Has Been Requested	7
Of Which:	
Number for Whom Assurance Has Been Received	7
Number for Whom Assurance Has Not Been Received	0
Number That Have Been Terminated as a Result of Assurance Not Being Received	0

Table 3: For Any Off-Payroll Engagements of Board Members, and/or, Senior Officials, With Significant Financial Responsibility, Between 1st April 2016 and 31st March 2017

Number of Off-Payroll Engagements of Board Members and/or Senior Officials With Significant Financial Responsibility During the Financial Year	3
Number of Individuals That Have Been Deemed 'Board Members and/or Senior Officials with Significant Financial Responsibility' During the Financial Year	30

EXIT PACKAGES

Reporting of Compensation Schemes - Exit Packages 2016/17

Exit Package Cost Band (Including Any Special Payment Element)	Number of Compulsory Redundancies Number	Number of Other Departures Agreed Number	Total Number of Exit Packages Number
<£10,000	-	-	-
£10,001 - £25,000	-	5	5
£25,001 - 50,000	-	1	1
£50,001 - £100,000	-	-	-
£100,001 - £150,000	-	-	-
£150,001 - £200,000	-	-	-
>£200,000	-	-	-
Total Number of Exit Packages by Type		6	6
Total Resource Cost (£)		£125,000	£125,000

Reporting of Compensation Schemes - Exit Packages 2015/16

Exit Package Cost Band (Including Any Special Payment Element)	Number of Compulsory Redundancies Number	Number of Other Departures Agreed Number	Total Number of Exit Packages Number
<£10,000	1	-	1
£10,001 - £25,000	-	-	-
£25,001 - 50,000	-	1	1
£50,001 - £100,000	-	-	-
£100,001 - £150,000	-	-	-
£150,001 - £200,000	-	-	-
>£200,000	-	-	-
Total Number of Exit Packages by Type	1	1	2
Total Resource Cost (£)	£7,000	£29,000	£36,000

Exit Packages: Other (Non-Compulsory) Departure Payments

	2016/17		2015/16	
	Payments Agreed Number	Total Value of Agreements £000	Payments Agreed Number	Total Value of Agreements £000
Voluntary Redundancies Including Early Retirement Contractual Costs	-	-	-	-
Mutually Agreed Resignations (MARS) Contractual Costs	4	89	1	29
Early Retirements in the Efficiency of the Service Contractual Costs	-	-	-	-
Contractual Payments in Lieu of Notice	2	36	-	-
Exit Payments Following Employment Tribunals or Court Orders	-	-	-	-
Non-Contractual Payments Requiring HMT Approval	-	-	-	-
Total	6	125	1	29

STAFF SURVEY

Staff Engagement

Improving staff engagement and staff satisfaction remains a key priority for the Board.

In addition to the Staff Survey, throughout 2016 we have continued to administer a monthly questionnaire (the 'Temperature Check') to measure staff engagement which includes the 'Staff Friends and Family' questions. Sharing feedback with staff remains a key priority and we have an ongoing feedback campaign throughout the year to ensure staff are kept informed about progress against key actions.

In 2016, we signed up to 'Listening into Action' (LiA), a key enabler for improving both patient experience and staff engagement. Over 30 clinical teams have engaged with LiA over the course of the year to make improvements in their local areas. LiA has been welcomed by staff as a way to help them unblock issues and take ownership of making changes in their local areas. We have committed to continuing this journey with staff in 2017.

Summary of Performance - Results from the NHS Staff Survey

A summary of performance can be seen in Table 1, where comparisons can be made with both the Trust and national average scores for acute specialist trusts received in 2015 and 2016.

The Trust response rate was 39%, below the overall national response rate for all organisations in England of 44% but higher than that in 2015.

Areas of Improvement

The Trust has seen overall improvements in staff appraisal rates; less staff reporting feeling unwell as a result of work related stress; improved satisfaction rates with resourcing and support; and improved satisfaction rates with the quality of work and care they are able to deliver.

Top Ranking Scores and Progress Since 2015

The top ranking scores in 2016 reflect how the Trust has supported staff with improved incident reporting, work-life balance, bullying and harassment and discrimination.

The positive actions taken by the Trust regarding discrimination and bullying and harassment can be demonstrated by the responses for KF20, KF23 and KF26, which have been identified as three of our top ranking scores. One of our top ranking scores for the second year (KF29) is a positive indicator of staff actively reporting incidents and supporting a safety culture. KF16 (% of staff working extra hours) has also been identified as one of our top ranking scores for a second year.

Bottom Ranking Scores and Action Planning

The Trust has been ranked below average when compared to similar trusts on all five of its bottom ranking scores (see Table 1). Two of the Key Findings are new for 2015; KF21 (% of staff believing that the organisation provides equal opportunities for career progression or promotion) and KF32 (Effective use of patient/service user feedback).

As in 2015, we surveyed all staff in 2016 so we have been able to break down the results by department. Each department has been provided with their own survey data and are all undertaking a local 'LiA style' conversation with teams in order for them to identify their top areas for local improvement.

In addition, Trust-wide actions have been agreed and supported by the Senior Leadership Team, aiming to address key areas identified as requiring improvement such as:

- Supporting leadership and management development.
- Specific focus on accelerating staff communication and engagement.
- Taking steps to improve staff wellbeing.

These actions, amongst others to improve communications and engagement, have been identified as a specific project on the Trust's Change Programme for 2017/18 and will be monitored via the Trust Workforce and OD sub-committee of the Board.

Future Priorities and Targets

In addition, we remain committed to:

- Continuing to engage the whole workforce in the Staff Survey and further increase the Staff Survey response rate for 2017.
- Ensure continued engagement with staff side representatives.
- Encourage local ownership for survey outcomes, especially at department level.
- Change to quarterly 'all staff' 'Temperature Checks' and monitor progress and trends Trust-wide and locally.
- Monitor performance regularly at the Board, Workforce and Organisational Development Committee and Divisional Performance Boards.



Table 1 - Summary of Performance - Results from the NHS Staff Survey 2015 and 2016

Response Rate	2015		2016		Trust Improvement/ Deterioration Since 2015
	Trust	National Average	Trust	National Average	
	35%	45%	39%	44%	Increase of 4%

Top 5 Ranking Scores (2016)	2015 %		2016 %		Trust Improvement/ Deterioration Since 2015
	Trust	National Average	Trust	National Average	
KF16 Percentage of Staff Working Extra Hours	70%	75%	69%	74%	Decrease of 1% (Improvement)
KF20 Percentage of Staff Experiencing Discrimination at Work in Last 12 Months	8%	8%	8%	9%	No Movement
KF24 Percentage of Staff Experiencing Harassment, Bullying or Abuse from Staff in Last 12 Months	24%	23%	24%	25%	No Movement
KF23 Percentage of Staff Experiencing Physical Violence from Staff in Last 12 Months	1%	1%	1%	2%	No Movement
KF29 Percentage of Staff Reporting Errors, Near Misses or Incidents Witnessed in the Last Month	93%	92%	96%	92%	Increase of 3% (Improvement)

Bottom 5 Ranking Scores (2016)	2015 %		2016 %		Trust Improvement/ Deterioration Since 2015
	Trust	National Average	Trust	National Average	
KF21 Percentage of Staff Believing That the Organisation Provides Equal Opportunities for Career Progression or Promotion	82%	88%	81%	86%	Decrease of 1% (Deterioration)
KF3 Percentage of Staff Agreeing That Their Role Makes a Difference to Patients/ Service Users	86%	92%	87%	92%	Increase of 1% (Improvement)
KF19 Organisation and Management Interest in and Action on Health and Wellbeing	3.34	3.72	3.39	3.71	Increase of 0.5 (Improvement)
KF4 Staff Motivation at Work	3.72	3.98	3.76	3.98	Increase of 0.4 (Improvement)
KF32 Effective Use of Patient/Service User Feedback	3.45	3.80	3.46	3.81	Increase of 0.1 (Improvement)

In my capacity as Accounting Officer, I confirm that the foregoing Accountability Report is a fair and balanced representation of the Trust in 2016/17.

Louise Shepherd
LOUISE SHEPHERD
Chief Executive, 25th May 2017

NHS FOUNDATION TRUST CODE OF GOVERNANCE

The NHS Foundation Trust Code of Governance was first published by Monitor in 2006. The purpose of the Code of Governance is to assist NHS foundation trust boards in improving their governance practices by bringing together the best practice of public and private sector corporate governance. The Code is issued by Monitor/NHS Improvement as best practice advice, but imposes some disclosure requirements which are set out in the sections below.

Alder Hey Children's NHS Foundation Trust has applied the principles of the NHS Foundation Trust Code of Governance on a 'comply or explain' basis. The NHS Foundation Trust Code of Governance, most recently revised in July 2014, is based on the principles of the UK Corporate Governance Code issued in 2012.

The arrangements put in place by the Trust in response to the Code are set out in the sections below and elsewhere in the report as appropriate.

OUR COUNCIL OF GOVERNORS

2016/17 again saw a number of changes on the Council of Governors following the annual elections. The governors' induction programme was reviewed with the assistance of a small group of longer serving members of the Council, to ensure that the content remains relevant and set out in a clear and concise manner to enable incoming governors to understand their new role as rapidly as possible. A number of Alder Hey governors also took advantage of the ongoing development programme offered by NHS Providers, which is an invaluable resource.

The Council has continued to work alongside the Board to understand and contribute to the Trust's plans for the future. The governors' extranet provides a rapid and accessible mechanism for the Board to share information with them, ensuring that they are kept up to date between formal meetings. It also equips the governors with the information they require to give feedback about the Trust's activities to members and other stakeholders, including the host organisations of appointed governors. The governors use a variety of mechanisms to canvass the view of members and the wider community; some of these are informal and carried out through individuals' networks and others more formal such as inviting comments via the newsletter and direct engagement at the Annual Members' Meeting. Such views are fed back to the Board throughout the year at regular formal meetings and at topic based workshops/joint away days.

One of these was held in June 2016, providing an opportunity for governors to discuss key strategies with Board members in a more interactive setting. The topics for the day included the Quality Strategy, park development, the People Strategy and financial plans. There was also an opportunity to brief the governors on the emerging sustainability and transformation plans and discuss the potential implications for children's services.

The Council met formally six times during the year; one of the meetings was held to appoint the Trust's external auditors following a full tender process. 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 and appropriate decisions taken by each in accordance with its Standing Orders.

The 2016 Annual Members' Meeting was held in November at the Trust's Innovation Hub, with keynote speaker Mr Rafael Guerrero, Consultant Congenital Cardiac Surgeon and one of the Trust's clinical leaders in innovation. The title of his inspiring talk was 'To be the best or to be the best...there is no question'. His talk was followed by an opportunity for attendees to explore some of the leading edge technology being tested by the Trust's Innovation Team, including a virtual reality heart which is being used to plan cardiac surgery for children.

The Council appointed one new Non-Executive Director during the year (Dame Jo Williams) with candidates having been subject to a rigorous selection process, including a focus group with members of Alder Hey's Children and Young People's Forum. In addition, two of the existing non-executives were re-appointed for a second term. The Council also took the decision to exercise its authority under the provisions of the Code of Governance to extend the appointments of both the Chairman and the Senior Independent Director for a further 12 month period in order to ensure stability and continuity on the Board, given changes taking place among the executive directors during the year. The governors have also continued to input into a fully inclusive process for the Chair's appraisal and agreement of annual objectives, led by the Senior Independent Director. In addition to its statutory role, the Council contributes to the life of the hospital in a variety of ways, for example as members of the judging panel for the annual staff awards, participating in the PLACE inspection of the hospital environment, advising the Communications Team as part of the project to re-vamp the Trust's website and attending various assurance committee meetings.



The Lead Governor continued to hold regular meetings with the governors without members of the Board present. These discussions now generate items for discussion at formal Council meetings to provide governors with additional assurance on key topics such as nurse staffing and the plans for the development of Springfield Park.

In addition to the full Council meetings, governors have been involved in the Membership Strategy Committee, whose activities are summarised below, as well as time-limited working groups focused on specific issues.

The Membership Strategy Committee continued to take forward its work plan and objectives in support of the Membership Strategy. Key activities in the year included:

- Acting as Editorial Board for the members' newsletter supported by members of the Communications and Marketing Team.
- Appointing an intern from the University of Liverpool Business School to undertake a major project to update the mechanisms for communicating with members to reflect technological developments and the preferences of our demographic profile.
- Public health, with a continued emphasis on smoking issues in families.
- Patient experience, through developing links with members of the Children and Young People's Forum.
- Planning and organisation of the Annual Members' Meeting.
- 'Critical friend' role in reviewing and commenting on the Quality Report.

Governors are contactable through the Trust's Committee Administrator 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 nine appointed governors from nominated organisations. 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 summer. On election or appointment, all governors are required to sign the Council's Code of Conduct and to complete their declaration of interests in accordance with the Trust's policy.

The Council of Governors operates under the leadership of the Trust Chair and its endeavours are supported by the Lead Governor, Kate Jackson, who was elected to this role in October 2014 which has continued throughout 2016/17. The roles and responsibilities of governors are set out in the Trust's Constitution and Council of Governors' Standing Orders.

Governor	Constituency	Class	Term of Office	Council Meetings Eligible to Attend in 2016/17	Total Number of Attendances at Council Meetings
Barbara Murray**	Appointed	Liverpool City Council	n/a	5	4
Sarah O'Brien	Appointed	University of Liverpool	n/a	2	2
Janice Monaghan	Appointed	The Back Up Trust	n/a	5	0
Julie Williams	Appointed	Edge Hill University	n/a	5	3
Colette O'Brien	Appointed	Liverpool City Council	n/a	5	1
Dawn Holdman	Patient	Parent and Carer	17.09.15 - 16.09.18	5	4
Georgina Tang	Patient	Parent and Carer	26.09.16 - 31.08.19	2	1
Dot Brannigan	Patient	Parent and Carer	26.09.16 - 31.08.19	5	5
Pippa Hunter-Jones	Patient	Parent and Carer	01.06.14 - 31.05.17	5	5
Claire Blanchard	Patient	Parent and Carer	01.09.14 - 31.08.17	3	0
VACANT	Patient	Patient and Carer	01.03.16 - 28.03.19	1	1
Alice Matthews	Patient	Merseyside	26.09.16 - 31.08.19	2	0
Niamh Rose McCann	Patient	Merseyside	26.09.16 - 31.08.19	1	1
Lydia Brady	Patient	Merseyside	01.09.15 - 31.08.18	5	2
Oliva Cole	Patient	Rest of England and North Wales	17.09.15 - 16.09.18	5	2
Rabia Aftab	Patient	Rest of England and North Wales	26.09.16 - 31.08.19	2	1
Naomi Grannell	Public	Cheshire	01.06.14 - 31.05.17	5	1
Paul Denny	Public	Merseyside	01.09.14 - 31.08.17	5	4
Cath Gorst	Public	Merseyside	17.09.15 - 31.08.17	5	2
Norma Gilbert	Public	Merseyside	01.08.10 - 31.07.16	1	1
Hilary Peel	Public	Merseyside	26.09.16 - 31.08.19	5	4
Mark Peers	Public	Merseyside	26.09.16 - 31.08.19	2	2
Kate Jackson**	Public	Greater Manchester	01.06.14 - 30.05.17	5	5
VACANT	Public	Cumbria and Lancashire	n/a	n/a	n/a
Matthew Jones	Staff	Doctors and Dentists	25.09.15 - 24.09.18	5	5
Tony Hanmer	Staff	Other Staff	26.09.16 - 31.08.19	5	5
Jeanette Chamberlain**	Staff	Other Staff	01.09.14 - 31.08.17	5	4
Adrian Williams	Staff	Nurses	26.09.16 - 31.08.19	2	1
VACANT	Staff	Other Clinical Staff	n/a	n/a	n/a
Elizabeth Grady	Staff	Nurses	01.06.14 - 31.05.17	5	4

** Members of the Nominations Committee.

Attendance at Council of Governors by Board Members	Number of Meetings Held in 2016/17
	5
Sir David Henshaw	4
Ian Quinlan	2
Steve Igoe	4
Anita Marsland	5
Claire Dove	4
Jeannie France-Hayhurst	1
Louise Shepherd	4
Margaret Barnaby	5
Jonathan Stephens	2
Melissa Swindell	5
Rick Turnock	2
Hilda Gwilliams	2
Erica Saunders	5
David Powell	3
Louise Dunn	5
Jo Williams	1
Debbie Herring	1

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 Executive Office on **0151 282 4672** or by email at membership@alderhey.nhs.uk

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. 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 (and the world!) 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 most applicable.

Membership Strategy

The Trust's Membership Strategy remained in place during the year and its implementation is owned and led by a committee of the Council of Governors called the Membership Strategy Committee. During 2016/17 the Committee was chaired by one of our public governors, Kate Jackson who is also Lead Governor. The terms of reference of the Committee were approved by the Council of Governors 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 Membership Strategy Committee is supported by the Trust's Communications Team and works to an agreed set of objectives created to reflect the overall aims of the Membership Strategy. The objectives for 2016/17 were a consolidation of work commenced in the previous year, given the ongoing nature of the governors' role around communication.

- **Newsletter** - to continue on a quarterly basis.
- **Member Communications** - this was a major focus in the year. The Trust recruited to a 12 month internship role in partnership with the Management School at the University of Liverpool; the aim of which was to cleanse and update the membership database, populate a greater number of email addresses and ultimately move to an electronic communication platform rather than using print. The benefits of this were twofold: to move Alder Hey towards a greater social media presence as befits our core demographic, as well as to generate a cost saving by radically reducing the amount of printing and postage associated with member communications.

- **New Governor Induction** - a review of the Induction Programme was undertaken to ensure the content remains fit for purpose and a list of 'buddies' and/or 'mentors' to be established for new governors to support their introduction into the role.
- **Training** - as many governors as possible to attend GovernWell events to support efforts in respect of member engagement.
- **Links to the Children and Young People's Forum** - another major focus in the year and beyond. A former Governor whose term had expired and who is now a Trust Volunteer, agreed to champion the link between the Council of Governors and the Children and Young People's Forum. She facilitates joint working and provides a regular link from the Forum to the Council, for example through young people attending governors' meetings to share issues and potentially encouraging forum members of the right age group to stand for election as governors.
- **Annual Members' Meeting** - the Committee also acts as a steering group for the planning and organisation of the Annual Members' Meeting, the theme of which for 2016 was the Trust's innovation effort, as well as the delivery of the statutory elements. In the coming years, consideration will be given to reinstating Trust Open Days within the new facilities.
- **Public Health** - one of the Local Authority governors to continue work to re-establish attendance at the Trust Grand Round to raise awareness of Health Liverpool initiatives and more general Trust/City Council collaboration. In addition, the governors continue to be central to the Trust's work to address key public health issues such as smoking and how this problem can be alleviated on the hospital site.

Throughout our membership activities, the Trust endeavours to ensure that all the communities that it serves are provided every opportunity to become an engaged member. It is our intention to continue to maintain our membership population at around 13,500 overall but with a focus on recruitment of more children and young people as members in the coming year. This strategy will be carried out in line with the Trust's Quality Strategy and 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
- Greater social media presence and as a method to elicit feedback
- Annual Members' Meeting
- Lay reader scheme for patient information, linked to the Volunteer Scheme

- External consultations, e.g. Springfield Park
- Trust consultations
- Members' zone on the new Trust website due to launch early in 2017
- Participation in elections to the Council of Governors.

Membership Profile

Constituency	Number of Members 2016/17 (Actual as at 31st March 2017)	Number of Members 2017/18 (Planned)
Public	3,744	3,818
Patients	6,681	6,814
Staff	3,041	3,101
Total	13,466	13,733

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 Chairman. All Director roles have been occupied during 2016/17 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 both executive and non-executive directors. Following the introduction in November 2014 by the CQC of the Fit and Proper Persons Requirement, the Board amended the documentation and processes associated with directors' appointments. It also introduced an additional proactive declaration in relation to the requirement which is completed regularly by all directors.

The Board of Directors operates to clear terms of reference and an annual work plan which reflect the Trust's Constitution and Provider Licence 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, which are set out in the Trust's Corporate Governance Manual and Constitution. The Corporate Governance Manual was reviewed and updated during the year.

It is the role of the Board to set the organisation's strategic direction in the context of an overall operational planning framework set by NHS regulators. It is responsible for all key business decisions but

delegates the operationalisation of these to an appropriate committee or the Trust's Operational Delivery Board in order to receive assurance that the organisation is fulfilling its responsibilities, including compliance with standards and targets and the conditions set out in the Trust's Provider Licence.

The Board meets on the first Tuesday of each month, with the exception of August. Board meetings are fully and accurately minuted, including challenges and concerns of individual directors as appropriate. The Chairman meets separately with the non-executive directors directly before each meeting. All Board meetings are held in public; dates, times and agendas are published on the Trust's website prior to meetings and the papers posted shortly after. The Board's agenda is structured around the Trust's strategic priorities which in turn also reflect the Care Quality Commission's five key questions: Are we safe? Are we effective? Are we caring? Are we responsive to patients' needs? Are we well-led? Each meeting begins with a patient story which is designed to ensure that patients remain at the centre of all discussions and decisions. At each meeting the Board receives a Corporate Performance Report which describes in detail how the organisation has performed against key local and national metrics, including a Quality Report which focuses on progress against the Trust's quality aims. Accompanying the performance information is the Board Assurance Framework which demonstrates to the Board how the principal risks to the organisation's business are being controlled and mitigated.

Board governance is supported by a number of assurance committees which have oversight of key activities:

- Clinical Quality Assurance Committee
- Resources and Business Development Committee
- Audit Committee
- Workforce and Organisational Development Committee
- Integrated Governance Committee
- Remuneration and Nominations Committee



Each assurance committee submits an annual report to the Board describing how it has fulfilled its terms of reference and work plan during the year; these are also considered by the Audit Committee in the context of its role on behalf of the Board to ensure that the Trust's control environment is effective and fit for purpose.

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 Chairman 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 the Committee Administrator, Alder Hey Children's NHS Foundation Trust, Eaton Road, Liverpool, L12 2AP.
- By telephone on **0151 252 5128**
- By email at membership@alderhey.nhs.uk

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, competencies and progress against personal development plans. Since 2014/15 the Trust's appraisal process has included an assessment of how individuals have performed in relation to the Trust's values of Excellence, Openness, Respect, Innovation and Togetherness. 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, led by the Senior Independent Director, working closely with the Lead Governor.

Attendance at Board of Directors and Key Board Committee Meetings

	Board	Audit Committee	Clinical Quality Assurance Committee	Resources and Business Development Committee	Workforce and OD
Number of Meetings Held 2016/17	11	5	12	12	6
Sir David Henshaw	9	Not a Member	Not a Member	Not a Member	Not a Member
Louise Shepherd	10	Not a Member	Not a Member	Not a Member	Not a Member
Ian Quinlan	8	Not a Member	Not a Member	12	3
Steve Igoe	6	5	10	Not a Member	Not a Member
Claire Dove	9	Not a Member	Not a Member	7	5
Anita Marsland	9	3	11	Not a Member	Not a Member
Jo Williams	3/5	Not a Member	2/2	Deputy	Not a Member
Jeannie France-Hayhurst	10	3	11	Not a Member	5
Jonathan Stephens	8/8	4 Attendee	7/9	7/9	Not a Member
Claire Liddy	3/11	1 Attendee	Not a Member	3/3	Not a Member
Margaret Barnaby	11	Not a Member	11	11	2
Erica Saunders	10 Attendee	5 Attendee	12	11	Not a Member
Melissa Swindell	11	Not a Member	10	11	6
Rick Turnock	8	Not a Member	8	7	2
Hilda Gwilliams	10	Not a Member	11/12	Not a Member	0
David Powell	6 Attendee	Not a Member	Not a Member	Not a Member	Not a Member
Louise Dunn	5 Attendee	Not a Member	Not a Member	10 Attendee	Not a Member

Due to her role as lead for the Cheshire and Merseyside 'Five Year Forward View', the Board agreed that Louise Shepherd would cease to be a member of the Trust's assurance committees for the period in order to accommodate this important national work. The Deputy Chief Executive represented Mrs Shepherd at these meetings.

AUDIT COMMITTEE REPORT

The Audit Committee is comprised of non-executive directors only, excluding the Trust Chair. The Committee was chaired by Steve Igoe throughout the year, a Non-Executive Director with 'recent relevant financial experience' which is best practice. The Director of Finance and Director of Corporate Affairs, together with the Deputy Director of Finance, are invited to attend and the Committee may request the attendance of the Chief Executive and any other officer of the Trust to answer any points which may arise. Attendance by members is set out above.

The aim of the Audit Committee is to provide one of the key means by which the Board of Directors ensures effective internal control arrangements are in place. In addition, the Committee provides a form of independent check upon the executive arm of the Board. As defined within the NHS Audit Committee Handbook (2014), the Committee has responsibilities for the review of governance, risk management and internal control covering both clinical and non-clinical areas. In discharging these duties the Committee is required to review:

- Internal financial control matters, such as safeguarding of assets, the maintenance of proper accounting records and the reliability of financial information.
- Risks regarding disclosure statements (for example the Annual Governance Statement) which are supported by the Head of Audit Opinion and other opinions provided.
- The underlying assurances as detailed in the Board Assurance Framework.
- The adequacy of relevant policies, legality issues and Codes of Conduct.
- The policies and procedures related to fraud and corruption.

The conduct of this remit is achieved, firstly through the Committee being appropriately constituted and secondly by the Committee being effective in ensuring internal accountability and the delivery of audit and assurance services.

Internal Audit

The Internal Audit service is provided by Mersey Internal Audit Agency (MIAA), an independent NHS organisation. The Director of Audit Opinion and Annual Report for 2016/17 reports that MIAA have demonstrated their compliance with NHS mandatory Internal Audit Standards. Internal Audit provides an independent and objective appraisal service embracing two key areas:

- The provision of an independent and objective opinion to the Accountable Officer, the Board and the Audit Committee on the degree to which risk management, control and governance support the achievement of the agreed objectives of the organisation.
- The provision of an independent and objective consultancy service specifically to help line management improve the organisation's risk management, control and governance arrangements.

External Audit

The provision of External Audit services is delivered by KPMG, who were re-appointed by the Council of Governors in September 2016 for a further three year period following a full tender process. This service will however need to be re-tendered in the coming months as a consequence of new National Audit Office regulations for the sector, which requires separate entities to provide audit and tax services to NHS bodies from April 2017.

The work of External Audit can be divided into two broad headings:

- To audit the financial statements and provide an opinion thereon;
- To form an assessment of our use of resources.

The Committee has approved an External Audit Plan and receives regular updates on the progress of work including audit work undertaken on the Quality Account.

The external audit fees for 2016/17 were £53,100 excluding VAT, which represents a significant discount on the previous year (which were £62,545) reflecting KPMG's commitment to retaining the Trust's business through the tender process conducted in the summer of 2016.

In 2016/17 KPMG provided other services throughout the year; Tax advice on the research and education building (fee £10,000 charged to capital, exclusive of VAT); VAT advice (fee £20,096 exclusive of VAT); £270,585 (exclusive of VAT) was paid for work as host of the Cheshire and Merseyside 'Five Year Forward View'. The Trust's share of this fee was 3% amounting to £8,117.

The Audit Committee members have had regular opportunities to meet in private with internal audit and external audit during the year.

Five meetings were held during the financial year 2016/17 of which one (in May), was devoted to consideration of the Auditors' Report on the Annual Accounts and ISA 260. The Committee has an annual work plan, with meetings timed to consider and act on specific issues within that plan.

At each meeting the Audit Committee considered a range of key issues and tested the underpinning control and assurance mechanisms, including:

- The monthly Board Assurance Framework report and/or bi-monthly Integrated Assurance Report.
- Internal Audit Reports in accordance with the approved 2016/17 work plan.
- Counter Fraud reports by the MIAA specialist in accordance with the approved 2016/17 work plan.

In addition throughout the year the Audit Committee has reviewed and dealt with the following matters:

- Annual Governance Statement
- Consideration of the 2015/16 Annual Accounts
- NHS Improvement quarterly returns and feedback letters
- External Assurance Report on the Quality Account
- External Audit report on the financial statements to 31st March 2016 and ISA 260
- Losses and special payments
- Counter fraud reports by the MIAA specialist in accordance with the approved 2016/17 work plan
- Reports on progress against the Risk Management Improvement Plan
- Approval of the Treasury Management Policy
- Internal Audit work plan for 2016/17
- External Audit Strategy relating to the Audit of the Trust's 2015/16 Accounts
- Financial Statement audit risks for 2016/17
- Accounting policies for the 2016/17 Financial Statements
- Audit Committee work plan 2016/17
- Review and approval of the terms of reference for the Audit Committee
- Annual Reports of the Trust's assurance committees, including Clinical Quality Assurance Committee

Scrutiny of the management of the financial and operational risks to the organisation is the responsibility of the Resources and Business Development Committee. However, the Audit Committee maintains a regular overview of these key risks via its consideration of the Board Assurance Framework which details

the controls in place to mitigate them, any gaps in assurance and the action being taken to address them. The Board Assurance Framework is reviewed on a monthly basis by the Board as a whole and is also used by the Resources and Business Development Committee to inform its standing agenda items. In this way the cycle of control is maintained between the various elements of the governance framework.

The Audit Committee considered the financial statements audit risks, including the areas where the Trust has applied judgement in the treatment of revenues and costs to ensure that the annual accounts represented a true position of the Trust's finances. The External Audit Plan 2016/17 highlighted two significant audit risks in relation to NHS income and receivables and the valuation of land and buildings. The risk around NHS income and receivables was added as a new risk due to an increased risk of misstatement from the estimation of income from Sustainability and Transformation Funding (STF).

The Committee discussed the approach taken by the Trust in relation to income recognition. The Trust has robust processes in place which ensure that income is actively monitored and debtors are followed up on a timely basis. The Trust also acknowledges that there is no specific risk in relation to fraudulent income recognition.

The Committee discussed the approach taken by the Trust in relation to valuation of land and buildings. The Trust has robust processes in place to assess for impairments and appropriate valuation arrangements.

The Committee also discussed the significant transaction risk in relation to management override of controls and is satisfied that there are no issues arising from the work of internal audit that would suggest that this could lead to a material misstatement within the accounts.

The Audit Committee contributed to the risk assessment to inform and subsequently approve the content of the Internal Audit Plan for 2016/17. This plan was structured to provide the Director of Audit Opinion which gives an assessment of the:

- design and operation of the underpinning Assurance Framework and supporting processes;
- range of individual opinions arising from risk-based audit assignments contained within internal audit risk-based plans that have been reported throughout the year. This assessment has taken account of the relative materiality of these areas and management's progress in respect of addressing control weaknesses; and
- effectiveness of the overall governance and assurance processes operating within the Trust.

The key conclusion from their work for 2016/17 as provided in the Director of Audit Opinion and Annual Report was that 'Significant Assurance' was given; that there were generally sound systems of internal control to meet the organisation's objectives and that controls are generally being applied consistently. However, there are some weaknesses in the design or inconsistent application of controls which could put the achievement of a particular objective at risk. Action plans to remedy any residual weaknesses in a timely manner are agreed with managers and monitored by both MIAA and the Committee.

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 and removal of non-executive directors. It is chaired by the Trust Chair apart from when it is concerned with the appointment or re-appointment of the Trust Chair. Other members of the Committee are Jeanette Chamberlain, Barbara Murray, Kate Jackson and Louise Shepherd. During 2016/17 the Committee made one appointment utilising the services of an executive recruitment agency; the process was carried out in accordance with the terms of reference of the Nominations Committee and having regard to the existing balance of skills and experience on the Board as well as the strategic context of the Trust. The Trust was fortunate to attract a strong field of candidates but ultimately the recommendation to appoint Dame Jo Williams, following a robust two part selection process, was unanimous. The Council of Governors was assured with regard to both the process and the suitability of the appointee and unanimously approved the appointment, which was subject to the relevant checks including those specified by the Fit and Proper Persons Test.
- **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. During 2016/17 the Committee substantively appointed Hilda Gwilliams as the Trust's Chief Nurse and Melissa Swindell as Director of Human Resources and Organisational Development, following a period of acting in their respective roles. The Committee also appointed John Grinnell as Director of Finance and Deputy Chief Executive, with support from an executive recruitment agency. The same robust two part selection process was followed as for non-executive directors.

REGULATORY RATINGS

NHS IMPROVEMENT'S SINGLE OVERSIGHT FRAMEWORK

NHS Improvement's Single Oversight Framework provides the framework for overseeing providers and identifying potential support needs. The framework looks at five themes:

- Quality of care
- Finance and use of resources
- Operational performance
- Strategic change
- Leadership and improvement capability (well-led)

Based on information from these themes, providers are segmented from 1 to 4 where '4' reflects providers receiving the most support and '1' reflects providers with maximum autonomy. A Foundation Trust will only be in segments '3' or '4' where it has been found to be in breach or suspected breach of its licence.

The Single Oversight Framework applied from Quarter 3 of 2016/17. Prior to this Monitor's Risk Assessment Framework (RAF) was in place. Information for the prior year and first two quarters relating to the RAF has not been presented as the basis of accountability was different. This is in line with NHS Improvement's guidance for annual reports.

Segmentation

Alder Hey has been placed in segment '2', which is defined as 'providers offered targeted support'.

This segmentation information is the Trust's position as at 31st March 2017. Current segmentation information for NHS trusts and foundation trusts is published on the NHS Improvement website.

Finance and Use of Resources

The finance and use of resources theme is based on the scoring of five measures from 1 to 4, where '1' reflects the strongest performance. These scores are then weighted to give an overall score. Given that finance and use of resources is only one of the five themes feeding into the Single Oversight Framework, the segmentation of the Trust disclosed above might not be the same as the overall finance score here.

The Trust scored an overall '2' at the end of 2016/17 which represents an improved score compared to the plan submitted to NHS Improvement, which was forecast as '3'.

A summary of the Trust's performance against the new metrics required under the Single Oversight Framework are set out below:

Area	Metric	2016/17 Q3 Score	2016/17 Q4 Score
Financial Sustainability	Capital Service Capacity	4	3
	Liquidity	3	2
Financial Efficiency	I&E Margin	4	1
Financial Controls	Distance from Financial Plan	1	1
	Agency Spend	1	1
Overall Scoring		3	2

VOLUNTARY DISCLOSURES

EQUALITY REPORT

Alder Hey continues with its commitment to try to ensure that its services offer equal access for all communities who need to use them and that all employees experience equal opportunity in employment. This means that we actively seek to engage with patients, parents and carers, as well as members of staff, to ensure that we do not discriminate against any individual and that the diversity of each individual is valued. The principles of equality and diversity are core elements of the Trust's stated values, which are reinforced through the Trust's induction programme and personal development review for all staff.

While aspiring to greater achievement in the area of equality and diversity, the Trust also recognises the need to implement realistic approaches which can deliver measurable improvements in day to day experience for all the various groups and individuals concerned. This reflection has contributed to a revision of the overall equality and diversity process, in order to most effectively prioritise those areas of development that will bring the greatest benefit to those most disadvantaged.

During 2016, the Trust has continued to present updates of progress alongside quality and patient experience aspects to local Healthwatch groups, as part of continuing development of the NHS Equality Delivery System (EDS). In response to some key messages from this engagement, developments to support the strategic process for equality and diversity have been progressed. The Trust's Equality, Diversity and Human Rights Group has ongoing responsibility to regularly review Alder Hey's equality objectives and oversee progress towards meeting these, as part of

the organisation's obligations under the Equality Act 2010. A refreshed EDS2 was launched nationally in late 2013 resulting in a review of E&D priorities and actions to align with the revised EDS2 outcomes for 2016/17. The EDS2 outcomes relate to all areas of the Trust's functions, having four main goal areas – better health outcomes, improved patient access and experience, a represented and supported workforce and inclusive leadership. Arrangements for ongoing Healthwatch engagement and partnership working with community groups will continue to be a focus for embedding equality and diversity practice and approach during 2017.

In compliance with the Public Sector Equality Duties the Trust publishes equality information annually about its service users and staff, identifying where data needs to be improved in both patient and staff profiles. This work is ongoing, with a patient profile milestone plan to improve the quality of patient data supported by process across equality demographics. The self-service aspect of the employee staff record system is currently being rolled out and that should improve the quality of staff equality demographic information. Improvement in data monitoring of access to learning and development opportunities of staff will also be supported by the new Trust system. The Trust continues to strive to improve the diversity of the workforce, particularly from black and minority ethnic (BME) groups. This commitment is included in the Trust's Recruitment Strategy and is reinforced via the underpinning Equality, Diversity and Human Rights Policy. This policy sets out the Trust's commitment to creating an inclusive organisation, which seeks to recognise diversity, promote equal opportunities and supports human rights in the provision of health services for the communities it serves and in its practice as a leading employer. In the last year progress has been made in identifying the priorities for BME staff that will be developed through a refreshed Workforce Race Equality Standard (WRES), supported by a BME network.

An amended equality analysis policy and process was implemented in November 2015, which provided for equality analysis to be undertaken for all projects following the same operating principles of quality impact assessments. The Trust has invested in purchasing bespoke equality analysis e-learning training available to all relevant staff. The Trust understands that building equality analysis into the early stages of policy and project development will help ensure that equality considerations are at the forefront of everything that we do. Work is ongoing to strengthen the assurance process regarding equality analysis and to provide support to project and policy leads to ensure lawful decision making.

The continued implementation of interpreting and translation services has progressed during 2016, with significant improvement in data and coordination for this area of provision. This means that there is more accurate identification of both the uptake of services as well as understanding the language needs of our patients and families. Reflecting the diverse needs of our communities, the five most frequently requested languages during 2016 have been Polish, Mandarin, Cantonese, Romanian and Arabic. Providing support for limited English speakers is essential for patient safety, quality assurance and enhanced patient

experience and this will continue to be available where a need is made known. Further work is ongoing looking at how our services can be made more accessible in relation to information formats and communication support for families and recording these preferences on patient records.

Plans for 2017 will continue to be to improve the quality of patient and staff information and broaden opportunities to engage with different community groups to progress the Trust's equality objectives. The development of a Trust BME network will support the work involved in increasing the BME representation of the workforce and findings relating to the Workforce Race Equality Standard (WRES). Training opportunities in cultural competence and unconscious bias will continue to be made available for staff. There will be continued attention to supporting the organisational processes and strategic leadership for equality and diversity and communicating any gaps wherever these may be identified. Equality and diversity is an integral part of the evolution of the newly developed Quality Strategy, with a shared approach of improving the experiences of public and staff through engagement. The Trust will continue to explore a variety of opportunities to engage with different community groups to progress the Trust's equality objectives.



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 Officer Memorandum issued by NHS Improvement.

NHS Improvement, in exercise of the powers conferred on Monitor by the National Health Service Act 2006, has given accounts directions which require Alder Hey Children's NHS Foundation Trust to prepare for each financial year a statement of accounts in the form and on the basis required by those directions. 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 Department of Health Group Accounting Manual and in particular to:

- observe the Accounts Direction issued by NHS Improvement, 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 (and the Department of Health Group Accounting Manual) have been followed and disclose and explain any material departures in the financial statements;
- ensure the use of public funds complies with the relevant legislation, delegated authorities and guidance; 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* **LOUISE SHEPHERD**
Chief Executive
25th May 2017

ANNUAL GOVERNANCE STATEMENT

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 2016 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; the strategy was updated and reviewed by the Integrated Governance Committee on behalf of the Board in January 2017. 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 the Integrated Governance 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 Chief Nurse is the Executive lead for risk management and is accountable to the Board and the Chief Executive for the Trust's risk management activities; she is also responsible for embedding compliance with CQC standards across the organisation. The Director of Nursing is the operational lead for risk management, accountable to the Chief Nurse 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 Nurse is the Executive lead for Facilities and is responsible for the effective management of risk in those areas. The Director for Human Resources retains an overview of statutory and mandatory training for the organisation and is responsible for health and safety management. 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. He is also responsible for information management and technology risk. The Director of Corporate Affairs is responsible for Information Governance and is the nominated Senior Information Risk Owner. The Chief Nurse is the Trust's Caldicott Guardian.

Clinical business units' (CBU) directors and senior officers are responsible for ensuring that risk management systems within the CBUs are effective and also meet the objectives outlined within the Risk Management Strategy. CBU Boards have a key role in assuring the effectiveness of risk management, including regular scrutiny of CBU risk registers. Associate chief nurses and heads of quality monitor and review incidents, risk assessments, claims and complaints and ensure that agreed actions are carried out and feedback is given to staff.

Ward and department line managers ensure that relevant staff are trained on Ulysses, the incident reporting system and that 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 RISK AND CONTROL FRAMEWORK

During the year the Trust sustained its high rate of incident reporting via the NRLS system, which from last year placed it among the best performers for patient safety incident reporting nationally; the most recent report (March 2017) positioned Alder Hey third in the country. This ongoing trend demonstrates the commitment of staff to the Trust's quality improvement culture and the benefits to be gained from open reporting and learning from incidents. As part of the overall risk management improvement plan, work to improve the functionality of the Ulysses incident reporting system continued during the year. Following the implementation of the risk module on Ulysses in September 2015, risk registers continue to be used more interactively and are used by the Trust Executive Team, the Board, its sub-committees and CBU risk and governance groups to better drive the management and mitigation of risks.

Work continues to improve the risk register format and reports and supporting local areas in completing and reviewing risks. On arrival in post in December, the newly appointed heads of quality immediately began the process to thoroughly understand and review the risks relevant to their services and each had presented a 'deep dive' report of their findings to the Integrated Governance Committee by the end of the year. Training sessions continue to be available to all staff as well as one to one support on the use of the Ulysses system.

The Board of Directors maintained its regular and robust oversight of the Board Assurance Framework during the year, with the assurance committees also keeping their related risks under regular review. The report continues to support the delivery of the Board agenda and has contributed towards the achievement of a positive statement from the Trust's internal auditors under the annual review of the Assurance Framework which states that:

- The organisation's Assurance Framework is structured to meet the NHS requirements.
- The Assurance Framework is visibly used by the Board.
- The Assurance Framework clearly reflects the risks discussed at the Board.

The review gave a 'green' rating in all areas: structure, engagement and quality and alignment, evidencing that the Alder Hey Assurance Framework fully meets the expected requirements.

The Trust received a rating of 'significant assurance' confirmed by the Director of Audit Opinion for 2016/17.

Implementation of the Trust's Risk Management Strategy is monitored through the Integrated Governance Committee. The Board of Directors and its assurance committees have maintained their focus on key risks during the year. The strategy provides a robust 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 and monitoring the principal strategic risks to the organisation at corporate level, is embedded within the Trust and is regularly reviewed and updated. The Assurance Framework has been reviewed by the Board of Directors 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 potential 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 manner against the same generic criteria. This allows for comparisons to be made between different types of risk and for judgements and decisions about risk appetite and the 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 clinical business units and corporate functions in the Trust. In order to achieve that, each CBU and corporate function has a lead for risk and governance who acts as the focus of the various aspects of governance and risk management within their area. They coordinate all such work and liaise with the Risk Management Team and with other governance professionals across the Trust. Regular updates to departmental and CBU risk registers are fed in to the Corporate Risk Register. The Integrated Governance Committee engages in an active analysis of the Corporate Risk Register at each meeting, including consideration of risk escalation and de-escalation, which in turn links to the Board Assurance Framework.

The ongoing implementation of the Risk Management Improvement Plan resulted in the following actions during 2016/17:

- implemented a model of devolved governance within the CBUs, giving clearer responsibility and ownership of risk and governance at local level;
- appointed to a new role of Associate Director of Nursing and Governance (due to commence May 2017);
- undertook a full refresh of the corporate risk register and BAF;
- completed a full review of local risk registers.
- received a positive report from internal audit of Risk Management and Incident Management; and
- instituted a strong focus on a risk 'maturity model' in the new Risk Management Strategy for the Trust.

The Trust remains registered with the CQC without conditions and is fully compliant with the registration requirements. In June 2015 the Trust underwent a planned re-inspection by the CQC, which resulted in

a rating of 'Good' for the hospital overall with a rating of 'Outstanding' in the 'Caring' domain. The Trust was also rated 'Good' in the 'Well-led' domain reflecting the focus on improving the Trust's risk and governance arrangements since the previous inspection, although there were some additional recommendations made with particular reference to risk management at individual service and departmental level. This action was incorporated into the Trust's Risk Management Improvement Plan and implemented as described above.

In terms of monitoring compliance with registration requirements and essential standards, the clinical divisions provide assurance via regular submissions of their key issues reports through to the Clinical Quality Steering Group. This incorporates a set of quality indicators reflecting the Trust's Quality Strategy, quality aims and associated KPIs. The key issue reports include compliance against CQC standards and other regulatory targets. They also incorporate assurance against clinical effectiveness, patient experience and patient safety indicators such as incidents, risks, medication errors and infections. The divisions report against CQC Fundamental Standards as part of the assurance framework and action plans from serious incidents are also presented and monitored with dissemination to divisions for shared learning. CQSG also provides a key issues report to CQAC for further assurance, highlighting any exceptions or risks that may need to be addressed or escalated.

The Board at Alder Hey continues to review its quality governance arrangements and underpinning systems and processes on a regular basis. The Board's agenda reflects the five key questions signalled by the Care Quality Commission as being the cornerstones of its hospital inspection process:

- Are we safe?
- Are we effective?
- Are our services caring and compassionate?
- Are our services responsive to patients' needs?
- Are we well led?

In taking this approach the Board has been able to better retain quality as its key focus, with substantive reports that aim to provide real assurance and address principal strategic and operational risks. This system has proved an effective means of triangulation with CQC standards and has remained in place throughout 2016/17.

The Clinical Quality Assurance Committee, whose membership includes all CBU directors as well as Board directors, carries out more detailed scrutiny under its delegated authority from the Board for oversight of the Trust's performance against Monitor's Quality Governance Framework, the delivery of the Quality Strategy incorporating measures of clinical effectiveness, patient safety and positive patient experience. The work of the Audit Committee complements this by discharging its responsibility for the maintenance of an effective system of integrated governance, risk management and internal control across the whole of the organisation's activities.

The Clinical Quality Assurance Committee walk-around process has continued during the year. Following the move to the new hospital at the end of 2015, the focus of walk-arounds was on key areas that had been faced with immediate operational or patient experience issues. One such example was the waiting area in the Emergency Department, which underwent re-modelling as a result of CQAC's involvement. Committee members also visited the community CAMHS service in its new location on the main hospital site, supporting the young people from the 'Fresh CAMHS' participation group. During 2016/17, it was agreed that in line with the Committee's new role in assuring the Trust's change programme, walk-arounds would engage with the key projects within this including 'Best in Operative Care' and 'Improving Outpatients'; visits continued to incorporate discussions with staff, patients and families about their experiences and highlighting areas for improvement. At the end of the year, the Committee Chair initiated a refresh of the walk-around process, which resulted in a proposal to change the process somewhat and re-brand it as a Quality Ward Round, with a renewed focus on supporting ward to board assurance. This new process will commence from 2017/18.

The Board has continued to work toward improving the information received to describe the performance of the organisation with regard to quality. Reporting processes have continued to develop and the Quality Report, a key part of the Corporate Report has been kept under review by the Chair of the Clinical Quality Assurance Committee and the Chief Nurse.

The Board Assurance Framework is scrutinised by the Board at its meeting each month to enable the Board to be fully sighted on key risks to delivery and the controls put in place to manage and mitigate them, as well as enabling all members to have an opportunity to identify key issues, concerns or changes. The Board has continued to receive an Integrated Assurance Report following each Integrated Governance Committee, which is designed to provide evidence to ensure that strategic and operational risks are being addressed as part of a coherent system. In addition, the relevant

risks are monitored each month by each of the Board's assurance committees.

The Trust has been keen to ensure that it optimises the Quality Governance Framework published by Monitor in 2010, subsequently adopted by NHS Improvement and which also informs the Well Led Governance Framework published by NHS Improvement. The Trust has continued to undertake regular self-assessments of its position against each element of the framework, under the auspices of the Clinical Quality Assurance Committee. A follow up of the external quality governance review commissioned from KPMG in 2015 (which resulted in a score of '3' against the Monitor scoring system then in place) was carried out by the Trust's internal auditors at the end of 2016/17. The review gave this process 'significant assurance' and demonstrates that the Trust remains committed to a culture of continuous improvement. The Board will ensure that it remains sighted on the effectiveness of its quality governance arrangements going forward.

The Board undertook its annual formal gap analysis against the conditions contained within its Provider Licence during the year. With regard to Condition FT4

- NHS Foundation Trust governance arrangements
- the exercise did not identify any material risks to compliance with this condition.

A comprehensive gap analysis of the Trust's Corporate Governance Statement under the Provider Licence was undertaken in May 2017, ahead of the formal declarations required by Monitor/NHS Improvement. This did not identify any material gaps in compliance. The Board continues to keep its governance arrangements under regular review and itself appraised of any new guidance or best practice advice that is published through the year. In September 2016, NHS Improvement published its Single Oversight Framework which replaced Monitor's Risk Assessment Framework and set out NHSI's approach to regulation and new ratings system. It introduced the concept of segmentation as an indicator of the level of support required for each provider in the context of an extremely challenging financial environment. Alder Hey was subsequently placed in segment '2' of the new system – providers offered targeted support - reflecting the Trust's planned financial deficit, which had consistently been forecast for the year following the move to the new hospital.

The Board's main assurance committees each provides an annual report on its work to the Board, describing how the committee has fulfilled its terms of reference and annual work plan and outlining key areas of focus during the year, together with an overview of its priorities for the coming year. These are also submitted to the Audit Committee for it to assure itself that the

activities of the committees are contributing effectively to the Trust's overall control environment and that the work of the assurance committees is directly linked to the Board Assurance Framework. The assurance committees review their terms of reference on an annual basis to provide assurance to the Board that its structures continue to reflect the changing needs of the organisation and the environment in which it operates, including clear lines of accountability. In 2016/17 the Board established a Research, Education and Innovation Committee as a full Board assurance committee in recognition of the strategic importance of these areas of activity for the Trust.

Following a review undertaken in 2015, the Trust has continued to incorporate equality impact assessments (EIA) into the organisation's decision making processes. The purpose of this was to secure better integration from a process perspective and ensure that the Trust is properly responding to the different needs of staff and patients to meet its statutory and policy obligations, as well as its own values and the commitments made under the NHS Constitution. The EIA process is carried out in relation to the development of Trust policies or procedures, service redesign or development, strategic or business planning, organisational changes affecting patients, employees or both, procurement, cost improvement programmes and the commissioning or decommissioning of services. Subsequently, the EIA process was embedded into the Quality Impact Assessment process to inextricably link the two key priorities.

The Corporate Report remains the principal mechanism for ensuring that the Board and its committees receive timely, accurate and comprehensive information on the performance of the organisation. The report is kept under review by the Executive Team to ensure that it is fulfilling this function as effectively as possible. The non-executive directors provide regular feedback on the report and on the presentation of individual indicators; during the year the Trust's most recently appointed NED took a special interest in the development of the report and this oversight remains ongoing.

The principal risks to the organisation during 2016/17 were focused predominantly on two main areas: settling staff and patients into the new hospital environment and delivering the planned activity in this context, in order to achieve the financial control total. By April 2016, the new 'Alder Hey in the Park' had been in operation for six months. While a significant number of 'snagging' issues had been dealt with, a range of post occupation risks remained to be worked through, some of which had the potential to impact upon the delivery of activity. The Trust's robust risk identification and assessment systems and processes, coupled with responsive and proactive management teams

helped to maintain service where such issues arose or resolve matters as rapidly as possible. Later in the year, a Partnership Charter was agreed with the Trust's PFI landlord to clarify and improve the existing contractual relationship in terms of the management of building related issues, based on the fundamental principle that patient safety is paramount.

The Trust has an Information Governance Framework that incorporates an ongoing programme of work to ensure that data held is handled appropriately and securely and any risks within the Information Governance remit are managed and controlled. This incorporates completion of the annual Information Governance Toolkit Assessment which is overseen by the Information Governance Steering Group and is subject to internal and external review. The Trust's compliance with the Toolkit has been assessed as 85% for 2016/17. The internal audit review of a small number of IG toolkit elements resulted in 'limited assurance'. However the auditors recognised that the Trust has continued to make significant progress in this area following the year of the move to the new hospital during which the focus had been on the specific risk of data loss as a consequence of such a large scale logistics exercise. To support the ongoing moves of the Trust's corporate teams from part of the old hospital site due for demolition to newly refurbished accommodation on the retained estate, the 'Dump the Junk' initiative remained in place in order to continue to provide support and guidance for staff to make informed decisions about those clinical and corporate records that the organisation should keep and in what format and those that should be disposed of, in accordance with the NHS records retention schedules. In addition, the Trust's information governance and environment managers carried out a joint schedule of post move inspections, as they had done with the main move in the previous year, to ensure that no person identifiable data was left behind in the old buildings. The Trust had no serious incidents relating to Information Governance during the period and suffered no data loss as a consequence of any of the moves around the site. During the year, work began within the Trust to prepare for the introduction of the General Data Protection Regulations (GDPR) which will reform Data Protection legislation and will apply in the UK from 25th May 2018.

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.

Control measures are in place to ensure that the organisation's obligations under equality, diversity and human rights legislation are complied with. The Trust maintains continuing compliance with the statutory and regulatory duties that are related to equality, diversity and human rights, with publication of information to meet the Public Sector Equality Duty. Arrangements for the strategic oversight of progress towards the Trust's equality objectives have been a key priority during the year; this process will continue to be reinforced during 2017/18. The equality objectives will be aligned with NHS EDS2 and the WRES and will respond to the associated commissioning requirements.

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 the views of its Council of Governors and other key stakeholders. In 2015/16, the Trust engaged with the emerging sustainability and transformation planning process that was established nationally to take forward the vision set out in the 'Five Year Forward View'. I was invited to Chair the Cheshire and Merseyside Group in March 2016, ensuring that Alder Hey is well placed to understand this wider context. I have continued in this role throughout the last year.

The Trust produces an annual operational plan that sets out organisational objectives which are cascaded to local level. CBU activity is reviewed throughout the year to monitor progress and agree corrective action where necessary via monthly performance review meetings with CBU senior teams. The Board of Directors reviews performance against objectives on a monthly basis through the Corporate Performance Report, which is also reviewed by key Board assurance committees.

The Board's assurance system is underpinned by the work of the Trust's internal auditors which is overseen by the Audit Committee. Each year the Committee agrees an audit programme which aims to focus on areas of weakness or potential risk in internal control and make recommendations to address deficits where

these are identified. The Audit Committee retains a database of remedial actions agreed as a result of audits and these are followed up by the Committee until completed. During the last 12 months the Committee Chair has strengthened and enhanced the processes around the monitoring of internal audit recommendations and the provision of regular reports both from lead officers and internal audit, to ensure that any areas of limited assurance are followed up and relevant action taken.

In view of the principal financial risks described above, the Trust made the decision to place itself in 'internal recovery' during the early part of the year, instituting weekly meetings to track progress against the cost improvement programme and as a forum for bringing forward ideas for increasing efficiency and productivity. This process has proved to be highly effective, such that the Trust was able to deliver its activity plan, its CIP and its control total for the year.

A range of specific initiatives to improve the use of resources were in place during 2016/17, including:

- Further development of the InfoFox Business Intelligence Self-Service Portal, which provides interactive dashboards reporting finance, quality and operational performance information. Reporting is enhanced and now includes real time daily activity reporting and forward look with drill through to outpatient and theatre productivity to ensure contract activity plans achieved and capacity utilised.
- Enhanced materials management stock control continued in the new hospital with demonstrable reduction to stockholding.
- Procurement Strategy agreed, aimed at delivering best in class purchasing and service to our clinical services at best price, incorporating the 'Give Me 10' initiative to encourage VFM ideas and solutions from the shop floor.
- A first of its kind 'Procurement Symposium' event in which Alder Hey brought together a roomful of its key suppliers to work on joint solutions to the challenges of securing best value for patients.
- Continued development of service line reporting and patient level costing information with specialty teams, resulting in increased clinical engagement in costing and performance improvement.
- Systems and processes enhanced to support the compliance with national rules regarding the management and control of agency staff costs and framework agreements. Includes pay cost '10 Point Plan' aimed at reducing pay cost pressures and budget overruns.
- Extensive recruitment to clinical roles to reduce the reliance on temporary staffing.

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. NHS Improvement (in exercise of the powers conferred on 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 and Chief Nurse are jointly responsible at Board level for leading the quality agenda within the Trust, supported by the Director of Nursing, Deputy Director of Nursing and Associate Director of Risk and Governance.

The Trust's Quality Strategy was refreshed during 2015/16 and the revised version approved by the Board in April 2016. The key elements of the strategy include:

- Strong clinical leadership driving quality improvement.
- Engaging our workforce to get involved.
- Improved culture of risk management and quality improvement through a devolved quality and governance structure.
- Improvements in workforce health and wellbeing based on the principle of 'happy staff = happy patients'.
- Greater patient and carer involvement - 'giving patients a voice'.

Underpinning each of these elements is a range of projects and initiatives which in turn are designed to deliver the fundamental building blocks of the Quality Strategy which remain:

- Patients will not suffer harm in our care.
- Patients will receive the most effective evidence based care.
- Patients will have the best possible experience.

It is these fundamentals and their associated quality aims that have been consistently at the core of the Trust's approach to quality since 2012/13 and which enable a coherent and authentic narrative for staff.

The Quality Account is a core element of measuring the delivery of the Quality Strategy. The quality outcome measures identified in the Trust's Quality Account are identified and reviewed on an annual basis in consultation with our governors and other stakeholders.

In support of this, during the year the Trust's internal Quality Report (which is embedded within the Corporate Report) was reviewed to ensure consistency of information tracking against the quality aims, a range

of safety, effectiveness and experience measures that also allow for comparison with other providers and can be used as assurance for regulators. The Quality Report is reviewed in detail by the Clinical Quality Assurance Committee and by the Board of Directors on a monthly basis. The Report is kept under review to ensure that content remains responsive to key national drivers and that actions taken to achieve the aims incorporate learning from elsewhere in the NHS.

Significant work has been undertaken during the year to assure the accuracy of the quality data contained within the report. In 2016/17 MIAA carried out an audit focusing on patient data flows in the EPR system. The review focused on the systems and processes in place for collection, validation, analysis and review of patient pathway data recorded. Validation processes are carried out to ensure data accuracy for recording of A&E waiting times, referral to treatment (RTT) pathway information and cancer waiting times. This information is validated by the service and reviewed at the weekly performance meeting prior to sign off for reporting. Information procedures are maintained to ensure they reflect changes in reporting processes. There have been improvements made to managing RTT and cancer pathways this year to introduce central process and team to manage referrals.

At Alder Hey we have undertaken a range of measures to ensure we have accurate and robust waiting times data. In June 2016 we re-established our Data Quality Steering Group to review recording and reporting of patient information, including waiting times information. This process is supported by an internal audit programme which includes audit of mandatory waiting times reporting. A review of the EPR data recording and reporting was carried out in September 2016. Our Patient Access Policy, although not due for review, is currently being reviewed and relaunched in May 2018. A follow up review of waiting times was carried out by internal audit in January 2016. Our Patient Access Policy was reviewed and updated to reflect current processes and reporting requirements and a weekly performance group is in place to monitor all aspects of RTT performance and identify and resolve issues. We have also focused improvement work on patient pathways in outpatients, with a 10 week task and finish looking at improving pathways and processes completed in Jan 2017 and an OPD improvement programme for 2017/18 agreed.

The Trust regularly validates patients on pathways which in turn feeds into our Data Quality Steering Group which meets weekly. The OPD task and finish group highlighted the need to central and focused validation and a plan is in progress to implement this structure. This will be audited as part of the Data Quality Audit Plan 2017/18. Clinical and non-clinical staff have been trained in accurate data inputting which will ensure we

are stopping and starting RTT accurately (amongst other benefits the new system will bring).

We also embarked on a significant transformational programme as part of the move into the new hospital, with specific focus on the administration of patient flow to ensure that we have robust and resilient administrative processes which will ensure we have timely and accurate data. We continue to engage with the 'Civil Eyes Programme' who benchmark the majority of children's hospitals in the UK and Northern Ireland across a range of indicators and specialty areas to ensure we are not an outlier. We have also rolled out a programme focusing on clinical activity validation with the Clinical Coding Team and clinical teams, to allow them to review, benchmark and improve clinical activity recording.

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 Integrated Governance 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, supported by the Clinical Quality Steering Group and by the Integrated Governance Committee which was established to strengthen the Trust's overall risk and governance arrangements;

- 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 Integrated Governance Committee 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;
- retention of the Trust's Human Tissue Authority Licence; all HTA standards were met on inspection and areas of good practice highlighted in the report;
- retention of Clinical Pathology Accreditation for the year.

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

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 which are co-ordinated and monitored under the auspices of the Trust's External Visits Policy, for example:

- Inspection by the Medicines and Healthcare products Regulatory Agency (MHRA) of the Hospital Transfusion Team under the Blood Safety and Quality Regulations 2005;
- The Pharmacy Aseptic Services Unit underwent two audits from Quality Control North West in 2016 in July and December 2016;
- The annual PLACE inspection of the hospital's facilities from a patient's perspective.

The Board of Directors is committed to continuous improvement and development of the system of internal control and the recommendations from all visits and inspections are monitored through the Trust's governance processes until completion.


CONCLUSION

In conclusion, for 2016/17 no significant internal control issues have been identified.

Signed:

Louise Shepherd

LOUISE SHEPHERD
Chief Executive
25th May 2017



No Access to
Outpatients
from
this lift

BBC CHILDREN'S AT ALDER HEY...

CBBC, CBeebies and BBC Interactive all helped launch Christmas at Alder Hey during a live broadcast at the hospital in December. Alongside pre-recorded content and live links, presenters were filmed meeting patients, families and staff and also visited patients across the hospital wards. CBBC's popular series 'Operation Ouch' also returned to film at Alder Hey for a fifth series in 2016 and was broadcast in the Autumn.

"It was a brilliant day which Grace absolutely loved. Her face when Mr Tumble appeared was something I will never forget. She still talks about it now! Alder Hey always go the extra mile and it is one of the many reasons why this place is so special."

**CLAIRE MCNAMARA,
MUM OF THREE YEAR
OLD DAUGHTER
GRACE**

QUALITY REPORT - 'OUTSTANDING CARE DELIVERED BY OUTSTANDING PEOPLE'

STATEMENT ON QUALITY FROM LOUISE SHEPHERD, CHIEF EXECUTIVE

As I look back on Alder Hey's many achievements in the past year, I do so with a feeling of great pride in the immense team effort that has gone in to delivering such impressive results in the context of an NHS that was faced with more challenges than at any point in its 70 year history. The fact that the Trust delivered on all of the national access standards, in particular the four hour A&E target, is a clear indication of our continued commitment to ensuring that we provide the best care to our patients; a feat which was lauded by the Secretary of State in a personal thank you letter to the team here at Alder Hey on its performance.

The fact is, this year many more children have benefited from Alder Hey's outstanding care; an astonishing statistic given that we were still in the first full year in our new home. A fantastic example of this is the performance of over 400 congenital heart operations in the last 12 months to fully meet the Central Cardiac Audit Database (CCAD) national criteria. While this achieves both the standards set nationally and our local plans for numbers of operations, my first thoughts are always about the families whose lives have been enhanced by Alder Hey's outstanding teams of dedicated professionals.

The Quality Report set out below represents a year's worth of hard work by staff across the organisation to fulfil the ambition described in our refreshed Quality Strategy to do just that. I have seen examples of this in action on a daily basis and crucially, staff talking together in more and more innovative ways about what it means to them and to the children they care for. For instance, the introduction of 'Schwartz Rounds' has led to some incredibly powerful discussions about the experiences of patients, parents and the teams who look after them; ranging from exceptional and life changing, to challenging and at times distressing, but always focused on what we can learn from and use to improve how we deliver care.

At the end of March we learned that we had retained our position as third overall nationally in terms of our reporting of incidents. In the context of healthcare, a higher level of reports is a good thing as it means we are being open, reporting and importantly learning from mistakes and near misses. The key aspect of this is that, while we had more incidents reported compared to other trusts, far fewer of these related to incidents that led to patient harm. Again, this is testimony to the willingness of our staff to engage and participate in a culture of openness and learn together about how we can do better.

To support our continual drive for quality improvement, we are increasingly reliant on robust information systems and data. For this reason, we were particularly pleased to receive nearly £10m national funding to join an elite group of NHS trusts who have been selected to drive new ways of using digital technology in the NHS. Known as 'digital exemplars', these organisations were selected from the most technologically advanced hospitals in the NHS and will lead the way in delivering radical improvements in the care of patients. Alder Hey is the only specialist children's Trust to be selected. This means national recognition of our hard work to apply new technology to how we look after our patients, from basics like how we invite them to appointments through to creating personalised avatars to give friendship and comfort to children during their stay in hospital. All of this will enhance our existing plans to continually improve quality, ensuring that our creative, innovative and professional staff are at the heart of it all.

As Chief Executive, I commend our Quality Report for 2016/17 to you. I am confident that the information set out in the document is accurate and is a fair reflection of the key issues and priorities that clinical teams have developed within their services. The Board remains fully committed to supporting those teams in every way they can to continuously improve care for our children and young people.

LOUISE SHEPHERD
Chief Executive

PRIORITIES FOR IMPROVEMENT AND STATEMENTS OF ASSURANCE FROM THE BOARD

PRIORITIES FOR IMPROVEMENT

This section of the report describes an overview of the Trust's plans for improving quality over the next three to five years and specifically details the key quality improvement priorities for 2017/18, including the rationale for selection of the priorities.

In April 2016 the Trust Board approved the new five year Quality Strategy, 'Inspiring Quality'. The Strategy maintains a key focus on patient safety, patient experience and clinical effectiveness, while recognising the significance of staff health and wellbeing and our environment in supporting the delivery of a high quality service.

These five domains of 'Inspiring Quality' each have a key area of focus for 2017/18. These are identified

in the table below and will represent the key quality improvement priorities for the Trust over the next 12 months.

These focus areas have been consulted widely within the Trust through the Clinical Quality Assurance Committee (CQAC) and clinical business units' (CBUs) heads of quality. Additionally they have been discussed and agreed with the Children and Young People's Forum, governors and with Healthwatch organisations.

The improvement priorities are also aligned with the Trust's two year operational plan for 2017-19 which was submitted to NHS Improvement (previously Monitor), including the local Sustainability and Transformation Plan (STP) to reduce variation and improve quality.

	Quality Domain	Priority Area
Aim 1	Patients will not suffer harm in our care.	Further embed a safety culture throughout the organisation.
Aim 2	Patients will have the best possible experience.	Increase engagement of children, young people and families in improving quality and developing services.
Aim 3	Patients will receive the most effective evidence based care.	Increase number of defined clinical care pathways across our clinical specialties.
Aim 4	Improve workforce health and wellbeing.	Provide support that will enable our staff to feel valued and respected by the organisation and actively contribute to the organisation's success.
Aim 5	Our environment will enable us to deliver an excellent service.	Continue to improve the environment to make it work for both patients and staff.



Aim: Patients Will Not Suffer Harm in Our Care

Priority 1 Further Embed a Safety Culture Throughout the Organisation

Rationale The Trust has made great improvements in its incident reporting culture, with evidence of moving from the lowest quartile to the top quartile of specialist trusts reporting incidents through the National Reporting and Learning System (NRLS). Additionally the percentage of incidents causing avoidable harm has improved significantly.

In continuing to monitor and review serious incidents and never events and following the national drive on sepsis and hospital acquired infections, the Trust Board agree that there should be continued and specific focus on:

- Prompt recognition and treatment of deteriorating patients including implementation of the Sepsis pathway.
- Reducing hospital acquired infections (HAIs).

Measuring

- Remain in top quartile of number of incidents reported through NRLS compared with peer trusts.
- All appropriate patients follow the Sepsis pathway.
- Deliver HAI targets as agreed through the 'Sign up to Safety' campaign.

Monitoring

- Number of reported incidents monitored weekly through the Weekly Meeting of Harm. NRLS provides a ranking report against peers.
- Monthly reporting of incidents and never events monitored through the Clinical Quality Steering Group (CQSG) and individual CBU Executive review meetings.
- Sepsis Implementation Group monitors compliance with national requirements and reports to CQSG.

Reporting

- Reported through CQSG, Clinical Quality Assurance Committee (CQAC) to the Trust Board.

Aim: Patients Will Have the Best Possible Experience

Priority 2 Increase Engagement of Children, Young People and Families in Improving Quality and Developing Services

Rationale The first twelve months of implementing 'Inspiring Quality' included excellent engagement and working with children and young people. There remains a national drive to ensure children have an input into their care and the Trust Board has agreed to place specific focus on involving children and families in improvement initiatives. In particular in service developments to ensure the views of children and young people are captured, especially children with protected characteristics.

Specific focus will be placed on:

- Improvements in outpatients.
- Ensuring children with protected characteristics are not disadvantaged through any service development proposals.

Measuring

- Service development and quality improvement proposals will be required to include a section on how they have engaged children, young people and families in developing proposals. This includes completion of an Equality Analysis.
- Measurement will be through audit of service development proforma and triangulation with patient and family feedback through local reporting.
- Improved data capture of patients with protected characteristics.

Monitoring

- Performance will be monitored through CQSG and the Executive Team.

Reporting

- Reporting will be through CQSG and CQAC to the Trust Board.

Aim: Patients Will Receive the Most Effective Evidence Based Care

Priority 3 Increase Number of Defined Clinical Care Pathways Across Our Clinical Specialties

Rationale In reviewing complaints, incidents, mortality and morbidity reports and other forms of feedback from patients and staff, the Trust recognises there is a high degree of variation in care provided by a number of specialties. There is an opportunity to utilise best practice, NICE guidelines, national service specifications and other evidence to ensure the same standardised, high quality care is delivered to all patients seven days a week.

Specific focus will be placed on:

- Developing care pathways across clinical specialties.
- Developing a system of seven day working.

Measuring

- Services will be assessed for compliance with relevant NICE guidance and national standards.
- Evidence of newly developed care pathways across the Trust.

Monitoring

- The development of evidence based care pathways will be supported by the Trust's clinical effectiveness leads and monitored through the Trust Change programme.
- Seven day working will operate as a specific project within the Trust's Change Programme, sponsored by a member of the Executive Team.

Reporting

- Progress will be reported through CQAC to the Trust Board.

Aim: Improve Workforce Health and Wellbeing

Priority 4 Provide Support That Will Enable Our Staff to Feel Valued and Respected By the Organisation and Actively Contribute to the Organisation's Success

Rationale As part of the Trust's strategic plan to 'do the basics brilliantly', we are committed to supporting, recognising and celebrating the great work our staff do in contributing to the organisation's success. Having reviewed the national Staff Survey for 2016, the Trust Board recognises that there are opportunities to improve the overall health and wellbeing of staff. Additionally the Board recognises that the workforce is under-represented in terms of black and minority ethnic (BME) employees. This area will also be given particular attention during 2016/17 and beyond.

The Trust will therefore place a specific focus on:

- Reward/recognition and celebrating success.
- Improving BME representation in the workforce.

Measuring

- 5% improvement in baseline measure of 'staff that recommend Alder Hey as a place to work'.
- 1% year on year increase in proportion of BME employees in the Trust.

Monitoring

- National Staff Survey (annual) and local staff 'temperature checks' (quarterly) will be used to monitor performance.
- Regular HR statistical analysis of workforce demographics.

Reporting

- Performance will be reported through the Workforce and Organisational Development Committee (WOD) and through the Corporate Report to Trust Board.

Aim: Our Environment Will Enable Us to Deliver an Excellent Service

Priority 5 Continue to Improve the Environment to Make it Work for Both Patients and Staff

Rationale The Trust has now been located in the new building for 18 months and the vast majority of the 'snagging' issues have now been resolved. However, the Trust recognises that there are ongoing frustrations for staff in relation to reporting and correction of faults. Additionally while the Trust has made significant improvements in the distraction and play opportunities for children in many areas, 'engagement in play' remains one of the poorer areas of performance within feedback from our children and families. The patient and public supported PLACE inspection also highlighted a number of areas requiring improvement.

Particular focus will be placed on:

- Improving arts, performance and play.
- Improved signage and wayfinding for children and families.

Measuring

- Family and Friends feedback, in particular improvement in 'engagement in play' measures.
- PLACE assessment feedback.

Monitoring

- Monitoring will be through the Quality Improvement Team.

Reporting

- Performance will be reported through CQSG, CQAC, to the Trust Board.

QUALITY IMPROVEMENTS IN 2016/17

The key priorities for improvement as reported in the 2015/16 Quality Account stemmed from the ongoing work in relation to 'Sign up to Safety' and from the refresh of the Quality Strategy. These were agreed by the Trust Board as:

1. Reducing harm to patients from a medication error.
2. Reducing harm to patients as a result of the development of a pressure ulcer.
3. Reducing harm from hospital acquired infections.
4. Further enhance children, young people and their parents/carers involvement in patient safety.

Details of progress against these key priorities from 2016/17 is provided in Section 3 of this report.

STATEMENTS OF ASSURANCE FROM THE BOARD

Review of Services

During 2016/17, Alder Hey Children's NHS Foundation Trust (Alder Hey) provided 44 relevant health services. Alder Hey has reviewed all the data available to it on the quality of care in all of these relevant health services. The income generated by the relevant health services reviewed in 2016/17 represents 100% of the total income generated from the provision of relevant health services by Alder Hey for 2016/17.

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 NHS England with advice from the National Clinical Audit Advisory Group (NCAAG).

During the reporting period 1st April 2016 to 31st March 2017, 11 national clinical audits and five national confidential enquiry covered NHS services that Alder Hey Children's NHS Foundation Trust provides.

During that period, Alder Hey Children's NHS Foundation Trust participated in 90% (10 out of 11) national clinical audits and 100% (5 out of 5) 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 2016 to 31st March 2017 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 2016 to 31st March 2017 are listed below, alongside the number of cases submitted to each audit or enquiry as a percentage of the number of registered cases required by the terms of that audit or enquiry.

National Audit	Participation	% Cases Submitted
Children		
Paediatric Pneumonia (British Thoracic Society)	Yes	Data collection ongoing till 30th April 2017.
Paediatric Intensive Care (PICANet)	Yes	Submitted 964 records, which was 100% of cases available.
Potential Donor Audit (NHS Blood and Transplant)	Yes	Submitted 64 records, which was 100% of cases available.
Asthma Care in Emergency Departments (Royal College of Emergency Medicine)	Yes	Submitted 100 cases, which was 100% of cases available.
Acute Care		
Severe Trauma (Trauma Audit and Research Network) (TARN)	Yes	Submitted 173 approved TARN applicable cases, which is 100% of cases available.
Cardiac		
Cardiac Arrest (National Cardiac Arrest Audit) (NCAA)	No	Alder Hey has not submitted any data to date due to technical difficulties. We aim to submit data to NCAA by the June 2017 deadline.
Paediatric Cardiac Surgery (National Institute for Cardiovascular Outcomes Research Congenital Heart Disease Audit)	Yes	Submitted 866 cases, which was 100% of cases available.
Cardiac Arrhythmia (Cardiac Rhythm Management)	Yes	Submitted 23 cases, which was 100% of cases required for the audit sample.
Long Term Conditions		
Ulcerative Colitis and Crohn's Disease (National IBD Audit) Biological Therapies	Yes	Submitted 30 cases, which was 100% of cases available.
Paediatric Diabetes (RCPH National Paediatric Diabetes Audit)	Yes	Data collection is ongoing. 419 patients will be included in NPDA (National Paediatric Diabetes Audit) for 2016/2017.
Renal Replacement Therapy (UK Renal Registry)	Yes	Submitted 60 cases, which was 100% of cases available. (Transplants: 47, peritoneal dialysis: 6, haemodialysis: 7).

National Confidential Enquiries	Participation	% Cases Submitted
Chronic Neurodisability - National Confidential Enquiry into Patient Outcome and Death (NCEPOD)	Yes	Nine cases submitted, which was 90% of cases available. This study is ongoing into 2017.
Young People's Mental Health - National Confidential Enquiry into Patient Outcome and Death (NCEPOD)	Yes	Three cases submitted, which was 100% of cases available. This study is ongoing into 2017.
Cancer in Children, Teens and Young Adults	Yes	Nine cases submitted, which was 100% of cases available. This study is ongoing into 2017.
Suicide in Children and Young People (CYP) - National Confidential Inquiry into Suicide and Homicide by People With Mental Illness (NCISH) University of Manchester	Yes	No cases submitted.
Perinatal Mortality and Morbidity Confidential Enquiries (Term Intrapartum Related Neonatal Deaths) - MBRRACE-UK - National Perinatal Epidemiology Unit (NPEU)	Yes	21 cases submitted, which was 100% of cases available.

Actions Arising from National Clinical Audits

The reports of three national clinical audits were reviewed by the provider in the reporting period April 1st 2016 to March 31st 2017 and Alder Hey Children's NHS Foundation Trust intends to take the following actions to improve the quality of healthcare provided.

National Clinical Audit	Actions
Paediatric Intensive Care (<u>PICANet</u>)	The national audit report was reviewed and discussed on our Intensive Care Unit (ICU). We are always commended for the quality of the PICANET data set.
Potential Donor Audit (<u>NHS Blood and Transplant</u>)	We are awaiting confirmation of data and publication of the national audit report for 2016/17.
Severe Trauma (<u>Trauma Audit and Research Network</u>)	<p>For the period 2016 - 2017 our data completeness and data quality are both 95%+. There are 173 applicable entries for this period.</p> <p>Alder Hey serves as a Major Trauma Centre for Children from Cheshire and Merseyside, Lancashire and South Cumbria, North Wales and the Isle of Man. TARN data is the primary data source that supports the clinical governance of the Major Trauma Service within Alder Hey and across the North West Children's Major Trauma Network.</p> <p>A quarterly validated Clinical Dashboard enables key performance indicators across the service within Alder Hey to be monitored. This data is discussed at regular Trauma Support Group meetings to monitor trends, identify areas to improve and highlight areas of good practice.</p> <p>Three themed clinical reports are produced each year, one per year focussing on a specific injury group. These are presented and discussed at the Trauma Committee and used to inform a quality improvement programme.</p>

National Clinical Audit

Actions

<u>Severe Trauma (Trauma Audit and Research Network)</u> (cont'd)	<p>These dashboards and reports are also shared through the North West Children's Trauma Network Governance meeting whose membership includes commissioners, trauma units, the North West Ambulance Service, North West Air Ambulance as well as both children's major trauma centres. TARN data from across the network is used to understand both clinical issues and the development of the network, helping to identify items for the workplan of the network.</p> <p>The data completeness measure has improved and data accreditation has remained high for Alder Hey, indicating that the information is reliable and providing confidence that discussions and decisions are based on an accurate representation of the trauma service.</p> <p>The data has provided evidence of the effectiveness of the trauma system resulting in a positive National Major Trauma Peer Review.</p>
<u>Cardiac Arrest (National Cardiac Arrest Audit)</u>	<p>Although no data has been submitted to the network, we are still listed as a participant with the National Cardiac Arrest Audit (NCAA). Actions are being taken to resolve the technical issues that will enable submission of data to recommence before the June 2017 deadline.</p>
<u>Paediatric Cardiac Surgery (NICOR Congenital Heart Disease Audit)</u>	<p>The publication of the annual National Congenital Heart Disease Audit Report for 2016 will be delayed until further notice by NICOR, due to delays in processing their data sharing agreement with NHS Digital. The Data Quality Report showed that we have achieved an overall Data Quality Indicator of 99.9% compared to 97.3% last year. An action plan was not required as the audit standards are being met.</p>
<u>National Cardiac Rhythm Management Audit (NICOR)</u>	<p>The national audit report 2015/2016 was reviewed and Alder Hey is meeting the audit standards. There are no actions required. We are awaiting the publication of the 2016/2017 report.</p>
<u>Ulcerative Colitis and Crohn's Disease (National UK IBD Audit) Biological Therapies</u>	<p>The UK IBD audit has now merged with the IBD Registry, moving towards an improved system for data capture and quality improvement in IBD (Inflammatory Bowel Disease).</p> <p>Ongoing collection of our biological therapies data will be through the UK IBD Registry. We are registered to continue entering data to this component of the audit. The final National Audit Report was published in September 2016.</p>
<u>Diabetes (RCPH National Paediatric Diabetes Audit)</u>	<p>Data collection for the audit has improved following our use of the TWINKLE system (diabetes specific data collection software) for data entry. TWINKLE enables automated data capture and reporting for the Best Practice Tariff (BPT).</p>
<u>Renal Replacement Therapy (UK Renal Registry)</u>	<p>Awaiting the publication of the 2016/17 annual report.</p>

Actions Arising from Local Clinical Audits

There were a total of 162 local audits registered in the reporting period 1st April 2016 to 31st March 2017. There are 40 (25%) local audits completed. There are 116 (72%) audits that will continue in 2017/18. There are three audits not yet started and three audits have been cancelled (3%).

The reports of the completed local clinical audits were reviewed by the provider in the reporting period April 1st 2016 to March 31st 2017 and examples of the outcomes are listed below.

Local Audit	Actions
Audit of Patient Experience in the New Alder Hey Children's Hospital	<p>The audit was presented at the Alder Hey Orthopaedic Department Meeting in May 2016.</p> <p>Action/Recommendation:</p> <ul style="list-style-type: none"> To improve the induction for junior doctors. Re-audit in three months.
Audit of Timing of Parenteral Nutrition (PN) in the Intensive Care Unit (ICU)	<p>The audit was submitted as an abstract for the 30th Annual Paediatric Intensive Care (PICS) Conference 2016, 3rd-5th October in Southampton.</p> <p>Action/Recommendation:</p> <ul style="list-style-type: none"> We evaluated our practice with regards to total parenteral nutrition (TPN) which was very helpful and now we have a baseline to compare interventions. No actions arise from this audit as it was a baseline audit.
Management of Congenital Hypothyroidism	<p>The audit was presented at MERPENG (Mersey Paediatric Endocrinology Group Meeting) in July 2016.</p> <p>Action/Recommendation:</p> <ul style="list-style-type: none"> Improve communication between the neonatal screening service and our neonatal service, to find ways of ensuring that pre-term infants have the neonatal screening blood samples regardless of whether or not the infants are fed or ill. Discuss the need for an audit of blood sampling for newborn screening on the Neonatal Unit at Liverpool Women's Hospital with the neonatologist. Develop a pathway that enables infants with congenital hypothyroidism to be seen and commenced on treatment over weekends. Re-audit in twelve months.
Investigation of Potential of Hydrogen (pH) of Burn Wounds	<p>The audit is to be presented at the British Burn Association Meeting in May 2017.</p> <p>Action/Recommendation:</p> <ul style="list-style-type: none"> To lessen the irrigation of chemical burns wounds. To create a simple advice leaflet to help guide the management of chemical burns in the Alder Hey Burns Unit with an estimated completion date of April 2017. No re-audit is necessary as it would be unlikely to provide any valuable information.
Adherence to National Burn Care Review Referral Criteria in a Paediatric Emergency Department: a Re-Audit Following Implementation of a Burns Assessment Proforma	<p>The audit was presented at the Alder Hey Plastic Surgery Clinical Governance Meeting in July 2016.</p> <p>Action/Recommendation:</p> <ul style="list-style-type: none"> To disseminate the findings to the Emergency Department. To re-examine the data-set for missing patients. Those triaged as "chemical splash" etc. Encourage the use of the burns assessment pro-forma in the Emergency Department. Re-audit in twelve months.

Local Audit

Actions

Audit of Coding of Activities/ Procedures Carried Out in Fracture Clinics

The audit was presented at the Alder Hey Orthopaedics Department monthly audit meeting in June 2016.

Action/Recommendation:

- We have designed a new coding form, combining the current coding form and a follow up form.
- Fracture clinic staff to write patient details on this form when the patient arrives.
- Form to be used for all the activities (for example plaster room, splints, wound checking).
- Doctor managing the patient on the day completes/ticks all the relevant boxes at the end of the appointment including the follow up plan.
- Re-audit in six months.

Cleft Patient (and Parent) Reported Experience Measure (PREM) Feasibility Study

The patient data for this audit was being collected nationally by all cleft teams. The data was being collated online by the Cleft Registry and Audit Network (CRANE).

Action/Recommendation:

- The Feasibility Study Team will present a summary of findings at the Cleft Development Group (CDG) meeting on the 18th May 2017.
- CRANE plan to provide an individual summary to each of the cleft sites who gained patient feedback once CDG have signed off on the findings.

Are Children (16 years and Under) With Disabilities More at Risk of Abuse?

The audit was presented and discussed at the Alder Hey Community Paediatric Clinical Governance Meeting in October 2016.

Action/Recommendation:

- Documentation was generally good, although it could be improved particularly for domestic violence cases. By not writing yes we cannot assume the answer is no.
- Update our existing training so as to make trainees at induction aware of the need for asking about any domestic violence and identifying developmental concerns.
- Re-audit in twelve months.

High Resolution Computed Tomography (HRCT) Features in Children With Severe Asthma: A Retrospective Analysis

The audit was presented at the European Respiratory Society Conference in London on 3rd-7th September 2016.

Action/Recommendation:

- Our results suggest that HRCT may help identify other diagnoses in some children and these findings had implications on their clinical management.
- To update the existing guideline on difficult Asthma.
- Re-audit in two years.

Multicentre National Audit of Current Management and Outcomes for Children affected by Juvenile Localised Scleroderma (JLS)

The audit was presented at the Alder Hey Rheumatology Department academic meeting in March 2017.

Action/Recommendation:

- Update the existing guidelines on screening for brain, eye and dental involvement in JLS.
- Introduce new training for the team on the importance of screening for brain, eye and dental involvement (already actioned).
- Design the guideline on screening of JLS patients by June 2018.
- Re-audit in twelve months.

Local Audit

Actions

Audit on Outcomes of Coblation Tonsillectomies

The audit was presented at the Alder Hey Ear Nose and Throat (ENT) Department Meeting in July 2016. The results of the audit were discussed in comparison to the National Prospective Tonsillectomy Audit.

Action/Recommendation:

- To continue with the current practice and it was agreed that there is always a steep learning curve with a new surgical technique.
- A future audit to evaluate the pain scores post-surgery is planned.
- Re-audit in twelve months.

A Re-Audit of Knowledge, Attitude and Practice of Completion of Liverpool Upper-Limb Fracture Assessment (LUFA) Forms at Alder Hey Children's Hospital

The audit was presented at the Alder Hey Orthopaedic Department Meeting in June 2016.

Action/Recommendation:

- Continue with the improved junior doctor induction programme.
- Make LUFA forms available in the wards and the Emergency Department.
- Re-audit in six months.

Hydrotherapy Programme to Improve Participation and Enjoyment of Swimming in Duchenne Muscular Dystrophy: A Service Evaluation

The audit was presented to the Alder Hey Physiotherapy Team involved in June 2016. Previous discussions were also held with the Aquatic Therapist for feedback.

Action/Recommendation:

- To evaluate the use of the individual exercise plans to see if children continued to use them and view their activity as therapy.
- Review of the exercise plans with a potential for more focus on self-management.
- To improve the outcome assessments in conjunction with other members of the Neuromuscular Team to better evaluate the effect of the programme.
- The session is to be run again this year but offered to a broader caseload.
- Offer more sessions within the same time period.
- Re-audit in six months.

Audit of the Demographics of Patients Attending Early Bird Clinic and Subsequent Procedures

The audit was presented at the Alder Hey Burns Unit multi-disciplinary team meeting in July 2016.

Action/Recommendation:

- A pro-forma has been introduced for the Early Bird Clinic with appropriate sections to help improve problems that have been identified in the audit.
- Re-audit in three months.

Community Upper Limb Splinting

The audit was discussed with the Community Service Manager in September 2016.

Action/Recommendation:

- There is a clinical need for this service so funding is to continue for a further year.
- A community service for upper limb splinting is to continue until review.
- No re-audit is necessary as all relevant information has been collated.

Local Audit

Actions

Audit of Staff Experience in the Orthopaedic Ward in the New Alder Hey Children's Hospital

The audit was presented at the Alder Hey Orthopaedic Department audit meeting in July 2016.

Action/Recommendation:

- Improve length of wait for take home medications and discharge times from ward as soon as possible.
- Provide a designated nurse for the ward round.
- Improve communication between doctors and nursing staff after the ward round.
- Increase training opportunities for nursing staff.
- Re-audit in twelve months.

Does Grade of First Slipped Upper Femoral Epiphysis (SUFE) Predict Grade of Subsequent Slip?

The audit was presented at the Mersey Deanery Registrars Day and the Alder Hey alumni event in November 2016.

Action/Recommendation:

- Grade of initial SUFE may be a useful adjunct to decision making when considering the risk or benefit of prophylactic contralateral surgery.
- In cases of initial mild slip, re-presentation with a severe contralateral SUFE is unlikely and a higher threshold for prophylactic intervention may be appropriate.
- No re-audit is needed as the current follow up for the series is five to ten years. Further study will be in the distant future or ideally as part of a research study.

Re-Audit of Completion of Liverpool Upper-Limb Fracture Assessment (LUFA) Forms in Patients With Upper Limb Fractures July 2016

The audit was presented at the Alder Hey Orthopaedic Department Meeting in July 2016.

Action/Recommendation:

- Everyone's responsibility to complete forms.
- Awareness raised of use in improved induction.
- Further re-audits to ensure standards are continued.
- Re-audit in six months.

Audit of Timeliness of Letters and Completion of Routine Outcome Measures (ROM) in Sefton Child and Adolescent Mental Health Services (CAMHS)

The audit was disseminated in a business meeting to all staff and also discussed at task force to look at the strategic implications in December 2016.

Action/Recommendation:

- Continue with the ROMS work stream.
- Look at first partnership letters.
- Develop a guideline about what letters are to be produced and by when.
- Increase routine outcome measures compliance which provides solutions and to think about standard guidance.
- Offer training on standard guidance.
- Re-audit in twelve months to see if changes have been implemented.

Cleft Transition Project: Measuring the Outcomes of a Cleft Transition Package

The audit was presented at the Craniofacial Society of Great Britain and Ireland Conference in Newcastle in April 2017.

Action/Recommendation:

- To create new cleft transition guidelines.
- A bespoke information package and transition pathway were agreed upon and created ready to be piloted.
- No re-audit required at present.

Local Audit

Actions

Audit of Incident Reporting in the Orthopaedic Department	The audit report was presented to the Alder Hey Orthopaedic Department Mortality and Morbidity Meeting in March 2017. Action/Recommendation: <ul style="list-style-type: none">• We recommend that steps are taken to continue to raise the profile of the incident reporting process amongst all staff groups in the Orthopaedics Department, to encourage continued engagement with the system.• Ongoing efforts during educational sessions to raise the profile of incident reporting amongst medical staff.• Re-audit in six months.
Re-Audit of Early Bird Clinic Data - Use of Local Anaesthetic, Referral Data and Coding	The audit was presented at the Alder Hey Burns and Plastic Surgery Department Clinical Governance Meeting in December 2016. Action/Recommendation: <ul style="list-style-type: none">• We are considering if directed education to certain health care centres about appropriate referrals may be useful.• Coding was much improved since the introduction of the pro forma. Continue using the pro forma and encourage its use over the weekend.• Consider education about appropriate referrals.• Re-audit of data over a longer period of time to show the trend of data throughout the year.• Re-audit in twelve months.
Does the Introduction of a Neonatal Clerking Proforma in the Emergency department Improve Record Keeping in Infants Under Six Weeks?	The audit was presented at the Alder Hey Emergency Department audit meeting in August 2016. Action/Recommendation: <ul style="list-style-type: none">• The neonatal clerking pro-forma will be updated and formatted to a higher standard. It will also be included in the future electronic hospital system (Meditech) to allow the pro-forma to make the transition to the integrated paperless system.• Re-audit once integration to the new system has been completed.
Audit of Management of Patients With Clavicular Fractures Against Departmental Guidelines at Alder Hey Emergency Department	The audit was presented at the Alder Hey Emergency Department audit meeting in September 2016. Action/Recommendation: <ul style="list-style-type: none">• Very good compliance with the new pathway.• This audit indicates that children are not coming to harm by following this new, less conservative approach to management of clavicle fractures. Families are being saved unnecessary follow-up.• Changes have already been made. This was a re-audit to confirm that change has been effective.• Re-audit in one to two years.
Prescribing of Proton Pump Inhibitors at Alder Hey	The audit was presented at the Alder Hey Pharmacy Clinical Forum and the Alder Hey Medicines Management and Optimisation Committee Meeting in September 2016. Action/Recommendation: <ul style="list-style-type: none">• Alert pharmacists to remain extra vigilant when clinically checking prescriptions.• Disseminate the audit findings to the relevant clinical teams.• Re-audit in twelve months.

Local Audit	Actions
Paediatric Recovery Pain Assessment Audit	<p>The audit is due to be presented in 2017.</p> <p>Action/Recommendation:</p> <ul style="list-style-type: none"> • Update pain assessment training, with help from the Pain Team. • Pain assessment will now be added to the hospital system (Meditech). • Re-audit in six months.
Use of Methotrexate in Patient With Psoriasis	<p>The audit was presented at the Dermatology Audit Meeting at Liverpool Broadgreen Hospital in November 2016.</p> <p>Action/Recommendation:</p> <ul style="list-style-type: none"> • This was a regional audit and the Alder Hey centre performed at a higher standard than the rest of the regional Centres in the auditable criteria. • No changes are necessary as we performed at a high standard and already have the policies in place to achieve the audit goals. • Re-audit in three years.
Evaluation of Rapid Access Tongue Tie Service	<p>The audit was presented at the Alder Hey Ear Nose and Throat (ENT) Department Meeting in November 2016.</p> <p>Action/Recommendation:</p> <ul style="list-style-type: none"> • Overall patient satisfaction with the service was reported as good. Waiting times for an appointment were the main issue. • Hopefully introduce more clinic slots and a breastfeeding nurse. • Re-audit in one year.
Management of Patients with Urinary Tract Infection (UTI) Presenting to and Discharged by Emergency Department	<p>The audit was presented at the Alder Hey Emergency Department audit meeting in December 2016.</p> <p>Action/Recommendation:</p> <ul style="list-style-type: none"> • Aim to improve urine sampling techniques to reduce contaminants and ensure results are more accurate. • Induction presentation completed for new trainees rotating into the Department so that they are aware of practice. • Improved cleanliness in obtaining samples. • Introduction of a dipstick flowchart above urinalysis machines. • Better classification of upper versus lower UTI. • Re-audit in six months.
Audit of Management of Non-Blanching Rash in Emergency Department	<p>The audit was presented at the Alder Hey Emergency Department audit meeting in February 2017.</p> <p>Action/Recommendation:</p> <ul style="list-style-type: none"> • Update the departmental guideline for the management of non-blanching rash. • A new patient information leaflet has been drafted. • A re-audit is recommended at a time to be decided by the Emergency Department Team.

Local Audit

Actions

Review on Horse Related Traumas and Appropriateness of the Imaging Carried Out During Initial Presentation and Subsequent Follow-Ups

The audit was discussed with the clinical supervisor and submitted for presentation at the British Society of Emergency Radiology (BSER) Conference in April 2016.

Action/Recommendation:

- Good awareness, knowledge and adequate training will help minimise the number of untoward incidents due to horse riding.
- We also found out that the initial assessment from emergency doctors would also help us in suggesting appropriate initial imaging and save the radiation burden on a young population.
- No re-audit needed as we are following the guidelines appropriately.

Cardiac Arrest in Intensive Care

The audit was presented at the Alder Hey Intensive Care Unit audit meeting in February 2017.

Action/Recommendation:

- Improve documentation of Cardio Pulmonary Resuscitation (CPR).
- Clearer documentation including the duration of CPR.
- Re-audit (prospective) in six months.

Radiological Imaging in Tiptoe Walking Children

The audit was presented at the Alder Hey Children's Orthopaedics Alumni Meeting: (Mersey Deanery Regional Meeting).

Action/Recommendation:

- We will offer further advice and counselling to parents.
- We have devised an algorithm for assessing the requirement for Magnetic Resonance Imaging (MRI), with the aim of reducing the number of unnecessary scans.
- Inform other specialties in the Trust of the findings of the audit.
- Re-audit in one year after implementation of the new algorithm.

Epistaxis - National Audit of Management 2016

No patients presented that met the audit criteria during the audit period. Therefore no patients details were collected or sent to the central data collection point.

Action/Recommendation:

- The second audit cycle will be performed next year by the new incoming registrars.

A Survey of Patient/Carer Satisfaction at Alder Hey Orthopaedic Outpatients Department

The audit was presented at the Alder Hey Orthopaedics Department audit meeting in December 2016.

Action/Recommendation:

- Disseminate feedback to Fracture Clinic Department to inform them of progress made.
- Consider asking for dedicated outpatient fracture clinic service (as opposed to current shared service) so that nursing and medical staff can focus attention on seeing fracture clinic patients in a more streamlined manner. The Department is aware this recommendation will be difficult to follow through on actually implementing.
- Continue to work to the high standards identified in our audit. Consider being able to ask for dedicated fracture clinic to streamline patients being seen.
- This project was a re-audit.

Local Audit

Actions

A Service Evaluation of Alder Hey Primary Child and Adolescent Mental Health Services (CAMHS) Offer to Schools

The audit was presented at the North of England Psychiatry Conference on 25th November 2016 and the North West Royal College of Psychiatry Conference on 2nd December 2016. This work has also served as an early identification of mental health concerns for young people. It has enabled appropriate signposting for young people for continued intervention if mental health concerns are identified by referral to the appropriate CAMHS services.

Action/Recommendation:

- Information leaflets were developed detailing roles and menu of interventions offered.
- Training packs used by clinicians have been formulated.
- One to one supervision of key workers by link workers as well as group reflective practice peer supervision.
- Standardisation of feedback forms and qualitative questionnaires to schools.
- Link clinicians to screen referrals by key workers.
- There was a wide range in uptake of the services offered. Some schools took up more sessions compared to a few other schools who did not request any sessions. This will be explored further in an ongoing research project.
- Schools report they feel more contained by having better links with key workers and CAMHS link workers. This will be further examined by questionnaire data.

Auditory Brainstem Response (ABR) Under Melatonin and General Anaesthesia

The audit was presented at a national audit meeting in Sheffield in November 2016. Audit observations were subsequently revised as final in December 2016.

Action/Recommendation:

- A business case for a dedicated ABR under general anaesthetic list has already commenced. Proposed two half-day lists every three months.
- Identifying the correct time for maximum efficacy with Melatonin. We will discuss this with our pharmacy; afternoon rather than morning lists are suggested.
- Re-audit in twelve months.

Outcome of Current Dosing of Growth Hormone in Children

The audit was presented at the 2016 Royal College of Paediatric Child Health (RCPCH) Spring Meeting (as a poster presentation) and has been submitted to PlosOne (online medical journal) for publication.

Action/Recommendation:

- We are awaiting publication and then it will be fed back to national leaders in Endocrinology regarding dosing adjustments.
- Update our existing policy to include new dosing for obese children.
- Update our existing guidelines to include new dosing for obese children.
- Changes to our clinical practice to include new dosing for obese children.
- No re-audit required as this could/should be done via national data collection schemes.

An Audit of Propranolol Use for Infantile Haemangiomas

The audit was presented at Liverpool Broadgreen Hospital Dermatology audit meeting in January 2017.

Action/Recommendation:

- The guidelines from the British Association of Paediatric Dermatology were being followed.
- To develop a pro-forma to capture the audit data by May 2017.
- Re-audit in five years.

Local Audit

Towards Fast Tracking Following Paediatric Cardiac Surgery: Strategy and Initial Experience with Early Extubation

Actions

The audit was presented at the British Congenital Cardiac Association Meeting in Nottingham in November 2016.

Action/Recommendation:

- Early extubation can be accomplished safely following cardiac operations in an age-selected paediatric population and it is associated with low morbidity, mortality with reduced Intensive Care (ICU) and hospital length of stay.
- This preliminary study demonstrates that a fast-tracking model is feasible.
- Re-audit in twelve months.

Participation in Clinical Research 2016/17

The number of patients receiving NHS services provided or subcontracted by Alder Hey Children's NHS Foundation Trust (Alder Hey) in 2016/17 that were recruited to participate in NIHR Portfolio adopted clinical research was 3,784.

All research is governed by the EU Clinical Trial Directive, UK ethics committees and the Trusts Clinical Research Business Unit who carry out safety and quality checks to provide organisational permission. This is a highly robust mechanism that ensures oversight of every research study in the organisation. International research, education and innovation is one of the Trust's four strategic pillars of excellence and as such elicits full support of the Board of Directors. Furthermore, the Alder Hey/University of Liverpool refreshed ten year research strategy states that "Every child (should be) offered the opportunity to participate in a research study/clinical trial". The strategy is patient focused and supports research from all disciplines.

The Trust is a member of Liverpool Health Partners (LHP); a consortium of seven hospitals, the University of Liverpool and the Liverpool School of Tropical Medicine working together to provide a world class environment for research and health education across a regional footprint. As a significant stakeholder in LHP, Alder Hey demonstrates a strong commitment to contributing to evidence-based, cutting edge healthcare aimed at improving quality of care while holding patient safety, dignity and respect at the centre of everything we do. One of the main strengths of Liverpool is that of

pharmacology; developing better safer medicines for children and young people and contributing to the personalised medicine agenda. Being an organisation undertaking high quality patient-centred research means that Alder Hey contributes to the health and wealth of Liverpool and the UK as a whole, as well as having an international impact on treatments developed for children.

The infrastructure of expertise available at Alder Hey for setting up and successfully delivering clinical research is led and managed by a dedicated team who form the Clinical Research Business Unit (CRBU). The CRBU employs 40 research nurses, supports approximately 242 studies at any one time and rigorously manages performance to ensure high quality delivery to time and target. Alder Hey has an excellent track record of recruiting the first patient globally to clinical trials, demonstrating that the organisation is at the forefront of drug development in paediatrics. Over the last ten years, Alder Hey has achieved this for 16 of its patients.

Our clinical staff and associated academics lead contribute to studies of the latest and newest treatment options, genetic profiling of diseases and research looking at drug safety including adverse drug reactions (side effects).

Alder Hey was involved in recruiting patients to 96 open NIHR portfolio adopted clinical research studies and 14 non-portfolio studies during 2016/17, which is significant for a Trust of its size. While some studies report outcomes fairly quickly, most will not be ready for publication for a few years. The majority of studies were within the area of medical specialities, reflecting the prevalence of available research studies locally and nationally.

01/04/2016 to 31/03/2017

	NIHR Studies	Number of Participants	Non-NIHR Studies	Number of Participants
SG1 (Oncology, Haematology, Palliative Care)	31	148	10	22
SG2 Nephrology, Rheumatology, Gastroenterology, Endocrinology, Dietetics)	44	373	9	9
SG3 (Respiratory, Infectious Diseases, Allergy, Immunology, Metabolic Diseases)	26	1770	6	4
SG4 (A&E, General Paediatrics, Diabetes, Dermatology, CFS/ME)	8	410	4	1
SG5 (CAMHS Tier 3 & 4, Psychological Services and Dewi Jones)	4	147	1	2
SG6 (Community Child Health, Safeguarding, Social Work Dept., Community Clinics, Neurodisability Education, Fostering, Adoption, Audiology)	2	33	4	12
SG7 (PICU, HDU, Burns)	3	31	6	18
SG8 (Theatres, Daycase Unit, Anaesthetics, Pain Control)	1	1	1	0
SG9 (General Surgery, Urology, Gynaecology, Neonatal)	8	48	1	0
SG10 (Cardiology, Cardiac Surgery)	0	0	1	0
SG11 (Orthopaedics, Plastics)	3	104	3	22
SG12 (Neurology, Neurosurgery, Craniofacial, Long Term Ventilation)	20	77	5	9
SG13 (Specialist Surgery, Ear Nose and Throat, Cleft Lip and Palate, Ophthalmology, Maxillofacial, Dentistry, Orthodontics)	7	161	3	14
SS1 (Radiology)	0	0	2	1
SS2 (Pathology)	0	0	0	0
SS3 (Pharmacy)	0	0	2	0
SS4 (Therapies, EBME, Central Admissions, Bed Management, Medical Records, Generic Outpatients)	0	0	0	0
NON-CBU	3	0	2	0
CNRU	0	0	1	0
Non Classified	2	9	1	0
TOTAL	162	3,311	61	150

The Quality Account deals with research activity during the 2016/17 period. In addition to this, the CRBU published performance data on the Trust website indicating the time it takes to set up a study and the time taken to recruit the first patient once all permissions have been granted. Over 71% of studies conducted at Alder Hey recruit the agreed number of patients within a set timeframe (75% for commercial research).

In September 2012, Alder Hey opened a National Institute for Health Research Clinical Research Facility (CRF). This was a capital project supported with investment from the Trust and is a clinical area utilised purely for research patients, providing a dedicated research environment. This resource helps facilitate research by providing a bespoke location for research on a day-to-day basis and has successfully been used to care for research participants overnight who need regular intervention or tests on a 24 hour basis. One of the many advantages of having a fully operational CRF is that it enables investigators to not only undertake later phase research studies but also to undertake more complex and earlier phase studies (experimental medicine types of activity), dealing with developing new cutting edge medicines and technologies which are often lacking in children's healthcare. This has become the main focus of the CRF over the last few years. The CRF will lead to improvement in patient health outcomes in Alder Hey, demonstrating a clear commitment to clinical research which will lead to better treatments for patients and excellence in patient experience. The CRF has just been awarded a new five year contract to expand early phase and experimental research through to 2022.

There were over 350 members of clinical staff participating in research approved by a Research Ethics Committee at Alder Hey during 2016/17. These included consultants, nurse specialists, pharmacists, scientists, clinical support staff and research nurses from across all clinical business units.

Over the past four years the Trust has witnessed a growth in commercially sponsored studies. There are over 30 commercial studies open to recruitment and much focus on the use of novel monoclonal antibodies (mAbS) or disease modifiers. mAbS have been used primarily in Rheumatology and Oncology but are becoming available in other sub-specialities such as Respiratory Medicine and Diabetes. They work by acting on the immune system to overcome the cause of the disease rather than treating the symptoms. Significant quality of life improvements have been witnessed, particularly in Rheumatology patients treated with mAbS, leading to increased mobility and a reduction in pain and inflammation. These drugs are

now being licensed for use in children for the first time ever. Duchenne Muscular Dystrophy (DMD) research has grown significantly with new compounds being developed that address the root cause of the disease. Alder Hey has been selected as one of three centres of excellence in England for DMD research and two patients with DMD have been global firsts. The Trust has an established critical mass of research activity in Pharmacology, Oncology, Rheumatology, Infectious Diseases, Respiratory, Endocrinology/Diabetes, Critical Care and Neurosciences but is witnessing a growth in research activity in Gastroenterology, General and Neurosurgery, Nephrology, Emergency Medicine and Community Paediatrics. The Trust has recently been successful in its application to be a Cystic Fibrosis Clinical Trials Accelerator and will receive three years of funding to employ a part time trial co-ordinator dedicated to Cystic Fibrosis research.

Innovation projects such as those developing devices are also now supported by the CRBU. This is the beginning of research and innovation coming together to share expertise and to maximise engagement with small medium UK enterprises and large global companies. There are two devices under development and these will use the hospital environment and its patients to test prototypes.

Several of our consultants have been commended on their contribution to research and the Trust is acknowledged by the National Institute for Health Research Clinical Research Network as one of the top performing trusts. In 2016, Alder Hey was shortlisted for five research awards (Rising Star, Delivery of Life Sciences, Most Innovative Collaboration, Patient Ambassador and NIHR@10). Alder Hey won three, receiving awards for 'Most Innovative Collaboration', 'Patient Ambassador' and 'Ten Years of Outstanding Impact 2006 – 2016' from the North West Coast Clinical Research Network. These awards represent the significant contribution the Trust makes to high quality clinical research.

For more information on the research portfolio at Alder Hey please visit www.alderhey.nhs.uk/research

Use of the Commissioning for Quality and Innovation (CQUIN) Payment Framework

A proportion of Alder Hey's income in 2016/17 was conditional on achieving quality improvement and innovation (CQUIN) goals. These are agreed between Alder Hey and any person or body they entered into a contract, agreement or arrangement with for the provision of relevant health services through the Commissioning for Quality and Innovation Payment Framework. During 2016/17, these commissioning bodies were Liverpool CCG and consortia North West CCG partners for non-specialist services and NHS England for specialist services.

For 2016/17 the baseline value of CQUIN was £3million which was 1.9% of the total contract value. This means that if Alder Hey did not achieve an agreed quality goal, a percentage of the total CQUIN money would be withheld. For 2016/17, Alder Hey expects to receive 96% of the CQUIN money which is reflective of failure to deliver full compliance with the Sepsis targets for Quarters 1-3, and the Learning Disabilities target for Quarter 1 only.

The tables below reflect the position as at Quarter 3, as the Quarter 4 position is not fully validated at the time of publication, although this is not expected to change in Quarter 4.

Local Commissioner CQUINs 2016/17

Indicator	Indicator Description	Target	Weighting	Financial Value	Quarter 3 Performance
Digital Maturity	Digital Maturity Assessment	Participation and Submit Reports	0.35%	£172,654	Achieved
	Communication Information Sharing	Participation and Submit Reports			Achieved
	Communication Shared Records	Participation and Submit Reports			Achieved
	ICE Order Comms Deployment	Participation and Submit Reports			Achieved
	Digital Maturity Interoperability	Participation and Submit Reports			Achieved
Transition from CAMHS to Adult Mental Health and Learning Disabilities		Submit Reports	0.5%	£246,649	Achieved
Learning Disabilities Equality and Diversity: Reasonable Adjustments		Submit Reports	0.4%	£197,319	Partially Achieved

National Commissioner CQUINs 2016/17

Indicator	Indicator Description	Target	Weighting	Financial Value	Quarter 3 Performance
Sepsis	Timely Identification and Treatment of Sepsis in Emergency Departments	Audit 50 Cases (All if Fewer) Monthly	0.25%	£123,325	Not Achieved
		Audit 30 Cases (All if Fewer) Monthly			
	Timely Identification and Treatment of Sepsis in Acute Inpatient Settings	Audit 50 Cases (All if Fewer) Monthly			Not Achieved
		Audit 30 Cases (All if Fewer) Monthly			
Antimicrobial Resistance	Reduction in Antibiotic Consumption per 1,000 Admissions	1% Reduction	0.25%	£123,325	Achieved
		1% Reduction			
		1% Reduction			
	Empiric Review of Antibiotic Prescriptions	Submit Reports			
Improving Health and Wellbeing of NHS Staff	1A: Option B Selected: Introduction of Health and Wellbeing Initiatives Covering Physical Activity, Mental Health and Improving Access to Physiotherapy for People With MSK Issues	Submit Reports	0.75%	£369,974	Achieved
	1B: Healthy Food for NHS Staff, Visitors and Patients	Submit Reports			
	1C: Improving Uptake of Flu Vaccinations for Front Line Clinical Staff	75% Front Line Clinical Staff Vaccinated			

NHSE North West Specialist Commissioner CQUINs 2016/17

Indicator	Target	Weighting	Financial Value	Quarter 3 Performance
Clinical Utilisation Review	Submit Report	1.04%	£926,399	Fully Achieved
HSS Audit: Craniofacial Surgery	Participation	0.1%	£75,000	Fully Achieved
HSS Audit: ECMO	Participation	0.1%	£75,000	Fully Achieved
Difficult to Control Asthma Assessment Within Twelve Weeks	70%	0.2%	£170,000	Fully Achieved
Univentricular Infants Home Monitoring	100%	0.2%	£170,000	Fully Achieved
Planned Transition to Adult Services for Specialised Paediatric Patients	Submit Report	0.2%	£170,000	Fully Achieved
Haemoglobinopathy Improving Pathways Through Operational Delivery Networks	Submit Report	0.2%	£188,609	Fully Achieved

Statements from the Care Quality Commission (CQC)

Alder Hey is required to register with the Care Quality Commission and its current registration is in place for the following regulated activities: diagnostic and screening procedures, surgical procedures, treatment of disease, disorder or injury and assessment or medical treatment for persons detained under the 1983 Act. Alder Hey remains registered without conditions.

The Care Quality Commission has not taken any enforcement action against Alder Hey during 2016/17.

Alder Hey has participated in special reviews or investigations by the Care Quality Commission (CQC) relating to the following areas during 2016/17; a national data collection exercise in June 2016 relating to the Trust's mortality review process following the publication of the Mazar's report into events at Southern Healthcare NHS Trust.

Alder Hey continued to work towards full completion of the action plan developed in response to the inspection undertaken in June 2015, both in relation to the Trust's acute services and community CAMHS. All actions were completed during the year, although there are a small number of actions which can be characterised as process issues which will be rolled forward into the relevant local system.

Overall Good	Safe	Good ●
	Effective	Good ●
	Caring	Outstanding ☆
	Responsive	Good ●
	Well-Led	Good ●

Latest Inspection Result from CQC - June 2015



Data Quality

Alder Hey Children's NHS Foundation Trust submitted records during 2016/17 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:

- 100% for admitted patient care;
- 100% for outpatient care;
- 100% for accident and emergency care.

The percentage of records in the published data which included the patient's valid General Medical Registration Code/Practice Code was:

- 100% for admitted patient care;
- 100% for outpatient care;
- 100% for accident and emergency care.

Alder Hey Children's NHS Foundation Trust will be taking the following actions to maintain the excellent standard of data quality/validation:

- A suite of data quality reports will continue to be run daily and weekly to ensure data is monitored and corrected where necessary.
- Work closely with the Information Department to identify any data issues or areas of data weakness, which will be investigated and remedial action agreed.
- Fulfil a schedule of regular data audits, reporting findings to relevant managers and monthly Data Quality Steering Group.
- Develop and utilise a Data Quality Dashboard, which includes key data items from throughout the patient pathway to monitor data quality and facilitate improvement.
- Workshops and refresher training sessions arranged to ensure staff are fully aware of the importance of data quality and the integrity of the data is accurate at source.
- A review of the Trust's data quality framework will form part of a broader internal refresh of quality, resource and governance to consolidate 'best practice'.

Information Governance Toolkit Attainment Levels

Alder Hey's Information Governance Assessment Report overall score for 2016/17 was 85% and was graded as satisfactory (green).

Clinical Coding Error Rate

Alder Hey was not subject to the Payment by Results clinical coding audit during 2016/17 by the Audit Commission. However the Trust employs a qualified Auditor who undertook the audit locally for the period 2016/17. The error rates reported for that period for diagnoses and treatment coding (clinical coding) were:

- Primary diagnoses incorrect: 8%
- Secondary diagnoses incorrect: 18%
- Primary procedures incorrect: 5%
- Secondary procedures incorrect: 10%

The results should not be extrapolated further than the actual sample audited and the services audited during this period included 200 random finished consultant episodes.

REPORTING AGAINST CORE INDICATORS

The Trust is required to report performance against a core set of indicators using data made available to the Trust by NHS Digital.

For each indicator the number, percentage, value, score or rate (as applicable) is presented in the table at Appendix 1. In addition, where the required data is made available by NHS Digital, a comparison of the numbers, percentages, values, scores or rates of each indicator is made with:

- The national average for the same.
- Those NHS trusts with the highest and lowest for the same.

QUALITY PERFORMANCE IN 2016/17



QUALITY PERFORMANCE

This section provides an update on the Trust's quality performance during 2016/17. This includes an update on performance against priorities identified in the previous Quality Report, plus an update on specific indicators under patient safety, clinical effectiveness and patient experience.

Alder Hey Children's NHS Foundation Trust has maintained a strong focus on quality improvement throughout 2016/17. The revised Quality Strategy, 'Inspiring Quality', describes the Trust's focus on quality improvement for the next five years. The first 12 months of implementing the strategy have been focussed on gathering and sharing quality improvement initiatives, establishing the Quality Strategy Steering Group and implementing a system of devolved governance to drive improvements in ward to board reporting of quality and risk and in local governance systems and processes. Having reported on the move into the new hospital building in last year's Quality Account, we are now well established in the new facility and are continuing to deliver fantastic care to our children and young people. Staff are now much more settled into the new building and we have sought to improve our staff engagement by putting 'Listening into Action' at the helm of all of our quality improvement work.

The Children and Young People's Forum continues to go from strength to strength and we have maintained a strong focus on ensuring we keep the patient at the heart of everything we do, giving a voice to our children and families wherever possible.

SIGN UP TO SAFETY

'Sign Up to Safety' is a national patient safety campaign whose vision is for the whole NHS to become the safest healthcare system in the world, aiming to deliver harmfree care for every patient every time. The campaign was launched on 24th June 2014 with an ambition of halving avoidable harm in the NHS over the next three years and saving 6,000 lives as a result.

As an organisation committed to improving patient safety, Alder Hey Children's NHS Foundation Trust joined the 'Sign Up to Safety' campaign and developed a Trust-wide Safety Improvement Plan with specific improvement outcomes as highlighted in the previous Quality Report. The aim is that by March 2018, against a 2014/15 baseline, we will:

- Achieve no never events year on year.
- Reduce all avoidable harm by 30%.
- Reduce avoidable moderate, severe harm or death by 50%.
- Achieve a 95% patient satisfaction score.

Progress against the 'Sign Up to Safety' campaign is reflected below as part of the Trust's key priorities for improvement for 2016/17, which were agreed by the Trust Board. These were derived from national and regional priorities, Trust performance against quality and safety indicators, risk trend analyses and patient and public feedback. The key priorities are reflected in the Safety Improvement Plan.

Duty of Candour

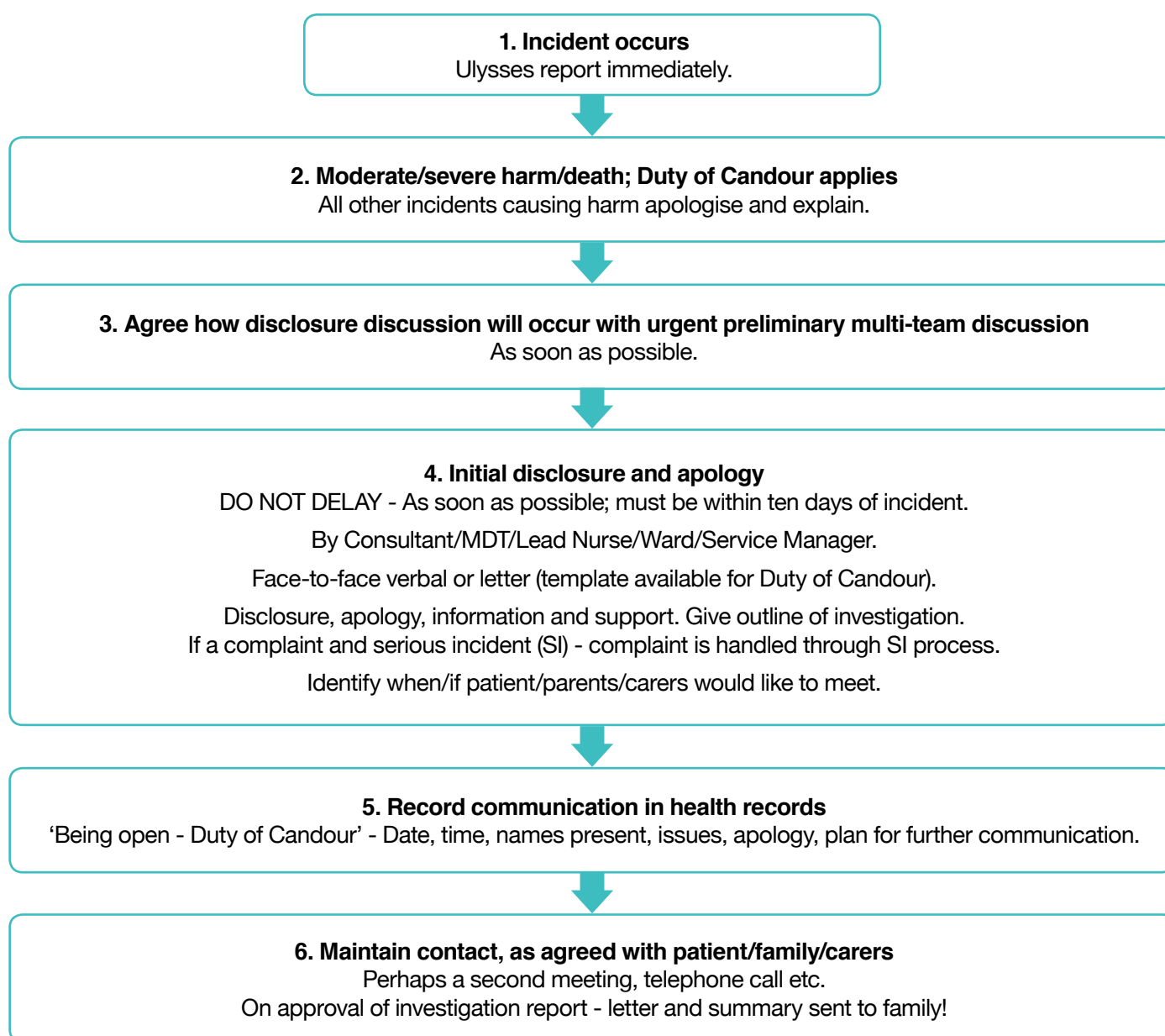
The Trust is firmly committed to maintaining an open, no blame, learning culture and in support of this operates a 'Being Open and Duty of Candour Policy'. This policy describes how the Trust implements the National Patient Safety Agency (NPSA) safety alert 'Being Open Framework 2009: Being Open - Saying Sorry When Things go Wrong' and the 'Duty of Candour CQC Regulation 20 (2015)'.

The policy provides a framework for:

- Patients and carers to receive open, accurate and timely communication, an apology as appropriate and the support they need when mistakes have been made.
- Staff to be encouraged to admit shortcomings and mistakes, learn from errors and to be supported.
- Root cause analysis, investigation and learning to occur systematically.

The Duty of Candour (DoC) flowchart below shows how the Trust implements DoC.

Duty of Candour Flowchart



During 2016/17, the Trust implemented formal Duty of Candour on nine out of ten occasions when the DoC requirement was triggered. On the tenth occasion, the incident involved two trusts and the formal Duty of Candour letter was issued appropriately by the other Trust.

KEY PRIORITIES FOR IMPROVEMENT IN QUALITY 2016/17

Priority 1 - Medication Safety

Almost every patient who is admitted to hospital requires medication. Prescribing, administering and dispensing medicines for children are complex processes and require specialist knowledge and experience. Medication errors are the most common type of incident reported in most hospitals in the UK. We want to reduce the number of medication errors happening in Alder Hey for three main reasons:

1. Medication errors can harm patients. The majority of the errors which have happened in Alder Hey have not caused harm to patients but a small number have caused harm or might have caused harm if they had not been discovered before reaching a patient.
2. Medication errors can increase the length of time a patient stays in hospital or increase the cost of their stay because more tests, investigations or treatments are needed.
3. Being involved in a medication error can be a very difficult experience for patients, their families and the staff involved.

Aim: No drug errors resulting in avoidable harm.

Targets were set in the 'Sign Up to Safety' improvement plan 2015-18.

Targets:

From the 2014/15 baseline:

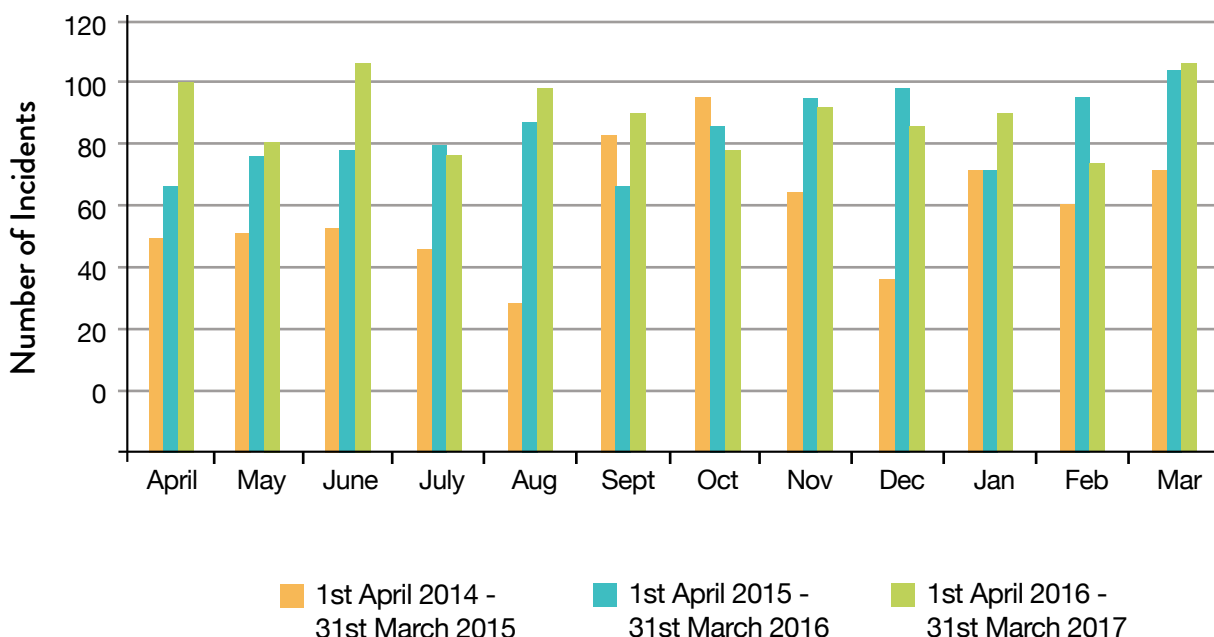
1. Reduce all medication errors that result in harm by 15% by March 2017; this represents baseline of 128 and target of 108.
2. Reduce medication errors that result in moderate, severe harm or death by 30% by March 2017; this represents baseline of four and target of two.

Outcomes:

1. 47.6% reduction in all medication errors that result in harm; this represents 67.
2. 75% reduction in medication errors that result in moderate, severe harm or death; this represents one.
3. 52% increase in medication incident reporting since 2014/15. From 703 to 1,069 medication incidents reported.
4. Decrease from 18.2% to 6.3% of medication incidents reported with harm attached since 2014/15.

The table below shows ongoing increase in the reporting of medication incidents. This has increased from a baseline in 2014/15 from 703 incidents to 1,069 in 2016/17 (52% increase in reporting).

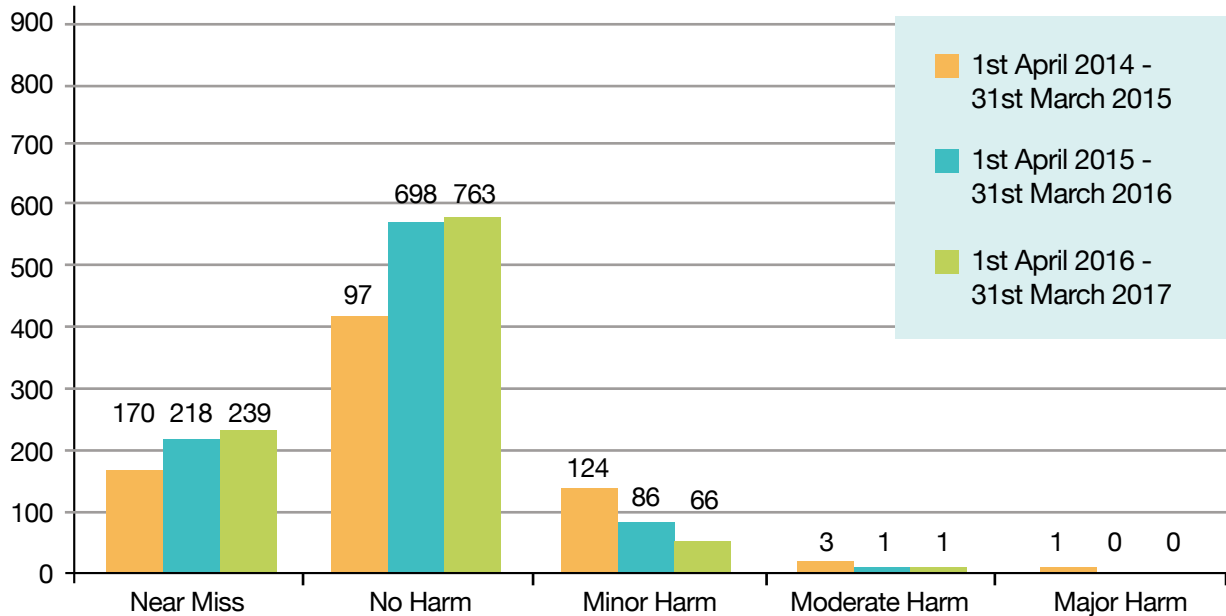
Monthly Medication Incident Figures



The table below shows the number of incidents that resulted in harm. This has decreased from 128 in 2014/15 to 67 in 2016/17 (48% improvement). Moderate, severe harm or death has decreased from four in 2014/15 to one in 2016/17.

This exceeds our 'Sign Up to Safety' goals ahead of the 2018 targets to reduce all harm from medication errors by 25% and to reduce moderate, severe harm and death by 50%.

Actual Harm from Medication Incidents



The tables above reflect an improvement in safety culture and increased support since the appointment of the medication safety officers (MSOs). The work undertaken to achieve these results is reflected below.

Improvements

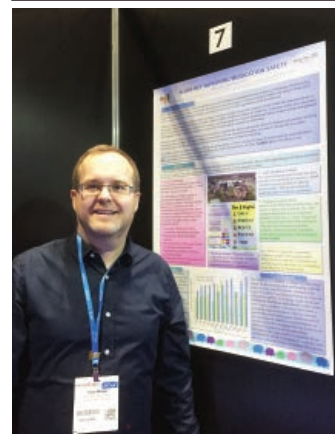
1. Improved the quality of incident report data by implementing a more consistent approach to follow up and ensuring minimum data is completed prior to incidents being uploaded to the National Reporting and Learning System.
2. The implementation of the MERP (Medication Error Reporting Program) grading structure for harm caused by a medication error provides a much more objective method of assessment.
3. A more formal process for involving educational supervisors in follow up of prescribing errors by junior doctors has been well received. This is supported by circulation of a monthly summary of incidents caused by prescribing errors.



4. Developed a medication safety mandatory training workbook. This has been approved by the Medicines Management Committee (MMC) and implemented 1st April 2017.

5. Working with the handover co-ordinator, a monthly 'Prescribing Learning Outcome' from incidents is identified and repeated at handover. In this way the knowledge is registered in the prescriber's thought process.

6. Line managers are offered support when investigating incidents by MSOs. This has improved the response time for investigations.



7. When managers need support in completing/reviewing incidents we set up 'medication safety surgeries' to offer advice and analyse reported incidents. This ensures the reporters know their incidents are followed up to avoid a repeat.

8. Ensuring any medication errors involving the Meditech Electronic Prescribing and Medication Administration (EPMA) system are fed back to the Meditech Team and used to shape and prioritise developments.

9. Developed links with universities which have increased the delivery of medication safety training to student nurses who are placed within Alder Hey.

10. Showcased our successes at the 'Sign Up to Safety' event held at Alder Hey to re-iterate to staff to follow the five rights and encourage reporting.

11. The Nurse MSO was a speaker at the 'Medication Safety Summit' in London in June 2016.

12. The MSOs poster on improving the safety culture in the Trust with regard to medication errors was shortlisted at the 'Patient Sign Up to Safety Conference' in Manchester in July 2016.

13. The MSOs presented a poster at the 'Patient Safety Congress Conference' in London in November 2016 on the role of MSO within Alder Hey.

14. Provide regular training on many aspects of prescribing, administering and dispensing medicines to medical, theatre, nursing and pharmacy staff.

15. Circulate monthly reports for nursing staff regarding medication errors and specific medication reports are provided to each CBU and also the Education Department for the medics.

16. An intranet page dedicated to medication safety has been developed which includes recent alerts and lessons learned.

17. Publicised the need to report more adverse drug reactions within Pharmacy and the medical teams. There is currently a running competition. Since this was set up, the number of adverse drug reactions reported to the MHRA via the Yellow Card scheme has increased by 557% (seven in 2014/15 to 39 in 2016/17).

18. We set up a TPN working group and workshop which highlighted three key areas for improvement:

- Criteria for when TPN is appropriate to start.
- Develop a training package on TPN for nurses and doctors.
- Develop a new TPN prescription form.

19. Developed an MSO dashboard to monitor our progress.

20. Successful forerunner bid secured from Health Education North West to support the role of a ward based Pharmacy Technician to prepare and administer medications. A research project is underway to understand the impact of the role on patient experience, medication safety and the impact of the role on nursing time by releasing time to care.

Examples of typical monthly reports and education/alert notices.

Future Plans

1. A WhatsApp group for junior doctors was initiated to communicate medication alerts. Currently we are not utilising this service as intended and it is to be re-evaluated for the following year.
2. To improve the process of involving prescribers in the incident by forging closer links with the medical leads. We are hoping to meet with the new Medical Director to outline the plans we have with prescribers involved in incidents.
3. Developing close working links with the Medical Device Safety Officer (MDSO).
4. Developing an app with the Innovation Team. This app will allow patients to have a better understanding of their medications. This is being driven by feedback from a children, young people and parent's workshop.
5. Decreasing the incidents that involve TPN and Heparin, to embed the work from the workshops that has been done.
6. Develop more audits with attention to TPN, controlled drugs etc. and involve more staff in undertaking these audits and taking ownership for resulting actions.
7. Introducing SN@P as an education tool for staff who struggle with numeracy.
8. Introduce 'Script' for prescribers. This safe prescribing toolkit will be available from 1st April 2017 for medical and non-medical prescribers.
9. Developing links with patient safety champions.
10. To complete and roll out the new electronic root cause analysis tool for all medication errors that result in harm, which includes identification of harm, contributory factors and financial implications.
11. Developed an independent checking process. This has to be approved by the Medicines Management Committee (MMC) and training provided on the new process to clinical staff.
12. Reviewing 'Ulysses' layout to make it easier to report (e.g. more drop down functions).
13. Review the findings from the ward-based Pharmacy Technician project to inform of potential future changes in workforce to support medication safety.

Priority 2. Reducing Harm to Patients as a Result of Developing a Pressure Ulcer

Aim: No avoidable pressure ulcers.

Targets:

From the 2014/15 baseline:

1. Reduce avoidable hospital acquired Grade 2 pressure ulcers by 20%; this represents 18.
2. Reduce avoidable hospital acquired Grade 3 pressure ulcers by 50%; this represents one.
3. Zero avoidable hospital acquired Grade 4 pressure ulcers.

Outcomes:

1. Increase of six Grade 2 hospital acquired pressure ulcers: this represents 27.
2. Increase of two hospital acquired Grade 3 pressure ulcers: this represents four.
3. Achieved zero Grade 4 hospital acquired pressure ulcers.
4. Total number of pressure ulcers of grades 2-4 is 31, compared to 23 in 2014/15.

A pressure ulcer is an injury that breaks down the skin and underlying tissue due to pressure, friction or a combination of these. They can be very painful and debilitating and are often preventable. It is recognised that immobilised and acutely ill neonates and children are at risk of developing pressure ulcers, particularly in a critical care environment. Most pressure ulcers within our organisation are associated with medical devices such as cannulas, which is reflective of national research showing that most paediatric pressure ulcers are device related.

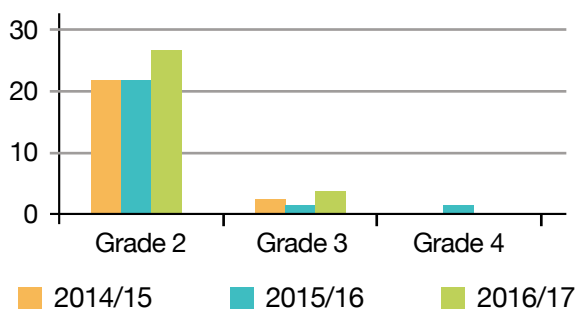
Since the appointment of a new Tissue Viability Nurse at Alder Hey, there has been a strong focus on education and training in the prevention, recognition and treatment of pressure ulcers and clarifying and simplifying the reporting procedures.

While the reported figures in the table below reflect an increase in numbers of pressure ulcers reported, these include all pressure ulcers, avoidable and unavoidable. We have now introduced an improved system of defining when pressure ulcers are avoidable and are taking specific steps to address these through undertaking root cause analysis and sharing lessons learned. The increase in numbers is reflective of a greater awareness and improved education across the Trust which has led to increased reporting. Future reports will reflect avoidable and unavoidable pressure ulcers.

Month	2014/15	2015/16	2016/17
Grade 2	21	23	27
Grade 3	2	1	4
Grade 4	0	1	0

Pressure Ulcers by Grade

Source: Ulysses



Improvements

- Developed a Trust-wide ‘Pressure Ulcer Action Plan’ with emphasis on education and training in prevention, recognition and treatment of pressure ulcers.
- Implemented an e-learning package on pressure ulcer prevention and management and embedded advice on recommended grading of pressure ulcers according to the European Pressure Ulcer Advisory Panel.
- Developed an improved pressure ulcer investigation tool to determine if it was avoidable/unavoidable.
- Embedded the investigation tool in the incident reporting system (Ulysses) for easy access for staff.
- Implemented Standard Operating Procedure on the reporting process when a pressure ulcer is identified or suspected.
- All avoidable hospital acquired Grade 3 and Grade 4 pressure ulcers have a comprehensive root cause analysis with action plans developed and implemented.
- Deliver monthly training sessions as part of critical care mandatory training requirements.

Future Plans

- Deliver monthly classroom training sessions from June 2017 as part of mandatory clinical skills day.
- Link e-learning package with Electronic Staff Record (ESR).
- Work with the Community Nursing Team to support management of pressure ulcers in the community.
- Develop a practical competency tool, specifically for ICU staff.
- Develop a Standard Operating Procedure to support development of tissue viability skills for out of hours staff when a specialist nurse is unavailable.
- Replace the use of the Braden Q risk assessment tool, which does not provide adequate assessment of risks associated with devices such as cannulas. Most pressure ulcers in children are device related.
- Undertake pressure ulcer summit to explore how the Trust is addressing pressure ulcers and identify further opportunities for improvement.

Priority 3. Reducing Harm from Hospital Acquired Infections

Aim: No hospital acquired infection.

Targets:

From the 2014/15 baseline:

1. No hospital acquired MRSA bacteraemia.
2. No Clostridium Difficile infections due to lapses in care.
3. Reduce the number of outbreak organisms and hospital acquired organisms by 30% from the 2014/15 baseline of 147; this represents 103 infections.

Outcomes – 2016/17

1. 12x MRSA bacteraemia.
2. 1x Clostridium Difficile infection.
3. 29% decrease in the number of outbreak organisms and hospital acquired organisms: this represents 104.

Data source – Corporate Report 12.4.17

Effective infection prevention and control (IP&C) practice is essential to ensure that patients receive safe and effective care. In order to provide the best possible outcome for the children in our care, it is vitally important that we identify and manage all infections that affect our children and young people to reduce the risk of healthcare acquired infection.

Children and young people can present unique IP&C challenges, such as:

- They are susceptible to infections, which are preventable by vaccination.
- They have closer contact with other visitors such as parents and siblings.
- Their poor hygiene practices present more opportunities for infection to spread.
- They may also interact more closely with their environment, making them more likely to come into contact with contaminated surfaces and items.
- Communicable diseases affect a higher percentage of paediatric patients than adults, increasing the likelihood of cross infection.

Improvements 2016/17

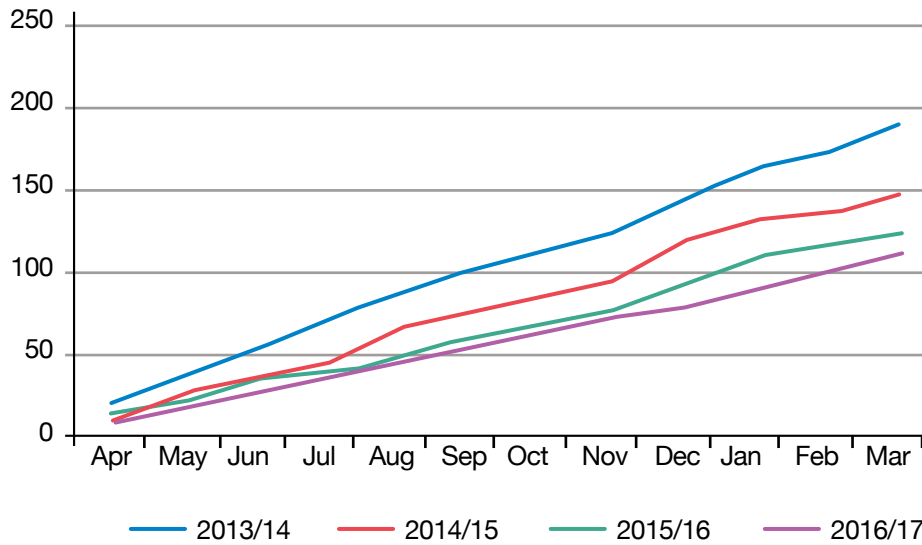
- There have been post infection review (PIR) investigations conducted following the occurrence of MRSA bacteraemia and Clostridium Difficile infections, resulting in the development and implementation of improvement plans.
- Development of Hand Hygiene Improvement Group in Critical Care, adopting innovative methods of hand hygiene compliance audit using mobile phone apps. This has provided larger and greater amounts of data which has assisted in targeting staff or groups with poor hand hygiene compliance.
- Hand hygiene awareness week held in October 2016.
- The introduction of SNAP audits for isolation practice has improved data collection and feedback to clinical teams. SNAP is a bespoke electronic audit tool.
- Introduction of SSIS (surgical site infection surveillance) in plastics and agreement on methodology for k-wire (SSI) surveillance.
- Introduction of orthopaedic care bundles and reinstatement of cardiac and neurosurgery care bundle monitoring.
- Participation in the cardiac and neurosurgery SSI modules by Public Health England (PHE), allowing the Trust to benchmark against other organisations.
- Development of Theatre Safety Board chaired by a Consultant Neurosurgeon.
- All central line associated blood stream infections (CLABSI) in Critical Care are now being validated by an MDT (multi-disciplinary team meeting) on a monthly basis, as are ventilator associated pneumonias.
- In service evaluation of CUROS (70% alcohol impregnated caps for the end of lines) and the Braun needle free devices in an attempt to reduce the incidence of CLABSI within the organisation.

- Participated in PHE prevalence survey in November 2016 and local prevalence survey in March 2017. This provides a snap shot of the rate of HAI for the Trust and identifies areas and prevalence of different types of infection.
- PIR for serious infection in addition to those required for mandatory reporting, e.g. increased incidence of cardiac infections.
- The introduction of a level 1 RCA (root cause analysis) proforma on SNAP has made it easier for clinical teams to carry out reviews of blood stream infections and other reportable hospital acquired infections. This information determines the requirement for a formal RCA process.
- Introduced IPC key performance indicators (KPIs). These are reported quarterly. Associate chief nurses feedback on the KPIs to the Infection Prevention and Control Committee. The ward with the highest score on the KPI will be named Infection Control Ward of the Year.
- Maintained improvement in rapid diagnosis and appropriate patient isolation during the Bronchiolitis RSV (Respiratory Syncytial Virus) season.
- Reduced the number of hospital acquired RSV infections compared to the previous three years.



The graph below shows that continued improvements in reducing hospital acquired infections have resulted in 104 HAIs in 2016/17, which is a 46% reduction compared to 2013/14.

Total Infections (Cumulative) 2013/14 to 2016/17



Source:
KM - Corporate
Report 12/4/17

The table below shows the reduction in hospital acquired RSV infection during the winter period in 2016/17.

RSV	Nov	Dec	Jan	Feb	Mar	Total
2012/2013	7	0	2	1	2	12
2013/2014	1	6	1	1	1	10
2014/2015	1	9	0	0	0	10
2015/2016	1	5	4	1	0	11
2016/2017	5	1	1	1	0	8

Future Plans

- Roll-out of use of hand hygiene audit app throughout the Trust.
- Develop Policy on Management of Measles for CF patients.
- Production of checklist to ensure appropriate investigation of hospital acquired diarrhoea.
- Investigation of all hospital acquired cases of Influenza and RSV during the winter season to ascertain if they could have been prevented. Reporting back to the clinical teams the hospital acquired RSV and Influenza A rates by 1000 bed days.
- Undertake a gap analysis for the new Public Health England Toolkit for reducing E. Coli Bacteraemia once this is published in 2017/18.
- Commencement of 1.5 WTE Sepsis nurses to audit compliance with Sepsis management.
- Business case for the appointment of an Immunisation Co-ordinator.
- SSI surveillance for K-wires insertion commencing in April 2017.
- Audit of compliance with NICE guideline 139 (baseline review of urinary catheter management).

Further details of improvement plans are captured in the Infection Prevention and Control Delivery Plan, which will continue to be rolled out in 2017/18.

Priority 4: Further Enhance Children, Young People and Their Parents/ Carers Involvement in Patient Safety

Aim:

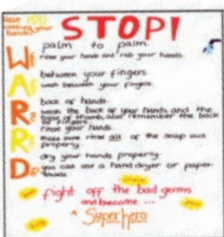
To continue to improve patient safety by engaging children and young people in different methodologies for capturing the voice of the patients and designing safer systems of work.

Children and young people are key stakeholders of the NHS and their interests must be at the centre of everything we do. Alder Hey has placed a strong focus on engaging with children, young people and their parents/carers, ensuring they have their voices heard on all matters of their care with a particular emphasis on patient safety.

Following on from the work in 2015/16, we have explored further means of involving patients and carers through group work and through individual involvement. This is supported by our Children and Young People's Forum, who have been working closely with the Royal College of Paediatrics and Child Health (RCPCH) and other partners.

Improvements

- Continued to work with local schools on infection related issues and hand hygiene.
- A video link about the importance of handwashing was created by Prescott Primary School as part of a collaborative piece of work facilitated by the Trust's Patient Information Manager. <https://vimeo.com/162676248>



Infection control/hand washing posters designed by school children.

- Identified pros and cons of different methods of gaining views of patients, for example use of interview questionnaires, drawing, video blogs, workshops, drama, parents and carers daily blogs and apps.

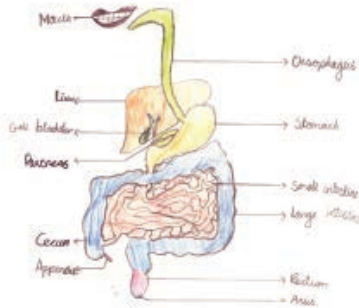


- Parents and Children and Young People's Forum members supported the PLACE assessment of environment and food in wards and departments.
- Developed quality and safety video blog "I like it when..." in which the children and young people expressed their views of what quality and safety means to them. <https://youtu.be/GDQSKXSbVaQ>
- Use of patient stories in improving cardiac surgical pathway, described later in the Quality Account.
- Consulted families on the establishment of a self-referral mechanism for CAMHS services.
- Children and Young People's Forum contributed to development of transition services and materials, including the '10 steps transition' website to support safer transition to adult services.
- Members of the Children and Young People's Forum also took part in a 'peer consultation' project, working with the Royal College of Paediatric and Child Health and 'Us' Team to gain patient views and comments on their experiences. Further information later in the Quality Account.
- Children and young people continued to contribute to ongoing development of 'Safe Together and Always Right' (STAR) Ward Accreditation Programme.
- Regular patient attendance at Trust Board to deliver stories of their experiences of Alder Hey.



Work with children and young people on transition pathway presented to The Health Foundation.

Digestive System



Drawing of digestive system from Year 4 pupil at St Nicholas Catholic Primary School during an educational visit by one of our consultants and registrars in paediatric surgery.

Future Plans

To further maximise opportunities for children and young people's involvement in patient safety work, with a particular focus on early involvement in quality improvement initiatives.

Children and Young People's Forum

The Children and Young People's Forum continues to meet every two months and is well supported by Alder Hey staff. The Forum was established in 2009 and meets in three groups: children (7-11yrs); young people (11-18yrs); and a parents/carers group. Membership is increasing as the groups grow in confidence and esteem.

The Forum is in great demand particularly in terms of projects, research and evaluations and has been very busy during 2016/17, participating in hospital projects, sharing and representing patients' views, concerns, ideas and experiences. In particular, they have had involvement in formal consultations and opportunities to link into projects that directly affect the development of the hospital and its services.

The Forum members also link into external group participation in promoting opportunities for young people for personal self-development. This is demonstrated in recent research project work with the Royal College of Paediatrics and Child Health patient groups.

The following summary presents key aspects of Forum projects from April 2016 to present.

Working with the Royal College of Paediatrics and Child Health (RCPCH) and 'Us' 'The Voices of Children, Young People and Families' April 2016- National Conference

The young people's group was invited to participate in a National Conference at Liverpool Convention Centre facilitated by the RCPCH and Institute of Child Health London.

Five members planned for the event, gave a presentation and remained as part of the panel for a question and answer session. Delegates gave exceptional feedback on their passion and presentation skills. This resulted in further consultation regarding collaboration on future surveys. Since then the RCPCH project lead has attended Alder Hey twice to discuss future project work with the Forum.



Quotes from feedback from the Conference:

"The group were fantastic, very articulate about their views and you could clearly see their passion during the Q&A which they managed so well and asked some great questions back!"

"They had some very strong messages which had an impact with the audience with their top tips at the end being on point."

"We've had some great feedback from attendees of that session who found me the next day to say how well the group did and how powerful their insight was. For their first public speaking event outside of Alder Hey they did amazingly and are a credit to themselves and your team."

Peer Consultation Project



In Autumn the Forum received a request to participate in a peer consultation project, with a particular aim of identifying the best ways of 'giving patients a voice' regarding who to speak to with good or bad experiences in healthcare. This is a project linked to NHS England as part of a Clinical Reference Group. Training was offered for young people to undertake peer interviews and become involved in the project.

Several young people attended a two day workshop for training and peer interviews in outpatient clinics and wards, followed by evaluation. The young people agreed a series of questions to identify if patients/families were aware of who to communicate with in respect of their experience (positive or negative) and if patients and families felt they were 'listened' to.

The Forum members also took part in group discussions and carried out practical training in interaction and interpersonal skills and then went around the hospital to interview children and young people in outpatient clinics and wards. The research was followed up by a further session of Forum members interviewing those members who had not attended the workshop and also the children's group members, thus ensuring all members' views were facilitated.

This was an important piece of work which the Forum members enjoyed and which will influence national guidelines. Further work is ongoing externally to complete the NHS England report. The Forum will be credited with participation. The young people gained new skills and a certificate which can be used to evidence activity for the Duke of Edinburgh award scheme or National Citizens Service award.

Further the group has learnt of a potential new award scheme the Forum members may benefit from for the future. We are currently looking into this opportunity.

The group is also developing a poster to publicise the outcomes of the work.

Pictured here is the Young People's Group receiving their certificates for attending the National Paediatric College Conference and the Peer Clinical Referencing Project.



Staff Recruitment

- The young people's group has participated in focus groups for several senior staff recruitment, including the appointment to a Non-Executive Director in the summer. The young people now offer feedback to the selection panel themselves with staff support.

Council of Governors

- Two members of the Forum attended a Council of Governors meeting to discuss the role of the Forum. They gave an account of the Forum's activity and key aspects of achievements outlining what they do and what their aims are. They also spoke of the difficulties in getting the children and young people out of school for projects/focus groups for recruitment and other activities.
- The governors also shared information with the young people about the role of governors and one of the young people from the forum has now been appointed as a new Patient Governor.

PLACE Inspection

- Several parents and members of the young people's group supported PLACE inspection of food and wards and departments. (Further report provided on page 108).

Other Areas of Engagement With Children and Young People's Forum

- Two of the Trust innovation leads attended the Forum to discuss digital apps/technology. This discussion included digital technology for play and distraction, décor in waiting areas and treatment areas, use of apps for appointments and patient information. The Forum indicated interest in further involvement in apps and technology distraction ideas.
- The Forum worked with a BBC producer and artist to devise a vinyl mural now on display in the teenage area of surgical day care.

- Members of the Forum also visited an operating theatre and commented that the theatres are bland and there is a need for more décor/distraction technology. The Trust has an ongoing piece of work to improve the environment in theatres.



- The Forum recently participated in group activity for a research project from JMU and Public Health regarding views on health and health resources.
- Representatives from outpatients attended the Forum in January to discuss clinic and waiting areas improvements and gain patient views on décor, colour schemes, design of the environment and they also considered themes for the naming of the clinics.



Schools Parliament

Jeff Dunn, Director of Liverpool Schools Parliament, continues to attend Forum meetings and several members of the Forum attend School Parliament participating in debates and projects linking in with local developments and various projects.

Janani Murageshi was recently elected to represent the patient Forum as Young Lord Mayor for the Liverpool Schools Parliament and Ava Wood has been elected as Junior Lord Mayor. They will each hold office for a month of attending events with the Lord Mayor.

Here is Janani at the inauguration ceremony having taken her oath and is pictured signing the register.



Quality and Safety

- Trust quality and safety leads visited the young people's group and the parents group to discuss engagement opportunities in improving quality and safety, including the ongoing development of the ward accreditation programme, 'Journey to the Stars'.
- The Communications Team worked with the children and young people, plus patients and created a video blog for the Alder Hey intranet to promote the new Quality Strategy, 'Inspiring Quality'. The children and young people expressed their views of what a great experience in the hospital means to them, using the phrase "I like it when...". The video was shared widely across the Trust, including with Trust Board members, executives, governors and through Team Brief and other means and is regularly shown on the TV screens in the Atrium.
<https://youtu.be/GDQSKXSbVaQ>
- The Communications Team are also working with the Forum to develop the new Trust extranet which will have important Children and Young People's Forum website links.

Transition

- The Trust Lead Transition Nurse attended the Forum to discuss transition which is a subject close to several members of the Forum as they approach adulthood.
- The young people expressed their views on how the Trust prepares people for transition and highlighted the '10 Steps to Transition' model created by the Trust and a limerick which young people going through the transition process can engage with.

Future Projects

- We have maintained our contact with RCPCH '& Us' association who would like to discuss new projects for all three Forum groups. In particular they are keen to involve the parents and carers group in developing an assessment process about how medics communicate with patients. RCPCH will provide training for this activity for parents in developing this work.
- There are also plans to undertake bigger projects linking up with other paediatric hospitals.
- We are also looking into gaining external accreditation for long term Forum members for their support and participation in hospital projects.
- The Forum will continue working towards promoting positive patient experiences and quality standards linking more closely with the new clinical business units.

PLACE Assessment – Patient Led Assessment of the Care Environment

Aim:

To undertake a voluntary self-assessment of the care environment from the patient and public point of view and benchmark nationally to support the Trust in identifying areas for improvement.

Outcomes:

Assessment was undertaken by ten staff members and 27 independent assessors over four sessions.

1. Food and ward food - above national average.
2. Organisation food - below national average.
3. Cleanliness and condition/appearance - below national average.
4. Privacy, dignity, wellbeing and disability - equivalent to national average.

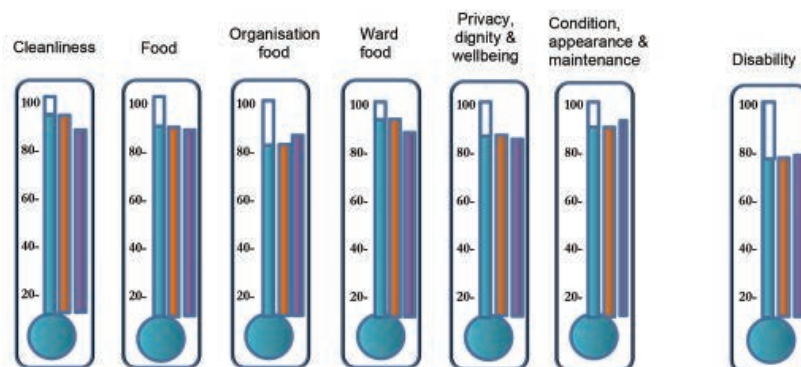
The PLACE assessment is designed to focus on the areas which patients say matter by encouraging and facilitating the involvement of patients, the public and other bodies with an interest in healthcare (e.g. local Healthwatch) in assessing providers in equal partnership with NHS staff to both identify how they are currently performing against a range of criteria and to identify how services may be improved for the future.

Participation is voluntary and the assessment provides a snapshot of how an organisation is performing against a range of non-clinical activities which impact on the patient experience of care; cleanliness; the condition, appearance and maintenance of healthcare premises; the extent to which the environment supports the delivery of care with privacy and dignity; and the

quality and availability of food and drink. The 2016 assessment included an additional measure of disability. The disability assessment focusses on issues of access including wheelchair, mobility (e.g. handrails), signage and provision of such things as visual/audible appointment alert systems, hearing loops and aspects relating to food and food service.

The assessment was undertaken by ten staff members and 27 independent assessors, including patients, parents, Children and Young People’s Forum members, volunteers, Healthwatch members and a Trust Governor. The results of the assessment are produced by NHS Digital (formerly Health and Social Care Information Centre) and are summarised here.

ALDER HEY HOSPITAL – Collection: 2016



	Cleanliness	Food	Organisation food	Ward food	Privacy, dignity & wellbeing	Condition, appearance & maintenance	Disability
Achieved score	1968.0000	246.6132	92.3443	154.2689	256.0000	993.0000	157.0756
Available score	2114.0000	275.9661	110.8065	165.1596	302.0000	1132.0000	200.5882
Site score	94.04%	89.36%	83.34%	93.41%	84.77%	87.72%	78.31%
Organisation average	94.04%	89.36%	83.34%	93.41%	84.77%	87.72%	78.31%
National average	98.06%	88.24%	87.01%	88.96%	84.16%	93.37%	78.84%

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Improvements

The Trust recognises the value of feedback from patients and users of the services at Alder Hey. The outputs of the PLACE assessment include a mix of positive feedback and areas for improvement. The assessment outputs, including individual and specific comments have been shared with ward and department leads and a number of improvements have already been implemented, both corporately and locally:

- Commissioned an external facilities management services review and started implementation of recommendations.
- Appointed to a new role of Domestic Operations Manager to provide a consistent approach and oversight of domestic services.
- Developed cleanliness action plan through infection prevention and control.
- Worked with children and young people to improve environment in Theatres and designed a vinyl mural for teenage area of surgical daycare.
- Improved healthy options offer in restaurant, removed fizzy drinks and high fat high salt snacks.
- Introduced 'free fruit' lunch offer.
- Improved freshly cooked offer; fresh cooked soups and produce (not frozen) daily.
- Rapeseed oil now used which is the best oil on the market for cooking with unsaturated fats.

Future Plans

- Create a dedicated helpdesk for logging domestic service calls and agree Key Performance Indicators.
- Review equipment and processes and introduce improved technology to improve effectiveness and consistency of cleaning processes.
- Introduce quarterly cleanliness audits to validate cleanliness standards.
- Continue to work with children and young people on environmental improvement through involvement in app development.
- Recognised improvement is required in engagement of children in play and identified as a key priority for 2017/18.

The Trust will continue to work with patients, the public and external organisations such as Healthwatch and will again undertake a PLACE assessment in 2017 to identify further opportunities for improvement.

Promoting a Safety Culture

Aim:

To promote incident reporting and reduce incidents of harm.

Targets:

From the 2014/15 baseline:

1. No 'never events'.
2. Reduce incidents resulting in harm by 20%; this represents baseline of 842 and a target of 674.
3. Reduce incidents resulting in moderate, severe harm or death by 20%; this represents 37.

Outcomes:

1. Two 'never events'.
2. 10% reduction in all incidents of harm; this represents 758.
3. 81% reduction in moderate, severe or death incidents; this represents ten.

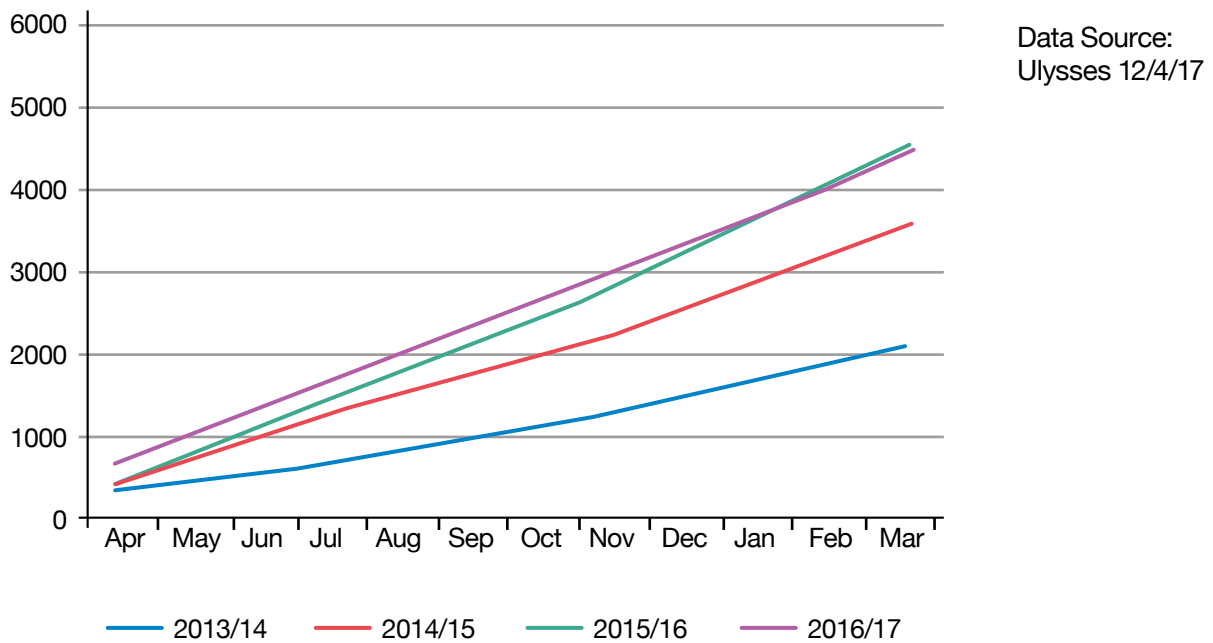
Source data – Corporate Report 12.4.17

Safety is a fundamental aspect of high quality, responsive and accessible patient care. We aim to deliver higher standards of patient safety year on year, demonstrated through a culture of openness; where staff have a constant awareness of the potential for things to go wrong, are confident to report all incidents and near misses, learn lessons and continuously improve safety.

All organisations continue to upload their incident data into the National Reporting and Learning System (NRLS) and receive comparative reports on their culture of reporting. It is recognised that organisations that report more incidents usually have a better safety culture. In last year's Quality Account, the Trust reported how it had made great strides in improving the safety culture and had moved from being in the lowest 25% of NRLS reporters to being in the top 25%. The most recent report for the time period of 1st April 2016 to 30th September 2016 confirms that the Trust remains in the top 25% of reporters and is ranked 3rd highest reporter out of 19 acute specialist organisations.

The Trust continues to promote all incident reporting, including near miss and no harm incidents. This graph shows that the Trust has maintained a high level of incident reporting compared to previous years, equating to 122% increase in reporting compared with 2013/14.

Clinical Incidents 2013/14 to 2016/17



In 2016/17 there were two ‘never event’ incidents reported, which have undergone comprehensive investigations. Improvement plans have been developed and implemented to prevent reoccurrence.

While the target of reducing incidents of harm by 20% has not been achieved this year, there is evidence of a significant reduction in the incidents of moderate or higher harm which have reduced from 46 in 2014/15 to 10 in 2016/17.

Improvements

- The Trust places a strong emphasis on learning from errors and incidents and has a number of different mechanisms for ensuring lessons learned are shared widely.
- Weekly Meeting of Harm; an open invite meeting that is well attended by clinical and non-clinical staff where specific incidents from the previous week are discussed in detail, with specific actions appointed and lessons learned shared widely.
The output from the meeting includes a poster summarising the key lessons learned and providing recognition for staff that have intervened before an error has reached the patient (‘Good Catch’ award).
This meeting has recently adopted a ‘deep dive’ approach to common themes or rising trends, with a view to exploring issues more widely and developing appropriate action plans.
- Implemented model of devolved governance, newly appointed Heads of Quality have been appointed to each CBU with a view to implementing a system of local risk management and governance and continuous quality improvement, thereby improving the ward to board reporting of risk and quality.
- Medication safety officers work closely with clinical and non-clinical Trust staff to share information and provide education regarding medication prescribing and administration and provide monthly medication incident reports to each CBU and medication safety alerts.
- Action plans from serious incidents and ‘never events’ are monitored at CBU risk and governance meetings and via the Trust Clinical Quality Steering Group. Action plans are also monitored at the monthly serious incident review meeting with commissioners. Progress has been made in the completion of completed action plans.

Peri-operative Care

The previous Quality Report for the Theatre Department outlined the creation and development of the Theatre Quality Assurance Team and the overarching plan in relation to risk and governance within the Theatre Department. This set out nine key aims for the year ahead, alongside a strategy for achieving those aims. On reflection, at the close of 2016/17 all but one of these aims has been achieved or work has commenced. The remaining aim is to create and implement a 'never event' task force, although within the past year there was only one never event within Theatres in comparison to three the previous year.

Aims and Objectives 2016/2017

Achieved

Review and relaunch WHO 5 steps to safer surgery.	Embedded teaching into theatre induction.
Transfer ownership of weekly governance and risk meetings to speciality teams.	Local meetings now held monthly and risks reviewed weekly by band 7's.
Comply with National Safety Standards for Invasive Procedures (NatSSIPs).	NatSSIPs now launched, audit underway.
Establish focus groups to prevent all surgical and anaesthetic never events.	Not yet achieved.
Develop and implement a theatre specific infection control policy.	Policy complete, to be ratified via IPCC next month.
Improve MDT attendance at the weekly meeting of harm.	Matron and Risk and Governance Practitioner attend weekly, clinical leads and medical staff attend ad hoc.
Implement actions from the internal AfPP audit.	Work has started but not complete.
Improve compliance with all medicines regulations.	Regular audit underway, work being undertaken in relation to storage in theatre.

The year closes on an established Quality Team, with a focus on all areas of improvement; encompassing infection prevention and control strategies, as well as key areas for development in relation to risk, governance, medical device management, health and safety, training and staff wellbeing and development. The appointment of the new Theatre Matron in September and Chief of Operative Care in November completes the collective and will support the continual driving forward of standards and change.

A new structure (pictured below) for the management of risk and governance within the Department has been implemented to maintain oversight and governance of all risks within theatre:



Key Quality Improvements Made in 2016/2017

- Development of the theatre Infection Prevention and Control (IPC) Policy and supplementary theatre cleaning procedure.
- Well established robust environmental audits undertaken which are consistently demonstrating high standards of cleanliness.
- Development of the theatre 'top 10' key performance indicators and dashboard.
- Launch of the theatre national safety standards for invasive procedures (NatSSIPs).
- Band 7 clinical lead in post to support and develop improved efficiency in the running of the emergency theatre.

Infection Prevention and Control

One of the biggest achievements for 2016/2017 is consistent compliance above 98% in environmental cleanliness audits across the Department. The appointment of an Advanced Practitioner for Infection Control within the Department has driven a focussed approach to IPC and enabled the formation of the theatre IPC policy and cleaning policy. Supporting the weekly environmental audits will be the twice-yearly overarching review of the Department using the Opp-Gen care audit which is a care setting process improvement tool, in partnership with the Trust Infection, Prevention and Control Team.

The top aims for 2017/18 within IPC will be to look at creating surgical site surveillance and a standardised theatre care bundle for all specialities. The IPC practitioner will also work with the whole Quality Assurance Team to develop a peer review audit tool to support in undertaking benchmarking within the region.

Improving the Quality of Care Provided

The NatSSIPs have now been launched within the Theatre Department and an audit is underway to assess the standards of care provided. There will be teaching delivered, based around the results of audit and safety observations within the Department. NatSSIPs will be added to the induction training for all new theatre staff, as well as the yearly update for existing staff.

The 'top 10' key performance indicators have been defined for Theatres and will be reported via the new departmental dashboard. This will allow the clinical leaders and management team within the Department to have oversight of the quality of care provided and support a structured approach to further improvement.

Improving Care for Patients Requiring Emergency Surgery

Last year brought the introduction of a Band 7 clinical lead into the emergency theatre to improve access and quality of care for patients requiring emergency procedures. This has seen improvement in efficiency not only in the emergency list, but in supporting patients to receive surgery within other available free slots within the Department. This not only provides more timely treatment for patients, but ensures improved utilisation across the floor.

The team in the emergency theatre has also worked alongside the IM&T Department to create a bespoke system for the booking and management of the emergency list. This system will allow clear visibility of patients booked onto the emergency list, provide an estimated time to theatre, highlight any patients who have been starved longer than necessary and support prioritisation of patients.

2017/2018 will see the role extend later into the day and over six days to improve the emergency service for even more patients. The bespoke IT system is planned to 'go live' within the next three months and the efficacy will be audited and reviewed, with feedback to the Theatre Safety Board three months following implementation.

Key Points of Focus for the Year Ahead

- Creation of Theatre/Anaesthetics quality dashboard.
- Development of 'in-department' mandatory training package for all theatre staff to access.
- Plan for human factors training development and implementation.
- Review of all standard operating procedures and policies to update and ensure relevance in line with NatSSIPs.
- Development of peer review strategy with other regional trusts to support benchmarking and consistency of care within the region.
- Creation of clear development plans for staff, encompassing clinical skills training, human factors and access to leadership courses.

The Quality Assurance Team will continue to support and involve staff from across the department in delivering the above goals for the year ahead. Staff are currently engaged in continual audit within the Department and link roles will be defined and developed across the year, ensuring shared learning and further improvement in the quality of care provided throughout the Department.

Best in Operative Care

The Best in Operative Care (BIOC) Group aimed to maintain a consistent focus on quality in theatre throughout the year 2016/17. Key aims in relation to safety, excellence and wellbeing were mapped out at the start of the year and the below score card shows the achievements within these key aims.

	Performance Scorecard	Actual
Safety	25% reduction in patient harm.	8% reduction in patient harm YTD.
	25% reduction in rate of surgical site infection.	17/18 target to develop measures for SSI.
	95% staff recommend for treatment.	89% of staff recommend for treatment (as of January 2017).
	5% reduction in unplanned readmission to critical care.	1% increase, no current data set just for surgery.
Excellence	We will increase the number of children we provide operative care to, treating 8,230 children in our Surgical Daycare Unit.	8,234 children treated in the SDC Unit for calendar year 2016.
	90% theatre utilisation.	Overall utilisation 85.6% (financial YTD) 90.6% adjusted to regional standard.
	50% reduction in short-notice cancellation of patients.	30% reduction YTD (87 less patients).
	50% reduction in short-notice cancellation of theatre lists.	Achieved and now delivering 124 sessions per week.
	95% patients and families recommend for treatment.	97.8% December 2016.
	5% reduction in conversion rate from daycase to inpatients.	1.14% increase YTD.
	95% theatre staff recommend Alder Hey as a place to work.	67% as of latest survey (January 2017).
Wellbeing	Less than 5% of theatre sessions overrun by more than 30 minutes.	11.4% YTD, downward trend, 9.1% January 2017.

There are clear areas of improvement within the score card, as well as areas which still require input and improvement to reach planned targets. The BIOC steering group reflected on both the goals and approach used over the last twelve months and have put in place the following recommendations and changes for 2017/18:

- Triumvirate approach to each workstream (manager, clinical lead and clinician).
- Project initiation document, aims, objectives, finances and milestones to be developed and tracked by each individual team.
- Information and Technology Management identified as key enablers within most workstreams, to be invited to each meeting.
- Theatre utilisation and performance will be monitored via the Theatre Utilisation Group and reported to BIOC.
- Each workstream will be reviewed monthly against milestones and benefits by BIOC steering group.

The BIOC steering group has formed below plans for the year ahead, with a clearly defined triumvirate leading each initiative.

Comprehensive Pre-Operative Assessment Service

- Develop comprehensive pre-assessment service for all patients undergoing a general anaesthetic
- Review processes at other centres to provide a benchmark of pre-assessment service nationally

Improving Patient Access and Flow

- Simple, accurate single process booking system
- Good communication throughout all phases of patient journey from clinic to theatre
- Reduce inpatient bed requirements
- Theatre staff involved in list planning for all specialities
- Formula 1 theatre teams
- Private practice

Patient Safety First

- Recognition and accreditation
- Completion of overarching policy and risk assessment
- Electronic dashboard development to provide oversight and assurance
- Surgical site surveillance for all specialities
- Updated approach to paediatric life support/resus training
- Embed and audit use of NatSSIPs

Staff Development and Well Being

- 95% compliance with mandatory training and CPD requirements
- Plan in place for all staff to have a qualification for the role they perform
- Human factors training in place
- Development of a Band 6 leadership programme and first cohort trained
- Clear development plan for all staff
- Improved staff survey results
- Communication strategy
- Staff recognition
- Reduction in sickness

Emergency Surgery

- Senior leadership across six days
- Electronic booking system
- Development of a set of Emergency Surgery standards
- Robust training and development plan in place for all emergency staff
- Review of early bird pathway
- Coordinate the line list

Materials Management

- Enhanced Materials Management Team
- New contract for decontamination of surgical instruments
- Theatre non-pay spend in line with budget
- Capital replacement programme with budget
- STP and HTE procurement projects

The BIOC Group will maintain momentum with ongoing projects above, while beginning new initiatives to continually improve standards of care within the Department.

Quality within the Department will be continually reviewed throughout the year via the departmental risk and governance structure, with a supportive escalation pathway for any issues requiring further support. The BIOC Group will oversee the progression of plans within the strategy and provide necessary support to ensure that initiatives can progress. The new dashboard will be a key tool in facilitating oversight of results across the Department and will provide assurance to management teams throughout the surgical division, as well as the wider organisation.

Equality and Diversity

We are able to monitor our performance in meeting our public sector equality duties (PSED) as required by the Equality Act 2010, the NHS Constitution, CQC inspection questions and NHS commissioners as follows.

Equality Delivery System (EDS2) that has eighteen outcomes and four goals:

1. Better Health Outcomes
2. Improved Patient Access and Experience
3. A Representative and Supported Workforce
4. Inclusive Leadership

Aim:

For Alder Hey to be an inclusive and accessible place for all to visit and work, to meet our duties and in so doing to provide the best patient care possible.

Targets:

From the 2015/16 Equality Objectives Plan:

1. To increase the representation of black and minority (BME) ethnic staff.
2. To improve the experience of families with learning disability/Autism that visit Alder Hey.
3. To improve the involvement of patient and staff stakeholders in decision making.
4. To improve the quality of staff data.
5. To improve the quality of patient data.
6. To ensure equality is embedded through the quality strategy.
7. To broaden equality training opportunities for staff.

Workforce Race Equality Standard (WRES) has nine indicators comparing the data for white and black and minority ethnic (BME) staff. Four are based on workforce profile data, four on data from the NHS staff survey questions and one on BME representation at Board level.

Engagement

We can also monitor our performance by how well we listen to staff and patient groups to influence the decisions we make. We recognise the importance of engagement with diverse stakeholders to represent the views of those who belong to minority groups. This will ensure that Alder Hey provides innovative and effective services that consider the needs of all of our children, young people and families and a workforce that feels supported and valued.

Impact Assessment

Timely consideration of the impact of decisions on minority groups and assurance by relevant committees will ensure that the outcome of decisions is less likely to be unlawful.

Improvements

1. There have been interventions in the recruitment process and we hosted a pre-employment programme to attract people belonging to black and minority ethnic groups. Steps have been taken to improve monitoring the appointment, progression and experiences of BME staff.
2. Progress has been made following the appointment of a Consultant Learning Disability (LD) Liaison Nurse in October 2016. The Trust has employed three LD nurses to support our strategy to ultimately have an LD trained nurse on every ward.
3. There has been greater community engagement this year with the organisation of a cultural event in September 2016 and involvement in the community advisory group (CAG).
4. Supported by the Trust 'Listening into Action' programme, a 'big conversation event' was arranged to support the development of a black and minority ethnic (BME) network. The lead presented the priorities for this group of staff to Trust Board in March 2017.
5. There has been progress in identifying the gaps, process and IM&T requirements in improving the quality of patient data resulting in a patient profile data action plan for 2017/18.
6. The quality metrics for 2017/18 reflects progress made in the past twelve months.
7. Cultural competency training has been extended from CAMHS to Trust-wide. Unconscious bias training is underway for BME staff and the Recruitment Manager. Relevant equality and diversity training is incorporated in a new line management training programme including student nurse induction.
8. Non-executive directors attended specific training on 'responsibilities from the Mental Health Act'.
9. Agreed a local objective of 1% increase in BME staff in the workforce per year for the next five years.
10. Delivered on specific project to improve the experience of children with a learning disability and/or autistic spectrum condition (ASC) (further details provided later in the document).

Future Plans

To continue to make progress relating to the equality objectives updated to commissioners on a quarterly basis.

Arts for Health



Alder Hey has had an 'Arts for Health' programme since 2002, which has become increasingly active in enhancing the physical environment, improving the patient experience and supporting clinical objectives using knowledge of proven research into the benefits of arts participation.

The Trust Arts Co-ordinator along with the Arts Strategy Team and children and young people were instrumental in the development of arts in the new hospital, inspired by the theme of nature, the outdoors and connecting with the environment.

The Arts Co-ordinator has continued to develop an interactive arts programme through consultation with patients and families. Together they have developed participatory programmes that are patient-centered and patient-led and involve patients in a wide range of art forms including music, dance, animation, digital development, sound art and craft making.

We have also established a number of strategic arts partnerships through a 'Cultural Champions' programme including: Tate Liverpool, FACT, Merseyside Dance Initiative, Live Music Now, Royal Liverpool Philharmonic, DadaFest, Bluecoat Display Centre, Manchester Metropolitan University, Small Things Dance Collective and Twin Vision.

Achievements

General

- Work directly with over 3,000 patients each year.
- Delivered over 250 workshops in all art forms.
- Worked across many areas of the Trust including the Emergency Department, waiting room, wards, clinics and community sites and regularly support the Dewi Jones Unit and the Fresh CAMHS Group.
- Developed projects with a specific focus on supporting long term patients and their families.

Music Mentoring Project

- Funded by Youth Music, producing a documentary film on the Trust website.

- The musicians on this scheme are now fully trained and confident to deliver music with patients.
- 76% of patients who took part in the project said that it enabled them to forget about their illness or condition.
- 85% of patients felt that their hospital experience had been significantly improved due to music making.

Live Performance

- Delivering live music and dance in the performance space in the Atrium every two to three weeks.



Dance

'From Where We Are' Project

- A research project developed with 'Small Things Dance Collective'.
- Uses improvised somatic dance practice to support long term patients on Neuro-rehabilitation and Cardiac wards.
- Used established pain assessment tools to determine improved outcomes.
- We found that participation in dance and movement significantly improved patients experience of pain; 92% saw improvement and for 80% of patients, improvement was by over 50%.

'From There to Here' Project

- Further project with 'Small Things Dance Collective'.
- Used the outdoor environment to support dance and movement in the new hospital.
- During 2016, the Project developed a performance piece in collaboration with patients. This was called 'Taking Flight', a response to the move from the old hospital to the new.

'Breathe'

- Continued the delivery of a Dance Programme supporting patients with chronic Asthma.
- Patients are assessed throughout a six week programme for lung function.
- Significant improvement seen in some patients.
- The Project supports social interaction with children and families and gives confidence to participate in physical activity.
- The Trust's Dance Programme was reviewed in the Journal of Nursing Children and Young People in November 2016.

Animation

- Completed 8th major animation project. Film projects include:
 - Radiotherapy treatment - 'Our Special X-Rays'
 - Infection control - 'Don't Be A Bug Rug'
 - Healthy teeth for cardiac patients - 'The Lonely Toothbrush'
 - Introducing children to the Oncology Unit - 'Welcome'
- Worked with young people transitioning into adult Epilepsy services.
- Film premiere events for all participants and award of an 'Oscar' for their hard work and creativity.

Digital Development

- In November 2016, we launched an app called 'Little George and the Dragon' which supports patients with Sickle Cell Disease and offers advice and information to manage pain through a series of interactive games. It's based on a patient booklet of the same name and was developed by a storyteller working with patients, one of whom was George and his mum who feature in the app.



Drawing by Kate Pankhurst

Future Plans

- Deliver next stage of Music Mentoring Project by training new musicians through a buddy system and produce a film resource to support other musicians wishing to work in paediatric music in health.
- Collaboration with Tate Liverpool and Twin Vision on the Tate Exchange Programme. Work with patients to create an animated short film exploring ideas about beds. This will link to an exhibition at Tate Liverpool and patients will explore aspects of the Tate's collection, as well as learn new skills in animation production. Final work will be exhibited at Tate Liverpool.

- Develop a dance app, offering parents, carers and staff simple techniques in supporting their child with dance, movement and relaxation. The app will feature filmed demonstrations with patients, insight from dancers and clinicians and a step by step guide.
- Work with Australian sound artist and composer Vic McEwan exploring sound within the hospital. He will be launching an EP of compositions based on sounds within the hospital throughout 2017.



Improving the Transition from Children and Young People Services to Adult Services 2016/2017

Aim:
To establish a good quality, safe, effective and seamless transition to adult services, for children with complex long term conditions.



Transition to adult services (transition) is defined as "a purposeful, planned process that addresses the medical, psychosocial and educational/vocational needs of adolescents and young people with (long term) conditions as they move from child-centred to adult-oriented health care systems" (DfES 2006).

Transition to adult services ensures that young people are able to access the most appropriate services according to their age, developmental needs and the nature of their long term condition. If young people are not adequately supported through transition, they may not engage with adult health care providers and this increases the risk of deterioration of their long term condition. Transition to adult services can be a traumatic period for young people, who commonly fall between services or 'disappear' during transition, disengaging from services and becoming lost to follow up only to present later in life with potentially avoidable complications. Additionally, if young people remain inappropriately in children's services there is less capacity within the Trust for younger children and babies.

Achievements in 2016/17

- Developed a brand new transition service to Broadgreen Orthopaedic Surgeon for Cerebral Palsy patients who were previously discharged to their GP's. First joint transition clinic held on 2nd December 2016.
- Created a transition website at www.10stepstransition.org.uk to provide easily accessible and user friendly information for professionals, young people and families. Further development of the website is in progress.
- Won an award of £75K from The Health Foundation to continue to develop the Carer Skills Passport which is a key enabler for transition of complex neurodisability patients (www.carerskillspassport.org.uk).
- Secured a CQUIN to implement transition into four identified subspecialties within Orthopaedics, Diabetes, Cystic Fibrosis and Rheumatology and completed baseline audits in all four subspecialties.
- Built strength and numbers within the Transition steering group, increasing membership from about 15 to 40.
- Ratified the 'Transition to Adult Services' policy.
- Finalised and ratified core transition training and delivered twelve sessions over a two day period, plus delivered bespoke training to individuals.
- Gained regular input from the Trust's Children and Young People's Forum in the development of transition services and materials.
- Presented Trust transition work to a number of national centres including Leeds and Manchester.
- Planned and delivered a national transition conference at Alder Hey in May 2016 attended by over 100 delegates. Excellent evaluations.
- National engagement and attendance at Alder Hey from other trusts interested in improving transition developments.
- '10 Steps Transition' pathway poster presentation at National Conference 2016.
- Developed a pull up 'roller banner' display to promote '10 Steps Transition' pathway locally and at national events.
- Developed and distributed 'banner pens' with '10 Steps Transition' pathway information incorporated into pen.
- National publication of a transition article in the ENT and Audiology 25th anniversary journal.



Front page of transition website at www.10stepstransition.org.uk



Work with children and young people on transition pathway presented to the Health Foundation.

Future Plans for 2017/18

- Met with specialist commissioners and discussed the complex patient business case, discussing potential to further develop this work as a CQUIN for 2017/18.
- Identify markers of complexity and set up relevant data fields within Meditech 6 (patient care information system) to capture and create an audit process to ensure these fields are reliably and consistently completed.
- Developed a transition story book/poem. Planning to develop an audio version as requested by the young people as being more engaging and share on the transition website.
- Finalise development of a '10 Steps Transition' folder for children with a long term condition, to hold all their transition specific information in and their personal transition plan.
- Planning a second national Transition Conference, to be delivered in partnership with Lancashire, Manchester, NW Coast SCN and Alder Hey as a North West approach to transition, to be held in June 2017.

- Continue to work with the Information Technology Team towards identifying a sensitive, reliable and reproducible method for identifying the cohort of young people of transition age with complex neurodisability.
- Continue to work with the Information Technology Team towards identifying a sensitive, reliable and reproducible method for identifying any patients of transitional age.
- Continue to work with the Information Technology Team towards identifying basic demographic and diagnostic data on the above cohorts and all patients with a long term condition through application of the above process.
- Embed the generic Trust transition pathway supported by the Trust Transition to Adult Services Policy and supporting material into the four identified sub specialities.
- Work has begun with the Trust Innovation Team to develop a Trust app, supported by the children and young people and incorporate transition into this.
- Continue to develop and monitor the Trust transition map and the Trust special transition 'register' of young people where transition to the adult sector is delayed. This could be either for appropriate clinical reasons, because of a lack of appropriate services in the adult sector or because previously agreed commissioning arrangements mean patients remain within the Trust past their 18th birthday.
- Continue to work with the adult sector to develop their business case and set up the multi-specialty multi-disciplinary service in the adult sector for young people with complex neurodisability.
- Continue to work with the adult sector to develop links and pathways where these are not confirmed or are currently fragmented.
- Continue to share the Trust's nationally recognised transition tool kit.
- Deliver universal and core transition training internally.
- Repeat baseline assessment to identify classification of transition status of all young people of transition age who have accessed Alder Hey Children's Hospital in the last two years.
- Implement the Transition Policy within the Trust in a phased way including active monitoring of critical incidents.
- Finalise the design and deliver specialist transition training for professionals within the Trust and in adult services, including experiential learning techniques such as simulation and video materials.
- Further participation and engagement work with young people and their parents/carers to inform the above, including carer skills training.

- Finalise and publish the transition engagement report.
- Develop patient and parent information leaflet on consent and the law.
- Develop delegated responsibility and accountability information for parents and carers.

Learning Disability Strategy

Aims:

- **To improve the experience of children with a learning disability (LD) and/or autistic spectrum condition (ASC).**
- **Improve the Trust's ability to identify children with a learning disability on Trust's electronic patient record.**
- **Raise awareness of learning disabilities amongst staff through bespoke training.**

Approximately 1.5 million people in the UK have a learning disability, including approximately 286,000 children. Research shows that men with a learning disability die 13 years sooner and women die 20 years sooner than their peers.

In partnership with Edge Hill University and supported by commissioners, Alder Hey has made significant improvements to the learning disability pathway.

Reasons for Change

Children and young people with a learning disability can present to any service or specialty in the hospital and community. The Trust recognises the need to identify these children as early as possible, to ensure the necessary adjustments and support are put in place to give these patients the best experience possible.

The Trust agreed a CQUIN (Commissioning for Quality and Innovation) to improve several aspects of the learning disability pathway including; ensuring parent and carer feedback is included in any proposed changes; working within the Liverpool Learning Disabilities Liaison Network; undertaking risk assessments and making reasonable adjustments where necessary; and delivering training in learning disability awareness and other key skills to support delivery of care to children with a learning disability.

Improvements

- Appointed to two secondments:
 1. Consultant LD Nurse
 2. Acute liaison LD nurse
- Appointed to 3x LD nurses (commencing in May 2017).
- Established Learning Disability and Autistic Spectrum Condition Steering Group.
- Participated in CCG acute liaison network.
- Approximately 120 staff and volunteers received LD/risk assessment/ mental health first aid and/or Positive Behaviour Support (PBS) training across the Trust (rolling programme available to all areas).
- Provided mandatory training; LD awareness e-learning pack rolled out.
- Developed LD indicator for easy LD identification on Meditech (Trust-wide computer system).
- Developed 'LD champions' training and new champions identified.
- Developed LD resource pack and pilot in clinical areas.
- Pilot of hospital passport/risk assessment and reasonable adjustment tools as per Liverpool acute liaison network strategy.
- Worked with Mencap to develop a pan-Liverpool health training pack.
- Developed academic and practice links across Edge Hill University and Alder Hey.

Future Plans

- Development of five day acute liaison service across site (LD nurse workload model and supervision).
- Trust strategy to have an LD trained nurse on every ward. Further recruitment planned.
- Development of LD parents reference group.
- Development of Alder Hey information pack for children and families with LD/ASC.
- Roll out of hospital passport, one page profile, communication passport (following agreement across Liverpool acute liaison network).
- Continued attendance and benchmarking across Liverpool acute network and nationally regarding best practice.
- Further implementation of risk assessment and reasonable adjustment tools.
- Continued rolling programme of training across all clinical areas May-October 17.

- Implementation of toy library proposals; across site access to sensory and specialist toys for all children with LD and additional sensory needs.
- Roll out of resource boxes to all clinical areas.
- Continue programme of developing LD champions.
- Identify pilot areas for specific pathways for children with LD.
- Improve communication with families e.g. through electronic/media etc.
- Develop communication tools across areas; staff awareness.
- Identification of research streams and dissemination of best practice across professional networks e.g. LD Consultant Nurse Network, Learning Disability Research Network.

Positive and Proactive Care

Positive and Proactive Care has been adopted by the Trust as a compliance measure within the Quality Contract. This entails ensuring the appropriate leadership, workforce, plans to use effective restrictive intervention reduction tools and service user empowerment methodologies are in place, plus a commitment to effective models of post incident review.

The Trust has provided regular updates to commissioners in respect of progress against the relevant compliance standards throughout the year 2016/17. This includes our approach to adopting positive behavioural support and providing appropriate training for staff, including 'Approach' training and our local in-house training programme. The Trust has committed to producing a separate annual report which will be made available in the public domain.

Improvements in Cardiac Surgical Pathway

Aims:

- **To improve the experience of patients and families as they attend for cardiac surgery.**
- **To reduce the numbers of cancelled operations (currently equivalent to 2.25 sessions per week).**
- **To revise the cardiac surgical pathway to provide an equitable service for all patients.**

When a child requires cardiac surgery, there is already a high degree of stress placed on parents and carers and it is the responsibility of the hospital staff to ensure the journey is as comfortable and successful as it could possibly be.

Our Cardiac Team had received feedback from children in the form of patient stories and were prompted to make changes to the pathway to improve the experience of the children and their parents/carers.

"I came into pre admission clinic and then admitted for my operation on Monday, I waited 8 days to go to theatre. Each day I thought it would happen but there were no beds. I had to have my bloods repeated 3 times." **Patient**

Reasons for Change

Upon reviewing the data, there had been 111 cancelled theatre sessions in almost twelve months and 209 planned cardiac operations had been cancelled and rearranged. This was not providing a good experience for our children and families.

The pathway was plotted and was found to have:

- Inequitable service.
- Late planning of theatre list, leading to cancellations and often meaning re-bleeding of the child.
- No continuity of planning for the patient prior to discussion.
- Pressure on beds on Cardiac Ward/ICU.
- Poor availability of doctors/surgeons in pre admission clinics.
- Clinics under-utilised as poor list planning.

Future Plans

- Further improve pre-operative Echocardiogram provision.
- Follow up audit and seek further opportunity for improvement.

Improvements

The pathway was reviewed and streamlined so that it best suited the needs of the children and families:

- Equitable service for all patients; consistent information.
- Reduction in risk of re-bleeding.
- Improved flow for the patient from discussion to discharge.
- Reduce pressure on ward, beds, nursing, doctors, help flow through Critical Care.
- Free up junior doctors on ward with no pre admissions to do.
- Less time on waiting list.
- Improve management of theatre list.
- Minimise cancellations of patients.
- Better structure of all members of Cardiac Team.
- Informed consent nurse specialist then by surgeon.
- Family settled in the day before operation and not rushed in the morning.

Introduction of CAMHS Self-Referrals

The Child and Adolescent Mental Health Service (CAMHS) provided by Alder Hey Children's NHS Foundation Trust has made great improvements in the past few years. One of the outstanding issues, which forms part of the Children and Young People's Improving Access to Psychological Therapies (CYP IAPT) commitments is the ability for children and families to self-refer to the service. The team is already receiving email contacts for young people seeking help for mental health matters they are struggling with, but the referral system makes it difficult for some children to access the service.

Aims:

- **To improve access to CAMHS services for children, young people and their families.**
- **Comply with national service specification for self-referrals for CAMHS service.**
- **Address the needs of young people already making enquiries who are finding difficulty accessing the service.**

Listening into Action



The CAMHs Team adopted a 'Listening into Action' approach to addressing this issue, beginning with defining their mission... 'to adapt the referral systems into CAMHs so that young people and their families can self-refer into Single Point of Access by October 2016'.



EXTRACTS FROM A PATIENT EMAIL.

"I am a 16 yr old school student"....

"I also have severe mood swings.....it has led to me having some self harm."

"Recently I have been struggling with eating issues. This week I have lost 2lbs."

"I find it hard to talk about such a sensitive area with my parents....when I am around people I try to put a brave face on it, but it has of course been noticed by my partner."

"It has taken a lot of courage to write this email so I hope you can help me."

At the first team conversation they identified a number of pros and cons in relation to introducing self-referrals, which included a degree of concern about the amount of unsolicited referrals that would be received.

It was agreed to pilot a self-referral service over the summer but without publicising it, as there were already some young people contacting the service directly. These would be encouraged as self-referrals and it was felt the self-referral option would spread by word of mouth.

Number of current families that said they would have benefitted from a self referral service to CAMHs had it been available

90%

A survey was undertaken of the current families as to whether or not they would have found it useful to be able to self-refer, with a resounding 90% of families saying "YES".

Improvements

- Actively taking self-referrals for Liverpool and Sefton CAMHs and the Specialist Eating Disorder Service.
- Triaging referrals as routine/urgent initial assessment as appropriate.
- Signposting referrals to partner agencies as appropriate.
- Taken 106 self-referrals between August 2016 and February 2017.
- Majority of referrals by telephone to CAMHs Duty Team by parents/carers.
- Some of the main presenting problems include:
 - Anxiety
 - Self-harm
 - OCD, ADHD, Autism related concerns
 - Poor school attendance
 - Suspected eating disorders
- Shared improvement with other CAMHs service providers through presentation at North West CAMHs transformation event.

Future Plans

- Capacity and demand predictions as service becomes widely publicised.
- Continue to improve service and data collection as self-referral route continues to grow.
- Control growth in publicity and in service to avoid service becoming overwhelmed.



Nurse Staffing

Aims:

- To have no nursing vacancies.
- To establish a nurse pool to cover maternity leave and long term sick cover and fill ward/department vacancies.
- To have a proactive recruitment campaign.

Changes or deficiencies in the nursing workforce can have a detrimental impact on the quality of care. Patient outcomes and particularly safety are improved when organisations have the right people, with the right skills, in the right place at the right time (RPRSRT). This has been highlighted as lessons learnt from inquiries such as the Mid Staffordshire NHS Foundation Trust Public Inquiry.

In November 2013, the NHS Quality Board published the new guide to nursing, midwifery and care staffing capacity and capability (RPRSRT) setting out its position for greater transparency in the way in which trusts set and deliver nursing, midwifery and care staffing levels. All trusts are mandated to provide nurse staffing information on a monthly return via the National Reporting and Learning System and publish this data at ward level. The information is to be made available to the public.

The Trust has continued to seek to recruit to vacancies through improved working with our education providers, national recruitment days and bespoke recruitment in specialty areas. Additionally there has been a key focus on reducing the use of agency staff, which in addition to reducing expenditure also provides safer nursing care with staff employed directly by the Trust.

Safe Staffing Levels and Compliance with RCN Guidelines

To continue to improve staffing levels, an audit against the RCN standards has been undertaken involving the ward managers and associate chief nurses for all inpatient and daycase wards. A previous audit against the core standards conducted in July 2013 showed overall Trust compliance with nine out of 16 standards as shown in the thermometer below:



The audit of compliance against the core standards in February 2017 demonstrated overall Trust compliance with 12 standards, partial compliance with three standards and none compliance with one standard as shown in the thermometer below:



The areas for improvement rated amber and red above relate to:

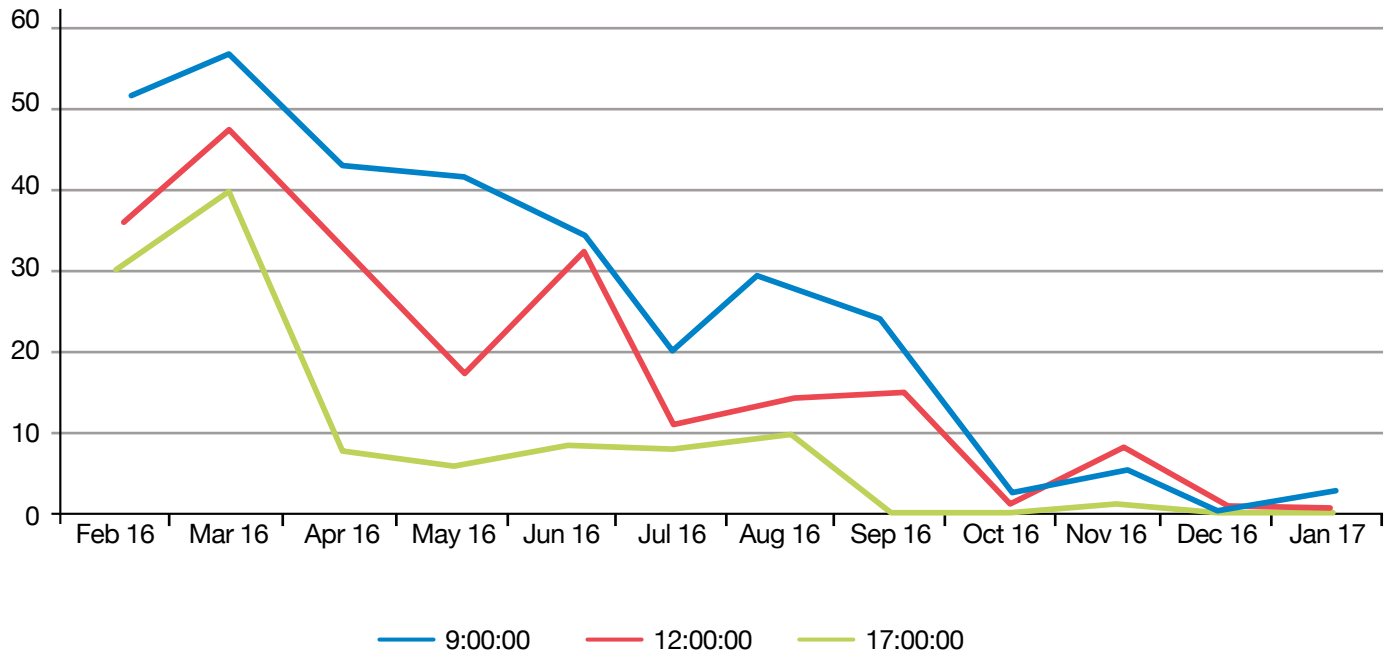
- All clinical areas are required to have a supernumerary Shift Supervisor. Not all wards have an establishment fund for a supernumerary Shift Supervisor. This is being explored further to seek a resolution.
- There should be at least one nurse per shift on every ward trained in APLS/EPLS. There are currently insufficient numbers of nurses trained in APLS to meet this standard. Ward managers of areas that are partially compliant or non-compliant have identified in their local training needs analysis that all Band 6 staff will be trained in the first instance, followed by senior Band 5 nurses to improve/achieve compliance.
- There should be a 25% increase in nursing establishment to cover annual leave, sickness and study leave. Alder Hey has operated at 23% uplift since 2013/14. We will continue to monitor and evaluate the impact of this.
- There should be access to a senior (Band 8a) children's nurse for advice at all times. An experienced Band 6 or 7 currently provides to the Nursing Team. This support is currently provided through the Patient Flow, Night Matron and Senior Nurse bleep holder.



Improvements

- 104.4 WTE front line nursing staff recruited in the last twelve months.
- Nurse pool of 20 nurses established to cover maternity leave, sickness and vacancies.
- Significant reduction month on month in the closure of beds to admissions due to nurse staffing levels as shown in the graph below:

Beds Closed Due to Staffing



- Reduction in cancelled operations for 'staffing unavailable'.
- Extended the recruitment engagement processes with Higher Education Institutions (HEI) so we now attend recruitment events at Manchester, Edge Hill, LJMU, UCLAN, Salford and Lancaster.
- Held two national recruitment days where over 100 nurses have been recruited from all parts of the country.
- Migrated agency staff across to our own nurse bank, thereby reducing agency costs and improving nursing workforce resilience.
- Partnership working with HEI to run the first national non-commissioned cohort of student nurses ahead of the changes requiring student nurses to pay tuition fees from August 2017. Cohort of five students commenced in the Trust in September 2016.
- Bespoke recruitment continues in speciality areas such as Critical Care and Cardiac.
- Partnership working with HEI to run a new training programme for individuals educated to Masters level to undertake a shortened course to become a registered children's nurse.
- The implementation of a Matron role in the Theatre Department with CBU support to establish the Matron role more widely within CBUs.
- Worked with commissioners to fund some specific acuity challenges, particularly our complex orthopaedic/spinal patients on 4A and on 3C so staffing levels increased in both areas.
- Realigned resources from general HDU to maintain eight cardiac HDU beds with appropriate staffing.
- Review of nurse staffing in Outpatients Department undertaken (concludes March 2017).

Future Plans

- Continue proactive recruitment of student nurses.
- Developing an offer of nursing rotational posts.
- Seek to create a HCA pool to help support areas with increased dependency (further commissioner discussions ongoing).
- Undertake audit of impact of the implementation of Meditech 6 on nursing capacity.
- Continue monitoring vacancies, turnover rates and daily staffing levels.

Patient Feedback and Friends and Family Test

During 2016/17, the Trust has modernised the way it collects feedback from patients and families in an attempt to capture real time information from as wide a population as possible in the Trust. Since June 2016, we have been entering data into a new database called 'SNAP'. This provides analytical software that enables us to break down and analyse patient feedback in several different ways and present it in graphical and tabular form, thereby highlighting priority areas that require action or intervention.

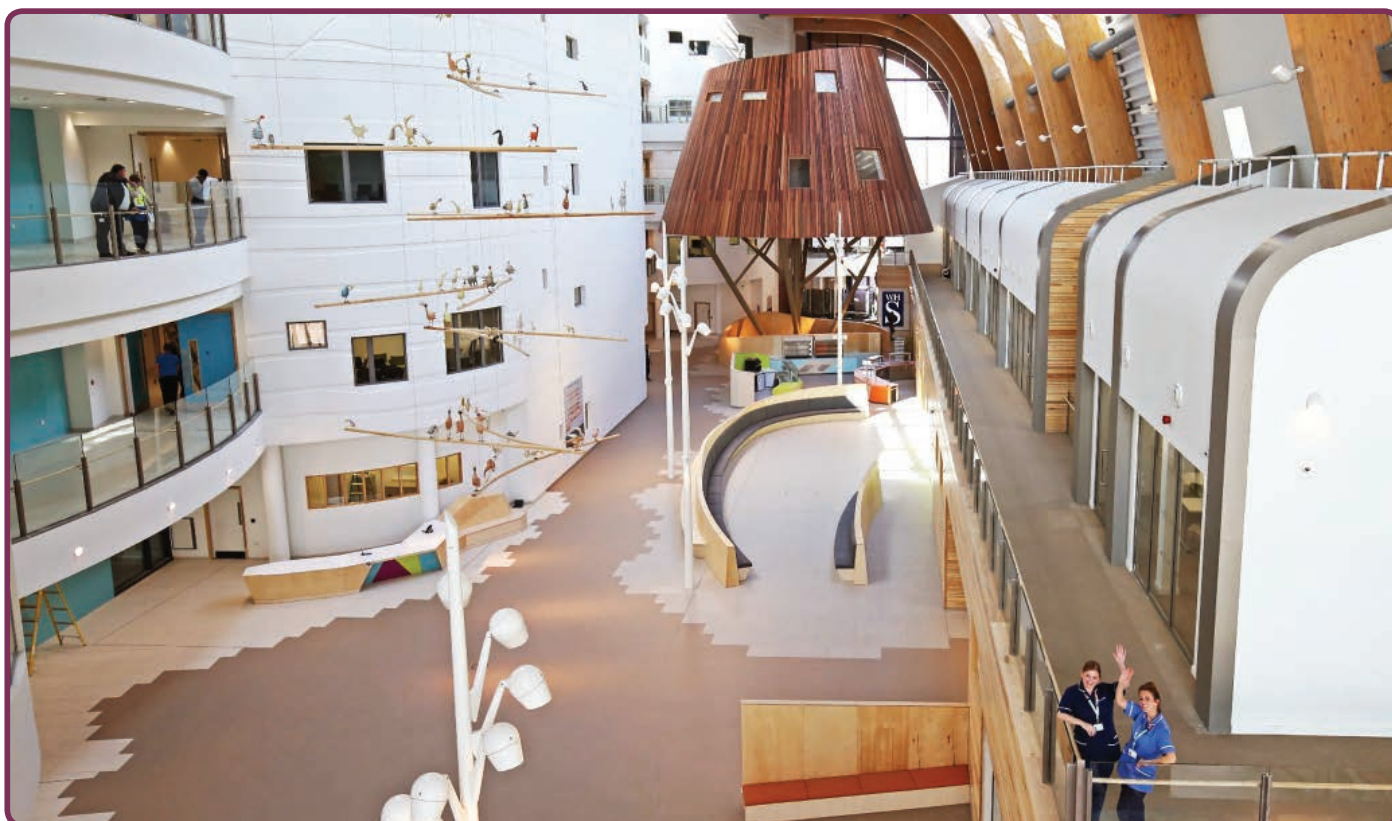
With the support of volunteers, we have been able to take tablet computers to individual patients and families across the Trust and leave them to enter the data. This is without the feeling of being pressured with a member of staff sat next to them while they responded.

Patients and families are still able to access the Friends and Family Test via our website/NHS Choices. We continue to encourage patients to use the specific Friends and Family feedback cards, which we then manually enter onto the SNAP system.

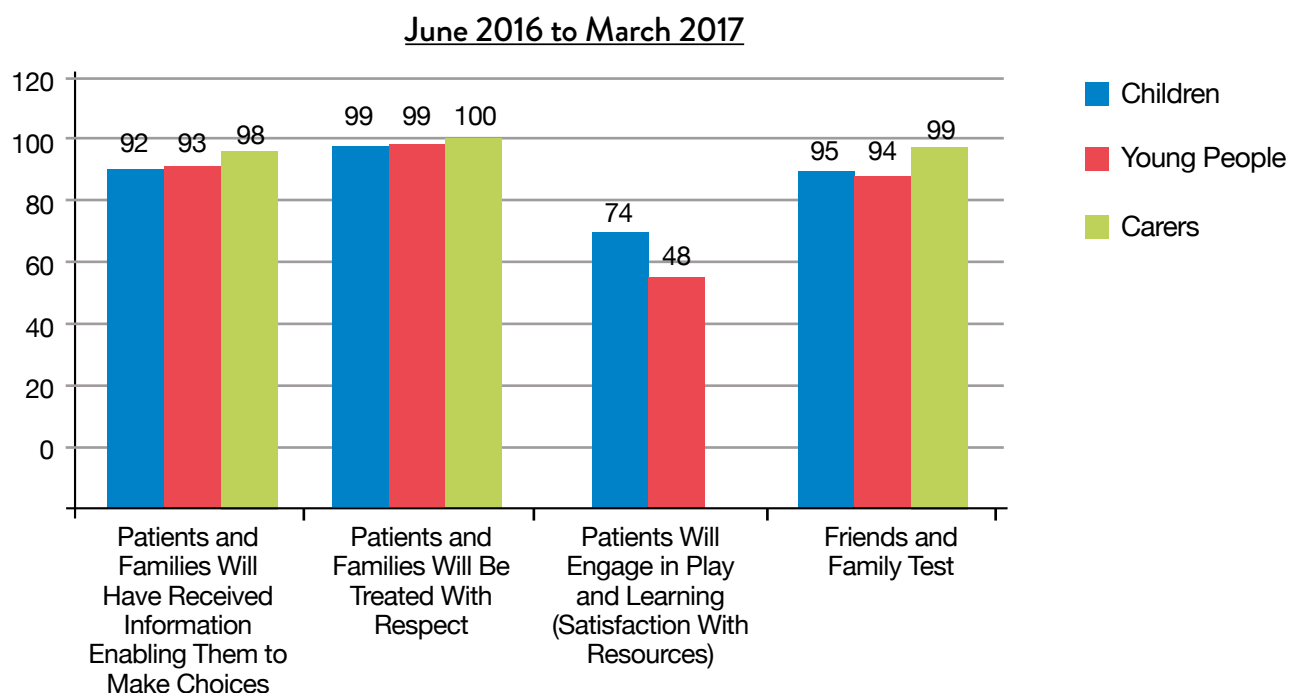
We recognise that there is still work to be done to gather feedback from all patient populations, in particular our community based services. However we are now able to identify the gaps and put appropriate mechanisms in place to improve information capture.

The following table shows the response from patients and families to the Friends and Family Test.

Patient Feedback Questions	Total Responses	Total Responding Positively
Friends and Family Test (How likely are you to recommend our hospital to friends and family if they needed similar care?)	2,083	2,040 (98.0%)



The graph below shows feedback from children (up to 11 years old), young people (12-18 years old) and parents/carers to four key questions around patient experience. The Trust recognises the opportunity for improvement in how we communicate with children and young people, in particular in the area of 'engagement in play and learning'. This has been adopted as a key priority for the Trust for 2017/18 and will be reported in next year's Quality Account.



Management of Complaints and Concerns

The model of devolved governance implemented through the Quality Strategy is intended to drive early supportive intervention by the relevant clinical teams/clinical business units. This enables children, young people and their families/carers to have the best experience, with any issues raised locally being dealt with immediately and appropriately.

	2013/14	2014/15	2015/16	2016/17	Comments
Formal Complaints	166	134	70	66	Formal complaints have decreased again for the third consecutive year. This is a 6% decrease from 2015/16 and a 60% decrease from 2013/14. Feedback continues to be sourced from a variety of methods. However, much earlier and proactive engagement at ward and department level by clinical staff has been welcomed when responding to parental concerns. This results in a more positive patient experience and safer care.
PALS	1248	1133	1246	1294	A 4% increase in PALS is noted this year. Despite the increase, the Trust is aware of local resolution taking place within teams and departments that may not be captured on the reporting system. This again is a positive experience for parents, having concerns listened to and resolved on the spot and helping to avoid issues being taken further to a formal complaint.

Improvements

- Implemented model of devolved governance to drive early supportive intervention by the relevant clinical teams/clinical business units.
- Further reduction in formal complaints.

APPENDIX 1: REPORTING AGAINST CORE INDICATORS

The report provides historical data and benchmarked data where available and includes the prescribed indicators based on Appendix A of the Risk Assessment Framework (for 1st April to 30th September) and the Single Oversight Framework (for 1st October to 31st March).

Target or Indicator	Threshold	National Performance	Qtr1	Qtr2	Qtr3	Qtr4
Summary Hospital level Mortality Indicator (SHMI) ¹	n/a	n/a	n/a	n/a	n/a	n/a
C. Difficile Numbers - Due to Lapses in Care	0	n/a	0	0	1	0
C. Difficile - Rates per 100,000 Bed Days	0	6.9	0	0	5.8	0
18 Week RTT Target Open Pathways (Patients Still Waiting for Treatment)	92%	90% ²	92.1%	92.1%	92.2%	92.1%
All Cancers: Two Week GP Referrals	100%	95.1% ³	100%	100%	94.4%	100%
All Cancers: One Month Diagnosis (Decision to Treat) to Treatment	100%	97.5% ³	100%	100%	100%	100%
All Cancers: 31 Day Wait Until Subsequent Treatments	100%	97.5% ³	100%	100%	100%	100%
A&E - Total Time in A&E (95th Percentile) <4 Hours (This Data Has Been Subjected to a Cleansing Exercise and Therefore May Differ from Data Previously Submitted to the Trust Board)	95%	89% ⁴	95%	96.55%	93.11%	96.71%
Readmission Rate Within 28 Days of Discharge ⁵	National Data Collection Methodology Currently Under Review	0-15 Years: 16 Years and over	8.3% 2.4%	8.2% 7.3%	9.3% 8.4%	8.3% 6.3%
% of Staff Who Would Recommend the Trust as a Provider of Care to Their Family Or Friends		80% ⁶	85%	88%	Not Required	Not Available

	Threshold	National Performance	Qtr1	Qtr2	Qtr3	Qtr4
Staff Survey Results: % Staff Experiencing Harassment, Bullying or Abuse from Staff in the Last 12 Months ⁷		24%			26%	
Staff Survey Results: % Believing That Trust Provides Equal Opportunities for Career Progression or Promotion for the Workforce Race Equality Standard ⁷		85%			81%	
Financial and Service Performance Ratings ⁸			2	2	3	3
Rate of Patient Safety Incidents per 1000 Bed Days ⁹			79	67	63	69
Patient Safety Incidents and the Percentage That Result in Severe Harm or Death ⁹			0 0%	0 0%	1 0.08%	1 0.08%

NOTE: Unless otherwise indicated, the data in the table above has been obtained from the local Patient Administration Service to enable the Trust to provide the most recent available data. Most of this data is accessible through the NHS England website.

¹ Specialist trusts are excluded from SHMI reporting.

² National performance based on most recent published data for February 2017, NHSE website.

³ National performance is based on most recent published Quarter 3 data for 2016/17, NHSE website.

⁴ A&E national performance based on most recent published data for April 2016 to February 2017, NHSE website.

⁵ Data source: Trust Patient Administration System - not published nationally.

⁶ National performance is based on most recent published Quarter 2 data for 2016/17, NHSE website.

⁷ Data source: 2016 Staff Survey <http://www.nhsstaffsurveyresults.com>

⁸ Performance was the same throughout the year. The ratings differ due to changes in the rating criteria introduced in October 2016, Trust Corporate Report.

⁹ Data source: Trust Incident Reporting System (Ulysses) - national data only available for first six months of the year.

Alder Hey Children's NHS Foundation Trust considers that this data is as described for the following reasons.

- The indicators are subject to a regular schedule of audit comprising completeness and accuracy checks which are reported monthly via the Data Quality Steering Group.

The Trust is taking the following actions to improve the scores and so the quality of its services, by:

- Placing further focus on implementation of the Infection Control Delivery Plan.
- Changing the referral pathway for all suspect cancer referrals so that they all go initially to Oncology and are then allocated to the individual specialty as appropriate, with a clear flag if it is relevant to the two week Cancer wait target.

For all other indicators the Trust is maintaining and improving current performance where possible.

APPENDIX 2: ALDER HEY STRATEGIC VISION AND AIMS 'PLAN ON A PAGE'

Our Vision: A Healthier Future for Children and Young People
Our Aspiration: To be World-Leading
Our Inspiration: We are Inspired by Children

Do the Basics Brilliantly		Grow the Future	
Delivery of Outstanding Care	The Best People Doing Their Best Work	Sustainability Through External Partnerships	Game-Changing Research and Innovation
<ul style="list-style-type: none"> • Alder Hey gets it right for every child first time, every time using consistent clinical pathways. • Learning is embedded when things don't go to plan. • Hospital acquired infections are eliminated. • Sepsis is recognised early and prevented. • Zero medication errors. • A named responsible consultant for every child. • Every child and family's experience is positive. • We listen and respond to what children and families tell us. • We create, maintain and operate world-class facilities. 	<ul style="list-style-type: none"> • Staff understand and support the Trust priorities. • Great work in support of Alder Hey is recognised and celebrated. • Managers bring the best out in their people. • All staff realise their full potential through performance and development opportunities. • Empowered and engaged employees who own and implement change. • Proactive workforce and succession planning. • A healthy workplace that supports employee wellbeing. • Our diverse workforce reflects our local community. 	<ul style="list-style-type: none"> • Lead the development of integrated services for children and young people across Cheshire & Merseyside and beyond. • Grow community services to better meet the needs of local children. • Make specialist services available to more children, and develop new services. • Develop and implement a business plan for International partner countries. • Establish the Alder Hey Academy as the best place to train in paediatric healthcare. 	<ul style="list-style-type: none"> • Every child has an opportunity to participate in research to benefit themselves and others. • Develop more new medicines and treatments through research partnerships. • Discover new ways to apply the latest technology to transform children's healthcare. • Active input from many Alder Hey healthcare professionals into research and innovation projects.

Strong Foundations

- Living our values: Respect, Excellence, Innovation, Openness, Together
- Children and families are involved in everything we do
- Deliver business plans and achieve financial targets
- Work productively, spend wisely and reduce waste
- Reliable infrastructure, slick systems and processes, used consistently, supported by training
- A digitally enabled way of working that effectively uses information technology

STATEMENT ON THE QUALITY REPORT BY PARTNER ORGANISATIONS

Commentary from Governors

“These accounts reflect what I know to have been another very busy, engaged year of activity at Alder Hey. All credit to all staff involved.”

Pippa Hunter-Jones, Parent and Carer Governor

“Thank you for sharing this with us. I generally find myself struggling to comprehend such documents due to the complex ways in which information is shared. However, it was a pleasure reading the draft version of the report. It’s logical, clear and thorough. The fact that the Trust is generally doing so well is the ‘icing on the cake.’

“The section on participation in audits and actions arising from them is particularly good as a lot for reflection has been used in order to propose actions.”

Dr Rabia Aftab, Public - Rest of England Governor

Commentary from Healthwatch Organisations

“Healthwatch Liverpool welcomes this opportunity to comment on the Quality Account of Alder Hey Children’s NHS Foundation Trust. We base these comments both on the content of this Quality Account and on our long established engagement with the Trust. Throughout the period covered in this Quality Account, Alder Hey held quarterly meetings with Healthwatch to discuss quality, equality and patient experience at the Trust. Furthermore, on Monday 27th March 2017 Healthwatch Liverpool and Healthwatch Knowsley visited Alder Hey Children’s NHS Foundation Trust to gather feedback from patients and visitors. We spoke to patients and family members in a number of areas of the hospital. Healthwatch spoke with 40 people overall. Healthwatch was pleased to receive generally positive feedback from patients and their families about the quality of the services provided by Alder Hey. Most patients and families were extremely positive about the care they received although there were some suggestions made that might improve the comfort of parents of long term patients and so their ability to support their child’s care and wellbeing.

“Words can’t express how fantastic the staff here are. They’ve made a really tough experience a lot easier. All of them have been so friendly and reassuring... Absolutely second to none.”

Parent

“We were particularly encouraged by the feedback received from children about the extent to which hospital staff successfully aim their communication and explanations to their young patients and the impact that this has on their confidence and active participation in their care.

“The staff talked to me so I can understand and talked to me first rather than my parents.”

Patient, aged 9.

“Parents of even some of the youngest children reported similarly.

“They talk to my son. Even at 16 months they addressed their questions to him and then I can fill in if he can’t answer... He loves coming here now, it all makes so much difference.” **Parent**

“Healthwatch Liverpool is therefore most pleased that this commitment to communication with and listening to children is embedded in this Quality Account in the following ways:

- The priorities set in this Quality Account have been discussed and agreed with the Children and Young People’s Forum as well as with Healthwatch.
- Information on the work of the Forum and where comments from Forum members and other young patients has led to changes and improvements.
- This link between patient experience and clinical effectiveness being explicitly recognised as a key area of focus for 2017/18 as Priority 2; ‘Increase engagement of children, young people and families in improving quality and developing services’. This linkage can only be of benefit. Healthwatch Liverpool views the monitoring proposals around this priority as particularly positive; ‘Service development and quality improvement proposals will be required to include a section on how they have engaged children, young people and families in developing proposals, including completion of an Equality Analysis’.

“We are aware from our regular meetings with the Trust that steady progress is being made through its Equality Delivery System 2. We are happy with the level of evidence that the Trust has provided to us and we agree with the grading that the Trust has given itself this year. We also welcome the inclusion of equality considerations in this Quality Account (for example, feedback on the work to improve the experience of patients with Autism and learning difficulties). The clear intention of the Trust to include even more of this type of information in future quality accounts is to be applauded.

“Quality accounts in general do not easily lend themselves to being both comprehensive in their reporting to regulators and commissioners and to being easily accessible to children and young people, so Healthwatch Liverpool looks forward to also viewing the more child accessible version of this document, as the Trust has produced in previous years.”

Andrew Lynch, Healthwatch Liverpool

Commentary from Clinical Commissioning Groups

NHS Liverpool Clinical Commissioning Group

“South Sefton, Southport and Formby, Liverpool and Knowsley CCGs welcome the opportunity to jointly comment on the Alder Hey Children’s NHS Foundation Trust draft Quality Account for 2016/17. We have worked closely with the Trust throughout 2016/17 to gain assurances that the services delivered were safe, effective and personalised to service users. The CCGs share the fundamental aims of the Trust and support their strategy to deliver high quality, harm free care. The Account reflects good progress on most indicators. This Account indicates the Trust’s commitment to improving the quality of the services it provides with commissioners supporting the key priorities for the improvement of quality during 2016/17.

Priority 1: Reduce harm to patients from a medication error.

Priority 2: Reduce harm to patients as a result of the development of a pressure ulcer.

Priority 3: Reduce harm from hospital acquired infections.

Priority 4: Enhance children, young people and their parents/carers involvement in patient safety.

“This is a comprehensive report that clearly demonstrates progress within the Trust. It identifies where the organisation has done well, where further improvement is required and what actions are needed to achieve these goals, in line with their Quality Strategy.

“We have reviewed the information provided within the Quality Account and checked the accuracy of data within the Account against the latest nationally published data where possible.

“Through this Quality Account and ongoing quality assurance process, the Trust clearly demonstrates their commitment to improving the quality of care and services delivered. Alder Hey Children’s NHS Foundation Trust continues to develop innovative ways

to capture the experience of patients and their families in order to drive improvements in the quality of care delivered.

“The Trust places significant emphasis on its safety agenda, with an open and transparent culture and this is reflected with the work the Trust has undertaken under the ‘Sign Up to Safety’ agenda.

“Of particular note is the work the Trust has undertaken to improve outcomes on the following work streams:

- The Trust has been able to retain their position as third overall nationally in reporting incidents. The Trust has reported a 122% increase in incident reporting since 2013/14.
- The Trust has exceeded their 2018 ‘Sign Up to Safety’ target to reduce all harm from medication errors by 25%. The Trust has had a 48% improvement (128 incidents in 2014/15 compared to 67 in 2016/17).
- A medication safety officers poster on improving safety culture in the Trust with regard to medication errors was shortlisted at the ‘Patients Sign Up to Safety Conference’ in Manchester in July 2016.
- Parents and Children and Young People’s (C&YP) Forum members supported the PLACE assessment of environment and food in wards and departments.
- Children and Young People’s Forum members worked with the Health Foundation and contributed to development of transition services and materials, including the ‘10stepstransition’ website to support safer transition to adult services.

“Commissioners also note the challenges regarding the minimising of health care acquired infections (HCAI’s) within the Trust. Commissioners also welcome the plans on both workforce education and prevention measures to reduce future infection risks to patients.

“Commissioners are aspiring through strategic objectives and five year plans to develop an NHS that delivers great outcomes, now and for future generations. This means reflecting the government’s objectives for the NHS set out in their mandate to us, adding our own stretching ambitions for improving health and delivering better services to go even further to tailor care to the local health economy. Providing high quality care and achieving excellent outcomes for our patients is the central focus of our work and is paramount to our success.

“It is felt that the priorities for improvement identified for the coming year are both challenging and reflective of the current issues across the health economy. This transition of paediatric community services presents a particular challenge to the Trust in this year.

“Commissioners will continue to work closely with Alder Hey to ensure quality and safety of services provided are maintained. We therefore commend the Trust in taking account of new opportunities to further improve the delivery of excellent, compassionate and safe care for every patient, every time.”

Liverpool CCG

Signed

Katherine Sheerin

KATHERINE SHEERIN

Chief Officer
22nd May 2017

**SOUTH SEFTON & SOUTHPORT AND
FORMBY CCGS**

Signed

Fiona Taylor

FIONA TAYLOR

Chief Officer
16th May 2017

KNOWSLEY CCG

Signed

Dianne Johnson

DIANNE JOHNSON

Accountable Officer
16th May 2017

Commentary from Overview and Scrutiny Committee

The Overview and Scrutiny Committee were invited to comment on the Quality Account. However no statement had been received at the time of publication.



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 to prepare quality accounts for each financial year.

NHS Improvement 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 NHS 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 2016/17 and supporting guidance.
- 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 2016 to March 2017;
 - papers relating to quality reported to the board over the period April 2016 to March 2017;
 - feedback from commissioners dated 22/5/17;
 - feedback from governors dated 24/04/17 to 16/05/17;
 - feedback from local Healthwatch organisations dated 15/05/17 and 22/05/17;
 - feedback from Overview and Scrutiny Committee dated – none received at the time of publication;
 - the Trust's complaints report published under regulation 18 of the Local Authority Social Services and NHS Complaints Regulations 2009, dated 28/07/16, 04/11/16, 17/02/17 and 22/04/17 (four quarterly reports);
 - the 2015 national patient survey;
 - the 2016 national staff survey dated March 2017;
 - the Head of Internal Audit's annual opinion of the Trust's control environment dated April 2017;
 - CQC inspection report dated December 2015.
- 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 NHS Improvement's annual reporting manual and supporting guidance (which incorporates the Quality Accounts regulations) as well as the standards to support data quality for the preparation of the Quality Report.

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.

David Henshaw

SIR DAVID HENSHAW
Chairman
25th May 2017

Louise Shepherd

LOUISE SHEPHERD
Chief Executive
25th May 2017

INDEPENDENT AUDITOR'S REPORT TO THE COUNCIL OF GOVERNORS OF ALDER HEY CHILDREN'S NHS FOUNDATION TRUST ON THE QUALITY REPORT

We have been engaged by the Council of Governors of Alder Hey Children's NHS Foundation Trust to perform an independent assurance engagement in respect of Alder Hey Children's NHS Foundation Trust's Quality Report for the year ended 31 March 2017 (the 'Quality Report') and certain performance indicators contained therein.

SCOPE AND SUBJECT MATTER

The indicators for the year ended 31 March 2017 subject to limited assurance consist of the following two national priority indicators (the indicators):

- percentage of incomplete pathways within 18 weeks for patients on incomplete pathways at the end of the reporting period.
- A&E: maximum waiting time of four hours from arrival to admission.

We refer to these national priority indicators collectively as the 'indicators'.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND AUDITORS

The directors are responsible for the content and the preparation of the Quality Report in accordance with the criteria set out in the NHS Foundation Trust Annual Reporting Manual issued by NHS Improvement.

Our responsibility is to form a conclusion, based on limited assurance procedures, on whether anything has come to our attention that causes us to believe that:

- the Quality Report is not prepared in all material respects in line with the criteria set out in the NHS Foundation Trust Annual Reporting Manual and supporting guidance;
- the Quality Report is not consistent in all material respects with the sources specified in the detailed requirements for quality reports for foundation trusts 2016/17 ('the Guidance'); and
- the indicators in the Quality Report identified as having been the subject of limited assurance in the Quality Report are not reasonably stated in all material respects in accordance with the NHS Foundation Trust Annual Reporting Manual and the six dimensions of data quality set out in the detailed requirements for external assurance for quality reports for foundation trusts 2016/17.

We read the Quality Report and consider whether it addresses the content requirements of the NHS Foundation Trust Annual Reporting Manual and consider the implications for our report if we become aware of any material omissions.

We read the other information contained in the Quality Report and consider whether it is materially inconsistent with:

- Board minutes and papers for the period April 2016 to May 2017;
- papers relating to quality reported to the board over the period April 2016 to May 2017;
- feedback from commissioners, dated 22nd May 2017;
- feedback from governors, dated 24 April 2017 to 16 May 2017;
- feedback from local Healthwatch organisations, dated 15 May 2017 and 22 May 2017;
- feedback from Overview and Scrutiny Committee requested on 24 April 2017;
- the Trust's complaints report published under regulation 18 of the Local Authority Social Services and NHS Complaints Regulations 2009 dated 28 July 2016, 4 November 2016, 17 February 2017 and 22 April 2017;
- the 2015 national patient survey;
- the 2016 national staff survey, dated March 2017;
- Care Quality Commission Inspection, dated 23 December 2015;
- the 2016/17 Head of Internal Audit's annual opinion over the Trust's control environment, dated April 2017; and
- any other information included in our review.

We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with those documents (collectively, the 'documents'). Our responsibilities do not extend to any other information.

We are in compliance with the applicable independence and competency requirements of the Institute of Chartered Accountants in England and Wales (ICAEW) Code of Ethics. Our team comprised assurance practitioners and relevant subject matter experts.

This report, including the conclusion, has been prepared solely for the Council of Governors of Alder Hey Children's NHS Foundation Trust as a body, to assist the Council of Governors in reporting the NHS Foundation Trust's quality agenda, performance and activities. We permit the disclosure of this report within the Annual Report for the year ended 31 March 2017, to enable the Council of Governors to demonstrate they have discharged their governance responsibilities by commissioning an independent assurance report in connection with the indicator. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council of Governors as a body and Alder Hey Children's NHS Foundation Trust for our work or this report, except where terms are expressly agreed and with our prior consent in writing.

ASSURANCE WORK PERFORMED

We conducted this limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) – 'Assurance Engagements other than Audits or Reviews of Historical Financial Information', issued by the International Auditing and Assurance Standards Board ('ISAE 3000'). Our limited assurance procedures included:

- evaluating the design and implementation of the key processes and controls for managing and reporting the indicator;
- making enquiries of management;
- testing key management controls;
- limited testing, on a selective basis, of the data used to calculate the indicator back to supporting documentation;
- comparing the content requirements of the NHS Foundation Trust Annual Reporting Manual to the categories reported in the Quality Report; and
- reading the documents.

A limited assurance engagement is smaller in scope than a reasonable assurance engagement. The nature, timing and extent of procedures for gathering sufficient appropriate evidence are deliberately limited relative to a reasonable assurance engagement.

LIMITATIONS

Non-financial performance information is subject to more inherent limitations than financial information, given the characteristics of the subject matter and the methods used for determining such information.

The absence of a significant body of established practice on which to draw allows for the selection of different, but acceptable measurement techniques which can result in materially different measurements and can affect comparability. The precision of different measurement techniques may also vary. Furthermore, the nature and methods used to determine such information, as well as the measurement criteria and the precision of these criteria, may change over time. It is important to read the Quality Report in the context of the criteria set out in the NHS Foundation Trust Annual Reporting Manual and supporting guidance.

The scope of our assurance work has not included governance over quality or the non-mandated indicator, which was determined locally by Alder Hey Children's NHS Foundation Trust.

CONCLUSION

Based on the results of our procedures, nothing has come to our attention that causes us to believe that, for the year ended 31 March 2017:

- the Quality Report is not prepared in all material respects in line with the criteria set out in the NHS Foundation Trust Annual Reporting Manual and supporting guidance;
- the Quality Report is not consistent in all material respects with the sources specified in the Guidance; and
- the indicator in the Quality Report subject to limited assurance has not been reasonably stated in all material respects in accordance with the NHS Foundation Trust Annual Reporting Manual and the six dimensions of data quality set out in the Guidance.

KPMG LLP

KPMG LLP
Chartered Accountants
1 St Peter's Square
Manchester
M2 3AE

30th May 2017

REVOLUTIONARY TECHNOLOGY...

A specially designed 'hybrid' operating theatre was opened at Alder Hey in 2017, the first of its kind in a stand-alone paediatric setting in the UK. A hybrid theatre contains all the high tech equipment and software required to perform high resolution diagnostic imaging and operations at the same time. The hybrid operating theatre cost £1.23m and was made possible thanks to funding provided by Alder Hey Children's Charity.

"As a surgeon this is the best possible operating environment I could ask for. This hybrid theatre will allow us to provide the highest levels of care to children who have very complex conditions and require very delicate scanning procedures and extremely precise surgery. State-of-the-art surgical equipment, the very latest technology and imaging software, together with an operating table specifically designed to be suitable for a variety of procedures and surgical techniques could potentially save lives and reduce risks of further injuries or complications."

**BENEDETTA PETTORINI,
NEUROSURGEON**



ANNUAL ACCOUNTS

Alder Hey Children's NHS Foundation Trust - Annual Accounts for the Year Ended 31 March 2017.

FOREWORD TO THE ACCOUNTS

Alder Hey Children's NHS Foundation Trust

These accounts, for the year ended 31 March 2017, have been prepared by Alder Hey Children's NHS Foundation Trust in accordance with paragraphs 24 & 25 of Schedule 7 within the National Health Service Act 2006.

Signed: *Louise Shepherd*

LOUISE SHEPHERD
Chief Executive
25th May 2017



STATEMENT OF COMPREHENSIVE INCOME

	Note	2016/17 £000	2015/16 £000
Operating Income from Patient Care Activities	3	192,037	175,245
Other Operating Income	4	30,555	40,471
Total Operating Income from Continuing Operations		222,592	215,716
Operating Expenses	5, 7	(209,644)	(244,892)
Operating Surplus/(Deficit) from Continuing Operations		12,948	(29,176)
Finance Income	9	28	107
Finance Expenses	10	(9,815)	(5,334)
PDC Dividends Payable	11	(981)	(1,163)
Net Finance Costs		(10,768)	(6,390)
Gains/(losses) of Disposal of Non-Current Assets	12	402	(5,133)
Surplus/(Deficit) for the Year from Continuing Operations		2,582	(40,699)
Other Comprehensive Income:			
Will Not be Reclassified to Income and Expenditure:			
Impairments	6	-	(116)
Revaluations	16	4,644	86
Total Comprehensive Income/(Expense) for the Period		7,226	(40,729)

Other operating income for 2015/16 differs from the prior year audited figure as profit on disposal (£270,000) is now disclosed elsewhere in the Statement of Comprehensive Income.

STATEMENT OF FINANCIAL POSITION

	Note	31 March 2017 £000	31 March 2016 £000
Non-Current Assets:			
Intangible Assets	13	11,650	11,783
Property, Plant and Equipment	14	208,232	205,550
Trade and Other Receivables	18	139	183
Total Non-Current Assets		220,021	217,516
Current Assets:			
Inventories	17	2,511	2,702
Trade and Other Receivables	18	16,612	9,943
Non-Current Assets for Sale and Assets in Disposal Groups	19	13	572
Cash and Cash Equivalents	20	6,516	10,551
Total Current Assets		25,652	23,768
Current Liabilities:			
Trade and Other Payables	21	(17,010)	(23,170)
Other Liabilities	22	(2,264)	(2,367)
Borrowings	23	(4,197)	(4,169)
Provisions	25	(443)	(1,035)
Total Current Liabilities		(23,914)	(30,741)
Total Assets Less Current Liabilities		221,759	210,543
Non-Current Liabilities			
Other Liabilities	22	(3,769)	(3,906)
Borrowings	23	(152,235)	(148,117)
Provisions	25	(699)	(690)
Total Non-Current Liabilities		(156,703)	(152,713)
Total Assets Employed		65,056	57,830
Financed by			
Public Dividend Capital		45,745	45,745
Revaluation Reserve		5,670	1,042
Income and Expenditure Reserve		13,641	11,043
Total Taxpayers' Equity		65,056	57,830

The notes on pages 142 to 171 form part of these accounts.

Signed: *Louise Shepherd*

LOUISE SHEPHERD
Chief Executive
25th May 2017

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2017

	Public Dividend Capital	Revaluation Reserve	Income and Expenditure Reserve	Total
	£000	£000	£000	£000
Taxpayers' and Others' Equity at 1 April 2016 - Brought Forward	45,745	1,042	11,043	57,830
Surplus/(Deficit) for the Year	-	-	2,582	2,582
Other Transfers Between Reserves	-	(14)	14	-
Revaluations	-	4,644	-	4,644
Transfer to Retained Earnings on Disposal of Assets	-	(2)	2	-
Taxpayers' and Others' Equity at 31 March 2017	45,745	5,670	13,641	65,056

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2016

	Public Dividend Capital	Revaluation Reserve	Income and Expenditure Reserve	Total
	£000	£000	£000	£000
Taxpayers' and Others' Equity at 1 April 2015 - Brought Forward	45,336	1,089	51,725	98,150
Surplus/(Deficit) for the Year	-	-	(40,699)	(40,699)
Other Transfers Between Reserves	-	(17)	17	-
Impairments	-	(116)	-	(116)
Revaluations	-	86	-	86
Public Dividend Capital Received	409	-	-	409
Taxpayers' and Others' Equity at 31 March 2016	45,745	1,042	11,043	57,830

Information on Reserves

Public Dividend Capital

Public dividend capital (PDC) 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. Additional PDC may also be issued to NHS foundation trusts by the Department of Health. A charge, reflecting the cost of capital utilised by the NHS Foundation Trust, is payable to the Department of Health as the public dividend capital dividend.

Revaluation Reserve

Increases in asset values arising from revaluations are recognised in the revaluation reserve, except where and to the extent that they reverse impairments previously recognised in operating expenses, in which case they are recognised in operating income. Subsequent downward movements in asset valuations are charged to the revaluation reserve to the extent that a previous gain was recognised unless the downward movement represents a clear consumption of economic benefit or a reduction in service potential.

Income and Expenditure Reserve

The balance of this reserve is the accumulated surpluses and deficits of the NHS Foundation Trust.

STATEMENT OF CASH FLOWS

	Note	2016/17 £000	2015/16 £000
Cash Flows from Operating Activities			
Operating Surplus/(Deficit)		12,948	(29,176)
Non-Cash Income and Expense:			
Depreciation and Amortisation	5.1	7,390	5,285
Net Impairments	6	2,239	45,189
Income Recognised in Respect Of Capital Donations	4	(2,704)	(11,786)
Amortisation of PFI Deferred Credit	4	(137)	(69)
(Increase)/Decrease in Receivables and Other Assets		(6,519)	66,552
(Increase)/Decrease in Inventories		191	(1,175)
Increase/(Decrease) in Payables and Other Liabilities		(5,917)	(2,405)
Increase/(Decrease) in Provisions		(594)	(1,412)
Other Movements in Operating Cash Flows		-	-
Net Cash Generated from/(Used in) Operating Activities		6,897	71,003
Cash Flows from Investing Activities			
Interest Received		28	107
Purchase of Intangible Assets		(1,247)	(6,680)
Purchase of Property, Plant, Equipment and Investment Property		(5,046)	(24,012)
Sales of Property, Plant, Equipment and Investment Property		1,009	270
Receipt of Cash Donations to Purchase Capital Assets		1,368	10,163
Net Cash Generated from/(Used in) Investing Activities		(3,888)	(20,152)
Cash Flows from Financing Activities			
Public Dividend Capital Received		-	409
Movement on Loans from the Department of Health		6,234	(1,802)
Capital Element of Finance Lease Rental Payments		(44)	(44)
Capital Element of PFI, LIFT and Other Service Concession Payments		(2,044)	(68,670)
Interest Paid on Finance Lease Liabilities		(4)	(6)
Interest Paid on PFI, LIFT and Other Service Concession Obligations		(8,719)	(4,317)
Other Capital Receipts		-	-
Other Interest Paid		(1,067)	(993)
PDC Dividend Paid		(1,400)	(925)
Cash Flows from (Used In) Other Financing Activities		-	-
Net Cash Generated from/(Used in) Financing Activities		(7,044)	(76,348)
Increase/(Decrease) in Cash and Cash Equivalents		(4,035)	(25,497)
Cash and Cash Equivalents at 1 April		10,551	36,048
Cash and Cash Equivalents at 31 March	20	6,516	10,551

NOTES TO THE ACCOUNTS

NOTE 1. ACCOUNTING POLICIES AND OTHER INFORMATION

1. Basis of Preparation

NHS Improvement, in exercising the statutory functions conferred on Monitor, is responsible for issuing an accounts direction to NHS foundation trusts under the NHS Act 2006. NHS Improvement has directed that the financial statements of NHS foundation trusts shall meet the accounting requirements of the Department of Health Group Accounting Manual (DH GAM) which shall be agreed with the Secretary of State. Consequently, the following financial statements have been prepared in accordance with the DH GAM 2016/17 issued by the Department of Health. The accounting policies contained in that manual follow IFRS and HM Treasury's FReM 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 account for the revaluation of property, plant and equipment, intangible assets, inventories and certain financial assets and financial liabilities.

1.2 Going Concern

These accounts have been prepared on a going concern basis. The Trust is planning to be financially sustainable over the next five year NHS planning horizon. The Trust is planning a trading surplus of £0.1m in 2017/18 and £1.2m in 2018/19. Forecast cash position for March 2018 is £3.5m. The Trust is not planning to apply for any interim funding during 2017/18.

1.3 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 Cushman & Wakefield. The valuations are carried out in accordance with the Royal Institute of Chartered Surveyors Valuation Standards. The valuations for the new buildings were carried out during 2015/16 and were applied to the 31 March 2016 land and buildings values. Asset values have been uplifted to reflect latest estimate of BCIS "All in" Tender Price Indices. 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 retained land and buildings at 31 March 2017 reflect the valuation indicated by Cushman & Wakefield given that most of the hospital buildings are in the process of being demolished.

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 31 March 2017. The provision is £996,000 (31 March 2016: £926,000) and includes a provision of £389,000 (31 March 2016: £465,000) 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 15% (31 March 2016: 21.99%) to reflect recoverability of more recent incidents.

Holiday Pay Accrual

The accrual for outstanding leave has been calculated on an actual basis.

The amount of outstanding annual leave as at 31 March has been requested from all managers from across the Trust. The accrual is calculated based on the returns from those managers. The Trust's annual leave policy clearly states that annual leave is expected to be taken in the year it relates to and only carried forward on an exceptional basis and with agreement from managers.

1.4 Income

Income in respect of services provided is recognised when, and to the extent that, performance occurs and is measured at the fair value of the consideration receivable. The main source of income for the Trust is contracts with commissioners in respect of healthcare services.

Where income is received for a specific activity which is to be delivered in a subsequent financial 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.

1.5 Employee Benefits

Short-Term Employee Benefits

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

Pension costs

NHS Pension Scheme

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

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

Additional pension liabilities arising from early retirements are not funded by the scheme except where the retirement is due to ill-health. The full amount of the liability for the additional costs is charged to the operating expenses at the time the Trust commits itself to the retirement, regardless of the method of payment.

1.6 Other Expenses

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

1.7 Property, Plant and Equipment

Property, plant and equipment is capitalised where:

Valuation

All property, plant and equipment assets are shown at 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 Cushman & Wakefield, a market-leading real estate adviser, in accordance with the Royal Institute of Chartered Surveyors Valuation Standards. Valuation of the new

hospital building (inpatients and outpatients) took place as at valuation date of 30 September 2015 and the research and education building with a valuation date of 31 July 2015. The last valuations for retained estate were undertaken in 2012 as at the valuation date of 1 November 2012 and were applied on 31 March 2013. 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 Depreciated Replacement Cost 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. Building indices advised by Cushman & Wakefield have increased since the last valuation. This increase has been applied to the Trust's building asset values at 31 March 2017. There has been no change to land indices.

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 DH GAM 2016/17. Depreciation commences when they are brought into use.

Increases arising on revaluation are recognised in the revaluation reserve except to the extent that they reverse a revaluation decrease that has previously been recognised in operating expenses, in which case they are recognised in operating income. A revaluation loss, 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 operating expenses. 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

Subsequent expenditure relating to an item of property, plant and equipment is recognised as an increase in

the carrying amount of the asset, when it is probable that additional future economic benefits or service potential deriving from the cost incurred to replace a component of such item will flow to the enterprise and the cost of the item can be determined reliably. Where a component of an asset is replaced, the cost of the replacement is capitalised if it meets the criteria for recognition above. The carrying amount of the part replaced is de-recognised. Other expenditure that does not generate additional future economic benefits or service potential, such as repairs and maintenance, is charged to the Statement of Comprehensive Income in the period in which it is incurred.

Depreciation

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 is charged, on a straight-line basis, to write off the costs or valuation of property, plant and equipment, less any residual value, over their estimated 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 in year. Assets held under finance leases are depreciated over their estimated useful lives.

Property, plant and equipment which has been reclassified as 'held for sale' ceases to be depreciated upon the reclassification. Assets in the course of construction and residual interests in off-Statement of Financial Position PFI contract assets are not depreciated until the asset is brought into use or reverts to the Trust, respectively.

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

	Minimum Life Years	Maximum Life Years
Buildings Excluding Dwellings	1	90
Dwellings	40	40
Plant and Machinery	2	15
Information Technology	5	10
Furniture and Fittings	10	10

Private Finance Initiative (PFI) Transactions

PFI transactions which meet the IFRIC 12 definition of a service concession, as interpreted in HM Treasury's FReM, are accounted for as 'on-Statement of Financial Position' by the Trust. In accordance with IAS 17, the underlying assets are recognised as property, plant and equipment, together with an equivalent finance lease liability. Subsequently, the assets are accounted for as property, plant and equipment and/or intangible assets as appropriate.

The annual contract payments are apportioned between the repayment of the liability, a finance cost and the charges for services.

The service charge is recognised in operating expenses and the finance cost is charged to finance costs in the Statement of Comprehensive Income.

Components of the asset replaced by the contractor during the contract (lifecycle costs) are capitalised where they meet the Trust's criteria for capital expenditure. They are capitalised at the time they are provided by the operator and are measured at their fair value.

1.8 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 is not capitalised.

As it cannot be demonstrated that the IAS 38 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.

Amortisation

Intangible assets are amortised over their expected useful economic lives in a manner consistent with the consumption of economic or service delivery benefits.

Useful Economic Life of Intangible Assets

Intangible assets which comprise computer software have a minimum life of 1.5 years and a maximum life of 9 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.

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 a revaluation decrease previously recognised in operating expenses, in which case they are recognised in operating income.

Revaluation losses are charged to the revaluation reserve to the extent that there is an available balance for the asset concerned, and thereafter are charged to operating expenses.

At each reporting period end, the Trust reviews the residual values and useful lives of its property, plant and equipment and intangible non-current assets. Equipment assets with a net book value of over £100,000 as at 31 March are reviewed for their carrying value and their remaining useful life. The carrying value of land and building retained estate is in line with the latest valuation carried out during 2012/13, the new buildings in line with valuation during 2015/16, uplifted to reflect latest BCIS indices. 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. A compensating transfer is made from the revaluation reserve to the income and expenditure reserve of an amount equal to the lower of (i) the impairment charged to operating expenses; and (ii) the balance in the revaluation reserve attributable to that asset before the impairment.

An impairment that arises from a clear consumption of economic benefit or of service potential is reversed when and to the extent that the circumstances that gave rise to the loss is reversed. Reversals are recognised in operating income to the extent that the asset is restored to the carrying amount it would have had if the impairment had never been recognised. Any remaining reversal is recognised in the revaluation reserve. Where at the time of the original impairment, a transfer was made from the revaluation reserve to the income and expenditure reserve, an amount is transferred back to the revaluation reserve when the impairment reversal is recognised.

Other impairments are treated as revaluation losses. Reversals of “other impairments” are treated as revaluation gains.

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

Finance Leases

Where substantially all risks and rewards of ownership of a leased asset are borne by the NHS Foundation Trust, the asset is recorded as property, plant and equipment and a corresponding liability is recorded. The value at which both are recognised is the lower of

the fair value of the asset or the present value of the minimum lease payments, discounted using the interest rate implicit in the lease.

The asset and liability are recognised at the commencement of the lease. Thereafter the asset is accounted for an item of property plant and equipment.

The annual rental is split between the repayment of the liability and a finance cost so as to achieve a constant rate of finance over the life of the lease. The annual finance cost is charged to Finance Costs in the Statement of Comprehensive Income. The lease liability is de-recognised when the liability is discharged, cancelled or expires.

Operating Leases

Other leases are regarded as operating leases and the rentals are charged to operating expenses on a straight-line basis over the term of the lease.

Leases of Land and Buildings

Where a lease is for land and buildings, the land component is separated from the building component and the classification for each is assessed separately.

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 commercial bank and Government Banking Service.

1.15 Provisions

Provisions are recognised where the Trust has a present legal or constructive obligation of uncertain timing or amount; for which it is probable that there will be a future outflow of cash or other resources; and a reliable estimate can be made of the amount. The amount recognised in the Statement of Financial Position is the best estimate of the resources required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using the discount rates published and mandated by HM Treasury.

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. Although the NHSLA is administratively responsible for all clinical negligence cases, the legal liability remains with the NHS Foundation Trust. The total value of clinical negligence provisions carried by the NHSLA on behalf of the NHS Foundation Trust is disclosed at note 25.2 but is not recognised in the NHS Foundation Trust's accounts.

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 when the liability arises.

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

1.16 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 de-recognised 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 income and expenditure'; '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. 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.

Interest is calculated using the effective interest method and credited to the Statement of Comprehensive Income.

At the end of the reporting period, the Trust assesses whether any financial assets, other than those held at 'fair value through income and expenditure' 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 receivables, receivables with related parties, accrued income and other receivables.

1.17 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 income and expenditure' 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.

1.18 Value Added Tax

Most of the activities of the NHS Foundation Trust are outside the scope of VAT and in general, output tax does not apply and input tax on purchases is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

1.19 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.

1.20 Third Party Assets

Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the accounts since the Trust has no beneficial interest in them. The Trust has no third party assets at 31 March 2017.

1.21 Public Dividend Capital (PDC) and PDC Dividend

Public dividend capital (PDC) 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 IAS 32.

A charge, reflecting the cost of capital utilised by the NHS Foundation Trust, is payable 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 Trust during the financial year. Relevant net assets are calculated as the value of all assets less the value of all liabilities, except for (i) donated assets (including lottery funded assets), (ii) average daily cash balances held with the Government Banking Services (GBS) and National Loans Fund (NLF) deposits, excluding cash balances held in GBS accounts that relate to a short-term working capital facility, and (iii) any PDC dividend balance receivable or

payable. In accordance with the requirements laid down by the Department of Health (as the issuer of PDC), the dividend for the year is calculated on the actual average 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 the audit of the annual accounts."

1.22 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 that individual cases are handled. Losses and special payments are charged to the relevant functional headings in expenditure 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 revenue expenditure).

However the losses and special payments note is compiled directly from the losses and compensations register which reports on an accrual basis with the exception of provisions for future losses.

1.23 Contingencies

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. Contingent assets are not recognised as assets but are disclosed where an inflow of economic benefits is probable.

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. Contingent liabilities are not recognised but are disclosed unless the possibility of a payment is remote.

1.24 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.

1.25 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 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, e.g. incurring the expenditure, have been met.

1.26 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.

1.27 Charitable Funds

Alder Hey Children's Charity is governed by independent trustees and has independent processes. The Trust does not have power to govern the financial and operating policies of the charitable fund and therefore the charity is not consolidated.

1.28 Early Adoption of Standards, Amendments and Interpretations

No new accounting standards or revisions to existing standards have been early adopted in 2016/17.

1.29 Standards, Amendments and Interpretations in Issue but Not Yet Effective or Adopted

The DH GAM does not require the following standards and Interpretations to be applied in 2016/17.

These Standards are still subject to HM Treasury FReM adoption, with IFRS9 and IFRS15 being for implementation in 2018/19 and the Government implementation date for IFRS16 is still subject to HM Treasury consideration.

IFRS 9 Financial Instruments	Application required for accounting periods beginning on or after 1 January 2018, but not yet adopted by the FReM: early adoption is not therefore permitted.
IFRS 15 Revenue from Contracts with Customers	Application required for accounting periods beginning on or after 1 January 2018, but not yet adopted by the FReM: early adoption is not therefore permitted.
IFRS 16 Leases	Application required for accounting periods beginning on or after 1 January 2019, but not yet adopted by the FReM: early adoption is not therefore permitted.
IFRIC 22 Foreign Currency Transactions and Advance Consideration	Application required for accounting periods beginning on or after 1 January 2018.

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 the Trust undertakes. Therefore the Trust has decided that it has one operating segment for healthcare.

3. OPERATING INCOME FROM PATIENT CARE ACTIVITIES

3.1. Income from Patient Care Activities (by Nature)

	2016/17 £000	2015/16 £000
Acute Services		
Elective Income	43,313	38,739
Non Elective Income	31,373	27,202
Outpatient Income	29,688	26,281
A & E Income	5,103	4,837
Other NHS Clinical Income	61,550	56,711
Mental Health Services		
Block Contract Income	10,007	10,177
Community Services		
Community Services Income from CCGs and NHS England	9,442	9,982
Community Services Income from Other Commissioners	831	842
All Services		
Private Patient Income	309	90
Other Clinical Income	421	384
Total Income from Activities	192,037	175,245

3.2 Income from Patient Care Activities (by Source)

	2016/17 £000	2015/16 £000
Income from Patient Care Activities Received from:		
CCGs and NHS England	174,643	159,879
Local Authorities	1,033	1,055
Department of Health	-	-
Other NHS Foundation Trusts	246	774
NHS Trusts	15	20
NHS Other	-	-
Non-NHS: Private Patients	309	90
Non-NHS: Overseas Patients (Chargeable to Patient)	8	-
NHS Injury Scheme (was RTA)	416	279
Non NHS: Welsh Specialised Commissioners	12,677	11,562
Non NHS: Other	2,690	1,586
Total Income from Activities	192,037	175,245
Of Which:		
Related to Continuing Operations	192,037	175,245

NHS injury scheme income is subject to a provision for impairment of receivables to reflect expected rates of collection.

This amounts to £389,000 at 31 March 2017 (£465,000 at 31 March 2016).

3.3 Overseas Visitors (Relating to Patients Charged Directly by the NHS Foundation Trust)

	2016/17 £000	2015/16 £000
Income Recognised This Year	8	-
Cash Payments Received In-Year	8	-
Amounts Added to Provision For Impairment of Receivables	-	-
Amounts Written Off In-Year	-	-

4. OTHER OPERATING INCOME

	2016/17 £000	2015/16 £000
Research and Development	3,662	4,129
Education and Training	7,644	8,249
Receipt of Capital Grants and Donations	2,704	14,137
Charitable and Other Contributions to Expenditure	376	222
Non-Patient Care Services to Other Bodies	5,014	3,391
Sustainability and Transformation Fund Income	6,206	-
Amortisation of PFI Deferred Credits	137	69
Other Income	4,812	10,274
Total Other Operating Income	30,555	40,471
Of Which:		
Related to Continuing Operations	30,555	40,471
Related to Discontinued Operations	-	-

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

Other operating income for 2015/16 differs from prior year audited accounts because profit on disposal is now reported elsewhere.

4.1 Analysis of Other Operating Income: Other

	2016/17 £000	2015/16 £000
Car Parking	784	517
Clinical Excellence Awards	609	625
Catering	892	828
Funding for Project Costs for Alder Hey in the Park	804	6,385
Innovation Hub	155	280
Improved Organisation Safety	-	187
Other	1,568	1,452
	4,812	10,274

4.2 Income from Activities Arising from Commissioner Requested Services

Under the terms of its provider license, the Trust is required to analyse the level of income from activities that has arisen from commissioner requested and non-commissioner requested services. Commissioner requested services are defined in the provider license and are services that commissioners believe would need to be protected in the event of provider failure. This information is provided in the table below:

	2016/17 £000	2015/16 £000
Income from Services Designated (or Grandfathered) as Commissioner Requested Services	184,504	168,487
Income from Services Not Designated as Commissioner Requested Services	7,533	6,758
Total	192,037	175,245

The split of income for 2015/16 differs from prior year audited accounts because of interpretation of NHS England guidance.

4.3 Profits and Losses on Disposal of Property, Plant and Equipment

	Net Book Value	Sales Proceeds	Profit/(Loss) on Disposal
Rose Hill House	298	491	191
Seymour Terrace	274	501	224
B1/D1 Extension	-	9	9
Rainbow Extension	-	1	1
Equipment Disposals	35	12	(23)
	607	1,014	402

Profit on disposal property assets is after deduction of cost of sale.

Clinical services provided in the building assets disposed of have transferred to the new building or retained estate on Alder Hey site.

5.1 Operating Expenses

	2016/17 £000	2015/16 £000
Purchase of Healthcare from Non NHS Bodies	534	324
Employee Expenses - Executive Directors	855	837
Remuneration of Non-Executive Directors	127	134
Employee Expenses - Staff	135,929	132,477
Supplies and Services - Clinical	18,175	15,246
Supplies and Services - General	3,551	3,247
Establishment	2,701	3,779
Research and Development*	807	1,456
Transport	50	74
Premises	11,515	12,530
Increase/(Decrease) in Provision for Impairment of Receivables	107	222
Drug Costs	18,644	18,419
Depreciation on Property, Plant and Equipment	5,852	4,692
Amortisation on Intangible Assets	1,538	593
Net Impairments	2,239	45,189
Audit Fees Payable to the External Auditor		
Audit Services - Statutory Audit	53	59
Other Auditor Remuneration (External Auditor Only)	302	39
Clinical Negligence	4,113	2,971
Legal Fees	79	366
Consultancy Costs	1,211	188
Internal Audit Costs	126	84
Training, Courses and Conferences	402	731
Patient Travel	102	100
Car Parking and Security	478	474
Redundancy	209	36
Early Retirements	12	22
Insurance	360	236
Losses, Ex Gratia and Special Payments	142	266
Other**	(569)	101
Total	209,644	244,892
Of Which:		
Related to Continuing Operations	209,644	244,892

* Research and development expenditure reflects payments to other organisations in respect of research contracts. Employee expenses - staff, include £2,130,000 (2015/16 £2,299,000) relating to research and development activities.

** Other expenditure includes write back of unused other provision.

The Trust is the host organisation for the Sustainability and Transformation Plan and has incurred £846,000 of expenditure, of which £745,000 is part of the consultancy costs above.

5.2 Managed Service Arrangements (MSA)

The Trust had four managed service arrangements being the outpatients and modular ward (now being used for other purposes), the patient information system and the pathology managed service. 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.

	2016/17 £000	2015/16 £000
Amounts Included Within Operating Expenses in Respect of MSA Transactions	2,844	3,627

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

	Buildings		Other	
	31 March 2017 £000	31 March 2016 £000	31 March 2017 £000	31 March 2016 £000
Schemes Which Expire:				
Within 1 Year	0	919	0	0
2nd to 5th Years (Inclusive)	828	1,094	1,961	2,400

Expenditure for 2015/16 differs from prior year audited accounts because expenditure has been re-classified as MSA. Amounts in operating expenses for MSA transactions has increased by £884,000 whilst the other commitments have increased by £2,195,000.

5.3 Operating Leases

This note discloses costs and commitments incurred in operating lease arrangements where the Trust is the lessee.

Operating Lease Expense	2016/17 £000	2015/16 £000
Minimum Lease Payments	6	7
Contingent Rents	-	-
Less Sublease Payments Received	-	-
Total	6	7

Future Minimum Lease Payments Due:	2016/17 £000	2015/16 £000
- Not Later Than One Year;	6	0
- Later Than One Year and Not Later Than Five Years;	-	-
- Later Than Five Years.	-	-
Total	6	0

The Trust held no operating leases in respect of land and buildings during 2016/17.

5.4 Other Auditor Remuneration

	2016/17 £000	2015/16 £000
Other Auditor Remuneration Paid to the External Auditor:		
Other Non-Audit Services Including Business Advice	302	39
Total	302	39

£20,096 was paid to KPMG for VAT advice.

£270,585 was paid for work as host of the Cheshire and Merseyside Service Transformation Plan. The Trust's share was 3% amounting to £8,117.

£10,800 was paid for Quality Accounts Audit.

£10,000 was also paid for VAT advice on the research and education Phase 2 extension. This was charged to property, plant and equipment additions.

5.5 Limitation on Auditor's Liability

The limitation on auditors' liability for external audit work is £1m (2015/16: £1m).

6. IMPAIRMENT OF ASSETS

	2016/17 £000	2015/16 £000
Net Impairments Charged to Operating Surplus/Deficit Resulting From:		
Changes in Market Price	-	50
Other	2,239	45,139
Total Net Impairments Charged to Operating Surplus/Deficit	2,239	45,189
Impairments Charged to the Revaluation Reserve	-	116
Total Net Impairments	2,239	45,305
Impairment of Assets		
Impairment of Expenditure on Retained Estate	2,239	1,246
Impairment of New PFI Building on Being Brought into Use	-	41,318
Impairment of New Research and Education Building on Being Brought into Use	-	2,575
Impairment of Assets Held For Sale - to Market Value	-	166
	2,239	45,305

7. EMPLOYEE BENEFITS

7.1 Employee Expenses

	2016/17 £000	2015/16 £000
Salaries and Wages	111,917	110,787
Social Security Costs	9,614	7,816
Employer's Contributions to NHS Pensions	12,339	11,740
Pension Cost - Other	-	-
Other Post Employment Benefits	-	-
Other Employment Benefits	-	-
Termination Benefits	-	-
Temporary Staff (Including Agency)	6,449	6,029
Total Gross Staff Costs	140,319	136,372
Recoveries in Respect of Seconded Staff	(1,386)	(1,378)
Total Staff Costs	138,933	134,994
Of Which		
Costs Capitalised as Part of Assets	1,940	1,644

7.2 Retirements Due to Ill-Health

During 2016/17 there was one early retirement from the trust agreed on the grounds of ill-health (one in the year ended 31 March 2016). The estimated additional pension liabilities of these ill-health retirements is £61,000 (£32,000 in 2015/16).

The cost of these ill-health retirements will be borne by the NHS Business Services Authority - Pensions Division.

7.3 Employee Benefits

There were no employee benefits during 2016/17.

8. PENSION COSTS

Past and present employees are covered by the provisions of the two NHS Pension Schemes. Details of the benefits payable and rules of the Schemes can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State in England and Wales. They are 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, each scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in each scheme is taken as equal to the contributions payable to that scheme for the accounting period.

In order that the defined benefit obligations recognised in the financial statements do not differ materially from those that would be determined at the reporting date by a formal actuarial valuation, the FReM requires that “the period between formal valuations shall be four years, with approximate assessments in intervening years”. An outline of these follows:

a) Accounting Valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and are accepted as providing suitably robust figures for financial reporting purposes. The valuation of scheme liability as at 31 March 2017, is based on valuation data as 31 March 2016, updated to 31 March 2017 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

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) Pension Accounts. These accounts can be viewed on the NHS Pensions website and are published annually. Copies can also be obtained from The Stationery Office.

b) Full Actuarial (Funding) Valuation

The purpose of this valuation is to assess the level of liability in respect of the benefits due under the schemes (taking into account their recent demographic experience) and to recommend contribution rates payable by employees and employers.

The last published actuarial valuation undertaken for the NHS Pension Scheme was completed for the year ending 31 March 2012. The Scheme Regulations allow for the level of contribution rates to be changed by the Secretary of State for Health, with the consent of HM Treasury, and consideration of the advice of the Scheme Actuary and appropriate employee and employer representatives as deemed appropriate.

The next actuarial valuation is to be carried out as at 31 March 2016. This will set the employer contribution rate payable from April 2019 and will consider the cost of the Scheme relative to the employer cost cap. There are provisions in the Public Service Pension Act 2013 to adjust member benefits or contribution rates if the cost of the Scheme changes by more than 2% of pay. Subject to this ‘employer cost cap’ assessment, any required revisions to member benefits or contribution rates will be determined by the Secretary of State for Health after consultation with the relevant stakeholders.



9. FINANCE INCOME

Finance income represents interest received on assets and investments in the period.

	2016/17 £000	2015/16 £000
Interest on Bank Accounts	28	107
Interest on Loans and Receivables	-	-
Total	28	107

10. FINANCE EXPENDITURE

Finance expenditure represents interest and other charges involved in the borrowing of money.

	2016/17 £000	2015/16 £000
Interest Expense:		
Loans from the Department of Health	1,081	1,000
Finance Leases	4	6
Interest on Late Payment of Commercial Debt	-	-
Main Finance Costs on PFI Scheme Obligations	8,249	4,154
Contingent Finance Costs on PFI Scheme Obligations	470	163
Total Interest Expense	9,804	5,323
Other Finance Costs - Unwinding of Discount on Provisions	11	11
Total	9,815	5,334

Finance costs on PFI scheme were for part year only in 2015/16.

11. PUBLIC DIVIDEND CAPITAL DIVIDEND

The Trust is required to pay a dividend to the Department of Health of £981,000. This represents 3.5% of the average net relevant assets of £28,042,000.

12. GAINS/LOSSES ON DISPOSAL/DERECOGNITION OF NON-CURRENT ASSETS

	2016/17 £000	2015/16 £000
Profit on Disposal of Non-Current Assets	425	270
Loss on Disposal of Non-Current Assets	(23)	(5,403)
Net Profit/(Loss) on Disposal of Non-Current Assets	402	(5,133)

13. INTANGIBLE ASSETS

13.1 Intangible Assets - 2016/17

	Software Licences £000	Intangible Assets Under Construction £000	Total £000
Valuation/Gross Cost at 1 April 2016 - Brought Forward	12,642	318	12,960
Additions - Purchased/Internally Generated	980	425	1,405
Reclassifications	318	(318)	-
Disposals/Derecognition	(30)	-	(30)
Gross Cost at 31 March 2017	13,910	425	14,335
Amortisation at 1 April 2016 - Brought Forward	1,177	-	1,177
Provided During The Year	1,538	-	1,538
Disposals/Derecognition	(30)	-	(30)
Amortisation at 31 March 2017	2,685	-	2,685
Net Book Value at 31 March 2017	11,225	425	11,650
Net Book Value at 1 April 2016	11,465	318	11,783

13.2 Intangible Assets - 2015/16

	Software Licences £000	Intangible Assets Under Construction £000	Total £000
Valuation/Gross Cost At 1 April 2015 - Brought Forward	1,989	3,717	5,706
Additions - Purchased/Internally Generated	6,001	318	6,319
Reclassifications	5,356	(3,717)	1,639
Disposals/Derecognition	(704)	-	(704)
Valuation/Gross Cost at 31 March 2016	12,642	318	12,960
Amortisation at 1 April 2015 - Brought Forward	1,288	-	1,288
Provided During The Year	593	-	593
Disposals/Derecognition	(704)	-	(704)
Amortisation at 31 March 2016	1,177	-	1,177
Net Book Value at 31 March 2016	11,465	318	11,783
Net Book Value at 1 April 2015	701	3,717	4,418

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

14. PROPERTY, PLANT AND EQUIPMENT

14.1 Property, Plant and Equipment - 2016/17

	Land £000	Buildings Excluding Dwellings £000	Dwellings £000	Assets Under Construction £000	Plant and Machinery £000	Information Technology £000	Furniture and Fittings £000	Total £000
Valuation/ Gross Cost at 1 April 2016 - Brought Forward	4,131	224,427	152	1,943	27,261	9,623	3,767	271,304
Additions	-	2,296	-	1,121	2,332	326	102	6,177
Impairments	-	(2,239)	-	-	-	-	-	(2,239)
Reclassifications	-	(48,437)	(7)	(1,134)	-	1,134	-	(48,444)
Revaluations	-	4,641	3	-	-	-	-	4,644
Transfers to/ from Assets Held for Sale	-	-	-	-	(179)	-	-	(179)
Disposals/ Derecognition	-	(166)	-	-	(339)	(1,337)	-	(1,842)
Valuation/ Gross Cost at 31 March 2017	4,131	180,522	148	1,930	29,075	9,746	3,869	229,421
Accumulated Depreciation at 1 April 2016 - Brought Forward	-	52,050	3	-	10,369	3,232	100	65,754
Provided During the Year	-	2,176	4	-	2,527	795	350	5,852
Reclassifications	-	(48,437)	(7)	-	-	-	-	(48,444)
Transfers to/ from Assets Held for Sale	-	-	-	-	(166)	-	-	(166)
Disposals/ Derecognition	-	(166)	-	-	(304)	(1,337)	-	(1,807)
Accumulated Depreciation at 31 March 2017	-	5,623	-	-	12,426	2,690	450	21,189
Net Book Value at 31 March 2017	4,131	174,899	148	1,930	16,649	7,056	3,419	208,232
Net Book Value at 1 April 2016	4,131	172,377	149	1,943	16,892	6,391	3,667	205,550

14.2 Property, Plant and Equipment - 2015/16

	Land £000	Buildings Excluding Dwellings £000	Dwellings £000	Assets Under Construction £000	Plant and Machinery £000	Information Technology £000	Furniture and Fittings £000	Total £000
Valuation/ Gross Cost at 1 April 2015 - Brought Forward	4,184	13,331	152	41,671	24,030	6,145	187	89,700
Additions	-	184,803	-	1,358	7,649	3,296	3,755	200,861
Impairments	-	(116)	-	-	-	-	-	(116)
Reclassifications	-	32,082	-	(41,086)	4,538	2,826	1	(1,639)
Revaluations	86	-	-	-	-	-	-	86
Transfers to/ from Assets Held for Sale	(139)	(531)	-	-	-	-	-	(670)
Disposals/ Derecognition	-	(5,142)	-	-	(8,956)	(2,644)	(176)	(16,918)
Valuation/ Gross Cost at 31 March 2016	4,131	224,427	152	1,943	27,261	9,623	3,767	271,304
Accumulated Depreciation at 1 April 2015 - Brought Forward		5,034	-	-	17,161	5,151	140	27,486
Provided During the Year	-	1,946	3	-	1,944	691	108	4,692
Impairments	-	45,189	-	-	-	-	-	45,189
Transfers to/ from Assets Held for Sale	-	(98)	-	-	-	-	-	(98)
Disposals/ Derecognition	-	(21)	-	-	(8,736)	(2,610)	(148)	(11,515)
Accumulated Depreciation at 31 March 2016	-	52,050	3	-	10,369	3,232	100	65,754
Net Book Value at 31 March 2016	4,131	172,377	149	1,943	16,892	6,391	3,667	205,550
Net Book Value at 1 April 2015	4,184	8,297	152	41,671	6,869	994	47	62,214

14.3 Property, Plant and Equipment Financing - 2016/17

	Land £000	Buildings Excluding Dwellings £000	Dwellings £000	Assets Under Construction £000	Plant and Machinery £000	Information Technology £000	Furniture and Fittings £000	Total £000
Net Book Value at 31 March 2017								
Owned	4,131	3,388	148	1,172	3,595	6,727	3,419	22,580
Finance Leased	-	-	-	-	97	-	-	97
On-SoFP PFI Contracts and Other Service Concession Arrangements	-	164,419	-	-	-	-	-	164,419
Donated	-	7,092	-	758	12,957	329	-	21,136
NBV Total at 31 March 2017	4,131	174,899	148	1,930	16,649	7,056	3,419	208,232

14.4 Property, Plant and Equipment Financing - 2015/16

	Land £000	Buildings Excluding Dwellings £000	Dwellings £000	Assets Under Construction £000	Plant and Machinery £000	Information Technology £000	Furniture and Fittings £000	Total £000
Net Book Value at 31 March 2016								
Owned	4,131	3,367	149	1,315	4,497	6,301	3,667	23,427
Finance Leased	-	-	-	-	130	-	-	130
On-SoFP PFI Contracts and Other Service Concession Arrangements	-	161,916	-	-	-	-	-	161,916
Donated	-	7,094	-	628	12,265	90	-	20,077
NBV Total at 31 March 2016	4,131	172,377	149	1,943	16,892	6,391	3,667	205,550

15. Donations of Property, Plant and Equipment

The Trust has received a new hybrid theatre paid for by Alder Hey Children's Charity in 2016/17 and also medical equipment assets directly purchased by the Charity.

The Trust has also purchased medical equipment and incurred cost on the research and education Phase 2, funded by charity donations.

16. Revaluations of Property, Plant and Equipment

Values of building assets have been reviewed as at 31 March 2017 and have been uplifted to reflect building indices advised by independent valuers. There has been no change to land values.

17. INVENTORIES

17.1 Inventories

	31 March 2017 £000	31 March 2016 £000
Drugs	733	885
Work In Progress	-	-
Consumables	1,712	1,745
Energy	66	72
Inventories Carried at Fair Value Less Costs to Sell	-	-
Other	-	-
Total Inventories	2,511	2,702

Stock values in March 2017 include ward stocks which have been counted for the first time due to new working practices in the new hospital.

17.1 Inventory Movements

	31 March 2017 £000	31 March 2016 £000
Carrying Value at 1st April 2016 as Previously Stated	2,702	1,527
Additions	27,298	26,128
Inventories Recognised in Expenses	(27,485)	(24,953)
Write Down of Inventories	(4)	-
	2,511	2,702

18. TRADE RECEIVABLES AND OTHER RECEIVABLES

18.1 Trade Receivables and Other Receivables

	31 March 2017 £000	31 March 2016 £000
Current		
Trade Receivables Due from NHS Bodies	5,329	3,103
Other Receivables Due from Related Parties	330	417
Provision for Impaired Receivables	(996)	(926)
Prepayments (Non-PFI)	2,796	3,487
Accrued Income	6,930	2,362
PDC Dividend Receivable	106	-
VAT Receivable	469	531
Other Receivables	1,648	969
Total Current Trade and Other Receivables	16,612	9,943
Non-Current		
Prepayments (Non-PFI)	139	183
Total Non-Current Trade and Other Receivables	139	183

Accrued income includes Sustainability and Transformation Fund income due to be paid to the Trust, together with incompleting spells as at 31 March 2017.

The great majority of trade is with Clinical Commissioning Groups and NHS England, as commissioners for NHS patient care services. As these bodies are funded by government to buy NHS patient care services, no credit score of them is considered necessary.

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

Other related parties receivables include Welsh health bodies funded by the Welsh Assembly Government. No credit score is considered necessary.

18.2 Provision for Impairment of Receivables

	2016/17 £000	2015/16 £000
At 1 April	926	716
Increase in Provision	310	360
Amounts Utilised	(37)	(12)
Unused Amounts Reversed	(203)	(138)
At 31 March	996	926

Provision for impairment of receivables is made where amounts are past due and are uncertain to be recovered. Usually the debtors have indicated that the charge is queried or that payment may not be made. The provision includes £389,000 of Injury Cost Recovery debt to reflect expected rates of collection.



18.3 Analysis of Impaired Receivables

	31 March 2017 Trade and Other Receivables	31 March 2016 Trade and Other Receivables
Ageing of Impaired Receivables	£000	£000
0 - 30 Days	64	66
30-60 Days	47	21
60-90 Days	24	15
90- 180 Days	18	43
Over 180 Days	843	781
Total	996	926
Ageing of Non-Impaired Financial Assets Past Their Due Date		
0 - 30 Days	401	28
30-60 Days	318	471
60-90 Days	62	99
90- 180 Days	1	72
Over 180 Days	29	66
Total	811	736

Receivables are not impaired until amounts are uncertain to be received - usually when debtors indicate that there is a query.

19. Non-Current Assets for Sale and Assets in Disposal Groups

	Land £000	Buildings Excluding Dwellings £000	Property, Plant and Equipment £000	2016/17 Total £000	2015/16 Total £000
NBV of Non-Current Assets for Sale and Assets in Disposal Groups at 1 April	139	433	-	572	-
Plus Assets Classified as Available for Sale in the Year	0	0	13	13	572
Less Assets Sold in Year	(139)	(433)	-	(572)	-
NBV of Non-Current Assets for Sale and Assets in Disposal Groups at 31 March	-	-	13	13	572

The assets held for sale at 31 March 2017 are X-ray equipment assets which have been taken out of use, ready to be auctioned.

20. CASH AND CASH EQUIVALENTS MOVEMENTS

	2016/17 £000	2015/16 £000
At 1 April	10,551	36,048
Net Change in Year	(4,035)	(25,497)
At 31 March	6,516	10,551
Broken Down Into:		
Cash at Commercial Banks and in Hand	52	115
Cash with the Government Banking Service	1,164	1,186
Deposits with the National Loan Fund	5,300	9,250
Total Cash and Cash Equivalents as in SoFP	6,516	10,551
Bank Overdrafts (GBS and Commercial Banks)	-	-
Total Cash and Cash Equivalents as in SoCF	6,516	10,551

21. TRADE AND OTHER PAYABLES

	31 March 2017 £000	31 March 2016 £000
Current		
NHS Trade Payables	1,125	3,328
Amounts Due to Other Related Parties	2,270	2,782
Other Trade Payables	2,098	1,998
Capital Payables	2,320	2,367
Social Security Costs	-	-
VAT Payable	-	-
Other Taxes Payable	2,648	2,478
Other Payables	867	1,885
Accruals	5,682	8,019
PDC Dividend Payable	-	313
Total Current Trade and Other Payables	17,010	23,170

Related party payables includes £1,746,000 (£1,709,000 at 31 March 2016) outstanding pension contributions at 31 March 2017.

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

Other payables includes the accrual for untaken annual leave at 31 March 2017. It is expected that this will be used before 31 March 2018.

22. OTHER LIABILITIES

	31 March 2017 £000	31 March 2016 £000
Current		
Deferred Goods and Services Income	1,020	350
Other Deferred Income	1,107	1,880
Deferred PFI Credits	137	137
Total Other Current Liabilities	2,264	2,367
Non-Current		
Deferred PFI Credits	3,769	3,906
Total Other Non-Current Liabilities	3,769	3,906

23. BORROWINGS

	31 March 2017 £000	31 March 2016 £000
Current		
Loans from the Department of Health	2,081	2,081
Obligations Under Finance Leases	46	44
Obligations under PFI, LIFT or Other Service Concession Contracts (Excl. Lifecycle)	2,070	2,044
Total Current Borrowings	4,197	4,169
Non-Current		
Loans from the Department of Health	45,351	39,117
Obligations Under Finance Leases	48	94
Obligations Under PFI, LIFT or Other Service Concession Contracts	106,836	108,906
Total Non-Current Borrowings	152,235	148,117

24. FINANCE LEASES

24.1 Alder Hey Children's NHS Foundation Trust as a Lessee

Obligations under finance leases where Alder Hey Children's NHS Foundation Trust is the lessee.

	31 March 2017	31 March 2016
	£000	£000
Gross Lease Liabilities	98	146
Of Which Liabilities are Due:		
- Not Later Than One Year;	49	49
- Later Than One Year and Not Later Than Five Years;	49	97
- Later Than Five Years.	-	-
Finance Charges Allocated To Future Periods	(4)	(8)
Net Lease Liabilities	94	138
Of Which Payable:		
- Not Later Than One Year;	46	44
- Later Than One Year and Not Later Than Five Years;	48	94
- Later Than Five Years.	-	-
Total of Future Minimum Sublease Payments to be Received at the Reporting Date	-	-
Contingent Rent Recognised as an Expense in the Period	-	-

25. PROVISIONS

25.1 Provisions for Liabilities and Charges Analysis

	Current		Non-Current	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
	£000	£000	£000	£000
Pensions - Early Departure Costs	93	100	699	690
Legal Claims	197	176	0	0
Other	153	759	0	0
Total	443	1,035	699	690

25.1 Provisions for Liabilities and Charges Analysis (cont'd)

	Pensions - Early Departure Costs £000	Other Legal Claims £000	Other £000	Total £000
At 1 April 2016	790	176	759	1,725
Change in the Discount Rate	69	-	-	69
Arising During the Year	11	139	120	270
Utilised During the Year	(89)	(86)	(38)	(213)
Reversed Unused	-	(32)	(688)	(720)
Unwinding of Discount	11	-	-	11
At 31 March 2017	792	197	153	1,142
Expected Timing of Cash Flows:				
- Not Later Than One Year;	93	197	153	443
- Later Than One Year and Not Later Than Five Years;	236	-	-	236
- Later Than Five Years.	463	-	-	463
Total	792	197	153	1,142

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.

Other provisions includes an amount for ongoing employment disputes.

25.2 Clinical Negligence Liabilities

At 31 March 2017, £100,725,000 was included in provisions of the NHSLA in respect of clinical negligence liabilities of Alder Hey Children's NHS Foundation Trust (31 March 2016: £98,238,000).

26. CONTINGENT ASSETS AND LIABILITIES

The Trust has no contingent assets or liabilities.

27. CONTRACTUAL CAPITAL COMMITMENTS

	2016/17 £000	2015/16 £000
Property, Plant and Equipment	3,159	428
Intangible Assets	21	135
Total	3,180	563

Contractual capital commitments relate to capital items/work which has been ordered but not received at 31 March 2017.



28. ON-SOFP PFI, LIFT OR OTHER SERVICE CONCESSION ARRANGEMENTS

The PFI scheme relates to the new hospital which became operational in October 2015.

The Trust has the right to use the buildings, however Alder Hey (Special Purpose Vehicle) Limited (Acorn Consortium) have responsibility for maintaining the buildings to an agreed standard. All lifecycle replacement is also the responsibility of Alder Hey (Special Purpose Vehicle) Limited.

A key feature of the PFI scheme is that the operator is responsible for ensuring that the property is maintained to an agreed standard for the entire life of the contract. These are known as lifecycle costs. The costs which the operator expects to incur in doing this is reflected in the unitary payment.

The contract with Alder Hey (Special Purpose Vehicle) Limited expires on 21st June 2045, after which time the Trust will become responsible for the maintenance and lifecycle costs of those buildings.

28.1 Imputed Finance Lease Obligations

The Trust has the following obligations in respect of the finance lease element of on-Statement of Financial Position PFI and LIFT schemes:

	31 March 2017 £000	31 March 2016 £000
Gross PFI, LIFT or other Service Concession Liabilities	295,817	306,582
Of Which Liabilities are Due		
- Not Later Than One Year	10,717	10,763
- Later Than One Year and Not Later Than Five Years	43,072	43,027
- Later Than Five Years	242,028	252,792
Finance Charges Allocated to Future Periods	(186,911)	(195,632)
Net PFI, LIFT or Other Service Concession Arrangement Obligation	108,906	110,950
- Not Later Than One Year	2,070	2,044
- Later Than One Year and Not Later Than Five Years	9,238	8,868
- Later Than Five Years	97,598	100,038

28.2 Total on-SoFP PFI, LIFT and Other Service Concession Arrangement Commitments

The Trust's total future obligations under these on-Statement of Financial Position schemes are as follows:

	31 March 2017 £000	31 March 2016 £000
Total Future Payments Committed in Respect of the PFI, LIFT or Other Service Concession Arrangements	483,998	497,729
Of Which Liabilities are Due		
- Not Later Than One Year	13,916	13,732
- Later Than One Year and Not Later Than Five Years	57,532	56,776
- Later Than Five Years	412,550	427,221

28.3 Analysis of Amounts Payable to Service Concession Operator

This note provides an analysis of the Trust's payments in 2016/17:

	31 March 2017 £000	31 March 2016 £000
Unitary Payment Payable to Service Concession Operator	13,566	6,828
Consisting of:		
- Interest Charge	8,249	4,154
- Repayment of Finance Lease Liability	2,044	787
- Service Element and Other Charges to Operating Expenditure	2,803	1,724
- Contingent Rent	470	163
Other Amounts Paid to Operator Due to a Commitment Under the Service Concession Contract but Not Part of the Unitary Payment	-	-
Total Amount Paid to Service Concession Operator	13,566	6,828

29. FINANCIAL INSTRUMENTS

29.1 Financial Risk Management

Financial reporting standard IFRS7 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 clinical commissioning groups (CCGs) and the way those CCGs 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 CCGs. The Trust receives regular monthly payments from CCGs 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 majority of transactions, assets and liabilities being in the UK and sterling based. The Trust has limited business with overseas clients. 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.

29.2 Financial Assets

	31 March 2017 £000	31 March 2016 £000
Assets as per SOFP as at 31 March		
Trade and Other Receivables Excluding Non Financial Assets	13,816	6,456
Cash and Cash Equivalents at Bank and In Hand	6,516	10,551
Total at 31 March	20,332	17,007

29.3 Financial Liabilities

	31 March 2017 £000	31 March 2016 £000
Liabilities as per SOFP as at 31 March		
Borrowings Excluding Finance Lease and PFI Liabilities	47,432	41,198
Obligations Under Finance Leases	94	138
Obligations Under PFI, LIFT and Other Service Concession Contracts	108,906	110,950
Trade and Other Payables Excluding Non Financial Liabilities	14,362	20,692
Total at 31 March	170,794	172,978

29.4 Maturity of Financial Liabilities

	31 March 2017 £000	31 March 2016 £000
In One Year Or Less	18,559	24,861
In More Than One Year But Not More Than Two Years	4,362	4,195
In More Than Two Years But Not More Than Five Years	21,339	13,122
In More Than Five Years	126,534	130,800
Total	170,794	172,978

30. LOSSES AND SPECIAL PAYMENTS

	2016/17		2015/16	
	Total Number of Cases	Total Value of Cases	Total Number of Cases	Total Value of Cases
	Number	£000	Number	£000
Losses				
Cash Losses	18	24	12	11
Fruitless Payments	-	-	-	-
Bad Debts and Claims Abandoned	44	13	26	1
Stores Losses and Damage to Property	1	4	1	157
Total Losses	63	41	39	169
Special Payments				
Extra-Contractual Payments	-	-	-	-
Extra-Statutory and Extra-Regulatory Payments	-	-	-	-
Compensation Payments	-	-	-	-
Special Severance Payments	1	120	-	-
Ex-Gratia Payments	36	138	24	91
Total Special Payments	37	258	24	91
Total Losses and Special Payments	100	299	63	260
Compensation Payments Received				

31. EVENTS AFTER THE REPORTING DATE

The Trust was awarded the Liverpool and Sefton contract to provide £5,832,000 of community services transferred from Liverpool Community Health Trust on 1 April 2017.



32. RELATED PARTIES

Alder Hey Children's NHS Foundation Trust is a public interest body authorised by NHS Improvement.

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 the 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.

	Income	Expenditure	Receivables	Payables	Impairment Recognised As Expense
	£000	£000	£000	£000	£000
Central Manchester University Hospital NHS FT	1,511	1,034	387	102	
Liverpool Women's Hospital NHS FT	910	427	27	102	
Royal Liverpool and Broadgreen University Hospitals NHS Trust	1,410	593	451	52	
NHS Halton CCG	1,273	-	-	39	
NHS Knowsley CCG	6,512	-	153	-	
NHS Liverpool CCG	30,393	-	490	-	
NHS South Cheshire CCG	546	-	17	-	
NHS South Sefton CCG	8,995	-	139	-	
NHS Southport and Formby CCG	2,719	-	55	-	
NHS St Helens CCG	2,127	-	52	-	
NHS Vale Royal CCG	429	-	-	10	
NHS Warrington CCG	1,346	-	-	50	
NHS West Cheshire CCG	1,125	-	100	-	
NHS West Lancashire CCG	1,358	-	169	-	
NHS Wigan Borough CCG	602	-	-	-	
NHS Wirral CCG	2,213	-	-	-	
Health Education England	7,561	-	-	-	
Department of Health: Core Trading	1,669	-	-	-	
NHS Litigation Authority	-	4,149	-	34	
NHS England - Core	7,059	-	3,431	-	
NHS England - Cheshire and Merseyside Local Office	1,975	-	162	-	
NHS England Lancashire Local Office	313	-	10	-	
NHS England - North West Specialised Commissioning Hub	110,319	-	2,329	-	
NHS Blood and Transplant	4	1,107	-	30	
All other NHS Bodies	6,518	2,001	2,287	754	

32. RELATED PARTIES (CONT'D)

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	794	2840	110	0	
Welsh Assembly Government (Including All Other Welsh Health Bodies)	12,846	61	9	102	
Northern Health and Social Care Trust - Northern Ireland	608	0	164	0	
NHS Pension Scheme		12,339	18	1,746	
HM Revenue and Customs - VAT			469		
HM Revenue and Customs - Other Taxes and Duties		10,383		2,648	
NHS Professionals	1	4,340	1	598	
National Loans Fund			5,300		
Other WGA bodies	342	1,318	49	104	

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. £117,000 was incurred in expenditure during 2016/17. Outstanding receivables at 31 March 2017 were £2,000 whilst outstanding payables were £87,000.

Expenditure with Liverpool Health Partners Ltd was £80,000 (£80,000 2015/16).

Transactions with related parties are on a normal commercial basis.



THE FUTURE OF CHILDREN'S HEALTHCARE ...

Research and innovation at Alder Hey gathered pace throughout 2016/17. Almost 4,000 children and young people participated in clinical studies at Alder Hey to help find new medicines and treatments for children with both common and rare childhood illnesses. Research within our Clinical Research Facility was further boosted by a £2million grant from the UK Government via the National Institute for Health Research (NIHR).

Our Innovation Team continued to work with world leading companies and local small businesses throughout the year within our dedicated Innovation Hub. We announced a ground-breaking multi-year collaborative programme with the Science and Technology Facilities Council's (STFC) Hartree Centre, supported by IBM (NYSE: IBM), to create the United Kingdom's first 'cognitive' hospital. Development of a revolutionary app for patients and families is also underway.

Research and innovation at Alder Hey was further recognised in February 2017, with three awards at the annual North West Coast Research and Innovation Awards.



“Together with the Innovation Team, my aim is to find and develop new and emerging healthcare technologies and solutions. We have an unprecedented opportunity for Alder Hey to pilot ground-breaking technology and learn how to transform IT capability and working practices in healthcare, not just in the UK but across the world. Being able to shape the future of children's healthcare in our new state-of-the-art children's hospital is an enormous honour.”

**MR IAIN HENNESSEY,
PAEDIATRIC SURGEON AND
DIRECTOR OF INNOVATION**

INDEPENDENT AUDITOR'S REPORT



to the Council of Governors of Alder Hey Children's NHS Foundation Trust

OPINIONS AND CONCLUSIONS ARISING FROM OUR AUDIT

1. Our opinion on the financial statements is unmodified

We have audited the financial statements of Alder Hey Children's NHS Foundation Trust for the year ended 31 March 2017. In our opinion:

- the financial statements give a true and fair view of the state of the Trust's affairs as at 31 March 2017 end of the Trust's income and expenditure for the year then ended; and
- the trust's financial statements have been properly prepared in accordance with the department if Health's group Accounting Manual 2016/17.

Overview

Materiality:	£4m (2015/16: £3.8m)
Financial statements as a whole	1.85% (2015/16: 1.8%) of total income from operations

Risks of material misstatement 2015/16 VS

Recurring risks	Valuation of Land and Buildings	◀ ▶
------------------------	---------------------------------	-----

Event driven	New: Valuation and Existence of income and receivables
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2. Our assessment of risks of material misstatement

In arriving at our audit opinion above on the financial statements, the risks of material misstatement that had the greatest effect on our audit, in decreasing order of audit significance, were as follows:

	The risk	Our response
<p>NHS Income:</p> <p>Total income from patient care activities £192m (2015/16: £175.2m)</p> <p>NHS income £174m (2015/16: £160.6m)</p> <p>NHS receivables £5.3m (2015/16: £3.1m)</p> <p><i>Refer to page 71 Audit Committee Report, pages 188-196 accounting policy and page 197 financial disclosures</i></p>	<p>Valuation and Existence of income and receivables</p> <p>In 2016/17, the trust reported total income from patient care activities of £192m (2015/2016: £175.2m). Of this £174.9m (2015/16: £160.6m) relates to contracts with NHS commissioners. This represents 91% of total income from patient care activities (2015/16: 92%). The remaining £17.1m (2015/16: £14.6m) was from contracts with local authorities and other non-NHS organisations.</p> <p>In 2016/17 the Department of Health introduced the Sustainability and Transformation Fund (STF), enabling Trust's to secure additional funding upon achievement of specified financial and operational targets. In 2016/17, the Trust secured £6.2m of STF funding, representing achievement of four out of four quarterly targets.</p> <p>The Trust participants in the Agreement of Balances (AoB) exercise which is mandated by the Department of Health (The Department), covering the English NHS only, for the purpose of ensuring that intra-NHS balances are eliminated on the consolidation of the departments resource account. The AoB exercise identifies mismatches between income and expenditure and receivable and payable balances recognised by the Trust and its counter parties at the balance sheet date.</p> <p>Mismatches can occur for various reasons, but the most significant arise where the Trust and commissioners are yet to validate the level of estimated accruals for completed healthcare spells which have not yet been invoiced, accruals for non-contract out-of-area treatments are not recognisable by commissioners or potential contract penalties for non-performance are yet to be finalised. Where there is a lack of agreement, mismatches can be classified as formal disputes and referred to NHS England Area Teams for resolution.</p> <p>Non-NHS income is received for patient care activities from local authorities and other sources, totalling £17.1m in 2016/17, (£14.6m in 2015/16)</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> • Contact agreement: We agreed the largest of two NHS contracts and the largest non-NHS contact to the signed agreements to confirm they were in place; • Agreement of Balances (AoB) exercise: We inspected confirmation of balance provided by the Department of Health as part of the AoB exercise and compared the relevant receivables received in the Trust's financial statements to the payable balances recorded within the accounts of commissioners and, where applicable, investigating variance via breakdown analysis and review of relevant correspondences to assess reasonableness; • Sustainability and Transformation funding: We agrees the receipt of Sustainability and Transformation Funding monies, including the basis for agreement of quarter four funding based on relevant financial and performance measures, and confirmed the treatment is in line with the guidance from the NHS Improvement; • Accrued income: We agreed any material accrued NHS income balance to correspondences from NHS Improvement to confirm they were recorded appropriately; • Income recognition: We tested income transactions that spanned the financial year end to assess whether the income had been recognised in the correct financial period. We considered the accuracy of the accounting; and • Fraudulent revenue recognition: We considered areas of management judgement, valuation and estimation and the impact of any identified audit adjustments on the delivery of the planned deficit that was agreed with NHS Improvement



The risk

Our response

Property plant and equipment

£208.2m (2015/16; £205.6m)

Refer to page 71 Audit Committee Report, pages 1880196 accounting policies and pages 206-207 financial disclosures.

Valuation of land and Buildings

Trusts are responsible for ensuring their land and buildings are fairly valued. The Trust's accounting policy required an annual review for impairment, a periodic desktop valuation (usually every three years) and a full valuation (usually in five yearly intervals)/. The 2015/16 land and building valuations were based on a full valuation by an external valuer, Cushman and Wakefield. In 2016/17, in line with their accounting policy the Trust did not commission a full revaluation of its land and building assets.

The Trust performed a review of impairment indicators across the Trust's estate and calculated the potential movements in the market values, using Royal Institution of Chartered Surveyors (PICs) property value indices data provided by Cushman and Wakefield.

The asset valuation and impairment review processes are both estimates and therefore presents a significant risk to the audit.

Our procedures included:

- **External Valuer:** We assessed the competence, capability, objectivity and independence of the Trust's external valuer and considered the information provided to the Trust in 2016/17, to inform its assessment of market value movements, for consistency with the requirements of the NHS Group Accounting Manual;
- **Indexation:** We critically assessed whether the Trust used appropriate indices and assessed the calculation of market value indices movements completed by the Trust, including re-performing this calculation to confirm that the year end valuations were accurately reflected in the accounts;
- **Consistency:** We agreed the data underpinning the Trust's calculations of market value movements to the RICs data obtained by the external Valuer; and
- **Impairment review:** We critically assessed the Trust's formal consideration of indications of impairment and surplus assets within its estate, including the process undertaken.

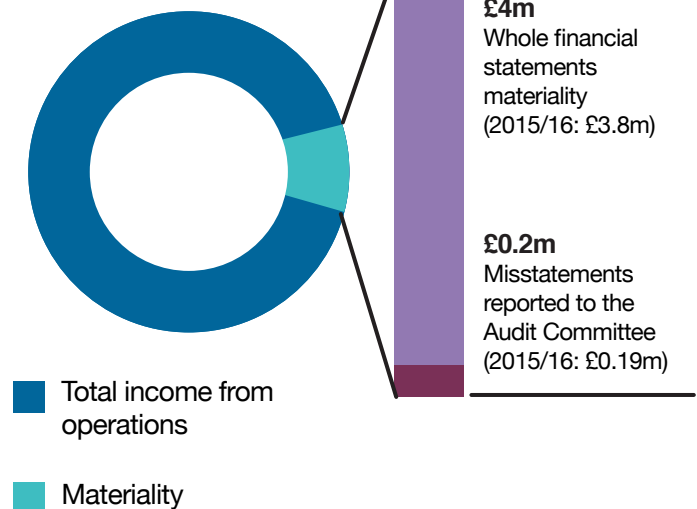
3. Our application of materiality and an overview of the scope of our audit

The materiality for the financial statements was set at £4 million (2015/16: £3.8m), determined with reference to a benchmark of income from operations (of which it represents approximately 1.85%). We consider income from operations to be more stable than a surplus-related benchmark. We report to the Audit Committee any corrected and uncorrected identified misstatements exceeding £200,000 (2015/16: £190,000), in addition to other identified misstatements thatarrant reporting on qualitative grounds.

Total income from operations:

£216.4m (2015/16: £216m)

Materiality



4. Our opinion on other matters prescribed by the Code of Audit Practice is unmodified

In our opinion:

- The part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the NHS Foundation Trust Annual Reporting Manual 2016/17 and
- The Information given in the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

5. We have nothing to report in the respect of the matters on which are required to report by exception

We are required to report to you if, based on the knowledge we acquired during our audit, we have identified information in the Annual Report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact or otherwise misleading.

In particular, we are required to report to you if:

- We have identified material inconsistencies between the knowledge we acquired during our audit and the directors' statement that they consider that the Annual Report and financial statements taken as a whole is fair, balanced and understandable; or
- The Audit Committee's commentary on page 71 of the Annual Report Does not appropriately address matters communicated by us to the Audit Committee.

Under the Code of Audit Practice 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 2016/17, 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.
- The Trust has not made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

In addition we are required to report to you if:

- Any reports to the regulator have been made under Schedule 10(6) of the National Health Service Act 2006.
- Any matters have been reported in the public interest under Schedule 10(3) of the National Health Service Act 2006 in the course of, or at the end of the audit.

We have nothing to report in respect to the above responsibilities.

6. We have completed our audit

We certify that we have completed the audit of accounts of the Alder Hey Children's NHS Foundation Trust in accordance with the requirements of Schedule 10 of the National Health Service Act 2006 and the Code of Audit Practice Issued by The National Audit Office.



Scope and responsibilities

As described more fully in the Statement for Accounting Officer's Responsibilities on page 80 the accounting officer is responsible for the preparation of the financial statements that 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 UK Ethical Standards for Auditors. A description of the scope of a audit of financial statements is provided on our website at www.kpmg.com/uk/auditscopeother2014. This report is made subject to important explanations regarding our responsibilities, as published on that website, which are incorporated into this report as if set out in full and should be read to provide an understanding of the purpose of this report, the work we have undertaken and the basis of our opinions.

The Trust is responsible for putting in place proper arrangements to secure economy, efficiency and effective in its use of resources. Under Section 62(1) and Schedule 10 paragraph 1(d), of the National Health Service Act 2006 we have a duty to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively. We have undertaken our review in accordance with the Code of Audit Practice, having regard to the specified criterion issued by the Comptroller and Auditor General, as to whether the Trust has proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary.

This report is made solely to the Council of Governors of the Trust, as a body, 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 Council 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 any one other than the Council of Governors of the Trust, as a body, for our audit work, for this report or for the opinions we have formed.



Amanda Latham for and on behalf of KPMG LLP
Chartered Accountants and Statutory Auditor
1 St Peters Square, Manchester, M2 3AE
30 May 2017



Alder Hey Children's 
NHS Foundation Trust

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

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